



UNITED STATES GENERAL ACCOUNTING OFFICE  
REGIONAL OFFICE  
2006 WASHINGTON BOULEVARD BUILDING  
234 STATE STREET  
DETROIT, MICHIGAN 48226

JUN 20 1972



Mr. Bruce T. Lundin, Director  
Lewis Research Center  
National Aeronautics and Space Administration  
21000 Brookpark Road  
Cleveland, Ohio 44135

Dear Mr. Lundin:

We reviewed the accounts of your certifying officer for the period ending June 30, 1971. The administrative procedures and internal controls for receipt and disbursement of funds are adequate.

We did not review the adequacy of the controls over your payroll operation because the Regional Management Audit Office was in the process of evaluating these controls. We withhold our conclusion on these controls pending the completion of the audit.

The statistical sampling method for selecting vouchers under \$100 for prepayment audit and for projecting errors can be improved by

- segregating and numbering only vouchers under \$100 for sampling purposes,
- conducting a study to determine an adequate sample size at a 95 percent confidence level,
- establishing a cut-off date for determining which vouchers are in the sample for each reporting period,
- determining group error ranges as the absolute difference between the value of the lowest and highest errors,
- verifying the accuracy of the projections shown in the statistical quarterly reports, and

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-- preparing written procedures explaining the statistical sampling method.

The Chief of the Audit Branch agreed that adoption of these suggestions should reduce the workload of the Branch and provide reliable projections. Please advise us of the actions taken on our suggestions.

We appreciate the assistance provided our staff during the review.

We are sending copies of this report to the Special Assistant to the Associate Administrator for Organization and Management and the Assistant Administrator for Administration, National Aeronautics and Space Administration and the Manager, Regional Management Audit Office, Lewis Research Center.

Sincerely yours,

*C. H. Moore*

C. H. Moore  
Regional Manager



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MAR 30 1972

Mr. Bruce T. Landin, Director  
Lewis Research Center  
National Aeronautics and Space Administration  
21000 Brookpark Road  
Cleveland, Ohio 44135

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