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REPORT TO THE CONGRESS

~~76-0296~~



BY THE COMPTROLLER GENERAL
OF THE UNITED STATES



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Status, Progress, And Problems In Federal Agency Accounting During Fiscal Year 1975

During fiscal year 1975, the Comptroller General approved the designs of 27 executive agency accounting systems--the highest number yet approved in any single year. Fifty-two percent of the Government's accounting systems have now been approved. Major problems delaying approval are enumerated.

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OCT. 23, 1975

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

B-115398

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

In this sixth report summarizing the progress made by executive agencies in developing and improving their accounting systems, we are pleased to report that 3 statements of principles and standards and 27 accounting system designs were approved in fiscal year 1975.

At June 30, 1975, principles and standards had been approved for 98 percent of the accounting systems subject to approval. Designs had been approved for 52 percent of the systems.

The emphasis given to this work in recent years is reflected in the fact that, of the 148 systems shown as approved, 30 percent were granted before 1969 and 70 percent from 1969 to date.

The Department of Defense accelerated its efforts to get its accounting systems approved. During fiscal year 1975, we approved 19 of its system designs--the first year that approvals of Department of Defense system designs have exceeded those of the civil agencies.

In chapter 3, we discuss some of the problems and obstacles we have observed in specific agencies. The results of our reviews of accounting systems in operation are discussed in chapter 4.

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This report is submitted in response to the recommendation of the House Committee on Government Operations (H. Report 1159, 90th Cong., 2d sess. 3 (1968)). We are sending copies of this report to the Director, Office of Management and Budget; the Administrator of General Services; and heads of other departments and agencies. HSE 01500

A handwritten signature in black ink, appearing to read "James B. Atwater".

Comptroller General
of the United States

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ABBREVIATIONS

DOD Department of Defense
FmHA Farmers Home Administration
GAO General Accounting Office

CHAPTER 1

INTRODUCTION

This sixth report on the status, progress, and problems in Federal agency accounting covers fiscal year 1975 and is in response 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) and certain quasi-governmental entities that, by law, are subject to that act, the accounting systems of all executive departments and agencies are subject to the Comptroller General's approval.

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 June 30, 1975. Chapter 3 is our observation of agency progress and problems during the fiscal year ended June 30, 1975. Chapter 4 contains observations resulting from our reviews of accounting systems in operation.

CHAPTER 2

STATUS OF DEPARTMENT AND AGENCY

ACCOUNTING SYSTEMS AT JUNE 30, 1975

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. 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, the accounting principles and standards established by the agency as the basis for each accounting system are examined first. Then the design--procedures and practices that will be followed to perform the agency's accounting--is evaluated to determine whether it conforms to the approved principles and standards.

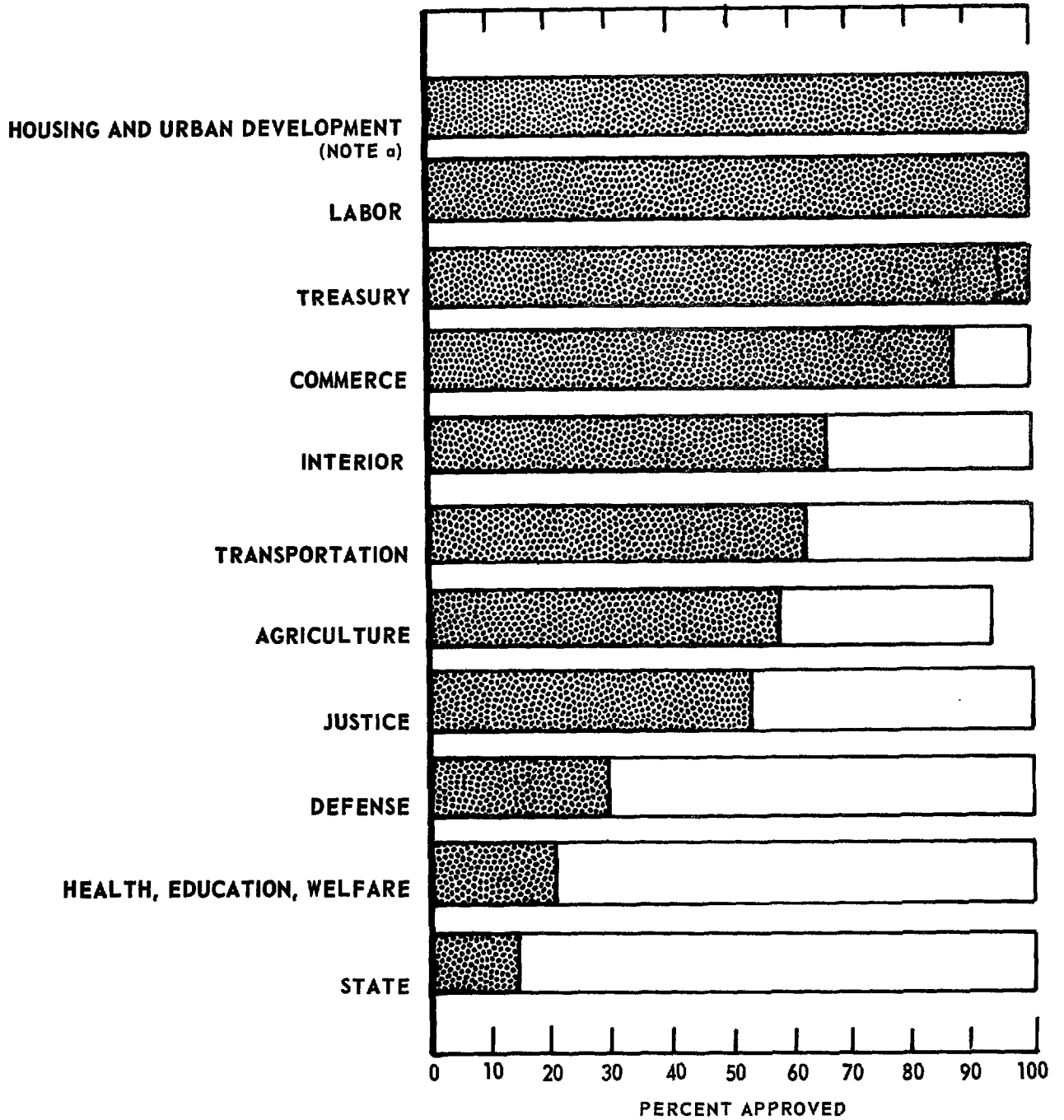
STATUS OF APPROVALS

Of 286 identified accounting systems subject to approval at June 30, 1975, 148 complete system designs had been approved, an increase of 25 during the year. Three statements of principles and standards were approved during the period for 5 systems, making a total of 280 systems now covered by approved principles and standards.

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. One department which had its accounting systems 100-percent approved previously has come off the list of those being fully approved because of the addition of an accounting system to the inventory during the past year. In the Commerce Department, the National Technical Information Service was authorized on March 4, 1975, to develop its own accounting system. Its accounting work had been done by the Bureau of Standards which had an approved system. Approval of this new system is scheduled for April 1976.

**APPROVAL STATUS BY DEPARTMENT
AT JUNE 30, 1975**



DESIGNS AND PRINCIPLES AND STANDARDS



PRINCIPLES AND STANDARDS ONLY

^{a/} Designs of subsystems have not been completed

| <u>Civil departments</u> | <u>Approval date</u> |
|--|----------------------|
| Department of Health, Education, and Welfare: Social and Rehabilitation Service..... | 6/30/75 |
| Department of Justice: Drug Enforcement Administration..... | 5/14/75 |
| Automated Debt Collection/Information System..... | 6/30/75 |
| Federal Bureau of Investigation Payroll..... | 6/30/75 |
| Department of Transportation: National Highway Traffic Safety Administra- tion..... | 2/28/75 |
| <u>Independent agencies</u> | |
| National Foundation on the Arts and the Human- ities..... | 6/24/75 |
| Small Business Administration (note a): General Accounting (Loan Collections)..... | 6/30/75 |
| Veterans Administration (note a): Centralized Accounting System for Construc- tion Appropriations..... | 6/30/75 |

a/Reapproval.

| <u>Military departments</u> | <u>Approval date</u> |
|--|----------------------|
| Department of the Air Force: Job Order Cost Accounting System..... | 3/ 6/75 |
| Federal Computer Performance Evaluation and Simulation Center Cost Accounting..... | 4/11/75 |
| Air Reserve Pay and Allowance System..... | 6/ 4/75 |
| Academy Stock Fund..... | 6/25/75 |
| Commissary, Stock Fund, Base Level..... | 6/25/75 |
| Commissary, Stock Fund, Division Office..... | 6/25/75 |
| Laundry and Dry Cleaning, Industrial Fund, Base..... | 6/25/75 |
| Laundry and Dry Cleaning, Industrial Fund, Central Office..... | 6/25/75 |
| Department of the Army: Standard Army Intermediate Level Supply..... | 5/ 9/75 |
| Department of the Navy: General Area Support Points Payroll..... | 3/14/75 |
| Naval Ordnance Activities, Payroll..... | 3/14/75 |
| Naval Shipyards, Payroll..... | 3/14/75 |
| Marine Corps Civilian Payroll..... | 5/16/75 |
| Industrial Fund, Shipyards..... | 6/30/75 |
| Regional Finance Centers, Support Services, Bond Accounting..... | 6/30/75 |
| Regional Finance Centers, Support Services, Civilian Pay..... | 6/30/75 |
| Office of the Secretary and Defense Agencies: Defense Contract Audit Agency Accounting..... | 2/11/75 |
| Defense Supply Agency's Automated Payroll, Cost and Personnel System Payroll..... | 2/13/75 |
| Defense Investigative Service..... | 6/ 4/75 |

CHAPTER 3

AGENCY PROGRESS AND PROBLEMSAPPROVALS DURING FISCAL YEAR
ENDED JUNE 30, 1975

During the year statements of principles and standards were approved for the Federal Buildings Fund of the General Services Administration, for ACTION, and for the Army Corps of Engineers.

Designs were approved for the following 27 systems.

STATUS OF ACCOUNTING SYSTEMS

The table below summarizes the status of accounting systems subject to approval at June 30, 1975.

| | <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> | |
| Civil departments and agencies: | | | | | |
| Agriculture | 16 | 1 | 10 | 7 | a/17 |
| Commerce | 8 | - | 7 | 1 | 8 |
| Health, Education, and Welfare | 19 | - | 4 | 15 | 19 |
| Housing and Urban Development | 1 | - | 1 | - | 1 |
| Interior | 18 | - | 12 | 6 | 18 |
| Justice | 13 | - | 7 | 6 | 13 |
| Labor | 2 | - | 2 | - | 2 |
| State | 6 | - | 3 | 3 | 6 |
| Transportation | 8 | - | 5 | 3 | 8 |
| Treasury | 19 | - | 19 | - | b/19 |
| Executive Office of the President | 4 | - | 4 | - | 4 |
| Independent agencies | <u>50</u> | <u>5</u> | <u>40</u> | <u>15</u> | <u>55</u> |
| Total civil | <u>164</u> | <u>6</u> | <u>114</u> | <u>56</u> | <u>170</u> |
| Percent | 96 | 4 | 67 | 33 | 100 |
| Department of Defense: | | | | | |
| Air Force | 39 | - | 17 | 22 | 39 |
| Army | 22 | - | 4 | 18 | c/22 |
| Navy (including the Marine Corps) | 34 | - | 9 | 25 | c/34 |
| Defense agencies | <u>20</u> | <u>-</u> | <u>4</u> | <u>16</u> | <u>20</u> |
| Total Defense | <u>115</u> | <u>-</u> | <u>34</u> | <u>81</u> | <u>115</u> |
| Percent | 100 | - | 30 | 70 | 100 |
| District of Columbia Government | <u>1</u> | <u>-</u> | <u>-</u> | <u>1</u> | <u>d/ 1</u> |
| Total all systems | <u>280</u> | <u>6</u> | <u>148</u> | <u>138</u> | <u>286</u> |
| Percent | 98 | 2 | 52 | 48 | 100 |

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

b/The bullion accounting system has not been included as it is being merged into the Financial Management Information System, a new accounting system now being designed which will include all the Bureau of the Mint. The new system is scheduled for completion in Sept. 1977.

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

d/Actual number of accounting systems not yet determined.

PROBLEMS AND STATUS OF SYSTEMS

Department of Agriculture

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 the five accounting systems required to process and record transactions involving program funds for:

- Loan programs of the Farmers Home Administration (FmHA).
- 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.

Progress on central accounting system

Development and implementation efforts for the central system are underway at the Department's National Finance Center in New Orleans, Louisiana.

Early in fiscal year 1975 personnel from the Department and a management consulting firm completed the description of the conceptual design of the central system and a detailed implementation plan.

Significant progress has been made since then in developing the system which is to be implemented in three phases:

- August 1975--A skeletal system composed of key programs for testing and implementing basic system components will be placed in operation. The skeletal system will pass selected data from feeder subsystems (many of which are operational) through a distribution subsystem servicing various reporting subsystems.
- October 1976--Working capital fund and property accounting will be implemented by expanding the skeletal system.
- October 1977--Full central accounting system implementation.

The Department has informed us that it plans to submit accounting principles and standards for the central system for review by November 1, 1975. Submission of design documentation for the system is planned by April 1977.

Progress on agency program systems

During fiscal year 1975, departmental responsibility for assisting program agencies to develop program accounting systems was transferred from New Orleans to the Washington office of the Office of Management and Finance to focus greater attention on needs in this area.

There was a marked improvement during fiscal year 1975 in the commitment within the Department to develop or revise the five accounting systems excluded from the central accounting system.

This was especially evident in FmHA which has experienced a major increase in recent years in the number and size of programs administered. The agency undertook a major effort to improve its financial management system through a study conducted in cooperation with the Joint Financial Management Improvement Program. The result will be a redesign of the FmHA loan and grant accounting system by a private contractor. FmHA expects to be able to submit its system design for our review by June 1976.

A group is being assembled by the agency to work with the contractor during development and implementation of the new system and to provide the ongoing capability required for subsequent system maintenance and periodic redevelopment. Personnel possessing knowledge in areas such as automatic data processing system analysis, programing, and telecommunications are being hired by the agency to supplement staff capability.

Substantial efforts are being made by the other agencies with program accounting system designs. Completion of the system designs is expected as follows:

| | |
|--|---------------|
| Agricultural Stabilization and Conservation Service | December 1976 |
| Farmers Home Administration | June 1976 |
| Food and Nutrition Service | October 1976 |
| Rural Electrification Administration | October 1977 |
| Forest Service Timber Sales | April 1977 |

Department of Commerce

The National Technical Information Service in the Department has specialized requirements for financial management data. The Department made a determination on March 4, 1975, that it would be better to authorize the Information Service to develop its own accounting system rather than to modify the Bureau of Standards accounting system which had been supporting the Service. The Service accounting system has, therefore, been added to the inventory of Commerce accounting systems requiring approval by the Comptroller General. Approval is scheduled for April 1976.

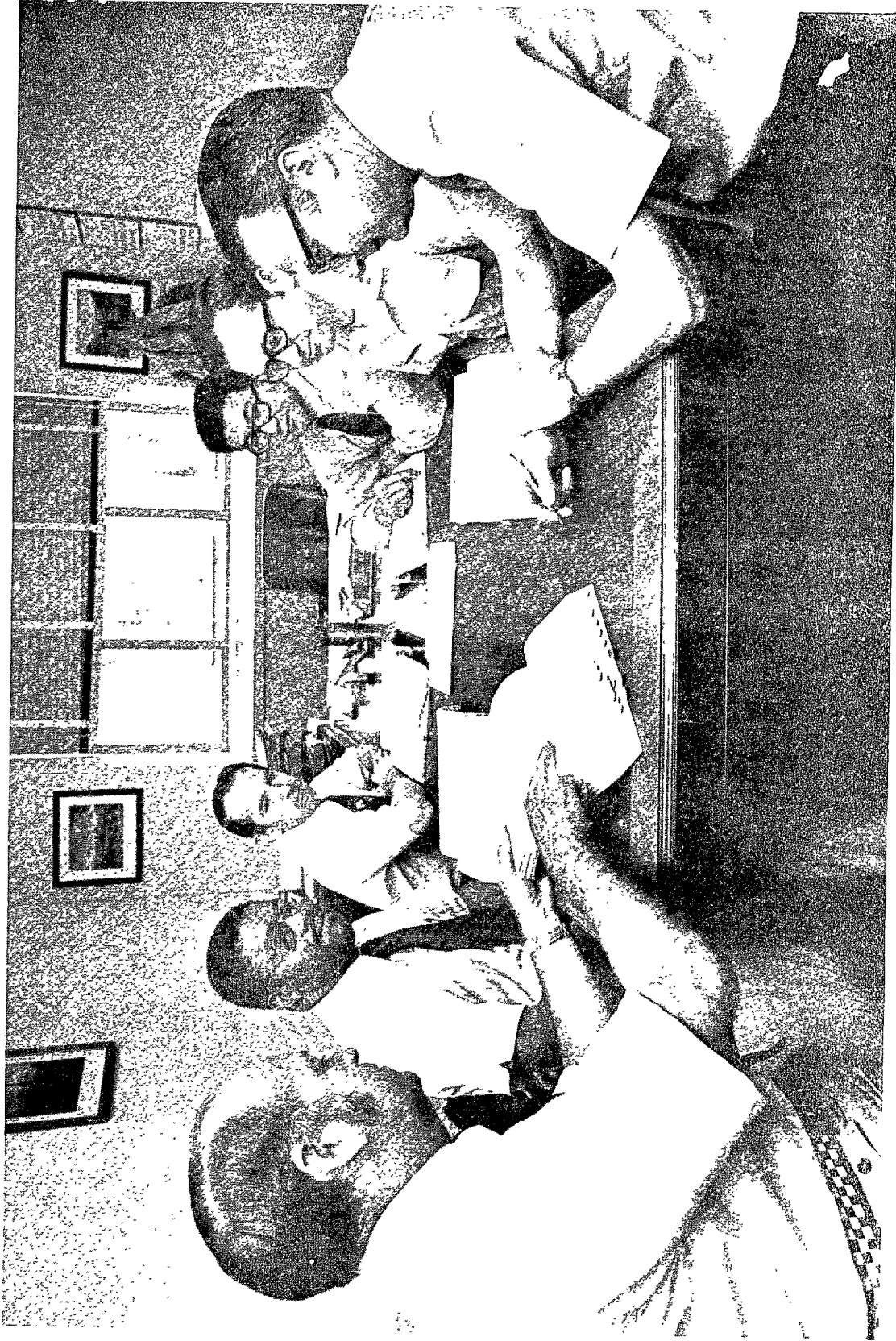
Department of Defense

Department of the Air Force

During the fiscal year we approved 8 Air Force accounting system designs bringing to 17 the total number approved at June 30, 1975. The group working on one of the Air Force systems is shown in the picture on page 9. Although we have encountered several significant design problems which required resolution before approval, the Air Force has made great strides in its efforts to obtain approval of its accounting system designs. The Air Force central design center concept has proven to be advantageous to both the Air Force and the Comptroller General. This method has facilitated our evaluation process and has been a major factor in the number of Air Force systems approved to date. Of the Air Force's 39 principal accounting systems, 12 are in the evaluation process and 10 are currently being prepared by the Air Force for submission to GAO.

Department of the Army

Of the Army's 22 principal accounting system designs, 3 had been approved by the Comptroller General before fiscal year 1975. During fiscal year 1975 the Standard Army Intermediate Level Supply System design was approved. Three accounting system designs were being evaluated at June 30, 1975, and we were advising Army officials in their preparation of the designs for seven other accounting systems.



John Gillespie, John Leslie, and Ron Eckman of GAO working on the Air Force general accounting and finance system with Henry Fong and Cap. Gerald Lee of the Air Force and Roger Tallon of DOD.

During fiscal year 1975 the Army agreed to develop an overview of the functions and scope of each accounting system and the interrelationships among both accounting systems and organizations. The overview will also identify the organizational element responsible for the design of each system in accordance with Army Comptroller guidance and should be a significant contribution in understanding the Army financial systems. Additional accounting systems subject to approval by the Comptroller General may be identified as a result of this effort.

Department of the Navy

During the fiscal year, seven Navy accounting systems were approved making a total of nine approved system designs. At June 30, 1975, we were evaluating six other accounting system designs.

The number of principal accounting systems subject to GAO approval decreased from 43 to 34 during fiscal year 1975. This decrease resulted from refinements in the classification of the large, centrally designed accounting systems. Until recently, the Navy had not identified many local accounting systems developed by various commands and activities under general functional requirements issued by the Navy Comptroller. These systems account for substantial amounts of appropriated funds, and we have encouraged the Navy to list them. The Navy has agreed with our suggestion, which will result in an increase in the number of its accounting systems subject to GAO approval.

1. Standard system designs

As we pointed out in last year's report, 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 insurance that adequate controls have been provided at local levels for either the centrally or 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 ascertain the adequacy and acceptability of many Navy systems.

As an interim step toward standardization of these areas, the Navy Comptroller issued on February 4, 1975, an instruction (NAVCOMPT 7000.36) specifying minimum criteria for automatic data processing control of financial management systems. Our approvals of the Navy system designs have been granted on the assumption that the instruction will be implemented. We believe that the Navy internal auditors should make a special effort to insure that the provisions of NAVCOMPT Instruction 7000.36 are implemented.

2. Integration of disbursing and accounting

The Navy is currently studying the desirability of integrating accounting and disbursing functions. Its current accounting and disbursing system is really two separate networks of activities--Navy Regional Finance Centers which make payments but do no accounting, and Authorization Accounting Activities which perform accounting but do not make disbursements. Duplicate files, automatic data processing equipment, personnel, and operating functions are required under the present operation. The design of the present system does not permit accrual accounting as required by the approved Navy accounting principles and standards.

Preliminary studies and prototype designs of integration of disbursing and accounting have indicated that there would be significant improvement in accounting, disbursing, and use of assets, and we encourage an early decision to implement the integration of disbursing and accounting.

Office of the Secretary of Defense including Defense agencies

During fiscal year 1975 we approved three Defense agency accounting systems and were evaluating three other system designs at June 30, 1975. The group which worked on the Defense Investigative Service system is shown in the picture on page 12. Generally, progress in evaluating the Office of the Secretary of Defense systems has been slowed by its inability to meet agreed upon target submission dates.

We have always advocated the concept of standard systems designs. We are pleased to note an effort within the Department of Defense to develop standard systems including a departmentwide civilian pay system to replace the numerous and varied pay systems currently in existence. An ad hoc committee has been established and is working effectively toward this goal using the design concepts of the Standard Army Civilian Pay System. We are working closely with this committee and have a representative from our staff serving on the committee in an advisory and consultative role.



Ernest Porter, Shirley Ward, and John Alamilla of GAO working on the Defense Investigative Service (DIS) accounting system with George Boyd of DIS and John Crehan of DOD.

Department of Defense-wide problems

Two major problems facing us in the approval of certain Department of Defense systems are lack of adequate fund control and lack of accrual accounting. An accounting system must be so designed (see GAO Manual for Guidance of Federal Agencies, title 2, section 10) that, when operated properly, it will prevent the overobligation of funds and in turn prevent violations of the Anti-Deficiency Act. Certain Defense systems do not provide for this firm control over obligations; instead they must rely on other management control systems. Moreover, "open allotments" may be made which permit

"any authorized officer or employee to charge the account without any limitation as to amount and without further determination or certification of fund availability of individual transactions."
(DOD Directive 7200.1.)

Department of Defense instructions give the departments the option of accruing or not accruing certain expenses. For example, under certain conditions the departments can charge certain expenses at the time funds are obligated instead of waiting to record the expense when the item is received or used. Or, instead of charging the expense accounts upon receipt or use of the goods or services, the departments can delay making the charge until payment is made, which is sometimes several months later. Neither method meets the requirements of the GAO Manual for Guidance of Federal Agencies, title 2, section 9, which provides that the maintenance of accounts on the accrual basis is a basic requirement for approval of an accounting system.

We are actively engaged with departmental officials in solving these two problems.

Department of Health, Education, and Welfare

During fiscal year 1975, the Department of Health, Education, and Welfare added 5 accounting systems to the 14 listed on June 30, 1974. They are the Service and Supply Fund (Health Services Administration); Service and Supply Fund, Management Fund, and Federal Assistance Financing System (National Institutes of Health); and Regional Accounting System (Department of Health, Education, and Welfare). The additions, previously included as segments within agency parent accounting systems, were set out as separate discrete accounting systems during 1975 to facilitate and expedite the preparation of designs, to improve the usability of accounting manuals, and to improve identification of system perimeters.

The status of the GAO review of the unapproved Social Security Administration accounting system has changed very little since our status report of June 30, 1974. GAO review, suspended for most of fiscal year 1975 because the accounting manual did not provide sufficient documentation for evaluation, was reinstated in June 1975 to provide consultative assistance as requested by the Social Security Administration. An approvable accounting system design is not expected to be completed in the near future.

During the year the following other systems were being informally reviewed by GAO:

- National Institutes of Health, Administrative System.
- Department Working Capital Fund.
- Regional Accounting System.

Department of the Interior

The Department has 18 accounting systems operated by its various bureaus and offices. The accounting principles and standards for all systems have been approved by the Comptroller General. Twelve system designs have also been approved; eight of these occurred between 1952 and 1972, and four in fiscal year 1974.

Six accounting system designs remain unapproved primarily because of a lack of in-house staffing at department and bureau levels to properly prepare the material needed to describe the systems. The Department established a Financial Management Systems Division within the Office of the Secretary in 1974, with responsibility for assisting offices and bureaus in developing system designs and improving financial management information. A major function of the Division is to provide leadership in expediting design submissions for our approval by December 1976.

U.S. Fish and Wildlife Service

Formally submitted for approval in November 1969, the design was returned unapproved in March 1971, because of insufficient design information and the Service's decision to redesign the system. During fiscal year 1975, the redesigned system was subjected to local operational tests, partially submitted for our informal evaluation, and expanded for Service-wide usage. The system design should be completed for formal submission by March 1976.

Bureau of Outdoor Recreation

The system design was formally submitted for approval in November 1969. We returned the system unapproved in June 1972, because the design was not sufficiently described. Completion and changes of the system design for formal submission has been deferred because of (1) a pending transfer of computer operations to Denver, Colorado and (2) changes in the system design. The target date for resubmitting the design has been extended from March 1975 to fiscal year 1977.

Office of the Secretary

The Office's system design submission of November 1969 was returned in May 1971 because of inadequate description. During fiscal year 1975, the Financial Management Systems Division began redesigning the computerized accounting system for the Office. The target date for submitting the design for approval has been extended from May 1975 to June 1976. The extension of the submission date is attributed to a redeployment of staff resources to effect short-term improvements of current operations.

National Park Service

In July 1971, we returned the National Park Service system design submission of November 1969 due to inadequate description and because the Service was in the process of designing a new automated system. Constraints within the Service (staffing and responsibility for system preparation) over the years have delayed the completion of the system design. Based on having resolved these constraints, the target date for formally submitting the automated system has been extended from June 1975 to March 1976.

Alaska Power Administration

The Administration's principles and standards statement was approved in April 1971. Since then there has been no appreciable action in describing for approval its manually operated system due to a lack of staffing. The target date for design submission has been extended from March 1975 to June 1976. The Department is considering having the accounting for this small agency performed by another approved accounting system of the Department.

Denver Inter-Bureau payroll system

This Department payroll system is operated by the Bureau of Mines. In addition to servicing Mines personnel it also accommodates the payroll needs for four other agencies of

the Department. The development of this system design has been delayed due to a reevaluation of the computer programing within the system. Formal submission of the design has been extended from June 1975 to December 1975.

Approved systems subject to resubmission

The following Interior accounting systems were approved from July 1952 to May 1954, and are subject to resubmission for approval, as follows, based on current standards set forth in the GAO Manual for Guidance of Federal Agencies, title 2, section 27.5:

| | <u>Approved</u> | <u>Scheduled for resubmission</u> |
|--|-----------------|-----------------------------------|
| Government of American Samoa | July 1952 | April 1976 |
| Southwestern Power Administration | July 1952 | June 1976 |
| Southeastern Power Administration | Nov. 1952 | June 1976 |
| Bureau of Indian Affairs | Jan. 1953 | Dec. 1976 |
| Trust Territory of the Pacific Islands | Mar. 1954 | Sept. 1976 |
| Bureau of Mines | May 1954 | July 1975 |

Department of Justice

During 1975 the Department of Justice made outstanding progress in furthering a positive program of financial management improvement. During the year significant improvements were made in the Department's budget process. Budget programs were redesignated for a direct relationship between budgeted fund requirements and management objectives. In complementary actions, accounting systems of the Drug Enforcement Administration and Federal Bureau of Investigation were designed, or were being designed, to measure the cost of resources used in the accomplishment of management objectives.

We believe that the Drug Enforcement Administration accounting system--approved in 1975--and the Federal Bureau of Investigation accounting system--substantially designed in 1975--deserve special mention. In each agency, the new accounting systems, when fully operative, will facilitate greatly improved budget execution, and will allow useful evaluations of the relative merits of management objectives in terms of resource costs by objective.

During fiscal year 1975, approval of the following accounting system designs:

- Federal Bureau of Investigation payroll system,
- Drug Enforcement Administration Accounting System,
and
- Justice Department Automated Debt Collection/Information System

brought the total of approved Justice Department accounting systems to 7 out of 13 subject to approval of June 30, 1975. As indicated in appendix II, the remaining six accounting systems are scheduled for approval by 1977.

Department of State

The Department's statement of accounting principles and standards was approved in 1968. During the past 3 years the Department has been designing its General Accounting System. As of June 30, 1975, 15 chapters of the General Accounting system design had been informally submitted to GAO for review and comment. We have reviewed 12 of these chapters and submitted informal comments to the Department. The remaining three chapters are in the process of GAO review. The Department plans to include some 19 chapters in its design package. Several problem areas observed in the past that must be resolved before approval of the Department's general accounting system design are: (1) the application of the accrual basis of accounting, (2) accounting for costs of programs and activities, and (3) appropriate accounting for and control over property resources.

The General Accounting System and its three interrelated segments--real property accounting, nonexpendable personal property accounting, and Foreign Service Institute--are scheduled for formal submission over a period of time beginning in December 1975. These segments of the General Accounting System are being developed as follows:

1. Real Property Accounting and Management Information System

This system will automate the accounting for all real property owned and leased by the Department on a worldwide basis, including the accounting for maintenance and repair cost of such property on an individual building basis. A central computer and retrieval file system is targeted for the Department by October 1976. The Department is in the process of programming this system and a pilot test will be conducted, beginning in July 1975 at six overseas posts.

2. Nonexpendable Personal Property Accounting and Management System

The Department estimates that the development and implementation of this system, which has recently been started, will not be completed until the end of calendar year 1976.

3. Foreign Service Institute Accounting and Management System

The Institute's training function involves a unique management responsibility in that tuitions are collected as a part of its resources. To insure that the tuition charged students is adequate to cover the cost involved GAO in its report, "Need for Certain Improvements in the Administration of the Foreign Service Institute" (B-133310, May 7, 1968), recommended the Department install an accrual cost accounting system for the Institute. Based upon this recommendation, the Department is in the process of developing an automated cost accounting and management system for the Institute. This system is to provide reporting of accurate and timely cost data by course for each school, program, and Foreign Service Institute operations, including overseas activities. The cost data for each course will be used as a basis for establishing tuition rates, obtaining reimbursements from other agencies for personnel trained at the Institute, comparison of Institute cost with the cost of similar training at private institutions, and the overall management of the Foreign Service Institute. The development work is nearing completion and the Department plans to complete the programming and implementation of this system by October 1976.

In addition to the General Accounting System design, the Department is developing a combined Payroll and Personnel System. This system will combine the personnel data elements with the required payroll data elements into one master computer record for each employee, insuring complete linkage. The Department is implementing the system in phases. After completion, the system will cover all American employees on a worldwide basis. It is expected that the system will become fully operational in August 1975. The Department plans to formally submit the payroll system by March 31, 1976.

Department of Transportation

The Department of Transportation submitted two accounting system designs for our evaluation in fiscal year 1975. One system--National Highway Traffic Safety Administration--was approved in February 1975 and the other--Transportation Systems Center--is expected to be approved early in fiscal year 1976.

The Department has two additional unapproved accounting systems. Activity relative to these systems during the fiscal year was as follows:

--Federal Aviation Administration. On March 21, 1975, the Department authorized the agency to design a new accounting system. The design, which is being prepared by a contractor, is expected to be completed by October 1976.

--Federal Railroad Administration. The Department had substantially completed the description of the design at June 30, 1975. The system is expected to be submitted for our evaluation early in fiscal year 1976.

The Coast Guard continued to develop an accounting system begun in 1968, which is to replace the system approved by the Comptroller General in December 1951. Progress has been extremely slow due to a shortage of qualified personnel.

Department of the Treasury

During fiscal year 1975 the Bureau of the Mint formulated plans to revise, update, and automate its general and bullion accounting systems into a single accounting system to be known as the Financial Management Information System. Completion of this system design and submission for GAO review is estimated to occur in September 1977.

The U.S. Customs Service has undertaken the redesign of its cost accounting system. The effort will focus upon improving program cost accounting for enhanced budget preparation, fund allocation, and financial management. Completion is targeted for July 1977.

Farm Credit Administration

The Administration's statement of accounting principles and standards was approved in February 1970. The accounting system design was in the process of informal review by GAO staff at June 30, 1975. Completion and approval by the Comptroller General is anticipated in early fiscal year 1976.

Federal Home Loan Bank Board

The Board's statement of accounting principles and standards was approved in June 1972. The Board estimates that preparation of the accounting system design will be completed and the design informally submitted for GAO evaluation in July 1976. The previously estimated date was December 1974.

Federal Mediation and Conciliation Service

The Service's statement of accounting principles and standards was approved in December 1969. Design of the payroll portion was completed late in fiscal year 1975. The Service plans to automate its entire accounting system with an estimated completion date in December 1976.

General Services Administration

The General Services Administration has two approved accounting systems--the general accounting system and the payroll system. Included within the general accounting system are a series of subsystems which account for the various operations of the Administration and also provide accounting services to several small government agencies. Improvements are now being made in the subsystem for the General Supply Fund.

The Public Buildings Amendments of 1972 Act (Act of July 16, 1972, Public Law 92-313, 86 Stat 216) created the Federal Buildings Fund which resulted in a requirement for a new accounting system for activities conducted by the Public Buildings Service. The Fund's accounting principles and standards statement was approved in November 1974. The system which will account for the Fund replaces a Public Buildings Service subsystem which, prior to July 1, 1974, accounted for two revolving funds and five appropriations. Formal submission of the system design was targeted for December 31, 1974; however, the system has been undergoing revisions to overcome problems and to more fully provide for management needs. The target date for submission has been extended from December 1974 to December 1975.

National Labor Relations Board

The accounting principles and standards statement of the National Labor Relations Board was approved in June 1972. The submission of the Board's accounting system design has been delayed during the past 3 years primarily because of limited systems accountant staffing at the agency. Development of the system design was further hampered during fiscal year 1975 due to using systems accounting staff for day-to-day accounting functions.

The National Labor Relations Board has extended the target date for submission of the system design from June 1975 to April 1976.

Veterans Administration

The Veterans Administration has identified nine accounting systems subject to approval, of which only the Compensation and Pension Program system has not been approved. This Program is being redesigned, with completion expected in early 1977.

The Veterans Administration is substantially into the redesign of accounting systems approved in the 1950s. The Construction of Facilities system approved in 1956 has been replaced by the Centralized Accounting for Construction Appropriations, which was resubmitted, and subsequently approved in June 1975. The Veterans Administration expects to replace the Administrative Accounting System, the Medical Care and Administration Accounting System, and the Supply Fund Accounting System with a revised accounting system called the Centralized Accounting for Local Management system. The Veterans Administration has not established a completion date for this management system, which has been under design for over 5 years and is partially operative.

District of Columbia Government

The District government established a program in October 1972 to (1) identify the specific accounting information needed by each District office, department, and agency, (2) determine an appropriate source for each type of accounting information identified, and (3) design or redesign each accounting system identified as a source of information to conform with the District's accounting principles and standards, which were approved in February 1972.

The second task listed above was to have been accomplished by December 31, 1974. However, it has never been completed. Task number three has accordingly been delayed.

Instead of proceeding as originally anticipated, District officials determined that the objectives of the accounting systems development program could best be accomplished by initially concentrating on the principal accounting system--the Financial Management Information System. During fiscal year 1975 the financial information that could be provided by the system was identified; formats of proposed reports were provided to all District offices, departments, and agencies to solicit suggestions; the accounting system design was prepared; and work on implementing 1 of the 11 subsystems was started. The general design was informally submitted for our evaluation on February 5, 1975.

Although its preparation was a commendable effort, we have been unable to complete the evaluation of the design

because it does not describe the parameters of the system, interfaces with other systems, subsidiary accounts and records, classification coding, flow of source documents, internal controls, and automatic data processing controls and audit trails.

The District plans to complete the detailed design for one of the subsystems of the Financial Management Information System (the Appropriation-Allotment Subsystem) during the next few months and to implement this subsystem by October 1, 1976. Work on the detailed design of the other 10 subsystems will not begin until the second quarter of fiscal year 1976.

The District has two additional central systems: the Payroll System and the Revenue Collection System. The District does not plan to begin describing the Payroll System design until September 1975 and will not establish a plan until early in fiscal year 1976 for preparing the Revenue Collection System design.

No plans have been formulated yet for the design or redesign of the departmental accounting systems to be submitted for approval.

CHAPTER 4

ACCOUNTING SYSTEMS IN OPERATION

The Budget and Accounting Procedures Act of 1950 requires GAO to review executive agency accounting systems in operation from time to time to (1) identify ways for improving overall financial management, reducing costs, increasing revenues, and improving financial management services, (2) identify aspects of the systems needing improvement, (3) ascertain whether they have been implemented and are operating in accordance with the accounting principles and standards and designs approved by the Comptroller General, and (4) evaluate systems of control over receipts and disbursements for settling accounts of accountable officers in civil agencies of the Government.

During fiscal year 1975 we sent 5 reports to the Congress and 30 reports to executive agency officials. In these reports we recommended the specific actions needed to achieve improved accounting for management's use and more effective management of financial and other resources. When we found major revisions to the accounting systems being made, we told the agencies to submit their redesigned systems to the Comptroller General for approval.

Examples of our fiscal year 1975 work are summarized in the following sections.

REVIEWS TO IDENTIFY WAYS TO IMPROVE OVERALL FINANCIAL MANAGEMENT IN THE GOVERNMENT

During fiscal year 1975 we issued three reports on needed improvements in financial management practices.

Use of letters of credit by Federal grantmaking agencies

We reported to the Congress that Federal agencies have made considerable progress in increasing the use of letters of credit from \$1.5 billion in fiscal year 1965 to \$38.6 billion in 1974 and that the Department of the Treasury estimated that about \$30 million was saved in fiscal year 1973 by this financing method.

Our review showed that notwithstanding the progress made in the use of the letter of credit certain problems still existed. These problems contributed to the withdrawal of Federal funds before they were needed for disbursement by

16 of 17 recipients included in our review. We pointed out that there was little incentive for grantmaking Federal agencies to minimize cash advances to grantees since interest costs incurred on funds outstanding are borne by the Treasury rather than by the grantmaking agencies.

We made several recommendations to the Secretary of the Treasury and the Administrator of General Services designed to strengthen the leadership provided by these agencies in improving letter-of-credit financing methods by Federal agencies. The agencies are taking actions, in line with our recommendations, to bring about improvements in cash management and thereby further reduce Treasury's interest costs on borrowed money. (FGMSD-75-17, Apr. 29, 1975.)

Charging for depreciation in foreign military sales

On October 7, 1974, we reported to the Secretary of Defense (B-174901) that we were concerned by the failure of the military departments to implement Defense Department policy which required them to recover a fair share of the costs of Government-owned plant and equipment used for producing articles for sale to foreign governments. We had reported this matter to the Secretary of Defense twice before in the previous 2 years.

From January 1971 to January 1974 the Defense Department identified \$4,769,000 in depreciation costs that should have been, but were not, recovered by its industrial funds from foreign governments. The amount does not include costs of Government-owned plant and equipment used by contractors to produce articles for sale to foreign governments. Military sales to foreign governments amounted to \$8.3 billion in fiscal year 1974.

On June 17, 1975, the Department revised its instructions on pricing sales to foreign countries and international organizations to provide for the application of asset use charges. At our suggestion, the Department is also making special studies to determine whether the asset use charges are adequate.

Unclaimed U.S. savings bonds

In August 1974, we testified before the Legal and Monetary Affairs Subcommittee on the progress being made in returning U.S. savings bonds with a face value of about \$50 million held in safekeeping by the Treasury Department for veterans and other individuals, pursuant to recommendations

contained in our report to the Congress of August 10, 1973 (B-179225).

The Treasury has undertaken a comprehensive program with the cooperation of the Veterans Administration, veterans organizations, and others to locate the owners of the bonds and return them. By May 31, 1975, the number of bonds held in safekeeping had been reduced from 706,000 to about 250,000.

The Department of Defense program for safekeeping savings bonds for servicemen was also discussed. Pursuant to recommendations in our report to the Secretary of Defense, over 27,000 unclaimed savings bonds with a face value of about \$704,000 have been returned to their owners or sent to the Treasury for disposition, and procedures have been improved to insure that savings bonds are returned to servicemen at the time of discharge. (B-179225, July 11, 1974.)

REVIEWS TO IDENTIFY IMPROVEMENTS NEEDED IN ACCOUNTING SYSTEMS

We completed 17 reviews during fiscal year 1975 to identify improvements needed in accounting systems.

Examples of these reviews follow.

Loan accounting system-- Farmers Home Administration Department of Agriculture

We reported to the Congress that FmHA had not developed and submitted its loan accounting system design to the Comptroller General for approval as required by the Budget and Accounting Procedures Act of 1950. We had previously recommended in a report to the Congress in December 1970 that FmHA assign an adequate staff to the task of designing an accounting system which would meet the needs of the agency's managers and the requirements set forth by the Comptroller General.

We reported that FmHA discontinued work on developing the loan accounting system in fiscal year 1973 because other financial management projects had been given higher priority. We reported also that (1) several deficiencies in loan accounting which we had reported in 1970 had not been corrected, (2) description of the accounting system was not up to date, and (3) not all records needed to permit continued automatic data processing operations were duplicated and stored at a remote location.

We recommended that the Secretary of Agriculture direct the Administrator of FmHA to assign a high priority to correcting the weaknesses in the system, developing its design, and establishing a firm target date for its submission to the Comptroller General. We recommended also that the Secretary direct the Department's Office of Audit to consult with FmHA in developing the system and to monitor the progress of the development effort.

The Department agreed with our recommendations and has taken, or plans to take, actions to correct the deficiencies in the loan accounting system and has established a target date of April 1, 1976, for submitting the system for approval. (FGMSD-75-37, June 18, 1975.)

Recording obligations for
foreign national employees'
separation allowances--
Departments of Defense and State

We reported to the Congress that the Army and Air Force were not recording obligations for separation allowances at the time they were incurred, but at the time paid. Consequently, the two military services consistently understated the amount of obligations for separation allowances reported to the Congress. The amount of the unrecorded obligations, we estimate, was at least \$305 million at June 30, 1974. The Navy's practices were also in need of improvement.

We made several recommendations to the Secretary of Defense designed to improve administrative control of the Government's obligations for separation allowances. The Department informed us that it plans to record all future costs and obligations for separation allowances when they are incurred in the full amount of the liability that accrues during each fiscal year. (B-174901, Oct. 21, 1974.)

We also reported to the Secretary of State that the State Department was funding foreign national employees' separation allowances out of the appropriations current at the time of the employee separated rather than the appropriations current when the entitlements were earned. We pointed out that we have consistently held that an appropriation is obligated when a definite commitment is made or a legal liability incurred to pay funds therefrom. We, therefore, recommended that the Department (1) record obligations for its liability for separation allowances and (2) record the costs and obligations for increases in the liability as they occur. (FGMSD-75-20, Feb. 13, 1975.)

The Department did not concur with our recommendations and at June 30, 1975, we were pursuing the matter.

Civilian payroll systems--
Department of Defense

On March 24, 1975, we reported to the Congress the results of our reviews of 66 payroll processing and design activities in the Department of Defense. Our reviews showed there were many opportunities to improve payroll operations by

- strengthening controls and procedures to provide reasonable insurance that errors and undetected fraud or embezzlement do not occur;
- making more efficient use of computers in payroll processing;
- providing contingency plans to continue operations if an event occurred which rendered the system inoperable; and
- directing internal audits toward the review of system internal controls, including participation in designing, developing, and testing payroll systems.

During our review, the Assistant Secretary of Defense (Comptroller) established a Management Systems Standardization Committee for Civilian Pay to determine the feasibility of establishing a standard computerized civilian payroll system for DOD.

Currently, the military services and DOD agencies operate about 100 different automated pay and allowance systems at almost 400 locations worldwide. Some systems are used at only one installation; others, which are centrally designed and controlled, are used at two or more installations. For example, one system used in the Department of the Air Force has been standardized and is used at 98 installations.

On the basis of its study, the Committee concluded that it was technically feasible to develop a standard payroll system for all DOD employees. As part of its study the Committee prepared an economic analysis to estimate the savings that a standardized system would achieve. The Committee estimated that total savings of about \$20 million over the probable life of the system would be achieved if standardized systems were to be used at all installations requiring computer support and having 500 or more civilian employees. The Committee also estimated that consolidating DOD payroll activities on a

regional basis would result in additional savings of \$20 million, or a total of \$40 million.

We recommended that the Defense Department include in its planned standard payroll system for civilian employees specific controls to insure that weaknesses found during our audits are prevented. Further, to help insure that adequate internal controls are included in the new system, we recommended that the Secretary of Defense require that representatives of internal audit activities of the military departments actively participate in its design, development, and testing.

The Defense Department concurred with our recommendations and stated that the task group established to develop the standard system has been instructed to incorporate into the new system those controls considered necessary to prevent the weaknesses in existing systems found in our reviews. The U.S. Army Audit Agency will actively participate in developing and testing the standard system to insure that effective internal controls and audit trails are established. (FGMSD-75-15, Mar. 24, 1975.)

Accounting for military personnel appropriations--
Departments of the Air Force, Army, and Navy

In our survey we found that (1) the Army and Air Force internal audit organizations had recently completed comprehensive reviews of the accounting for military personnel appropriations, (2) the audit coverage was adequate, and (3) the recommendations for correcting the deficiencies noted appeared to be reasonable.

We also found that the Naval Audit Service was conducting a survey and planned to begin a complete review, to be completed during fiscal year 1975, of military personnel appropriation accounting in the Navy. Several other closely related reviews were planned or had recently been completed. We will review the scope and findings of the Naval Audit Service's review, when it has been completed, to determine whether additional work by the Navy or GAO will be required.

Financial management activities--
ACTION

The principles and standards of ACTION's accounting system were approved by the Comptroller General in March 1975. The system design has not been submitted for approval.

We reviewed selected financial management activities at the agency's headquarters and followed up on problems

in the Peace Corps' accounting system which we had discussed in our report of August 15, 1969 (B-165743), to the Director of the Peace Corps.

We reported to the Director of ACTION that its accounting system has had many persistent problems which have deterred the development of a well-designed and operated system that meets the criteria we have established. We recommended that he (1) assign sufficient resources to design and operate an effective accounting system that provides management with complete, accurate, and useful information and (2) review periodically the progress being made to resolve these problems. (B-165743, Dec. 13, 1974.)

ACTION has taken steps to correct the specific deficiencies we had brought to their attention and intends to increase its monitoring of operations to provide ACTION officials with information on the progress being made to resolve problems, including those identified by GAO.

Financial management activities--
Equal Employment Opportunity Commission

The Commission's accounting system design was approved in February 1973 but was not implemented in accordance with the approval.

At the request of the Chairman, Subcommittee on State, Justice, Commerce, the Judiciary and Related Agencies, Senate Committee on Appropriations, we reviewed the obligations of the Commission's fiscal year 1974 appropriation for salaries and expenses. The Commission had reported an \$800,000 over-obligation to the Congress and the President as required by the Anti-Deficiency Act.

We identified additional obligations totaling \$128,961 which should have been reported as overobligations of the fiscal year 1974 appropriation. We informed the Acting Chairman of the Commission of these additional obligations and they were reported to the Congress and the President. Further, on the basis of our findings and recommendations the Commission took action to insure the availability of funds before obligations are incurred and to improve the accuracy and timeliness of its financial reports. (FGMSD-75-28, Apr. 14, 1975.)

At June 30, 1975, we were continuing our review of accounting and other matters of interest to the subcommittee chairman. The Commission plans to resubmit its accounting system for approval.

National Gallery of Art--
Smithsonian Institution

The Gallery's accounting system was approved in November 1958.

We reviewed payroll and leave operations and the action taken on recommendations contained in our report dated November 3, 1970, to the President of the Gallery.

We found that payroll and leave procedures and controls were generally satisfactory and that our previous recommendations had been or were in the process of being implemented.

Action was promised to correct deficiencies in pay-check distribution and timekeeping procedures which we brought to management's attention during our review.

We observed that the results of physical inventories were not being promptly reconciled with general ledger control accounts and recommended that reconciliations be made promptly. We also suggested that a proposed change in the frequency of making physical inventories of equipment be cleared with the proper organization in GAO to determine whether it would affect the system's approved status.

We also observed that the Gallery, which has a collection of art valued at about \$225 million, annual operating costs of about \$8 million, and almost 500 employees has made no provision for systematic internal audits of its assets and activities. We suggested the Gallery consult with the Smithsonian Institution on this matter. (Letter to the Treasurer, National Gallery of Art, Sept. 20, 1974.)

REVIEWS TO DETERMINE WHETHER
APPROVED SYSTEMS WERE BEING OPERATED
IN COMPLIANCE WITH THEIR APPROVED DESIGNS

After an accounting system has been approved, we review it to see whether it has been implemented and is being operated in accordance with the approved system design. If the system has not been implemented or is not being operated fully in accordance with the approved system design, we determine the reasons therefore and recommend appropriate action.

The results of some of the reviews made in fiscal year 1975 are summarized below.

Bureau of Land Management
Department of the Interior

The Bureau's accounting system was approved in August 1971.

We reported to the Bureau Director that the accounting system was being operated in accordance with the approved system design and was substantially in compliance with the principles, standards, and related requirements for accounting prescribed by the Comptroller General, except that

- subsidiary records were not maintained for all real property included in general ledger control accounts,
- user charges were not based on current and complete cost information to insure that full costs are recovered, and
- the accumulated depreciation for property disposed of was not removed from the accounts (FGMSD-75-25, Apr. 8, 1975).

We are pursuing these matters with the Bureau.

Immigration and Naturalization Service
Department of Justice

The Service's accounting system was approved in April 1967.

Our review had not been completed at June 30, 1975, but in a May 8, 1975, letter to its Associate Director for Management we brought several matters to the attention of the Service.

On June 10, 1975, the Service informed us that action was being taken to (1) improve reporting of financial information to the Treasury, (2) develop a definitive statement of policy and criteria for establishing fees, (3) revise the fee schedule, and (4) utilize cost information in management activities.

Civil Aeronautics Board

The Board's system was approved in January 1968. Although our review had not been completed at June 30, 1975, the Board had already agreed to take action on several matters we had brought to its attention during our review, 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 were significantly changed subsequent to approval,
- providing quarterly independent review and audit of pay actions,
- performing annual inventories of property, and
- developing a 5-year internal audit program for comprehensive coverage of financial activities.

Federal Communications Commission

The Commission's accounting system was approved in September 1958.

At the start of our review, we were told that the data processing procedures for the accounting system had been computerized, but the procedures had not been fully documented. Commission officials informed us that they plan to reevaluate their accounting information needs and the design and operation of the present system with a view toward redesigning, redocumenting, and resubmitting it to the Comptroller General for approval.

In light of these circumstances, we did not make a review of the system, but asked the Commission to provide a target date for submitting the revised principles and standards and system design and offered to consult with them on an informal basis, during the redesign to expedite reapproval. (Letter to the Executive Director, Dec. 24, 1974.)

Federal Power Commission

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

Our review had not been completed at June 30, 1975, but in a letter to the Executive Director on March 20, 1975, we brought to the Commission's attention the need to change the manner in which checks for filing fees were processed so that they could be deposited in the Treasury sooner.

The Commission told us on April 24, 1975, that it had issued instructions requiring all future collections to be deposited, as far as practicable, not later than the next work day after receipt in the Commission.

We also found that the payroll system had been automated since the system design was approved. The Commission plans further changes and agreed to submit the amended payroll system to the Comptroller General for approval.

Federal Trade Commission

The Commission's accounting system was approved in August 1958.

At the start of our review we learned that several changes had been made in the system, including changes in data processing procedures and cost accounting, and that other, substantial changes were in process. Accordingly, we informed the Commission that, when the changes currently in process have been made, the system should be prepared and resubmitted to the Comptroller General for approval.

We offered to consult with Commission officials on an informal basis during the revision of the system so that it can be submitted and approved expeditiously. (Letter to the Executive Director for Management, Nov. 5, 1974.)

Securities and Exchange Commission

The Commission's accounting system was approved in June 1969.

We found the system was being operated substantially in compliance with its approved design, but that (1) no internal reviews had been made, (2) some administrative procedures manuals were outdated, (3) quarterly verifications of imprest funds were not always made, and (4) receipts were not deposited promptly. (FGMSD-75-14, Jan. 2, 1975.)

The Commission initiated internal reviews, established controls to insure imprest funds will be verified quarterly, promised to update its manuals when staff is available, and changed its procedures for processing receipts to require and permit more prompt deposit of annual receipts exceeding \$20 million.

REVIEWS OF CONTROL SYSTEMS OVER RECEIPTS AND DISBURSEMENTS TO SETTLE THE ACCOUNTS OF ACCOUNTABLE OFFICERS

During fiscal year 1975 we completed three reviews to settle the accounts of accountable officers. Examples of these reviews are summarized below.

Department of Housing and Urban Development

The accounting system design for the Department was approved in April 1970. However, it has never completed its subsystems in accordance with the approved design.

We reported to the Congress many needed improvements in the Department's payroll system.

The Department told us it is developing a new payroll system and would

- correct, in the design of the new system, the specific control weaknesses discussed in our report;
- have its internal audit staff monitor the design of the new system and review it on a continuing basis after it becomes operational; and
- submit the new system design to GAO for approval (FGMSD-75-31, June 18, 1975).

Department of Health, Education, and Welfare

The Department has defined 19 accounting systems, of which only 4 had been approved by the Comptroller General at June 30, 1975.

We tested controls in the Office of Education system (unapproved), Food and Drug Administration (approved in June 1974), the Social and Rehabilitation Service (approved in June 1975), and at a regional office.

We reported the following deficiencies in these systems to the Secretary, Department of Health, Education, and Welfare (MWD-75-69, Mar. 5, 1975) and to the Comptroller, Department of Health, Education, and Welfare (FGMSD-75-32, May 22, 1975).

- In several organizations, employees who received cash receipts also made the accounting entries and prepared the deposit slips.
- In one office, the employee who certified vouchers for payment also authorized obligations and supervised the maintenance of the accounts.
- In one office, a safe containing cash receipts remained open all day in an unrestricted area.

- In one organization, amounts due the Government were not always recorded in the accounting records, and in two organizations persistent action to collect amounts due was not taken.
- Collections were not deposited promptly in two organizations.
- Controls over unused airline tickets were weak in one office.
- Some cash receipts received by one office in calendar years 1969-1972 were still in a suspense account at June 30, 1973.
- The general ledger control account for salary and travel advances in one office was not reconciled with subsidiary records.
- One organization's accounting system (1) contained about 10,000 known errors which may not be corrected for at least 2 more years, (2) had a backlog of 90,000 transactions which had been rejected (not entered) by the system, (3) produced erroneous reports, and (4) could not be used to produce or support reports to the Treasury on the status of appropriations.

STATUS OF APPROVALS AND EVALUATIONS

| | <u>Defense</u> | <u>Civil</u> | D.C. govern- ment (note a) | <u>Total</u> |
|---|----------------|--------------|-------------------------------------|--------------|
| PRINCIPLES AND STANDARDS: | | | | |
| Approved during fiscal year | 1 | 4 | - | 5 |
| Approved as of June 30, 1974, adjusted total | <u>114</u> | <u>160</u> | <u>1</u> | <u>275</u> |
| Approvals as of June 30, 1975 | 115 | 164 | 1 | 280 |
| Submitted formally for approval as of June 30, 1975 | <u>-</u> | <u>1</u> | <u>-</u> | <u>1</u> |
| Approved or submitted on June 30, 1975 | 115 | 165 | 1 | 281 |
| Submitted informally for evaluation | - | 2 | - | 2 |
| Not under evaluation | <u>-</u> | <u>3</u> | <u>-</u> | <u>3</u> |
| Total systems subject to approval at June 30, 1975 | <u>115</u> | <u>170</u> | <u>1</u> | <u>286</u> |
| SYSTEM DESIGNS: | | | | |
| Approved during fiscal year | 19 | 8 | - | 27 |
| Approved as of June 30, 1974, adjusted total | <u>15</u> | <u>106</u> | <u>-</u> | <u>121</u> |
| Approvals as of June 30, 1975 | 34 | 114 | - | 148 |
| Submitted formally for approval as of June 30, 1975 | <u>-</u> | <u>1</u> | <u>-</u> | <u>1</u> |
| Approved and submitted on June 30, 1975 | <u>34</u> | <u>115</u> | <u>-</u> | <u>149</u> |
| Submitted informally for evaluation | 21 | 15 | 1 | 37 |
| Not under evaluation | <u>60</u> | <u>40</u> | <u>-</u> | <u>100</u> |
| Total systems subject to approval at June 30, 1975 | <u>115</u> | <u>170</u> | <u>1</u> | <u>286</u> |

a/Actual number of accounting systems not yet determined.

STATUS OF APPROVAL OF ACCOUNTING SYSTEMS

AT JUNE 30, 1975

| <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 | Oct. 1968 | - | - | (b) |
| Animal and Plant Health Service | - | (b) | - | (b) |
| Farmers Home Administration | May 1969 | - | - | (b) |
| Soil Conservation Service | June 1969 | - | Mar. 1974 | - |
| Food and Nutrition Service | June 1973 | - | - | (b) |
| 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 | May 1968 | - | Aug. 1957 | - |
| Centralized Automated Payroll System | Sept. 1967 | - | Sept. 1967 | - |
| Total | b/ 16 | b/ 1 | b/ 10 | b/ 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 COMMERCE: | | | | |
| 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. | - | - | Apr. 1976 |
| Total | 8 | - | 7 | 1 |
| DEPARTMENT OF DEFENSE: | | | | |
| Department of the Air Force: | | | | |
| Departmental Level Systems: | | | | |
| General Accounting and Finance System | Aug. 1972 | - | - | June 1976 |
| Air Force Stock Fund | do. | - | - | Sept. 1975 |
| Air Force Industrial Fund | do. | - | - | FY 1979 |
| Command Level Systems: | | | | |
| General Accounting and Finance System | do. | - | - | May 1976 |
| Major Construction | do. | - | Oct. 1969 | - |
| Air Force Stock Fund | do. | - | - | Sept. 1975 |
| Field Activity Level Systems: | | | | |
| General Accounting and Finance System | Aug. 1972 | - | - | 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): | | | | |
| Advanced Logistics Systems: | | | | |
| Acquisition System | do. | - | - | FY 1979 |
| Stock Control and Distribution System | do. | - | - | do. |
| Depot Maintenance Industrial Fund | do. | - | - | do. |
| Job Order Cost Accounting System | do. | - | Mar. 1975 | - |
| Medical Materiel Accounting System | do. | - | Oct. 1973 | - |
| Base Level Materiel System | do. | - | - | Sept. 1975 |
| Stock Fund Division Offices: | | | | |
| Medical and/or Dental | do. | - | Oct. 1973 | - |
| Clothing | do. | - | - | Sept. 1975 |
| Commissary | do. | - | June 1975 | - |
| Systems and General Support | do. | - | - | Sept. 1975 |
| Central Aviation Fuels Management | do. | - | - | do. |
| Air Force Academy Stock Fund | Aug. 1972 | - | June 1975 | - |
| Commissary Stock Fund-- | | | | |
| Base Level | do. | - | June 1975 | - |
| Industrial Fund Systems: | | | | |
| Air Lift Services | do. | - | - | Dec. 1975 |

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| <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): | | | | |
| Industrial Fund Systems (continued): | | | | |
| 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. | - | - | Oct. 1975 |
| Federal Computer Performance Evaluation and Simulation Center Cost System | | | | |
| | do. | - | Apr. 1975 | - |
| Maintenance Cost Systems: | | | | |
| Aircraft | | | | |
| | do. | - | - | FY 1977 |
| Missile | | | | |
| | do. | - | - | do. |
| Cryptographic | | | | |
| | do. | - | - | do. |
| Civil Engineering Cost System | | | | |
| | Aug. 1972 | - | - | Oct. 1975 |
| Aerospace Audiovisual Service Cost System | | | | |
| | do. | - | - | FY 1977 |
| Commissary Trust Revolving Fund | | | | |
| | 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 Air Force (continued): | | | | |
| Support Services: | | | | |
| Military Pay: | | | | |
| Joint Uniform Military Pay System | do. | - | June 1974 | - |
| Cadet Pay--Academy | do. | - | Mar. 1974 | - |
| Cadet Pay--AF ROTC | do. | - | Jan. 1974 | - |
| Air Reserve Pay and Allowance System | do. | - | June 1975 | - |
| Retired Pay | do. | - | Jan. 1974 | - |
| Civilian Pay | do. | - | - | Jan. 1976 |
| Uniformed Services Savings Deposit Program | do. | - | Jan. 1974 | - |
| Total--Air Force | 39 | - | 17 | 22 |
| Department of the Army: | | | | |
| Departmental Level Systems: | | | | |
| Comptroller of the Army | June 1973 | - | - | FY 1978 |
| National Guard Bureau | do. | - | - | May 1976 |
| Command Level Systems: | | | | |
| Army Materiel Command--National Inventory Control Points | do. | - | - | Apr. 1976 |
| Military Traffic Management Command | do. | - | - | May 1976 |
| Corps of Engineers | Nov. 1974 | - | - | Dec. 1975 |
| Stock Fund Home/Subhome Offices | June 1973 | - | - | FY 1978 |

| <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: | | | | |
| Field Activity Level Systems: | | | | |
| Standard Finance System | do. | - | - | June 1976 |
| Standard Army Intermediate Level Supply | do. | - | May 1975 | - |
| Test and Evaluation Activities | do. | - | - | Dec. 1975 |
| Canal Zone Government | June 1964 | - | June 1964 | - |
| Standard Depot Management Information System | June 1973 | - | - | Oct. 1975 |
| Laboratories and Arsenal | do. | - | - | FY 1977 |
| Army Materials and Mechanics Research Center | June 1973 | - | June 1973 | - |
| Commissary Management Information | do. | - | - | FY 1978 |
| Laundry and Dry Cleaning | do. | - | - | do. |
| Clothing Sales Stores | do. | - | - | do. |
| Support Services: | | | | |
| Joint Uniform Military Pay System--Active Army | do. | - | Oct. 1973 | - |
| Joint Uniform Military Pay System--Reserves | do. | - | - | FY 1977 |
| Military Pay--Academy Cadets | do. | - | - | Mar. 1976 |
| Civilian Pay | do. | - | - | June 1976 |
| Transportation--Finance Center | do. | - | - | FY 1978 |
| Defense Telephone Service | do. | - | - | FY 1977 |
| Total--Army | 22 | - | 4 | 18 |

| <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 Marines Corps): | | | | |
| Departmental Level System: | | | | |
| Office of the Comptroller | Mar. | 1973 | - | Dec. 1976 |
| Command Level Systems: | | | | |
| Major Command/Fund Management: | | | | |
| Office of the Chief of Naval Operations | Mar. | 1973 | - | July 1976 |
| Bureau of Naval Personnel--Military Personnel | do. | | - | July 1977 |
| Naval Material Command | do. | | - | Jan. 1977 |
| Naval Education and Training Command | do. | | - | June 1976 |
| Office of Naval Research--Research, Development, Test and Evaluation | do. | | - | Apr. 1976 |
| Marine Corps Headquarters | do. | | - | Jan. 1977 |
| Naval Supply Systems Command--Stock Fund | do. | | - | Apr. 1977 |
| Chief of Naval Reserve | do. | | - | Nov. 1976 |
| Special Accounting: | | | | |
| International Logistics | do. | | - | Feb. 1977 |
| Processing, Accounting and Reporting Center | do. | | - | Mar. 1976 |
| Naval Academy | 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 Marines Corps): | | | | |
| Field Activity Level Systems: | | | | |
| General Accounting: | | | | |
| General Area Support | | | | |
| Points | Mar. 1973 | - | - | Dec. 1975 |
| Fleet (Surface) | do. | - | - | Aug. 1976 |
| Fleet (Air) | do. | - | - | Sept. 1975 |
| Marine Corps Activities | do. | - | - | June 1976 |
| Naval Air Stations (Class II) | do. | - | - | Jan. 1977 |
| Facilities Engineering Activities | do. | - | - | July 1976 |
| Industrial Fund Systems: | | | | |
| Shipyards | do. | - | June 1975 | - |
| Industrial Air Stations | do. | - | - | Jan. 1977 |
| Ordnance Activities | do. | - | - | Oct. 1975 |
| Public Works Centers | do. | - | Mar. 1974 | - |
| Marine Corps Industrial Activities | do. | - | - | Jan. 1977 |
| Support Services: | | | | |
| Military Pay: | | | | |
| Joint Uniform Military Pay System--Navy | | | | |
| | do. | - | - | June 1976 |
| Joint Uniform Military Pay System--Marine Corps | | | | |
| | do. | - | June 1973 | - |
| Nonactive Duty | do. | - | - | Nov. 1976 |

| <u>Department or agency</u> | <u>Principles and standards</u> | | <u>System designs</u> | |
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| | <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 (continued): | | | | |
| Support Services (continued): | | | | |
| Civilian Pay: | | | | |
| General Area | | | | |
| Support Points | Mar. 1973 | - | Mar. 1975 | - |
| Navy Regional Finance Centers | do. | - | June 1975 | - |
| Shipyards | do. | - | Mar. 1975 | - |
| Ordnance Activities | do. | - | do. | - |
| Industrial Air Stations | do. | - | - | FY 1977 |
| Marine Corps Activities | do. | - | May 1975 | - |
| Facilities Engineering Activities | do. | - | - | July 1976 |
| Bond Accounting: | | | | |
| Navy Regional Finance Centers | do. | - | June 1975 | - |
| Total--Navy | 34 | - | 9 | 25 |

| <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 Defense Civil Preparedness Agency | Jan. 1974 | - | - | FY 1977 |
| Defense Communications Agency: | do. | - | - | do. |
| General Appropriation System | do. | - | - | Jan. 1976 |
| Communications Services--Industrial Fund System | do. | - | - | FY 1977 |
| Defense Contract Audit Agency | do. | - | Feb. 1975 | - |
| Defense Intelligence Agency | do. | - | - | FY 1977 |
| Defense Investigative Service | do. | - | June 1975 | - |
| Defense Mapping Agency | do. | - | - | Mar. 1976 |
| Defense Nuclear Agency | do. | - | - | FY 1977 |
| Defense Security Assistance Agency: | | | | |
| Military Assistance Program | do. | - | - | Mar. 1976 |
| Foreign Military Sales Program | do. | - | - | FY 1977 |
| Defense Supply Agency: | | | | |
| Standard Automated Material Management Systems--Financial System | do. | - | Dec. 1973 | - |
| Automated Payroll, Cost and Personnel System: | | | | |
| Payroll | Jan. 1974 | - | Feb. 1975 | - |
| General Ledger, Cost, and Allotment Accounting | do. | - | - | FY 1977 |

| <u>Department or agency</u> | <u>Principles and standards</u> | | <u>System designs</u> | |
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| | <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 (continued): | | | | |
| Defense Supply Agency (continued): | | | | |
| Base Operating Supply System | do. | - | - | do. |
| Defense Industrial Fund—Clothing | do. | - | - | June 1976 |
| World-wide Integrated Management: | | | | |
| Wholesale Subsistence Stocks | do. | - | - | FY 1977 |
| Bulk Fuels | do. | - | - | do. |
| DOD Property Disposal Program | do. | - | - | do. |
| National Security Agency | do. | - | - | June 1976 |
| Total Office of the Secretary of Defense and Defense Agencies | | | | |
| | 20 | - | 4 | 16 |
| DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE: | | | | |
| Department-wide (Umbrella) System | Apr. 1970 | - | Apr. 1970 | - |
| Centralized Payroll System | do. | - | - | FY 1977 |
| Office of the Secretary | do. | - | Mar. 1973 | - |
| Working capital fund | do. | - | - | June 1976 |
| Food and Drug Administration | do. | - | June 1974 | - |

| <u>Department or agency</u> | <u>Principles and standards</u> | | <u>System designs</u> | |
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| | <u>Approved</u> | <u>Scheduled for approval (note a)</u> | <u>Approved</u> | <u>Scheduled for approval (note a)</u> |
| DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE: | | | | |
| Health Services Administration: | | | | |
| Administrative Accounting Service and Supply Fund | do. | - | - | FY 1977 |
| National Institutes of Health: | | | | |
| Administrative Accounting Service and Supply Fund | do. | - | - | Jan. 1976 |
| Management Fund | do. | - | - | do. |
| Federal Assistance Financing | do. | - | - | FY 1977 |
| Office of Education | do. | - | - | do. |
| Social and Rehabilitation Service | do. | - | June 1975 | - |
| Social Security Administration | do. | - | - | FY 1977 |
| Alcohol, Drug Abuse, and Mental Health Administration | do. | - | - | FY 1978 |
| Center for Disease Control | do. | - | - | FY 1977 |
| Health Resources Administration | do. | - | - | do. |
| National Institute of Education | do. | - | - | do. |
| Regional Accounting System | do. | - | - | June 1976 |
| Total | 19 | - | 4 | 15 |
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | |
| | Apr. 1968 | - | c/ Apr. 1970 | - |
| Total | 1 | - | 1 | - |
| DEPARTMENT OF THE INTERIOR: | | | | |
| Office of the Secretary | Jan. 1970 | - | - | June 1976 |
| Bureau of Outdoor Recreation | May 1969 | - | - | FY 1977 |
| Bureau of Reclamation | Dec. 1971 | - | June 1974 | - |
| U.S. Fish and Wildlife Service | May 1969 | - | - | May 1976 |

| <u>Department or agency</u> | <u>Principles and standards</u> | | <u>System designs</u> | |
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| DEPARTMENT OF THE INTERIOR (cont'd) | | | | |
| 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 | - | - | June 1976 |
| Government of American Samoa | July 1952 | - | d/ July 1952 | (June 1976) |
| Trust Territory of the Pacific Islands | Mar. 1954 | - | d/ Mar. 1954 | (FY 1977) |
| Bureau of Indian Affairs | Nov. 1972 | - | d/ Jan. 1953 | do. |
| Bureau of Land Management | Feb. 1969 | - | Aug. 1971 | - |
| Bureau of Mines | June 1972 | - | May 1954 | (Aug. 1975) |
| Denver Inter-Bureau Payroll System | do. | - | - | Feb. 1976 |
| Geological Survey | Aug. 1970 | - | Dec. 1972 | - |
| Departmental Integrated Payroll System | do. | - | Jan. 1974 | - |
| Southeastern Power Administration | Nov. 1952 | - | d/ Nov. 1952 | (June 1976) |
| Southwestern Power Administration | July 1952 | - | d/ July 1952 | do. |
| Total | 18 | - | 12 | 6 |
| 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 | - |

| <u>Department or agency</u> | <u>Principles and standards</u> | | <u>System designs</u> | |
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| DEPARTMENT OF JUSTICE (continued): | | | | |
| Federal Bureau of Investigation: | | | | |
| Administrative Accounting | do. | - | - | June 1976 |
| Payroll | do. | - | June 1975 | - |
| Bureau of Prisons: | | | | |
| Administrative Accounting | do. | - | June 1974 | - |
| Commissary Accounting | do. | - | - | FY 1977 |
| Prisoner Trust Fund | do. | - | - | do. |
| Drug Enforcement Administration | do. | - | May 1975 | - |
| Law Enforcement Assistance Administration: | | | | |
| Administrative Accounting | do. | - | - | June 1976 |
| Educational Program Accounting | do. | - | - | FY 1977 |
| Working Capital Fund | do. | - | - | do. |
| Total | 13 | - | 7 | 6 |
| DEPARTMENT OF LABOR: | | | | |
| Departmental accounting system | Mar. 1968 | - | Oct. 1972 | - |
| Federal and State employment security agencies system (Federal portion) | May 1970 | - | Dec. 1970 | - |
| Total | 2 | - | 2 | - |
| DEPARTMENT OF STATE: | | | | |
| Departmental Payroll | Sept. 1968 | - | - | FY 1977 |
| | do. | - | - | do. |
| Agency for International Development | Dec. 1967 | - | - | FY 1978 |
| Foreign Service Retirement and Disability Fund | Sept. 1968 | - | July 1970 | - |

| <u>Department or agency</u> | <u>Principles and standards</u> | | <u>System designs</u> | |
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| | <u>Approved</u> | <u>Scheduled for approval (note a)</u> | <u>Approved</u> | <u>Scheduled for approval (note a)</u> |
| DEPARTMENT OF STATE (continued): | | | | |
| Working capital fund | do. | - | May 1965 | - |
| International Boundary and Water Commission, United States and Mexico | do. | - | Jan. 1953 | - |
| Total | 6 | - | 3 | 3 |
| DEPARTMENT OF TRANSPORTATION: | | | | |
| Office of the Secretary | June 1970 | - | Mar. 1974 | - |
| Federal Aviation Administration | do. | - | - | FY 1977 |
| Federal Railroad Administration | do. | - | - | Dec. 1975 |
| National Highway Traffic Safety Administration | June 1970 | - | Feb. 1975 | - |
| Transportation Systems Center | do. | - | - | Sept. 1975 |
| Alaska Railroad Revolving Fund | do. | - | Sept. 1957 | - |
| Coast Guard | do. | - | Dec. 1951 | - |
| Federal Highway Administration | do. | - | June 1967 | - |
| Total | 8 | - | 5 | 3 |
| DEPARTMENT OF THE TREASURY: | | | | |
| Internal Revenue Service: | | | | |
| Administrative Accounting | May 1969 | - | Oct. 1972 | - |
| Revenue Accounting | Dec. 1972 | - | June 1974 | - |
| Tax Lien Revolving Fund | do. | - | Mar. 1974 | - |
| Office of the Treasurer-- | | | | |
| Administrative Accounting | May 1969 | - | June 1968 | - |
| Consolidated Federal Law Enforcement Training Center | do. | - | June 1973 | - |

| <u>Department or agency</u> | <u>Principles and standards</u> | | <u>System designs</u> | |
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| | <u>Approved</u> | <u>Scheduled for approval (note a)</u> | <u>Approved</u> | <u>Scheduled for approval (note a)</u> |
| DEPARTMENT OF THE TREASURY (continued): | | | | |
| 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 | - | Oct. 1968 | - |
| Central Accounting for Foreign Currency | June 1969 | - | June 1969 | - |
| Investments Accounting Operations | Mar. 1969 | - | Mar. 1969 | - |
| Bureau of Customs | May 1970 | - | d/ Nov. 1972 | (FY 1977) |
| Bureau of Engraving and Printing | May 1969 | - | July 1952 | - |
| Bureau of the Mint | do. | - | e/ 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 | - | May 1967 | - |
| U.S. Secret Service | do. | - | Nov. 1971 | - |
| Bureau of Alcohol, Tobacco, and Firearms | do. | - | May 1974 | - |
| Total | 19 | - | 19 | - |
| ACTION: | | | | |
| General Accounting | Mar. 1975 | - | - | Mar. 1976 |
| Payroll | do. | - | - | June 1976 |
| Volunteer Readjustment Allowance | do. | - | - | Mar. 1976 |
| ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS | | | | |
| | June 1972 | - | June 1972 | - |

| <u>Department or agency</u> | <u>Principles and standards</u> | | <u>System designs</u> | |
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| | <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 | Jan. 1968 | - | Jan. 1968 | - |
| 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 | - | FY 1977 | - | FY 1977 |
| CONSUMER PRODUCT SAFETY COMMISSION | - | Dec. 1975 | - | FY 1977 |
| ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION | <u>f/</u> Mar. 1963 | - | <u>f/</u> Mar. 1963 | - |
| ENVIRONMENTAL PROTECTION AGENCY | Dec. 1973 | - | - | Jan. 1976 |
| EQUAL EMPLOYMENT OPPORTUNITY COMMISSION | May 1971 | - | <u>d/</u> Feb. 1973 (Jan. 1976) | |
| EXECUTIVE OFFICE OF THE PRESIDENT: | | | | |
| Office of Management and Budget | June 1967 | - | June 1967 | - |
| National Security Council | June 1972 | - | June 1972 | - |
| Office of the Vice President | May 1972 | - | Sept. 1972 | - |
| The White House | Oct. 1969 | - | Oct. 1969 | - |
| FARM CREDIT ADMINISTRATION | Jan. 1970 | - | - | Sept. 1975 |

| <u>Department or agency</u> | <u>Principles and standards</u> | | <u>System designs</u> | |
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| | <u>Approved</u> | <u>Scheduled for approval (note a)</u> | <u>Approved</u> | <u>Scheduled for approval (note a)</u> |
| FEDERAL COMMUNICATIONS COMMISSION | Sept. 1958 | - | Sept. 1958 | - |
| FEDERAL ENERGY ADMINISTRATION | - | July 1975 | - | FY 1977 |
| FEDERAL HOME LOAN BANK BOARD | June 1972 | - | - | do. |
| FEDERAL MEDIATION AND CONCILIATION SERVICE | Dec. 1969 | - | - | do. |
| FEDERAL POWER COMMISSION | June 1965 | - | June 1965 | - |
| FEDERAL TRADE COMMISSION | Aug. 1958 | - | Aug. 1958 | - |
| GENERAL SERVICES ADMINISTRATION: | | | | |
| General | June 1965 | - | June 1965 | - |
| Payroll | do. | - | Apr. 1973 | - |
| Federal Buildings Fund | Nov. 1974 | - | - | Dec. 1975 |
| INDIANS CLAIMS COMMISSION | Jan. 1961 | - | Jan. 1961 | - |
| INTERSTATE COMMERCE COMMISSION | June 1968 | - | June 1968 | - |
| 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 | - | - | June 1976 |
| NATIONAL MEDIATION BOARD | July 1958 | - | July 1958 | - |

| <u>Department or agency</u> | <u>Principles and standards</u> | | <u>Systems designs</u> | |
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| | <u>Approved</u> | <u>Scheduled for approval (note a)</u> | <u>Approved</u> | <u>Scheduled for approval (note a)</u> |
| NATIONAL SCIENCE FOUNDATION: | | | | |
| General Accounting | Apr. 1969 | - | June 1973 | - |
| Payroll System | do. | - | May 1974 | - |
| NATIONAL TRANSPORTATION SAFETY BOARD | - | FY 1977 | - | FY 1978 |
| NUCLEAR REGULATORY COMMISSION | - | Mar. 1976 | - | FY 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 | - |
| SMALL BUSINESS ADMINISTRATION: | | | | |
| General Accounting | Dec. 1968 | - | June 1975 | - |
| Payroll | do. | - | June 1974 | - |
| SMITHSONIAN INSTITUTION | Aug. 1959 | - | Aug. 1959 | - |
| National Gallery of Art | Nov. 1958 | - | Nov. 1958 | - |
| UNITED STATES INFORMATION AGENCY | Dec. 1968 | - | g/ Dec. 1970 | - |
| VETERANS ADMINISTRATION: | | | | |
| Administrative Accounting | Oct. 1972 | - | Sept. 1956 | - |
| Personnel and Pay System | do. | - | July 1969 | - |
| Medical Care and Administration | do. | - | Sept. 1956 | - |
| Construction Appropriations | do. | - | June 1975 | - |
| Supply Fund | do. | - | Sept. 1956 | - |
| Direct Loan Program | do. | - | Nov. 1953 | - |

| <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> |
| VETERANS ADMINISTRATION (continued): | | | | |
| Loan Guaranty Program | do. | - | Mar. 1954 | - |
| Insurance Program | do. | - | Oct. 1972 | - |
| Compensation, Pension, and Education | do. | - | - | FY 1978 |
| DISTRICT OF COLUMBIA GOVERNMENT | Feb. 1972 | - | - | FY 1977 |
| | | | | |
| | Totals as of | | | |
| | June 30, 1975 | | | |
| | <u>280</u> | <u>6</u> | <u>148</u> | <u>138</u> |

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 five special program accounting systems (see chapter 3).

c/Designs of subsystems have not been completed.

d/To be resubmitted on dates shown in parenthesis.

e/The bullion accounting system has not been included as it is being merged into the Financial Management Information System, a new accounting system currently being designed which will include all the Bureau of the Mint. The new system is scheduled for completion in September 1977.

f/Approval of Atomic Energy Commission transferred to this system.

g/Except ADP portion.

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