

96TH CONGRESS
2D SESSION

H. R. 6709

To aid State and local governments in strengthening and improving their judicial systems through the creation of a State Justice Institute.

IN THE HOUSE OF REPRESENTATIVES

MARCH 5, 1980

Mr. KASTENMEIER (for himself, Mr. RODINO, Mr. DRINAN, Mr. GUDGER, Mr. OBERSTAR, and Mr. BUTLER) introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To aid State and local governments in strengthening and improving their judicial systems through the creation of a State Justice Institute.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SHORT TITLE

4 SECTION 1. This Act may be cited as the "State Justice
5 Institute Act of 1980".

6 FINDINGS AND PURPOSE

7 SEC. 2. (a) The Congress finds and declares that—

me
7/11/80

1 (1) the quality of justice in the Nation is largely
2 determined by the quality of justice in State courts;

3 (2) State courts share with the Federal courts the
4 general responsibility for enforcing the requirements of
5 the Constitution and laws of the United States;

6 (3) in the Federal-State partnership of delivery of
7 justice, the participation of the State courts has been
8 increased by recently enacted Federal legislation;

9 (4) the maintenance of a high quality of justice in
10 Federal courts has led to increasing efforts to divert
11 cases to State courts;

12 (5) the Federal Speedy Trial Act has diverted
13 criminal and civil cases to State courts;

14 (6) an increased responsibility has been placed on
15 State court procedures by the Supreme Court of the
16 United States;

17 (7) consequently, there is a significant Federal in-
18 terest in maintaining strong and effective State courts;
19 and

20 (8) strong and effective State courts are those
21 which produce understandable, accessible, efficient, and
22 equal justice, which requires—

23 (A) qualified judges and other court
24 personnel;

1 (B) high quality education and training pro-
2 grams for judges and other court personnel;

3 (C) appropriate use of qualified nonjudicial
4 personnel to assist in court decisionmaking;

5 (D) structures and procedures which promote
6 communication and coordination among courts and
7 judges and maximize the efficient use of judges
8 and court facilities;

9 (E) resource planning and budgeting which
10 allocate current resources in the most efficient
11 manner and forecast accurately the future de-
12 mands for judicial services;

13 (F) sound management systems which take
14 advantage of modern business technology, includ-
15 ing records management procedures, data process-
16 ing, comprehensive personnel systems, efficient
17 juror utilization and management techniques, and
18 advanced means for recording and transcribing
19 court proceedings;

20 (G) uniform statistics on caseloads, disposi-
21 tions, and other court-related processes on which
22 to base day-to-day management decisions and
23 long-range planning;

1 (H) sound procedures for managing caseloads
2 and individual cases to assure the speediest possi-
3 ble resolution of litigation;

4 (I) programs which encourage the highest
5 performance of judges and courts to improve their
6 functioning, to insure their accountability to the
7 public, and to facilitate the removal of personnel
8 who are unable to perform satisfactorily;

9 (J) rules and procedures which reconcile the
10 requirements of due process with the need for
11 speedy and certain justice;

12 (K) responsiveness to the need for citizen in-
13 volvement in court activities through educating
14 citizens to the role and functions of courts, and
15 improving the treatment of witnesses, victims, and
16 jurors; and

17 (L) innovative programs for increasing access
18 to justice by reducing the cost of litigation and by
19 developing alternative mechanisms and techniques
20 for resolving disputes.

21 (b) It is the purpose of this Act to assist the State courts
22 and organizations which support them to obtain the require-
23 ments specified in subsection (a)(9) for strong and effective
24 courts through a funding mechanism, consistent with doc-
25 trines of separation of powers and Federalism, and thereby to

1 ESTABLISHMENT OF INSTITUTE; DUTIES

2 SEC. 4. (a) There is established in the District of Co-
3 lumbia a private nonprofit corporation which shall be known
4 as the State Justice Institute. The purpose of the Institute
5 shall be to further the development and adoption of improved
6 judicial administration in State courts in the United States.
7 To the extent consistent with the provisions of this Act, the
8 Institute shall exercise the powers conferred upon a nonprofit
9 corporation by the District of Columbia Nonprofit Corpora-
10 tion Act (except for section 1005(a) of title 29 of the District
11 of Columbia Code).

12 (b) The Institute shall—

13 (1) direct a national program of assistance de-
14 signed to assure each person ready access to a fair and
15 effective system of justice by providing funds to—

16 (A) State courts;

17 (B) national organizations which support and
18 are supported by State courts; and

19 (C) any other nonprofit organization that will
20 support and achieve the purposes of this Act;

21 (2) foster coordination and cooperation with the
22 Federal judiciary in areas of mutual concern;

23 (3) make recommendations concerning the proper
24 allocation of responsibility between the State and
25 Federal court systems;

1 (4) promote recognition of the importance of the
2 separation of powers doctrine to an independent
3 judiciary; and

4 (5) encourage education for judges and support
5 personnel of State court systems through national and
6 State organizations, including universities.

7 (c) The Institute shall not duplicate functions adequately
8 performed by existing nonprofit organizations and shall pro-
9 mote, on the part of agencies of State judicial administration,
10 responsibility for success and effectiveness of State court im-
11 provement programs supported by Federal funding.

12 (d) The Institute shall maintain its principal offices in
13 the District of Columbia and shall maintain therein a desig-
14 nated agent to accept service of process for the Institute.
15 Notice to or service upon the agent shall be deemed notice to
16 or service upon the Institute.

17 (e) The Institute, and any program assisted by the Insti-
18 tute, shall be eligible to be treated as an organization de-
19 scribed in section 170(c)(2)(B) of the Internal Revenue Code
20 of 1954 and as an organization described in section 501(c)(3)
21 of the Internal Revenue Code of 1954 which is exempt from
22 taxation under section 501(a) of such Code. If such treat-
23 ments are conferred in accordance with the provisions of such
24 Code, the Institute, and programs assisted by the Institute,

1 shall be subject to all provisions of such Code relevant to the
2 conduct of organizations exempt from taxation.

3 (f) The Institute shall afford notice and reasonable op-
4 portunity for comment to interested parties prior to issuing
5 rules, regulations, guidelines, and instructions under this Act,
6 and it shall publish in the Federal Register, at least thirty
7 days prior to their effective date, all rules, regulations, guide-
8 lines, and instructions.

9 **BOARD OF DIRECTORS**

10 **SEC. 5. (a)(1)** The Institute shall be supervised by a
11 Board of Directors, consisting of eleven voting members to
12 be appointed by the President, by and with the advice and
13 consent of the Senate. The Board shall have both judicial and
14 nonjudicial members, and shall, to the extent practicable,
15 have a membership representing a variety of backgrounds
16 and reflecting participation and interest in the administration
17 of justice.

18 (2) The Board shall consist of—

19 (A) six judges, to be appointed in the manner pro-
20 vided in paragraph (3);

21 (B) one State court administrator, to be appointed
22 in the manner provided in paragraph (3); and

23 (C) four public members, no more than two of
24 whom shall be of the same political party, to be ap-
25 pointed in the manner provided in paragraph (4).

1 (3) The President shall appoint six judges and one State
2 court administrator from a list of candidates submitted by the
3 Conferences of Chief Justices. The Conference of Chief Jus-
4 tices shall submit a list of at least fourteen individuals, in-
5 cluding judges and State court administrators, whom the con-
6 ference considers best qualified to serve on the Board. Prior
7 to consulting with or submitting a list to the President, the
8 Conference of Chief Justices shall obtain and consider the
9 recommendations of all interested organizations and individ-
10 uals concerned with the administration of justice and the ob-
11 jectives of this Act.

12 (4) In addition to those members appointed under para-
13 graph (3), the President shall appoint four members from the
14 public sector to serve on the Board.

15 (5) The President shall appoint the members under this
16 subsection within sixty days from the date of enactment of
17 this Act.

18 (b)(1) Except as provided in paragraph (2), the term of
19 each voting member of the Board shall be three years. Each
20 member of the Board shall continue to serve until the succes-
21 sor to such member has been appointed and qualified.

22 (2) Five of the members first appointed by the President
23 shall serve for a term of two years. Any member appointed to
24 serve for an unexpired term arising by virtue of the death,
25 disability, retirement, or resignation of a member shall be

1 appointed only for such unexpired term, but shall be eligible
2 for reappointment.

3 (3) The term of initial members shall commence from
4 the date of the first meeting of the Board, and the term of
5 each member other than an initial member shall commence
6 from the date of termination of the preceding term.

7 (c) No member shall be reappointed to more than two
8 consecutive terms immediately following such member's ini-
9 tial term.

10 (d) Members of the Board shall serve without compensa-
11 tion, but shall be reimbursed for actual and necessary ex-
12 penses incurred in the performance of their official duties.

13 (e) The members of the Board shall not, by reason of
14 such membership, be considered officers or employees of the
15 United States.

16 (f) Each member of the Board shall be entitled to one
17 vote. A simple majority of the membership shall constitute a
18 quorum for the conduct of business. The Board shall act upon
19 the concurrence of a simple majority of the membership pres-
20 ent and voting.

21 (g) The Board shall select from among the voting mem-
22 bers of the Board a chairman, the first of whom shall serve
23 for a term of three years. Thereafter, the Board shall annual-
24 ly elect a chairman from among its voting members.

1 (h) A member of the Board may be removed by a vote of
2 seven members for malfeasance in office, persistent neglect
3 of, or inability to discharge, duties, or for any offense involv-
4 ing moral turpitude, but for no other cause.

5 (i) Regular meetings of the Board shall be held quarter-
6 ly. Special meetings shall be held from time to time upon the
7 call of the chairman, acting at his own discretion or pursuant
8 to the petition of any seven members.

9 (j) All meetings of the Board, any executive committee
10 of the Board, and any council established in connection with
11 this Act, shall be open and subject to the requirements and
12 provisions of section 552b of title 5, United States Code,
13 relating to open meetings.

14 (k) In its direction and supervision of the activities of the
15 Institute, the Board shall—

16 (1) establish such policies and develop such pro-
17 grams for the Institute as will further achievement of
18 its purpose and performance of its functions;

19 (2) establish policy and funding priorities and issue
20 rules, regulations, guidelines, and instructions pursuant
21 to such priorities;

22 (3) appoint and fix the duties of the Executive Di-
23 rector of the Institute, who shall serve at the pleasure
24 of the Board and shall be a nonvoting ex officio
25 member of the Board;

1 grantee, contractor, person, or entity receiving financial as-
2 sistance under this Act.

3 (b) Officers and employees of the Institute shall be com-
4 pensated at rates determined by the Board, but not in excess
5 of the rate of level V of the Executive Schedule specified in
6 section 5316 of title 5, United States Code.

7 (c)(1) Except as otherwise specifically provided in this
8 Act, the Institute shall not be considered a department,
9 agency, or instrumentality of the Federal Government.

10 (2) This Act does not limit the authority of the Office of
11 Management and Budget to review and submit comments
12 upon the Institute's annual budget request at the time it is
13 transmitted to the Congress.

14 (d)(1) Except as provided in paragraph (2), officers and
15 employees of the Institute shall not be considered officers or
16 employees of the United States.

17 (2) Officers and employees of the Institute shall be con-
18 sidered officers and employees of the United States solely for
19 the purposes of the following provisions of title 5, United
20 States Code: Subchapter I of chapter 81 (relating to compen-
21 sation for work injuries); chapter 83 (relating to civil service
22 retirement); chapter 87 (relating to life insurance); and chap-
23 ter 89 (relating to health insurance). The Institute shall make
24 contributions under the provisions referred to in this subsec-

1 tion at the same rates applicable to agencies of the Federal
2 Government.

3 (e) The Institute and its officers and employees shall be
4 subject to the provisions of section 552 of title 5, United
5 States Code, relating to freedom of information.

6 GRANTS AND CONTRACTS

7 SEC. 7. (a) The Institute is authorized to award grants
8 and enter into cooperative agreements or contracts, in a
9 manner consistent with subsection (b), in order to—

10 (1) conduct research, demonstrations, or special
11 projects pertaining to the purposes described in this
12 Act, and provide technical assistance and training in
13 support of tests, demonstrations, and special projects;

14 (2) serve as a clearinghouse and information
15 center, where not otherwise adequately provided, for
16 the preparation, publication, and dissemination of infor-
17 mation regarding State judicial systems;

18 (3) participate in joint projects with other agen-
19 cies, including the Federal Judicial Center, with re-
20 spect to the purposes of this Act;

21 (4) evaluate, when appropriate, the programs and
22 projects carried out under this Act to determine their
23 impact upon the quality of criminal, civil, and juvenile
24 justice and the extent to which they have met or failed
25 to meet the purposes and policies of this Act;

1 (5) encourage and assist in the furtherance of
2 judicial education;

3 (6) encourage, assist, and serve in a consulting
4 capacity to State and local justice system agencies in
5 the development, maintenance, and coordination of
6 criminal, civil, and juvenile justice programs and serv-
7 ices; and

8 (7) be responsible for the certification of national
9 programs that are intended to aid and improve State
10 judicial systems.

11 (b) The Institute is empowered to award grants and
12 enter into cooperative agreements or contracts as follows:

13 (1) The Institute shall give priority to grants, co-
14 operative agreements, or contracts with—

15 (A) State and local courts and their agencies,

16 (B) national nonprofit organizations con-
17 trolled by, operating in conjunction with, and
18 serving the judicial branches of State govern-
19 ments; and

20 (C) national nonprofit organizations for the
21 education and training of judges and support
22 personnel of the judicial branch of State govern-
23 ments.

1 (2) The Institute may, if the objective can better
2 be served thereby, award grants or enter into coopera-
3 tive agreements or contracts with—

4 (A) other nonprofit organizations with exper-
5 tise in judicial administration;

6 (B) institutions of higher education;

7 (C) individuals, partnerships, firms, or corpo-
8 rations; and

9 (D) private agencies with expertise in judicial
10 administration.

11 (3) Upon application by an appropriate Federal,
12 State or local agency or institution and if the arrange-
13 ments to be made by such agency or institution will
14 provide services which could not be provided adequate-
15 ly through nongovernmental arrangements, the Insti-
16 tute may award a grant or enter into a cooperative
17 agreement or contract with a unit of Federal, State, or
18 local government other than a court.

19 (4) Each application for funding by a State or
20 local court shall be approved by the State's supreme
21 court, or its designated agency or council, which shall
22 receive, administer, and be accountable for all funds
23 awarded by the Institute to such courts.

1 (c) Funds available pursuant to grants, cooperative
2 agreements, or contracts awarded under this section may be
3 used—

4 (1) to assist State and local court systems in es-
5 tablishing appropriate procedures for the selection and
6 removal of judges and other court personnel and in de-
7 termining appropriate levels of compensation;

8 (2) to support education and training programs for
9 judges and other court personnel, for the performance
10 of their general duties and for specialized functions,
11 and to support national and regional conferences and
12 seminars for the dissemination of information on new
13 developments and innovative techniques;

14 (3) to conduct research on alternative means for
15 using nonjudicial personnel in court decisionmaking ac-
16 tivities, to implement demonstration programs to test
17 innovative approaches, and to conduct evaluations of
18 their effectiveness;

19 (4) to assist State and local courts in meeting re-
20 quirements of Federal law applicable to recipients of
21 Federal funds;

22 (5) to support studies of the appropriateness and
23 efficacy of court organizations and financing structures
24 in particular States, and to enable States to implement
25 plans for improved court organization and finance;

1 (6) to support State court planning and budgeting
2 staffs and to provide technical assistance in resource
3 allocation and service forecasting techniques;

4 (7) to support studies of the adequacy of court
5 management systems in State and local courts and to
6 implement and evaluate innovative responses to prob-
7 lems of record management, data processing, court
8 personnel management, reporting and transcription of
9 court proceedings, and juror utilization and manage-
10 ment;

11 (8) to collect and compile statistical data and
12 other information on the work of the courts and on the
13 work of other agencies which relate to and effect the
14 work of courts;

15 (9) to conduct studies of the causes of trial and
16 appellate court delay in resolving cases, and to estab-
17 lish and evaluate experimental programs for reducing
18 case processing time;

19 (10) to develop and test methods for measuring
20 the performance of judges and courts and to conduct
21 experiments in the use of such measures to improve
22 their functioning;

23 (11) to support studies of court rules and proce-
24 dures, discovery devices, and evidentiary standards, to
25 identify problems with their operation, to devise alter-

1 native approaches to better reconcile the requirements
2 of due process with the needs for swift and certain jus-
3 tice, and to test their utility;

4 (12) to support studies of the outcomes of cases in
5 selected subject matter areas to identify instances in
6 which the substance of justice meted out by the courts
7 diverges from public expectations of fairness, consisten-
8 cy, or equity, to propose alternative approaches to the
9 resolving of cases in problem areas, and to test and
10 evaluate those alternatives;

11 (13) to support programs to increase court respon-
12 siveness to the needs of citizens through citizen
13 education, improvement of court treatment of wit-
14 nesses, victims, and jurors, and development of proce-
15 dures for obtaining and using measures of public satis-
16 faction with court processes to improve court perform-
17 ance;

18 (14) to test and evaluate experimental approaches
19 to providing increased citizen access to justice, includ-
20 ing processes which reduce the cost of litigating
21 common grievances and alternative techniques and
22 mechanisms for resolving disputes between citizens;
23 and

1 (15) to carry out such other programs, consistent
2 with the purposes of this Act, as may be deemed ap-
3 propriate by the Institute.

4 (d) The Institute shall monitor and evaluate, or provide
5 for independent evaluations of, programs supported in whole
6 or in part under this Act to insure that the provisions of this
7 Act, the bylaws of the Institute, and the applicable rules,
8 regulations, and guidelines promulgated pursuant to this Act,
9 are carried out.

10 (e) The Institute shall provide for an independent study
11 of the financial and technical assistance programs under this
12 Act.

13 LIMITATIONS ON GRANTS AND CONTRACTS

14 SEC. 8. (a) With respect to grants or contracts made
15 under this Act, the Institute shall—

16 (1) insure that no funds made available to recipi-
17 ents by the Institute shall be used at any time, directly
18 or indirectly, to influence the issuance, amendment, or
19 revocation of any Executive order or similar promulga-
20 tion by any Federal, State, or local agency, or to un-
21 dertake to influence the passage or defeat of any legis-
22 lation by the Congress of the United States, or by any
23 State or local legislative body, or any State proposal
24 by initiative petition, unless a governmental agency,
25 legislative body, a committee, or a member thereof—

1 (A) requests personnel of the recipients to
2 testify, draft, or review measures or to make rep-
3 resentations to such agency, body, committee, or
4 member; or

5 (B) is considering a measure directly affect-
6 ing the activities under this Act of the recipient or
7 the Institute;

8 (2) insure all personnel engaged in grant or con-
9 tract assistance activities supported in whole or part by
10 the Institute refrain, while so engaged, from any parti-
11 san political activity; and

12 (3) insure that every grantee, contractor, person,
13 or entity receiving financial assistance under this Act
14 which files with the Institute a timely application for
15 refunding is provided interim funding necessary to
16 maintain its current level of activities until—

17 (A) the application for refunding has been
18 approved and funds pursuant thereto received; or

19 (B) the application for refunding has been
20 finally denied in accordance with section 8 of this
21 Act.

22 (b) No funds made available by the Institute under this
23 Act, either by grant or contract, may be used to support or
24 conduct training programs for the purpose of advocating par-

1 ticular nonjudicial public policies or encouraging nonjudicial
2 political activities.

3 (c) To insure that funds made available under this Act
4 are used to supplement and improve the operation of State
5 courts, rather than to support basic court services, funds shall
6 not be used—

7 (1) to supplant State or local funds currently sup-
8 porting a program or activity; or

9 (2) to construct court facilities or structures,
10 except to remodel existing facilities to demonstrate
11 new architectural or technological techniques, or to
12 provide temporary facilities for new personnel or for
13 personnel involved in a demonstration or experimental
14 program.

15 RESTRICTIONS ON ACTIVITIES OF THE INSTITUTE

16 SEC. 9. (a) The Institute shall not—

17 (1) participate in litigation unless the Institute or
18 a recipient of the Institute is a party, and shall not
19 participate on behalf of any client other than itself; or

20 (2) undertake to influence the passage or defeat of
21 any legislation by the Congress of the United States or
22 by any State or local legislative body, except that per-
23 sonnel of the Institute may testify or make other ap-
24 propriate communication—

1 (A) when formally requested to do so by a
2 legislative body, committee, or a member thereof;

3 (B) in connection with legislation or appro-
4 priations directly affecting the activities of the In-
5 stitute; or

6 (C) in connection with legislation or appro-
7 priations dealing with improvements in the State
8 judiciary, consistent with the provisions of this
9 Act.

10 (b)(1) The Institute shall have no power to issue any
11 shares of stock, or to declare or pay any dividends.

12 (2) No part of the income or assets of the Institute shall
13 inure to the benefit of any director, officer, or employee,
14 except as reasonable compensation for services or reimburse-
15 ment for expenses.

16 (3) Neither the Institute nor any recipient shall contrib-
17 ute or make available Institute funds or program personnel or
18 equipment to any political party or association, or the cam-
19 paign of any candidate for public or party office.

20 (4) The Institute shall not contribute or make available
21 Institute funds or program personnel or equipment for use in
22 advocating or opposing any ballot measure, initiative, or ref-
23 erendum, except those dealing with improvement of the State
24 judiciary, consistent with the purposes of this Act.

1 (c) Officers and employees of the Institute or of recipi-
2 ents shall not at any time intentionally identify the Institute
3 or the recipient with any partisan or nonpartisan political ac-
4 tivity associated with a political party or association, or the
5 campaign of any candidate for public or party office.

6 SPECIAL PROCEDURES

7 SEC. 10. The Institute shall prescribe procedures to
8 insure that—

9 (1) financial assistance under this Act shall not be
10 suspended unless the grantee, contractor, person, or
11 entity receiving financial assistance under this Act has
12 been given reasonable notice and opportunity to show
13 cause why such actions should not be taken; and

14 (2) financial assistance under this Act shall not be
15 terminated, an application for refunding shall not be
16 denied, and a suspension of financial assistance shall
17 not be continued for longer than thirty days, unless the
18 grantee, contractor, person, or entity receiving finan-
19 cial assistance under this Act has been afforded reason-
20 able notice and opportunity for a timely, full, and fair
21 hearing, and, when requested, such hearing shall be
22 conducted by an independent hearing examiner. Such
23 hearing shall be held prior to any final decision by the
24 Institute to terminate financial assistance or suspend or
25 deny funding. Hearing examiners shall be appointed by

1 the Institute in accordance with procedures established
2 in regulations promulgated by the Institute.

3 PRESIDENTIAL COORDINATION

4 SEC. 11. The President may, to the extent not incon-
5 sistent with any other applicable law, direct that appropriate
6 support functions of the Federal Government may be made
7 available to the Institute in carrying out its functions under
8 this Act.

9 RECORDS AND REPORTS

10 SEC. 12. (a) The Institute is authorized to require such
11 reports as it deems necessary from any grantee, contractor,
12 person, or entity receiving financial assistance under this Act
13 regarding activities carried out pursuant to this Act.

14 (b) The Institute is authorized to prescribe the keeping
15 of records with respect to funds provided by grant or contract
16 and shall have access to such records at all reasonable times
17 for the purpose of insuring compliance with the grant or con-
18 tract or the terms and conditions upon which financial assist-
19 ance was provided.

20 (c) Copies of all reports pertinent to the evaluation, in-
21 spection, or monitoring of any grantee, contractor, person, or
22 entity receiving financial assistance under this Act shall be
23 submitted on a timely basis to such grantee, contractor, or
24 person or entity, and shall be maintained in the principal
25 office of the Institute for a period of at least five years after

1 such evaluation, inspection, or monitoring. Such reports shall
2 be available for public inspection during regular business
3 hours, and copies shall be furnished, upon request, to inter-
4 ested parties upon payment of such reasonable fees as the
5 Institute may establish.

6 (d) Non-Federal funds received by the Institute, and
7 funds received for projects funded in part by the Institute or
8 by any recipient from a source other than the Institute, shall
9 be accounted for and reported as receipts and disbursements
10 separate and distinct from Federal funds.

11

AUDITS

12 SEC. 13. (a)(1) The accounts of the Institute shall be
13 audited annually. Such audits shall be conducted in accord-
14 ance with generally accepted auditing standards by independ-
15 ent certified public accountants who are certified by a regula-
16 tory authority of the jurisdiction in which the audit is under-
17 taken.

18 (2) The audits shall be conducted at the place or places
19 where the accounts of the Institute are normally kept. All
20 books, accounts, financial records, reports, files, and other
21 papers or property belonging to or in use by the Institute and
22 necessary to facilitate the audits shall be made available to
23 the person or persons conducting the audits. The full facilities
24 for verifying transactions with the balances and securities

1 held by depositories, fiscal agents, and custodians shall be
2 afforded to any such person.

3 (3) The report of the annual audit shall be filed with the
4 General Accounting Office and shall be available for public
5 inspection during business hours at the principal office of the
6 Institute.

7 (b)(1) In addition to the annual audit, the financial trans-
8 actions of the Institute for any fiscal year during which Fed-
9 eral funds are available to finance any portion of its oper-
10 ations may be audited by the General Accounting Office in
11 accordance with such rules and regulations as may be pre-
12 scribed by the Comptroller General of the United States.

13 (2) Any such audit shall be conducted at the place or
14 places where accounts of the Institute are normally kept. The
15 representatives of the General Accounting Office shall have
16 access to all books, accounts, financial records, reports, files,
17 and other papers or property belonging to or in use by the
18 Institute and necessary to facilitate the audit. The full facili-
19 ties for verifying transactions with the balances and securities
20 held by depositories, fiscal agents, and custodians shall be
21 afforded to such representatives. All such books, accounts,
22 financial records, reports, files, and other papers or property
23 of the Institute shall remain in the possession and custody of
24 the Institute throughout the period beginning on the date
25 such possession or custody commences and ending three

1 years after such date, but the General Accounting Office may
2 require the retention of such books, accounts, financial rec-
3 ords, reports, files, and other papers or property for a longer
4 period under section 117(b) of the Accounting and Auditing
5 Act of 1950 (31 U.S.C. 67(b)).

6 (3) A report of such audit shall be made by the Comp-
7 troller General to the Congress and to the Attorney General,
8 together with such recommendations with respect thereto as
9 the Comptroller General deems advisable.

10 (c)(1) The Institute shall conduct, or require each
11 grantee, contractor, person, or entity receiving financial as-
12 sistance under this Act to provide for, an annual fiscal audit.
13 The report of each such audit shall be maintained for a period
14 of at least five years at the principal office of the Institute.

15 (2) The Institute shall submit to the Comptroller Gener-
16 al of the United States copies of such reports, and the Comp-
17 troller General may, in addition, inspect the books, accounts,
18 financial records, files, and other papers or property belong-
19 ing to or in use by such grantee, contractor, person, or entity,
20 which relate to the disposition or use of funds received from
21 the Institute. Such audit reports shall be available for public
22 inspection during regular business hours, at the principal
23 office of the Institute.