



UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE

143 FEDERAL OFFICE BUILDING, 50 FULTON STREET
SAN FRANCISCO, CALIFORNIA 94102

089301

GAO 0365

IN REPLY REFER TO:

93900

July 31, 1970

Supintendent
Naval Postgraduate School
Hutchins, California 93940

DIG 02520



LM089301

Dear Sir:

On May 11, 12, and 13, we visited the Comptroller's Office and the Supply and Fiscal Office at the Naval Postgraduate School to obtain information on the procedures used to control and communicate accounting data to NSC, Oakland, the Authorized Accounting Activity.

During our visit we listed a number of transactions shown on your records as in-transit items, i.e., transactions which had been sent to the Authorized Accounting Activity to be entered into your accounts and reports, but which had not appeared on a transaction ledger.

In tracing these transactions at NSC, Oakland, we found that about two-thirds of the items had previously appeared on transaction ledgers. This indicates that they should not have been shown as in-transit items on your records.

Under the Authorized Accounting Activity concept, it is imperative that all accounting transactions for any one month are recorded in that month's business if the reports are to show the true financial condition at month end. The accounts for your activity are held open for up to 5 calendar days after the end of the month to allow time for all transactions for the month to arrive at the Authorized Accounting Activity and to be included in the last transaction ledger for the month. Any in-transit items remaining in your files after checking the last transaction ledger for the month means that either the transaction was not picked up on the transaction ledger for the month or it was not properly cleared when the transaction ledger was received from the Authorized Accounting Activity.

Although present procedures suggest that staff dates be established in order to ascertain whether documents have been

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**Superintendent
Naval Postgraduate School**

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included in the reports issued by the Authorized Accounting Activity, there is no suggested procedure for clearing in-transit items. We plan to call this matter to the attention of Navy Comptroller Officials and to suggest that the Navy's accounting system for operations include a requirement that any in-transit items remaining after the last transaction ledger for the month has been received be referred at once to the Authorized Accounting Activity for an explanation as to why they were not included in the transaction ledger. We suggest that such a procedure be adopted by your activity now to ensure that all accounting transactions are included in the accounts and reports for the current month.

Copies of this letter are being furnished to the Commanding Officer, HSC, Oakland, the Chief of Naval Personnel, the Assistant Secretary of Navy (Financial Management), and the Assistant Secretary of Defense (Comptroller).

If you have any questions please feel free to contact this Office.

Very truly yours,

A. M. CLAVELL

A. M. Clavell
Regional Manager