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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20540

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DIVISION OF FINANCIAL AND
GENERAL MANAGEMENT STUDIES

JAN 2 1976

B-159797

The Honorable
The Secretary of Defense

BEST DOCUMENT AVAILABLE

Attention: Assistant Secretary of
Defense (Comptroller)



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Dear Mr. Secretary:

We reviewed the Air Force's Medical Materiel Accounting System to determine if it was being operated in accordance with the system design approved by the Comptroller General on October 24, 1973. The system is the base level financial reporting system for the Air Force Medical Dental Stock Fund.

Based on our tests at Maxwell Air Force Base, Alabama, and the Air Force Data Systems Design Center, Gunter Air Force Station, Alabama, we concluded that the accounting system is being operated in accordance with the system design approved by the Comptroller General and appears to be substantially in compliance with the principles, standards, and related requirements currently prescribed by the Comptroller General in Title 2 of the GAO Manual for Guidance of Federal agencies.

In arriving at our conclusion, we evaluated those internal accounting controls that affect purchases, receipts, sales, revenues, and expenditures, and changes to the system since it was approved by the Comptroller General.

We noted, however, that certain improvements were needed in the computer program edits. To insure the validity of input data, the computer programs include various edits to check accounting and financial transactions for required data and validity of transactions. Our test of program controls in the system disclosed instances in which the system processed invalid transactions which were not

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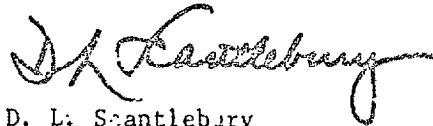
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rejected or identified as errors. Air Force officials told us they are taking action to improve the system's program edits to insure that transactions are processed correctly. Since the Air Force is taking corrective action, we are making no recommendations at this time.

We wish to acknowledge the cooperation and courtesies extended by our representatives during the review.

Sincerely yours,



D. L. Scantlebury
Director