

**REPORT ON  
IMPROVING THE CONTROLS OVER  
SUDOCs CENTRAL OFFICE  
SALES ORDER PROGRAM**

**September 2002**

**02 10**



Office of Audits





UNITED STATES GOVERNMENT PRINTING OFFICE  
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# Memorandum

DATE: September 24, 2002

REPLY TO:

ATTN OF: Inspector General

SUBJECT: Report on Improving the Controls over SuDocs Central Office Sales Orders Program

To: Superintendent of Documents

The Office of Inspector General (OIG) has completed a performance audit to evaluate whether adequate management controls were maintained over SuDocs Central Office Sales Orders Program, as defined in SuDocs Policy Statements and Authorized Office Procedures and in accordance with GPO Instruction 825.18A. The audit was conducted from October 2001 through March 2002. We found that SuDocs Order Division adequately maintained management controls over the receipt and deposit of funds in the Central Office Sales Orders Program.

However, opportunities exist to improve the internal controls over the follow up of bad debts, the safeguarding of cash, and the developing of an internal control structure within SuDocs Order Division by: (1) updating SuDocs policy statements and authorized office procedures used by SuDocs Order Division personnel and (2) developing and implementing other written procedures in the following areas:

- Dishonored checks;
- Follow up letters;
- Foreign checks;
- Collection practices of bad debts;
- Safeguarding cash; and
- Establishing an Internal Control Program.

The audit report recommends the implementation of 11 recommendations to improve management controls over SuDocs Central Office Sales Orders Program. These recommendations were agreed to by the Superintendent of Documents and should improve the current policies

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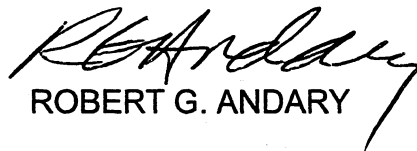
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and procedures to provide effective and efficient service to future customers and to provide reasonable assurance and safeguards against fraud, waste and abuse in SuDocs Central Office Sales Orders Program.

The Superintendent did question the size of the samples used by the auditors and stated that many of the samples were taken from the same day. In response, the sample sizes were adequate to identify the problems that SuDocs personnel continue to have with dishonored checks, follow up letters, and foreign checks. The samples were taken from the January 15, 2001, Weekly Cumulative Dishonored Check Report that included dishonored checks from September 1998. In addition, the samples may appear to be on the same day, but were not. SuDocs personnel do not identify or write off dishonored checks on a daily basis, but do so periodically and use that processing date as the date on those dishonored checks.

Mr. Joseph Verch, Supervisory Auditor, Mr. Rodney Dahl, Supervisory Auditor, and Mr. Michael Ober, Auditor-In-Charge, conducted this audit.

I appreciate the cooperation and courtesies extended during the audit by the officials and staff of the Superintendent of Documents and the Comptroller.

  
ROBERT G. ANDARY

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**REPORT ON IMPROVING THE CONTROLS OVER  
SUDOCs CENTRAL OFFICE SALES ORDERS PROGRAM**

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Office of the Inspector General  
Office of Audits**

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**REPORT ON IMPROVING THE CONTROLS OVER  
SUDOCs CENTRAL OFFICE SALES ORDERS PROGRAM**

**RESULTS IN BRIEF**

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The results of the Office of Inspector General (OIG) audit of the Superintendent of Documents (SuDocs) Central Office Sales Orders Program from October 2001 through March 2002 found that adequate management controls were maintained in the receipt and deposit of funds in accordance with GPO Instruction 825.18A *Internal Control Program*.

Opportunities exist, however, to improve the internal controls over the follow up of bad debts, the administering of refunds and the developing of an internal control structure with SuDocs Order Division by: (1) updating SuDocs policy statements and authorized office procedures used by SuDocs Order Division personnel and (2) developing and implementing other written procedures. The OIG identified the following six internal control weaknesses:

1. Nineteen of 32 dishonored checks totaling \$6,103 that were selected from the January 15, 2002, Weekly Dishonored Check Report were not immediately written off in 180 calendar days, but instead from 194 – 696 calendar days or an average of 364 calendar days;
2. SuDocs Order Division personnel did not always: (1) send follow up letters; and (2) send follow up letters timely;
3. SuDocs personnel failed to follow up on the collection of debts by not sending out letters to the addresses on the orders. This has resulted in a loss of \$5,811 in revenue;
4. SuDocs Order Division personnel did not always make a concentrated effort to collect unpaid invoices before requesting the Comptroller to write the unpaid invoices off. Nineteen of 149 unpaid invoices or 13 percent that SuDocs Order Division requested the Comptroller to write off from 4 memorandums submitted between June 28, 2001, through January 24, 2002, were either collected or resolved by the Comptroller totaling \$7,062;

5. SuDocs Order Division's Receipts and Processing Branch personnel did not always adhere to controls for safeguarding cash; and
6. An Internal Control Program has not been established in SuDocs Order Division.

The Superintendent of Documents should ensure that:

1. A written policy is developed on the number of calendar days that should pass after the receipt of the check vouchers from the bank for the Order Division to submit invoices from dishonored checks to the Comptroller;
2. Detailed procedures are developed and implemented on when the three follow up letters are sent from the Order Division;
3. Written procedures are developed and implemented for the processing of orders by the Receipts and Processing Branch personnel when checks are drawn on foreign banks;
4. Written procedures are established and implemented to ensure that all collection practices of bad debts from the SuDocs Sales Program are exhausted as required by GPO Instruction 445.19 before writing a memorandum to the Comptroller requesting certain unpaid invoices to be written off;
5. The controls over the safeguarding of cash are improved by changing the safe's combination more often and providing reasonable assurance and safeguard access to the safe during working hours; and
6. An Internal Control Program is established within the Order Division through the performance of vulnerability assessments and internal control reviews as prescribed by GPO Instruction 825.18A.



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## BACKGROUND

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The Documents Sales Service (DSS) purchases, warehouses, announces, and distributes government documents in accordance with Title I and Title 44 of the U.S. Code. Functions performed by this group include providing subscription services for government publications and selling titles for single publications as well as electronic sales. Electronic sales are subscriptions for periodicals, disks, and publications that are provided in a CD-ROM format. DSS operates phone, mail, fax, and electronic order services at the Central Office in Washington, D.C., and in Pueblo, CO. They also sell publications through Government Consigned Agents and GPO bookstores, and provide bylaw and reimbursable distribution services for Congress, General Services Administration (GSA) and other Federal agencies.

The Receipts and Processing Branch is responsible for monitoring or processing all collections received by mail in the form of cash, check, money order, credit card or deposit account charges for the payment of publications, subscriptions, or services.

The Receipts and Processing Branch dispatches all sales received to either the Publications Order Branch or the Mail List Branch for payment and order processing. The Mail List Branch processes all subscription orders. The Publications Order Branch processes publication orders, operates the telephone bank that receives Publications Order Branch and the Mail List Branch orders from customers and issues customer invoices for the Publications Order Branch and the Mail List Branch. Both the Publications Order Branch and the Mail List Branch initiate credit card and cash refunds and deposit accounts, depending upon the original method of payment and send orders requiring cash refunds to the Refund Unit within the Receipts and Processing Branch.

The Receipts and Processing Branch provides the Comptroller's Financial Accounting and Reporting Branch with a monthly Schedule of Collections, which summarizes the total cash receipts from Receipts and Processing Branch, the bookstores, and the Mellon Bank for the month. The Mellon Bank forwards to the Receipts and Processing Branch the total cash collections and confirmed deposit tickets. The Receipts and Processing Branch also provides the Comptroller with a Schedule of Confirmed Deposits, which summarizes total confirmed cash deposits for the month.

The Publications Order Branch and the Mail List Branch initiate credit card and cash refunds dependent upon the original method of payment. The Publications Order Branch and Mail List Branch send orders requiring cash refunds to the Refund Unit within the Receipts and Processing Branch.

The Comptroller's Financial Accounting and Evaluation Branch performs independent reconciliations of reported revenue to accounts receivable, deferred revenue, and cash collections including individual SuDocs revenue accounts.

The Mellon Bank, under the terms of the lockbox depository agreement, is responsible for providing accurate, reliable, and timely information to the GPO covering cash or checks, but not other forms of payment such as credit cards or deposit accounts. The Mellon Bank does not deposit these. Total sales of publications for SuDocs for Fiscal Year 2000 was \$45.5 million, and total GPO revenue was \$807.5 million.

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## OBJECTIVES, SCOPE AND METHODOLOGY

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The objective of this performance audit was to ensure that adequate management controls were maintained over SuDocs Central Office Sales Orders Program, as defined in SuDocs Policy Statements and Authorized Office Procedures and in accordance with GPO Instruction 825.18A *Internal Control Program*. Specific objectives included the review of SuDocs Central Office Sales Orders Program systems' internal control procedures to ensure SuDocs Division Order personnel: (1) protect all collections received from mail, telephone, and subscription orders against loss; (2) promptly deposit funds, and that the funds are properly classified and accounted for in timely financial reports; (3) promptly follow up on all bad debts; (4) comply with applicable policies and procedures for administering refunds; and (5) have an internal control structure within the Division.

We conducted the audit during the months of October 2001 through March 2002 in accordance with generally accepted Government auditing standards. As part of our audit approach we made observations, verified records, and performed a limited sample due to time restraints and audit resources available:

- Observed the receipt of cash and checks from mail orders in a secured area of SuDocs Order Division's Receipts and Processing Branch;
- Observed the receipt of credit card orders, subscription orders, and Mellon Bank orders from SuDocs Order Division's Mail List Branch and Publications Order Branch;
- Verified the deposit records for September, October, and November 2001 from the Schedule of Confirmed Deposits on the monthly summary listing of deposits to the individual daily deposit record to the individual deposit slips;
- Reviewed a random sample of 11 of 148 complaints from the Publications Order Branch's Complaint Log to determine whether customers' inquiries were recorded and acted upon;
- Reviewed 32 dishonored checks totaling \$8,951 that were selected from the January 15, 2002, Weekly Cumulative Dishonored Check Report to determine whether dishonored checks were written off timely in accordance with GPO Instruction 825.18A and the Debt Collection Improvement Act of 1996;
- Reviewed 12 dishonored checks totaling \$1,063 that were selected from the January 15, 2002, Weekly Dishonored Check Report to determine whether follow up letters were: (1) maintained; (2) sent; and (3) sent timely in accordance with GPO Instruction 825.18A;

- Reviewed 15 dishonored foreign checks totaling \$5,811 that were selected from the January 15, 2002, Weekly Dishonored Check Report to determine whether dishonored foreign checks: (1) had follow up letters that were sent out; (2) were written off timely; and (3) were processed correctly in accordance with GPO Instruction 825.18A and the 1995 Memorandum of Understanding for U.S. Government Agency Lockbox Services with the U.S. Treasury;
- Reviewed 149 unpaid invoices that the Comptroller received from SuDocs to write off from four memorandums submitted between June 28, 2001, through January 24, 2002, to determine whether all collection practices were exhausted before submitting the invoices to the Comptroller in accordance with GPO Instruction 445.19;
- Performed a limited review of 10 refunds totaling \$15,707 out of approximately 600 refunds from the October 25, 2002, Voucher and Schedule of Payments to determine whether refunds were authorized in accordance with SuDocs Policy Statement 31 and SuDocs Authorized Office Procedure No. SOD 45.2; and
- Interviewed SuDocs and Comptroller personnel on internal controls, procedures, and accountability in SuDocs Central Office Sales Orders Program.

We also reviewed:

- GPO Instruction 445.1D *Imprest Fund* to identify the controls over the changing of the safe combinations;
- GPO Instruction 445.19 *Debt Collection Procedures* to identify the procedures to be used in the collection of debts owed to GPO and the U.S.;
- GPO Instruction 825.18A, *Internal Control Program*, to identify policies, standards, and responsibilities for conducting internal control reviews of GPO Programs;
- The 1995 Memorandum of Understanding for U.S. Government Agency Lockbox Services with the U.S. Treasury to identify the processing of foreign checks;
- SuDocs Policy Statement No. 31 *Sales Correspondence* to identify the policy on adjustments of \$50 or more;
- SuDocs Policy Statement No. 39 *Collection of Payment for Dishonored Checks* to identify the procedures for processing dishonored checks;
- SuDocs Policy Statement No. 45 *Documents Approving Officers* to identify the refund policy; and

- U.S. Treasury Debt Collection Improvement Act of 1996 to identify the improvements in cash and debt collection management by the Federal government.

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## FINDINGS AND RECOMMENDATIONS

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### 1. DISHONORED CHECKS WRITTEN OFF

#### FINDING

SuDocs Order Division personnel receive dishonored check vouchers from the bank and enter the information in the Dishonored Checks Control System. The dishonored check vouchers are from publication orders, subscription orders, and deposit accounts from SuDocs customers.

The Division personnel immediately send out follow up letters to customers to recover the lost revenue. SuDocs Authorized Office Procedures (SOD) 39.1 and 39.3 require that three follow up letters be sent requesting payment from customers. The Debt Collection Improvement Act of 1996 requires 180 days before the Director, Order Division, can take action to write a memorandum to the Comptroller requesting certain unpaid invoices to be written off after 180 days.

An OIG review of 32 dishonored checks totaling \$8,951 that were selected from the January 15, 2002, Weekly Cumulative Dishonored Check Report found SuDocs Order Division personnel did not always make timely requests for the write off of dishonored checks to the Comptroller. OIG auditors identified issues in the write off of 30 of the 32 dishonored checks reviewed, contrary to Standards 2 and 7 of GPO Instruction 825.18A (See Appendix III.) and the Debt Collection Improvement Act (DCIA) of 1996:

“This law provides that any non-tax debt or claim owed to the United States that has been delinquent for a period of 180 days shall be turned over to the Secretary of the Treasury for appropriate action to collect or terminate collection actions on the debt or claim.”

Because the SuDocs Order Division personnel did not have any written in-house regulations on the timeframes on when to authorize the Comptroller to write off invoices because of dishonored checks, the OIG found the following problems with 30 dishonored checks:

- Nineteen dishonored checks totaling \$6,103 were not written off in 180 calendar days, but instead from 194 – 696 calendar days or an average of 364 calendar days (See Appendix IV.);

- Eight dishonored checks totaling \$2,685 were written off before the 180 calendar days that ranged from 90 – 168 calendar days or an average of 113 calendar days (See Appendix IV.); and
- Three dishonored checks totaling \$68 were not written off, even though from 101 - 578 calendar days had passed, as of January 1, 2002, or an average of 368 calendar days. (See Appendix V.)

SuDocs untimely submittal of dishonored checks to the Comptroller delays the ultimate submittal to the U.S. Treasury for additional measures to take to recover lost revenues. In addition, the Weekly Dishonored Check Report becomes an ineffective management tool for SuDocs personnel to manage dishonored checks.

### **RECOMMENDATION**

The Superintendent of Documents should ensure that a written policy is developed and implemented on the number of calendar days that should pass after the receipt of the check vouchers from the bank for the Order Division to submit invoices from dishonored checks to the Comptroller (0210-01.)

### **MANAGEMENT COMMENTS**

The Superintendent of Documents agreed with the finding and the recommendation. (See Appendix X.)

## 2. FOLLOW UP LETTERS

### FINDING

SOD 39.1 and 39.3 require that a total of three follow up letters be sent requesting payment from customers with dishonored checks. Unofficially, the letters are sent every 30 days; and after 180 days, the Director, Order Division, writes a memorandum to the Comptroller requesting that certain unpaid invoices be written off.

An OIG review of 12 dishonored checks selected from the January 15, 2002, Weekly Cumulative Dishonored Check Report and totaling \$1,063 found that:

- SuDocs officials did not send out any copies of follow up letters for 6 of the 12 dishonored checks selected (Control #000176, #000345, #000346, #000351, #000408, and #200037). (See Appendix VI.) However, the January 15, 2002, Report showed that follow up letters were sent on 4 dishonored checks that SuDocs officials could not locate or provide (Control #000345 [3 letters], #000346 [2 letters], #000351 [3 letters], and #000408 [2 letters]). In addition, SuDocs officials could not provide the first follow up letter on Control #000376.
- SuDocs officials did not always send follow up letters on dishonored checks. The January 15, 2002, Report did not show any follow up letters sent on 2 of 12 dishonored checks selected (Control #000176 and #200037). In addition, the Report did not show that second and third follow up letters were sent on Control #010477 or Control #010536.
- SuDocs officials did not always send follow up letters timely on 6 dishonored checks provided (See Appendix VII.):
  1. The first follow up letters were sent within 4 calendar days of when SuDocs received the dishonored check vouchers from the bank on 4 of the 6 dishonored checks (Control #000365, #010536, #000350, and #000327). However, SuDocs officials took 24 calendar days to send the first follow up letter on another dishonored check (Control #010477), and the last dishonored check selected could not be determined, because SuDocs officials could not provide the follow up letter (Control #000376);
  2. The second follow up letters were sent from 36 – 162 calendar days (an average of 115 calendar days) after the first follow up letters were sent on 4 of the 6 dishonored checks (Control #000327-36 days, #010536-101 days, #000365-162 days, and #000350-162 days).

The auditors could not determine the time it took to process the second follow up



letter for Control #000376, because SuDocs officials could not provide the first follow up letter. Also, SuDocs officials did not send second follow up letters on the remaining two dishonored checks (Control #010477 and #010536).

3. The third follow up letters were sent from 53 – 66 calendar days after the second follow up letters were sent on 4 of the 6 dishonored checks (Control #000365-53 days, #000376-53 days, #000350-53 days, and #000327-66 days). The 4 third follow up letters averaged 56 calendar days.

SuDocs officials did not send third follow up letters on the remaining 2 dishonored checks (Control #010477 and #010536).

The results of the review show that the Order Division personnel do not always make a thorough effort in following up on the letters when collecting from customers with dishonored checks. In order to improve the chances of a successful collection, detailed procedures need to be written and followed by Order Division personnel on when the three follow up letters should be sent.

## **RECOMMENDATIONS**

The Superintendent of Documents should ensure that:

- Detailed procedures are developed and implemented on the timing of the three follow up letters in the Order Division in order to improve the chances of a successful collection from customers with dishonored checks (0210-02); and
- The Weekly Cumulative Dishonored Check Reports is monitored periodically to ensure follow up letters are sent timely (0210-03).

## **MANAGEMENT COMMENTS**

The Superintendent of Documents agreed with the finding and the two recommendations. (See Appendix X.)

### 3. DISHONORED FOREIGN CHECKS

#### FINDING

An OIG review of the January 15, 2002, Weekly Cumulative Dishonored Check Report identified 15 dishonored foreign checks that were over \$50 and totaled \$5,811. (See Appendix VIII.) SuDocs unwritten policy does not permit Order Division's Receipts and Processing Branch personnel to send follow up letters to customers with dishonored checks drawn on foreign banks, contrary to Standard 2 of GPO Instruction 825.18A. (See Appendix III.)

In addition, the Receipts and Processing Branch personnel could not always send follow up letters to the addresses on the original orders, because the information on the microfilm was hard to access.

The review also found that 10 of the 15 dishonored foreign checks were written off from 1 - 1,026 calendar days or an average of 446 calendar days. The remaining 5 dishonored foreign checks were not written off, even though 188 - 531 calendar days had passed as of January 1, 2002, or an average of 327 calendar days.

A foreign check is defined as: "...checks, including drafts and money orders, which are payable in United States dollars or any foreign currency, and which are drawn on and payable only at financial institutions located outside of the United States. A check which is drawn on a financial institution located outside of the fifty United States is a foreign check if it is received not encoded with the routing symbol assigned to the United States financial institution by the American Bankers Association."<sup>1</sup>

A further review of the 5 dishonored foreign checks that remained opened showed:

- Three dishonored foreign checks totaling \$512 were processed by the Mellon Bank, contrary to the 1995 Memorandum of Understanding for U. S. Government Agency Lockbox Services with the U. S. Department of the Treasury, which states:

"Foreign checks payable in U. S. dollars drawn on foreign banks, or foreign currency drawn on foreign banks shall be returned to the agency."

- The remaining two dishonored foreign checks totaling \$268 were processed by Order Division's Receipts and Processing Branch personnel, contrary to SuDocs unwritten policy of only processing foreign checks that are encoded with the proper routing symbol.

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<sup>1</sup> From the November 1989 Supplemental Memorandum of Understanding for the Establishment and Operation of a Lockbox Depository Arrangement with Mellon Bank of Pittsburgh, PA.

As a result of SuDocs personnel's failure to: (1) monitor the proper procedures on processing dishonored foreign checks by personnel from the Mellon Bank of Pittsburgh, PA and from the Order Division's Receipts and Processing Branch; and (2) follow up on the collection of debts to the addresses on the order has resulted in a loss of \$5,811 in revenue.

## **RECOMMENDATIONS**

The Superintendent of Documents should ensure that:

- The collection of \$512 be considered from the Mellon Bank of Pittsburgh, PA for the three dishonored foreign checks that were mistakenly processed, contrary to the 1995 Memorandum of Understanding (0210-04); and
- Written procedures are developed and implemented for the processing of orders by the Receipts and Processing Branch personnel when checks are drawn on foreign banks to ensure that the checks are encoded with the routing symbol assigned to the United States financial institution by the American Bankers Association (0210-05).

## **MANAGEMENT COMMENTS**

The Superintendent of Documents agreed with the finding and the two recommendations. An inquiry will be made through the Treasury about the \$512. (See Appendix X.)

#### **4. COLLECTION PRACTICES OF BAD DEBTS**

##### **FINDING**

SuDocs officials may not have always exhausted all collection practices for bad debts from the Sales Program before writing a memorandum to the Comptroller requesting certain unpaid invoices to be written off, as required by GPO Instruction 445.19:

“It is the policy of the GPO to take aggressive action, on a timely basis, with effective followup, to collect all claims of the United States for money or property, arising out of the activities of GPO, or referred to GPO, in accordance with the standards and procedures set forth in this Instruction.”

OIG auditors reviewed the 149 unpaid invoices that SuDocs requested the Comptroller to write off from 4 memorandums submitted from June 28, 2001 through January 24, 2002, and found 19 unpaid invoices, or 13 percent, totaling \$7,062 were either collected or resolved by the Comptroller (See Appendix IX):

- Seven unpaid invoices totaling \$3,873 were charged to the original credit card;
- Three unpaid invoices totaling \$729 were contacted by their E-mail address;
- Two unpaid invoices totaling \$1,504 were contacted by letters; and
- Seven unpaid invoices totaling \$956 were resolved by other means.

In addition, some debts referred to the U.S. Treasury were later found to have been resolved or should have been resolved before they were transferred to the U.S. Treasury. In one instance the customer had paid by check twice and still the debt was sent to the U.S. Treasury.

SuDocs officials do not have any additional in-house written procedures on collection practices of bad debts as required by Standard 4 of GPO Instruction 825.18A. (See Appendix III.)

The Comptroller's success rate can be attributed to the aggressive action taken, as well as adding a GPO official's name and phone number on the follow up letters for the customer to contact with the wording to indicate the consequences of nonpayment. Customers expressed satisfaction in receiving an official's name and phone number to resolve the questionable debts. As a result of the Comptroller's additional actions, GPO was able to resolve 19 unpaid invoices and collect an additional \$7,062 without going to the U.S. Treasury.

## **RECOMMENDATIONS**

The Superintendent of Documents should ensure that:

- Written procedures are established and implemented to ensure that all collection practices for bad debts from the Sales Program are exhausted before a memorandum is written from the Order Division to the Comptroller requesting certain unpaid invoices to be written off (0210-06); and
- The three follow up letters that are sent requesting payment from customers with dishonored checks are revised to include a SuDocs contact person, a GPO telephone number, an E-mail address, and a fax number, with the wording on the follow up letters to indicate the consequences of nonpayment (0210-07).

## **MANAGEMENT COMMENTS**

The Superintendent of Documents agreed with the finding and the two recommendations. A fax number, a telephone number, and an E-mail address will be included in the follow up letters. (See Appendix X.)

## 5. SAFEGUARDING CASH

### FINDING

The staff of the Receipts and Processing Branch, which is located in a restricted area, receives all mail for SuDocs Central Office Sales Order Program except Pueblo and Mellon Bank orders. All cash received from the mail is annotated on the envelopes and initialed off by the staff. The mail is sorted by category and sent to a Certifier for certification. The Certifier counts the money and matches the payment with the order. After certification, the cash is reconciled and a separate deposit slip is prepared. The cash is put in a sealed bag and placed in the safe overnight. The following day the bag is picked up and transported by Armored Guard for deposit. SuDocs personnel have indicated that less than \$1,000 in cash is received annually from the mail.

The Receipts and Processing Branch did not always adhere to the controls over the safeguarding of cash as suggested by GPO Instruction 445.1D and required by GPO Instruction 825.18A. Without the adherence to proper internal controls, the Branch's cash was subject to loss by theft or other circumstances.

During the audit, the OIG auditors found that the following controls over the safekeeping of cash needed to be strengthened:

- The safe combination had not changed in quite some time. The Director, Order Division, could not recall when the combination was last changed. GPO Instruction 445.1D, Appendix A, paragraph 3.b. (6) contains the following requirement, "The safe combination will be changed annually, or whenever there is a change of cashiers...."
- The safe was kept open during working hours and employees occasionally held cash in small amounts by their desks until it was put in the safe. Standard 2 of GPO Instruction 825.18A states, "Management controls must provide reasonable assurance and safeguards to protect assets against waste, loss, unauthorized use, and misappropriation."

### RECOMMENDATIONS

The Superintendent of Documents should ensure that:

- The safe's combination is changed more frequently, using GPO Instruction 445.1D as a guide (0210-08); and
- Reasonable assurances and safeguards are provided on processing cash during working hours (0210-09).

## **MANAGEMENT COMMENTS**

The Superintendent of Documents agreed with the finding and the two recommendations.  
(See Appendix X.)

## 6. INTERNAL CONTROL PROGRAM

### FINDING

The Director, Order Division, did not establish an Internal Control Program within the Division through the performance of vulnerability assessments and internal control reviews as prescribed by GPO Instruction 825.18A. A review needs to be conducted to identify specific programs, functions, and activities within each Division office. Once the specific programs, functions, and activities are identified, then tests (vulnerability assessments) need to be performed to provide SuDocs officials reasonable assurance that the Division's programs, functions, and activities were:

- Achieving their intended results;
- Using resources consistently with agency mission;
- Protected from waste, fraud, and mismanagement;
- Following all laws and regulations; and
- Obtaining, maintaining, reporting, and using reliable and timely information for decision making purposes, as stated in Paragraph 5.c. of GPO Instruction 825.18A.

Any findings associated from the testing of the internal controls over specific programs, functions, and activities should be followed up by a detailed examination (internal control review) by that particular Division office, as required by Paragraph 5.b. of GPO Instruction 825.18A.

For example, reviewing internal controls within the following three functions/activities would be a good beginning for the Division's Internal Control Program, as directed by Paragraph 7.d. of GPO Instruction 825.18A. (See Appendix III.)

#### 1. Monitoring Dishonored Checks

The Order Division appears to maintain an adequate automated internal control structure that processes up to three follow up letters periodically to remind SuDocs customers with dishonored checks that payments are due. However, the Director does not perform a periodical review of the Weekly Cumulative Dishonored Check Report to ensure letters are sent timely. By not "...performing actual control tests to ensure events are handled properly..." as prescribed in paragraph 9.b. of GPO Instruction 825.18A, there are no assurances that the existing internal controls over the processing of dishonored checks are timely and reliable in accordance with Standard 7 of GPO Instruction 825.18A.



## **2. Processing Refunds**

The Government Accounts Section appears to maintain an adequate internal control structure processing refunds by maintaining supporting documentation for each refund listed in the Voucher and Schedule of Payments Report. However, the Supervisor does not perform a periodic review of the supporting documentation to the Report. By not "...performing actual control tests to ensure events are handled properly..." as prescribed in paragraph 9.b. of GPO Instruction 825.18A, there are no assurances that the existing internal controls over the processing of refunds provide reasonable assurance and safeguards to protect assets against waste, loss, unauthorized use, and misappropriation in accordance with Standard 2 of GPO Instruction 825.18A.

## **3. Receiving Customer Inquiries**

The Publications Order Branch personnel in the Complaint Department appear to maintain an adequate manual internal control structure by recording customer inquiries in a complaint log. However, the Director does not perform a periodic review of the research performed to support the corrective action recorded in the complaint log. By not "...performing actual control tests to ensure events are handled properly..." there are no assurances that the existing internal controls over the receiving of customer inquiries are promptly recorded, properly classified, and accounted for in accordance with Standard 7 of GPO Instruction 825.18A.

## **RECOMMENDATION**

The Superintendent of Documents should ensure that an Internal Control Program is established within the Order Division through the performance of vulnerability assessments and internal control reviews as prescribed by GPO Instruction 825.18A (0210-10).

## **MANAGEMENT COMMENTS**

The Superintendent of Documents agreed with the finding and recommendation. (See Appendix X.)

## 7. UPDATING WRITTEN POLICIES AND PROCEDURES

### FINDING

SuDocs Order Division personnel are performing their duties without the benefits of updated written policies and procedures, contrary to Standard 4 of GPO Instruction 825.18A. (See Appendix III.)

For example:

- SOD Authorized Office Procedure No. SOD 39.1 *Processing of Dishonored Checks* with an effective date of January 23, 1980, provides detailed policy regarding the processing of dishonored check vouchers that are received from the bank. However the Procedure identifies the Comptroller's Disbursing Branch as the office responsible for processing dishonored checks by inputting the information into the Refund and Dishonored Checks Control System (RDCCS). Currently, SuDocs Order Division is responsible for entering the information into RDCCS.
- SOD No. 39.1 also identifies the Comptroller's Disbursing Office as responsible for forwarding dishonored checks of \$600 or more that have been written off to the General Accounting Office as outlined in Title 4 of the Code of Regulations. Currently, the Disbursing Office is forwarding all dishonored checks of \$50 or more that have been written off to the U.S. Treasury for collection.
- SOD 45.2 *Processing Refunds for \$25.00 or More* with an effective date of August 6, 1991, is still current. However, the refunds have been raised to \$50, as a result of SOD 31 *Sales Correspondence* with an effective date of July 1, 1991. (See Finding 5. Refunds.)

The three examples illustrate how outdated instructions leave no clear authority or responsibility for functions of the SuDocs Sales Program and can contradict each other and lead to more confusion.

### RECOMMENDATION

The Superintendent of Documents should ensure that the Order Division's organizational structure is reviewed for completeness and all written policies and procedures are updated accordingly (0210-11).

### MANAGEMENT COMMENTS

The Superintendent of Documents agreed with the finding and recommendation. (See Appendix X.)

**OTHER MATTERS DISCUSSED WITH MANAGEMENT**

- Until SuDocs Integrated Processing System becomes operational, a computer listing should be considered for the SuDocs Sales Program to provide a history to prevent:
  1. Prior customers with outstanding balances with GPO from receiving refunds;
  2. The processing of sales orders for customers who have outstanding dishonored checks or a history of writing dishonored checks to GPO;
  3. The processing of sales orders for customers who regularly report that previous orders were not received.
- SuDocs Sales Order Division should consider receiving authorization from the credit card company before processing credit card orders under \$250 to diminish the number of rejected credit card charges and write offs. The current policy is to receive authorization before processing credit card orders of only \$250 or more.
- SuDocs Sales Order Division should consider discussing with the Comptroller the raising of the minimum \$5 fee for dishonored checks in order to recover all administrative costs for processing dishonored checks.
- SuDocs Sales Order Division should consider conducting security background checks for all Division employees handling funds.

## RECOMMENDATION SUMMARY

The Superintendent of Documents should ensure that:

- A written policy is developed and implemented on the number of calendar days that should pass after the receipt of the check vouchers from the bank for the Order Division to submit invoices from dishonored checks to the Comptroller (0210-01);
- Detailed procedures are developed and implemented on the timing of the three follow up letters in the Order Division in order to improve the chances of a successful collection from customers with dishonored checks (0210-02);
- The Weekly Cumulative Dishonored Check Reports is monitored periodically to ensure follow up letters are sent timely and are maintained for review (0210-03);
- The collection of \$512 be considered from the Mellon Bank of Pittsburgh, PA for the three dishonored foreign checks that were mistakenly processed, contrary to the 1995 Memorandum of Understanding (0210-04);
- Written procedures are developed and implemented for the processing of orders by the Receipts and Processing Branch personnel when checks are drawn on foreign banks to ensure that the checks are encoded with the routing symbol assigned to the United States financial institution by the American Bankers Association (0210-05);
- Written procedures are established and implemented to ensure that all collection practices for bad debts from the Sales Program are exhausted before a memorandum is written from the Order Division to the Comptroller requesting certain unpaid invoices to be written off (0210-06);
- The three follow up letters that are sent requesting payment from customers with dishonored checks are revised to include a SuDocs contact person, a GPO telephone number, an E-mail address, and a fax number with the wording on the follow up letters to indicate the consequences of nonpayment (0210-07);
- The safe's combination is changed more frequently, using GPO Instruction 445.1D as a guide (0210-08);
- Reasonable assurances and safeguards are provided on processing cash during working hours (0210-09);

- An Internal Control Program is established within the Order Division through the performance of vulnerability assessments and internal control reviews as prescribed by GPO Instruction 825.18A (0210-10); and
- The Order Division's organizational structure is reviewed for completeness and all written policies and procedures are updated accordingly (0210-11).

**CRITERIA USED IN THE AUDIT REPORT FROM GPO INSTRUCTION 825.18A  
*INTERNAL CONTROL PROGRAM***

- “*Internal Control Review* – a detailed examination of the internal controls of the activity or program to determine whether adequate control measures exist and are implemented to prevent or detect the occurrence of potential risks in a cost-effective manner. Internal control reviews are often predicated upon the findings associated with the vulnerability assessments.” (Paragraph 5.b.)
- “*Internal Controls* – the organization, policies, and procedures used to reasonably ensure that:
  - (1) programs achieve their intended results;
  - (2) resources are used consistent with agency mission;
  - (3) programs and resources are protected from waste, fraud, and mismanagement;
  - (4) laws and regulations are followed; and
  - (5) reliable and timely information is obtained, maintained, reported, and used for decision-making. (Paragraph 5.c.)
- “*Internal Control Review*. The review entails various steps which include studying the normal flow of a particular category of events, analyzing specific risk factors associated with the events, performing actual control tests to ensure events are handled properly, recommending corrective action for known internal control deficiency, and modifying the existing controls if necessary.” (Paragraph 9.b.)
- “Management controls must provide reasonable assurance and safeguards to protect assets against waste, loss, unauthorized use, and misappropriation.” (Standard 2)
- “Managers should ensure that appropriate authority, responsibility, and accountability are defined and delegated to accomplish the mission of the organization, and that an appropriate organizational structure is established to effectively carry out program responsibilities.” (Standard 4)
- “Transactions should be promptly recorded, properly classified, and accounted for in order to prepare timely accounts and reliable financial and other reports.” (Standard 7)

- “*Department, Service, Staff, and Office heads* are responsible for the development and maintenance of internal controls within their respective programs, functions, and activities, to prevent or deter the loss or abuse of public assets. The compliance with and effectiveness of internal controls must be regularly monitored. Supervisors must be knowledgeable of the internal controls of their units, and as part of their routine duties, must insure that the controls are operating as designed and are achieving their intended purpose.” (Paragraph 7.d.)

**TWENTY-SEVEN DISHONORED CHECKS WRITTEN OFF  
(January 15, 2002, Weekly Cumulative Dishonored Check Report)**

No.	Control No.	Customer Name	Amount	Reason Dishonored	Date Dishonored	Date Written off	Calendar Days to Write off
1	000174	Chase Manhattan Bank	\$228.75	Other	04/27/00	06/25/01	424 *
2	000195	Wright, Mary Lou	6.75	Account closed	06/01/00	10/22/01	508 *
3	000204	TH Agriculture	607.00	Insufficient funds	06/01/00	06/25/01	389 *
4	000208	Federal Express	205.80	Insufficient Funds	06/23/00	06/25/01	367 *
5	000247	Millenium Development Co.	373.00	Insufficient funds	07/18/00	06/25/01	342 *
6	000299	Lancaster University	2,600.00	Stop payment	09/15/00	06/25/01	283 *
7	000305	Gonzalez, Rebecca	10.00	Insufficient funds	09/15/00	10/22/01	402 *
8	000321	Farinloye, Michael	23.75	Insufficient Funds	10/19/00	10/22/01	368 *
9	000326	Gadsden Research Svcs Inc	290.00	Insufficient funds	10/19/00	06/25/01	250 *
10	000327	Gadsden Research Svcs Inc	380.00	Insufficient funds	10/19/00	06/25/01	249 *
11	000328	Gadsden Research Svcs Inc	380.00	Insufficient funds	10/19/00	06/25/01	250 *
12	000398	James Dougherty	51.00	Insufficient funds	03/19/01	06/25/01	98 +
13	000345	Robert Backes	12.00	Insufficient funds	12/13/00	10/18/01	308 *
14	000346	Avanti Enterprise, Inc.	288.00	Account closed	12/13/00	06/25/01	194 *
15	000350	Francis Harvey & Sons Inc.	45.00	Insufficient funds	12/13/00	10/22/01	312 *
16	000351	Associate, Samuel H.	26.00	Insufficient funds	12/13/00	10/18/01	308 *
17	000365	Clybor, Frank E.	18.75	Insufficient funds	12/13/00	10/18/01	309 *
18	000376	Derek L. Henley	26.00	Insufficient funds	01/31/01	10/22/01	264 *
19	000402	Fairfield Farm Kitchens	163.25	Other	03/19/01	06/25/01	98 +
20	000408	Louis De La Cruz	142.50	Other	03/19/01	06/25/01	98 +
21	010432	Brandon Reg Hlth Authority	72.49	Other	05/03/01	10/18/01	168 +
22	010457	La Caixa	514.92	Other	05/30/01	10/18/01	141 +
23	010491	Verizon Wireless	1,138.00	Stop payment	06/26/01	10/22/01	118 +
24	010498	Yamile D.Santamaria	8.00	Other	07/20/01	10/22/01	94 +
25	010503	Alexander W. Hsiao	595.00	Other	07/20/01	10/18/01	90 +
26	200034	Ebsco Industries, Inc.	525.00	Stop payment	11/16/99	10/22/01	696 *
27	200037	Dismantlement Consultants LTD.	57.00	Insufficient funds	11/16/99	10/22/01	696 *
	Total		\$8,787.96				

\* Nineteen dishonored checks totaling \$6,103 were not written off in 180 calendar days, but instead from 194 – 696 calendar days or an average of 364 calendar days.

+ Eight dishonored checks totaling \$2,685 were written off before the 180 calendar days that ranged from 90 – 168 calendar days or an average of 113 calendar days.



**FIVE DISHONORED CHECKS STILL OPEN**  
**(January 15, 2002, Weekly Cumulative Dishonored Check Report)**

No.	Control No.	Customer Name	Amount	Reason Dishonored	Date Dishonored	Date Written Off	Calendar Days to Write off
1	000176	Building Svs. Intl. of N.Y.	\$15.00	Insufficient funds	06/01/00	Open	578+ ^ (As of 01/01/02)
2	010477	Dantoni Brown	7.50	Insufficient funds	01/31/01	Open	334+ ^ (As of 01/01/02)
3	010531	Celia Mitchel	5.00	Account closed	09/01/00	Open	101+ (As of 01/01/02)
4	010536	Deborah D. Hair-Wilder	45.50	Account closed	09/21/00	Open	192+ ^ (As of 01/01/02)
5	000247	Millenium Development Co.	90.00	Insufficient funds	10/19/01	Open	73+ (As of 01/01/02)
		<b>Total</b>	<b>\$163.00</b>				

^ Three dishonored checks totaling \$68 were not written off, even though from 101 – 578 calendar days had passed as of January 1, 2002, or an average of 368 calendar days.

**TWELVE DISHONORED CHECKS SELECTED**  
**(January 15, 2002, Weekly Cumulative Dishonored Check Report)**

No.	Control No.	Customer Name	Amount	Voucher Received	Date Written Off	Dates Letters Were Input On Report	Dates Of Letters Provided	Months follow-up letters were sent after Voucher Received (Per Input dates)	Months Written off After Voucher Received
1	000176	Building Svs. Intl. of N.Y.	\$15.00	06/01/00	Open	None	No letters sent out.	None	18 still not written off.
2	000327	Gadsden Research Services Inc.	380.00	10/19/00	06/25/01	10/31/00, 12/13/00, 03/19/01	3 letters 10/23/00, 11/28/00, 02/02/01	1, 1, 3	8
3	000345	Robert Backes	12.00	12/13/00	10/18/01	01/31/01, 05/30/01, 07/18/01	No letters maintained.	1, 4, 2	10
4	000346	Avanti Enterprises, Inc.	288.00	12/13/00	06/25/01	01/31/01, 05/30/01	No letters maintained.	1, 4	6
5	000350	Francis Harvey & Sons Inc.	45.00	12/13/00	10/22/01	01/31/01, 05/30/01, 07/18/01	3 letters 12/14/00, 05/25/01, 07/17/01	1, 4, 2	10
6	000351	Associate, Samuel H.	26.00	12/13/00	10/18/01	01/31/01, 05/30/01, 07/18/01	No letters maintained.	1, 4, 2	10
7	000365	Clybor, Frank E.	18.75	12/13/00	10/18/01	01/31/01, 05/30/01, 07/18/01	3 letters 12/14/00, 05/25/01, 07/17/01	1, 4, 2	10
8	000376	Derek L. Henley	26.00	01/31/01	10/22/01	03/19/01, 05/30/01, 07/18/01	2 letters 05/25/01, 07/17/01	2, 2, 1	8
9	000408	Louis De La Cruz	142.50	03/19/01	06/25/01	05/02/01, 05/31/01	No letters maintained.	1, 1	3
10	010477	Dantoni Brown	7.50	06/22/01	Open	07/18/01	1 Letter 07/16/01	1	6 still not written off.
11	010536	Deborah D. Hair-Wilder	45.50	09/21/01	Open	09/25/01	2 Letters 09/24/01, 01/03/02	1	N/A still being followed-up
12	200037	Dismantlement Consultants LTD.	57.00	11/16/99	10/22/01	None	No letters sent out.	None	23
		Total	\$1,063.25						

**NUMBER OF CALENDAR DAYS TO PROCESS  
FOLLOW UP LETTERS ON THE SIX DISHONORED CHECKS PROVIDED**

No.	Control No.	Customer Name	Amount	Reason Dishonored	Date Dishonored	Dates of Follow-Up Letters	Calendar Days Sent Out
1	000327	Gadsden Research Svcs Inc.	\$380.00	Insufficient Funds	10/19/00	10/23/00, 11/28/00, 02/02/01	4 36 66
2	000350	Francis Harvey & Sons Inc.	45.00	Insufficient Funds	12/13/00	12/14/00, 05/25/01, 07/17/01	1 162 53
3	000365	Clybor, Frank E.	18.75	Insufficient Funds	12/13/00	12/14/00, 05/25/01, 07/17/01	1 162 53
4	000376	Derek L. Henley	26.00	Insufficient Funds	01/31/01	<sup>2</sup> 05/25/01, 07/17/01	114 53
5	010477	Dantoni Brown	7.50	Insufficient Funds	06/22/01	07/16/01	24
6	010536	Deborah D, Hair-Wilder	45.50	Account Closed	09/21/01	09/24/01, 01/03/02	3 101
	Total		\$522.75				

<sup>2</sup> SuDocs officials could not provide follow up letter. The input date in the January 15, 2002, Report for this letter was March 19, 2001.

FIFTEEN DISHONORED FOREIGN CHECKS

No.	Control No.	Customer Name	Amount	Date Dishonor Voucher Received	Reason For Dishonored Check	Number of Follow up Letters Sent	Date Written Off	Calendar Days to Write Off
1	010457	La Caixa	\$514.92	05/30/01	Other	None	10/18/01	140
2	990027	American Embassy Thailand	\$104.00	11/17/98	Insufficient funds	None	06/26/01	953
3	000249	American Embassy Paris France	\$59.00	07/18/00	Stale date	None	10/18/01	457
4	000299	Lancaster University	\$2,600.00	09/15/00	Stop payment	None	06/25/01	283
5	000315	Bank Regional Europea	\$187.50	09/25/00	Account closed	None	Open	462 <sup>3</sup>
6	010475	Barclays London England	\$325.00	05/30/01	Stop payment	None	Open	214 <sup>3</sup>
7	000251	Barclays Business Centre London England	\$119.88	07/18/00	Insufficient funds	None	Open	531 <sup>3</sup>
8	200031	Dieter Weschke	\$60.00	11/18/99	Stale date	None	11/18/99	1
9	990089	InfoDoc Italy	\$300.00	12/18/98	Insufficient funds	None	10/22/01	1,026
10	000267	Int'l Business Journal Philippines	\$360.00	08/31/00	Stale date	None	06/26/01	299
11	000076	Lloyds Bank PLC England	\$514.92	04/06/00	Insufficient funds	None	10/22/01	564
12	200026	Otto Spatz Germany	\$463.00	11/16/99	Stop payment	None	10/22/01	706
13	010535	Tetra Pak Germany	\$56.25	09/21/01	Other	None	10/22/01	31
14	010427	Chase Manhattan Bank London	\$80.00	05/03/01	Account closed	None	Open	242 <sup>3</sup>
15	010480	Wing Hang Bank Hong Kong	\$67.00	06/26/01	Other	None	Open	188 <sup>3</sup>
	Total		\$5,811.47					

<sup>3</sup> As of January 1, 2002, these 5 dishonored checks have remained open from 188 – 531 calendar days or an average of 327 calendar days.

**COLLECTION PRACTICES OF BAD DEBTS BY THE COMPTROLLER**

No.	Invoice No.	Customer Name	Amount	Inventory Date	Requested Write Off Date	Method of Collection
1	340043	University of West England	\$535.50	12/05/00	06/28/01	E-mail
2	343032	Ashley Nowell	312.00	12/08/00	06/28/01	Reentered credit data
3	314001	Daniel Webster College Bkst	258.75	11/09/00	06/28/01	Other
4	1212001	Eastern National Bookstore	1,440.00	07/31/01	01/24/02	Mail
5	1207014	Eastern Nat. Bkst.	64.00	07/26/01	01/24/02	Mail
6	1166007	Federal Transit Administration	3,220.50	06/15/01	01/24/02	Reentered Credit Data
7	332013	Freemantle Hospital & Health Services	135.00	11/27/00	06/28/01	E-mail
8	340014	Grosman Pascal	103.75	12/05/00	06/28/01	Other
9	343009	Lynda Vaz	55.00	12/08/00	06/28/01	Reentered credit data
10	335004	Diaz De Snatos Barcelona	76.00	11/30/00	06/28/01	Other
11	354007	Rick Madrigal	56.50	12/19/00	06/28/01	Reentered credit data
12	1142009	Pitney Bowes	68.50	05/22/00	11/29/01	Reentered credit data
13	1129044	Columbus Fire Dept.	58.00	05/09/01	11/29/01	E-mail
14	1043006	Follet Bkst at Onondaga	65.87	02/12/01	10/04/01	Other
15	1037028	Follets MSU Bookstore	162.00	02/06/01	10/04/01	Other
16	1031035	Baylor Bookstore	126.75	01/31/01	10/04/01	Other
17	1179009	Ballistic Missile Defense	164.00	06/28/01	01/24/02	Other
18	1179014	Maria Stanipelos	100.00	06/28/01	01/24/02	Reentered credit data
19	1198040	Bozeman City	60.00	07/17/01	01/24/02	Reentered credit data
	Total		\$7,062.12			

SUPERINTENDENT OF DOCUMENTS COMMENTS

UNITED STATES GOVERNMENT

memorandum

DATE: September 12, 2002  
REPLY TO  
ATTN OF: Superintendent of Documents  
SUBJECT: Comments on Draft Report on Improving the Controls over SuDocs  
Central Office Sales Orders Program  
TO: Inspector General

Attached is a report of specific comments from SuDocs on the draft Report on Improving the Controls over SuDocs Central Office Sales Orders Program from the Office of the Inspector General.

Thank you for your suggestions. Your recommendations are helpful and generally in line with our own conclusions. Many of the cited opportunities for improvement such as dishonored checks and collection practices of bad debts are ones we had already begun to address in revised SuDocs policies and IPS customer service letters. Due to limited human resources, it will take more than 120 days to fully implement the suggestions.

In general, we found the methodology followed by this audit to be problematic. Many of the samplings were too small for true statistical analysis. Although the resulting recommendations are reasonable, such small samplings, many taken from the same day, may not be reflective of other periods throughout the year. We would have liked to see a broader sampling.

Should you have any questions, or if you would like further information about any of the comments in the attached report, please contact Vicki Barber on ext. 32050.



for FRANCIS J. BUCKLEY  
Superintendent of Documents

<b>Comments by SuDocs on Findings and Recommendations</b>	
<b>Finding 1</b>	<u>Recommendation 1</u> : Agree.
<b>Finding 2</b>	<u>Recommendation 2</u> : Agree. <u>Recommendation 3</u> : Agree.
<b>Finding 3</b>	<u>Recommendation 4</u> : Agree. Negotiations must be made through the Treasury. SuDocs will inquire through the Treasury about the \$512, but SuDocs must rely on Treasury procedures for recuperating funds. <u>Recommendation 5</u> : Agree.
<b>Finding 4</b>	<u>Recommendation 6</u> : Agree. <u>Recommendation 7</u> : Agree. The follow-up letters already indicate the consequences of nonpayment in language set by the comptroller. We can revise the letters to include a fax number, a telephone number, and the general order division e-mail address <a href="mailto:orders@gpo.gov">orders@gpo.gov</a> .
<b>Finding 5</b>	<u>Recommendation 8</u> : Agree. <u>Recommendation 9</u> : Agree. Although we feel that reasonable assurances and safeguards are in place, there is always room for improvement.
<b>Finding 6</b>	<u>Recommendation 10</u> : Although we believe that the Director does perform periodic reviews, we agree with the recommendation that an Internal Control Program should be established.
<b>Finding 7</b>	<u>Recommendation 11</u> : Agree.
<b>Appendix I</b>	<ul style="list-style-type: none"> <li>• A computer listing is not practical. The telephone ordering and bookstore people already receive a printout of prior customers with outstanding balances, and they do not allow invoicing if the customer is on the list (prepayment is required). RDDCS does not allow refunds if a dishonored check is on file or if the deposit account is overdrawn.</li> <li>• Before changing our authorization policy, we would like more information about the basis of the recommendation for requiring authorization for all credit card orders prior to processing.</li> <li>• We will look into raising the fee for dishonored checks to recover administrative costs.</li> <li>• Security background checks for all employees would be too costly; Receipts &amp; Processing money handlers already get background checks.</li> </ul>







