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

APR 10 1975

Mr. Edward F. Phelps., Controller
Office of the Controller
Federal Deposit Insurance Corporation
550 Seventeenth Street, NW.
Washington, D.C. 20429

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Dear Mr. Phelps:

In the course of our recently completed audit of the Corporation's fiscal year 1974 financial statements we noted that the format of the Accounting and Budget Branch's organization manual is being revised. The proposed format for the new "Policy and Procedures Manual" is in two parts: (1) Organization and Policy Guide and (2) Procedural Guides. Realizing that this is an ongoing effort, we discussed the progress and plans with your associates and believe your efforts have been properly directed.

We would like to suggest at this time that consideration be given to including, as part of the manual, pro forma journal entries for the monthly recurring transactions. The pro forma entry should include (1) the account number and title for the accounts involved, (2) reference to the source documentation, (3) the person responsible for preparing the entry, and (4) an explanation of the journal entry. We believe this information would be a meaningful addition to your manual and should result in a more efficient recording of the recurring journal entries.

We want to call your attention to a weakness in internal controls that continues to exist. In prior years we have advised your associates that the names of unauthorized persons are on the signature cards maintained by commercial banks for liquidators' collection and imprest accounts. As you are aware, the only signatures which should be on these cards are those of officials authorized to draw on the accounts. We suggest that you take appropriate action to assure that the names of unauthorized persons are removed from the signature cards.

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Your comments on the above matters and advice as to any action taken or planned would be appreciated. We are ready to meet with you or your staff for further discussion if this would be helpful.

Sincerely, .

H. L. Krieger

H. L. Krieger
Regional Manager