



*REPORT OF THE
COMPTROLLER GENERAL
OF THE UNITED STATES*

Improvements Needed In Accounting System Operations

The White House Office

The Budget and Accounting and Finance Act of 1950 requires the Comptroller General to report on the operations of the accounting systems of the executive departments and agencies, and to make recommendations for improvement. This report is a result of the work done by the Comptroller General and his staff in the course of the study.

We identified some areas in the White House Office where the accounting system could be improved. The Comptroller General's staff is to conduct the study and to make recommendations. The feasibility of the study is to be determined by the staff that will report the findings to other agencies of the Executive Office of the President.

FGMSD 7634

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B-133209

Mr. Philip W. Buchen
Counsel to the President
The White House

Dear Mr. Buchen:

At your request, we have reviewed the White House Office accounts from July 1, 1969, to August 9, 1974, the date the current administration took office.

Our review showed there was a need to improve accounting controls and procedures to help insure that receipts and disbursements are properly handled and that effective accounting control is maintained over all funds, property, and other assets. Our review showed that:

- Many disbursements were not supported by the documentation needed to show that the goods and services procured were properly authorized and received.
- Funds totaling \$33,656 were transferred during fiscal year 1971, without legal authorization, from the Central Intelligence Agency to the White House Office for use in paying printing and mailing costs. The President's Commission On CIA Activities Within The United States also reported to the President on the impropriety of the transactions.
- Equipment was lost or missing indicating that property accounting controls, including physical inventory procedures, needed improvement.
- Improvements were needed in controls and procedures for preparing payrolls, keeping time and attendance records, and accounting for employees' leave to prevent erroneous salary payments.
- The limitation of \$10,000 for official reception and representation expenses was exceeded by about \$200 in fiscal year 1971.
- Financial reports to the Office of Management and Budget for fiscal years 1970 through 1974 did not properly report reimbursements and other income.

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Generally, when expenditures are improper or unsupported, the General Accounting Office has the authority to take formal exceptions to them. However, expenditures out of the Special Projects fund and expenditures falling under Presidential certification are not subject to exception by this office. Also, most of the disbursements which were not adequately documented were for small purchases of goods or services that appeared to be for normal administrative-type operations. We believe that no useful purpose would be served by taking formal exceptions now based on our audit because of the resources required to properly document the many small procurements years after they took place. In discussing the unsupported expenditure transactions, the White House Administrative Officer said he was aware of the fact that some transactions were not documented and that complete documentation was now being required.

In discussing our findings with the White House Administrative Officer and his staff members, we were also told that the White House Office is planning to redesign its accounting system and to make more use of automatic data processing. White House Office officials have assured us that the financial management improvements suggested in this report will be included in the revised accounting system and that the revised accounting system design will be submitted to the Comptroller General for approval.

In a proposed report sent to the White House Office for comment, we suggested that the White House Administrative Officer:

- Require that appropriate documentation be submitted before certifying vouchers for payment.
- Require that periodic physical inventories of property be taken.
- Provide written instructions to White House Office personnel keeping leave, time and attendance, and retirement records.
- Properly report reimbursements and other income to the Office of Management and Budget as required.

We did not suggest return of the funds transferred by CIA because an amount of authorized funds, in excess of the amount transferred, was not used by the White House Office in 1971 and was later returned to the Treasury.

In commenting on our proposed report (see app. I), you concurred with our assessment that most of the deficiencies

discussed would not have occurred if approved accounting procedures had been followed. You stated that the following corrective actions had been taken.

- Procurement documents are being filed together and uniform procedures are being established to require proper documentation for certification of vouchers for payment, such as authorization for purchase and evidence of receipt of goods.
- Physical inventories are being made on a regular basis and property records are being updated to show the results of these inventories. Improved procedures are being implemented for property accountability.
- Payroll procedures are being changed to establish uniform practices for personnel keeping leave, time and attendance reports, and retirement records.
- Reimbursements are now being reported to the Office of Management and Budget as required.
- Automatic data processing systems are being studied with a view toward improving the accounting system and internal controls.

Some of the problems identified in our audit might have been corrected sooner if the White House Office had an internal audit staff to review its operations on a regular basis. We are therefore recommending that an internal audit function be established as one means of assuring more effective control over and accountability for all funds, property, and other assets. We are also recommending that provision be made for providing internal audit coverage of other agencies in the Executive Office of the President and the Office of the Vice-President.

In your comments on our proposed report (see app. I), you stated that the feasibility of establishing an internal audit staff will be studied further and pursued with other agencies in the Executive Office of the President.

We are sending copies of this report to the Chairmen of the House and Senate Committees on Government Operations and Appropriations, and to the Director, Office of Management and Budget.

We shall appreciate receiving your comments on any additional actions taken or planned on the matters discussed in this report.

Sincerely yours,

Acting

R. F. Kester
Comptroller General
of the United States

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C o n t e n t s

	<u>Page</u>
CHAPTER	
1 INTRODUCTION	1
Scope of review	1
2 WHY IMPROVEMENTS ARE NEEDED IN ACCOUNTING SYSTEM OPERATIONS	3
Basic responsibilities of certifying officers	3
Procurement documentation needs to be improved	3
Improper transfer of funds from the Central Intelligence Agency	6
Physical inventories of property should be taken regularly	7
Need for improved controls over payroll operations	8
Need to improve accounting for annual leave to prevent incorrect lump-sum payments	8
Need for greater accuracy in keeping time and attendance records	9
Need to improve controls over em- ployees retirement records and reporting to the Civil Service Commission	9
The White House Office exceeded an appropriation limitation	10
Need to properly report reimbursements and other income	10
Conclusions, recommendations, and agency comments	11
3 NEED FOR INTERNAL AUDITING	13
Conclusion	14
Agency comments	14
Recommendations	14
APPENDIX	
I Letter to the Comptroller General dated July 27, 1976, from the Counsel to the President	15

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II Principal officials of the White House
Office responsible for administering
activities discussed in this report

17

ABBREVIATIONS

CIA Central Intelligence Agency

OMB Office of Management and Budget

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CHAPTER 1

INTRODUCTION

We have audited the White House Office accounts in response to a request from the Counsel to the President. We evaluated the system of controls over receipts and disbursements for the operation of the White House Office from June 30, 1969, through August 9, 1974, the date the current administration took office.

The White House Office Salaries and Expense Appropriation finances the operating staff and administrative support services for the White House Office; the Special Projects Appropriation finances expenses necessary to provide staff assistance for the President in connection with special projects. The appropriations for fiscal years 1970 through 1974 are shown below.

<u>Fiscal year</u>	<u>Salaries and expenses</u>	<u>Special projects</u>
1974	\$11,260,000	\$ 414,000
1973	9,767,000	1,500,000
1972	9,342,000	1,500,000
1971	8,899,000	1,500,000
1970	3,940,000	2,500.000

The Comptroller General approved the accounting system for the White House Office in October 1969. However, many transactions were not processed through the system in accordance with the GAO Policy and Procedures Manual for Guidance of Federal Agencies. If the guidance manual had been followed, most of the deficiencies discussed in this report would not have occurred.

The White House Office is planning major revisions to its accounting system, including extensive use of automatic data processing. It plans to submit the revised accounting system to us for approval.

SCOPE OF REVIEW

In making our review we examined:

- The system of accounting for receipts and disbursements.
- The controls over procurement of goods and services and payroll operations.

--The system for property accountability.

--Pertinent laws and the legislative histories relating to White House Office appropriations.

--Selected transactions occurring from July 1, 1969, to August 9, 1974.

Each White House Office appropriation act provides for certain funds to be spent by the President solely on his certificate. Such amounts spent were not questioned for sufficiency of documentation.

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CHAPTER 2

WHY IMPROVEMENTS ARE NEEDED

IN ACCOUNTING SYSTEM OPERATIONS

The accounting system and related controls over receipts and disbursements the White House Office followed from July 1, 1969, to August 9, 1974, needed improvement to provide effective control over and accountability for all funds, property, and other assets. The following sections describe the improvements needed and the corrective actions taken or planned.

BASIC RESPONSIBILITIES OF CERTIFYING OFFICERS

The responsibilities for certifying officers are established by law (31 U.S.C. 82c). Guidance for fulfilling these responsibilities is provided by title 7 of the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies. Although the certifying officer has responsibility for determining the propriety of payments, his responsibility ends with the proper certification of a voucher. However, if the goods or services obtained are used for improper, unauthorized, or illegal activities, the responsibility shifts from the certifying officer to the official directly responsible for those activities.

Our review was directed at evaluating the system of controls over receipts and disbursements which the certifying officers relied on in fulfilling their responsibilities for determining that the procurement of goods or services were legal, proper, and correct.

PROCUREMENT DOCUMENTATION NEEDS TO BE IMPROVED

Numerous expenditures for procurement transactions were made without properly documenting that the transactions were properly authorized and the goods and services were received.

Good accounting practice requires that, when an agency receives a bill, it matches the bill with the purchase order or other authorizing document showing that the goods or services were ordered by someone having authority to do so and with a receiving report or other document showing that the goods or services were received. Also, each bill or invoice should be approved for payment by the proper administrative official who is aware of the facts as required by title 7, section 23.1 of the GAO Policy and Procedures Manual.

The certifying officer should then authorize a disbursement from the Treasury. If the system of controls over disbursements does not function properly, there are no assurances that goods or services were properly authorized or received, possibly resulting in payment of improper or unauthorized expenses.

To test the effectiveness of the White House Office system of controls over disbursements, we reviewed all recorded transactions, excluding payroll and Presidential travel, for the first 3 months of fiscal year 1970 and the last 3 months of fiscal year 1974.

In this category, 367 transactions involved expenditures of about \$416,000 for fiscal year 1970 and 254 transactions involved expenditures of about \$364,000 for fiscal year 1974. Of the 367 transactions examined in fiscal year 1970, 37 either did not have a procurement authorization or evidence of receipt and 31 had neither. Therefore, about 15 percent of the sample transactions did not meet the basic documentation requirements for certification. Of the 254 transactions examined in fiscal year 1974, 114 either did not have a procurement authorization or evidence of receipt and 41 had neither. Therefore, about 61 percent of the sample transactions did not meet the basic documentation requirements for certification.

Also, many transactions examined for fiscal years 1970 through 1974 were not adequately documented for procurement authorization and receipt. For example:

- Informal and incomplete memorandums were used for processing procurement transactions rather than using standard White House Office purchase orders.
- Payments were made on the basis of vendors' invoices initialed by various White House Office employees rather than evidence of receipt signed by an appropriate White House Office employee.
- Many invoices had check marks and other indications of some form of review, but the purpose of the markings were not shown or fully explained by White House Office personnel.

The following examples selected from the entire period under audit show the lack of supporting documentation for payments made. We believe that, in these and the other cases identified, there was inadequate supporting documentation for the certifying officer to assure himself that the transactions were legal, proper, and correct.

-- Staff member was reimbursed \$47.47 for rental of a conference room. The file contains no invoice or other supporting documentation other than an inter-office memorandum stating, "Forward to [staff member] a check for a conference room he had to rent \$47.47."

--A private firm was paid \$3,784.62 for magazine and newspaper subscriptions. The support in the accounting records for the payment was the vendor's invoice and delivery receipts. There were no records showing who was authorized to receive the magazines and newspapers.

--A reimbursement was made of \$2,739.11 for a dinner party. The accounting records did not contain a copy of the bill or any indication of a procurement authorization. Payment was based only on a handwritten note.

--A staff member was reimbursed \$71.65 for telephone expenses. The files did not contain a copy of the bill or the required certificate of the head of the agency (or his designee) that long-distance calls were necessary in the interest of the Government (31 U.S.C. 680a). The only support for the payment was an interoffice memorandum that stated "[staff member] has incurred the attached* telephone charges in connection with work he is performing \$71.65." *no attachment in records

The requirement for proper certification was not met before the disbursement in the above examples. Generally, when disbursements were made without proper documentation to evidence that the transactions were legal, proper, and correct, we have the authority to take exceptions to such payments until such time as the proper documentation is obtained and presented. However, expenditures out of the Special Projects fund and expenditures falling under Presidential certification are not subject to exception by this office. Also, most of the expenditure transactions examined, excluding payroll and travel, were for small purchases of consumable items of the types that appeared to us to be normal and necessary for administrative support of the White House Office. We believe no useful purpose would be served by taking formal exceptions now based on our audit because of the resources required to properly document the many small procurements years after they took place.

We discussed the need to follow proper certification procedures with White House Office officials who said they were aware of the fact that many disbursements had not been properly documented. They stated there had been a reluctance to require senior White House Office officials and their staffs to submit the required documentation and payments were

made sometimes on the basis of oral directives but complete documentation was now being required. (See p. 11.)

IMPROPER TRANSFER OF FUNDS FROM
THE CENTRAL INTELLIGENCE AGENCY

During fiscal year 1971 the Central Intelligence Agency (CIA) reimbursed the white House Office for printing and mailing costs of replying to persons who wrote the President after the invasion of Cambodia in the spring of 1970. In our opinion, the reimbursements were not proper and the use of CIA funds for such purposes was improper. The reimbursements, two separate payments totaling \$33,655.68, were credited to the white House Office Salaries and Expense Appropriation. The President's Commission On CIA Activities within The United States also reported on the impropriety of the transactions and recommended that steps should be taken to insure against repetition of such an incident.

Without express provision of law, the transfer of funds between appropriations is not authorized (see 31 U.S.C. §628) (33 COMP. GEN. 216 (1953)). There is no clear statutory authority that the white House Office could rely on for CIA reimbursement of the printing and mailing expenses.

Section 403f, title 50, United States Code, as amended, does provide the CIA and other Government agencies with broad transfer authority.

"In the performance of its functions, the Central Intelligence Agency is authorized to-- a) Transfer to and receive from other Government agencies such sums as may be approved by the Office of Management and Budget, for the performance of any of the functions or activities authorized under sections 403 and 405 of this title, and any other Government agency is authorized to transfer to or receive from the Agency such sums without regard to any provisions of law limiting or prohibiting transfers between appropriations. Sums transferred to the Agency in accordance with this paragraph may be expended for the purposes and under the authority of section 403a-403j of this title without regard to limitations of appropriations from which transferred; * * *."

We think §403f could not be relied upon, however, as authority for the subject reimbursement. The section limits authority for the transfer and the receipt of CIA funds only for the performance of any CIA functions or activities authorized under sections 403 (including 403a-403j) and 405. None

of those sections appear to authorize the transfer and receipt of CIA funds for funding a domestic activity unrelated to the primary mandate of foreign intelligence gathering, such as printing and mailing letters by the White House Office to persons in the United States. A CIA official concurred with our position.

At the end of fiscal year 1971 the White House Office returned unused appropriated funds to the Treasury in excess of the CIA reimbursements. We are therefore not recommending any action to adjust the accounting records of the agencies.

PHYSICAL INVENTORIES OF PROPERTY
SHOULD BE TAKEN REGULARLY

The White House Office property accounting system accounted for equipment valued at about \$741,000 as of June 30, 1975. Required annual physical inventories had not been taken to insure that equipment was on hand and had been properly protected from theft or other loss.

The Federal Property and Administrative Services Act of 1949 requires each executive agency to "maintain adequate inventory controls and accountability systems for the property under its control," (40 U.S.C. §481 (b)). Title 2 of the GAO Policy and Procedures Manual for Guidance of Federal Agencies generally provides that property accounting for Federal agencies must include appropriate procedures for keeping records of physical quantities of Government-owned property and its location; making independent checks on the accuracy of the accounting records through periodic physical count, weight, or other measurement; and taking physical inventories of fixed assets at regular intervals.

Further, the White House Office accounting manual requires that a physical inventory of capitalized items be taken annually and reconciled with the detailed inventory records and the general ledger control account.

During the period covered by our review, none of the required inventories was taken. Further, we were unable to determine when the last complete inventory had been taken. We were told that one of the problems of maintaining current inventory records was caused by White House Office staff members changing offices and property locations without the property records being updated.

As a result of our inquiries, the White House Office, in March 1975, took an inventory of typewriters. Property records at June 30, 1975, showed that the typewriters on hand were valued at about \$280,000. The inventory showed that 58 typewriters recorded on property cards at cost or

appraised value of about \$18,000, were either lost, missing, or traded-in with no record being made of the trade-in.

In our discussion with White House Office officials, we pointed out that periodic physical inventories would make it easier to locate missing property.

NEED FOR IMPROVED CONTROLS OVER PAYROLL OPERATIONS

During fiscal year 1974 the White House Office paid salaries of \$9,299,000 to about 500 employees. Although there were no major weaknesses in the payroll system, the White House Office needed to improve (1) accounting for annual leave to prevent incorrect lump-sum payments, (2) the accuracy of time and attendance records, and (3) controls over employee retirement records.

Need to improve accounting for annual leave to prevent incorrect lump-sum payments

The White House Office needed to improve its practice for determining accumulated and unused annual leave balances. Although accuracy is always important, it is particularly important when employees leave Government service because such employees are entitled to lump-sum payments for accrued annual leave at the time of separation. Our review disclosed a number of cases in which incorrect payments for accrued annual leave had been made.

We reviewed the records of 127 employees who had separated during calendar year 1974 and found that 79 employees had received lump-sum payments for unused annual leave. Our analysis of the computation of the lump-sum payments showed that incorrect separation payments were made to nine employees--five overpaid and four underpaid. These incorrect payments were caused by errors in computing leave balances and using improper pay rates. Errors ranged from an underpayment of about \$175 to an overpayment of about \$750.

We notified White House Office officials of the incorrect payments and they sent collection letters to the five individuals who were overpaid \$1,890.04. Subsequently, one collection was made for \$51.84; two waivers were requested and granted for \$555.90; and two waiver requests involving \$1,278.30 were granted by GAO in accordance with the provisions of the Federal Claims Collection Act (5 U.S.C. § 5584). The White House Office has paid the four former employees \$236.34 for which they had been underpaid.

Need for greater accuracy in keeping
time and attendance records

Time and attendance reports, used for determining employees' biweekly earnings and unused leave balances, were improperly prepared primarily because of a lack of adequate instructions.

White House Office staff members earn and use compensatory leave. However, this leave was not always recorded on the time and attendance reports, although this is required by the GAO Policy and Procedures Manual. In addition, we noted that the approving official's name on some time and attendance reports had been signed by several individuals.

The White House Administrative Officer agreed with our findings and told us that he would provide timekeepers with written instructions for preparing time and attendance reports.

Need to improve controls over
employee retirement records and
reporting to the Civil Service Commission

The White House Office was not reconciling its retirement records or filing required retirement reports with the Civil Service Commission.

The Commission requires that each Government agency file a calendar year report, Annual Summary Retirement Fund Transactions, no later than March 31 of the following year. The report is the means by which the Commission's Civil Service Retirement Trust Fund is reconciled with agency reports for these transactions. In addition, the annual summary assures that retirement deductions have been properly accounted for by the agencies and entered on individual retirement records.

A representative of the Civil Service Commission said that the last annual summary received from the White House Office was for the calendar year ended December 31, 1972. We were told by several members of the White House Office payroll staff that, because they had difficulties reconciling the retirement reports due after 1972, the reports had not been filed.

After we brought the retirement record problems to their attention, a representative of the Civil Service Commission and the White House Office payroll staff worked together and reconciled the records.

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THE WHITE HOUSE OFFICE EXCEEDED
AN APPROPRIATION LIMITATION

The White House Office, in addition to receiving its regular salaries and expense appropriations, receives an annual appropriation for special projects to be used for purposes for which other appropriations are not normally available. The appropriation for fiscal year 1971 provided \$1.5 million for special projects and contained a limitation of \$10,000 for official reception and representation expenses. The limit was exceeded by about \$200 in fiscal year 1971, contrary to the provisions of the Anti-Deficiency Act (31 U.S.C. 665 (a)).

The Anti-Deficiency Act provides in part that:

"No officer or employee of the United States shall make or authorize an expenditure from or create or authorize an obligation under any appropriation or fund in excess of the amount available therein
. . . ."

The language of the statute applies to a limitation within an appropriation, as well as to an entire appropriation and violations are to be reported to the Congress. The White House Office spent about \$200 in excess of the \$10,000 limitation for official reception and representation expenses in fiscal year 1971. The amount, although very small, constitutes a violation of the statute. The violation was caused by White House Office employees exceeding administratively established spending limitations. It was not reported to the Congress.

NEED TO PROPERLY REPORT
REIMBURSEMENTS AND OTHER INCOME

For fiscal years 1970 through 1974, the White House Office did not properly report reimbursements and other income to the Office of Management and Budget (OMB) as required by its Circular A-34.

OMB requires agencies to submit reports designed to show the status of budgetary resources and financial data related to budget execution.

The White House Office reports and financial statements submitted to OMB for fiscal years 1970 through 1974, for the two appropriations audited, did not show all reimbursements or other income as required by OMB. The reimbursements and other income received were used to reduce expenditures reported. During the period covered by our audit, the White House Office accounting records showed that reimbursements

and other income of about \$1.2 million were received but not properly reported to OMB.

CONCLUSIONS, RECOMMENDATIONS, AND
AGENCY COMMENTS

During the period July 1, 1969, to August 9, 1974, the White House Office financial operation needed considerable improvement to conform to Government regulations and good accounting procedures. Notwithstanding the high pressure environment which officials told us were behind many of the problems noted, we believe that the White House Office can have a good accounting system and meet the prescribed requirements.

Officials at the White House Office told us that they had taken or were taking action to correct all the deficiencies noted.

In a proposed report sent to the White House Office for comment, we suggested that the White House Administrative Officer:

- Require that appropriate documentation be submitted to the certifying officer before certifying vouchers for payment.
- Require that periodic physical inventories of property be taken.
- Provide written instructions to White House Office personnel keeping leave, time and attendance, and retirement records.
- Properly report reimbursements and other income to the Office of Management and Budget as required.

In commenting on our proposed report (see app. I), the Counsel to the President concurred with our assessment that most of the deficiencies discussed would not have occurred if the approved accounting system procedures had been followed. The letter stated that the following corrective actions had been taken by the current administration.

- Procurement documents are being filed together and uniform procedures are being established to require proper documentation for certification of vouchers for payment, such as authorization for purchase and evidence of receipt of goods.

- Physical inventories are being conducted on a regular basis and property records are being updated to show the results of these inventories. Improved procedures are being implemented for property accountability.
- Payroll procedures are being changed to establish uniform practices for personnel keeping leave, time and attendance reports, and retirement records.
- Reimbursements are now being reported to the Office of Management and Budget as required.
- Automatic data processing systems are being studied with a view toward improving the accounting system and internal controls.

We also learned that the White House Office is planning to redesign its accounting system which will provide for the extensive use of automatic data processing. White House Office officials have assured us that the financial management improvements suggested in this report will be incorporated in the revised accounting system design.

CHAPTER 3

NEED FOR INTERNAL AUDITING

The White House Office does not have an internal audit staff.

The Congress recognized the role and usefulness of internal auditing when it passed the Budget and Accounting Procedures Act of 1950 (31 U.S.C. §§ 65 et. seq.). This act placed responsibility for instituting this element of internal control on top agency management by providing (31 U.S.C. § 66a) that:

"The head of each executive agency shall establish and maintain systems of accounting and internal control designed to provide * * * effective control over and accountability for all funds, property, and other assets for which the agency is responsible, including appropriate internal audit; * * *"
(underlining supplied)

The overall objective of internal auditing is to assist agency management in attaining its goals by furnishing information, analyses, appraisals, and recommendations pertinent to management's duties and objectives.

Management of an office, such as the White House Office, can benefit from timely information on problems on which remedial measures can be taken before an organization's function is impaired. This information, once it has been examined and appraised, often leads to opportunities for achieving lower costs, increased efficiency, and faster ways of doing things.

Internal auditing can be of special benefit to managing of smaller organizations, such as the White House Office, where the customary separation of duties among employees is not always economical or practical.

As stated previously, internal auditing is an essential element of management control. In this report we have pointed out a number of weaknesses in management control over financial operations. Some of the basic responsibilities of an internal auditor should include examining financial transactions, accounts, and reports and evaluating agency compliance with applicable laws and regulations. Had the White House Office been subjected to periodic internal audits, we believe that the deficiencies described in this report could have been reported to management earlier and management would have been afforded the opportunity to take corrective action sooner.

In addition to the White House Office, we noted that other agencies in the Executive Office of the President--National Security Council, Council of Economic Advisers, Domestic Council, and Office of Management and Budget--do not have internal audit staffs. Also, the Office of the Vice-President does not have an internal audit staff.

CONCLUSION

In our view, because the White House Office does not have an internal audit staff, it does not have an important element of management control. This element of management control is particularly important in an office, such as the White House Office, that frequently employs many individuals who have not had prior experience with many complex Government fiscal requirements.

AGENCY COMMENTS

In his comments on our proposed report (see app. I), the Counsel to the President stated that the feasibility of establishing an internal audit staff would be studied further and pursued with other agencies in the Executive Office of the President.

RECOMMENDATIONS

We recommend that the Staff Secretary to the President provide for an internal audit function at the White House Office either by creating a small internal audit staff or by obtaining internal audit services from another agency, such as the General Services Administration, which provides this service on a reimbursable basis. We also recommend that internal audit coverage be provided for other agencies in the Executive Office of the President and the Office of the Vice-President.

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THE WHITE HOUSE

WASHINGTON

July 27, 1976

Dear Mr. Staats:

Thank you for the opportunity to comment on the draft report of the audit of the White House Office for the period July 1, 1969, through August 9, 1974, the closing date of the previous administration. The audit was directed at evaluating the system of controls over receipts and disbursements for the operation of the Office.

As noted in your report, the accounting system for the White House Office was approved by the Comptroller General in 1969. We agree with your assessment that most of the deficiencies discussed in the report would not have occurred if the approved procedures had been followed. The audit points to the need for improvements in documenting procurement actions, in property accounting and physical inventory procedures, in the system of controls over receipts and disbursements, and in reporting reimbursements. The report lists examples to support these findings and makes specific recommendations to improve operations. It also recommends that an internal audit staff be established to insure effective control over and accountability for all funds, property and other assets.

As the report states, a number of corrective actions have already been taken. These include:

- Procurement documents are being filed together and uniform procedures established to show authorization for purchase and receipt of goods.
- Physical inventories are being conducted on a regular basis and property records are being updated to reflect the results of these inventories. Improved procedures are being implemented for property accountability.
- Reimbursements are now being reported to the Office of Management and Budget as required.

In addition, the following actions are being taken to improve operations:

- Payroll procedures are being changed to establish uniform practices for personnel keeping leave, time and attendance reports and retirement records.
- Automatic data processing systems are being studied with a view toward improving the accounting system and internal controls.
- The feasibility of establishing an internal audit staff will be studied further and pursued with other agencies in the Executive Office of the President.

We appreciate the constructive nature of this audit and trust that our planned improvements will remedy the deficiencies.

Sincerely,



Philip W. Buchen
Counsel to the President

The Honorable Elmer B. Staa
Comptroller General of the United States
Washington, D. C. 20548

PRINCIPAL OFFICIALS OF
THE WHITE HOUSE OFFICE
RESPONSIBLE FOR ADMINISTERING ACTIVITIES
DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
STAFF SECRETARY TO THE PRESIDENT:		
John R. Brown III	July 1969	Mar 1971
Jon M. Huntsman	Mar. 1971	Feb. 1972
Bruce A. Kehrl	Feb. 1972	May 1974
Jerry H. Jones	June 1974	June 1975
James E. Connor	June 1975	Present
CHIEF EXECUTIVE CLERK:		
William J. Hopkins	Apr. 1968	May 1971
Noble M. Melencamp (note a)	May 1971	Apr. 1973
Robert D. Linder	Apr. 1973	Present
ADMINISTRATIVE OFFICER:		
Carson M. Howell	Aug. 1961	Jan. 1971
Wilbur H. Jenkins	May 1971	Present
CERTIFYING OFFICER:		
William J. Hopkins	Jan. 1966	May 1971
John J. Ratchford	Apr. 1968	Feb. 1973
Noble M. Melencamp (note a)	May 1971	Feb. 1973
Robert D. Linder	Feb. 1973	Present
Wilbur H. Jenkins	Feb. 1973	Present

a/Noble M. Melencamp was detailed from the State Department from May 29, 1971, to April 14, 1973.

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