

C. ACCOUNTING SYSTEM DEVELOPMENT

Mr. BROOKS. What, Mr. Belen, is your agency doing regarding the accounting system development?

Mr. BELEN. Well, we have received approval of the General Accounting Office for several important segments of our accounting system.

Mr. BROOKS. Have they turned any suggestions down?

Mr. BELEN. Oh, yes. It took us 3 or 4 years to get three or four segments of our accounting system approved. It was just about a year ago, I believe, when we had a top level meeting with Mr. Staats, the Comptroller General, shortly after he had been appointed. As a result of that meeting we have had several segments approved.

The Post Office Department's Financial Control Act of 1950 requires that the Department's system of accounting and internal control conform to the principles, standards, and related requirements prescribed by the Comptroller General.

One of these requirements is that accounting manuals describe the system in detail, display the forms used, state the procedural steps, illustrate the reports issued, and be adequate for day-to-day use by accounting and other personnel in the actual maintenance of the system. This requirement is proving to be administratively difficult to fulfill.

The Post Office has a comprehensive system of accounting manuals. We have a division in the Bureau of Finance and Administration, which is Mr. Nicholson's bureau, whose primary responsibility is to develop and implement improved financial management procedures.

Mr. BROOKS. Mr. Belen, pardon me. Is the whole Department going to be on a cost accrual basis? Is that the gist of this new program you have had approved by GAO?

Mr. BELEN. This is what we are moving toward.

Mr. BROOKS. Moving toward. How far along would you say you are from zero to 100 on that movement forward?

Mr. NICHOLSON. In the conversion to accrued costs, we are practically complete. There are one or two details that are still in discussion between us and the General Accounting Office. They have to do, for example, with the time at which we expense material that has been ordered but not yet received. We are making an adjustment on a cost basis on a quarterly basis and an annual basis. There is still discussion whether or not we should do it on an accounting period or monthly basis. But except for those one or two very small details, we are totally on an accrued cost basis.

Mr. BROOKS. Good. Mr. Belen, is there anything you want to add on that?

Mr. BELEN. No, sir.

D. MANAGEMENT INFORMATION SYSTEM

Mr. BROOKS. What is the status of your management information system?

Mr. BELEN. We have a series of management information activities. One is our work measurement program which measures the performance of about 480 million hours of work a year. We have a cost ascertainment system which is a costing system. We have various means