



UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
9226 FEDERAL BUILDING, SIXTH AND ARCH STREETS
PHILADELPHIA, PENNSYLVANIA 19106

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November 19, 1974



Mr. William E. Greenlee
Superintendent of Industries
Federal Prison Industries, Inc.
U.S. Penitentiary
Lewisburg, Pennsylvania 17837

Dear Mr. Greenlee:

The General Accounting Office has examined the financial statements of the Federal Prison Industries, Inc., (FPI), U.S. Penitentiary, Lewisburg, Pennsylvania, for the fiscal year ended June 30, 1974. The examination was made pursuant to the Government Corporation Control Act (31 U.S.C. 841).

In connection with our examination we also reviewed the results of a recent audit performed by the Department of Justice's Internal Audit Staff, Office of Management and Finance, for financial activities through March 31, 1974. In addition, we made a limited evaluation of FPI's management of its working capital with particular concern to cash and inventories.

Our review was made in accordance with generally accepted auditing standards and included such tests of accounting records of the metal furniture and clothing factories as we considered necessary in view of the nature and volume of transactions and the effectiveness of internal controls.

At the conclusion of our examination of the financial statements, we discussed the results of our work with you and the Warden, U.S. Penitentiary. Corrective actions were taken on all matters, except for the raw materials and finished goods problem. Based on the audit report of the Department of Justice issued in May 1974, there were Boards of Survey appointed

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on June 3 and September 13, 1974, to inspect certain obsolete, excess, and slow-moving items of raw materials valued at \$50,200 and finished goods at \$11,100. However, as of October 29, 1974, no action was taken by the Boards of Survey on the recommendations. Please advise us as to what action has been taken or planned on this matter.

We also discussed with you the results of our limited evaluation of the management of working capital which did not disclose any unusual problems.

We wish to acknowledge the cooperation extended to our representatives by your civilian and inmate personnel during our review.

Copies of this letter are being sent to the Assistant Attorney General for Administration, Department of Justice, Washington, D.C.; the Commissioner, Federal Prison Industries, Inc., Department of Justice, Washington, D.C.; and the Warden, U.S. Penitentiary, Lewisburg, Pennsylvania.

Sincerely yours,



Allen R. Voss
Regional Manager