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MAY 21 1969



Dear Mr. Condon:

We have made a review for the settlement of the accounts of certifying officers of the Central Office of the Department of Housing and Urban Development (HUD), Washington, D. C., through fiscal year 1968. Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

The review consisted of an evaluation of selected administrative procedures and internal controls relative to receipts and disbursements and included such tests of financial transactions and records as we considered appropriate. We also reviewed the audit reports issued by the HUD Office of Audit applicable to the activities that we examined and used information in the working papers supporting the reports to supplement our work.

We are pleased to inform you that we found the administrative procedures and internal controls we reviewed to be generally satisfactory and the selected financial transactions which we reviewed were generally processed in a satisfactory manner. We noted, however, the following two matters we wish to call to your attention.

1. We found that one of the internal controls that we evaluated was in need of improvement. In this regard, we noted that 20 of the 63 individuals who were authorized to distribute salary checks were also time and attendance reporting officers. As provided in Section 16 of Title 6 of the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies, persons designated to deliver salary checks should not participate in the maintenance of time and attendance records. This matter was discussed with the Director of the Office of Financial Systems and Services who agreed to take corrective action.

2. We noted that an employee was reimbursed \$605 for the cost of mortgage insurance that had been incurred pursuant to a change of duty station. Bureau of the Budget Circular A-56, dated October 12, 1966, prohibits Government departments and agencies

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