

099960

099960
HARTW



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20543

DIVISION OF FINANCIAL AND
GENERAL MANAGEMENT STUDIES

GAO 170

MAR 18 1975

B-159797



The Honorable
The Secretary of Defense

no handwritten

Dear Mr. Secretary:

We surveyed the industrial fund accounting system for Navy Public Works Centers at the Center in San Diego, California, to determine if it was being operated in accordance with the system design approved by the Comptroller General in March 1974. (1)

The accounting system used by the Navy Public Works Center, San Diego, California, is being operated in accordance with the approved system design and is in compliance with the principles, standards, and related requirements currently prescribed by the Comptroller General in Title 2 of the GAO Policy and Procedures Manual for Guidance of Federal Agencies. We were informed by Navy officials that the same system design has been implemented at seven other public works centers. (3)

In making our survey we relied primarily on work performed by the Naval Audit Service in a review of the system completed in March 1975. The Service concluded in its report, dated April 23, 1975, that the system was operating in accordance with the approved design. The report also contained recommendations which were designed to improve the efficiency of the system. We found that Navy officials took appropriate action to implement these recommendations.

We also reviewed and evaluated changes to the system since its approval and tested operating procedures and controls over billing of costs to customers for completed work. (2)

The system design approved by the Comptroller General in 1974 contains the following requirements which have not been fully implemented. (4)

FGMSD-76-52

702957

099960

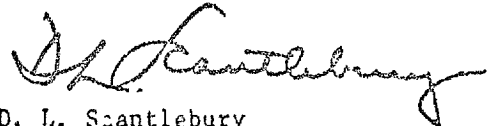
NOT AVAILABLE

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

The above requirements apply to all Department of Defense industrial funds. We are currently evaluating another Navy Industrial Fund system design and, during our evaluation, we will determine whether appropriate action has been taken by the Department of Defense to require the above features to be implemented at all industrial fund activities.

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

Sincerely yours,



D. L. Scantlebury
Director

NOT AVAILABLE