(*c*) We are developing a comprehensive information system which will provide actual information against our program budgets at the local, regional, and national levels.

(*d*) An ADP system for processing planned and actual information is being developed and will be operational by the middle of fiscal year 1970.

(*e*) An integrated reporting system has been prepared.

(*f*) The agency is developing regional operating plans to back up our present allotment system to insure compatibility with our new program budgets.

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

We expect a significant improvement in agency operations as a result of implementing this system.

(*a*) The comprehensive nature of our program will enable us to plan and manage on a consistent basis throughout the agency.

(*b*) For the first time, we will be establishing dollar budgets at the post office level. These budgets will focus on the accomplishments to be achieved and will be compatible with the total agency program structure.

(*c*) The process has resulted in focusing top management attention on a large number of vital issues affecting the future of the Department. In many cases, these have resulted in extensive studies which have suggested new approaches to traditional problems.

(*d*) By closely associating outputs and costs we will be in a better position to make judgments on the relative merits in investing resources in alternative programs.

C. *Accounting Systems Development*

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

The Department's statement of accounting policies and standards has been approved by the Comptroller General. GAO has suggested that large agencies submit their accounting systems on a segment basis and we are proceeding in that manner. Two segments, covering international accounts and accountability of disbursing officers, have also been approved. Four other segments have been informally submitted for review by GAO prior to our formal submission for approval. We have established target dates for submitting certain other segments of our system. Our target is to have segments covering the major portion of our accounting system submitted for approval by December 1968.

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

The present accounting system of the POD is on an accrual basis for the most part (see No. 13). The system accounts for funds obligated as well as expenses incurred and takes into consideration nonfunded expenses such as depreciation, earned annual leave, and supplies withdrawn from inventory.

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

As indicated in question 12, the POD's system of accrual accounting is basically complete. There are three areas, however, that we are currently working on to improve our cost information.

First, purchase orders for supplies and minor contract services are recorded as expense at time of order rather than at time of delivery. This is being changed.

The second matter is our practice of expensing supplies issued from supply centers once a year based on inventory change rather than on the basis of actual issue or consumption. This is also being changed.

The third matter involves the question of accruing a liability for sick leave. This is currently under discussion with GAO.

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

Our present system is oriented along appropriation, organizational, and functional lines rather than output. We are working on a program budget system (PBS) which is designed to focus on output. The PBS system, however, does not anticipate obtaining output data from the general ledger accounting system but will depend upon data provided from the cost ascertainment system, statistical test, and cost analyses.

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?

Services to other Government agencies are primarily (1) military mail, (2) sales of gasoline and oil and the furnishing of garage services, and (3) special services, such as the sales of savings bonds.