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REPORT TO THE CONGRESS

Improvements Needed In Financial Statements Of The Emergency Credit Revolving Fund Of The Farmers Home Administration

B-114873

Department of Agriculture

BY THE COMPTROLLER GENERAL OF THE UNITED STATES

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DEC. 30, 1970

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D C 20548

B-114873

To the President of the Senate and the
Speaker of the House of Representatives

This is our report on improvements needed in financial statements of the Emergency Credit Revolving Fund of the Farmers Home Administration, Department of Agriculture. Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Copies of this report are being sent to the Director, Office of Management and Budget, and to the Secretary of Agriculture.

Elmer B. Staats

Comptroller General
of the United States

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ABBREVIATIONS

ECRF Emergency Credit Revolving Fund

FHA Farmers Home Administration

GAO General Accounting Office

OIG Office of the Inspector General

COMPTROLLER GENERAL'S REPORT TO THE CONGRESS

IMPROVEMENTS NEEDED IN FINANCIAL STATEMENTS OF THE EMERGENCY CREDIT REVOLVING FUND OF THE FARMERS HOME ADMINISTRATION
Department of Agriculture B-114873

D I G E S T

WHY THE AUDIT WAS MADE

The Farmers Home Administration (FHA) administers several loan programs designed to assist persons who reside in rural areas and who cannot obtain credit from private sources at reasonable rates and terms. Because the General Accounting Office (GAO) observed erroneous and questionable data in FHA's financial reports and budget presentations, it audited FHA's financial statements of the Emergency Credit Revolving Fund as of December 31, 1968 (At the time GAO's review was started in June 1969, these statements were the most current.)

The Fund is used to make emergency loans to farmers and ranchers in areas designated as natural disaster areas At December 31, 1968, loans outstanding totaled $90 million. (See p 5)

FINDINGS AND CONCLUSIONS

In GAO's opinion, the financial statements--which were prepared by FHA and which were furnished to the Treasury Department pursuant to Treasury Circular 966--do not present fairly the financial position of the Emergency Credit Revolving Fund at December 31, 1968, and the results of the emergency loan operations for the 6-month period ended December 31, 1968, in conformity with principles and standards of accounting prescribed for Federal agencies by the Comptroller General (See p 31 and pp. 35 to 39.)

The net loss from operations ($4 3 million), shown in the Statement of Income and Expense for the 6-month period, and the accumulated net deficit ($120 million), shown in the Statement of Financial Condition, were understated materially. This situation resulted because certain expenses related to the emergency loan program were not recognized by FHA and were not recorded in the accounts or reported in the financial statements. These expenses included interest costs of $4.5 million on the Government's investment in the Emergency Credit Revolving Fund.

FHA's estimates of future losses on emergency loans and related receivables ($24.7 million) were not adequately supported. GAO concluded that FHA's accounting system does not provide adequate information with which to evaluate the collectibility of outstanding loans. Loans

receivable are the most significant asset of the Fund. (See p. 11.) Also

--Several account balances, including cash, were significantly misstated, because transactions had not been recorded promptly or had not been classified properly. (See p. 17.)

--FHA's basis for determining the administrative expenses chargeable to the Fund was not sound and resulted in distortion of the reported costs of operations. (See p. 22.)

GAO believes that FHA's accounting procedures and practices do not provide for full and accurate disclosure of the financial results of the emergency loan program, adequate financial information for management purposes, or reliable accounting data for reports required by the Treasury Department.

The Comptroller General approved FHA's statement of accounting principles and standards in May 1969. FHA has not yet developed and submitted, for the approval of the Comptroller General, the design for its accounting system. (See p. 5)

The Office of the Inspector General, Department of Agriculture, had made audits of specific functions or activities of FHA's Finance Office. The audits, however, were not sufficiently comprehensive or were not made on a systematic basis to provide agency management with assurance that the financial management system provided reliable financial reports. (See p. 25.)

The accounting procedures and practices of the Emergency Credit Revolving Fund apply also to FHA's other loan programs, and the financial reports on these activities could be similarly affected. (See p 27.)

RECOMMENDATIONS OR SUGGESTIONS

FHA's Administrator should assign an adequate staff to the task of designing an accounting system which will meet the needs of FHA managers and the requirements set forth by the Comptroller General.

The Office of the Inspector General should establish a program for testing the accuracy of FHA's financial reports. The program should include evaluations--made on a systematic basis--of the adequacy of controls over the various accounts and FHA's accounting practices and of the conformity of these controls and practices with the requirements set forth by the Comptroller General.

The Office of the Inspector General also should consult with FHA to ensure that FHA's system, as designed, will comply with accepted accounting principles and standards and will contain adequate audit trails (See p. 27.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

The Acting Administrator said that FHA is in general agreement with GAO's recommendations and has hired accounting specialists to implement a financial management system as promptly as possible

He stated also that, as work on the system progresses, problems, such as those discussed in this report, will be corrected so that future financial statements will show transactions accurately and will provide more reliable information for management. (See p. 28)

The Acting Inspector General also agreed with GAO's recommendations and said that the Office of the Inspector General would reevaluate, in the very near future, its audit approach at the FHA Finance Office. (See p. 28.)

GAO believes that the actions planned by FHA and the Office of the Inspector General should upgrade and strengthen FHA's financial management system. GAO plans to review the actions to see if FHA's financial management system is providing management with useful and reliable reports.

MATTERS FOR CONSIDERATION BY THE CONGRESS

The Accounting and Auditing Act of 1950 (31 U.S.C. 66) places the responsibility for establishing and maintaining adequate systems of accounting and internal controls with the head of each agency. GAO is bringing this matter to the attention of the Congress because of continuing congressional interest in the development of adequate accounting systems in the Federal Government.

CHAPTER 1

INTRODUCTION

The General Accounting Office has made an audit of the Farmers Home Administration's Statement of Financial Condition of its Emergency Credit Revolving Fund (ECRF) as of December 31, 1968, and the related Statement of Income and Expense and Statement of Sources and Application of Funds for the 6-month period ended that date. We evaluated FHA's accounting policies and practices as they were applied to the financial transactions of the emergency loan program. The scope of our audit is described on page 30.

ORGANIZATION AND MANAGEMENT OF FHA

FHA was established on November 1, 1946, pursuant to the Farmers Home Administration Act of 1946 (7 U.S.C. 1001), to simplify and improve credit services available to farmers and to promote farm ownership. Pursuant to this act, the responsibility for administering the farm ownership loan program and the farm operating loan program of predecessor agencies was delegated to the Administrator of the FHA by the Secretary of Agriculture.

FHA's National Headquarters Office in Washington, D.C., has responsibility for (1) determining overall policy within the framework of the law, (2) issuing operating instructions, (3) controlling budgets, and (4) directing the technical training of field staffs.

FHA maintains 41 State offices and 1,715 county offices which serve the 50 States, the District of Columbia, Puerto Rico, and the Virgin Islands. Each State office is headed by a State director who is responsible for all program operations within his territorial jurisdiction. The county offices, each under the supervision of a county supervisor, are located so as to serve all agricultural counties.

FHA ACCOUNTING RESPONSIBILITIES

The Budget and Accounting Procedures Act of 1950 (31 U.S.C. 66a) places the responsibility for establishing and maintaining adequate systems of accounting and internal control with the head of each executive agency. These systems must conform to the accounting principles, standards, and related requirements prescribed by the Comptroller General in accordance with that law.

The Act requires that the Comptroller General cooperate with the executive agencies in the development of their accounting systems and approve such accounting systems when they are deemed to be adequate and in conformity with his prescribed principles, standards, and related requirements. Approval is given in two stages--the individual agency's statement of principles and standards and the design of the accounting system itself.

FHA's fiscal, business management, and accounting services are carried out centrally by about 500 employees at its Finance Office in St. Louis, Missouri. Under the guidance of the Assistant Administrator (Management), the Director of the Finance Office plans and directs the activities of the Office. The Director has been delegated the responsibility for the design, installation, and maintenance of the accounting system; the data processing system; and related financial and program reporting functions.

In April 1969 FHA submitted a statement of accounting principles and standards to the Comptroller General for review and approval. The Comptroller General approved these principles and standards in May 1969. FHA has not yet developed and submitted for approval by the Comptroller General the design for its accounting system.

EMERGENCY CREDIT REVOLVING FUND

The ECRF, which was established on October 15, 1961, pursuant to the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1966), is used for making emergency loans to farmers and ranchers in areas designated as natural disaster areas. During the 6-month period ended December 31, 1968, FHA made emergency loans amounting to about $31 million. At December 31, 1968, there were about 21,000 borrowers with outstanding emergency loans totaling about $90.5 million, exclusive of accrued interest, and

398,000 borrowers under other loan programs with outstanding loans totaling about $5 billion.

To be eligible for an FHA emergency loan, a borrower must be unable to obtain credit from private or other responsible sources at reasonable rates and terms. The 1961 act provides that emergency loans be made at an interest rate not in excess of 3 percent per annum. Depending on the purposes of the emergency loans (i.e., operating costs, capital improvement, or real estate), loan repayment may be made for periods ranging from 1 year to 20 years. The terms of the loans generally provide for repayments in annual installments.

The 1961 act provides also that collections of principal and interest on loans made from the ECRF be deposited into the fund and be available for additional loans and for administrative expenses of the loan program.

CHAPTER 2

COMMENTS ON FINANCIAL STATEMENTS

AND ACCOUNTING PROCEDURES

The financial statements, which are included as schedules 1 through 3, are the statements which FHA submitted to the Treasury Department pursuant to Treasury Circular 966 (June 16, 1965), which requires the preparation and submission of the financial statements for Government corporations and other business-type activities, such as the ECRF. The Treasury Circular states that the financial statements and related information are required for use by the Treasury Department in discharging its responsibility under the Budget and Accounting Procedures Act of 1950 and for use by the Office of Management and Budget (formerly the Bureau of the Budget) in following through with the budgetary programs of the reporting agencies.

FHA officials advised us that the statements submitted to the Treasury Department are used also for internal purposes. At the time our audit was initiated (June 1969), these statements--prepared as of December 31, 1968--were the most current ECRF statements available.

Our opinion on the ECRF financial statements is included in chapter 6.

We concluded that FHA's accounting procedures and practices do not provide for full and accurate disclosure of the financial results of the emergency loan program, or for the accumulation of adequate financial information for management purposes or reliable accounting data for preparation of reports required by the Treasury Department. These deficiencies indicate a need for FHA to establish policies and procedures that provide for (1) recording all significant costs of administering the emergency loan program, (2) accumulation of data for evaluating the collectibility of receivables, (3) adequate and timely recording and classification of transactions, and (4) equitable allocation of administrative expenses to the emergency loan program. Our comments on these matters follow.

GOVERNMENT'S COSTS FOR ADMINISTERING THE EMERGENCY LOAN PROGRAM MATERIALLY UNDERSTATED

The ECRF Statement of Income and Expense did not disclose certain costs incurred in operating the emergency loan program during the 6-month period ended December 31, 1968. Our audit showed that interest costs totaling about $4.5 million on the Government's investment in the ECRF were not recorded in the ECRF accounts and were not reported in the financial statements. Also, the rental cost of office space provided to FHA by the General Services Administration was not recorded in the ECRF accounts and was not reported in the financial statements.

To provide full and adequate disclosure of the financial results of the emergency loan program and to conform to the accounting principles and standards prescribed by the Comptroller General, FHA should recognize the costs applicable to the emergency loan program which are financed by other Government entities. The exclusion of such costs results in incomplete disclosure of the costs of the program to agency managers, the Congress, and the public.

Interest expense borne by Treasury Department

The ECRF Statement of Income and Expense for the 6-month period ended December 31, 1968, did not include interest costs of about $4.5 million on the Government's investment in the ECRF. The interest expense of $908,520 shown on the statement represented accrued interest on borrowings from the Commodity Credit Corporation.

Although FHA is not required to pay interest to the Treasury Department on the Government's investment in the ECRF, the accounting principles and standards prescribed by the Comptroller General state that interest costs are generally applicable to all Federal Government expenditures. This position is based on the concept that the Government's disbursements are made from a single pool of funds in the U.S. Treasury which are not earmarked as to source or use.

If funds disbursed for any given purpose had not been so disbursed, they could have been applied to repay or reduce borrowings, with a consequent savings in interest costs.

We estimated that interest costs on the Government's investment in the ECRF for the 6-month period ended December 31, 1968, were about $4.5 million. Our estimate was based on (1) the average net Federal investment in the ECRF during the 6-month period and (2) the average interest rate paid by the Secretary of the Treasury on outstanding marketable obligations during the 6-month period.

This interest cost is significant in relation to the reported operating deficit of $4,312,969 for the ECRF for the 6-month period ended December 31, 1968, and should be included in the accounts as a cost of the emergency loan program.

Cost of the office space provided by General Services Administration

The ECRF Statement of Income and Expense for the 6-month period ended December 31, 1968, did not include rental cost for office space provided to the FHA, without reimbursement, by the General Services Administration. The FHA accounting system, as presently designed, does not provide for rental costs to be included in the accounts and distributed to the benefiting loan programs, such as the emergency loan program.

Estimates subsequently developed by the Finance Office show that the cost of space provided to FHA during a 6-month period was approximately $900,000. The FHA Finance Office did not determine how much of the $900,000 should be allocated to the emergency loan program.

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Although there is no legislative requirement that the emergency loan program be operated on a profit or break-even basis, the agency's accounting system and related financial reports should fully disclose all costs of the program so that agency management, the Congress, and the public are kept adequately and accurately informed. The accumulation and disclosure of cost information are essential elements of an effective financial management system.

AMOUNTS ESTABLISHED AS ALLOWANCES FOR LOSSES ON RECEIVABLES NOT ADEQUATELY SUPPORTED

We were unable to evaluate the reasonableness of the allowance for losses on loans receivable, accrued interest receivable, and judgments receivable as shown in the ECRF financial statements for the 6-month period ended December 31, 1968. The amounts are contingent on FHA's evaluation of the collectibility of outstanding receivables. FHA officials were unable to adequately explain the basis for their estimates of uncollectible accounts.

On the basis of our review, we concluded also that FHA's accounting system does not provide adequate information on which to base an evaluation of the collectibility of outstanding loans. Loans receivable are the most significant asset of the ECRF.

FHA's basis for estimating uncollectible accounts

The amounts reported in the Statement of Financial Condition as accumulated allowances for losses on loans and interest receivable, amounting to $24.1 million and the amounts reported in the Statement of Income and Expense as expenses for losses on loans and interest receivable for the 6 months ended December 31, 1968, were not based on documented studies that could be examined and evaluated.

The allowances for losses on loans and on interest receivable were based on estimated rates of uncollectibility (expressed in percentages) established for each of the seven loan subprograms within the ECRF. Generally the allowances for losses on loans receivable were computed by (1) applying a percentage rate to the cumulative amount of loans made since the beginning of the subprograms and (2) reducing that product by the cumulative amounts written off and the cumulative amounts reduced to judgments. For interest receivable, the allowances were computed by applying an established percentage rate to the amount of outstanding interest receivable.

Since 1963 the FHA Finance Office has been responsible for establishing percentage rates to be applied in estimating the amounts of loans and related interest receivable which are not collectible. The FHA National Headquarters Office had this responsibility prior to 1963; the National Office is still responsible for reviewing and approving the percentage rates established by the Finance Office.

The following tables show the rates used in estimating the amount of uncollectible loans and interest receivable for fiscal years 1963-68. As shown by the tables, the rates, except for two loan subprograms, did not change during the six-year period.

Rates For Estimating Uncollectible Loans (percentage)

	1963	1964	1965	1966	1967	1968
Loan subprogram:						
Production emergency	3.3	3.3	3.3	3.3	3.3	3.3
Economic emergency	4.0	4.0	4.0	4.0	4.0	4.5
Special emergency	2.0	2.0	2.0	2.0	2.0	2.25
Special livestock	4.0	4.0	4.0	4.0	4.0	4.0
Fur	40.0	40.0	40.0	40.0	40.0	40.0
Regional Agriculture Credit Corporation	95.0	95.0	95.0	95.0	95.0	95.0
Credit sales	0.5	0.5	0.5	0.5	0.5	0.5

Rates For Estimating Uncollectible Interest (percentage)

	1963	1964	1965	1966	1967	1968
Loan subprogram:						
Production emergency	50	50	50	50	50	50
Economic emergency	50	50	50	50	50	50
Special emergency	25	25	25	25	25	30
Special livestock	30	30	30	30	30	30
Fur	15	15	15	15	15	15
Regional Agriculture Credit Corporation	95	95	95	95	95	95
Credit sales	-	-	-	-	-	-

FHA Finance Office officials advised us that they meet annually to review the rates to determine whether adjustments are necessary. They advised us further that, although such factors as the current rate of delinquencies, status of the loan programs, and past experience were considered in their annual review, documentation supporting their reviews and determinations of the rates was not maintained.

The Finance Office officials were unable to explain how the allowance rates in the above tables were developed or why the rates were indicative of the collectibility of the emergency loans and interest receivable.

The emergency loans and interest receivables comprise the most significant assets of the ECRF. Because FHA lacks a sound basis for estimating the collectibility of the loans and interest receivables, FHA financial reports on the financial condition of the ECRF and the operating results of the emergency loan program are of questionable reliability.

Allowance for losses on judgment accounts questionable

The ECRF Statement of Financial Condition showed that an allowance for losses on the collection of judgments had been established in the amount of $581,874, or 75 percent of the total outstanding judgments of $775,832 at December 31, 1968. FHA's accounting system does not provide for an analysis of judgment accounts which could be used as a basis for establishing the allowance for the uncollectible judgments or for evaluating the adequacy of the established allowance. FHA officials were unable to explain how the 75-percent rate was established or why that rate should be used for establishing the allowance for losses.

According to FHA records, an average of 5 years transpires after a loan matures until a judgment is obtained. Our analysis of 184 judgment accounts showed that FHA had received no payments since judgments were obtained on 123 accounts totaling $594,473 (about 78 percent of the total amount outstanding) and, within the last 2 years, had received payments on only 19 other accounts. This information should raise a serious question as to whether the 75-percent rate is adequate for establishing the allowance for losses on judgment accounts. An analysis showing the amount of the 184 unpaid accounts follows.

Years since last payment on judgment principal	Number of accounts	Unpaid loan principal
Less than 1	13	$ 33,164
1-2	6	5,313
2-3	9	23,745
3-5	7	8,697
5-10	19	55,653
Over 10	7	41,297
Accounts with no payments	123	594,473
Total	184	$762,342[a]

[a]Does not include $13,490 for a nonjudgment account erroneously recorded as a judgment at December 31, 1968, but subsequently corrected by the Finance Office.

In view of experience in collecting these accounts, we do not believe that it is reasonable to expect that about 25 percent, or $190,585 of the above amount will be collected.

Information regarding status of outstanding loans inadequate

FHA records show that, at December 31, 1968, there were 21,000 borrowers with outstanding emergency loans totaling about $90.5 million. The FHA accounting system, in our opinion, does not provide sufficient data regarding the status of these outstanding loans to enable management to effectively evaluate the collectibility of the loans.

For example, the FHA accounting system does not provide for the accumulation of information to show

--the total outstanding principal balance of loans on which some amount is delinquent (FHA records showed that, at December 31, 1968, delinquent installments on ECRF loans amounted to $35,025,042 or about 39 percent of the total amount of loans receivable; FHA reports did not show, however, the total outstanding principal owed by borrowers whose accounts are delinquent);

--the number of borrowers who are delinquent on one, two, three, or more loans; or,

--the amount of delinquent installments which are past due for specific time periods, such as (1) for less than 1 year, (2) more than 1 year but less than 2 years, and (3) over 2 years.

We believe that this information could be used by FHA financial managers in evaluating collectibility of outstanding loans and by FHA operating managers in establishing and reviewing program policies and operating procedures.

We randomly selected 100 accounts of emergency loan borrowers for review. These borrowers had 161 emergency loans with outstanding balances totaling $404,558 at December 31, 1968. Our review included (1) determining the age of these accounts, (2) confirming the loan balances, and (3) verifying the loan repayments. Our review showed that generally the loan balances and loan repayments recorded by FHA in the accounts of the borrowers were correct.

Of the 100 borrowers, 52 were delinquent on their payments of 87 loans at December 31, 1968, as shown below.

Duration of delinquency	Number of loans	Amount of loans unpaid
More than 10 years	17	$ 32,317.04
From 3 to 10 "	19	33,991.18
" 2 to 3 "	9	22,927.77
" 1 to 2 "	12	16,404.70
" 6 to 12 months	7	15,820.71
" 1 to 6 "	9	7,720.61
Less than 1 month	14	24,211.31
Total	87	$153,393.32

As shown above, the borrowers of 45 of the 87 loans were delinquent on their loan payments for periods ranging from 2 to over 10 years. This situation indicated to us that uncollectible loans may not be written off on a timely basis. Finance Office officials advised us that, before a loan is written off, it must be determined to be uncollectible by the county and State offices. In a report to the Congress on "Review of Effort to Collect or Otherwise Settle Certain Debtors' Accounts" (B-114873, January 11, 1967), we pointed out that there was a need for FHA to strengthen its collection efforts and to make more timely write-offs of bad debts. Although FHA agreed that increased efforts should be made to collect, or otherwise settle, accounts, we believe that FHA needs to make further improvement in its collection efforts and in its write-offs of bad debts.

Finance Office officials agreed that the agency's accounting system should provide for the accumulation of data regarding the status of outstanding emergency loans to enable them to effectively evaluate the collectibility of the loans.

FHA's procedures place the responsibility for servicing loans and for determining when loans should be written off with the State and county offices. FHA's financial management staff, in our opinion, should be responsible for devising and implementing procedures for gathering, recording, and reporting information on the status of loans and for determining when loans should be written off.

ACCOUNT BALANCES INACCURATE BECAUSE FINANCIAL TRANSACTIONS WERE NOT CLASSIFIED AND REPORTED PROPERLY

Our audit showed that the amounts shown in the ECRF financial statements for certain accounts were understated or overstated because financial transactions were not recorded promptly or were not classified properly. Consequently, the usefulness of the statements was impaired. These matters are discussed below.

Cash substantially understated

The ECRF Statement of Financial Condition showed a cash balance at December 31, 1968, of $65,112,966. We found, however, that this balance was understated by $10,056,299 and that accounts and notes receivable from other Government agencies were overstated by the same amount, because collections in that amount had been deposited in a suspense account of another FHA accounting entity and had not been transferred to the ECRF until after December 31, 1968.

These understatements and overstatements occurred because FHA's accounting system had not been designed to facilitate clearing of cash collections which were initially deposited in the suspense account on a timely basis or to provide for initially depositing cash collections in the proper fund.

When collections are deposited initially in a suspense account, Treasury Department instructions provide that the money be transferred promptly to the credit of the correct Government account. We found, however, that from 3 to 19 days elapsed before the collections in the suspense account were transferred to the ECRF.

FHA should account for cash collections in a manner that would provide for proper disclosure of cash and receivable balances in its financial reports. Finance Office officials advised us that information on each loan account was being computerized and that, upon completion of this project, the time required to credit the accounts and to transfer the collections from the suspense account to the ECRF would be reduced. They advised us also that the project is scheduled for completion in 1970.

Acquired security property understated

The ECRF Statement of Financial Condition at December 31, 1968, showed that real property valued at $186,344 had been acquired from borrowers through voluntary conveyance or foreclosure actions. We found that this amount was understated by $25,990, because FHA did not record the value of two additional parcels of real estate that were acquired from borrowers. One parcel was acquired in May 1968, and the other was acquired in November 1968. FHA recorded these transactions in April and June 1969, respectively.

We noted that there were delays also in recording the acquisition of the security property held at December 31, 1968. FHA records showed that, for the eight parcels of real property valued at $186,344 at December 31, 1968, the time between the dates of acquisition of these parcels and the dates that these acquisitions were recorded in the accounts ranged from 51 to 462 days.

Although FHA Finance Office's accounting policies require timely recording of all transactions and FHA instructions direct the county offices to process promptly transactions involving acquired security, our analysis showed that delays had occurred both in the reporting of the acquisitions by the county offices to the Finance Office and in the recording of the acquisitions by the Finance Office, as as shown below.

Real property identification number	County offices Days between dates of acquisition and reporting to the Finance Office	Finance Office Days between dates of reporting and recording the acquisitions	Total days between dates of acquisition and recording
958	7	69	76
908	71	151	222
821	-	51	51
985	33	95	128
930	13	225	238
616	241	110	351
645	-	205	205
998	314	148	462

We did not attempt to ascertain the reasons for the delays in reporting the acquisition of property to the Finance Office. Finance Office officials advised us that the delays in recording these transactions at the Finance Office were due to backlogs incident to the conversion of loans to computer processing.

The FHA's accounting system should include procedures for recording in the accounts, on a timely basis, all transactions affecting FHA's investment in property. The value of property acquired should be recorded in the accounts promptly and should be reported in the financial reports for the accounting period in which the property was acquired.

Interest receivable overstated

The Statement of Financial Condition as of December 31, 1968, showed accrued interest receivable of $5,057,029. Our audit showed that the accrued loan interest receivable was overstated by $58,598 and that interest income reported in the Statement of Income and Expense for the 6-month period ended December 31, 1968, was overstated by a corresponding amount.

This overstatement occurred as a result of computing accrued interest on the basis of a single interest rate for each subprogram category of loans, although some loans within a subprogram bear interest at different rates.

We believe that the FHA accounting system should provide for categorizing loans by interest rates so as to permit accurate computation of accured interest.

Judgments receivable understated

The ECRF Statement of Financial Condition at December 31, 1968, showed judgments receivable totaling $775,832. We found that the Finance Office had not recorded accrued interest on judgment accounts, although FHA finance instructions provide that this be done. As a result, accrued interest receivable totaling about $238,000 and a related allowance for losses were not shown in the Statement of Financial Condition

Finance Office officials advised us that interest on judgment accounts is not recorded until it is collected, because interest generally is not collected on such accounts. In our opinion, the prescribed instructions should be followed unless they are determined to be inappropriate and are rescinded. Since the written instructions provide for the accrual of interest income on judgment accounts, a receivable for interest should be established for each judgment, unless a judgment is considered uncollectible, in which event it should be written off as uncollectible.

To the extent that FHA experience indicates that accrued interest on judgments receivable will not be collected, an allowance for losses should be established and disclosed in the financial reports.

Commitments for approved loans understated

The Statement of Financial Condition included a footnote stating that commitments to make loans amounted to $10.7 million at December 31, 1968. We found that additional loans, totaling $5.4 million, had been approved at December 31, 1968, and that this amount was not included as part of the $10.7 million.

The $10.7 million represented only those loans approved which had been recorded in the obligation-control records at the Finance Office. Although the additional loans totaling

$5.4 million had not been recorded in the Finance Office's obligation-control records, they represented commitments of funds since FHA officials had approved the loan applications and notified the applicants in writing of such approvals

In order to fully disclose the estimated amount of funds that will be needed to honor future loan commitments, we believe that all loan commitments should be reported. In this repect, the additional $5.4 million should have been included in the explanatory note to the Statement of Financial Condition.

Interest payable overstated

The accrued interest of $1,027,000, payable to Government agencies as shown on the ECRF Statement of Financial Condition at December 31, 1968, was overstated by $44,959, because an incorrect interest rate was used in computing the amount.

After December 31, 1968, FHA determined the correct amount of accrued interest and adjusted the accounts

METHOD OF DETERMINING ADMINISTRATIVE EXPENSES CHARGEABLE TO THE EMERGENCY CREDIT REVOLVING FUND NOT SOUND

Our review showed that the FHA did not use a sound method for determining the costs of administering the emergency loan program. As a result, the administrative expenses included in the Statement of Income and Expense for the period ended December 31, 1968, did not, in our opinion, provide reliable information on the cost of administering the emergency loan program.

As described in chapter 1, the FHA loan programs, including the emergency loan program, are carried out through a National Headquarters Office, a Finance Office, 41 State offices, and 1,715 county offices. Administrative costs incurred by these offices in carrying out the FHA programs include costs for personal services, travel, utilities, equipment rentals, communication facilities, printing, and office supplies.

FHA initially finances administrative costs from the FHA Salaries and Expense Appropriation and subsequently distributes the costs to the various program funds. For the 6-month period ended December 31, 1968, FHA Salaries and Expense Appropriation obligations amounted to about $36.2 million according to the allotment accounting records.

Of the $36.2 million of administrative expense obligations, $2.2 million was considered by FHA to be overhead costs and was distributed equally to 21 loan programs, including the emergency loan program. The remaining $34 million was to be distributed to the loan programs on the basis of unit costs developed under FHA's work measurement system.

On this basis the Finance Office determined that the amount of administrative costs chargeable to the emergency loan program for the 6-month period was $3,204,044. This amount was $262,044 greater than the amount budgeted by the Budget Division of the National Headquarters Office. The budgeted amount ($2,942,000) was construed by the Finance Office to represent a limitation on the amount chargeable to the ECRF; consequently the Finance Office charged the ECRF only the planned amount of $2,942,000 (plus an allocation of about $10,000 for services provided by Office of the General Counsel). The remaining $262,044 was financed from the FHA Salaries and Expense Appropriation and was not recorded or reported as an expense of conducting the emergency loan program.

Weakness in FHA's distribution method

The amount of administrative costs charged to the ECRF for the 6-month period ended December 31, 1968, was based on budget estimates rather than on actual costs. Accounting for financial transactions in this manner is contrary to generally accepted principles of accounting. Federal agency accounting systems should produce reliable accounting data based on the results of program operations, which can be compared with the planned or budgeted amounts and can be used for developing future budgets.

In addition to this problem, the Finance Office procedures for allocating administrative expenses to the various FHA programs had not been formalized as an FHA Finance Instruction and approved by the Director of the Finance Office. Specific weaknesses which were noted are as follows:

1. The amount of administrative expenses used by FHA for the distribution represented obligations--estimated costs for certain goods and services which had been ordered but not received--rather than costs determined on the accrual basis of accounting. Because certain goods and services had not been received and used by December 31, 1968, they did not represent accrued costs. On the other hand, FHA did not include the cost of annual leave earned, but not taken, by employees during this 6-month period.

2. The method used in distributing administrative overhead costs does not result in an equitable distribution to the various loan programs. As previously stated, these costs are distributed equally to the 21 programs. During the 6-month period covered by our review, costs of $103,982 were distributed to

one program even though there had been no activity in the program since its inception.

3. Current unit costs, which were developed under FHA's work measurement system, were not used to distribute administrative costs to the various loan funds.

FHA's method of determining and distributing administrative expenses to benefiting programs should (1) be based on costs determined on the accrual basis rather than the obligation basis and (2) provide for distributing costs, as equitably as feasible, to the various programs.

To be useful for management purposes, reported financial data must be reliable. Procedures which result in distortion of the reported costs of operations impair the reliability and usefulness of financial reports and could result in erroneous management decisions.

FHA Finance Office officials advised us that they recognized the shortcomings of their method of distributing administrative expenses to the various programs and that they will develop an improved method at the time they design their accounting system.

CHAPTER 3

NEED FOR INCREASED INTERNAL AUDIT EFFORT

On the basis of our audit of FHA's financial statements for the ECRF and the weaknesses noted in the related accounting policies and practices, we concluded that there is a need for the Office of the Inspector General (OIG), Department of Agriculture, to intensify its internal audit efforts relating to FHA's financial management system and the ability of that system to provide reliable financial reports.

The Budget and Accounting Procedures Act of 1950 places the primary responsibility for the accuracy and validity of Federal agency financial reports in the top management of the agency. Management's assurance that the financial reports are reliable should be based primarily on the accounting and internal control system. The internal control system should include not only the procedures devised for accounting for the agency's activities but also an internal audit function which would provide agency management with assurance that the financial reports prepared from the accounts are reliable and creditable.

During the 2-1/2-year period ended June 30, 1969, the OIG made a number of audits at the FHA Finance Office. These audits, however, did not include any evaluations of the reliability of financial statements, but were directed primarily to specific functions or activities of the Finance Office. The audits included examinations and tests of selected accounting and other financial management records. Activities audited during the 2-1/2-year period were:

Appropriation accounting
Loan programs
Payables and administrative expense
Receivables and acquired property
Write-off activities
Controls over cash receipts
General Ledger activities
Personnel and records management
Procurement activities

Other (including custodial activities and data processing utilization)

We concluded that OIG's audits of these activities were not sufficiently comprehensive or were not made on a systematic basis and did not provide agency management with assurance that the financial management system was providing reliable financial reports.

In our opinion, OIG should intensify its audit efforts relating to FHA's financial management system by establishing a program for testing the accuracy of the financial reports. The program should include evaluations, made on a systematic basis, of the adequacy of controls over the various accounts and of the agency's accounting practices and whether they conform to the requirements set forth by the Comptroller General of the United States. We believe that implementation of such a program will provide top agency management with a means of assuring whether the financial management system is operating as intended.

FHA is in the process of designing an accounting and financial management system in accordance with its statement of accounting principles and standards approved by the Comptroller General. We believe that, while this system is being designed, representatives from OIG should consult with FHA representatives to assure themselves that FHA's system, as designed, will comply with the applicable accounting principles and standards and will contain adequate audit trails.

CHAPTER 4

CONCLUSIONS, RECOMMENDATIONS, AND AGENCY COMMENTS

CONCLUSIONS

FHA's effort to revise and upgrade its financial management system is necessary for the system to more adequately serve management by providing full and accurate disclosure of the financial results of operations of the various FHA programs.

Because FHA administers numerous highly diversified loan programs and because its operations, during the past 10 years, have increased approximately fourfold, there is a need for an integrated accounting and financial management system to serve all levels of management.

We concluded that FHA's accounting procedures and practices do not provide for full and accurate disclosure of the financial results of the emergency loan program, or for the accumulation of adequate financial management information for management purposes or reliable accounting data for preparation of reports required by the U.S. Treasury. In general the accounting procedures and practices discussed in chapter 2 are applicable also to FHA's other loan programs, and the financial reports on these activities could be similarly affected.

The Budget and Accounting Procedures Act of 1950 places the primary responsibility for the accuracy and validity of Federal agency financial reports in the top management of the agency. Top management's assurance that the agency's financial reports are reliable should be based primarily on the agency's system of accounting and the related internal control procedures, including internal audits.

RECOMMENDATIONS

To provide assurance that FHA's financial reports are reliable, we recommend that:

--The Administrator, FHA, assign adequate staff to the task of designing an accounting system which will meet the needs of FHA managers and the requirements set forth by the Comptroller General.

--The Inspector General establish a program for testing the accuracy of FHA's financial reports. The program should include evaluations, made on a systematic basis, of the adequacy of controls over the various accounts and of the agency's accounting practices and whether they conform to the requirements set forth by the Comptroller General.

--The Inspector General consult with FHA to ensure that FHA's system, as designed, will comply with accepted accounting principles and standards and will contain adequate audit trails.

AGENCY COMMENTS

The Acting Administrator, FHA, advised us by letter dated March 24, 1970 (see app. I), that FHA is in general agreement with our recommendations. He stated FHA has hired accounting specialists to implement a financial management system as promptly as possible and that, as work on the system progresses, the problems, such as those discussed in this report, will be corrected so that future financial statements will provide more reliable information for management.

The Acting Inspector General, Department of Agriculture, advised us by letter dated May 8, 1970 (see app. II), that OIG agrees with our recommendations. He advised us also that OIG would reevaluate, in the very near future, its audit approach at the FHA Finance Office. He stated that, regardless of the approach decided on, the reevaluation would

--result in more emphasis being placed on testing against the concepts set out in the Statement of FHA Accounting Policies, Principles, and Standards approved by the Comptroller General on May 16, 1969, and that such testing over a period of a few years would provide necessary coverage of FHA practices in maintaining accounts and preparing financial statements and

--take cognizance of the need for OIG to assure that the FHA accounting system, as designed, will comply with the applicable accounting principles and standards and will contain adequate audit trails.

We believe that the actions planned by FHA and OIG should upgrade and strengthen FHA's financial management system to more adequately serve management and should enable full and accurate disclosure of the financial results of operations of the various loan programs. We plan, as part of our continuing audit of FHA's operations, to review the actions taken by FHA and OIG and to evaluate whether the FHA's financial management system is providing management with useful and reliable financial reports.

CHAPTER 5

SCOPE OF AUDIT

Our audit of the financial statements of the ECRF (sch. 1 through 3), which were prepared as of December 31, 1968, for the 6-month period ended that date, was made in accordance with generally accepted auditing standards and included such tests of the accounting records and practices as we considered necessary.

Our audit of these statements and review of accounting procedures was directed toward evaluating (1) the reliability, completeness, and usefulness of the financial statements and (2) the adequacy of FHA's accounting practices related to the ECRF transactions.

Our audit was conducted primarily at the Finance Office in St. Louis, Missouri. As a part of our review we verified the balances shown on the financial statements and examined the supporting documentation. We confirmed, on a random-sample basis, the loans receivable for the ECRF, and we tested the procedures used to compute interest on loans.

Our audit also included interviews with officials of (1) the FHA National Headquarters Office in Washington, D.C., and the Finance Office in St. Louis, Missouri, (2) the U.S. Treasury Department in Washington, D.C., and (3) the Office of the Inspector General, Department of Agriculture, in St. Louis and Kansas City, Missouri.

CHAPTER 6

OPINION OF FINANCIAL STATEMENTS

The accompanying financial statements--Statement of Financial Condition (sch. 1), Statement of Income and Expense and Changes in Accumulated Net Income or Deficit (sch. 2), and Statement of Sources and Application of Funds (sch. 3)--and the notes to the financial statements are the statements of FHA as submitted to the U.S. Treasury Department, pursuant to Treasury Circular 966.

As discussed elsewhere in this report, our audit disclosed the following deficiencies in the financial statements and the accounting methods of FHA.

1. The Government's costs of administering the emergency loan program were materially understated.

2. FHA's basis for evaluating the collectibility of emergency loans was not adequately supported.

3. Several account balances were inaccurate because financial transactions had not been recorded promptly or had not been classified properly.

4. FHA's method of distributing administrative expenses chargeable to the emergency loan program was not sound.

Because of the materiality of the understated costs and because of the effect of the other deficiencies on the reliability of the accounts, the financial statements, in our opinion, do not present fairly the financial condition of the ECRF at December 31, 1968, the financial results of the operations of the emergency loan program for the 6-month period ended that date, or the sources and application of funds in conformity with principles and standards of accounting prescribed for Federal agencies by the Comptroller General.

FINANCIAL STATEMENTS

UNITED STATES DEPARTMENT OF AGRICULTURE

SCHEDULE 1

EMERGENCY CREDIT REVOLVING FUND

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 1968

A S S E T S

CASH AND FUND BALANCES.			
Operating funds 12x4104			$ 65,112,965.72
ACCOUNTS AND NOTES RECEIVABLE			
Government agencies		$ 10,056,298.86	
Other	$15,501 44		
Less allowance for losses	5,664.93	9,836.51	10,066,135.37
ACCRUED INTEREST RECEIVABLE		5,057,029.79	
Less allowance for losses		2,364,239 07	2,692,790.72
LOANS RECEIVABLE		90,459,791.63	
Less allowance for losses		21,758,141.64	68,701,649.99
ACQUIRED SECURITY AND COLLATERAL			
Real estate		186,343.89	
Other		10.00	186,353.89
OTHER ASSETS			
Judgments (note 1)		775,831.75	
Less allowance for losses		581,873.81	193,957.94
Total assets			$146,953,853.63

L I A B I L I T I E S

ACCRUED LIABILITIES		
Government agencies	1,026,646.03	
Other	3,407.26	1,030,053.29
BONDS, DEBENTURES AND NOTES PAYABLE		
Government agencies		30,000,000.00
Total liabilities (note 2)		$ 31,030,053.29

N E T   I N V E S T M E N T

UNITED STATES INTEREST:		
Appropriations· 12x4104	190,000,000.00	
Capitalization of assets (net)	45,858,145.26	235,858,145.26
ACCUMULATED NET INCOME OR DEFICIT:		
Deficit		119,934,344.92
Total investment		115,923,800.34
Total liabilities and investment		$146,953,853.63

The notes on page 39 are an integral part of this statement

The opinion of the General Accounting Office on this statement appears on page 31.

U N I T E D   S T A T E S   D E P A R T M E N T   O F   A G R I C U L T U R E

EMERGENCY CREDIT REVOLVING FUND

STATEMENT OF INCOME AND EXPENSE AND CHANGES IN

ACCUMULATED NET INCOME OR DEFICIT (*)

FOR FISCAL YEAR TO DATE December 31, 1968

INCOME AND EXPENSE

INCOME			
Interest income	$1,679,863 61		
Other income	562 95		
Total income		$ 1,680,426 56	
EXPENSE			
Administrative expenses	2,952,018 97		
Interest expense.			
Borrowings from Commodity Credit Corporation	908,520 48		
Total expense		3,860,539 45	
OTHER GAINS OR LOSSES*			
Charge-offs (note 1)	1,686,946 29*		
Gain or loss* on sale of fixed assets	215 84		
Total other gains or losses*		1,686,730 45*	
Net income or loss* before change in valuation allowances		3,866,843 34*	
INCREASE* OR DECREASE IN ALLOWANCES FOR LOSSES ON			
Interest receivable	336,687 70		
Accounts receivable	69 58*		
Loans receivable	376,322.69		
Judgments	48,122 85*	674,817 96	
Net income or loss* for the period		3,202,025 38*	
CHARGES* OR CREDITS APPLICABLE TO PRIOR YEARS			
Administrative expenses	8 28*		
Other (note 2)	1,110,935 71*	1,110,943 99*	
Net income or loss* transferred to accumulated net income or deficit*			$ 4,312,969 37*

CHANGES IN ACCUMULATED NET INCOME (OR DEFICIT)

	Unreserved (or Deficit*)	Total
Balance at end of previous fiscal year	$115,621,375 55*	$115,621,375 55*
Net income or loss*	4,312,969 37*	4,312,969 37*
Balance at end of reporting period	$119,934,344 92*	$119,934,344 92*

The notes on page 39 are an integral part of this statement.

The opinion of the General Accounting Office on this statement appears on page 31

UNITED STATES DEPARTMENT OF AGRICULTURE

EMERGENCY CREDIT REVOLVING FUND

STATEMENT OF SOURCES AND APPLICATION OF FUNDS

FOR THE PERIOD ENDED DECEMBER 31, 1968

FUNDS APPLIED

INCREASE IN SELECTED CASH AND FUND BALANCES (see p. 38)		$37,881,249.10
ACQUISITION OF ASSETS:		
Loans made	$31,387,967.65	
Cost of security or collateral acquired	672.36	
Judgments	30,699.95	$31,419,339.96
EXPENSES:		
Administrative expenses	2,952,027.25	
Interest expense	908,520.48	
Charge-off current assets	331,448.03	4,191,995.76
Increase in Selected Working Capital		7,329,788.08
Total applied to operations		$80,822,372.90

FUNDS PROVIDED

REALIZATION OF ASSETS:		
Repayment of loans	79,117,367.86	
Sale of acquired security or collateral	5,511.94	
Judgments	20,866.54	79,143,746.34
INCOME:		
Interest	1,679,863.61	
Other (note 1)	1,237.05*	1,678,626.56
Total provided by operations		$80,822,372.90

The notes on page 39 are an integral part of this statement.

The opinion of the General Accounting Office on this statement appears on page 31.

UNITED STATES DEPARTMENT OF AGRICULTURE

EMERGENCY CREDIT REVOLVING FUND

CHANGES IN WORKING CAPITAL

FOR THE PERIOD ENDED DECEMBER 31, 1968

	Balances at end of		Net change fiscal year to date	
	Past fiscal year	This period	Selected cash and fund balances	Other working capital
ASSETS (increase or decrease*),				
Operating fund balances with U.S. Treasury	$27,231,716.62	$65,112,965.72	$37,881,249.10	
Accounts and notes receivable	1,113,726 72	10,071,800 30		$8,958,073 58
Accrued interest receivable	5,759,834 54	5,057,029 79		702,804 75*
Deferred and undistributed charges	13,490 00	-		13,490 00*
LIABILITIES (increase* or decrease).				
Accrued liabilities	118,062 54	1,030,053 29		911,990 75*
NET CHANGE				
Increase in selected working capital				$7,329,788.08
Increase in selected cash and fund balances			$37,881,249 10	

The opinion of the General Accounting Office on this statement appears on page 31

UNITED STATES DEPARTMENT OF AGRICULTURE

EMERGENCY CREDIT REVOLVING FUND

NOTES FOR FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL CONDITION

[1] Third Party Judgments representing additional collateral in the amount of $10,544.78 are not included on the Statement of Financial Condition.

[2] Commitments to make loans in the amount of $10,711,290.00 are excluded from the Statement of Financial Condition.

STATEMENT OF INCOME AND EXPENSE AND CHANGES IN ACCUMULATED NET INCOME OR DEFICIT (*)

[1] Represents Charge-offs of:

Interest on Accounts Receivable	$ 3.76
Interest on Loans to Individuals	331,444.27
Loans to Individuals	1,333,066.97
Judgments	22,431.29
	$1,686,946.29

[2] This amount represents:

Southeast Hurricane Disaster Act Reimbursements	$ 1,800.00*
Southeast Hurricane Disaster Write Offs	1,800.00
Adjustments in Allowance for Losses on Loans Receivable	1,110,935.71
	$1,110,935.71*

STATEMENT OF SOURCES AND APPLICATION OF FUNDS

[1] Includes an adjustment of $1,800.00* for Southeast Hurricane Disaster Act Reimbursements.

APPENDIXES

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
WASHINGTON D C 20250

OFFICE OF THE ADMINISTRATOR

MAR 24 1970

Mr. Victor L. Lowe
Associate Director
General Accounting Office
Washington, D. C.

Dear Mr. Lowe:

This will acknowledge your letter of January 28, transmitting a copy of the draft report on your audit of Farmers Home Administration's financial statements for the Emergency Credit Revolving Fund.

We have reviewed your report carefully and are in general agreement with your recommendations. As you know, Farmers Home Administration has added accounting specialists in order to implement a financial management system for the agency as promptly as possible. As this work progresses, the exceptions noted in this report will be corrected so that future financial statements will reflect transactions accurately and will provide more reliable management information.

We appreciate your giving us an opportunity to review this draft report.

Sincerely,

Acting Administrator

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF THE INSPECTOR GENERAL
WASHINGTON, D C 20250

MAY 8 1970

Mr. Victor L. Lowe
Associate Director
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Lowe:

We agree with the recommendations in the draft report of your audit of Financial Statements of the Emergency Credit Revolving Fund, December 31, 1968, Farmers Home Administration.

As stated in the meetings with your staff, we will in the very near future reevaluate our audit approach at the FHA National Finance Office. Regardless of the approach decided upon, more emphasis will be placed on testing against the concepts set out in the Statement of FHA Accounting Policies, Principles, and Standards approved by the Comptroller General on May 16, 1969. Although such testing may not be complete for any one fund in any one year, it should over a period of a few years provide necessary coverage of FHA practices in maintaining accounts and preparing financial statements. Priority of course will be given to areas in greatest need of attention including those most vital to FHA and central-agency decision making.

Our reevaluation of audit approach also will take cognizance of the need for OIG to assure that the accounting system, as designed, complies with applicable principles and standards and contains adequate audit trails.

We again express appreciation for the frank and objective discussions with your staff concerning this audit.

Sincerely,

Leonard H Greess

LEONARD H. GREESS
Acting Inspector General

PRINCIPAL OFFICIALS OF THE DEPARTMENT OF AGRICULTURE

RESPONSIBLE FOR THE ADMINISTRATION OF THE MATTERS

DISCUSSED IN THIS REPORT

	Tenure of office	
	From	To
SECRETARY OF AGRICULTURE:		
Clifford M. Hardin	Jan. 1969	Present
Orville L. Freeman	Jan. 1961	Jan. 1969
ASSISTANT SECRETARY OF AGRICULTURE FOR RURAL DEVELOPMENT AND CONSERVATION:		
Thomas K. Cowden	Apr. 1969	Present
John A. Baker	Mar. 1961	Jan. 1969
INSPECTOR GENERAL, DEPARTMENT OF AGRICULTURE:		
Nathaniel E. Kossack	Apr. 1969	Present
Leonard H. Greess (acting)	Mar. 1969	Apr. 1969
Lester P. Comdon	Aug. 1962	Mar. 1969
ADMINISTRATOR, FARMERS HOME ADMINISTRATION:		
James V. Smith	Jan. 1969	Present
Howard Bertsch	Apr. 1961	Jan. 1969
ASSISTANT ADMINISTRATOR, MANAGEMENT, FARMERS HOME ADMINISTRATION:		
Sylvester B. Pranger	Mar. 1969	Present
E. Marshall Newton, Jr.	May 1967	Mar. 1969
Robert C. Leary	May 1961	May 1967

U S GAO Wash , D C