



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

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DIVISION OF FINANCIAL AND
GENERAL MANAGEMENT STUDIES

MAY 16 1974

B-133380



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The Honorable Robert E. Merriam
Chairman, Advisory Commission
on Intergovernmental Relations

Dear Mr. Merriam:

In our letter of December 14, 1973, we reported to your Executive Director that several major segments of the Commission's approved ac-counting system, relating to the maintenance of the general ledger and property records, had not been implemented and that additional controls were needed for payroll and leave records. As stated in that letter, we also noted that the fiscal year 1972 appropriation had been overobligated and that the details on this matter would be the subject of a separate report to you.

During July and August 1972, the Commission expended \$17,300 in excess of the amount available in the fiscal year 1972 appropriation. These expenditures were subsequently transferred to the fiscal year 1973 appropriation. However, since the obligations to expend the \$17,300 were incurred during fiscal year 1972, the expenditures could not properly be charged to the fiscal year 1973 appropriation. Reports on obligations and expenditures required by and submitted to the Office of Management and Budget and the Department of the Treasury were therefore incorrect.

The Commission receives an annual appropriation for salaries and expenses required to perform its duties. The Anti-Deficiency Act (31 U.S.C. 665) prohibits incurring obligations or making expenditures in excess of the amount available in the appropriation. On October 15, 1973, the Commission reported to the President of the United States and the Congress that its fiscal year 1972 appropriation was in violation of the Anti-Deficiency Act.

The overobligation of the fiscal year 1972 appropriation occurred because the Commission did not keep its books of account current and therefore did not know, at the time the excess obligations were incurred, that no obligational authority remained to be used. Allotments, obligations, and accrued expenditures were not recorded in the allotment ledger completely or in a timely manner. The general ledger, in which obligations and expenditures are summarized, was not maintained for more than a year and a half.

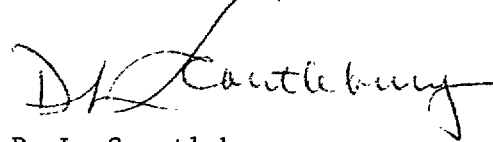
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We have completed our examination and testing of controls over receipts and expenditures. The Executive Director has informed us that needed corrective action has been taken on all matters discussed in our report of December 14, 1973, including the maintenance of allotment and general ledgers on a current basis. In accordance with 8 GAO 13, the records of financial transactions through June 30, 1973, may be transferred to the Federal Records Center for storage in accordance with the Commission's records management program.

We appreciate the courtesies and cooperation extended to our representatives during our review. We are pleased that our review was of benefit to your staff in resolving the accounting problems brought to our attention.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "D. L. Scantlebury". The signature is written in dark ink and is positioned above the typed name and title.

D. L. Scantlebury
Director