

D. JUNKED EQUIPMENT NOT REMOVED FROM THE GENERAL LEDGER

Condition: The Finance Department did not adjust its general ledger for equipment that was junked during the current year.

This apparently occurred because personnel in the property management control section did not notify the Finance Department of these disposals. The Finance Department reconciles the general ledger control account for these assets to the detail equipment listing maintained by the Finance Department instead of the listing maintained by the property management control section.

Criteria: Generally accepted accounting principles and internal controls which provide for accurate financial information and control procedures including reconciliations.

Effect: Equipment was overstated by approximately \$716,000. Adjustments were made to correct the error.

Recommendation: Procedures should be implemented to ensure that all disposals are timely recorded in the general ledger. The Commission should consider eliminating the detailed listing maintained by the Finance Department and should reconcile the general ledger to the detail maintained in the Property Control Management Section. We understand that the program used by the property management control section may need to be modified so that depreciation can be calculated for use in the various programs.

E. PAYROLL ACCRUAL OVERSTATED

Condition: The Commission's system automatically accrues and allocates the payroll for each month that is paid in the subsequent month. Included in this accrual is approximately \$200,000 for health and dental insurance which should not be accrued because these benefits are paid at the beginning of each month for that month and not in arrears. Also, the amount does not agree with the Comptroller General's actual amount paid primarily because the Commission's system cannot handle a pay rate change in the middle of the month.

Criteria: Generally accepted accounting principles that require that accruals be based on actual amounts to be paid.

Effect: The accrual for accrued salaries and employer contributions was overstated. Adjustments were made to correct the overaccrual of health and dental insurance.

Recommendation: A programming change should be implemented to correct the calculation of this accrual.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

X-1. ALL PROGRAMS

Statement of Condition: OMB Circular A-133 Subpart C – Section 320 required Single Audit reports to be submitted no later than 13 months after the end of the audit period for the fiscal year ended June 30, 1998, the first year of the requirement (and within 9 months in subsequent years). The Commission did not meet this requirement for the year ended June 30, 1998.

Criteria: OMB Circular A-133 Subpart C – Section .320.

Effect of Condition: Failure to follow federal regulations.

Cause of Condition: Failure to have prior year audits completed timely and failure to have current year's records ready in time to complete audit within specified timeframe.

Recommendation: Implement procedures to have records and financial statements timely completed and audited and reports submitted within the required deadlines.