that significant variances from plan may be investigated and corrective action taken as may be found necessary. Further, oral discussions and reviews with respect to the financial statements are held periodically with the Executive Director, Comptroller's staff and responsible program officials.

19. Are agency accounting policies summarized in an accounting manual with which your staff accountants must comply?

Yes. An accounting manual has been prepared and has been distributed to all persons concerned with the applicable policies and procedures.

D. *Management Information System*

The Board's management information system comprises both formal and informal procedures and is composed of three basic components:

1. Environmental data:
   (a) Economical.
   (b) Political.
   (c) Social.
2. Technical data:
   (a) Industry statistics.
   (b) Analyses.
   (c) Research.
   (d) Studies.
3. Internal data:
   (a) Financial.
   (b) Workload.
   (c) Manpower.
   (d) Organization.

The following statements and chart will allow one to see how the information is fed into and utilized in the Board's management and decisional processes.

Management Information System (Environmental Data)

The Bureau of Economics contains the principal economic advisory and research staff. In addition to providing economic assistance to the Board in considering and deciding cases, the Bureau of Economics through its Division of Planning, Programing, and Research also has the responsibility for looking into the future and anticipating new developments which are likely to be of consequence for the air transportation system, hopefully anticipating further potential critical problems in time to avert avoidable crises.

Research outputs are used to develop a body of policy guidelines which enable the Board to deal quickly and effectively with both routine and novel air transportation situations as they develop. Development of such guidelines represents improvement over past practice under which, of necessity, the Board dealt with matters coming before it on an extemporaneous or ad hoc basis.

As a result of effective research and planning in the CAB, we have a clearer picture and better understanding of the air transport industry as it exists today. With this understanding we are better able to foresee the changes that are likely to occur in the industry in the future. Our research and evaluation outputs of the existing airline market structure and industry performance are designed to provide answers to questions such as:

(1) What are the present passenger and cargo market characteristics?

(2) Are there deficiencies in the existing route structures causing inadequate air service for the public?

(3) Do the current rates and fares meet the requirements of an expanding industry and of anticipated changing consumer markets?

(4) What are the current financial conditions and operating characteristics of the airline industry, of carrier groups, and of selected carriers?

(5) What is the interrelationship of air transport to the other transport modes and to general economic conditions?

Based on the outputs and understanding from the above analysis our present research is directed to answer the following questions:

(1) Will present passenger and cargo demand trends persist?

(2) What economic problems will the CAB have to deal with because of new aircraft technology?

(3) What will be the future financial requirements of the airlines prior to and during the acquisition of new aircraft and related equipment facilities?

Due to the relatively small staff and limited resources for the research and planning activities we have established rigid priority criteria. The highest priority is given to applying research data to the day-to-day operating problems of the