

DOCUMENT RESUME

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[Approval of the Design of the Accounting System for the U.S. Army Corps of Engineers]. FGMSD-77-45; B-159797. July 21, 1977. 2 pp.

Report to Secretary, Department of Defense; by Elmer B. 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 Army: Corps of Engineers.

The revised design of the accounting system for the U.S. Army Corps of Engineers was approved as adequate and in conformance in all material respects with approved accounting principles and standards. The design and approval do not include the Centralized Payroll and Leave Accounting System of the Corps because the Department of Defense plans to develop and submit for approval a single standard civilian payroll system which will encompass Corps civilian personnel. The adequacy of the automatic data processing aspects were evaluated as to internal controls, audit trails, data integrity, and consistency with the accounting specifications. Findings/Conclusions: The accounting system of the Corps is required to comply with the Uniform System of Accounts prescribed by the Federal Power Commission. Inasmuch as the Corps does not depreciate the cost of fee simple land, GAO has agreed to accept this deviation from title 2 of the GAO Policy and Procedures Manual for Guidance of Federal Agencies to allow the Corps to conform with FPC policy. To maintain an approved status, planned changes in the accounting system design should be discussed with GAO personnel and, if determined to be significant, submitted for approval. Corps internal auditors should periodically review the accounting system in operation to be sure that it is operating as prescribed. (SC)

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

Mr. [unclear]
Room 6102
640 Bldg.

B-159797

JUL 21 1977

The Honorable
The Secretary of Defense

Attention: Assistant Secretary of Defense
(Comptroller)

Dear Mr. Secretary:

It is my pleasure to approve the revised design of the accounting system for the U.S. Army Corps of Engineers, submitted to us on June 30, 1977, as being adequate and in conformity in all material respects with its approved accounting principles and standards. The design and our approval do not include the Centralized Payroll and Leave Accounting System of the Corps because of Department of Defense plans to develop and submit for approval a single standard civilian payroll system which will encompass Corps civilian personnel.

The accounting system of the Corps is required to comply with the Uniform System of Accounts prescribed by the Federal Power Commission (FPC). Title 2 of the GAO Policy and Procedures Manual for Guidance of Federal Agencies provides for the depreciation of fee simple land costs, whereas FPC accounting policy does not. Inasmuch as the Corps does not depreciate the cost of fee simple land, we have agreed to accept this deviation from Title 2 to allow the Corps to conform with FPC policy.

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.

To maintain an approved status, planned changes in the accounting system design should be discussed with our representatives and, if necessary, submitted for approval.

We suggest that your internal auditors periodically review the accounting system in operation to be sure that it is operating as prescribed. 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 the approved design.

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We commend the Corps for developing a revised accounting system that will improve its ability to direct its various operations and financial affairs.

Sincerely yours,

SIGNED ELMER B. STAATS

Comptroller General
of the United States