



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

115137

INTERNATIONAL DIVISION

MAY 01 1981

Mrs. Margaret W. Kahliff, Director  
Export-Import Bank of the  
United States  
811 Vermont Avenue, NW.  
Washington, D.C. 20571

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Dear Mrs. Kahliff:

We have recently completed our [audit of ~~the~~ Export-Import Bank's ~~fiscal year~~ 1980 financial statements] and would like to thank you for the outstanding cooperation, courtesy, and assistance extended to us by your entire staff.

We thought it would be useful to you to summarize some observations made during our audit which were not included in our report to the Board of Directors. These matters, presented in detail below, have been discussed with Mr. James K. Hess and Mr. Ralph R. Darden of your staff. Mr. Hess agreed to consider them and take appropriate action.

These issues did not have a material effect on the fairness of your September 30, 1980, financial presentation. We believe they are important, however, because they identify some areas in which better internal controls could improve your operations and the timeliness of our audit work.

NEED TO COMPLETE ACCOUNTING MANUAL

In February 1975, we recommended that the Bank prepare an accounting manual of policies and procedures. As we noted at that time, an accounting manual is an important part of a sound internal control system and helps to ensure accurate and reliable accounting records and operating data.

In February 1979, the Bank's former Treasurer-Comptroller assured us of the Bank's commitment to completing an accounting manual and said that a September 30, 1979, target date had been set for completion. He expressed the belief that the manual, when completed, would enable management to better evaluate accounting controls.

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The accounting manual is still not complete. As of March 31, 1981, one of six proposed chapters had been completed and sections of four others had been completed or were in process. Much of this work has been accomplished in the last year. Although this effort is most commendable, a substantial amount of work still is needed to finish the chapter sections and the chapter not yet started.

We reiterate our 1975 recommendation and believe that a high priority be given to completing the accounting manual to enhance the effectiveness of the Bank's internal accounting controls.

NEED TO IMPROVE CONTROL  
OVER CASH RECEIPTS

The Bank's procedures do not establish control over cash collections when they are received. After incoming mail is opened in the mailroom to identify recipients, cash receipts contained in this mail are sent to the cash control unit for recording and deposit. No record of these receipts is made at the time the mail is opened.

For good internal control, cash collections should be placed under appropriate accounting control promptly upon receipt. Also, the duties of persons who handle and account for these funds should be separated to the maximum extent practicable.

We recommend that, to establish better accounting control over cash receipts, all receipts contained in incoming mail be listed when the mail is opened, each listing be verified by another person at the time it is prepared, and all listings later be independently compared with the accounting records by a person who does not have access to cash and does not maintain cash accounting records.

NEED FOR MORE COMPLETE  
ACCOUNTING RECORDS

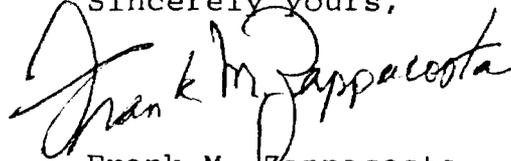
Posting media are source documents used to generate the monthly journal voucher register which updates the general ledger. Many posting media did not contain clear explanations of why they were prepared and/or what information was used in their preparation. In some instances, the media contained no explanations at all as to their purpose or source.

This condition can be a source of confusion to accounting personnel and may result in erroneous entries being made. For example, in one instance a double error was made when a posting medium duplicated a previous error instead of eliminating it. In addition, lack of an adequate audit trail made our audit work more difficult and time-consuming. We found it necessary to ask Bank personnel to show us how figures were arrived at, because we could not determine what source records or documents to refer to.

We recommend that, for more complete accounting records and a better audit trail, all posting media be required to include clear explanations of the purpose and source of data used before they are approved for posting to the monthly journal voucher register.

Your views concerning these areas will be appreciated. We will be happy to discuss these items with you or to furnish any additional information that may be of assistance to you.

Sincerely yours,

A handwritten signature in cursive script that reads "Frank M. Zappacosta". The signature is written in dark ink and is positioned above the typed name.

Frank M. Zappacosta  
Senior Group Director