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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON REGIONAL OFFICE
FIFTH FLOOR
803 WEST BROAD STREET
FALLS CHURCH, VIRGINIA 22046

093577

DEC 13 1973

Mr. Andrew J. Wilson, Chief
Office of Financial Management
Bureau of Engraving and Printing
Department of the Treasury

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Dear Mr. Wilson:

We recently discussed with you the results of our examination of the financial statements of the Bureau of Engraving and Printing Fund for fiscal years 1972 and 1973 and advised that our report to the Congress was in preparation. We thought it would be useful to summarize for you certain matters noted during our review which will not be discussed in our report to the Congress but which we feel warrant your attention.

Benefits to be derived from an up-to-date accounting manual

The Bureau does not have a complete and up-to-date manual of accounting policies and procedures for use by the accounting staff. As you know, an accounting manual contributes to accurate and reliable accounting and operating data and is an important part of the internal control system.

The manual currently in use does not reflect changes in accounting practice which have occurred during the past several years. We believe it is important that the manual be updated and that this be done as soon as possible. A factor that gives this project considerable urgency is the possibility of nearly a 50-percent turnover of personnel in the General Accounts Branch during the next 6 months. Of the 11 employees currently in that branch, 4 plan to retire, 1 is transferring to another job in the Bureau, and another is eligible for retirement. We believe even at this time that the experience of these employees could be useful to the Bureau in revising the accounting manual. Furthermore, it is important that an up-to-date manual be available to guide the persons replacing those retiring.

Because the Bureau plans to have its management information system redesigned, updating some sections of the manual at this time might be helpful in developing the financial segment of that system.

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Service lives of depreciable
assets should be reviewed

The Bureau is depreciating its furniture and fixtures over a 20-year life while the Depreciation Guidelines and Rules, issued by the Internal Revenue Service in 1964, suggests a 10-year life. The 20 years was the useful life suggested by the Internal Revenue Service prior to 1964.

The estimated useful life of depreciable property is important in computing annual depreciation. It is a recommended practice that the useful life be reviewed periodically to give effect to improved estimates based on experience gained. We recently provided you with the current Internal Revenue Service guidelines and understand that you plan to review the service life of depreciable property in light of the guidelines, Bureau experience, and the general experience of industry.

Need for greater accuracy
in pay and leave operations

In our review of payroll operations we noted inaccuracies in certain payroll deductions and in leave recordkeeping. Our review of a random sample of 200 employees' records from payroll for the period July 8 through 21, 1973, showed that Federal income tax deductions for 14 employees did not agree with the tax withholding certificates submitted by the employees. These withholding certificates furnish data on an employee's marital status and number of exemptions and are used to determine the appropriate amount to be withheld. In these instances, the payroll clerks apparently did not make the necessary changes when revised tax withholding certificates were submitted by the employees.

This matter was discussed with the payroll supervisor who agreed to verify all marital status and exemption data used in computing the payroll. In addition, the supervisor instructed the payroll clerks to be more careful in making these computations in the future.

We also noted that established procedures for reconciling leave balances were not accurately followed. In addition, several leave records had erasures and figures that were written over. Our sample of 1972 leave records of 100 employees showed that leave records of 11 employees had errors ranging from 1 to 21 hours.

We believe greater care in reconciling balances and maintaining the records would eliminate the errors we noted. We suggested to the payroll supervisor that corrections or adjustments on leave records be made by lining out the figure to be corrected and inserting the new figure above. The timekeeper or payroll clerk making the change should initial and date

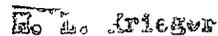
the adjusted record. The payroll supervisor concurred with our observations and stated that action will be taken to correct the discrepancies.

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We would appreciate receiving your views and comments on the above matters and advice as to any action taken or contemplated. We would be happy to meet with you again to discuss these matters if it would be helpful. Disposal of Bureau records through fiscal year 1973 may be made in accordance with your regulations after the above matters have been resolved.

Copies of this letter are being provided to Mr. Conlon and Mr. Esserman. We would like to express our appreciation for the cooperation of your staff during the course of our examination.

Sincerely yours,



H. L. Krieger
Regional Manager



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DEC 13 1973

Mr. James A. Conlon, Director
Bureau of Engraving and Printing
Department of the Treasury

Dear Mr. Conlon.

Enclosed for your information is a copy of our management letter to the Chief, Office of Financial Management. The letter contains several suggestions which we believe offer opportunity for improvement in Bureau financial management.

We appreciate the courtesies and cooperation provided our staff. If you have any questions, please contact me.

Sincerely yours,

H. L. Krieger

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Enclosure



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DEC 13 1973

Mr. Jay L. Esserman, Chief
Office of Internal Audit
Bureau of Engraving and Printing
Department of the Treasury

Dear Mr. Esserman.

Enclosed for your information is a copy of our management letter to the Chief, Office of Financial Management. The letter contains several suggestions which we believe offer opportunity for improvement in Bureau financial management.

We appreciate the courtesies and cooperation provided our staff. If you have any questions, please contact me.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "H. L. Krieger".

H. L. Krieger
Regional Manager

Enclosure