

Audit



Report

STATEMENT OF ACCOUNTABILITY RECONCILIATION
PROCEDURES FOR DEFENSE FINANCE AND ACCOUNTING
SERVICE COLUMBUS CENTER, DISBURSING STATION 6551

Report Number 98-186

August 14, 1998

Office of the Inspector General
Department of Defense

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Acronyms

DFAS	Defense Finance and Accounting Service
GOALS	Government On-Line Accounting Link System
OPAC	On-Line Payment and Collections



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202

August 14, 1998

MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING
SERVICE

SUBJECT: Audit Report on Statement of Accountability Reconciliation Procedures for
Defense Finance and Accounting Service Columbus Center, Disbursing
Station 6551 (Report No. 98-186)

We are providing this report for information and use. This audit was performed in response to the Chief Financial Officers Act of 1990 and the Federal Financial Management Act of 1994. We considered management comments on a draft of this report in preparing the final report.

Comments received on a draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, no additional comments are required.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Charles J. Richardson, at (703) 604-9582 (DSN 664-9582), e-mail CRichardson@dodig.osd.mil, or to Mr. Walter R. Loder Jr., at (703) 604-9534 (DSN 664-9534) e-mail WLoder@dodig.osd.mil. See Appendix D for the report distribution. The audit team members are listed inside the back cover.

David K. Steensman

David K. Steensman
Deputy Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 98-186
(Project No. 7RF-2036)

August 14, 1998

Statement of Accountability Reconciliation Procedures for Defense Finance and Accounting Service Columbus Center, Disbursing Station 6551

Executive Summary

Introduction. This report is the first in a series of reports on the Department 97 Fund Balance With Treasury Account for FY 1997. The audit was performed in response to the requirements of the Chief Financial Officers Act of 1990 (Public Law 101-576) and the Federal Financial Management Act of 1994 (Public Law 103-356). The Federal Financial Management Act requires DoD and other Government agencies to prepare consolidated financial statements for FY 1996 and each succeeding year. Beginning in FY 1996, the Defense Finance and Accounting Service (DFAS) Indianapolis Center became responsible for preparing the financial statements for the Department 97 general fund appropriations. The Department 97 Other Defense Organizations includes the financial information for 44 Defense organizations and funds that receive Department 97 general fund appropriations. During FY 1997, the Other Defense Organizations were appropriated \$39 billion, and their financial statements showed total assets of approximately \$47 billion, of which approximately \$31 billion is the Fund Balance With Treasury Account. The DFAS Columbus Center, Disbursing Directorate, Disbursing Station Symbol Number 6551 (Disbursing Station 6551) disburses Department 97 general funds and working capital funds. The Defense Logistics Agency is the largest customer of Disbursing Station 6551. During FY 1997, Disbursing Station 6551 reported net disbursements of \$5.3 billion mainly on behalf of the Defense Logistics Agency, the Defense Commissary Agency, the DFAS, and the Defense Contract Audit Agency.

Audit Objectives. The overall objective was to assess internal controls and compliance with laws and regulations. An additional objective was to evaluate the financial information submitted to the Department of the Treasury by DoD disbursing offices and actions taken by the Defense Finance and Accounting Service Centers to reconcile differences between the Department of the Treasury Government On-Line Accounting Link System and the DoD accounting records. This report covers financial information reported by Disbursing Station 6551 and the differences reported by the Department of the Treasury. The remaining objectives will be addressed in subsequent reports.

Audit Results. Disbursing Station 6551 needed to improve the accuracy of information reported to the Department of the Treasury. As a result of information received from DoD, the Department of the Treasury incorrectly reported unreconciled differences of \$8 million (absolute value) in the Statement of Difference and unreconciled differences of \$16 million

(absolute value) in Budget Clearing Account 97F3879. Management controls were adequate as they applied to the objectives. See Appendix A for details on the management control program.

Summary of Recommendations. We recommend that the Director, DFAS Columbus Center initiate a system change request to the Defense Disbursing Analysis Reporting System to allow the transmission of adjustments in the electronic Statement of Accountability report; and report the reconciling adjustments to DFAS Indianapolis Center so the Statements of Difference and Budget Clearing Account 97F3879 for the Disbursing Station 6551 can be cleared.

Management Comments. The DFAS agreed to initiate a system change request to the Defense Disbursing Analysis Reporting System, and to report reconciling adjustments to the DFAS Indianapolis Center. See Part I for a discussion of the management comments and Part III for the complete text of the comments.

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Part I - Audit Results

Audit Background

Public Law 101-576, the Chief Financial Officers Act of 1990, as amended by Public Law 103-356, the Federal Financial Management Act of 1994, requires the annual preparation and audit of financial statements. The Chief Financial Officers Act also requires DoD and other Government agencies to prepare consolidated financial statements for FY 1996 and each succeeding year.

The FY 1997 Other Defense Organizations Financial Statements. The consolidated DoD financial statements for FY 1997 include the financial information for a reporting entity entitled Other Defense Organizations, which includes 44 Defense organizations and funds that receive Department 97 general fund appropriations. The Defense Finance and Accounting Service (DFAS) Indianapolis Center is responsible for preparing financial statements for Other Defense Organizations. In FY 1997, the Other Defense Organizations were appropriated \$39 billion of Department 97 funds for the performance of their missions and functions. The FY 1997 Other Defense Organizations financial statements showed total assets of approximately \$47 billion, of which approximately \$31 billion was the Fund Balance With Treasury Account. The DFAS Columbus Center, Disbursing Directorate, Disbursing Station Symbol Number 6551 (Disbursing Station 6551) disburses Department 97 general funds and working capital funds. The Defense Logistics Agency is the largest customer of Disbursing Station 6551. During FY 1997, Disbursing Station 6551 reported net disbursements of \$5.3 billion mainly on behalf of the Defense Logistics Agency, the Defense Commissary Agency, the DFAS, and the Defense Contract Audit Agency.

Disbursing Stations. DoD has approximately 600 disbursing stations that are authorized to process payments and prepare Treasury checks and bonds and to initiate electronic fund transfers. These disbursing stations also collect and deposit funds to Treasury accounts and are required to prepare a monthly report, Statement of Accountability (SF-1219), that summarizes information on disbursements and collections. Within DoD, SF-1219s are combined at three DFAS Centers; Disbursing Station 6551 submits its SF-1219 information to the DFAS Indianapolis Center. The DFAS Centers then electronically submit a combined SF-1219 to the Department of the Treasury (the Treasury) using the Government On-Line Accounting Link System (GOALS) telecommunications network. Treasury records and reports are discussed in Appendix C.

Government On-Line Accounting Link System. The GOALS is a contractor-owned and -operated telecommunications network that allows the Treasury to receive financial information from agencies related to paying, collecting, accounting, and reporting functions. Through GOALS, agencies can transmit and receive accounting and financial data to accomplish interagency transactions and to submit reports to the Treasury.

On-Line Payment and Collections. The On-Line Payment and Collections (OPAC) system is an application available to agencies through the GOALS network. It is used for interagency financial transactions, such as transferring payroll withholding for taxes and retirement to the Internal Revenue Service and

the Office of Personnel Management, respectively. The total for OPAC transactions (payments and collections) is reported on line 2.80 of the SF-1219, which records increases to the disbursing officers' accountability.

DoD Financial Management Regulation. DoD Regulation 7000.14-R, the "DoD Financial Management Regulation," volume 5, chapter 19, "Disbursing Officer Accountability Reports," May 1996 states ". . . every disbursing officer shall submit an SF-1219 each month for each Disbursing Station Symbol Number assigned whether or not any transactions occur or any accountable balance is involved." The requirements for correcting an SF-1219 are explained in paragraph 190507, which states, ". . . disbursing officers shall not submit corrected or amended SF-1219s under any circumstances. If adjustment action is necessary, the adjustment shall be made on the succeeding month's SF-1219."

Audit Objectives

The overall objective was to assess internal controls and compliance with laws and regulations. An additional objective was to evaluate the financial information submitted to the Treasury by DoD disbursing offices and actions taken by the DFAS Centers to reconcile differences between the Treasury GOALS and the DoD accounting records. This report covers financial information reported by Disbursing Station 6551 and the differences reported by the Treasury. The remaining objectives will be addressed in subsequent reports. Appendix A discusses the scope and methodology and the management control program. Appendix B provides a summary of prior coverage related to the audit objectives.

Processing Reconciling Adjustments

The DFAS Columbus Center, Disbursing Station 6551, reported incorrect information to the Treasury. Specifically, Disbursing Station 6551 processed reconciling adjustments to the Statement of Accountability in the wrong month. This happened because the automated system used by Disbursing Station 6551, the Defense Disbursing Analysis Reporting System, accepts Statement of Accountability transactions only for the current period and does not allow prior period adjustments. As a result, the Treasury incorrectly reported unreconciled differences of \$8 million (absolute value) in the Statements of Difference and unreconciled differences of \$16 million (absolute value) in Budget Clearing Account 97F3879 for items that were previously reconciled on Disbursing Station 6551 records.

Reconciliation Procedures

Treasury Procedures. When the Treasury receives the combined SF-1219 from the DFAS Indianapolis Center, the Treasury compares the amounts reported to the control totals. The Treasury uses these control totals to ensure the accuracy of information reported by disbursing stations. GOALS provides the Treasury with control totals for OPAC transactions by disbursing stations. Disbursing stations report their monthly OPAC activity on line 2.80 of the Statement of Accountability (SF-1219). If the GOALS control total differs from the SF-1219, the Treasury notifies the DFAS Indianapolis Center that the disbursing station may need to change what was reported. The DFAS Indianapolis Center receives this notification, a Statement of Difference, on microfiche approximately 6 weeks after the SF-1219 is filed. The information included in the Treasury microfiche is also available online through the GOALS.

DFAS Indianapolis Center Procedures. DFAS Indianapolis Center receives the Statements of Difference, on microfiche, for all Army and Defense agency-related disbursing stations that report to the Treasury. The DFAS Indianapolis Center converts the microfiche to paper copy and then sends the copy of the Statement of Difference to the individual disbursing stations notifying them of the difference. Each individual disbursing station is responsible for researching and correcting the identified differences.

Disbursing Station 6551 Procedures. Disbursing Station 6551 does not wait for the paper copy of the Statement of Difference from DFAS Indianapolis Center before making required adjustments. Disbursing Station 6551 uses online access to GOALS to compare the OPAC activity recorded in GOALS to the amount reported on the SF-1219. Disbursing Station 6551 researches any difference and includes any reconciling adjustments on the next SF-1219 processed. The adjustments are included on both the manually prepared SF-1219 and the SF-1219 that is electronically submitted to the DFAS Indianapolis Center to be combined with other disbursing stations' information for transmittal to the Treasury.

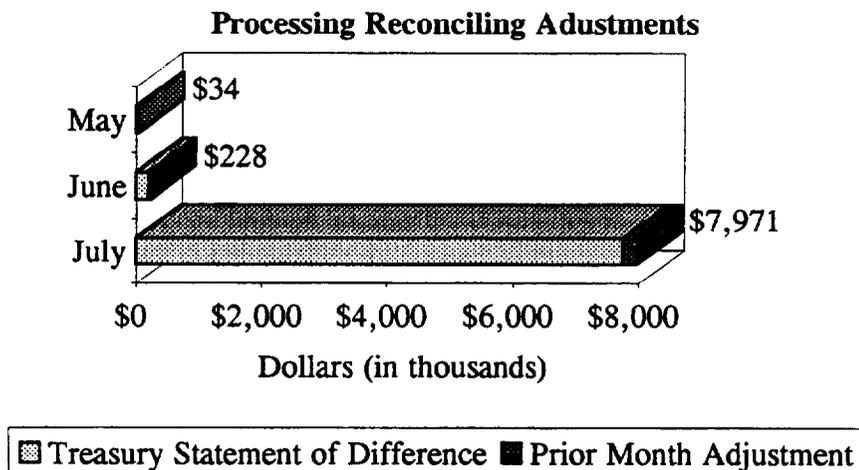
Treasury Reporting

The DFAS Columbus Center reported incorrect information to the Treasury. Specifically, Disbursing Station 6551 was not processing adjustments to line 2.80 of the SF-1219 in the correct month. During May, June, and July 1997, the Treasury reported approximately \$8 million of overstatements. Disbursing Station 6551 prepared reconciling adjustments for the differences; however, the Defense Disbursing Analysis Reporting System does not allow prior period adjustments. To overcome this problem, Disbursing Station 6551 periodically notifies the DFAS Indianapolis Center by electronic mail when the SF-1219 contains a prior period adjustment. However, Disbursing Station 6551 did not provide the electronic mail notification to the DFAS Indianapolis Center that the SF-1219 for June, July, or August contained prior period adjustments.

Disbursing Station 6551 compared its SF-1219 to the Treasury records of OPAC transactions in GOALS for May, June, and July 1997, and then manually prepared reconciling adjustments on the SF-1219 for the following month. The disbursing officer certified the manually prepared SF-1219 for these months that show that the adjustments were made as required and were prepared according to the instructions in the DoD Financial Management Regulation. Disbursing Station 6551 made a prior period adjustment totaling \$34,150 for May on the SF-1219 for June 1997, a prior period adjustment totaling \$228,623 for June on the SF-1219 for July 1997, and finally, a prior period adjustment totaling \$7,971,898 for July on the SF-1219 for August 1997. However, these reconciling adjustments were not reported in the correct month on the electronically submitted SF-1219 in the Defense Disbursing Analysis Reporting System. Therefore, the Defense Disbursing Analysis Reporting System did not accept the adjustments, and consequently, the Treasury records were not corrected.

Defense Disbursing Analysis Reporting System

The Defense Disbursing Analysis Reporting System, which is the automated system used to transmit SF-1219s to DFAS Indianapolis Center, does not allow prior period adjustments. It allows entries only in the current month. As a result, the prior period adjustment for May was reflected as a June transaction, the prior period adjustment for June was reflected as a July transaction, and the prior period adjustment for July was reflected as an August transaction. The bar graph depicts the prior period adjustment for each month and the effect on reconciliation efforts.



The reconciling adjustment for May was \$34,150; however, the prior period adjustment for May was reflected as a June transaction, and the Statement of Difference for May remained at \$34,150. The reconciling adjustment for June was \$228,623; however, the prior period adjustment for June was reflected as a July transaction. Therefore, the Statement of Difference for June reflects a net difference of \$194,473, which is the June reconciling adjustment less the May adjustment (\$228,623 - 34,150). Likewise, the reconciling adjustment for July was \$7,971,898; however, the prior period adjustment for July was reflected as an August transaction. Therefore, the Statement of Difference for July reflects a net difference of \$7,743,275, which is the July reconciling adjustment less the June adjustment (\$7,971,898 - 228,623). As a result, the adjusting entries prepared by Disbursing Station 6551 were not posted to the correct month in the Treasury database. The Treasury records were also not cleared, so they continued to show unreconciled differences.

Officials in both the Accounting Directorate and the Disbursing Directorate at DFAS Columbus Center have stated that the Defense Disbursing Analysis Reporting System does not allow prior period adjustments. However, officials within the System Support Division are not aware of this problem with the Defense Disbursing Analysis Reporting System and have no plans to correct it.

Budget Clearing Account 97F3879

Unreconciled differences from OPAC transactions are initially reported on a Statement of Difference, where they can remain for 6 months while awaiting reconciliation. After 6 months, any differences that are less than \$5 million are transferred to Budget Clearing Account 97F3879, and any differences that exceed \$5 million are retained on the Statement of Difference until cleared. For FY 1997, Budget Clearing Account 97F3879 contained transactions for 19 months with a net value of \$44,000 and an absolute value of approximately \$16 million. As of January 1998, the unreconciled difference for the May SF-1219 (\$34,150) was

transferred to Budget Clearing Account 97F3879. The balance in Budget Clearing Account 97F3879, approximately \$16 million absolute value, is the result of the problem with the Defense Disbursing Analysis Reporting System.

Conclusion

The DoD Financial Management Regulation requires the Statement of Accountability to be filed monthly for each Disbursing Station, and further stipulates that this report cannot be corrected or amended. Any required adjustments to this report must be made on a report of a succeeding month. Because of this requirement, it is critical that any adjustments to the report are clearly identified to the applicable prior month; otherwise, the adjustments will not match the proper month and will not clear. The adjustments made by the DFAS Columbus Center, Disbursing Station 6551 were not identified to the proper month on the electronic SF-1219. As a result, the Statements of Difference for disbursements did not clear.

Recommendations and Management Comments

We recommend that the Director, Defense Finance and Accounting Service Columbus Center:

1. Initiate a system change request to the Defense Disbursing Analysis Reporting System to allow the transmission of adjustments in the electronic Statement of Accountability report (SF-1219).

Management Comments. The DFAS concurred, stating that the DFAS is reviewing the Defense Disbursing Analysis Reporting System, and after determining what deficiencies exist, DFAS will take immediate action to correct them. The estimated completion date is by the end of Fiscal Year 1998.

2. Report the reconciling adjustments to the Defense Finance and Accounting Service Indianapolis Center so that the Statements of Difference and Budget Clearing Account 97F3879 for Disbursing Station 6551 can be cleared.

Management Comments. The DFAS concurred, stating that the DFAS Columbus Center, Disbursing Directorate is working to clear items that were charged to the Budget Clearing Account 97F3879 for Disbursing Station 6551. The estimated completion date is by the end of Fiscal Year 1998.

Part II - Additional Information

Appendix A. Audit Process

Scope and Methodology

We reviewed custodial records reflecting fiscal accountability for Disbursing Station 6551, which reported net disbursements of \$5.3 billion in FY 1997. We compared the records of the Treasury to the records maintained by Disbursing Station 6551 at the DFAS Columbus Center. We judgmentally selected for review the monthly Statements of Difference for deposits and disbursements that were issued by the Treasury. We also judgmentally selected the internal records of the DFAS Columbus Center, which supported the transactions summarized in the Statement of Difference. We selected January and February 1997 for the Statements of Difference for deposits, which represented \$0.3 billion of the reported \$1.8 billion of total deposits for FY 1997. We selected May, June, and July 1997 for the Statements of Difference for disbursements, which represented \$0.4 billion of the reported \$1.2 billion of total OPAC transactions. We also reviewed the associated budget clearing accounts F3878, F3879, and F3880, which receive the unreconciled balances after 6 months. We interviewed operating personnel about the reconciliation process for the Statements of Difference.

DoD-wide Corporate Level Government Performance and Results Act Goals. In response to the Government Performance and Results Act, the Department of Defense has established 6 DoD-wide corporate level performance objectives and 14 goals for meeting these objectives. This report pertains to achievement of the following objective and goal.

Objective: Fundamentally reengineer the Department and achieve a 21st century infrastructure. **Goal:** Reduce costs while maintaining required military capabilities across all DoD mission areas. (DoD-6)

DoD Functional Area Reform Goals. Most major DoD functional areas have also established performance improvement reform objectives and goals. This report pertains to achievement of the following functional area objective and goal.

Financial Management Functional Area. Objective: Eliminate problem disbursements. **Goal:** Reduce problem disbursements by over 60 percent. (FM-3.1)

General Accounting Office High Risk Area. The General Accounting Office has identified several high risk areas in the DoD. This report provides coverage of the Defense Financial Management high risk area.

Use of Computer-Processed Data. To achieve the audit objective, we used computer-processed data in the DFAS Columbus Center Defense Disbursing Analysis Reporting System and the SRD-1 subsystem databases. We did not

establish the reliability of the data because the data were used for comparison and informational purposes. However, the data we used were satisfactory for the purposes of our audit.

Audit Type, Dates, and Standards. We performed this financial-related audit from August 1997 through February 1998. The audit was performed in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD. We included tests of management controls considered necessary.

Contacts During the Audit. We visited or contacted individuals and organizations within DoD; the Department of the Treasury, in Hyattsville, Maryland; and the U.S. General Accounting Office, Washington, D.C. Further details are available on request.

Management Control Program Review

DoD Directive 5010.38, "Management Control Program," August 26, 1996, requires DoD organizations to implement a comprehensive system of management controls that provides reasonable assurance that programs are operating as intended and also to evaluate the adequacy of the controls.

Scope of Review of the Management Control Program. We performed general reviews of the adequacy of the management controls and procedures at the DFAS Columbus Center over the reconciliation process for the Statements of Difference and budget clearing accounts. Specifically, we reviewed the DFAS Columbus Center procedures to identify and track transactions listed as discrepancies by the Treasury. We did not assess the adequacy of management's self-evaluation of those controls because we did not identify a material weakness.

Adequacy of the Management Controls. The specific DFAS Columbus Center management controls we reviewed were adequate in that we identified no material management control weaknesses.

Appendix B. Summary of Prior Coverage

During the last 5 years, the Office of the Inspector General, DoD, issued two reports on DFAS Columbus Center regarding the Fund Balance With Treasury account for General Fund appropriations. The DFAS Columbus Center, Office of Internal Review issued one report on the suspense accounts.

Inspector General, DoD

Inspector General, DoD, Report No. 97-073, "Reliability of the FY 1995 Financial Statements for the Defense Logistics Agency General Fund," January 15, 1997. The DFAS Columbus Center did not prepare reliable FY 1995 financial statements for three Defense Logistics Agency General Fund appropriations. Specifically, supporting notes to the financial statements did not provide full disclosure for one asset account, three account balances were questionable, and four account balances contained recording errors. The report recommended that the DFAS Columbus Center disclose material differences between the summary disbursement and collection reports to the Treasury; use general ledger accounts as data sources for annual financial statements, and fully and clearly disclose adjustments to the account balances; and perform quality control reviews of the annual financial statements. The DFAS Columbus Center established procedures to ensure that adjustments made from the reconciliation process are disclosed in the footnotes to the annual financial statements. DFAS further stated that the completed financial statements are randomly selected for detailed reviews.

Inspector General, DoD, Report No. 94-048, "Uncleared Transactions By and For Others," March 2, 1994. The report states that increased management oversight was needed to eliminate excessive delays in clearing transactions and to reduce net undistributed disbursements valued at about \$34.6 billion as of January 31, 1993. The DFAS Centers took limited action to research and resolve intra-Service disbursements that remained uncleared for extended periods, and actions taken to resolve cross-disbursing transactions were less than fully effective. The report recommended that the Comptroller, DoD (now the Under Secretary of Defense [Comptroller]) include in the "DoD Financial Management Regulation" detailed guidance for clearing transactions and reducing undistributed disbursements. The Deputy Comptroller (Management Systems) concurred with the findings and recommendations.

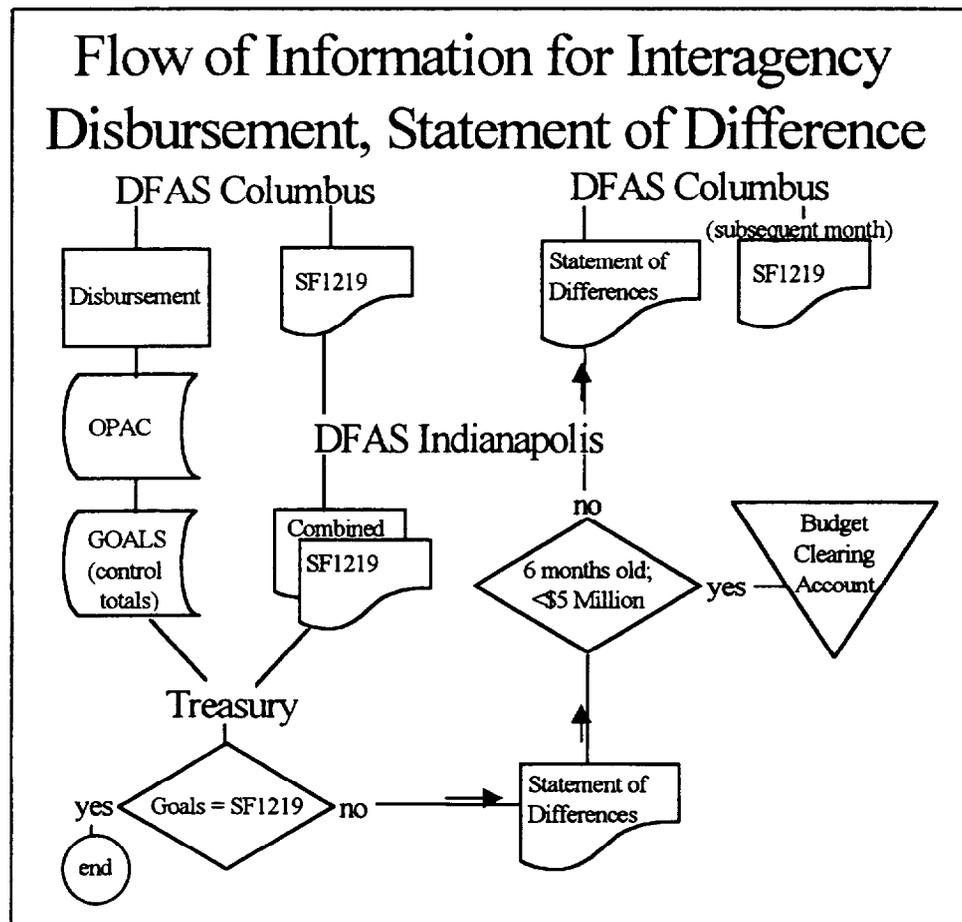
Defense Finance and Accounting Service Office of Internal Review

Defense Finance and Accounting Service Columbus Center, Internal Review Report No. 96-A-670-UA-002, "Defense Finance and Accounting Service-wide Audit of Recertified Checks," April 24, 1997. The report states that recertified check transactions were not being charged to the original or similar appropriation. The report also states that checks are not being properly processed or documented, transactions are not being cleared accurately or timely, and appropriate review and reconciliation of recertified check balances are not being performed. The report recommended that management implement and enforce procedural controls to charge recertified check debits and credits to the original or similar appropriation. In addition, the report recommended the development of a review guide to be used by the Disbursing Directorate in performing future quality reviews of recertified checks. Management concurred with the findings and recommendations.

Appendix C. Background on Treasury Records and Reports

Treasury Records and Reports

Flow of Information. The flow chart depicts how the disbursing stations process their transactions through the OPAC application of GOALS, which gives the Treasury its control totals. Then, Army disbursing stations file their SF-1219 with the DFAS Indianapolis Center, creating a combined SF-1219 that the DFAS Indianapolis Center forwards to the Treasury. The Treasury compares the SF-1219 amount to the control totals from GOALS and sends a Statement of Difference to the DFAS Indianapolis Center if the amounts do not agree. A reconciling adjustment is then made on an SF-1219 for a subsequent month.



Statement of Accountability. The Statement of Accountability (SF-1219) is the report required by the Treasury for use by Government agencies that have the authority to disburse checks on behalf of the U.S. Treasury. The SF-1219 is a monthly report submitted to the Treasury to establish the disbursing officer's accountability for funds; it shows the reconciliation of the deposits and disbursements (checks issued) to the cash on hand. Disbursing Station 6551 submits its SF-1219 to DFAS Indianapolis Center, where it is combined with SF-1219s from other disbursing stations and is forwarded to the Treasury.

Statement of Difference. When an agency's SF-1219 is submitted, the Treasury compares the amount reported on line 2.80 of the SF-1219 to its control totals from GOALS. If the amount reported on line 2.80 differs from the control totals from GOALS, the Treasury will send a Statement of Difference for disbursements to the disbursing office to be reconciled. The Statement of Difference is the Treasury's official notification that a change might be necessary in agency reporting.

Budget Clearing Account. Budget Clearing Accounts are established to temporarily report amounts for which the proper account has not been identified. Each agency is responsible for determining the correct transaction classification as soon as possible, reporting the transaction to the proper account, and adjusting the previous entry. When unreconciled OPAC transactions of less than \$5 million have been reported on a Statement of Difference for 6 months, the Treasury assigns these transactions to an F3879 "Undistributed" account. Transactions that exceed \$5 million remain on the Statement of Difference until cleared.

Appendix D. Report Distribution

Office of the Secretary of Defense

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Under Secretary of Defense (Comptroller)
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Assistant Secretary of the Navy (Financial Management and Comptroller)
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Assistant Secretary of the Air Force (Financial Management and Comptroller)
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Other Defense Organizations

Director, Defense Finance and Accounting Service

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
Technical Information Center, National Security and International Affairs Division,
General Accounting Office

Non-Defense Federal Organizations and Individuals (cont'd)

Chairman and ranking minority member of each of the following congressional committees and subcommittees:

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Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Committee on Government Reform and Oversight
House Subcommittee on Government Management, Information, and Technology,
Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal Justice,
Committee on Government Reform and Oversight
House Committee on National Security

Part III - Management Comments

Defense Finance and Accounting Service Comments



DPAS-HQ/ASRB

DEFENSE FINANCE AND ACCOUNTING SERVICE

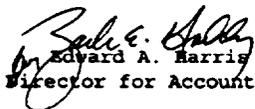
1931 JEFFERSON DAVIS HIGHWAY
ARLINGTON, VA 22240-5291

JUN 17 1998

MEMORANDUM FOR DIRECTOR, FINANCE AND ACCOUNTING DIRECTORATE,
OFFICE OF THE INSPECTOR GENERAL, DEPARTMENT OF
DEFENSE

SUBJECT: Audit Report on Statement of Accountability
Reconciliation Procedures for Defense Finance and
Accounting Service Columbus Center, Disbursing
Station 6551 (Project No. 7RF-2036)

Our comments to the subject report are attached. My point of
contact is Mr. Ron Boothe, (703) 607-1377.


Edward A. Harris
Director for Accounting

Attachment:
As stated

Audit Report on Statement of Accountability Reconciliation
Procedures for Defense Finance and Accounting Service Columbus
Center, Disbursing Station 6551 (Project No. 7RF-2036)

Recommendations for Corrective Action:

We recommend that the Director, Defense Finance and Accounting
Service Columbus Center:

1. Initiate a system change request to the Defense
Disbursing Analysis Reporting System to allow the transmission of
adjustments in the electronic Statement of Accountability report
(SF-1219).

Management comment. Concur. The DFAS is currently
reviewing the May 1998 processes in the Defense Disbursing
Analysis Reporting System (DDARS) that allows for the
transmission of adjustments in the electronic SF-1219. In
June 1998, after determining what deficiencies exist, we will
take immediate action to correct them.

Estimated complete date: June 30, 1998.

2. Report the reconciling adjustments to the Defense
Finance and Accounting Service Indianapolis Center so that the
Statements of Difference and Budget Clearing Account 97F3879 for
Disbursing Station 6551 can be cleared.

Management comment. Concur. The DFAS-CO Disbursing
Directorate has primary responsibility for the prior month OPAC
adjustments that have been charged against the Budget Clearing
Account 97F3879 for Disbursing Station Symbol Number (DSSN) 6551.
On receiving a Statement of Difference from the U.S. Treasury,
the DFAS-CO Disbursing Directorate identifies the needed
adjustment and notifies the DFAS-CO Accounting Directorate. The
DFAS-CO Accounting Directorate initiates a SF 1081 for the
adjustment and reports the reconciling adjustment to the DFAS
Indianapolis Center so that the Statements of Difference and
Budget Clearing Account 97F3879 for DSSN 6551 can be cleared.
The DFAS-CO Disbursing Directorate is working to clear items that
have been charged to the Budget Clearing Account 97F3879 for
DSSN 6551.

Estimated completion date: June 30, 1998.

Attachment

Audit Team Members

The Finance and Accounting Directorate, Office of the Assistant Inspector General for Auditing, DoD, produced this report.

F. Jay Lane
Salvatore D. Guli
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Walt R. Loder Jr.
Gerald L. Werking
Fred R. McComas
Charles R. Thompson

