



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

C96881

~~76 0724~~
096881

DIVISION OF FINANCIAL AND
GENERAL MANAGEMENT STUDIES

DEC 19 1975

B-167885



The Honorable John E. Robson
Chairman, Civil Aeronautics Board

Dear Mr. Robson:

We reviewed the accounting system of the Civil Aeronautics Board (CAB) to determine whether it was operating in accordance with the system design approved by the Comptroller General on January 13, 1968.

Our review showed that:

1. In view of significant revisions which had been made to the subsidy, payroll, and property accounting subsystems, they should be submitted to the Comptroller General for approval.
2. Improved controls were needed to insure the correctness of personnel and payroll data entered into the computer system.
3. Physical inventories of accountable property had not been taken since 1969 although the approved accounting system design required annual inventories.
4. Controls over cash receipts needed improvement.
5. The internal audit function needed strengthening by (1) requiring that the internal audit staff report to the Chairman, CAB, rather than the Comptroller and (2) requiring the internal audit staff to establish a plan for systematic audit of its accounting system and related financial management activities.

These matters were discussed with the Comptroller and members of his staff at the conclusion of our review. By letter dated February 20, 1975, the Comptroller informed us of the action planned to correct the weaknesses noted.

BEST DOCUMENT AVAILABLE

FGMSD-76-20

~~702628~~ **096881**

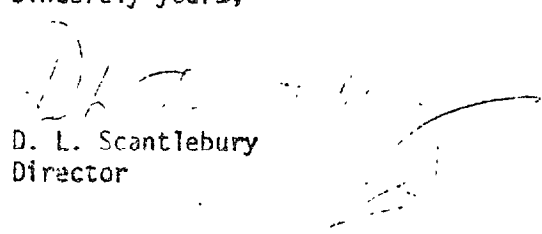
We recently followed up to determine whether the promised actions had been taken and found that:

1. The revised subsidy, payroll, and property accounting subsystems had not yet been submitted to the Comptroller General for approval.
2. Although it was planned that quarterly audits of the payroll operations would be made, none have been made since January 1975. An audit is planned, however, to be made in January 1976.
3. A physical inventory of accountable property had been completed in July 1975, but inventory discrepancies noted had not been reported to the Comptroller for necessary adjustments and other action because the reconciliation between the detailed property records and the inventory results had not been completed.
4. Although the internal audit staff had been requested to make periodic audits of cash receipts, no audits have yet been made. An audit of cash receipts is planned for fiscal year 1976.
5. The internal audit staff was directed to make its reports to CAB's Managing Director rather than the Comptroller and to prepare a 5-year internal audit program for fiscal years 1976 through 1980. The internal audit program has been prepared, but the audits scheduled for fiscal year 1976 have not yet started.

In summary, our recent follow-up has indicated that the actions promised to correct the weaknesses noted in our review have not as yet been fully completed.

We request that you advise us (1) when the revised subsidy, payroll, and property accounting systems will be submitted for approval and (2) when the reconciliation between the property records and inventory results will be completed. We would also appreciate advice as to any further actions taken or planned on the other matters discussed in this report.

Sincerely yours,


D. L. Scantlebury
Director

BEST DOCUMENT AVAILABLE