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UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
502 U S CUSTOMHOUSE 2D AND CHESTNUT STREETS
PHILADELPHIA, PENNSYLVANIA 19106

MAR 9 1971

Mr Milton I. Sharon
Regional Director
U.S Civil Service Commission
Room 706, U.S. Customhouse
2nd and Chestnut Streets
Philadelphia, Pennsylvania 19106

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Dear Mr. Sharon

We have made a review for the settlement of accounts of the accountable officer at the Philadelphia Regional Office, U.S. Civil Service Commission, through fiscal year 1970.

This review was directed primarily toward an evaluation of administrative procedures and internal controls relating to the receipt and disbursement of funds and included such tests of financial transactions as we considered appropriate. Program activities were not included in this review.

We also reviewed the working papers and report of audit of administrative, personnel, fiscal and related support activities made by the internal auditors of the U.S. Civil Service Commission (CSC), Washington, D. C , for the period April 1969 through March 1970.

Although we found the accounts, procedures, and controls to be generally satisfactory, we noted certain weaknesses which we believe require attention. We discussed these with you, your deputy, and your budget and accounting officer at our final conference and were assured that corrective measures would be taken where required. These weaknesses are summarized below.

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1. Our review showed that almost 50 percent of the purchase discounts offered were not taken. By reference to the fiscal year 1970 file, we identified 20 suppliers who offered discounts on 49 separate invoices. Examination of these invoices showed that discounts were not taken on 24 of them. Although the monetary loss was not significant, the high percentage of discounts lost indicates that large ones could also be lost. We suggest that personnel who process invoices be instructed on the importance of properly segregating and processing for prompt payment those invoices which allow purchase discounts.

2. Ten outstanding receivables, out of 39 open accounts, were found which were not being followed up in the time prescribed by Commission regulations. Administrative Manual Letter 176-182 provides that if a S.F. 1081 or a check in payment of a S.F. 1080 is not received within 60 days, follow-up should be made by telephone or in writing. Additional follow-ups should be made at 30-day intervals thereafter, if necessary.

For these 10 receivables we found that 6 to 28 days elapsed beyond the authorized 60 days before follow-up action was initiated. However, the delay in follow-up action is not as extensive as it was found to be in our last audit. That audit showed that receivables were due from other Government agencies 6 to 10 months before follow-up collection action was taken.

3. We found in our examination of disbursements that the average processing time for travel vouchers paid in June 1970 was 15 working days. We noted that the internal auditors in their last report pointed out that the average processing time for travel vouchers was 16 calendar days. In their report they stated that 10 days was generally considered a reasonable processing time. We are in agreement with this conclusion.

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We wish to acknowledge the courtesies and cooperation shown our representatives during their review. We would appreciate receiving your comments as to action taken or to be taken on the matters described above.

In accordance with the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies, title 8, chapter 3, the records of transactions of the Philadelphia Regional Office through June 30, 1970, may be transferred to the Federal Records Center for storage.

A copy of this report is being furnished to the Executive Director of the United States Civil Service Commission.

Sincerely yours,

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James H. Rogers
Regional Manager

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