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CONFIDENTIAL

1 MAR 1961

MEMORANDUM FOR: Comptroller

SUBJECT : Reconciliation of Property Account No. 910 Stock Record Cards With Financial Property Records

- REFERENCES :
- (a) Memorandum to the Director of Communications from the Executive Officer, Office of Communications, dated 15 February 1961, subject: Investigation of Property Account No. 910
 - (b) Memorandum to Chief, ^{25X1A6a} [redacted] Communications Branch from Director of Communications, dated 15 February 1961, subject: Account No. 910

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1. On 27 February 1961, I visited Mr. ^{25X1A9a} [redacted] Finance Officer, [redacted] as directed, and reviewed the results of the Station's efforts toward reconciling the subject property account. The review disclosed the following information:

a. The financial records and the total of the extended dollar value of the stock record cards for account No. 910 have been reconciled for all materiel units except materiel unit 5 in which there is a difference of \$5,869.83 (financial records understated in relation to the total extended dollar value of the stock record cards for materiel unit 5). In regard to this difference the accuracy of the postings to the financial records have been verified by the Station Finance Officer, a representative from the Office of Communications Budget and Fiscal Office, and by a member of the Audit Staff and have been found to be correct. The reconciliation difference is apparently a result of posting errors by the Station Logistics Officers made during the period 1 April 1959 to 31 October 1960; however, I was informed by the Finance Officer that the postings made to the stock record cards have not been verified and to do so at this late date would require the services of one employee full-time for two weeks.

b. The reconciliation difference referred to above is in addition to the physical shortage of property in the amount of \$1,271.66 referred to in reference (a).

c. No transactions have been recorded on either the stock record cards or financial property records since 31 October 1960.

d. A physical inventory was taken of all property charged to account No. 910 as of 9 December 1960 and as a result a Report of Inventory Adjustments in the amount of \$1,271.66 was prepared. The

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Report of Inventory Adjustments has been approved by the Director of Communications as stated in paragraph 3c of reference (b).

2. In view of the amount of time and costs already expended on this problem, and the fact that three separate physical inventories have been taken as of 9 December 1960, which is the basis for adjustment of stock record card balances, it appears appropriate to adjust the financial records to conform to the amount of the physical inventory. In order to properly adjust the financial property records and stock record cards the following recommendations are submitted for your approval:

a. The Station Finance Officer prepare a journal voucher adjusting the financial property records to agree with the total extended dollar value of the stock record cards for materiel unit 5 as of 31 October 1960. The adjusting entry would be as follows:

Debit: Account 171.5 - Property in Use - \$5,869.83

Credit: Account 662 - Inventory Shortages and Overages - \$5,869.83

Debit: Account 664 - Inventory and Price Adjustments to Reserve for Property in Use - \$5,869.83

Credit: Account 371 - Reserve for Property in Use - \$5,869.83

b. The approved Report of Inventory Adjustments in the amount of \$1,271.66 be recorded on the current stock record cards and financial property records as of 9 December 1960.

c. The complete inventory of account No. 910 be forwarded to the Materiel Support Branch, Office of Communications, for verification of stock numbers, nomenclature and unit price. Upon completion of the verification any monetary differences resulting from unit price changes should be documented as a Report of Inventory Adjustments and recorded on the stock record cards and financial property records, accordingly, as of 9 December 1960.

d. After adjustments recommended above have been recorded new stock record cards be prepared and the balances reflected on the old cards be posted to the new cards as of 10 December 1960. The old stock record cards would then be microfilmed and destroyed.

25X1A9a 3. The above recommendations have the concurrence of Mr. ^{25X1A6a} ^{25X1A9a} Finance Officer, ^{25X1A9a} and Mr. ^{25X1A9a}

25X1A6a Chief, ^{25X1A9a} In addition, the recommendations were discussed by phone on 28 February 1961 with Mr. ^{25X1A9a} Supply Division, Office of Logistics, who also concurred in such recommendations and stated that the Office of Logistics was making two employees available to assist the ^{25X1A6a} with such work as may be necessary to establish the new stock record cards.

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4. If the above recommendations meet with your approval, the Finance Officer, [redacted] should be advised to proceed accordingly.

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[redacted]

Member, TAS

CONCUR:

25X1A9a

[redacted]

Chief, Technical Accounting Staff

1 MAR 1961

Date

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[redacted]

Chief, Finance Division

1 MAR 1961

Date

APPROVE:

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[redacted]

Comptroller

1 MAR 1961

Date

- 0-C/TAS
- 1-C/Finance Division
- 1-C/Communications
- 1-Finance Officer, WTC
- 25X1A6a - C/ [redacted] Communications &
- 1-Supply Division, O.S.
- B. T. S.

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