

10. To what extent do you believe that your new budget concept will improve the efficiency of agency operations?

The organization of information within the PPB framework should bring into sharper focus our program objectives and emphasize the consideration of appropriate alternatives in selecting the program mix to accomplish these objectives most effectively.

C. Accounting systems development

11. Has the GAO given its approval of your accounting system?

No, the approval is pending. There are two separate sets of accounting systems being maintained by the Commission. These are (1) the administrative accounting system which covers all operating expenses of the Commission, and (2) the accounting systems for the retirement, insurance and health benefits programs for Federal employees. The status of Commission efforts to secure approval of these systems is as follows:

(1) *Administrative accounting system.*—Formal submission of the "Principles, Precepts and Standards" underlying our new accounting system was made to the Comptroller General on November 16, 1967. It is a little early yet to expect a response although all indications at the staff level seem to indicate approval will be forthcoming within the next 30 to 60 days.

After complete installation of our new accounting system the operating procedures and manuals will be submitted to the Comptroller General for formal approval. This will constitute the second phase of a two-stage submission. We expect to forward this material for formal approval September 30, 1968.

(2) *Accounting systems for the retirement, insurance and health benefits programs.*—On June 29, 1967, the Commission formally transmitted for General Accounting Office approval, accounting systems for the retirement, life insurance, and health benefits program.

In addition, as of the end of fiscal year 1967 the Commission acted to make all major revisions in its records and reports, recommended by the General Accounting Office as of that time. These revisions included the recording in the records, and reporting in yearend reports (a) unfunded actuarially computed liabilities of the retirement and life insurance funds, (b) contingency reserve assets held by life insurance and health insurance carriers, including interest, and (c) accrued liability for annual leave of employees.

Since the accounting manual was submitted, the General Accounting Office staff has reviewed it in detail and made further suggestions for improvement. Staff is now working on revisions in line with these suggestions. It is expected that a resubmission will be made to the General Accounting Office by March 29, 1968, of all sections.

12. Is the accounting system basically established in terms of accrual costs as the GAO and this subcommittee have recommended?

Yes.

13. What is the target date for completely implementing an accrual accounting system throughout the agency?

The Commission expects to have its new, fully automated, accrual accounting system in operation by July 1, 1968.

14. Is your accounting system output-oriented so that it will be on the same basis as budgeting and planning?

Yes, the Commission's new accounting system will provide the basic data for the Commission's programing, planning, and budgeting system.

15. What basis do you use for establishing the charges for products or services provided to other agencies, and how are these handled in your accounting system?

Charges for services to other agencies are based on actual costs incurred as determined through the Commission's work reporting and cost analysis system which is an integral part of the accounting system. Reimbursable investigations are handled through a revolving fund. Other services are treated in the accounting system as appropriation reimbursements.

16. Are capital assets, such as building and equipment items, formally recorded in the accounting system, and upon what basis are they depreciated?

Yes, capital assets, consisting of furniture and equipment, are formally recorded in the accounting system. Depreciation is recorded with respect to the Commission's revolving fund operations, using Treasury Department rates. The Commission does not accumulate depreciation with respect to its annual appropriation accounts.