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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

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The Honorable Kenneth E. Moffett
Acting Director
Federal Mediation and Conciliation
Service

Dear Mr. Moffett:

Subject: Approval of the Federal Mediation and
Conciliation Service Statement of
Accounting Principles and Standards
and Accounting System Design (AFMD-81-110)

It is my pleasure to approve the accounting principles and standards statement and the accounting system design of the Federal Mediation and Conciliation Service. The design, which was submitted formally on October 2, 1980, is adequate and in conformance with the Service's newly revised accounting principles and standards. The revision of the Service's principles and standards came about as a result of our work with the Service's accounting system design and updates our December 1969 approval to incorporate current requirements.

In evaluating the system design we looked at both the manual and the automatic data processing aspects of the Service's payroll system, which is the only portion of the Service's accounting system that is automated. Our evaluation was primarily concerned with the adequacy of internal controls, audit trails, data integrity, and consistency with the payroll specifications.

To maintain the approved status of the design, any significant changes should be discussed with our representatives and, if necessary, submitted formally for approval.

We are aware that staffing limitations within the Service preclude establishing a permanent internal audit function. We strongly urge, however, that the Service periodically review its fiscal operations, as is provided for in the design, to ensure that the accounting system is operated in accordance with the approved design. This review could be conducted by qualified persons whose services are obtained either through a contract or through an agreement with another Federal agency.

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At some future date we will examine selected aspects of the system and advise you as to whether it is functioning effectively and in accordance with our approval.

Please express our appreciation to your staff for their cooperation during our evaluation.

Sincerely yours,

WILLIAM S. SOKOLAR

Acting Comptroller General
of the United States

bc: Mr. Campbell, (AFMD)
Mrs. Robinson, (AFMD)
Mr. Simonette, (AFMD)
Mr. Donlon, (AFMD)
Mr. Pewanick, (AFMD)
Mr. Cohen, (AFMD)
Mr. Darragh, (AFMD)
Mr. Kearns, (AFMD)
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