

## DOCUMENT RESUME

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During the 15 month period which ended September 30, 1976, the Comptroller General approved the designs of 32 executive agency accounting systems. Principles and standards have been approved for 98% of the 338 accounting systems which are subject to approval. Fifty-two percent of the system designs have now been approved. Findings/Conclusions: The Departments of Labor, the Treasury, Commerce, and Transportation have all or most of their accounting systems approved. The Department of Agriculture is pursuing a program of accounting systems development, but its completion is still several years away. Although a departmental system for the Department of Housing and Urban Development has been approved, the Department has never completed the designs of its subsystems. The Department of Defense made little progress in obtaining approval of its systems until recently. However, in the last 4 years 54 subsystems have been approved, mostly in the Air Force. The Departments of Health, Education, and Welfare (HEW); Interior; and State have progressed so little that there is concern that they will not have approved accounting systems in the near future. Of the 19 accounting systems subject to approval in HEW, only five have been approved. The unapproved systems included the Social Security Administration system, one of the largest in the Government. HEW has consistently failed to meet target dates established for submitting the systems for approval. (Author/SC)

3443

# *REPORT TO THE CONGRESS*

03112



*BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES*

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## Status, Progress, And Problems In Federal Agency Accounting During 15 Months Ended September 30, 1976

During the 15 months ended September 30, 1976, the Comptroller General approved the designs of 32 executive agency accounting systems. Fifty-two percent of the Government's accounting systems have now been approved. Major problems delaying approval of the remaining accounting systems are listed.

In the last 4 years, 54 Department of Defense accounting systems have been approved. Three departments, however, continue to progress little: the Departments of the Interior; Health, Education, and Welfare; and State.



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-115398

To the President of the Senate and the  
Speaker of the House of Representatives

Under section 113 of the Accounting and Auditing Act of 1950 (31 U.S.C. 66a), the head of each executive agency is responsible for establishing and maintaining accounting systems that conform to principles and standards prescribed by the Comptroller General. These principles and standards were prescribed in 1952, but agencies' actions to obtain the required approval have been varied.

Our work involves two phases. First, we approve the principles and standards the agencies adopt for their accounting systems. Then, we approve the designs of the systems, including the basic controls provided for in the automatic data processing of a computerized system. At September 30, 1976, principles and standards had been approved for 98 percent of the 338 accounting systems subject to approval. Fifty-two percent of the system designs had been approved.

Some Federal agencies have worked hard to establish good accounting systems to be approved by the Comptroller General. These include the Departments of Labor, the Treasury, Commerce, and Transportation, which have all or most of their accounting systems approved. The Department of Agriculture is also pursuing a commendable program of accounting systems development, although its completion is several years away. We approved a departmental system for the Department of Housing and Urban Development, but the Department has never completed the designs of its subsystems.

Until recently, the Department of Defense made little progress in obtaining approval of its systems. However, in the last 4 years 54 systems have been approved. Most of this remarkable progress has been in the Navy and the Air Force, with the Army and some of the Defense agencies making less progress.

Three departments progressed so little that we are concerned whether they will have approved accounting systems in the near future. These departments are the following:

- The Department of the Interior has 19 accounting systems. Although 12 have been approved, progress in recent years has been very slow. It seems that too few systems accountants are being devoted to this work.
- The Department of Health, Education, and Welfare has 19 accounting systems subject to approval. Only five have been approved. The unapproved systems include the Social Security Administration system, one of the largest in the Government. The Department has consistently failed to meet target dates it established to submit the systems to us for approval. In a number of cases, systems that were scheduled to be submitted in 1971 or 1972 still have not been submitted. Recently, the Department advised us that it has given this work a high priority. We are now evaluating two of the Department's accounting systems.
- The Department of State has seven accounting systems; four have been approved and three remain unapproved. The unapproved three, however, include the two most important systems the Department has--the general accounting systems for the Department and the Agency for International Development. The Department has been missing target dates for submitting its general accounting system since 1967. In recent years the Department has brought effective systems development leadership into the program, but too little staff effort is being devoted to the work and progress therefore is slow.

Because of numerous violations of the Anti-Deficiency Act, the Director of the Office of Management and Budget on May 16, 1977, requested the Department of Defense to update and submit for approval by August 15, 1977, its administrative control of funds regulations. On June 28, 1977, the Director requested all other departments and the major independent agencies to update and revise their administrative control of funds regulations and submit them for approval by October 1, 1977. We concur in both actions. However, there are many unapproved accounting systems which have defects and inadequacies other than, or in addition to, the area of fund control.

It is very important that agencies have approved systems in operation because such systems can produce the type of financial information that agency officials and the Congress need to make financial decisions. The problems that can occur when good accounting systems do not exist have received considerable attention in the past year. The financial plight of New York City and the contribution of poor accounting practices to that situation are well known. Poor practices in unapproved accounting systems of the Department of the Army and the District of Columbia government were also reported to the Congress by us during the past year. In the Army's case, over \$200 million in overobligation of funds occurred. In the District's case, the accounting was so unreliable that an outside certified public accounting firm called it "misleading, out-of-date and inaccurate." A good accounting system can prevent these kinds of problems.

Our objective has been to initially approve all executive branch accounting systems by the end of fiscal year 1980. This is an ambitious undertaking when one considers that it has taken 26 years to get 52 percent of the systems approved. But the objective could be reached if departments and agencies give this work the high priority it deserves in the assignment of resources and qualified personnel.

In examining future budget requests and the use of funds, we recommend that the Office of Management and Budget and the Congress make sure that the executive departments and agencies are devoting sufficient resources to qualify their accounting systems for approval by the Comptroller General.

Approval of an accounting system design becomes meaningful only when an agency operates its accounting system in accordance with that design. For this reason, from time to time we review total or partial accounting systems to see if they are


--operating in accordance with our approval and

--consequently furnishing reliable financial data in a meaningful manner to the agencies and the Congress.

The results of recently completed reviews are discussed in chapter 4 of this report.

B-115398

We are sending copies of this report to the Director, Office of Management and Budget, and heads of other departments and agencies.

  
Comptroller General  
of the United States

## C o n t e n t s

CHAPTER		<u>Page</u>
1	INTRODUCTION	1
2	STATUS OF DEPARTMENT AND AGENCY ACCOUNTING SYSTEMS AT SEPTEMBER 30, 1976	2
	Comptroller General requirements	2
	Status of approvals	2
	Status of accounting systems	5
3	AGENCY PROGRESS AND PROBLEMS	6
	Approvals during 15 months ended September 30, 1976	6
	Problems and status of systems	8
	Department of Agriculture	8
	Department of Commerce	9
	Department of Defense	10
	Department of Health, Education, and Welfare	18
	Department of the Interior	20
	Department of Justice	21
	Department of State	22
	Department of Transportation	23
	Department of the Treasury	23
	ACTION	25
	Civil Aeronautics Board	25
	Federal Energy Administration	25
	Federal Home Loan Bank Board	26
	Federal Mediation and Conciliation Service	26
	General Services Administration	26
	National Labor Relations Board	27
	Veterans Administration	27
	District of Columbia government	28
4	ACCOUNTING SYSTEMS IN OPERATION	29
	Need for management involvement in acquiring financial management information systems	30
	Internal audits of accounting reports and systems	30
	Compliance with system designs approved by the Comptroller General	32
	Medical Materiel, Department of the Air Force	32
	Printing and Duplicating Industrial Fund, Department of the Air Force	32

	<u>Page</u>
Bureau of Indian Affairs, Department of the Interior	33
Immigration and Naturalization Service	34
Public Works Centers, Department of the Navy	34
Civil Aeronautics Board	35
Federal Power Commission	36
Railroad Retirement Board	36
The White House Office	37
Review of Department of Defense systems by internal audit agencies	37
Usefulness of accounting information	38
Billings and collections	38
Tuition charges for foreign military students	38
Technical assistance and training services provided to foreign governments	39
Mortgage insurance premiums	39
Taxes on acquired residential properties	40
Sealift tariffs	41
Depositing receipts	42
Automated travel payments	43
Property accounting	43
Contractor-held property, Employment and Training Administration, Department of Labor	43
National Aeronautics and Space Administration	44
Obligation accounting	45
Department of the Army	45
Department of the Navy	46
Equal Employment Opportunity Commission	46
Automated payroll accounting	47
Department of the Army	47
Department of Commerce	48
Department of Health, Education, and Welfare	49
Other systems	49
Direct deposit of pay	50



**APPENDIX**

		<u>Page</u>
I	Status of approvals and evaluations	51
II	Status of approval of accounting systems at September 30, 1976	52
III	Letter dated May 4, 1977, from the Assis- tant Secretary for Management and Budget, Department of Health, Education, and Welfare	80
IV	Letter dated April 29, 1977, from the Deputy Assistant Secretary - Policy, Budget and Administration, Depart- ment of the Interior	82
V	Letter dated April 12, 1977, from the Deputy Assistant Secretary for Budget and Finance, Department of State	83

**ABBREVIATIONS**

DOD	Department of Defense
GAO	General Accounting Office

## CHAPTER 1

### INTRODUCTION

This seventh report on the status, progress, and problems in Federal agency accounting covers the 15-month period ended September 30, 1976, and responds to the recommendation of the House Committee on Government Operations (H. Rept. 1159, 90th Cong., 2d sess. 3 (1968)).

With the exception of Government corporations subject to the Government Corporation Control Act (31 U.S.C. 841 et seq.) and certain quasi-government entities that, by law, are subject to that act, the accounting systems of all executive departments and agencies are required by 31 U.S.C. 66a to adopt accounting systems that conform to principles and standards prescribed by the Comptroller General and by 31 U.S.C. 66(b) to obtain his approval that their accounting systems do in fact so conform.

We are reporting information primarily obtained through our cooperative accounting systems work with the departments and agencies and through the evaluation and approval processes.

Chapter 2 summarizes the status of Federal agency accounting systems at September 30, 1976. Chapter 3 is our observation of agency progress and problems during the 15 months ended September 30, 1976. Chapter 4 contains observations resulting from our reviews of accounting systems in operation.

## CHAPTER 2

### STATUS OF DEPARTMENT AND AGENCY

#### ACCOUNTING SYSTEMS AT SEPTEMBER 30, 1976

##### COMPTROLLER GENERAL REQUIREMENTS

The head of each executive agency is responsible for establishing and maintaining systems of accounting which conform to the principles, standards, and related requirements prescribed by the Comptroller General, 31 U.S.C. 66a. A two-phase procedure has been established for examining agency accounting systems that are submitted to the Comptroller General for approval--approval being agreement that the proposed systems conform to the prescribed principles and standards. Under this two-phase procedure, we first examine the accounting principles and standards established by the agency as the basis for its accounting system. After the principles and standards are approved, the next step is to get approval of the design--procedures and practices that will be followed to perform the agency's accounting--to determine whether it conforms to the approved principles and standards. In addition, after the design of the system is implemented, we review the accounting systems of the agencies from time to time to see that they are being operated in accordance with their designs and are serving management needs.

##### STATUS OF APPROVALS

During the 15-month period, the designs of 32 accounting systems were approved. Allowing for reapprovals and adjustments, a net increase of 29 accounting system approvals resulted. Accounting system design approvals totaled 177 at September 30, 1976, out of a total of 338 identified systems subject to approval. Three statements of principles and standards were approved during the period, making a total of 333 systems now covered by approved principles and standards.

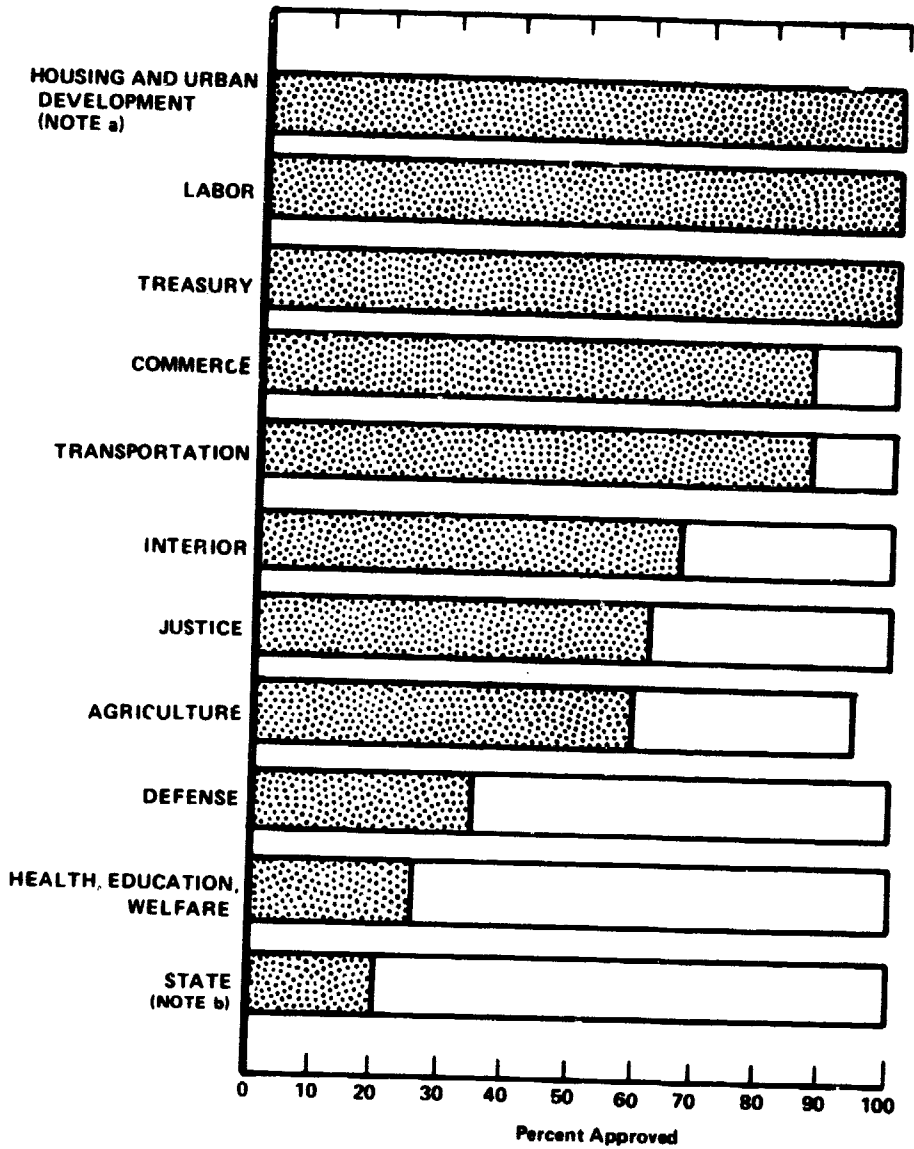
The number of accounting systems identified by agencies as being subject to approval at the beginning of the period was 286. During the period the number of systems subject to approval increased by 52 (2 in civil agencies and 50 in Defense). The increase primarily resulted from a change in the way the Navy Department has identified its systems, rather than an increase in the number of systems per se. (See p. 13.) We expect some further increases in the future. The Social Security Administration is now shown as having only one accounting system subject to approval

because the exact number of systems has not been agreed upon. We expect it will have about 10 identifiable systems. We have also shown the D.C. government with only one system. It has numerous accounting systems but has not as yet identified how many.

Although the number of approved systems increased by 29 during the period, the percentage of approvals remained the same, 52 percent, because of the increase in the number of systems subject to approval. The chart on the following page shows the status of approval of accounting systems for each department.

Of the 11 departments, 10 had principles and standards approved for all of their accounting systems, but only 3 had all of their accounting system designs approved. In the Department of Housing and Urban Development, the designs of the subsystems within its approved system had not yet been completed.

## APPROVAL STATUS BY DEPARTMENT At September 30, 1976



DESIGNS AND PRINCIPLES AND STANDARDS



PRINCIPLES AND STANDARDS ONLY

*a/* Designs of subsystems have not been completed.

*b/* While four of seven systems have been approved, the largest systems accounting for the major portion of State's operations have not been approved.

## STATUS OF ACCOUNTING SYSTEMS

The table below summarizes the status of accounting systems subject to approval at September 30, 1976.

	<u>Principles and standards</u>		<u>Designs</u>		<u>Subject to approval</u>
	<u>Approved</u>	<u>Unapproved</u>	<u>Approved</u>	<u>Unapproved</u>	
<b>Civil departments and agencies:</b>					
Agriculture	16	1	10	7	a/17
Commerce	8	-	7	1	8
Health, Education, and Welfare	19	-	5	14	b/19
Housing and Urban Development	1	-	1	-	1
Interior	19	-	12	7	19
Justice	13	-	8	5	13
Labor	2	-	2	-	2
State	7	-	4	3	7
Transportation	8	-	7	1	8
Treasury	18	-	18	-	c/18
Executive Office of the President	4	-	4	-	4
Independent agencies	<u>52</u>	<u>4</u>	<u>41</u>	<u>15</u>	<u>56</u>
<b>Total</b>	<u>167</u>	<u>5</u>	<u>119</u>	<u>53</u>	<u>172</u>
<b>Percent</b>	97	3	69	31	100
<b>Department of Defense:</b>					
Air Force	43	-	28	15	43
Army	29	-	5	24	d/29
Navy (including Marine Corps)	75	-	20	55	75
Defense agencies	<u>18</u>	<u>-</u>	<u>5</u>	<u>13</u>	<u>18</u>
<b>Total</b>	<u>165</u>	<u>-</u>	<u>58</u>	<u>107</u>	<u>165</u>
<b>Percent</b>	100	-	35	65	100
<b>District of Columbia government</b>					
	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>e/1</u>
<b>Total</b>	<u>333</u>	<u>5</u>	<u>177</u>	<u>161</u>	<u>338</u>
<b>Percent</b>	98	2	52	48	100

a/Number of systems will be reduced to six when planned consolidations have been made.

b/Number of systems in the Social Security Administration is expected to increase by nine.

c/The bullion accounting system has not been included as it is to be merged into the Financial Management Information System, a new accounting system planned by the Bureau of the Mint. Work on the new system has been deferred.

d/For the most part, these systems are the principal automated ones.

e/Actual number of accounting systems not yet determined.

### CHAPTER 3

#### AGENCY PROGRESS AND PROBLEMS

##### APPROVALS DURING 15 MONTHS ENDED SEPTEMBER 30, 1976

During this period statements of principles and standards were approved for the Mining Enforcement and Safety Administration of the Department of the Interior, for the Federal Energy Administration, and for the Farm Credit Administration.

Designs were approved for the following 32 systems.

<u>Civil departments</u>	<u>Approval date</u>
Department of Health, Education, and Welfare: National Institutes of Health, Administrative Accounting	6/11/76
Department of the Interior: Bureau of Mines	a/9/29/75
Department of Justice: Law Enforcement Assistance Administration, Administrative Accounting	9/28/76
Department of State: Agency for International Develop- ment, American Payroll	9/28/76
Department of Transportation: Federal Railroad Administration Transportation Systems Center	9/24/76 6/23/76
<u>Independent agencies</u>	
Civil Aeronautics Board, Payroll	9/27/76
Veterans Administration, Mortgage Loan Program	9/28/76

a/Reapproval.

<u>Military departments</u>	<u>Approval date</u>
Department of the Air Force:	
Departmental Stock Fund System	1/23/76
General and Systems Support Stock Fund, Division Office	1/23/76
Fuels Stock Fund, Division Office	1/23/76
Clothing Stock Fund, Division Office	1/23/76
General and System Support Stock Fund, Command Office	1/23/76
Base Level Materiel System	1/23/76
Civil Engineer Cost System	3/ 4/76
Civilian Payroll	5/25/76
Military Aircraft Storage and Disposition Center Cost/Billing System	5/27/76
Airlift Services Industrial Fund System	6/17/76
Departmental Industrial Fund System	9/21/76
Department of the Army:	
Test and Evaluation Activities	8/ 3/76
Department of the Navy:	
Industrial Fund, Ordnance Activities	8/ 6/76
General Accounting at Marine Corps Activities	8/10/76
Joint Uniform Military Pay System	9/10/76
Naval Academy Midshipmen Pay System	9/16/76
Naval Education and Training Command, Command Level	9/21/76
Nonmechanized Command Level System	9/21/76
Facilities Engineering Activities, Civilian Payroll	9/21/76
General Accounting Fleet (Air), Field Level	9/21/76
General Accounting at Nonmechanized Resource Management System Activities	9/24/76
Industrial Naval Air Stations, Civilian Payroll	9/28/76
Office of the Secretary and Defense Agencies:	
National Security Agency/Central Security Service	9/24/76



PROBLEMS AND STATUS OF SYSTEMS

Department of Agriculture

Accounting systems subject to approval	17
Accounting system designs approved	10
Unapproved systems	7

Although no accounting systems were approved for the Department of Agriculture during the 15-month period, we feel this Department is progressing toward the goal of complete systems approval. Early in calendar year 1973 the Department of Agriculture began developing a central accounting system for the administrative and program funds of its agencies. Excluded from the central accounting system, and scheduled for separate designs, are five accounting systems required to process and record transactions involving the following programs:

- Loan programs of the Farmers Home Administration.
- Loan programs of the Rural Electrification Administration.
- Grant and other programs administered by the Agricultural Stabilization and Conservation Service.
- Programs administered by the Food and Nutrition Service.
- Forest Service Timber Sales.

The 6 systems will eventually replace the 17 Department of Agriculture systems shown in appendix II.

Development and implementation efforts for the central system are underway at the Department's National Finance Center in New Orleans, Louisiana. A statement of accounting principles and standards for the central system and the design for the automatic data processing portion of some of the subsystems have been informally submitted. The accounting portion has not yet been received.

Statements of accounting principles and standards have been submitted for the program fund systems of the (1) Agricultural Stabilization and Conservation Service, (2) Farmers Home Administration, and (3) Rural Electrification Adminis-

tration. The Agricultural Stabilization and Conservation Service has informally submitted the automatic data processing portion of most of its program system, but the accounting portion has not been submitted as yet. A system design has not been received for any of the four remaining program fund systems. The Food and Nutrition Service, which had its accounting principles and standards approved in June 1973, plans to strive to develop a financial management system relating to the programs it administers. The Farmers Home Administration has engaged a contractor to develop its loan program system.

The Department of Agriculture plans to submit the design for the central system in October 1977. Completion of system designs for the program fund systems is expected as follows:

Forest Service Timber Sales	Oct.	1977
Agricultural Stabilization and Conservation Service	Sept.	1977
Farmers Home Administration	Jan.	1978
Rural Electrification Administration	Jan.	1978
Food and Nutrition Service	Dec.	1978

The Department and its constituent agencies have indicated they expect to expend about 80 staff-years on these design efforts during fiscal year 1977. Consequently they should be able to meet their target dates.

#### Department of Commerce

Accounting systems subject to approval	8
Accounting system designs approved	7
Unapproved system	1

The Department of Commerce was the first Department to secure approval of all of its accounting systems, then a total of seven systems. Recently, a new accounting system for the National Technical Information Service has been added. Under development since March 1975, this new system design was informally submitted to GAO for evaluation during fiscal year 1976.

## Department of Defense

In the last 4 years, the Department of Defense has progressed substantially in obtaining approval of its accounting systems. During this period, 54 systems were approved; only 4 had been approved in prior years. Most progress has been in the Air Force and the Navy, accounting for 48 of the 54 approvals. The Army and certain Defense agencies have not been as successful in developing and preparing their system designs and submitting them for evaluation.

At October 1, 1976, we had about 21 additional systems under evaluation and expected to have 41 more submitted during fiscal year 1977. We cannot approve most of these systems at the present time because of several differences between the accounting principles and standards which we had approved for these systems and the system designs submitted to us. These differences included (1) lack of monetary control over property, (2) lack of required fund control for the last 2 months of the fiscal year, (3) lack of adequate accounting for noncontractual claims against the Government, and (4) the need to identify capital versus current operating costs on management reports.

We have established a special working arrangement with Defense Department officials to attempt to solve the problems created by these differences and to qualify the systems for approval. Failure to eliminate these differences may adversely affect the number of approvals granted in fiscal year 1977.

### Department of the Air Force

Accounting systems subject to approval	43
Accounting system designs approved	28
Unapproved systems	15

During fiscal year 1976, including the transition quarter, we approved 11 Air Force accounting system designs. The Air Force has made great strides in its effort to obtain approval of all accounting system designs by using improved methods of describing their systems and by acting promptly to resolve problems we find while evaluating their system designs. Five accounting system designs should be approved in fiscal year 1977, if already identified problem areas are resolved in a timely manner.

Among the unapproved systems are eight Air Force Logistics Command Systems. These accounting systems are replacements for three basic systems of the Advanced Logistics System which were included in our 1975 inventory report. In December 1975 the Senate and House Committees on Appropriations instructed the Department of the Air Force to terminate the design and development of its Advanced Logistics System. Consequently, the Air Force will have to submit eight accounting systems for our approval to accomplish what had been planned for three systems. To meet the approved target date planned for the Advanced Logistics System (fiscal year 1978), the Air Force plans to expend the necessary staff-years in fiscal year 1977 to permit us to evaluate and approve seven of the eight systems by the end of fiscal year 1978.

Department of the Army

Accounting systems identified as subject to approval	29
Accounting system designs approved	5
Unapproved systems	24

The Army has not satisfactorily progressed in obtaining approval of its accounting system designs. The only approval during the 15-month period was a portion of the accounting system design for test and evaluation activities of the Test and Evaluation Command, Army Materiel Development and Readiness Command, approved in August 1976. The industrial fund general ledger portion of that system design was not included and will, therefore, be approved at a later date as a separate system.

Of the 24 unapproved systems, 14 were classified by the Army as under development; that is, they are in the process of design, or major design changes are contemplated. Target dates for their submission for approval were not determinable.

We were evaluating 3 of the remaining 10 systems at September 30, 1976, and are advising Army officials on their preparation of system designs for 5 other systems.

Fund control problems, including Anti-Deficiency Act violations, in the accounting systems relating particularly to the procurement accounts and foreign military sales were

quite serious and extensive. <sup>1/</sup> As a result, financial management attention and resources were concentrated on measuring the effect and reporting on the problems, as well as identifying and initiating corrective measures. Also, a longstanding problem of not reconciling accounting and disbursing records is now receiving management attention in order that accurate reports may be issued. A short-range effect of this focus was to continue in fiscal year 1976 the Army's relatively small effort to the objective established by the Office of the Secretary of Defense to obtain our approval of Department of Defense accounting systems by December 1976.

Problem areas include (1) identification of all the Army's accounting systems and their interrelationships, (2) both incomplete and inadequate designs, (3) deviations from the prescribed accounting principles and standards, and (4) unresponsiveness to identified issues. The Comptroller of the Army and certain Army commands have not, in the past, applied sufficient numbers or quality of personnel to the planning and execution necessary for obtaining system design approvals at the rate scheduled by the Office of the Secretary of Defense. In many instances, the personnel worked on this objective only when other duties permitted.

The Army has agreed to prepare and publish a system design overview to identify the functions and scope of each accounting system and the control interrelationships among accounting systems, programs, and organizations. (A similar commitment made by the Army last year to provide us such an overview by September 1975 was not met.) This overview should also identify the organizational element responsible for the design of each system in accordance with Army Comptroller guidance and should contribute to an understanding of the Army financial systems.

The Army plans in fiscal year 1977 to devote 28 staff-years in developing, designing, and redesigning accounting systems. We do not believe that this level of effort will be sufficient to complete the work by 1980. The Army needs to apply additional resources and qualified personnel to:

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<sup>1/</sup>See our report "Serious Breakdowns in the Army's Financial Management Systems," FGMSD-76-74, Nov. 5, 1976.

- Describe the system design changes or new designs needed in unapproved systems and make plans for their submission for approval.
- Insure that accounting and payroll system designs describe the systems adequately. In our experience in evaluating Army system designs, the Army often uses its regulations and automatic data processing user's manuals. We find this ineffective because the regulations and manuals are fragmented and do not give an adequate or complete description of the accounting system designs.
- Strengthen the headquarters accounting system staff so it can deal responsively and in a more timely manner with the design problems our evaluations find, and assign such staff to advise and assist those Army commands which have limited system design capability.

Since September 1976, we have observed a substantial increase in the Army's efforts to obtain system approvals and to correct the identified problems.

Department of the Navy

Accounting systems subject to approval	75
Accounting system designs approved	20
Unapproved systems	55

The Department of the Navy progressed more than in any past period. During the 15 months ended September 30, 1976, 10 Navy accounting systems were approved for a total of 20 approved system designs. We are currently reviewing 13 of the remaining unapproved systems and expect the Navy to submit 22 additional system designs during fiscal year 1977.

As anticipated in last year's report, the number of Navy accounting systems identified as being subject to approval has increased to 75 as of September 30, 1976. The Navy did not increase its accounting systems; it just changed its method of classifying existing Navy systems and canceled some planned standard system design efforts. Canceling standard system design efforts increases the number of systems to be approved because if a standard design is used, one approval may apply to 10 similar systems. If a standard system is not used, each of the 10 systems must be approved separately.



Source: Department of Defense

**GAO SYSTEMS ACCOUNTANTS SHOWN DISCUSSING ACCOUNTING SYSTEM DESIGN DOCUMENTATION WITH AN OFFICIAL OF THE OFFICE OF THE NAVY COMPTROLLER.**

The scheduling of systems for submission to us is being controlled by the Office of the Navy Comptroller to allow consideration of long-range system development work in relation to our target of 1980 for approval of all systems.

Standard system designs--The Navy's operating philosophy emphasizes maximum automatic data processing design flexibility at local installations. As a result, most Navy accounting system central design efforts cease at a relatively high level. Local installations are thus provided considerable latitude in developing support procedures to implement the central design, including controls to insure timeliness, accuracy, and completeness of accounting processes. Under this concept of decentralization, naval systems managers must rely on local commanders, internal review teams, and internal auditors for assurance that adequate controls have been provided at local levels for locally designed systems and for insurance of system output quality. This concept also makes our automatic data processing evaluation of the adequacy of internal controls and audit trails more difficult and requires additional time to determine the adequacy and acceptability of many Navy systems.

The Navy Integrated Financial Management Improvement Program was begun several years ago by the Navy Comptroller to provide centralized control over financial system development efforts and to foster uniformity in system design. Its major objectives are to identify deficiencies in financial management systems and to program and provide budgetary support for corrective action. Several major standard systems resulting from this effort are currently scheduled for our review. We support the objectives of standard design and encourage their rapid completion and use.

Integration of disbursing and accounting--The integration of disbursing and accounting will represent a significant improvement in accounting, disbursing, and use of assets. Much progress has been made with prototype activities, and an implementation plan has been developed. We continue to encourage an early decision to implement.

Navy Joint Uniform Military Pay System--During fiscal year 1976 we approved the final version of the Joint Uniform Military Pay System for the Navy. For about 10 years the Department of Defense and its military services have been working on the project of developing their military pay systems. We congratulate the Department and its military services on completing their design work for these very substantial payroll systems.





Source: Department of Defense

**GAO CLEVELAND SUBOFFICE STAFF MEMBERS AND NAVY FINANCE CENTER PERSONNEL DISCUSS THE NAVY JOINT UNIFORM MILITARY PAY SYSTEM DESIGN DOCUMENTATION.**

### Department of Defense agencies

Accounting systems subject to approval	18
Accounting system designs approved	5
Unapproved systems	13

Only one accounting system design was approved in the 15-month period ended September 30, 1976. However, we are currently evaluating five systems and expect to approve seven by the end of fiscal year 1977.

Three of the unapproved systems not scheduled for submission in 1977 are in the Defense Supply Agency. Two of the three are among the largest and most important systems in that Agency's operations. Since 1974 the Agency has recognized the need for financial control and improved financial reporting in the petroleum and subsistence management areas. Consequently, it has undertaken several projects to develop reliable accounting systems for these two areas. To date these projects have not been successful. The agency has once again indicated that all three of these accounting systems will be submitted for evaluation by the end of 1980. However, based on the resources assigned to this work and the priority it has been given by the Agency, we are skeptical about whether these designs will be submitted by then. Until these projects are given high priority and adequate resources are devoted to them, we cannot assure the Congress that these accounting systems will be approved in the near future.

The Defense agencies plan to expend 6 staff-years during fiscal year 1977 on the design and submission of accounting systems. We feel this time is insufficient to provide satisfactory progress.

### Department of Defense-wide problems

As noted in last year's report, an ad hoc committee was established to develop requirements for a Department-wide standard civilian payroll system. This committee, which we represent in an advisory and consultative capacity, has made significant progress. The committee published a document containing the general functional systems requirements for a standard pay system incorporating the needs of all services and is currently working on the detailed specifications.

The Department of Defense is now reevaluating the direction the standardization effort is to take. The underlying implication is that standardization within each service is all that can be achieved at the present time. We suggest that no decision be made to abandon development of the Department-wide standard civilian payroll system without conclusive evidence that it is not attainable or economical.

Department of Health, Education, and Welfare

Accounting systems subject to approval	19
Accounting system designs approved	5
Unapproved systems	14

In the past, this Department has progressed slowly in getting its accounting systems approved. The only accounting system design approved for the Department during the past fiscal year was the National Institutes of Health's administrative accounting system design. The Health Services Administration's administrative accounting system and the Office of Education accounting system were informally submitted and are currently being evaluated.

The Social Security Administration is operating under an unapproved accounting system. An agreement was signed in June 1976 providing for a joint Social Security Administration, Office of the Secretary, and GAO project to further Social Security's preparation, review, and approval effort. The one accounting system currently shown for the Social Security Administration in appendix II will eventually be separated, because of its magnitude, into several discrete systems to facilitate evaluation and approval. The Social Security Administration has currently identified 10 accounting systems which may have to be evaluated and is establishing target dates for submitting them.

In a report to the Congress, <sup>1/</sup> we recommended that the Secretary of Health, Education, and Welfare assign a high priority to the redesign of the Department's payroll system and closely watch these efforts until the redesign was successfully completed. Subsequently, target dates which the Department set for submitting the system design for approval

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<sup>1/</sup>B-164031, Jan. 17, 1969.

were never met. The Department advised us that delays resulted because available staff was assigned to improve the system before submitting it to us. The payroll system is presently operational, and a task force established in July 1976 is preparing material necessary for our approval. The system is currently scheduled for approval in fiscal year 1980.

Since 1969 we have issued 10 reports to the Congress calling attention to inadequacies in the financial management of the Guaranteed Student Loan Program. In the latest report, 1/ we again reported that the accounting system for this fund was so unsatisfactory that the financial statements did not fairly present the financial position of the fund.

In a February 17, 1977, report to the Congress on the Health Services Administration, 2/ we reported that the serious weaknesses of the accounting systems could allow fraud and misuse of Federal funds. Health Services accounts could not be reconciled with the Treasury's accounts and the Anti-Deficiency Act may have been violated.

The Department has informed us that it has given system approvals a high priority and intends to devote adequate resources to it. Since April 1976, the Department's activities in expediting the submission and review process have resulted in the following accomplishments:

- Signing the agreement of the Social Security Administration; the Office of the Secretary of the Department of Health, Education, and Welfare; and GAO as discussed above.
- Instituting a presubmission review process by the Department.
- Developing a procedure for establishing and tracking "milestone" events throughout the review process, which should provide a tool for measuring progress and evaluating the status of system reviews underway.

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1/FOD-76-23, Feb. 10, 1977.

2/"Improvements Needed in Recording and Reporting Appropriation Data at Fiscal Year End," FGMSD-76-63.

Despite past assurances of a desire to secure approval of its accounting systems and the establishment of numerous target dates, the Department has not accomplished its objectives. Unless the Department is persistent in its current determination to qualify its remaining accounting systems for approval and can devote adequate resources on a continuing basis, we are skeptical that the remaining systems will be approved in the near future.

#### Agency comments

In response to a draft of this report (see app. III), the Department said it had made obtaining accounting system approval a high priority item. The problem, according to the Department, was our inability to assign sufficient resources to review system documentation the Department developed and provided to us. The Social Security Administration was cited as a specific example in which its personnel had been waiting since June 1976 for our personnel to work with them on reviewing their system before submission.

It is our policy to give priority in the assignment of our limited accounting systems staff to those systems which have been completed and are ready for evaluation. To the extent possible, we also cooperate with requesting agencies in developing their accounting systems. In the Social Security case cited above, we had been following our normal practice of assigning personnel to examine system documentation as an agency made it available. A systems accountant was examining, on a part-time basis, documents submitted by Social Security between September and December 1976. In December the Department asked us to assign a systems accountant on a full-time basis at Social Security Administration headquarters. We plan to do so as soon as staff on other work become available. Meanwhile, we will continue to have any completed work reviewed by staff members assigned to other sites.

#### Department of the Interior

Accounting systems subject to approval	19
Accounting system designs approved	12
Unapproved systems	7

This Department has progressed little since 1974 in getting its accounting systems approved. During the 15-month period, we approved the principles and standards of the

Mining Enforcement and Safety Administration and reapproved the accounting system design of the Bureau of Mines.

### Unapproved systems

Five of the seven unapproved systems of the Department had been scheduled for submission during fiscal year 1976. However, these submissions have been postponed to either fiscal year 1977 or 1978. In addition, the Department has added one more accounting system to the 18 listed on June 30, 1975. This system is forecast for submission during fiscal year 1977. These accounting systems have remained unapproved principally because of a lack of in-house staffing at Department and bureau levels to properly design and submit their systems.

The Department established the Office of Management Consulting within the Office of the Secretary in 1974 to be responsible for assisting offices and bureaus in developing system designs and improving financial management information. However, due to budgetary restrictions, only two professional staff members in the Office of Management Consulting are engaged in system design work. The Office urgently needs to add more systems accountants to its staff.

We also believe that staffing should be increased in the bureaus having unapproved systems. Unless the Department provides the necessary resources and gives accounting system design work a higher priority, we cannot assure the Congress that the remaining unapproved accounting systems will be approved in a reasonable length of time.

The Department of the Interior has indicated (see app. IV) its basic agreement with our analysis. The Department's letter states that it is trying to increase its efforts in order to submit all of its accounting systems to us by the end of fiscal year 1978.

### Department of Justice

Accounting systems subject to approval	13
Accounting system designs approved	8
Unapproved systems	5

The Department has progressed well the past several years in securing approval of its accounting systems. However, the administrative accounting system design of the

Law Enforcement Assistance Administration was the only approval in this Department during the 15 months ended September 1976.

The administrative accounting system design of the Federal Bureau of Investigation was approved in 1977 after the period covered by this report. The Bureau has progressed substantially in developing this system and will soon have it operational. Submission of the remaining unapproved Department accounting systems is scheduled before the end of calendar year 1977. The Department and its constituent agencies have committed about 9 staff-years to submitting these systems. We believe this commitment is sufficient to attain approval of most of the Department's systems before the end of fiscal year 1978.

#### Department of State

Accounting systems subject to approval	7
Accounting system designs approved	4
Unapproved systems	3

Progress in securing approval of accounting systems in this Department has been very slow. During the 15-month period we approved only one system: the American payroll system design for the Agency for International Development. Among the unapproved systems are the departmental and Agency general accounting systems, the Department's two largest and most important systems. Since 1959 the Department has set and missed several target dates for submitting these systems for approval.

The design of the unapproved departmental accounting system has been under development for the past 4 years. Although many portions have been informally submitted to us for comments, the Department acknowledges that a sizable task remains on the material it has submitted.

In addition to its departmental accounting system, the Department has developed a combined payroll-personnel system which covers most of its employees. During the period from July 1976 to September 1976, the description of this payroll system was informally submitted to us for evaluation.

The Agency for International Development has two accounting systems subject to approval--the American payroll system

and the general accounting system. The American payroll system was approved in September 1976. The general accounting system design consists of nine segments. Four segments had been approved through January 1969; the remaining five segments of this system are planned for submission by November 1977.

The Department is currently devoting about 8 staff-years to accounting system approval work. We believe this staffing should be increased in order that all of the Department's accounting system designs will have been formally submitted for approval through fiscal year 1978 as forecast. Until the Department gives these projects high priority and devotes adequate resources, including the assignment of qualified, full-time personnel, we cannot assure the Congress that these accounting systems will be ready for approval as scheduled.

We submitted a draft of this section of our report to the Department of State and have incorporated the pertinent portions of its response. The Department's letter is included in appendix V.

#### Department of Transportation

Two accounting system designs were approved during the 15 months ended September 1976, one for the Federal Railroad Administration and one for the Transportation Systems Center. Seven of the Department's eight accounting systems have now been approved; four were approved during the past 2-1/2 years.

The accounting system for the Federal Aviation Administration is the only remaining unapproved system in the Department. Except for the payroll portion, it is being designed by a contractor. The contractor had submitted the major portion of the system, and the Federal Aviation was reviewing it at September 30, 1976. The design of the remaining portion is expected to be submitted for the Federal Aviation's review early in 1977. It expects to complete the design of the payroll portion in July 1979.

#### Department of the Treasury

All of the Department of the Treasury accounting systems shown in appendix II have been approved.

The Bureau of Government Financial Operations is designing a unified Treasury accounting and financial reporting



system. This system will replace three systems which are presently approved: (1) central accounting for cash operations, (2) central accounting for foreign currency, and (3) investments accounting operations. The overall project, known as the Accounting Information Management System, will consist of multiple subsystems and modules. Target dates for implementing the subsystems and modules extend through fiscal year 1982.

We reported last year that the U.S. Customs Service was redesigning its cost accounting system to provide cost data under a recently revised program structure. In February 1976 a productivity management review was conducted jointly by the Department of the Treasury and a private contractor. It confirmed that the Customs Service does not have a cost accounting system which would enable the determination of costs for its various activities and programs. The review also confirmed that the development of a comprehensive cost accounting system by the Service is an essential prerequisite to productivity management. Although Customs Service's project to redesign its cost accounting system would enhance budget preparation and fund allocation and facilitate productivity management, it has been deferred pending a further review of the automatic data processing resources relating to ongoing programs.

The Department of the Treasury is implementing a Department-wide integrated payroll/personnel system to replace its fiscal service and Internal Revenue Service payroll systems. We are working with the Department in developing necessary procedures and controls, but a target date for submission and approval has not yet been established.

We reported last year that the Bureau of the Mint was planning to revise, update, and automate its general and bullion accounting systems into a single financial management information system. It was to be completed and submitted for evaluation in September 1977. Plans for implementing this system, however, have been postponed pending completion of a long-range automatic data processing plan.

The Bureau of Alcohol, Tobacco and Firearms is developing a financial management/planning system. We expect to evaluate this system informally during fiscal year 1977.

## ACTION

Accounting systems subject to approval	3
Accounting system designs approved	0
Unapproved systems	3

During September 1974 ACTION hired a public accounting firm to design and document a revised general accounting system. ACTION began submitting draft portions of its revised accounting system for our evaluation in January 1976. We expect the system design to be completed and submitted for approval in 1977.

At present ACTION employs three staff systems accountants. One accountant assists the contractor full time in completing the general accounting system design. The systems accountants will be solely responsible for documenting the accounting system designs for ACTION'S unapproved volunteer readjustment allowances and payroll systems. The scheduled submissions of these two system designs have been delayed from March 1976 and June 1976 to September 1977 and September 1978.

A lack of personnel to complete the assignments and a concentrated effort during fiscal year 1976 on the general accounting system design caused the submission delays. ACTION estimates that about 3 staff-years will be expended during fiscal years 1977 and 1978 to complete its accounting system. Also, ACTION believes it has adequate resources to accomplish this objective.

## Civil Aeronautics Board

The accounting system of the Civil Aeronautics Board was originally approved in January 1968. The Board is planning to resubmit its accounting system subdivided into three systems: (1) administrative accounting system, (2) payroll system, and (3) carrier subsidy payment accounting system. The payroll system was approved September 27, 1976. A revised statement of accounting principles and standards has been submitted.

## Federal Energy Administration

The Federal Energy Administration, established as an independent agency on June 27, 1974, has one accounting system subject to approval. Its statement of accounting principles

and standards was approved in July 1975. The Federal Energy Administration plans to submit its accounting system design for our evaluation by June 1977, but it has not done so as of May 31, 1977.

We believe the Federal Energy Administration is currently not devoting enough effort to designing its accounting system. Unless it provides additional resources and gives accounting system design work a higher priority, we cannot assure the Congress that the accounting system of the Federal Energy Administration will be approved in a reasonable length of time. (This system may be absorbed into the new Department of Energy if the proposal to create that Department is accepted.)

#### Federal Home Loan Bank Board

The Board's statement of accounting principles and standards was approved in June 1972. Its accounting system design, exclusive of the automated portions, was submitted in August 1975 for our informal evaluation. In November 1975 we provided our informal comments on needed improvements, but have not yet received a response. Approval is expected in September 1977.

#### Federal Mediation and Conciliation Service

The Service's statement of accounting principles and standards was approved in December 1969. The Service estimates that it will complete the accounting system design and informally submit it for evaluation by December 1977. The previously estimated date was December 1976. The Service has committed 1 staff-year to the design efforts during the next fiscal year. We believe that is adequate, provided the work efforts concentrate on design development and submission to avoid further slippages.

#### General Services Administration

Accounting systems subject to approval	3
Accounting system designs approved	2
Unapproved system	1

The Public Buildings Amendments of 1972 Act (Act of July 16, 1972, Public Law 92-313, 86 Stat. 216) created the Federal Building Fund. Effective July 1, 1974, it required

a new accounting system for activities conducted by the Public Building Service. The design of the system has been subject to revisions during the past 2 years to overcome problems and to provide more fully for management needs. Portions of the revised system design were submitted to us for evaluation beginning in March 1976. Originally scheduled for submission in December 1974, then extended to December 1975, the complete design was submitted in May 1977. Approval should occur during fiscal year 1977.

### National Labor Relations Board

The National Labor Relations Board has one accounting system subject to approval. Its submission for our evaluation has been postponed on more than five occasions since June 30, 1972. The latest postponement was from December 1976 to December 1977. A lack of personnel assigned to the system design has caused the delays. According to the Board's Chairman, five accountants are working principally on the accounting system design. During the year, however, this staff produced limited design material.

The Board must give this project higher priority and devote its assigned resources to designing the system, particularly the data processing functions. Otherwise, we cannot assure the Congress that the system will be ready for approval in the near future.

### Veterans Administration

Accounting systems subject to approval	8
Accounting system designs approved	7
Unapproved system	1

In September 1976 we approved the mortgage loan accounting system. This system takes the place of the direct loan program and the loan guaranty program accounting systems approved in 1953 and 1954, respectively.

The compensation, pension, and education accounting system has not been approved. We reported last year that approval was scheduled for fiscal year 1978. The Veterans Administration reported that this system will not be ready until fiscal year 1980 and that 3-1/2 staff-years have been committed to the design of this system during the next fiscal year. If consistently applied until fiscal year 1980, this effort should result in approval of the remaining system at that time.

## District of Columbia government

On December 19, 1975, the Chairman of the House Committee on the District of Columbia requested that we prepare a report to (1) summarize the major improvements the District government must make to get its financial systems in order, (2) evaluate the District government's plans for revising its accounting systems, (3) determine the priorities for the work which can best be done in the next 2 years by a contractor, and (4) suggest how the Congress, the District government, and GAO can best proceed to meet the objective of good financial management and financial reporting by the District government. Our report (FGMSD-76-42) was issued on February 27, 1976.

In early February 1976 the Senate Committee on the District of Columbia contracted Arthur Andersen & Co. to (1) survey the accounting and financial management practices of the District government, (2) define and analyze existing problems, and (3) develop a plan "leading to the implementation of generally accepted accounting principles and the eventual statement of an auditor's opinion." Arthur Andersen & Co. submitted its report to the Chairman of the Committee on June 19, 1976.

Primarily as a result of these two reports, Public Law 94-399 was enacted on September 4, 1976. Authorizing \$16 million, section 2(a) assigns the Temporary Commission on Financial Oversight of the District of Columbia responsibility for improving the District government's accounting and other financial management systems. Section 3(a)(1) also authorizes the Commission to secure an audit of the District's financial statements for fiscal years 1977 through 1979.

Contractors engaged by the Commission are required to prepare a design or improvement plan for each system. The plan or design, however, cannot be implemented until it is approved by the Comptroller General or the Congress (if the Congress elects to override the Comptroller General).

The Commission is composed of six Members of Congress, the Mayor, and the Chairman of the City Council. It first met on September 27, 1976, and selected Senator Thomas F. Eagleton as Chairman. We have offered our assistance to the Chairman of the Commission and have assured him of our cooperation.

As of May 31, 1977, the Commission had awarded no contracts.

## CHAPTER 4

### ACCOUNTING SYSTEMS IN OPERATION

In addition to approving executive agencies' accounting systems, section 112(c) of the Accounting and Auditing Act of 1950 requires us to review both approved and unapproved systems from time to time. These reviews determine whether accounting operations are carried out efficiently, effectively, economically, and in conformity with the principles, standards, and related requirements prescribed by the Comptroller General and approved system designs. We also evaluate the usefulness of the information provided by the systems and the effectiveness of internal controls, including internal audit, over receipts and disbursements, assets and liabilities, and obligations and expenditures of appropriations.

During the 15-month period ended September 30, 1976, we completed surveys or reviews of about 40 accounting systems, system segments, or related matters. The reviews showed deficiencies in

- management involvement in designing and acquiring computer-based financial management systems;
- internal audits of accounting reports and systems;
- compliance with system designs approved by the Comptroller General;
- usefulness of accounting information;
- billing, collecting, and depositing procedures;
- property accounting;
- obligation accounting;
- automated payroll system controls; and
- automated travel payments.

We suggest that agencies review systems we have not recently reviewed to assure themselves that similar deficiencies do not exist in such systems. The results of some of our reviews are summarized in the following sections.

NEED FOR MANAGEMENT INVOLVEMENT  
IN ACQUIRING FINANCIAL  
MANAGEMENT INFORMATION SYSTEMS

Federal agencies spend millions of dollars each year to develop computer-based financial management information systems. Contracts with public accounting and management consulting firms are used extensively to provide technical assistance.

In reviewing accounting systems, we observed that many developmental projects were unduly lengthy, costly, and frustrating, but that other projects proceeded smoothly. To gain an insight into the reasons for the varying degrees of success, we interviewed Federal agency officials and senior members of contractor firms and professional societies. They told us their experiences, good and bad, in developing computer-based information systems. They also suggested ways for improving the contracting and systems development process.

With this information, we prepared a booklet for guiding managers involved in information system development projects. The booklet discusses the need for management involvement in 68 key steps in the processes of planning, contracting, designing, developing, testing, implementing, and operating computer-based management information systems. It should be useful to Federal agencies, State and local governments, and contractors. 1/

INTERNAL AUDITS OF ACCOUNTING  
REPORTS AND SYSTEMS

Section 113(a)(3) of the Accounting and Auditing Act of 1950 requires the heads of executive departments and agencies to provide appropriate internal audit of their systems of accounting and internal control. Internal audit responsibilities include determining whether financial operations are conducted properly and whether financial reports are presented fairly. Proper conduct of financial operations requires compliance with the principles, standards, and related requirements for accounting prescribed by the Comptroller General. At June 30, 1975, the departments and agencies had about 11,000 professional and administrative personnel engaged in internal audit activities.

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1/"Lessons Learned About Acquiring Financial Management & Other Information Systems," Aug. 1976, by the Comptroller General of the United States, Stock No. 020-000-00138-1, may be purchased from the Government Printing Office.

We recently began an overview of the level of audit effort by the Federal agency internal audit organizations in financial operations and have issued reports on our findings to the heads of the Departments of Labor and Agriculture and the Veterans Administration. At September 30, 1976, we had completed reviews at the Departments of Justice and the Interior, and we planned to provide for similar reviews at other departments and agencies.

Our review at the Department of Labor indicated that the current audit effort did not adequately cover internal financial operations. Personnel shortages limited most of the audit work to external operations. 1/ The study at the Department of Agriculture, however, showed that the internal auditors were providing adequate financial coverage. 2/

Our Veterans Administration review disclosed a need for the staff to identify fully all of its programs (such as the various benefit programs representing 75 percent of the agency's obligations) and to implement a plan to provide audit coverage for those programs. Also, the appropriate audit staff size and its location within the organization should be determined. 3/

We surveyed the extent of internal audits of financial reports submitted to the Department of the Treasury and of the accounting systems that produced the reports in 28 departments and agencies. These agencies account for about 90 percent of the Government's gross obligational authority and operate about 250 accounting systems.

Twenty-eight percent of the agencies said their policy was to audit their accounting systems, and 22 percent to audit their Treasury reports, on cycles ranging from 1 to 7 years. The remainder said their policies were to make such audits irregularly or not at all. Twenty-five percent of the agencies, however, said they planned to change their policies to permit more reports to be audited.

In a report to the heads of audit agencies, we recommended increased emphasis on internal audits of accounting systems and accounting reports sent to the Treasury. We

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1/FGMSD-76-67, June 25, 1976.

2/FGMSD-76-84, Oct. 8, 1976.

3/FGMSD-77-3, Nov. 19, 1976.



based this recommendation on the results of our survey, our numerous reports on major deficiencies in systems, and the Treasury's need for reliable information for its consolidated financial statements. 1/

In other reviews, we found that the Civil Aeronautics Board, Federal Power Commission, Railroad Retirement Board, and White House Office all needed to increase their internal audits.

COMPLIANCE WITH SYSTEM DESIGNS  
APPROVED BY THE COMPTROLLER GENERAL

During the 15-month period, we reviewed nine systems that had been previously approved by the Comptroller General to determine whether they were being operated in compliance with their approval designs. Changes requiring reapproval had been made, or were being made, in four of the following nine systems.

Medical Materiel,  
Department of the Air Force

The Air Force Medical Materiel accounting system was approved in October 1973. The system is the base-level financial reporting system for the Air Force Medical-Dental Stock Fund.

We found that the accounting system had been implemented in accordance with the system design. Our test of the system in operation, however, disclosed an operating weakness in which the system processed invalid transactions which were not rejected or identified as errors. Air Force officials stated they are taking action to improve the system's program edits to insure that transactions are processed correctly. 2/

Printing and Duplicating Industrial Fund,  
Department of the Air Force

The industrial fund accounting system for printing and duplicating services was approved in February 1970.

Based on our work at Robins Air Force Base, Georgia (the host installation), we concluded that the accounting system was operating in accordance with the approved system

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1/FGMSD-76-43, June 18, 1976.

2/FGMSD-76-35, Jan. 2, 1976.

design. (The same system design had been implemented at six other Air Force printing and duplicating plants.) We found, however, that Robins had no procedures for obtaining reimbursement from the printing plant industrial fund for the cost of support services, including the costs to (1) prepare and maintain the employment records of civilian personnel assigned to the printing plant, (2) process and prepare the payroll and maintain related records for civilian employees, and (3) provide fire protection, plant security, and automatic data processing.

Officials at the Air Force Accounting and Finance Center stated that the Air Force was in the process of revising instructions to require that all Air Force industrially funded printing plants reimburse host installations for support services. 1/

Bureau of Indian Affairs,  
Department of the Interior

The Bureau of Indian Affairs accounting system design was approved in January 1953. The system is being redesigned and will be submitted to the Comptroller General for approval in fiscal year 1978.

We reported to the Secretary of the Interior that the system being operated needed improvements in

- controlling receivables and advances,
- recording and reporting obligations,
- taking available discounts,
- controlling and documenting its automated personnel-payroll system, and
- managing and accounting for personal property.

We made several recommendations to the Secretary of the Interior to improve the Bureau's accounting system. The Department agreed with all of our recommendations and advised us of specific actions taken, underway, or planned by the Bureau for improving accounting practices throughout the organization. 2/

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1/FGMSD-76-4, Aug. 18, 1975.

2/FGMSD-76-15, Mar. 11, 1976.

## Immigration and Naturalization Service

Our review of the Immigration and Naturalization Service accounting system showed that it was being operated generally in accordance with the system design approved on April 18, 1967.

We found certain weaknesses in a regional office in accounting for property, collecting delinquent accounts receivable, and handling collections. We observed that the Service issued a receipt for collection only when the payer requested it. We also noted that the Service had no statement of policy on how fees were to be established.

We reported to the Commissioner that corrective action had been promised on all matters except issuing receipts for collections. We recommended, therefore, that the Service issue prenumbered or cash register receipts for all cash collections to record the transaction and give the payer a receipt. 1/

As a result of our recommendation, the Service studied its controls over cash and valuables. At September 30, 1976, the Service was evaluating its results to determine what actions it would take.

## Public Works Centers, Department of the Navy

The industrial fund accounting system for Navy Public Works Centers was approved in March 1974.

We reported to the Secretary of Defense that the system was being operated in accordance with the approved system design. We also found it was substantially in compliance with the principles, standards, and related requirements for accounting prescribed by the Comptroller General. Two requirements, however, had not been fully implemented:

- Funding by customers of major maintenance, repairs, and alterations (before the industrial fund incurs such costs) will be restricted to a 12-month period beginning with the date of approval of the project.
- Funded and unfunded liability for unused annual leave of employees of revolving fund activities will be separately identified.

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1/FGMSD-76-22, Nov. 12, 1975.

The above requirements apply to all Department of Defense industrial funds.

At September 30, 1976, we were evaluating another Navy industrial fund system design. We will determine whether the Department of Defense has taken appropriate action to require the above features to be implemented at all industrial fund activities. 1/

#### Civil Aeronautics Board

The Board's accounting system was approved in January 1968.

In our report 2/ we stated that although our review of the Board's system had not been completed at June 30, 1975, the Board had already agreed to take action on several matters we brought to its attention, including

- reporting internal audit findings to the Board's Managing Director instead of to the Comptroller,
- resubmitting to the Comptroller General for approval three segments of the accounting system that had been substantially changed subsequent to approval,
- providing quarterly independent reviews and audits of pay actions,
- performing annual inventories of property, and
- developing a 5-year internal audit program for comprehensive coverage of financial activities.

In a report to the Chairman of the Civil Aeronautics Board, we pointed out that the actions promised had not been taken. The Board informed us of steps taken or planned to correct the deficiencies we brought to its attention during the review and in our report. 3/

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1/FGMSD-76-52, Mar. 18, 1976.

2/FGMSD-76-13, fiscal year 1975 report on "Status, Progress, and Problems in Federal Agency Accounting."

3/FGMSD-76-20, Dec. 19, 1975.

## Federal Power Commission

The Commission's accounting system was approved in June 1965.

We found that the payroll subsystem had been substantially changed since the system was approved but had not been resubmitted to the Comptroller General for approval. We also observed that

--not all the accounts were maintained on a double entry basis,

--not all property was inventoried annually and reconciled to property records and the general ledger control accounts, and

--internal audits were not made annually.

Their manual for the approved system required all of the above.

We reported these matters to the Chairman and recommended that they be corrected. We also recommended ways to simplify the procedures used to process and record billings and collections. 1/ The Chairman informed us that the Commission has corrected all of these matters.

## Railroad Retirement Board

The accounting system of the Railroad Retirement Board was approved in 1971.

We reported to the Chairman of the Board that the accounting system was being operated in accordance with the approved system design. However, the internal reviews of accountable officer functions and financial reports, inventories of personal property, and procedures for controlling collections should be improved.

We proposed several actions to the Board for strengthening and expanding its procedures. The Board agreed with our proposals and is implementing our recommendations. 2/

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1/FGMSD-76-19, Oct. 16, 1975.

2/FGMSD-75-50, July 30, 1975.

The Board was in the process of converting its general and subsidiary ledgers from a manual system to an automatic data processing system. We advised the Board that these changes should be discussed with our representatives and, if appropriate, submitted for approval of the Comptroller General.

### The White House Office

The accounting system for the White House Office was approved in October 1969. The Office is planning major revisions to the accounting system, including extensive use of automatic data processing techniques.

In response to a request from the Counsel to the President, we reviewed the system of control over funds, property, and other assets for the period July 1, 1969, to August 9, 1974. We reported that (1) many disbursements were not supported by documentation needed to show that goods and services purchased were properly authorized and received, (2) equipment was lost or missing, indicating that property accounting controls (including physical inventory procedures) needed improvement, and (3) improvements were needed in controls and procedures for preparing payrolls, keeping time and attendance records, and accounting for employees' leave to prevent erroneous salary payments. The White House Office agreed with our findings and suggestions to correct weaknesses in its accounting operations and have taken or are planning to take corrective actions.

We commented that some of the problems we identified might have been corrected sooner if the White House Office had had an internal audit staff to review its operations on a regular basis. We recommended that the Staff Secretary to the President establish an internal audit staff to serve the White House Office and other agencies in the Executive Office of the President. The Counsel to the President said that the Office would study further the feasibility of such a staff and pursue it with other agencies in the Executive Office of the President. 1/

### REVIEW OF DEPARTMENT OF DEFENSE SYSTEMS BY INTERNAL AUDIT AGENCIES

The Department of Defense had been obtaining the approval of the Comptroller General of a substantial number

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1/FGMSD-76-34, Sept. 2, 1975.

of accounting systems the past few years. We have encouraged the internal audit agencies in the Department to review systems shortly after they have been approved to determine whether they are being operated in compliance with their approved designs.

During the 15-month period ended September 30, 1976, internal audits of five Air Force, five Navy, and one Office of the Secretary of Defense systems were completed or in process at the close of the period.

#### USEFULNESS OF ACCOUNTING INFORMATION

Our review of hospital accounting systems in the Department of Defense indicated that the information they produced was of limited usefulness. For example:

- The hospital accounting system prescribed by the Navy produced reports which were of no use to hospital managers, because the reports did not accumulate costs by responsibility area. A locally devised system reported costs by responsibility area, but excluded the most significant costs--the costs of civilian and military personnel.
- The information provided to the Department of Defense by the Army, Navy, and Air Force systems was accumulated on different bases and, therefore, could not be compared.

We recommended that the Navy system be modified to accommodate the cost-information needs of hospital management. We concluded that a standardized Defense-wide accounting system for hospital cost and workload data is desirable. 1/

#### BILLINGS AND COLLECTIONS

Several deficiencies in the systems and practices used to bill, collect, and deposit amounts owed to the Government were observed.

#### Tuition charges for foreign military students

The Air Force used obsolete or incorrectly computed tuition rates to establish the charges to foreign governments

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1/FGMSD, July 8, 1975, and FGMSD-76-70, Aug. 23, 1976.

for training their students in Air Force schools. We estimated that at least \$5.7 million of costs incurred in training such students during fiscal year 1975 was not recovered.

Acting on our recommendations, the Air Force changed its billing system to insure that current tuition rates are used. We estimated that, as a result, the Air Force will collect an additional \$17.3 million in revenues from foreign governments for training provided during fiscal year 1976. In addition, the Air Force is rebilling foreign governments to recover about \$4 million not previously charged because outdated and incorrect tuition rates were used. 1/

#### Technical assistance and training services provided to foreign governments

We reported to the Secretary of Defense that no action had been taken on recommendations made by the Department's internal auditors. They had recommended that a study determine all the costs of providing technical assistance and training to the armed forces of Iran and that reimbursement for such costs be obtained. The auditors estimated that about \$28 million in fiscal year 1976 costs would not be recovered unless such action is taken.

We recommended that DOD make the study and recover the full costs for technical assistance and training services provided to Iran. 2/ The Department has told us that it is acting to assure that all costs incurred in support of the Government of Iran will be recovered.

#### Mortgage insurance premiums

The Department of Housing and Urban Development insures lenders against losses on home mortgages guaranteed under a number of Federal programs. The homeowners pay insurance premiums monthly to the lenders. The lenders are required to send the premiums to the Department when billed for them. The Department is supposed to bill the lenders annually and follow up to see that the bills are paid.

We observed that the Department's records of insured mortgages were not complete and accurate (which resulted in

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1/FGMSD-76-21, Dec. 1, 1975.

2/FGMSD-76-64, July 13, 1976.



incomplete and inaccurate billings) and the Department did not effectively follow up delinquent payments. The accounts showed that on February 1, 1976, about 6,400 lenders were delinquent in paying about 285,000 mortgage insurance premiums totaling over \$20 million. About \$9 million had been delinquent for 6 months or longer. After learning of our intention to audit the lender's records, a lender who had not made payments for 10 months remitted over \$1.6 million to the Department.

In our report to the Secretary of Housing and Urban Development, we recommended that the Department improve its system of accounting for billing and collecting mortgage insurance premiums and take prompt and aggressive action to collect delinquent accounts. We also recommended that the Secretary consider whether interest should be charged on delinquent payments. 1/

The Department told us it is taking action to collect delinquent premiums and that a new, automated system, scheduled for implementation in June 1978, will correct the other problems.

On August 20, 1976, the Chairman of the Subcommittee on Manpower and Housing of the House Committee on Government Operations requested the Department to explain in detail what it has done in response to the shortcomings disclosed in our report.

#### Taxes on acquired residential properties

On November 26, 1975, we reported to the Congress that the Department of Housing and Urban Development lacked adequate controls in its tax payment system for single residential properties acquired by the Department to insure accurate and prompt payment of taxes. Also, the tax data records contained numerous errors. As a result, the Department

- paid taxes on properties it did not own,
- failed to pay taxes it owed,
- made late tax payments and thereby incurred unnecessary penalty and interest costs,
- duplicated payments on some properties, and

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1/FGMSD-76-54, May 5, 1976.

--did not receive credit from local tax authorities for delinquent taxes paid to property buyers at the time of sale.

We furnished the Department with details on our findings and suggested ways to improve the system. We recommended it consider using automatic data processing, establish an accurate accounting of tax liabilities, and have local offices verify the status of acquired property and related tax data.

We presented the results of our review in testimony on September 25, 1975, before the Subcommittee on Manpower and Housing, House Committee on Government Operations. The Department generally concurred with our findings and agreed to take corrective action in line with our suggestions. 1/

### Sealift tariffs

The accounting and billing system of the Military Sealift Command was not structured to identify the costs of specific shipments to various parts of the world. As a result, the tariff structure did not contain rates which were commensurate with the cost of the services provided. Customers were not aware of the costs incurred in satisfying their requirements. Nor were Military Sealift Command management and the Defense Department provided with adequate cost information regarding sealift route services.

Our legal analysis of statutes governing the operations of the Military Sealift Command indicated that tariffs are required which more accurately reflect true cost. Private carriers doing business with the Military Sealift Command are required to make available actual cost data by route. The Military Sealift Command, however, had not made a study to determine the feasibility of accumulating costs by traffic route.

Accordingly, in our report to the Secretary of Defense we recommended that a task force be established. It should identify and evaluate alternative methods for developing rates reasonably commensurate with the cost of providing sealift services on a traffic route basis.

The Defense Department agreed that tariff rates for ocean transportation should be generally commensurate with

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1/FGMSD-76-24, Nov. 26, 1975,

the cost of providing the services but did not agree that a task force was needed. Consequently, no action has been taken on our recommendation. 1/

### Depositing receipts

We surveyed six Federal agency field offices in Chicago to see whether collections were being deposited promptly to help minimize Treasury borrowings and associated interest costs to the Government. The agencies included the Departments of the Army, Labor, and State; the Social Security Administration; the Veterans Administration; and the U.S. District Court.

We reported to the agencies that our survey showed that some offices were not making timely deposits because:

- No formal instructions existed requiring that deposits be made promptly.
- Cash was being held unnecessarily until the collection transactions were processed and recorded.
- Cash was transferred to other field offices for deposit in banks rather than using local banks.

The agencies took or planned to take actions to improve their cash management practices. 2/

We reported to the Department of Agriculture that the Food and Nutrition Service did not verify that cash collected for the food stamp program was promptly and fully deposited by the issuing agents for the account of the United States. Also, the Service did not reconcile its cash accounts with the Treasury's accounts. During fiscal year 1975 collections from the sale of food stamps amounted to about \$3 billion. We will evaluate the corrective actions the Department takes on these matters. 3/

We found the processing of cash receipts needed improvement at the Civil Aeronautics Board, Federal Power Commission, Immigration and Naturalization Service, and Railroad Retirement Board.

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1/FGMSD-75-51, July 29, 1975.

2/FGMSD, Apr. 7, 1976.

3/FGMSD-76-36, Apr. 7, 1976.

## AUTOMATED TRAVEL PAYMENTS

The Department of Agriculture has centralized and automated the processing of employees' travel advances and travel vouchers in its National Finance Center in New Orleans. Our review of its controls showed:

- Procedures to identify and recover excessive outstanding travel advances, including those made to former employees, needed improvement.
- About \$4.4 million in excessive or unwarranted travel advances needed to be collected.
- Computer system documentation needed to be improved and physically controlled.
- Duplicate copies of computer system documentation and data files needed to be stored at a remote location to permit operations to continue if the computer site were to be damaged or destroyed.
- A computer edit check was needed to prevent duplicate payments.
- Clarification of responsibility for preauditing travel vouchers to eliminate duplication of effort was needed.

The Department began correcting the problems. 1/

## PROPERTY ACCOUNTING

We found that many agencies had problems with property accounting. The problems of two agencies are described below. Somewhat similar, if less severe, problems were also noted in reviews of the accounting systems of the Bureau of Indian Affairs, Civil Aeronautics Board, Federal Power Commission, Immigration and Naturalization Service, Railroad Retirement Board, and the White House Office.

### Contractor-held property, Employment and Training Administration, Department of Labor

Our review, made at the request of the Department's Controller, showed that the Employment and Training Administration (1) had no systematic way of following up to insure that property acquired by contractors had been accurately reported for inclusion in property accounting records, (2) was not

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1/FGMSD-76-38, Jan. 19, 1976.

using predetermined control totals to assure that all data was controlled when entered into the computerized system and processed, (3) had inadequate controls to insure that all transactions rejected because of errors were corrected and processed, and (4) had not fully implemented physical inventory verification of property.

During our review we discussed with Employment and Training officials the need for improvement in the property control system and our suggested corrective actions. We believe the corrective actions taken or planned by the officials on our suggestions will improve the accountability for the Government's investments in property in the custody of contractors and grantees. 1/

### National Aeronautics and Space Administration

At June 30, 1974, the National Aeronautics and Space Administration had equipment and material valued at about \$4.3 billion.

On January 16, 1976, in a report to the Congress, we described how major deficiencies in the operation of the property accounting system of the National Aeronautics and Space Administration had weakened its control over equipment. In some cases, it had even resulted in the purchase of equipment identical to idle items already on hand.

Our review demonstrated that:

- Millions of dollars worth of property was not recorded in accounting records.
- Improved accounting for unused capital equipment could result in substantial savings.
- Property losses could be reduced through improved control and followup procedures.
- Physical inventory procedures needed strengthening.

We made a series of recommendations to the Administrator, National Aeronautics and Space Administration, to improve the property accounting and control system. In addition, we recommended that the Administrator direct his internal audit staff and inspection teams to review actions taken to correct

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1/FGMSD-76-39, Mar. 3, 1976.

the deficiencies. We also suggested he direct responsible officials to give the property management functions continuous attention warranted by the sizable investment.

The National Aeronautics and Space Administration said it will emphasize to line managers the importance of property management, correct all known deficiencies, review property management at each center every 2 years, and have its internal auditors systematically follow up to see whether corrective actions have been taken.

This is the fifth report we have made since 1968 on deficiencies in its property accounting. Its internal audit activities have also repeatedly shown weaknesses in property accounting. 1/

Many of the deficiencies cited in the report could have been prevented if the National Aeronautics and Space Administration had responded effectively to findings and recommendations in our prior reports. 2/

#### OBLIGATION ACCOUNTING

Violations of the Anti-Deficiency Act and other problems are likely to occur when obligations of appropriations are not properly controlled and accounted for. Some examples follow.

#### Department of the Army

The Chairman of the House Committee on Appropriations asked us to review an alleged violation of the Anti-Deficiency Act (31 U.S.C. 665) by the U.S Army Electronics Command. We reported that an audit performed by the Army showed a deficiency of about \$40 million existed in a fiscal year 1972 procurement appropriation. We also reported that the precise reasons for the overobligation may never be determined because ledgers and journal vouchers had apparently been lost during a reorganization and move and also the Army may find more overobligations. 3/

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1/FGMSD-75-27, Jan 16, 1976.

2/B-164674, Aug. 28, 1968; B-158390, Nov. 8, 1968, and July 31, 1970; and B-169658, Aug. 11, 1970.

3/FGMSD-76-2, Sept. 8, 1975.

In October 1975, the Army notified the Chairman that there had been a serious breakdown in controls over procurement appropriations and that more overobligations may have occurred. In April 1976, the Army reported that it had identified \$205 million of overobligations in three procurement appropriations and was investigating nine other apparent violations of the law.

In accordance with a second request from the Chairman, we are reviewing the procedures the Army used to determine the amounts and causes of the overobligations and whether improvements have been made in accounting systems to help prevent future violations.

#### Department of the Navy

Each year the Navy was systematically deobligating, without proper justification, millions of dollars of obligations and accounts receivable pertaining to expired appropriations. From June 30, 1973, to June 30, 1975, such deobligations and writeoffs amounted to \$90 million. As a result, the Navy did not have adequate accounting control over obligations and receivables. Further, its financial reports did not accurately show (1) obligations and liabilities it had incurred, (2) accounts receivable, and (3) withdrawals from and restorations to expired appropriations.

In our report to the Secretary of Defense, we recommended that the Navy (1) change accounting procedures to require that obligations and receivables be accounted for in successor accounts, (2) reestablish in successor accounts those obligations and accounts receivable which were deobligated or written off and against which future expenditures or collections were anticipated, and (3) have its accounting staff or internal auditors periodically review the validity of obligations and the balances of accounts receivable. 1/

The Department of Defense informed us that the Navy will implement our recommendations.

#### Equal Employment Opportunity Commission

At the request of the Chairman, Subcommittee on State, Justice, Commerce, the Judiciary and Related Agencies, Senate Committee on Appropriations, we reviewed violations of the

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1/FGMSD-76-45, July 2, 1976.

Anti-Deficiency Act and other financial management matters at the Equal Employment Opportunity Commission.

We reported to the Chairman of the Subcommittee that we had identified \$128,961 in overobligations of the fiscal year 1974 appropriation and the Commission had identified \$55,000 in overobligations. These amounts were in addition to the \$800,000 in overobligations of the fiscal year 1974 appropriation which the Commission had previously reported to the Congress and the President. Also, the Commission did not validate its 1974 obligations, even though this is required under section 1311 of the Supplemental Appropriation Act of 1955. Its fiscal records were chaotic, contracting procedures and practices needed improvement, and a move to a new office was costly and poorly administered.

We informed the Chairman that as a result of strong corrective measures taken during our review, the Commission had progressed in establishing controls over its obligations. The Commission had taken action to insure that funds were available before obligations were incurred and to improve the accuracy and timeliness of its financial reports.

We made several recommendations to the Chairman of the Commission to improve its control over financial operations and reporting and to strengthen and improve its contracting procedures and practices.

The Commission agreed with our recommendations and has taken or plans to take actions to correct the deficiencies identified in our reports. The Commission is redesigning its accounting system and plans to submit the redesign to the Comptroller General for approval. 1/

#### AUTOMATED PAYROLL ACCOUNTING

Our reviews of automated payroll systems showed that controls in automated systems should be strengthened and that the use of composite checks should be increased.

#### Department of the Army

In fiscal year 1975 the automated payroll system of the U.S. Army Military District of Washington processed pay and allowances of about \$383 million for 24,00 employees. We

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1/FGMSD-76-12, Apr. 5, 1976.



reported to the Congress that because of weaknesses in the District's computerized payroll system, it could not be relied upon to produce accurate payrolls or to protect the Government from improper payments.

The District's payroll system did not contain essential internal controls necessary to reduce the possibility of unauthorized payments, fraud, and errors. We therefore recommended that the duties of pay clerks and other employees should be separated, computer programs should provide necessary checks and edits of data, and effective physical control over equipment, files, and negotiable instruments should exist. The Army had taken or planned to take actions on our recommendations where feasible to assure that the District's civilian payroll system included adequate controls. The Army pointed out, however, that it was developing a standard Army civilian payroll system and that it would contain all the controls discussed in our report. 1/

#### Department of Commerce

The accounting system design was approved in February 1970.

On November 10, 1975, we reported to the Secretary of Commerce on the results of our review of the Department's computerized payroll system. Our review showed there were many opportunities to improve payroll operations by

- improving controls over source documents,
- providing for more effective edit checks,
- improving reports and records,
- reconciling personnel and payroll files to source documents, and
- improving security over computer resources.

We also reported opportunities for improving internal audits of the payroll operations. The Office of Audit had made only limited reviews of the automated parts of the payroll system and had not participated in designing and developing the system.

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1/FGMSD-75-26, Oct. 9, 1975.

We recommended to the Secretary of Commerce ways of improving the operations of the payroll system, including more effective use of internal auditors in the design and development of automated systems and reviews of the systems after they become operational.

The Department generally agreed with our recommendations and has taken or plans to take actions to insure that the payroll system includes adequate internal controls. 1/

#### Department of Health, Education, and Welfare

On August 24, 1976, we issued the first of a series of reports to the Secretary of Health, Education, and Welfare on our review of the Department's centralized payroll system. We advised the Secretary that we would be reporting as soon as each segment of the review was completed so that timely corrective action could be taken.

The report covered that part of the payroll system related to the Department's procedures for processing undeliverable payroll checks returned to the Department of the Treasury for canceling, re mailing, or reissuing. The report also included comments on erroneous pay records and wage and tax statements (W-2s) of selected employees whose checks the Treasury had canceled. We pointed out that the Department needs to (1) improve its procedures and practices to minimize the possibility of errors and irregularities involving undeliverable payroll checks and (2) record canceled check adjustments more promptly and in the proper year's pay record.

We made several recommendations to the Secretary of Health, Education, and Welfare for correcting the deficiencies noted in the report. 2/

#### Other systems

Somewhat similar weaknesses were noted in the payroll systems of the Bureau of Indian Affairs and the Civil Aeronautics Board.

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1/FGMSD-76-3, Nov. 10, 1975.

2/FGMSD-76-68, Aug. 24, 1976.

### Direct deposit of pay

In 1974, the pay of 864,000 Federal employees (about 19 percent of the Federal work force) was sent directly to banks. By use of composite checks for such deposits, the Treasury estimated the Government saved about \$2.3 million in check-writing costs. There is potential for even greater savings if Federal agencies encourage more employees to have their pay directly deposited in banks.

Efforts by agencies to promote employee participation have varied considerably. The Air Force had 45 percent participation and about \$1.2 million of the \$2.3 million Government-wide savings. Several other agencies either had not implemented direct deposit or composite check procedures or had implemented them only to a limited extent. If the Air Force's 45 percent participation rate was achieved Government-wide, an additional \$3 million could be saved.

In view of such potential savings, we concluded that Federal agencies should more positively promote the direct deposit of paychecks and the use of composite checks. The Treasury should also assist agencies in promoting the program.

The report was sent to the heads of all Federal departments and major agencies who were asked to make sure the program received appropriate management emphasis and that responsibility for the program be assigned at a high level. The Treasury generally agreed with the recommendations. 1/

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1/FGMSD-76-11, Nov. 11, 1975.

STATUS OF APPROVALS AND EVALUATIONS

	<u>Defense</u>	<u>Civil</u>	<u>D.C. govern- ment (note a)</u>	<u>Total</u>
<b>PRINCIPLES AND STANDARDS:</b>				
Approved during fiscal year	0	2	-	2
Approved as of June 30, 1975, adjusted total	<u>165</u>	<u>165</u>	<u>1</u>	<u>331</u>
Approvals as of Sept. 30, 1976	165	167	1	333
Submitted formally for approval as of Sept. 30, 1976	--	--	--	--
Approved or submitted on Sept. 30, 1976	165	167	1	333
Submitted informally for evaluation Not under evaluation	-	5	-	5
	--	--	--	--
Total systems subject to approval at Sept. 30, 1976	<u>165</u>	<u>172</u>	<u>1</u>	<u>338</u>
<b>SYSTEM DESIGNS:</b>				
Approved during fiscal year	23	8	-	31
Approved as of June 30, 1975, adjusted total	<u>35</u>	<u>111</u>	--	<u>146</u>
Approvals as of Sept. 30, 1976	58	119	-	177
Submitted formally for approval as of Sept. 30, 1976	--	--	-	--
Approved or submitted on Sept. 30, 1976	<u>58</u>	<u>119</u>	--	<u>177</u>
Submitted informally for evaluation Not under evaluation	21	18	1	40
	<u>86</u>	<u>35</u>	--	<u>121</u>
Total systems subject to approval at Sept. 30, 1976	<u>165</u>	<u>172</u>	<u>1</u>	<u>338</u>

a/Actual number of accounting systems not yet determined.

STATUS OF APPROVAL OF ACCOUNTING SYSTEMS

AT SEPTEMBER 30, 1976

<u>Department or agency</u>	<u>Principles and standards</u>		<u>System designs</u>	
	<u>Approved</u>	<u>Scheduled for approval (note a)</u>	<u>Approved</u>	<u>Scheduled for approval (note a)</u>
DEPARTMENT OF AGRICULTURE:				
Office of Management Services:				
Appropriated Funds	Aug. 1968	-	-	(b)
Working Capital Fund	Oct. 1968	-	Feb. 1972	-
Agricultural Research Service:				
Appropriated Funds	June 1968	-	-	(b)
Working Capital Fund	do.	-	June 1972	-
Agricultural Stabilization and Conservation Service:				
Animal and Plant Health Service	Oct. 1968	-	-	(b)
Farmers Home Administration	May 1969	(b)	-	(b)
Soil Conservation Service	June 1969	-	-	(b)
Food and Nutrition Service	June 1973	-	Mar. 1974	-
Foreign Agricultural Service	May 1968	-	-	(b)
Consumer and Marketing Service	July 1968	-	July 1971	-
Federal Crop Insurance Corporation	June 1967	-	June 1967	-
Federal Extension Service	Oct. 1969	-	Oct. 1969	-
Forest Service:				
Appropriated Funds	Mar. 1969	-	June 1970	-
Working Capital Fund	do.	-	do.	-
Rural Electrification Administration:				
Centralized Automated Payroll System	May. 1968	-	Aug. 1957	-
	Sept. 1967	-	Sept. 1967	-
Total	b/16	b/1	b/10	b/7

Department or agency	Principles and standards		System designs	
	Approved	Scheduled for approval (note a)	Approved	Scheduled for approval (note a)
<b>DEPARTMENT OF COMMERCE:</b>				
Office of the Secretary	June 1969	-	Feb. 1970	-
Economic Development Administration	do.	-	Oct. 1970	-
Maritime Administration	do.	-	Jan. 1971	-
National Bureau of Standards	do.	-	Feb. 1953	-
National Oceanic and Atmospheric Administration	do.	-	Oct. 1970	-
Patent Office	do.	-	Mar. 1971	-
Social and Economic Statistics Administration	do.	-	May 1966	-
National Technical Information Service	do.	-	-	Mar. 1977
Total	8	-	7	1
<b>DEPARTMENT OF DEFENSE:</b>				
Department of the Air Force:				
Departmental Level Systems:				
General Accounting and Finance System	Aug. 1972	-	-	May 1977
Air Force Stock Fund	do.	-	Jan. 1976	-
Air Force Industrial Fund	do.	-	Sept. 1976	-
Foreign Military Sales Command Level Systems:	do.	-	-	FY 1979
General Accounting and Finance System	do.	-	-	May 1977
Major Construction	do.	-	Oct. 1969	-
General and Systems Support Stock Fund	do.	-	Jan. 1976	-

<u>Department or agency</u>	<u>Principles and standards Scheduled for approval (note a)</u>		<u>System designs Scheduled for approval (note a)</u>	
	<u>Approval</u>	<u>Scheduled for approval (note a)</u>	<u>Approval</u>	<u>Scheduled for approval (note a)</u>
DOD (continued):				
Department of the Air Force (continued):				
Command Level Systems (continued):				
Depot Maintenance Cost Accounting--Contractual	Aug. 1972	-	-	FY 1978
Depot Central Supply and Materiel Management	do.	-	-	do.
Central Procurement Accounting	do.	-	-	FY 1978
Financial Inventory Accounting:				
Stock Control and Distribution	do.	-	-	do.
Contractor Repair	do.	-	-	do.
Uninstalled Engines	do.	-	-	do.
Stock Funds (GSD/SSD)	do.	-	-	do.
Uniform Cost Accounting--				
Depot Maintenance	do.	-	-	FY 1979
Field Activity Level Systems:				
General Accounting and Finance System	do.	-	-	May 1977
Job Order Cost Accounting System	do.	-	Mar. 1975	-
Medical Materiel Accounting System	do.	-	Oct. 1973	-
Base Level Materiel System	do.	-	Jan. 1976	-

<u>Department or agency</u>	Principles and standards		System designs	
	<u>Approved</u>	Scheduled for approval (note a)	<u>Approved</u>	Scheduled for approval (note a)
DOD (continued):				
Department of the Air Force (continued):				
Field Activity Level Systems (continued):				
Stock Fund Division Offices:				
Medical/Dental	Aug. 1972	-	Oct. 1973	-
Clothing	do.	-	Jan. 1976	-
Commissary	do.	-	June 1975	-
Systems and General Support	do.	-	Jan. 1976	-
Fuels Management	do.	-	do.	-
Air Force Academy Stock Fund	do.	-	June 1975	-
Commissary Stock Fund--Base Level	do.	-	do.	-
Industrial Fund Systems:				
Air Lift Services	do.	-	June 1976	-
Printing and Duplicating Services	do.	-	Feb. 1970	-
Laundry and Dry Cleaning Services--Central Office	do.	-	June 1975	-
Laundry and Dry Cleaning Services--Base Level	do.	-	do.	-
Military Aircraft Storage and Disposal Center				
Cost/Billing System	do.	-	May 1976	-



<u>Department or agency</u>	<u>Principles and standards</u>		<u>System designs</u>	
	<u>Approved</u>	<u>Scheduled for approval (note a)</u>	<u>Approved</u>	<u>Scheduled for approval (note a)</u>
DOD (continued):				
Department of the Air Force				
(continued):				
Field Activity Level Systems				
(continued):				
Federal Computer Performance Evaluation and Simulation Center Cost System	Aug. 1972	-	Apr. 1975	-
Maintenance Cost System	do.	-	-	Sept. 1977
Civil Engineering Cost System	do.	-	Mar. 1976	-
Aerospace Audiovisual Service Cost System	do.	-	-	FY 1978
Commissary Trust Revolving Fund	do.	-	-	July 1977
Support Services:				
Military Pay:				
Joint Uniform Military Pay System				
Cadet Pay--Academy	do.	-	June 1974	-
Cadet Pay--AFROTC	do.	-	Mar. 1974	-
Air Reserve Pay and Allowance system	do.	-	Jan. 1974	-
Retired Pay	do.	-	June 1975	-
Civilian Pay	do.	-	Jan. 1974	-
Uniformed Services Savings Deposit Program	do.	-	May 1976	-
Total--Air Force	43	-	28	15

<u>Department or agency</u>	<u>Principles and standards</u>		<u>System designs</u>	
	<u>Approved</u>	<u>Scheduled for approval (note a)</u>	<u>Approved</u>	<u>Scheduled for approval (note a)</u>
DOD (continued):				
Department of the Army:				
Departmental Level Systems:				
Comptroller of the Army	June 1973	-	-	(c) July 1978
National Guard Bureau	do.	-	-	
Command Level Systems:				
U.S. Army Materiel Development and Readiness Command:				
Headquarters Fund Control	do.	-	-	June 1977
Commodity Command				
Standard System	do.	-	-	(c)
Military Traffic Management Command	do.	-	-	May 1977
Corps of Engineers	Nov. 1974	-	-	Sept. 1977
National Guard Bureau	June 1973	-	-	June 1977
Army Communications Command	do.	-	-	(c)
Open Allotments:				
Military Personnel Appropriation	do.	-	-	do.
Reserve Personnel Appropriation	do.	-	-	do.

<u>Department or agency</u>	<u>Principles and standards</u>		<u>System designs</u>	
	<u>Approved</u>	<u>Scheduled for approval (note a)</u>	<u>Approved</u>	<u>Scheduled for approval (note a)</u>
DOD (continued):				
Department of the Army (continued):				
Field Activity Level Systems:				
Standard Finance System--	June 1973	-	-	July 1977
Continental U.S.	do.	-	-	(c)
Standard Finance System--				
Overseas				
Standard Army Intermediate Level Supply System--			May 1975	-
Continental U.S.	do.	-		
Standard Army Intermediate Level Supply System--				
Overseas	do.	-	-	(c)
Test and Evaluation Activities	do.	-	Aug. 1976	-
Test and Evaluation Activities--Industrial Fund General Ledger	do.	-	-	(c)
Canal Zone Government Standard Depot Management Information System--	June 1964	-	June 1964	-
Industrial Fund	June 1973	-	-	May 1977

Department or agency	Principles and standards		System designs	
	<u>Approved</u>	<u>Scheduled for approval (note a)</u>	<u>Approved</u>	<u>Scheduled for approval (note a)</u>
DOD (continued):				
Department of the Army (continued):				
Field Activity Level Systems (continued):				
Laboratories and Arsenals--				
Industrial Fund	June 1973	-	-	(c)
Army Materials and				
Mechanics Research				
Center--Industrial Fund	do.	-	June 1973	-
Support Services:				
Joint Uniform Military Pay System--Active Army	do.	-	Oct. 1973	-
Military Pay--Academy	do.	-		
Cadets	do.	-		May 1977
Civilian Pay	do.	-		Feb. 1978
Transportation--Finance				
Center	do.	-		(c)
Defense Telephone Service	do.	-		Sept. 1977
Integrated Facilities				
System--(Job Order				
Accounting)	do.	-		May 1977
Fixed Asset Accounting	do.	-		(c)
Laundry and Dry Cleaning	do.	-		do.
Medical Services	do.	-		do.
Centralized Integrated				
System for International				
Logistics	do.	-		do.
Total--Army	29	-	5	24

Department or agency	Principles and standards		System designs	
	<u>Approved</u>	<u>Scheduled for approval (note a)</u>	<u>Approved</u>	<u>Scheduled for approval (note a)</u>
DOD (continued):				
Department of the Navy (includes Marine Corps):				
Departmental Level Systems:				
Office of the Comptroller:				
Master Summary Control Ledger	Mar. 1973	-	-	Nov. 1978
Appropriation Cash Ledger	do.	-	-	do.
Fund Control	do.	-	-	Oct. 1978
Budget Execution	do.	-	-	do.
Command Level Systems:				
Major Command/Fund Management:				
Naval District, Washington	do.	-	-	Nov. 1979
Bureau of Naval Personnel--				
Military Personnel	do.	-	-	Nov. 1977
Naval Material Command				
Support Activity	do.	-	-	Jan. 1980
Naval Education and Training Command--				
Training	do.	-	-	Sept. 1976

<u>Department or agency</u>	<u>Principles and standards</u>		<u>System designs</u>	
	<u>Approved</u>	<u>Scheduled for approval (note a)</u>	<u>Approved</u>	<u>Scheduled for approval (note a)</u>
DOD (continued):				
Department of the Navy (includes Marine Corps) (continued):				
Command Level Systems (continued):				
Major Command/Fund Management (continued):				
Office of Naval Research--Research Development, Test and Evaluation	Mar. 1973	-	May	1977
Marine Corps Headquarters	do.	-	Feb.	1978
Naval Supply Systems Command--Stock Fund	do.	-	Jan.	1978
Chief of Naval Reserve Pacific Fleet	do.	-	Apr.	1978
Atlantic Fleet	do.	-	Sept.	1978
Non-Mechanized Command Level Activities	do.	-	Dec.	1978
Special Accounting and Reporting:			Sept. 1976	-
International Logistics Processing, Accounting & Reporting Center	do.	-	Oct.	1978
Naval Academy Laundry	do.	-	May	1977
Naval Academy Midshipmen Store	do.	-	do.	do.
	do.	-	Jan.	1977

<u>Department or agency</u>	<u>Principles and standards Scheduled for approval (note a)</u>		<u>System designs Scheduled for approval (note a)</u>	
	<u>Approved</u>	<u>Scheduled for approval (note a)</u>	<u>Approved</u>	<u>Scheduled for approval (note a)</u>
DOD (continued):				
Department of the Navy (includes Marine Corps) (continued):				
Field Activity Level Systems:				
General Accounting:				
General Area Support				
Points	Mar. 1973	-	-	May 1977
Fleet (Surface)	do.	-	-	do.
Fleet (Air)	do.	-	Sept. 1976	-
Marine Corps Activities	do.	-	Aug. 1976	-
Naval Air Stations				
(Class II)	do.	-	-	June 1977
Facilities Engineering				
Activities	do.	-	-	Aug. 1977
Naval Academy	do.	-	-	Apr. 1977
Naval District, Wash-				
ington	do.	-	-	Feb. 1980
Navy Regional Finance				
Center, Great Lakes	do.	-	-	Dec. 1979
Navy Publications &				
Forms Center,	do.	-	-	Mar. 1980
Philadelphia				
Naval Material Command				
Support Activity,	do.	-	-	May 1980
Washington				
Naval Air Station,	do.	-	-	July 1978
Pensacola				

Department or agency	Principles and standards		System designs	
	Approved	Scheduled for approval (note a)	Approved	Scheduled for approval (note a)
DOD (continued):				
Department of the Navy (includes Marine Corps) (continued):				
Field Activity Level Systems (continued):				
General Accounting (continued):				
Construction Battalion Center, Port Hueneme	Mar. 1973	-	-	May 1977
Non-Mechanized Resource Management System Activities	do.	-	Sept. 1976	-
Non-Mechanized RDT&E Activities	do.	-	-	Apr. 1977
Non-Mechanized Allotment Activities	do.	-	-	do.
Industrial Fund Systems:				
Shipyards	do.	-	June 1975	-
Industrial Air Stations	do.	-	-	Jan. 1978
Ordnance Activities	do.	-	Aug. 1976	-
Public Works Center	do.	-	Mar. 1974	-
Industrial Marine Corps Activities	do.	-	-	Aug. 1977
Military Sealift Command, Washington Headquarters	do.	-	Apr. 1978	-
Naval Avionics Facility, Indianapolis	do.	-	-	Dec. 1977



<u>Department or agency</u>	<u>Principles and standards Scheduled for approval (note a)</u>		<u>System designs Scheduled for approval (note a)</u>	
	<u>Approved</u>	<u>Scheduled</u>	<u>Approved</u>	<u>Scheduled</u>
DOD (continued):				
Department of the Navy (includes Marine Corps) (continued):				
Field Activity Level Systems (continued):				
Industrial Fund Systems (continued):				
Naval Air Test Center, Patuxent River	Mar. 1973	-	June 1972	-
Naval Air Propulsion Test Center, Trenton Pacific Missile Test Center, Point Mugu	do.	-	-	May 1978
Naval Air Engineering Center, Lakehurst	do.	-	-	Mar. 1978
Naval Research Laboratory, Washington	do.	-	-	Feb. 1978
Naval Ordnance Station, Louisville	do.	-	-	Jan. 1979
Navy Publications & Printing Service	do.	-	-	Aug. 1977
Activities	do.	-	-	Oct. 1978
Polaris Missile Facility, Atlantic	do.	-	-	Dec. 1977
Strategic Weapons Facility, Pacific	do.	-	-	Dec. 1978
Naval Ship Research & Developmental Center, Bethesda, Maryland	do.	-	-	Jan. 1979

<u>Department or agency</u>	<u>Principles and standards Scheduled for approval (note a)</u>		<u>System designs Scheduled for approval (note a)</u>	
	<u>Approval</u>	<u>Scheduled for approval (note a)</u>	<u>Approved</u>	<u>Scheduled for approval (note a)</u>
DOD (continued):				
Department of the Navy (includes Marine Corps) (continued):				
Field Activity Level Systems (continued):				
Industrial Fund Systems (continued):				
Naval Weapons Center, China Lake, California	Mar. 1973	-	-	Feb. 1979
Naval Surface Weapons Center, White Oak, Silver Spring, Maryland	do.	-	-	Nov. 1979
Naval Coastal Systems Laboratory, Panama City, Florida	do.	-	-	Nov. 1978
Naval Air Development Center, Warminster, Pennsylvania	do.	-	-	do.
Naval Underwater Systems Center, Newport, Rhode Island	do.	-	-	June 1978
Naval Undersea Center, San Diego	do.	-	-	Dec. 1979
Support Services:				
Military Pay:				
Navy JUMPS - Central Site	do.	-	Sept. 1976	-
Marine Corps JUMPS	do.	-	June 1973	-
Navy Retired Personnel	do.	-	-	Nov. 1978
Navy Reserve Personnel--Drill Pay	do.	-	-	Sept. 1977

<u>Department or agency</u>	<u>Principles and standards Scheduled for approval (note a)</u>		<u>System designs Scheduled for approval (note a)</u>	
	<u>Approved</u>	<u>Scheduled</u>	<u>Approved</u>	<u>Scheduled</u>
DOD (continued):				
Department of the Navy (includes Marine Corps) (continued):				
Support Services (continued):				
Military Pay (continued):				
Midshipmen	Mar. 1973	-	Sept. 1976	-
Marine Corps Retired Personnel	do.	-	-	Jan. 1978
Marine Corps Reserve Personnel	do.	-	-	Nov. 1978
Navy Reserve Personnel--NROTC	do.	-	-	May 1977
Navy Reserve Personnel--Armed Forces Health Professions Scholarship Civilian Pay:	do.	-	-	do.
General Area Support Points	do.	-	Mar. 1975	-
Navy Regional Finance Centers	do.	-	June 1975	-
Shipyards	do.	-	Mar. 1975	-
Ordnance Activities	do.	-	do.	-
Industrial Air Stations	do.	-	Sept. 1976	-
Marine Corps Activities	dc.	-	May. 1975	-
Facilities Engineering Activities	do.	-	Sept. 1976	-
Bond Accounting:				
Navy Regional Finance Centers	do.	-	June 1975	-
Total--Navy	75	-	20	55

<u>Department or agency</u>	<u>Principles and standards</u>		<u>System designs</u>	
	<u>Approved</u>	<u>Scheduled for approval (note a)</u>	<u>Approved</u>	<u>Scheduled for approval (note a)</u>
DOD (continued):				
Office of the Secretary of Defense and Defense Agencies:				
Office of the Secretary	Jan. 1974	-	-	Sept. 1977
Defense Civil Preparedness Agency	do.	-	-	Apr. 1977
Defense Communications Agency:				
General Appropriation System	do.	-	-	May 1977
Communications Services-- Industrial Fund System	do.	-	-	do.
Defense Contract Audit Agency	do.	-	Feb. 1975	-
Defense Intelligence Agency	do.	-	-	June 1977
Defense Investigative Service	do.	-	June 1975	-
Defense Mapping Agency	do.	-	-	Sept. 1977
Defense Nuclear Agency	do.	-	-	do.
Defense Security Assistance Agency:				
Military Assistance Program	do.	-	-	June 1977
Foreign Military Sales Program	do.	-	-	FY 1978

<u>Department or agency</u>	<u>Principles and standards Scheduled for approval (note a)</u>		<u>System designs Scheduled for approval (note a)</u>	
	<u>Approval</u>	<u>Approval (note a)</u>	<u>Approval</u>	<u>Approval (note a)</u>
DOD (continued):				
Office of the Secretary of Defense and Defense Agencies (continued):				
Defense Supply Agency				
Standard Automated Material Management Systems--Financial System	Jan. 1974	-	Dec. 1973	-
Automated Payroll, Cost and Personnel System: Payroll	do.	-	Feb. 1975	-
General Ledger, Cost, and Allotment Accounting	do.	-	-	FY 1979
Defense Industrial Fund--Clothing	do.	-	-	June 1977
World-wide Integrated Management: Wholesale Subsistence Stocks	do.	-	-	FY 1981
Bulk Fuels	do.	-	-	FY 1979
National Security Agency	do.	-	Sept. 1976	-
Total--Office of the Secretary of Defense and Defense Agencies	18	-	5	13

Department or agency	Principles and standards Scheduled for approval (note a)		System designs Scheduled for approval (note a)	
	Approved	Scheduled for approval (note a)	Approved	Scheduled for approval (note a)
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE:</b>				
Department-wide (Umbrella) System	Apr. 1970	-	Apr. 1970	-
Centralized Payroll System	do.	-	-	Dec. 1979
Office of the Secretary	do.	-	Mar. 1973	-
Working Capital Fund	do.	-	-	Feb. 1978
Food and Drug Administration	do.	-	June 1974	-
Health Services Administration:				
Administrative Accounting	do.	-	-	Dec. 1977
Service and Supply Fund	do.	-	-	Apr. 1979
National Institutes of Health:				
Administrative Accounting	do.	-	June 1976	-
Service and Supply Fund	do.	-	-	Dec. 1976
Management Fund	do.	-	-	do.
Office of Education:				
Social and Rehabilitation Service	do.	-	-	Dec. 1977
Social Security Administration	do.	-	June 1975	-
Alcohol, Drug Abuse, and Mental Health Administration	do.	-	-	(d)
Center for Disease Control	do.	-	-	Dec. 1977
Health Resources Administration	do.	-	-	Sept. 1978
National Institute of Education	do.	-	-	Dec. 1978
Regional Accounting System	do.	-	-	Sept. 1977
Departmental Federal Assistance Financing	do.	-	-	Mar. 1980
	do.	-	-	do.
<b>Total:</b>	<b>19</b>	<b>-</b>	<b>5</b>	<b>14</b>

Department or agency	Principles and standards		System designs	
	<u>Approved</u>	<u>Scheduled for approval (note a)</u>	<u>Approved</u>	<u>Scheduled for approval (note a)</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	Apr. 1968	-	e/Apr. 1970	-
DEPARTMENT OF THE INTERIOR:				
Office of the Secretary	Jan. 1970	-	-	FY 1978
Bureau of Cutac-or Recreation	May 1969	-	-	do.
Bureau of Reclamation	Dec. 1971	-	June 1974	-
U.S. Fish and Wildlife Service	May 1969	-	-	FY 1978
National Park Service	June 1969	-	-	do.
Bonneville Power Administration	July 1968	-	Dec. 1973	-
Bonneville Power Administration Payroll	do.	-	June 1974	-
Alaska Power Administration	Apr. 1971	-	-	FY 1978
Government of American Samoa	July 1952	-	f/July 1952	(FY 1979)
Trust Territory of the Pacific islands	Mar. 1954	-	f/Mar. 1954	(FY 1980)
Bureau of India. Affairs	Nov. 1972	-	f/Jan. 1953	(FY 1978)
Bureau of Land Management	Feb. 1969	-	Aug. 1971	-
Bureau of Mines	June 1972	-	Sept. 1975	-
Denver Inter-Bureau Payroll System	do.	-	-	Apr. 1977
Geological Survey	Aug. 1970	-	Dec. 1972	-
Departmental Integrated Payroll System	do.	-	Jan. 1974	-
Southeastern Power Administration	Nov. 1952	-	f/Nov. 1952	(FY 1979)
Southwestern Power Administration	July 1952	-	July 1952	-
Mining Enforcement and Safety Administration	Sept. 1976	-	-	Sept. 1977
Total	19	-	12	7

<u>Department or agency</u>	<u>Principles and standards</u>		<u>System designs</u>	
	<u>Approved</u>	<u>Scheduled for approval (note a)</u>	<u>Approved</u>	<u>Scheduled for approval (note a)</u>
DEPARTMENT OF JUSTICE:				
Immigration and Naturalization Service	May 1969	-	Apr. 1967	-
Legal Activities and general Administration	do.	-	Feb. 1973	-
Automated Debt Collection/Information System	do.	-	June 1975	-
Centralized Payroll System	do.	-	Mar. 1973	-
Federal Bureau of Investigation: Administrative Accounting Payroll	do.	-	June 1975	Apr. 1977
Bureau of Prisons: Administrative Accounting	do.	-	June 1974	-
Commissary Accounting	do.	-	-	Dec. 1977
Prisoner Trust Fund	do.	-	-	do.
Drug Enforcement Administration	do.	-	May 1975	-
Law Enforcement Assistance Administration: Administrative Accounting	do.	-	Sept. 1976	-
Education Program Accounting	do.	-	-	Dec. 1977
Working Capital Fund	do.	-	-	Sept. 1977
Total	13	-	8	5



<u>Department or agency</u>	<u>Principles and standards Scheduled for approval (note a)</u>		<u>System designs Scheduled for approval (note a)</u>	
	<u>Approved</u>	<u>Scheduled for approval (note a)</u>	<u>Approved</u>	<u>Scheduled for approval (note a)</u>
<b>DEPARTMENT OF LABOR:</b>				
Departmental Accounting System	Mar. 1968	-	Oct. 1972	-
Federal and State Employment Security Agencies System (Federal Portion)	May 1970	-	Dec. 1970	-
Total	2	-	2	-
<b>DEPARTMENT OF STATE:</b>				
Departmental Payroll	Sept. 1968	-	-	FY 1978
Agency for International Development:	do.	-	-	Sept. 1977
General Accounting American Payroll	Dec. 1967	-	-	FY 1978
Foreign Service Retirement and Disability Fund	do.	-	Sept. 1976	-
Working Capital Fund	Sept. 1968	-	July 1970	-
International Boundary and Water Commission, United States and Mexico	do.	-	May 1965	-
do.	do.	-	Jan. 1953	-
Total	7	-	4	3

<u>Department or agency</u>	<u>Principles and standards Scheduled for approval</u> (note a)		<u>System designs Scheduled for approval</u> (note a)	
	<u>Approved</u>	<u>Scheduled</u>	<u>Approved</u>	<u>Scheduled</u>
<b>DEPARTMENT OF TRANSPORTATION:</b>				
Office of the Secretary	June 1970	-	Mar. 1974	-
Federal Aviation Administration	do.	-	-	FY 1979
Federal Railroad Administration	do.	-	Sept. 1976	-
National Highway Traffic Safety Administration	do.	-	Feb. 1975	-
Transportation Systems Center	do.	-	June 1976	-
Alaska Railroad Revolving Fund	do.	-	Sept. 1957	-
Coast Guard	do.	-	Dec. 1951	-
Federal Highway Administration	do.	-	June 1967	-
<b>Total</b>	<b>8</b>	<b>-</b>	<b>7</b>	<b>1</b>
<b>DEPARTMENT OF THE TREASURY:</b>				
Internal Revenue Service:				
Administrative Accounting	May 1969	-	Oct. 1972	-
Revenue Accounting	Dec. 1972	-	June 1974	-
Tax Lien Revolving Fund	do.	-	Mar. 1974	-
Consolidated Federal Law Enforcement Training Center	do.	-	June 1973	-
Office of the Secretary	do.	-	June 1969	-
Working Capital Fund	do.	-	Feb. 1974	-
Bureau of Government Financial Operations:				
Administrative Accounting	do.	-	Mar. 1966	-
Central Accounting for Cash Operations	Oct. 1968	-	g/Oct. 1968	-

Department or agency	Principles and standards		System designs	
	<u>Approved</u>	<u>Scheduled for approval (note a)</u>	<u>Approved</u>	<u>Scheduled for approval (note a)</u>
<b>DEPARTMENT OF THE TREASURY (continued):</b>				
Bureau of Government Financial Operations (continued):				
Central Accounting for Foreign Currency	June 1969	-	g/June 1969	-
Investments Accounting Operations	Mar. 1969	-	g/Mar. 1969	-
Bureau of Customs	May 1970	-	h/Nov. 1972	-
Bureau of Engraving and Printing	May 1969	-	July 1952	-
Bureau of the Mint	do.	-	i/Jan. 1953	-
Bureau of the Public Debt:				
Administrative Accounting	do.	-	June 1968	-
Public Debt Accounting	Dec. 1968	-	Dec. 1968	-
Fiscal Service Payroll System	May 1969	-	j/May 1977	-
U.S Secret Service	do.	-	Nov. 1971	-
Bureau of Alcohol, Tobacco and Firearms	do.	-	May 1974	-
Total	18	-	18	-
<b>ACTION:</b>				
General Accounting Payroll	Mar. 1975	-	-	June 1977
Volunteer Readjustment Allowance	do.	-	-	FY 1979
	do.	-	-	FY 1978
<b>ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS.</b>				
	June 1972	-	June 1972	-

Department or agency	Principles and standards		System designs	
	<u>Approved</u>	<u>Scheduled for approval (note a)</u>	<u>Approved</u>	<u>Scheduled for approval (note a)</u>
AMERICAN BATTLE MONUMENTS COMMISSION	Aug. 1958	-	Aug. 1958	-
CIVIL AERONAUTICS BOARD:				
Administrative Accounting	Jan. 1968	-	f/Jan. 1968	(Aug. 1978)
Payroll System	do.	-	Sept. 1976	-
Carrier Subsidy Payments	do.	-	-	Aug. 1977
CIVIL SERVICE COMMISSION:				
Administrative Accounting	Nov. 1968	-	May 1970	-
Retirement and Disability Fund	do.	-	Nov. 1968	-
Group Life Insurance Fund	do.	-	do.	-
Employee Health Benefits Fund	do.	-	do.	-
Retired Employees Health Benefits Fund	do.	-	do.	-
COMMUNITY SERVICES ADMINISTRATION	-	June 1977	-	FY 1978
CONSUMER PRODUCT SAFETY COMMISSION	-	May 1977	-	do.
ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION	k/Mar. 1963	-	k/Mar. 1963	-
ENVIRONMENTAL PROTECTION AGENCY	Dec. 1973	-	-	Sept. 1977
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION	May 1971	-	f/Feb. 1973	(FY 1978)

<u>Department or agency</u>	<u>Principles and standards Scheduled for approval (note a)</u>		<u>System designs Scheduled for approval (note a)</u>	
	<u>Approved</u>	<u>Scheduled for approval (note a)</u>	<u>Approved</u>	<u>Scheduled for approval (note a)</u>
EXECUTIVE OFFICE OF THE PRESIDENT: Office of Management and Budget National Security Council Office of the Vice President The White House	June 1967 June 1972 May 1972 Oct. 1969	- - - -	f/June 1967 June 1972 Sept. 1972 Oct. 1969	(FY 1978) - - -
FARM CREDIT ADMINISTRATION	Nov. 1975	-	Mar. 1976	-
FEDERAL COMMUNICATIONS COMMISSION	Sept. 1958	-	Sept. 1958	-
FEDERAL ENERGY ADMINISTRATION	July 1975	-	-	FY 1978
FEDERAL HOME LOAN BANK BOARD	June 1972	-	-	Sept. 1977
FEDERAL MEDIATION AND CONCILIATION SERVICE	Dec. 1969	-	-	FY 1978
FEDERAL POWER COMMISSION	June 1965	-	June 1965	-
FEDERAL TRADE COMMISSION	Aug. 1958	-	Aug. 1958	-
GENERAL SERVICES ADMINISTRATION: General Payroll Federal Buildings Fund	June 1965 do. Nov. 1974	- - -	June 1965 Apr. 1973 -	- - Sept. 1977
INDIAN CLAIMS COMMISSION	Jan. 1961	-	Jan. 1961	-
INTERSTATE COMMERCE COMMISSION	June 1968	-	June 1968	-

<u>Department or agency</u>	<u>Principles and standards Scheduled for approval (note a)</u>		<u>System designs Scheduled for approval (note a)</u>	
	<u>Approved</u>	<u>Scheduled for approval (note a)</u>	<u>Approved</u>	<u>Scheduled for approval (note a)</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	June 1969	-	June 1969	-
NATIONAL CAPITAL PLANNING COMMISSION	Mar. 1958	-	Mar. 1958	-
NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES	June 1973	-	June 1975	-
NATIONAL LABOR RELATIONS BOARD	June 1972	-	-	FY 1978
NATIONAL MEDIATION BOARD	July 1958	-	July 1958	-
NATIONAL SCIENCE FOUNDATION: General Accounting Payroll System	Apr. 1969 do.	- -	June 1973 May 1974	- -
NATIONAL TRANSPORTATION SAFETY BOARD	-	May 1977	-	Oct. 1977
NUCLEAR REGULATORY COMMISSION	-	do.	-	Dec. 1977
RAILROAD RETIREMENT BOARD	June 1968	-	Feb. 1971	-
RENEGOTIATION BOARD	Sept. 1958	-	Sept. 1958	-
SECURITIES AND EXCHANGE COMMISSION	June 1969	-	June 1969	-
SELECTIVE SERVICE SYSTEM	Jan. 1973	-	June 1974	-

Department or agency	Principles and standards Scheduled for approval (note a)		System designs Scheduled for approval (note a)	
	Approved	Scheduled for approval (note a)	Approved	Scheduled for approval (note a)
SMALL BUSINESS ADMINISTRATION: General Accounting Payroll	Dec. 1968 do.	- -	June 1975 June 1974	- -
SMITHSONIAN INSTITUTION National Gallery of Art	Aug. 1959 Nov. 1958	- -	Aug. 1959 Nov. 1958	- -
UNITED STATES INFORMATION AGENCY	Dec. 1968	-	1/Dec. 1970	-
VETERANS ADMINISTRATION: Administrative Accounting Personnel and Pay System Medical Care and Administration Construction Appropriations Supply Fund Mortgage Loan Program Insurance Program Compensation, Pension, and Education	Oct. 1972 do. do. do. do. do. do. do.	- - - - - - - -	Sept. 1956 July 1969 Sept. 1956 June 1975 Sept. 1956 Sept. 1975 Oct. 1972	- - - - - - -
DISTRICT OF COLUMBIA GOVERNMENT	Feb. 1972	-	-	FY 1980 FY 1979
Total	333	5	177	161

a/Based on date agency makes documentation available plus estimated time for evaluation and revision.

b/When current design efforts are completed, the Department will replace the 17 systems listed with a Department-wide central accounting system and 5 special program accounting systems. (See chapter 3.)

- c/The Army has classified 14 systems as under development. The Army at this time cannot provide estimated submission dates for these designs but will make such dates available at various times through November 1977.
- d/We are currently working with the Social Security Administration in identifying systems which need to be documented and submitted for approval. About 10 separate system submissions are presently anticipated.
- e/Designs of subsystems have not been completed.
- f/To be resubmitted on dates shown in parentheses.
- g/These systems will be replaced by a new unified accounting and financial reporting system to be called the Accounting Information Management System (AIMS).
- h/A resources utilization review has delayed resubmission plans.
- i/The billion accounting system has not been included as it is to be merged into the Financial Management Information System (FMIS), a new accounting system planned by the Bureau of the Mint. Work on the new system has been deferred pending a feasibility study and an automatic data processing utilization study.
- j/This system will be replaced by a Department-wide integrated payroll/personnel system, which will also replace the Internal Revenue Service payroll system.
- k/Approval of Atomic Energy Commission transferred to this system.
- l/Except automatic data processing portion.





DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20201

MAY 4 1977

Mr. Donald L. Scantlebury  
Director, Financial and General  
Management and Studies Division  
United States General Accounting Office  
Room 60001  
441 G Street, N.W.  
Washington, D.C. 20548

Dear Mr. Scantlebury:

Thank you for the opportunity to comment on the proposed draft report which you are planning to send to Congress on the status of accounting systems approval.

My main concern is that the tone of your report indicates HEW has little interest in obtaining approval of systems whereas a year ago we made it an important priority on our agenda. Conversely the report does not recognize that GAO has been unable to assign sufficient resources to review systems documentation developed by HEW and provided to GAO. Presently, you have only two persons assigned to the HEW project. At times in the past the assigned staff were reassigned to higher priorities, some of which lasted several months, or given additional assignments while the overall production schedule slipped.

SSA is a recent case that illustrates slippage. Over a year ago we agreed to develop a three party (OS, SSA, GAO) memorandum of understanding. This was signed in June 1976. The memorandum calls for a review of SSA systems by joint effort of all parties. SSA has had its people ready since last June; but your staff has advised us several times that GAO has been unable to find staff for the review.

It is true that HEW has many systems which are subject to approval by the Comptroller General and, to date, they have not been formally submitted for review and approval. However, your proposed report summary (which is all that most people read) showing that only 5 of 19 systems have been approved is misleading since it gives no recognition to the fact that your office has two systems under current review, one awaiting review, and still another to be submitted to you shortly. It also does not recognize that the remaining systems are in various stages of development, some of which will be submitted for review within the current year. The reader is left with the erroneous impression that for 14 systems little or no progress has been made to date. We believe that our

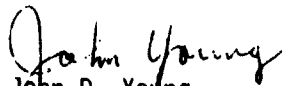
desire and commitment to have HEW systems approved should be recognized.

I am pleased to learn that your representatives agreed at a meeting with Dave Dukes on April 27 that the review of systems should "freeze" the documentation as of a specific point of time rather than insist, as has been past practice, that all changes be reflected through the current date. This change should reduce significantly your overall review time and improve productivity. I am also pleased to learn that your staff will explore alternative methods of reviewing HEW's systems as part of your upcoming review of the National Institute of Education system. In this respect we are considering elimination of the cumbersome and time-consuming informal review phase.

HEW staff made attempts this past year to have your office participate in a tracking system whereby progress can be monitored and evaluated. It is my understanding that agreement was reached at the April 27 meeting to establish such a tracking system. This will help to identify issues which need higher level attention.

I hope that these comments will be incorporated in your summary and detailed report to the Congress. Furthermore, we believe it is important that GAO make a firm commitment to the Department that adequate resources will be assigned to maintain the review schedule.

Sincerely yours,



John D. Young  
Assistant Secretary for  
Management and Budget



## United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

APR 20 1977

Mr. Donald L. Scantlebury  
Director, Financial and General  
Management Studies Division  
General Accounting Office  
441 G Street, NW  
Washington, D.C. 20548

Dear Mr. Scantlebury:

Thank you for forwarding an advance draft of relevant portions of the General Accounting Office's annual report to the Congress on the "Status, Progress and Problems in Federal Agency Accounting." We basically agree with your findings relative to the Department of Interior.

As you know, Congress has imposed strict budgetary constraints on the Department and its bureaus thereby limiting our ability to assign staff to system documentation and approval areas. This situation is particularly serious in the Office of the Secretary since it has further influenced our ability to provide direction and assistance to the bureaus. Furthermore, much of the bureaus' efforts must, of necessity, be spent on their own operation and maintenance problems. This has diverted their staff from working toward GAO approval of their systems.

However, the situation is brighter than it appears in the draft report. We are pleased to report that the Denver Inter-Bureau Payroll System design was submitted by the Bureau of Mines in April 1976 to GAO for review and approval. GAO completed its review in January 1977 and is withholding approval of the system in its entirety solely because of the timekeeping practices followed by one of the system's participants. As soon as this problem is resolved, this system should be approved. In addition, extensive work took place during fiscal year 1976 on the documentation of the Office of the Secretary's system. As you know, this system was submitted in December 1976 to GAO for review and approval. We appreciate the promise made by members of your staff to provide consolidated comments on the documentation as soon as possible. It is anticipated that this system will also be approved this fiscal year.

Be assured that the Department is now making every effort to accelerate its efforts and commitments toward the submission of all of its accounting systems to GAO by the end of fiscal year 1978.

Sincerely yours,

Richard R. Hite  
Deputy Assistant Secretary -  
Policy, Budget and Administration





## DEPARTMENT OF STATE

Washington, D.C. 20520

April 12, 1977

Mr. D. L. Scantlebury, Director  
 Division of Financial and  
 General Management Studies  
 United States General Accounting Office  
 Washington, D.C. 20548

Dear Mr. Scantlebury:

I certainly appreciate the opportunity to comment upon your draft report to the Congress.

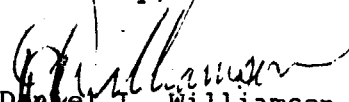
I can concur that the Department has, for a number of years, missed its deadlines. However, I would like to encourage you to modify your report to reflect what we feel more closely represents our present status. When I read the Comptroller's letter there is no indication that during 1976 we informally submitted to GAO our payroll system which is one of our major systems. Nor, is there any indication either in the letter or the attachments that State has informally submitted the majority of its overall accounting system. I recognize that the GAO has some problems with our submissions and a sizeable task remains to be accomplished.

I believe the Department has made more progress than the letter or report would lead the reader to believe, and would appreciate your cooperation in modifying your stance.

It is true our Systems Staff is small, but with the reductions in personnel the Department has been required to absorb over the past few years, and with the additional reductions being projected over the next two years, we cannot forecast an increase in the Systems Staff at this time.

We will continue to make every effort to achieve a financial management system which will satisfy the needs of the Department's management and will at the same time satisfy the legal and regulatory requirements. We will be pleased to discuss these matters further should you so desire.

Sincerely,

  
 Daniel L. Williamson, Jr.  
 Deputy Assistant Secretary  
 for Budget and Finance