



UNITED STATES GENERAL ACCOUNTING OFFICE  
REGIONAL OFFICE  
7014 FEDERAL BUILDING, 1961 STOUT STREET  
DENVER, COLORADO 80202

APR 3 1972

Mr. Joseph F. Friedkin, Commissioner  
International Boundary and Water Commission  
United States Section  
P. O. Box 1859  
El Paso, Texas 79950



Dear Mr. Friedkin:

We have completed our review of the financial management system of the International Boundary and Water Commission, United States Section (IBWC).

We do not intend to further pursue the matter of allocation of employee salaries between appropriations. However, in view of the questions raised by our staff and as mentioned in the last paragraph of your December 23, 1971, letter to us, we recommend that your budget justification language be expanded to specifically outline headquarters support to projects. This would serve to fully inform the Congress as to the manner in which the personnel services are being charged.

During our review several matters were discussed with your staff. Actions taken and improvements expected are:

- A procurement manual has been written and distributed to the necessary field offices for their use. We believe this manual is sufficient to explain the procurement procedures to the individuals utilizing this system.
- The procurement manual included the approval procedures to define a properly approved request for purchase. This will enable IBWC personnel, particularly the Voucher Examiner, to determine if a request for purchase has been properly approved.
- Verbal instructions have been given to the Accounting Section that all future allotment advices are to be signed by the Comptroller or the Budget and Accounting Officer. This procedure should keep the Comptroller or the Budget and Accounting Officer informed of all changes in allotments.

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- Statistical sampling procedures were revised to comply with the guidelines set out in the Policy and Procedures Manual for Guidance of Federal Agencies. We believe these new procedures will provide management with the information necessary to evaluate the results of the tests.
- Instructions were issued directing an independent person to verify the "receipt for monies" record of the Communications and Records Section to the accounting records. This should provide a control feature to assure that all cash and its equivalent recorded on the receipt document is being recorded in the accounting records.
- Verbal instructions have been issued to the Accounting Officer requiring all collections not deposited daily must have the approval of the Comptroller or Budget and Accounting Officer. This procedure should give the Government maximum use of the funds.
- A property manual has been written and distributed to the individuals responsible for the control and accountability of personal property. We believe this manual describes the property procedures sufficiently to the personnel utilizing the system.
- An inventory of personal property was completed as of November 30, 1971. The property manual has established an annual inventory date of August 31 and requires the inventory to be reconciled with the accountable records of the Property Unit. These requirements, if followed, should serve to substantially reduce the number of erroneous property cards and thereby contribute to a more effective property management system.
- Purchase orders issued by the Procurement Section are being routed to the Accounting Section for fund validation prior to sending to the supplier. This should provide administrative control of funds to prevent over obligation for purchase orders issued by the Procurement Section. We understand your staff is now working on a system of fund control for the field offices which is to be implemented by July 1, 1972.

Other matters discussed with your staff and on which you may wish to give further attention are:

1. IBWC does not have a payroll manual which is required by GAO's Policy and Procedures Manual for Guidance of Federal Agencies. On the subject of payroll, the manual states in part:

"\*\*\* The publication of agency policies and procedures in manual form and the proper maintenance thereof are necessary to guide the individuals responsible for carrying out the day-to-day activities in a uniform and systematic manner. \*\*\*"

We understand that the payroll manual is to be completed by July 1, 1972.

2. At the time of our review IBWC maintained two sets of property cards containing the same information.

Our statistical sample of the property cards maintained in the Accounting Section showed an error rate of 23.1 percent. In projecting this error rate to the universe of 1,706 property cards, we estimate approximately 394 errors. The errors were of three types. (1) The quantity on the property card did not agree with the physical count requested by GAO. (2) The actual location of the item did not agree with the location stated on the property card. (3) Serial numbers of the property reported by the several locations did not agree with the serial numbers on the property cards; therefore, we were unable to determine whether the property was located at another site or whether IBWC did, in fact, still have the property.

We understand the November 30 inventory is being reconciled to Property's set of property cards and the cards kept by the Accounting Section will also be reconciled to Property's set and then destroyed.

3. The salary cost of the Chief of Operation and Maintenance (O&M) and his secretary is accumulated in the O&M Headquarters account and distributed quarterly to the four largest O&M projects. However, we were told that these two staff members work on all seven projects.

We recommend that the cost of their salaries accumulated in this account be distributed equitably to all O&M projects on which they work.

We found that IBWC had no one in the internal review capacity for the two years prior to our visit. Due to the significant amount of funds administered by your office (\$6.8 million for the 2-year period) we believe you should consider the assignment of a full time internal auditor to assure the accounting and internal controls required by the Budget and Accounting Act of 1950.

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We wish to thank you and your staff for the courtesies and co-operation extended to our representatives during the review. We will welcome any comments you may have on this report or the review. We are especially interested in any actions taken or planned on the matters discussed in items 1, 2, and 3 and the paragraph immediately above.

In accordance with the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies, title 8, chapter 5, the records of the IBWC, American Section, financial transactions through fiscal year 1971 may be transferred to the Federal Records Center.

Sincerely yours,



Irwin M. D'Addario  
Regional Manager