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United States General Accounting Office

GAO

Briefing Report to the Chairman,  
Committee on Governmental Affairs, U.S.  
Senate

February 1988

# FINANCIAL MANAGEMENT

## Examples of Weaknesses



135392

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United States  
General Accounting Office  
Washington, D.C. 20548

Accounting and Financial  
Management Division

B-227712

February 25, 1988

The Honorable John H. Glenn  
Chairman, Committee on Governmental  
Affairs  
United States Senate

Dear Mr. Chairman:

Your October 26, 1987 letter asked GAO to address three issues concerning federal financial management. This report responds to your request for examples of weaknesses in the federal financial management structure.

Regarding the other two segments of your request, we recently provided you with a draft position paper, entitled Major Accounting and Financial Reporting Issues of the Federal Government, to assist the Committee in its consideration of the value of agency financial statements. In the near future, we will provide you with information on the Office of Management and Budget's (OMB) progress in addressing financial management weaknesses and on the status of OMB's "Financial Management Implementation Schedule," the financial management improvement plan which was introduced at a hearing before your Committee on July 23, 1987.

The enclosed examples detail causes and impacts and demonstrate a wide range of problems in federal financial management, including:

- lack of centralized and agency financial management leadership and long-range planning,
- inadequate financial management systems,
- weaknesses in internal control,
- lack of periodic preparation and audit of agency-level financial statements,
- inadequate funds control, and
- inconsistent accounting practices.

We did not perform audit work to develop the attached examples. Rather, we compiled the examples from previous documents such as GAO reports and testimony, including our December 1987 report to the Congress, Financial Integrity Act: Continuing Efforts Needed To Improve Internal Control and Accounting Systems (GAO/AFMD-88-10). The supporting documents are cited at the end of each example and are listed in appendix II. We did not attempt to determine whether agencies have taken corrective actions on problems cited in this report nor did we determine whether these specific problems continue to exist. We did not obtain comments on the report because we are citing previously reported information.

The cited weaknesses are indicative of the types of financial management problems that we have reported and which continue to be disclosed by our audits, agency inspectors general initiatives, and agency self-evaluations conducted under the Federal Managers' Financial Integrity Act.

We hope that these examples will be useful in your continuing efforts to strengthen the federal government's financial management. They illustrate problems that must be addressed by comprehensive financial management reform which is guided by a conceptual framework such as the one we proposed as far back as February 1985 in our report, Managing the Cost of Government: Building an Effective Financial Management Structure (GAO/AFMD-85-35). As the Comptroller General testified at your July 23, 1987 hearing on S. 1529, the "Federal Financial Management Reform Act of 1987" (GAO/T-AFMD-87-18), we continue to be concerned about (1) the federal government's lack of effective financial management and accountability and (2) the government's inability to effectively hold federal managers accountable for financial activities because of a lack of essential financial data.

During the July 23, 1987 hearing, the Comptroller General outlined the elements that would provide a foundation for successful financial management reform efforts. First, a legislative mandate is necessary to ensure continuity and stability of reform initiatives, and possibly their very existence. Second, a central position and office must be established in law and charged with planning, implementing, and overseeing the reform effort as well as providing the continuous central leadership that is needed. Corresponding leadership in executive branch departments, agencies, and bureaus is also essential to provide continuity for improved agency financial management and support for the central office. Third, the central leadership must develop and

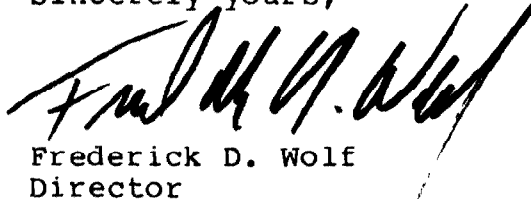
implement a long-range governmentwide plan for improving and operating federal financial management systems.

The need to promote discipline and accountability in the financial management process is an integral part of the overall improvement effort. The annual preparation and audit of agency, and ultimately governmentwide, financial statements are the capstones of the financial management improvement process and will help instill discipline in accounting and reporting systems, establish accountability, and ensure that there is a proper link among phases of financial management. Audits can be viewed as a quality control mechanism because they check the integrity of financial data and the comprehensiveness of disclosures. They also identify weaknesses in internal accounting controls and financial management practices and monitor compliance with significant laws and regulations.

As the Comptroller General said in his testimony, it is difficult to quantify the costs of making uninformed decisions or to place a monetary value on timely, reliable financial information which helps managers make informed decisions. It is also difficult to isolate a particular aspect of the financial management improvement strategy and say that it alone will prevent a particular problem. That would be like trying to determine which of the various systems in the body--nervous, circulatory, respiratory, or muscular--allows one to stand up and walk across a room. Rather, the legislative and executive branches need to think in terms of a financial management program and organizational structure which will, over time, become a part of the fabric of our federal management and which will significantly reduce the occurrence of problems such as those illustrated by the enclosed examples.

I hope these examples are helpful in your efforts to improve federal financial management. Unless you publicly announce the contents of this report earlier, we will not distribute it until 30 days from its date. At that time we will send copies to interested parties. If you or members of your staff have any questions, please call me on 275-9461.

Sincerely yours,



Frederick D. Wolf  
Director

**EXAMPLES OF FINANCIAL MANAGEMENT WEAKNESSES****INADEQUATE ACCOUNTING SYSTEMS AND INTERNAL CONTROLS  
FOR THE FOREIGN MILITARY SALES PROGRAM**

The inability of the Department of Defense (DOD) to control and account for funds entrusted to it by foreign countries under our foreign military sales program provides an example of the cost to the government of inadequate accounting systems and weak internal controls. For years, DOD has been operating an inadequate system, which has resulted in the Department's inability to relate expenditures of foreign customers' funds to delivery of weapons to those countries. DOD records from 1986 indicated that the Department had spent over \$600 million more of foreign country funds than the value of the weapons it reportedly delivered to them. DOD did not know for what purposes all of these funds had been spent and was unable to reconcile the differences.

In cases such as this one, where DOD cannot determine that funds were spent on customer orders, our government will have to refund, either in cash or in additional deliveries of weapons, amounts that cannot be accounted for. This could cost the taxpayers hundreds of millions of dollars.

What is most unfortunate is that the accountability problems in the foreign military sales program are not new and have been chronicled in over 50 GAO reports during the past 15 years.

(GAO/T-AFMD-87-12)

**ACCOUNTING AND FINANCIAL MANAGEMENT SYSTEM REDESIGNS  
LACK CENTRAL PLANNING AND LEADERSHIP**

For many years, federal agencies have struggled in attempts to redesign, enhance, or develop new accounting and financial management systems. These efforts all too frequently fall short of expectations, are delayed for years, or fail altogether. The result is the continuing overall poor condition of federal agency financial management systems.

In 1986, every major federal agency reported ongoing accounting and financial management system development or redesign projects, some of which may be duplicative of existing systems or other development efforts. In total, 45 percent of existing accounting systems were being enhanced or redesigned. While there is no precise figure available for the total cost of

ongoing projects, they will involve hundreds of millions of dollars over the next several years.

One reason there is no precise cost figure available is because not all agencies routinely identify the full costs of individual projects. Therefore, the government cannot easily, or routinely, report a reliable figure on what is spent on all of its automated systems, let alone its automated financial management systems.

System development or enhancement is a time-consuming process. Even under the best of circumstances, when a project is well-defined, planned, and managed, delays and changes occur. These inherent problems are exacerbated by an environment of funding uncertainty and frequent changes in requirements and priorities created by frequent top management turnover and changing mandates.

Over the years, hundreds of individual projects, costing hundreds of millions of dollars each year, have been undertaken throughout the government, without any governmentwide plan; without consistent, central guidance or scrutiny; and without standards by which to compare and judge these efforts. Without an overall plan and central leadership to guide these efforts, at both the federal and agency levels, duplication will continue to occur, and needed system development and enhancement projects will continue to suffer delays or fail altogether.

Central leadership and planning are critical due to the magnitude and scope of projects that have been undertaken, as shown in the following examples:

- During 1986 and 1987, agencies reported on about 200 projects, with an estimated total cost of approximately \$2 billion for fiscal years 1987 through 1992. These figures are probably understated because not all agencies reported their projects or estimated project costs.
- The Department of the Army is planning to redesign and consolidate 50 of its 52 systems, at a cost projected in 1987 at approximately \$300 million.
- The Department of the Interior is redesigning all 12 of its systems. In fiscal year 1986, Interior's cost estimates for these and other accounting and financial management system development projects totaled approximately \$26 million.

- The Navy reported in 1986 that it had 39 system redesign or enhancement projects in progress, at an estimated cost of almost \$2.5 billion. Eleven of these projects were significantly behind schedule. One project, estimated to cost over \$200 million, is 4 years behind schedule, and another, estimated to cost over \$230 million, was 3 years late.
- Since 1982, the Social Security Administration (SSA) has been working on a systems modernization project originally projected for completion in 5 years, at a cost of \$478 million. In fiscal year 1987, SSA estimated systems related costs through fiscal year 1988 to be about \$643 million. SSA stated that it was not possible to project costs accurately beyond 2 years because of the budget cycle.

(GAO/AFMD-88-10, GAO/HRD-87-39, GAO/IMTEC-87-13, GAO/IMTEC-87-8, GAO/AFMD-86-69, GAO/AFMD-86-39, GAO/AFMD-86-14, GAO/AFMD-86-7, GAO/HRD-86-12, GAO/FGMSD-78-28, Agencies' Five Year Plans)

**MISSED OPPORTUNITY FOR EARLY WARNING**  
**OF FINANCIAL PROBLEMS IN THE FARM CREDIT SYSTEM**

The Farm Credit System was created by the Congress with the mandate to provide credit on reasonable terms to the nation's farmers. Over the past years, the System has experienced severe financial distress. The quality of its loan portfolio deteriorated significantly during 1985, and its surplus declined by almost half. To a large extent, the problems resulted from a combination of poor management, the deterioration of the agricultural economy, and increased volatility in interest rates. The System's decentralized organizational structure made it difficult to confront systemwide management problems and to adjust its policies to respond to economic volatility.

Until 1985, the System neither consolidated its financial statements nor hired an independent auditor to perform an audit. If it had, the System's fiscal stress may have become apparent much earlier. The System will be severely challenged to overcome poor management of its lending and funding operations, weaknesses in its organizational structure, and inefficiencies in its operations, while at the same time fulfilling its congressional mandate to provide credit on reasonable terms to farmers.



It is conceivable that more timely financial statement audits, before the significant deterioration of the agricultural economy, could have provided warning signals that improvements were needed in financial management activities.

(GAO/GGD-87-51)

### INADEQUATE FUNDS CONTROL

Over the last decade, federal agencies have experienced problems in accounting for their appropriations and in operating within legislatively prescribed spending limits.

- In 1978, we reported that the Department of the Army had lost track of how much procurement money it had. As a result, the Army ended up spending \$225 million more than allowed and needed special legislation to transfer funds to cover the shortage.
- In 1981, we reported that the Air Force was spending funds before the Congress appropriated them and then changing year-end financial report balances to keep from disclosing resulting deficiencies in amounts up to \$210 million.
- In 1983, the Department of the Interior's Fish and Wildlife Service did not promptly record obligation documents in its accounting system, charged contracts to the wrong fiscal year, and did not reconcile fund balances. As a result, it could not determine whether spending laws had been violated and, if so, by how much.
- In 1984, we reported that the military services spent an estimated \$35 million in appropriated funds after the time the funds were legally available.
- In 1985, the General Services Administration incurred obligations in excess of funds available by more than \$8 million.
- The Department of Agriculture's Food and Nutrition Service illegally paid for meals under the Child Nutrition Programs in fiscal year 1985 with fiscal year 1986's funding. This problem began in fiscal year 1983 when the Service lost its authority to record obligations against the next year's appropriation for meals served in the current fiscal year. Using the best available information from accounting and other records, we verified that the cumulative shortfall for the Programs

was about \$110 million by the end of fiscal year 1985. The Service reported that the deficiency at the end of fiscal year 1985 was \$125 million and that it could be \$66 million higher at the end of fiscal year 1986.

(GAO/AFMD-87-20, GAO/AFMD-86-61, GAO/AFMD-86-55, GAO/AFMD-84-34, GAO/AFMD-81-53, GAO/FGMSD-78-28, GAO/FGMSD-76-74)

**INABILITY OF THE FOREST SERVICE'S COST ACCOUNTING SYSTEM TO PRODUCE DATA ON COSTS OF TIMBER SALES**

During the past several years, the House Appropriations Committee, Subcommittee on Interior and Related Agencies, has focused interest on the cost and benefits of timber sold from national forests. The program generated \$757 million from timber sales in fiscal year 1986.

For several years, during appropriations hearings, the Forest Service was unable to produce information on the results of operations or the cost of timber sold. Because costs were not appropriately accumulated, the Forest Service lacked basic data needed to judge the economic merits of sales, monitor the total of sales made below cost, determine why losses occur, or take timely action to reduce costs.

At the Subcommittee's direction, GAO and the Service designed a cost accounting system. The design was completed in 1987. As part of the development, GAO evaluated the Service's existing system and determined the information needs of the Service, the Congress, and the general public. The new system, which is now being implemented, will provide sound financial data on the results of timber program operations when it is fully implemented. Such information will help make timber sale planning and management more efficient, provide credible data to monitor long-term management objectives in forest plans, and provide useful reports to the Congress and the public on the annual financial results of the timber sales program.

Information acquired during the course of the design project has already been used by the Appropriations Committee. In its report accompanying the fiscal year 1988 Interior and Related Agencies appropriation bill, the Committee commented,

"In the course of working on the cost accounting system, it became apparent that the problem the system was intended to address was more serious than initially realized, in terms of the amount of cost data assumed to be 'actual' when in fact many of the costs reported as 'actual'...have actually been the same as the amounts originally budgeted for the

activity involved. In addition, there has been a practice of spending money to attain targets, without careful attention to the actual expenditure....[T]he Committee hopes that once the accounting system has been implemented for the timber sales program, the Forest Service will spread its use to its other programs, so that a truer picture of the actual expenditure of funds, and the purposes for which they are spent, can be seen and reported. As this happens, the Forest Service should find the problems it has been addressing begin to disappear, with regard to fund control, since budgeted dollars and actual expenditures will begin to relate to one another in a much more realistic way."

(GAO/AFMD-87-33; GAO/RCED-84-96; House Report 100-171, June 18, 1987)

### **INCONSISTENT REPORTING OF ADMINISTRATIVE COSTS**

Inconsistent practices regarding treatment of administrative costs may result in the inability to accurately report to the Congress on the implementation of the Gramm-Rudman-Hollings law (Balanced Budget and Emergency Deficit Control Act of 1985, 99 Stat. 1037). When asked by a member of Congress to identify how agencies allocated budget cuts between service and administrative operations, we were unable to do so for the following reasons:

- Agencies are inconsistent in accounting for their administrative costs.
- The Budget of the United States Government (President's budget) does not identify an administrative account for all agencies.
- In instances where the President's budget identified an administrative account for agencies, the types of administrative accounts were not consistent among agencies. For example, different account titles were used, such as "general administration," "program support," and "agency direction and management." Because agencies use different titles for the administrative accounts, the accounts may include different types of costs.
- The administrative accounts identified in the President's budget for two agencies reviewed did not seem to report all costs of administrative operations. For example, neither the Forest Service nor the Bureau of Land Management included program administration expenses in

their administrative accounts in the President's budget, nor did they identify these costs as separate line items in the budget.

- Both the Forest Service and the Bureau of Land Management changed their criteria for defining program administration.
- The Forest Service inconsistently applied its criteria for allocating costs to its general administration account.

When agencies do not identify administrative costs, apply differing criteria, or inconsistently apply criteria in allocating costs to program administration accounts, it may be difficult to determine how much of their administrative costs should be cut under provisions of Gramm-Rudman-Hollings. More consistency among and within agencies' cost definitions, accounts, criteria, practices, and procedures would put the government in a better position to more accurately report on important issues such as the implementation of Gramm-Rudman-Hollings.

(GAO/AFMD-86-54BR)

#### **INADEQUATE RECONCILIATION OF CASH BALANCES**

As a fundamental means of controlling their money, private businesses, as well as individuals, reconcile their checkbook balances with monthly bank statements. A number of federal agencies, however, have not routinely reconciled agency financial records (their "checkbook") with those maintained by the Department of the Treasury (their "bank").

In fiscal year 1986, the General Services Administration (GSA) continued its earlier practice of not reconciling cash balances with Treasury in a timely manner. At year-end, GSA adjusted its cash balance downward by \$36 million for unaccounted differences from Treasury's records to agree with the cash balance reported by Treasury. Similar differences from prior fiscal years had also not been resolved, making satisfactory determinations for these differences highly unlikely because information needed for resolution becomes increasingly difficult with the passage of time.

The Federal Financing Bank is a component of the Treasury and is responsible for coordinating federal and federally assisted borrowing. It also had major problems in reconciling

its cash records to those of the Treasury. The Bank's month-ending cash balance did not agree with Treasury for any of the 12 months during fiscal year 1985. For one month, Bank records showed a cash balance of \$2.5 billion. Treasury records showed a balance of only \$8 million.

(GAO/AFMD-88-10, GAO/AFMD-87-49, GAO/AFMD-87-31)

#### **INADEQUATE RECORDKEEPING AND SAFEGUARDING OF INVENTORIES AND PERSONAL PROPERTY**

Defense and civilian agencies have experienced problems in keeping track of their inventories and personal property. In 1986, GAO reported that the Department of Defense (DOD) would not achieve adequate accountability over supply system inventories until deficiencies in recordkeeping, inventory taking, physical security, and other areas were corrected. DOD's wholesale and retail inventories were estimated at \$130 billion.

The waste, theft, and mismanagement of defense resources is costing taxpayers millions of dollars. For example, in September 1985, after reports of theft and diversion of F-14 aircraft parts, GAO was asked to investigate inventory-management practices of the military services and the Defense Logistics Agency supply systems. During unannounced December 1985 and January 1986 visits to two air bases in West Germany, GAO found that the physical security of supply warehouses was inadequate, thereby leaving supplies susceptible to theft and sabotage.

The Army also experienced inventory weaknesses despite reported corrective actions. Weaknesses included inadequate identification and safeguarding of pilferable and sensitive items, lost ammunition and explosives, excess repair parts, inaccurate inventory and requisition records, inadequate physical inventories and receipt-processing procedures, and substandard physical security. The very nature of some of these weaknesses--poor accountability, inaccurate records, and inadequate inventories and procedures--makes it difficult to quantify the dollar effect.

In fiscal year 1984, the Defense Logistics Agency recorded losses of about \$23 million for materials because it could not determine whether it had ever received them.

The Department of State owns a large amount of nonexpendable personal property such as motor vehicles, office and home furnishings, and communications and security equipment. Although it did not know the value of this property, some perspective can

be offered by noting that it had spent about \$252 million acquiring personal property during fiscal years 1985 and 1986.

For almost two decades, GAO has reported that internal controls over personal property, located at about 260 foreign posts and in 21 domestic cities, were inadequate. More recently, the State Department's Inspector General has reported similar inadequacies. Some of the problems repeatedly reported were failures to

- adequately plan for procurement,
- maintain accurate and complete property records,
- take and reconcile inventories annually, and
- identify and redistribute or properly dispose of excess property.

Although these kinds of problems have been identified and reported over the years, problems persist. One means of alleviating these types of problems is to prepare financial statements and have them audited in accordance with generally accepted government auditing standards. Preparing accurate financial statements, as they relate to property, would require conducting periodic physical counts of the property and comparing these counts to property records, reconciling any differences, and making necessary adjustments.

Through this process, the agency can place more reliance on the records on which the financial statements are based. Auditors observing the inventory counts and making independent test counts as part of the financial statement audit would provide an independent verification of the inventory records. The resulting audit report would disclose any material weaknesses that warrant management's attention. Since the audit would be conducted annually, material weaknesses in inventory management would be disclosed each year until corrective action was taken.

(GAO/NSIAD-87-156, GAO/AFMD-86-55, GAO/NSIAD-86-106BR, GAO/NSIAD-86-64)

**INADEQUATE SYSTEMS TO MONITOR  
AMOUNTS DUE THE GOVERNMENT**

In 1986, we reported that agencies had been slow in implementing the strengthened debt collection mechanisms provided by the Debt Collection Act of 1982 (P.L. 97-365). As a result, the full benefits of the act had not been realized. Improved

debt collection practices could help reduce the deficit. As of September 1985, the federal government had receivables totaling about \$346 billion--an increase of 27 percent since fiscal year 1982--and the collectibility of a large portion was uncertain.

On a related matter, agencies have been trying for years to develop systems to solve their problems in accounting for receivables. GAO's accounting system and financial statement audits, as well as inspector general reviews, have consistently disclosed serious weaknesses in these systems. Identified problems include understating the amount of delinquent debt, not establishing allowances for loan losses, and not promptly recording amounts due or reconciling account balances.

(GAO/AFMD-86-39)

**LACK OF ANNUAL FINANCIAL AUDITS LIMITS  
OPPORTUNITIES TO IMPROVE OPERATIONS**

The Congress and the executive branch continue to search for ways to improve operations, reduce federal expenditures, and increase collections of money due the government. The discipline provided by annual financial statement audits could help. Recent GAO financial statement audits have disclosed that

- the Federal Deposit Insurance Corporation payroll system generated checks for individuals who were no longer employed or who were in a nonpay status;
- the Veterans Administration (1) assessed delinquent debtors only one-half of the legally required interest rate and (2) did not bill patients for about \$20 million in medical care for which they were not eligible; and
- the General Services Administration did not bill customers for \$8 million in services provided through third-party subcontractors because of a lack of review of unbilled accounts receivable.

Financial statement audits act as a safeguard against improper payments. A case in point involves the Federal Crop Insurance Corporation, which is authorized to enter into reinsurance agreements with private insurance companies. Under these agreements, the Corporation assumes most of the risk of crop loss. In our study and evaluation of internal controls as part of the audit of the Corporation's 1986 financial statements, we took a limited sample of claims that had been paid and found that 69 percent, totaling \$14 million, should potentially not have been paid because the reinsured companies did not thoroughly

verify the claims to ensure that program criteria such as eligibility had been met. Tests performed by the Department of Agriculture Inspector General found similar problems.

A rigorous program of annual financial audits should uncover and ultimately prevent many of these types of problems. Annual audits would not only provide a means of detecting such problems when they occur, but would also provide an incentive to the agency for prevention of the problem.

(GAO/AFMD-87-38; GAO/AFMD-87-36; GAO/AFMD-86-55; Management letter dated December 11, 1986, B-114831; Management letter dated, October 1, 1986, B-198500; Management letter dated June 20, 1986)

#### **LACK OF CONTROL OVER ACCOUNTS PAYABLE**

The Defense Fuel Supply Center (DFSC), one of six Defense Logistics Agency supply centers, is responsible for procuring, stocking, and distributing petroleum commodities which it sells both within the Department of Defense and to other federal agencies. During fiscal year 1986, DFSC purchased over \$4.3 billion in fuels and, as of September 30, 1986, had over 17,500 accounts payable balances, totaling about \$416 million, resulting from fuel purchases.

GAO found that DFSC did not have adequate controls to ensure the proper recording and reporting of millions of dollars of accounts payable resulting from its fuel purchases. For example:

- DFSC's accounting system showed a \$6.2 million accounts payable balance for six accounts GAO reviewed, when the correct balance should have been only \$2.5 million.
- DFSC did not know if accounts payable balances that remained outstanding for long periods were correct. As of September 30, 1986, over 7,800 of DFSC's 17,500 accounts payable (or about 45 percent) had been outstanding for over 180 days.
- DFSC had recorded, as of September 30, 1986, negative accounts payable in the amount of \$46 million. Classifying these items as negative accounts payable, instead of properly identifying them as accounts receivable, resulted in overpayments to contractors not being properly reported or recovered.

(GAO/AFMD-87-30)



**PROBLEMS WITH ASSESSMENTS AND COLLECTIONS SYSTEM**

The Congress enacted the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201-1328) to impose workable reclamation standards nationwide and to prevent unnecessary degradation of land and water resources. Operators who violate the standards can be assessed a monetary penalty. To help account for assessment and collection actions on violation cases, the Office of Surface Mining, Department of the Interior, implemented an automated Collection Management Information System in 1983. As of May 1986, the Office was tracking about 9,500 cases on which \$161 million in penalties was due. In 1986, we reported that the system was not adequate to ensure the proper assessment and collection of the penalties.

According to users of the system, the system did not have accurate data, did not contain all violation cases, and produced reports that were not accurate or complete. On September 30, 1985, a \$2 million contract to revise the collection system was awarded.

The project has been adversely affected by a breakdown of management controls at both the Office and Department levels. The Office did not adequately justify revising the system and did not follow a statistically valid approach in conducting a quality assurance test on the accuracy of information in the system's data base. Therefore, the Office could not assure the Congress or the system's intended users that the data base contained accurate and complete data on the status of assessment and collection cases or that accuracy would be achieved in the future.

(GAO/IMTEC-86-27)

**DOCUMENTS USED IN DEVELOPING  
FINANCIAL MANAGEMENT EXAMPLES**

**GAO REPORTS**

- GAO/AFMD-88-10      Financial Integrity Act: Continuing Efforts Needed to Improve Internal Control and Accounting Systems (December 1987)
- GAO/AFMD-87-49      Financial Audit: Examination of GSA's Financial Statements for Fiscal Years 1986 and 1985 (September 1987)
- GAO/AFMD-87-38      Financial Audit: Veterans Administration's Financial Statements for Fiscal Year 1986 (July 1987)
- GAO/AFMD-87-36      Financial Audit: Federal Crop Insurance Corporation's Financial Statements for 1986 and 1985 (June 1987)
- GAO/AFMD-87-33      Timber Program: A Cost Accounting System Design for Timber Sales in National Forests (April 1987)
- GAO/AFMD-87-31      Financial Audit: Federal Financing Bank's Financial Statements for Fiscal Year 1985 and 1984 (April 1987)
- GAO/AFMD-87-30      Internal Controls: Defense Fuel Supply Center's Recording and Reporting of Accounts Payable (May 1987)
- GAO/AFMD-87-20      Anti-Deficiency Act: Agriculture's Food and Nutrition Service Violates the Anti-Deficiency Act (March 1987)
- GAO/GGD-87-51      Farm Credit: Actions Needed on Major Management Issues (April 1987)
- GAO/HRD-87-39      Social Security Administration: Stable Leadership and Better Management Needed to Improve Effectiveness (March 1987)
- GAO/IMTEC-87-13      Internal Controls: Air Force Contract Payment Controls Should Be Strengthened (April 1987)

GAO/IMTEC-87-8 Software Systems: SSA Encountering Significant Delays in Its Claims Modernization Project (December 1986)

GAO/NSIAD-87-156 Internal Controls: State's Controls Over Personal Property Management Are Inadequate (June 1987)

GAO/AFMD-86-69 Prompt Payment Act: Agencies Have Not Fully Achieved Available Benefits (August 1986)

GAO/AFMD-86-61 Fish and Wildlife Service: Investigation of Alleged Accounting Violations (July 1986)

GAO/AFMD-86-55 Financial Audit: Examination of GSA's Fiscal Year 1985 Financial Statements (June 1986)

GAO/AFMD-86-54BR Budget Issues: Limitations on Analyzing the Cost of Administrative Operations (July 1986)

GAO/AFMD-86-39 Debt Collection: Billions Are Owed While Collection and Accounting Problems Are Unresolved (May 1986)

GAO/AFMD-86-14 Financial Integrity Act: The Government Faces Serious Internal Control and Accounting Systems Problems (December 1985)

GAO/AFMD-86-7 Financial Management: An Assessment of the Veterans Administration's Major Processes (June 1986)

GAO/HRD-86-12 Strong Leadership Needed To Improve Management At The Department Of Labor (October 1985)

GAO/IMTEC-86-27 Mining Violations: Interior Needs Management Control Over Automation Effort (July 1986)

GAO/NSIAD-86-106BR Inventory Management: Problems in Accountability and Security of DOD Supply Inventories (May 1986)

GAO/NSIAD-86-64 Management Review: Progress and Challenges at the Defense Logistics Agency (April 1986)

- GAO/AFMD-85-35 Managing the Cost of Government: Building an Effective Financial Management Structure (February 1985)
- GAO/AFMD-84-34 Improper Use of Industrial Funds By Defense Extended The Life Of Appropriations Which Otherwise Would Have Expired (June 1984)
- GAO/RCED-84-96 Congress Needs Better Information On Forest Service's Below-Cost Timber Sales (June 1984)
- GAO/AFMD-81-53 The Air Force Has Incurred Numerous Overobligations In Its Industrial Fund (August 1981)
- GAO/FGMSD-78-28 Army Efforts to Restore Integrity To Its Financial Management Systems (April 1978)
- GAO/FGMSD-76-74 Serious Breakdown In The Army's Financial Management Systems (November 1978)

**GAO TESTIMONY**

- GAO/T-AFMD-87-12 DOD's Financial Management of the Foreign Military Sales Program (June 1987)
- GAO/T-AFMD-87-18 The Federal Financial Management Reform Act of 1987 (July 1987)

**OTHER**

House of Representatives Report 100-71, June 18, 1987

Management letter to The Honorable L. William Seidman, Chairman, Board of Directors, Federal Deposit Insurance Corporation; from Dennis J. Duquette, Associate Director, Accounting and Financial Management Division, U.S. General Accounting Office; December 11, 1986 (B-114831)

Management letter to Mr. Gerald Farkas, Associate Commissioner, Federal Prison Industries, Inc.; from Dennis J. Duquette, Associate Director, Accounting and Financial Management Division, U.S. General Accounting Office; October 1, 1986 (B-198500)

Management letter to Mr. Edward D. Hews, Deputy Manager, Federal Crop Insurance Corporation; from Kenneth F. Luecke, Acting Regional Manager, Kansas City Regional Office, U.S. General Accounting Office; June 20, 1986

Agencies' Financial Management Systems Five Year Plans

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Washington, D.C. 20548**

**Official Business  
Penalty for Private Use \$300**

**First-Class Mail  
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