



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

JUL 16 1970

CIVIL DIVISION



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Dear Mr. Frick:

The General Accounting Office has made a review of selected aspects of the sight draft system of the Commodity Credit Corporation (CCC). Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Our review showed a need for stronger controls at the national, State, and county levels over sight drafts prepared by Agricultural Stabilization and Conservation Service State and county offices. We found weaknesses in (1) inventory procedures and practices, (2) safeguarding of drafts, (3) draft preparation and issuance procedures, and (4) accounting for missing drafts.

Our review also showed that improvements could be made in the controls over sight drafts prepared by computer. Specifically, we observed that (1) controls in the New Orleans Data Processing Center were not adequate to ensure that computer tape reels of issued drafts were transmitted to the Kansas City Data Processing Center for timely recording in CCC's accounts and (2) the system for preparing drafts for final payments under the feed grain and wheat programs is providing unnecessary and, in some cases, duplicate drafts to county offices.

Details concerning our findings along with recommendations for corrective action are contained in the enclosure to this letter. We will be pleased to discuss these matters with you or members of your staff if you desire. Also, we will appreciate receiving your comments and advice as to any actions you plan to take with respect to our recommendations.

We wish to acknowledge the cooperation extended to our representatives during the review. Copies of this report are being furnished to the Inspector General, Department of Agriculture.

Sincerely yours,

Victor L. Lowe

Victor L. Lowe  
Associate Director

Enclosure

Mr. Kenneth E. Frick  
Executive Vice President  
Commodity Credit Corporation  
Department of Agriculture

*Victor L. Lowe*

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