



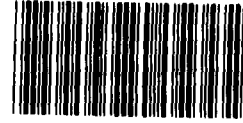
UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

12/02/1  
~~2011~~  
31815

NATIONAL SECURITY AND  
INTERNATIONAL AFFAIRS DIVISION

JULY 26, 1985

B-216944



127521

Rear Admiral E. A. Wilkinson, Jr.  
Director, Defense Mapping Agency

Dear Admiral Wilkinson:

Subject: Defense Mapping Agency's Progress in Complying  
with the Federal Managers' Financial Integrity  
Act of 1982 (GAO/NSIAD-85-116)

We have concluded our review of the Defense Mapping Agency's (DMA's) continuing efforts to implement and comply with the Federal Managers' Financial Integrity Act (FIA) of 1982 [31 U.S.C. 3512(b) and (c)]. The act is a result of a government-wide campaign to improve control over its operations and to better protect and safeguard federal resources by reducing fraud, waste, abuse, and mismanagement. Our review concentrated on sections 2 and 4 of the act. Section 2 requires the heads of federal agencies to evaluate and report annually to the President and the Congress on the status of its systems of internal accounting and administrative controls. Section 4 requires agencies to report on whether their accounting systems conform to the principles, standards, and related requirements prescribed by the Comptroller General.

In December 1984, the Secretary of Defense provided his second annual report to the President and the Congress on the Department of Defense's (DOD's) compliance with the act. The report was based on separate reports from 24 DOD reporting centers, one of which was DMA. As required by DOD instructions, reports are to be provided each year and used as the basis for the Secretary of Defense's annual report.

DOD's Inspector General's Office reviewed DMA's internal control program and found that the internal management control evaluation and reporting process used by DMA complies with the requirements of the act and with the Office of Management and Budget's (OMB's) guidelines. The Inspector General had no findings to report. The results of this review were provided to you for consideration in preparing your 1984 report to the Secretary of Defense.

032700

(390017)

Your report to the Secretary of Defense stated that the system of internal accounting and administrative controls in effect within DMA, taken as a whole, provides reasonable assurance that the objectives of the act have been met. Your report did not identify any material weaknesses. You also reported that DMA uses three Air Force accounting systems, of which two were reported in conformance with the Comptroller General's principles, standards, and related requirements. The third system was considered by the Air Force as not in conformance and is discussed in the Air Force's assurance letter. All three systems were also reported to satisfactorily meet DMA's fiduciary and management accounting responsibilities.

Considering the findings of the Inspector General, we limited our evaluation to a general overview of the internal control program and did not attempt to evaluate the adequacy of the basis for your report. We found that substantial progress had been made in accomplishing the objectives of the act. Specifically, DMA:

- Expanded its internal control program coverage to include all of its organizations.
- Issued internal control review and vulnerability assessment guidelines and revised its Internal Management Control Program Instructions to comply with OMB guidelines.
- Expanded its internal control training from limited external training to a formal internal training program. The training was provided to managers with internal control responsibilities.
- Performed over 1,100 vulnerability assessments, compared to 140 in 1983.
- Completed 14 internal control reviews.
- Hired a private contractor to review its production security controls in automated data processing operations.
- Established a good quality control system for use in monitoring vulnerability assessments and internal control reviews.
- Established a DMA-wide, automated follow-up system for tracking internal control weaknesses and corrective actions. This system has also tracked nearly 400

non-material weaknesses found by DMA's evaluation process. Over 200 of these have been corrected and closed out.

Regarding the three Air Force accounting systems used by DMA, you reported to the Secretary of Defense that DMA evaluated the systems to determine whether the software had been changed, and whether the internal accounting systems and controls were operating as prescribed. The evaluation report showed that the standard software had not been changed; however, DMA had developed unique data extract programs to fulfill internal requirements. The report also listed 130 recommendations to bring the systems' manual operations into conformance with applicable requirements. DMA is in the process of issuing supplemental instructions to the Air Force accounting regulations and manuals, where needed, to meet DMA's unique requirements.

We have no recommendations to make at this time. We plan to continue to follow DMA's progress as part of our monitoring of implementation of the act by DOD.

We are sending copies of this report to the Chairmen of the House Committee on Government Operations; the Senate Committee on Governmental Affairs; the Senate Appropriations' Subcommittee on Defense; and the House and Senate Committees on Appropriations, Armed Services, and the Budget. We are also sending copies to the Director, OMB; and to the Secretary of Defense.

We appreciate the courtesy and cooperation DMA personnel extended to us during our review.

Sincerely yours,



Frank C. Conahan  
Director

General Electric