

DOCUMENT RESUME

03464 - [A2573703] (Restricted)

[Approval of System Design for General Accounting at Naval Air Stations (Class II)]. FGMSD-77-73; B-159797. September 12, 1977. 2 pp.

Report to Secretary, Department of Defense; by Elmer E. Staats, Comptroller General.

Issue Area: Accounting and Financial Reporting (2800).  
Contact: Financial and General Management Studies Div.  
Budget Function: Miscellaneous: Financial Management and Information Systems (1002).  
Organization Concerned: Department of the Navy.

The system design for General Accounting at Naval Air Stations (Class II) was approved although it lacked adequate fund control. This is a result of Congress not appropriating adequate funds to make a necessary accounting change. Findings/Conclusions: Approval was granted with the understanding that the accounting procedures would be changed when permitted by Congress. The system design deviated from accrual accounting principles by charging travel expenses at the time travel orders are issued. Also, locally administered service and real property facility contracts and orders under \$10,000 were simultaneously obligated and expensed. Approval was granted with the understanding that handbook revisions affecting the above practices would be implemented. Approval was also given with the understanding that separate fund accounting control will be maintained for maintenance and repair of real property and all other purposes as agreed upon by the Navy. Recommendations: The Department of the Navy internal auditors should periodically review the system, including the required design changes, to assure that it is operating as designed. (Author/HTW)

FCMSD.

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

B-159727

September 14, 1977

The Honorable  
The Secretary of Defense

Attention: Assistant Secretary of Defense  
(Comptroller)

Dear Mr. Secretary:

It is my pleasure to approve the system design for General Accounting at Naval Air Stations (Class II), submitted to us for approval on August 19, 1977.

In evaluating the system design, we looked at the automatic data processing aspects primarily to determine their adequacy as to internal controls, audit trails, data integrity, and consistency with the accounting specifications.

This system design is one of several Defense systems which lack adequate fund control as a result of the Congress not appropriating the funds required to make a necessary accounting change. This procedure, which could result in the overobligation of funds, involves the failure of the appropriated fund organization to obligate its funds for items ordered from the local stock fund that are not normally carried by the stock funds. As you know, Defense brought this to the attention of the Congress but was denied the additional funds to correct the problem.

In view of the above, we are granting approval of this system design with the understanding that you will change your accounting procedures when permitted to do so by the Congress.

The system design deviates from accrual accounting principles by charging travel expenses at the time the travel orders are issued. In addition, locally administered service and real property facility contracts and orders under \$10,000 are simultaneously obligated and expensed. This approval is granted with the understanding that the February 25, 1977, revision made in the Department of Defense Accounting Guidance Handbook requiring that (1) travel be recorded as expense in the accounting period in which performance occurs and (2) locally administered service and real property facility contracts and orders under \$1,000, rather than under \$10,000, be simultaneously obligated and expensed, will be implemented.

FCMSD-77-73

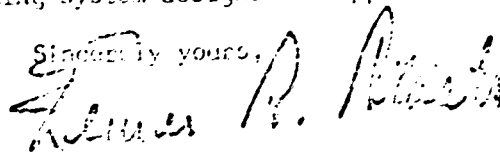
This approval is also given with the understanding that separate fund accounting control will be maintained for (1) maintenance and repair of real property and (2) all other purposes as agreed upon by the Navy in its letter to us of July 16, 1976.

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

We are pleased to note that the system is in operation. We suggest that the Department of the Navy internal auditors periodically review the system, including the required design changes mentioned above, to assure that it is operating as designed. At some future date we will examine selected portions of the system and advise you as to whether it is functioning effectively and in accordance with this approval.

Please express our appreciation to the Navy staff for their cooperation in the evaluation process. We commend the Navy for the progress being made in submitting accounting system designs for approval.

Sincerely yours,



Comptroller General  
of the United States

DOCUMENT RESUME

03639 - [A2773981] (Restricted)

[Relief for Natalie A. Cornforth from Liability for Funds Stolen from a Locked Desk]. B-189795. September 23, 1977. 3 pp.

Letter to Heather L. Ross, Deputy Assistant Secretary, Department of the Interior; by Paul G. Dembling, General Counsel.

Issue Area: Personnel Management and Compensation (300).  
Contact: Office of the General Counsel: General Government Matters.

Budget Function: General Government: Central Personnel Management (805).

Organization Concerned: Geological Survey: Alaska Distribution Section, Fairbanks, AK. -

Authority: 31 J.S.C. 82a-1. 54 Comp. Gen. 112. 54 Comp. Gen. 115. B-184274 (1975). B-182590 (1975). B-182477 (1974). B-161457 (1977). 7 GAO 28.14(3).