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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON REGIONAL OFFICE
FIFTH FLOOR
803 WEST BROAD STREET
FALLS CHURCH, VIRGINIA 22046

SEP 8 1972

Dear Mr. Gray:

We have recently completed a review of the practices and procedures applicable to the administration of payroll matters of the Federal Bureau of Investigation (FBI), Department of Justice, through the leave year ended January 8, 1972. Our review, which was made using statistical sampling techniques, included an evaluation of internal controls over the payroll.

We are pleased to inform you that we found the administration of the payroll to be satisfactory and the internal controls generally effective. We did note an opportunity for you to improve on the payroll portion of the Inspection Division's annual review of the FBI's operating and financial activities.

The last inspection which was made in April 1971 was limited to a test of time and attendance reports for one pay period. While the report on this inspection and pertinent working papers were not available to us, we were informed that no adverse findings were reported.

We believe a review of the payroll could well include (1) an evaluation of the system of internal controls, (2) tests of the payroll and leave records, and (3) a determination of the propriety of salary payments on a test basis. We discussed the possibility of expanding the coverage with an official of the Inspection Division, who agreed to review the payroll in greater depth in future inspections and to retain the reports for our review.

The payroll and leave records through January 8, 1972, may be stored in accordance with your record retention and disposal program.

We wish to acknowledge the courtesies and cooperation extended to our representatives during the review, and we would appreciate being advised of any action taken on the matter discussed herein.

A copy of this letter is being sent to the Assistant Attorney General for Administration, Department of Justice.

Sincerely yours,

H. L. Krieger

H. L. Krieger
Regional Manager

Mr. L. Patrick Gray III
Acting Director
Federal Bureau of Investigation

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803 WEST BROAD STREET
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SEP 8 1972

Dear Mr. Pellerzi.

A copy of our letter to the Acting Director, Federal Bureau of Investigation, is enclosed for your information. The letter contains the results of our review of the procedures and practices applicable to the administration of payroll matters at the Bureau for the period ended January 8, 1972.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "H. L. Krieger".

H. L. Krieger
Regional Manager

Mr. Leo M. Pellerzi
Assistant Attorney General for
Administration
Department of Justice