

It is anticipated that the program-budgeting system will facilitate the decisionmaking processes within the FCC by providing additional relevant information on major policy and program issues. It will place greater emphasis on the definition of program objectives, the systematic analysis of alternative courses of action in terms of costs and benefits, and the identification of the future implications of current decisions.

The Commission recognizes that this system must be fully integrated with present decisionmaking procedures, taking into consideration the quasi-legislative and quasi-judicial as well as administrative functions of the FCC. This will require an imaginative application of the basic program planning concepts to the regulatory functions of the Commission.

C. Accounting systems development

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

The Commission's accounting system has been approved by the GAO.

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

The Commission's accounting system is basically an accrual cost system. Because approximately 90 percent of the agency's funds are used to pay salaries and related personnel benefits, and these costs are recorded as they occur, the GAO has agreed that a 100-percent accrual system is not absolutely essential. However, the Commission plans to convert to a full accrual system in accordance with Government practice.

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

Conversion to a full accrual system will be accomplished when the agency accounts are computerized. In view of other priority data processing projects, this is not scheduled for at least 2 years.

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

The FCC accounting system is oriented to the program structure currently used in the FCC budget and provides financial data both for planning and management purposes. The costs of personnel service (representing 90 percent of FCC funds), travel and major "Other objects" expenditures are charged directly to the appropriate program. Separate accounts are not maintained for the remaining "Other objects" expenditures, however, the chargeable program is recorded on each obligating document and an analysis is made at the end of the year to obtain detailed program costs. A cross-reference between the present accounting system and the new program structure is being developed so that cost data can be derived for the program and financial plan.

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?

Separate accounts are set up for services provided to other agencies. Charges are made for personnel compensation, benefits, travel, or any other expenses incurred in behalf of the work program to be accomplished. All of these charges are made to the special account that has been set up and the other agency is billed quarterly. Memorandums of understanding or work order agreements are entered into for each such reimbursable program.

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

Capital assets are recorded into the accounting system as they occur. Entries and deletions are now made at original cost, if purchased, or at estimated value, if received without cost, this entire system is now under review with the objective of improving the processes, including the establishment of depreciation procedures.

17. Are the costs of the agency's physical assets considered in establishing the charges for services to other agencies?

We have not included the cost of physical assets unless it was necessary to procure the capitalized items in order to perform the requested services.

18. Are agency accounting reports used regularly in program management?

Accounting reports are used in the management of the Commission's programs. They are issued monthly and show the financial plan as well as obligations to date and remaining balances. Allotments for personnel compensation and travel are made at the bureau level. Other obligation allotments are centrally controlled.