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REVIEW AND EVALUATION OF THE ACCOUNTING
AND REPORTING PROCEDURES FOR BP-23
NAVY STOCK FUNDS AT
NSC SAN DIEGO AND NSY LONG BEACH

BY

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JUNE 1988

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and Reporting Procedures for BP-23
Navy Stock Funds at
NSC San Diego and NSY Long Beach

by

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Lieutenant, United States Navy
B.S.B., University of Minnesota, 1979


Submitted in partial fulfillment of the
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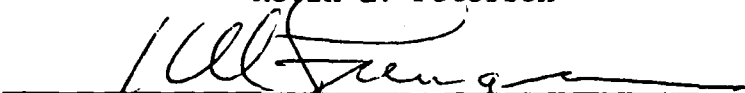
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ABSTRACT

This thesis discusses one sub-category of the Navy Stock Fund, Budget Project-23, which is used to finance the procurement of long lead-time material at Naval Shipyards. An investigation was made of the accounting practices at one location, NSY Long Beach, along with its supporting Authorization Accounting Activity, NSC San Diego. Three specific research questions are addressed; what factors cause an apparent difference in the obligations recorded at the Shipyard and those reported out of the Supply Center, what is causing the large balances in the Accounts Payable account and what is causing the large balances in the Material-in-Transit account. The findings include an unexplained cause of Supply System billings not posted, problems with processing computer tapes, data entry errors, personnel not previously reconciling the Accounts Payable account and a lack of written guidance on the subject.



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I. INTRODUCTION

A. PURPOSE AND BENEFITS

The purpose of this thesis is to investigate, analyze and make recommendations for the accounting processes used for Navy Stock Funds in financing long lead-time material at Naval Shipyard Long Beach. The specific concerns surrounding this process were identified by code 013 in the office of the Commander, Naval Supply Systems Command, the manager of the Navy Stock Fund.

This category of Navy Stock Funds, called Budget Project-23, was first used to finance the procurement of material required for ship overhauls at Naval Shipyards in 1983. The Shipyard identifies what material is to be procured with Stock Funds, obligates funds, records receipts and reports the various transactions to a Navy Supply Center. The Supply Center maintains the official accounting records for the Shipyard based on the transactions reported to them. The Supply Center reports on the status of the fund's accounts; these reports are eventually received by the Commander, Naval Supply Systems Command (NAVSUP).

Three specific research questions were the primary emphasis in conducting the investigation for this thesis:

Is there a difference between the obligations recorded at the Shipyard and the obligations reported to NAVSUP?

Why is the balance in the Accounts Payable account seemingly high?

Why is the balance in the Material-in-Transit account seemingly high?

These questions were identified by the Commander, Navy Supply Systems Command, the manager of the Navy Stock Fund.

The benefits of this thesis will be a better understanding of the processes for Stock Fund managers, local area supervisors and technicians at NSC San Diego and NSY Long Beach. Specific recommendations on how to improve the processes associated with the accounting of Stock Funds at NSC San Diego and NSY Long Beach will enable Stock Fund managers to achieve increased efficiencies and gain better management control. This thesis will identify specific recommendations to improve the accounting processes associated with long lead-time material procurement at NSY Long Beach. Further analysis is required to see if these recommendations would also benefit other sites utilizing Navy Stock Fund financing for long lead-time material.

With a total annual expenditure of about \$17 million at NSY Long Beach and \$200 million at all Naval Shipyards, any recommendations to manage and monitor this category of Navy Stock Funds better would be of great value.

B. RESEARCH METHODOLOGY

The majority of the research for this thesis is based on a review of records maintained at NSY Long Beach and NSC San Diego, as well as interviews with personnel at these sites.

An extensive on-site review of the processes associated with BP-23 accounting at NSY Long Beach was conducted. This investigation included reviewing data maintained in the SYMIS/MM computer system, transaction reports sent to NSC San Diego, reconciliation procedures at the Shipyard, as well as interviews with the accounting personnel (code 620) concerned with BP-23 Navy Stock Funds at NSY Long Beach. Also conducted was an on-site review at NSC San Diego of records maintained within UADPS, output reports for UADPS, and BP-23 fund accounting procedures at NSC San Diego, as well as interviews with the associated personnel at the Supply Center. Telephone interviews were also conducted with personnel involved in the BP-23 process at SPCC, NAVSUP, NSY Long Beach, and NSC San Diego.

To investigate the accounts, random samples were taken from the transactions recorded in the Accounts Payable and the Material-in-Transit accounts. The samples were investigated to determine the causes of the suspiciously high balances in the accounts.

C. SCOPE AND LIMITATIONS

The accounting procedures delineated by the Navy Comptroller Manual, Volume 8 [Ref. 1], were used as the basis to evaluate the accounting practices which were reviewed. These procedures require the use of accrual accounting for recording the transactions in the ledgers maintained at NSC San Diego.

The review of the accounting practices for Budget Project-23 Navy Stock Funds is limited to the activities at NSC San Diego and NSY Long Beach. There are eight such Supply Center/Shipyard pairings which utilize Budget Project-23 Stock Funds. While all eight sites are to follow the general accounting procedures for Navy Stock Funds, the problem areas identified apply only to the sites investigated. It is not known whether similar problems would exist at the other locations.

D. SUMMARY OF FINDINGS

There is little written guidance available on the operation and responsibilities for Navy funding of long lead-time material. The accounting personnel involved with administering Budget Project-23 Stock Funds had little direction on how to proceed with various actions.

Problems were identified in processing of the magnetic tapes the Shipyard uses to submit transaction data to the Supply Center. These problems were not due to the tapes being incompatible with the computers but, rather, to flaws in the actual processing procedures.

There were problems of data entry errors at the Shipyard which created some of the erroneous postings to Accounts Payable and Material-in-Transit accounts. Also found were procedural problems at the Shipyard which created additional postings to the accounts. These procedures included recording payments to the Navy Industrial Fund rather than

the Navy Stock Fund and not recording payment of bills for certain type of local purchase contracts.

The main reason the Accounts Payable account balance remained so large is that no action was being taken prior to 1988 to clear and reconcile postings to the account. The Supply Center accounting personnel had only recently recognized the necessary action needed to resolve the problem.

E. ORGANIZATION OF STUDY

Chapter II provides a background on the Navy Stock Fund, Budget Project-23 and the procedures utilized at NSC San Diego and NSY Long Beach. This chapter will describe the accounting practices that are required for maintaining the Stock Fund accounts.

Chapter III provides the analysis of the present accounting procedures at NSC San Diego and NSY Long Beach. The relevant findings made from the research are presented and discussed.

Chapter IV summarizes the findings, lists the recommendations to improve the accounting procedures and provides some final conclusions.

II. BACKGROUND

A. NAVY STOCK FUND

The Navy Stock Fund operates as a revolving fund, which has evolved over almost a century. The Navy Supply Fund Act of 1893 established a central fund which was to buy supplies and was to be reimbursed from the proper Naval appropriations when the supplies were issued for use. [Ref. 2:p. G-3] Over the years, with changes in Navy needs and Congressional acts, the fund evolved into the Navy Stock Fund as it exists today. The Commander, Naval Supply Systems Command is tasked with the responsibility for management of the Stock Fund.

Under the revolving fund (or working capital fund) concept, the Navy Stock Fund operates as a separate enterprise, having assets, liabilities, net worth, revenue and expenditures of its own. Established by a one time appropriation (with occasional increases to raise the capital level), the Navy Stock Fund is designed to purchase and hold inventories of supply items. Items purchased by the Stock Fund are held in inventory until they are needed by a customer. When items are issued from the Navy Stock Fund to a user, the user's financing appropriation reimburses the Stock Fund.

The Navy Stock Fund is subdivided into different types of material. Each type of material in the Stock Fund is assigned a budget project number for control purposes. The Commander, Naval Supply Systems Command assigns a project manager to manage that particular budget project. Table I identifies the various budget projects, the type of material within that budget project, and the assigned project manager. [Ref. 1:p. 1-26-1] This thesis will concentrate on the accounting processes for Budget Project-23, Material for Shipboard Overhauls.

TABLE I
NAVY STOCK FUND PROJECTS

<u>Budget Project</u>	<u>Category of Material</u>	<u>Project Manager</u>
14	Shipboard Consumable	SPCC
15	Forms and Printed Matter	NPFC
21	Ships/Commissary Store stock	NRSSO
23	Ship Overhaul Material	SPCC
25	Special Clearance Acct	NAVSUP
28	General supplies	FMSO
34	Aviation Consumable	ASO
38	Retail Fuel	FMSO
81	Shipboard Depot Level Repairable	SPCC
85	Aviation Depot Level Repairable	ASO

Key to abbreviations:

SPCC - Commanding Officer, Ships Parts Control Center
 NPFC - Commanding Officer, Naval Forms & Publications Center
 NRSSO - Commanding Officer, Navy Resale & Services Support Office
 NAVSUP- Commander, Naval Supply Systems Command
 ASO - Commanding Officer, Aviation Supply Office
 FMSO - Commanding Officer, Fleet Material Support Office

B. BUDGET PROJECT-23

Congress directed the use of stock fund financing as a means to improve the advance planning of long lead-time material procurement [Ref. 3]. The use of Navy Stock Fund monies to order material in preparation for ship overhauls began in fiscal year 1984. Budget Project-23 (BP-23) was established to identify this specific type of Navy Stock Fund money. Prior to FY-84, annual appropriations were used to procure long lead-time material.

The procedures for BP-23 were delineated by the Chief of Naval Material [Ref. 4]. As a subset of the Navy Stock Fund, BP-23 funding is the responsibility of Commander, Naval Supply Systems Command (NAVSUP). NAVSUP has designated the Commanding Officer, Ships Parts Control Center (SPCC) as the Project Manager for BP-23 funds. As Project Manager, SPCC receives BP-23 funds as a sub-allocation of the Navy Stock Fund for the specific purpose of procuring long lead-time material for ship overhauls at eight Naval Shipyards. SPCC further issues BP-23 funds as an allotment to a Naval Supply Center. The Supply Center acts as the official accounting activity, which records and maintains a record of transactions conducted at the Naval Shipyard. The Naval Shipyards (NSY) and supporting Naval Supply Centers (NSC) are listed in Table II.

The Naval Supply Centers issue suballotments of BP-23 money to their respective Naval Shipyards as funding

TABLE II	
LISTING OF SHIPYARDS AND SUPPLY CENTERS	
<u>NAVAL SHIPYARD</u>	<u>SUPPORTING SUPPLY CENTER</u>
NSY Charleston	NSC Charleston
NSY Long Beach	NSC San Diego
NSY Mare Island	NSC Oakland
NSY Norfolk	NSC Norfolk
NSY Pearl Harbor	NSC Pearl Harbor
NSY Philadelphia	NSY Philadelphia *
NSY Portsmouth	NSC Norfolk
NSY Puget Sound	NSC Puget Sound

* NSY Philadelphia acts as the accounting activity for itself

authority for the Shipyard to procure long lead-time material. The Shipyards regularly report to the Supply Centers the transactions that have occurred (such as obligations, commitments, expenditures, receipt of material, etc.). The Naval Shipyard is designated as a funds administrator. As BP-23 funds administrator, the Shipyard procures material, cites BP-23 accounting data, records all procurement actions, maintains receipt documentation and is responsible to ensure proper use of these funds. The Supply Center acting as the Authorization Accounting Activity maintains the official accounting records for BP-23 funded transactions made by the Shipyard.

C. NSY LONG BEACH/NSC SAN DIEGO PROCEDURES

A complete review of BP-23 accounting processes from all Shipyards and Supply Centers is beyond the scope of this thesis. A detailed review of the accounting process in

relation to BP-23 funds at only one specific site will be the focus of this thesis. The following description applies to the processes that occur between NSY Long Beach and NSC San Diego. The general accounting guidance provided in Navy Comptroller Manual, Volume 8 [Ref. 1] and the Requirements Statement from the Naval Material Command [Ref. 4], describing the initial BP-23 processes, pertain to all eight sites. Therefore, the processes as directed by these documents will be the same at all eight sites. The main differences in the procedures between San Diego/Long Beach and other sites will be in the timing of when transactions are posted. Specific problem areas identified at San Diego/Long Beach, however, are not assumed to exist at the other sites.

Annually the Naval Sea Systems Command (NAVSEA), the major claimant for Naval Shipyards, requests budgeting data from each Shipyard for scheduled ship overhauls. NSY Long Beach identifies the long lead-time material requirements based on its planned overhaul schedule. NAVSEA validates and consolidates all NSY inputs and provides to NAVSUP the total funding requirements for long lead-time material for a fiscal year. NAVSUP submits a total budget request to the Secretary of Defense for Navy Stock Fund requirements and specifically identifies the amount of BP-23 funds included in this request. The Secretary of Defense works with the Office of Management and Budget to finalize the Department of Defense annual budget request that the President will

Management and Budget to finalize the Department of Defense annual budget request that the President will send to Congress. Upon final Congressional approval, the Secretary of Defense provides the amount of BP-23 funds available to NAVSUP for the current fiscal year. NAVSUP issues a quarterly allocation of BP-23 funds to SPCC. Quarterly allotments of these funds are issued by SPCC to the supporting NSC's. In the case of NSC San Diego, a suballotment of the entire quarter's BP-23 funds is made to NSY Long Beach. [Ref. 4]

NSY Long Beach procures long lead-time material based on its scheduled overhaul workload and material requirements. As material is received, it is carried in inventory in the Navy Stock Fund Account. When a ship enters overhaul, the activity funding the overhaul provides funding to the Shipyard to pay for the overhaul. It is at this point that the Shipyard "buys" the material from the Navy Stock Fund. The Shipyard's operating fund, the Navy Industrial Fund (NIF), is charged with the total amount spent on long lead-time material, thus providing reimbursement to the Navy Stock Fund for the total of BP-23 funded purchases. [Ref. 5]

Specific material financed by the Navy Stock Fund is identified by the Planning Department in the Shipyard. Requisitions are processed by the Shipyard Supply Department based on submissions from the various work centers. The requisition data are entered into the Shipyard Management

data base. This data base contains all the requisition data for stock funded items and serves as the basis of reporting to the Supply Center the amount of money committed and/or obligated for BP-23 items. Additionally, the Supply Department records in SYMIS/MM data concerning all material received that was procured with stock fund money. [Ref. 5]

The Shipyard requisitions are recorded in two phases, as a commitment of funds and as an obligation of funds. A commitment of funds refers to a reservation of money to cover a request for contractual procurement. In the case of Long Beach Shipyard, a commitment identifies an amount of money for the purpose of contracting locally for material, commonly called a local purchase. The money is held as a commitment until a legal contract is awarded to a vendor. Once a legal contract is awarded, the commitment becomes an obligation, which makes the government legally obligated to pay for material when it is delivered as specified in the contract. [Ref. 2:pp. G-16--G-17]

An obligation also occurs when a requisition is submitted by the Supply Department for Navy Supply System stock. This is stock designated by the Navy as material held in inventory until purchased by end users. A requisition for Navy Supply System stock is similar to a contract, creating an obligation. The total of commitments and obligations represent the total amount of BP-23 funds

currently required to buy material that is in the process of being procured.

The Supply Department also records the receipt of material when delivered to the Shipyard. These receipt data are entered into the SYMIS/MM system. Material can be received from commercial procurement or from Navy Supply System stocks. When the material is expended, or "bought" by the Shipyard, the expenditure data are entered into SYMIS/MM. An additional input into the SYMIS/MM data base is the recording of disbursements made by the paying activities for those items procured from commercial sources. Payments are made by the NSY Disbursing Office for all contracts awarded by NSY Long Beach. At times, NSY Long Beach refers a purchase request to a contracting office in another geographic area. This would occur when the material to be procured is from a vendor located in that specific geographic area. Payments for these purchases would be made by another disbursing office other than NSY Long Beach, and are referred to as Other Disbursing Office payments, or ODO's. Notification of the payment by an ODO would be sent to NSY Long Beach, for recording the disbursement into the SYMIS/MM database. [Ref. 5]

The data maintained in SYMIS/MM for BP-23 transactions are reported to NSC San Diego, which maintains the official accounting records for BP-23 funds. The data are reported

via three magnetic tapes, each one containing certain categories of transactions as follows:

TAPE A: Commitments & obligation transaction data.

TAPE B: Receipt & expenditure transaction data.

TAPE C: Disbursement transaction data (both NSY Disbursing Office and ODO payments).

The tapes are produced weekly for all transactions conducted during the previous week. For example, the tapes are produced each Thursday night for all transactions recorded from the previous Friday through Thursday. The tapes are sent to NSC San Diego to be entered into the Supply Center's computer system on the following Tuesday and Wednesday.

[Ref. 5]

The tapes are entered into NSC San Diego's computer system on two separate days. Tape B, containing receipts and expenditures, is put into the Uniform Automated Data Processing System (UADPS) on Tuesdays in what is called the "E run." Tapes A and C are entered into UADPS on Wednesday's "F run." UADPS records the data and has various programs to allow posting of the transactions into the proper Navy Stock Fund accounts. Outputs from UADPS are used to report the status of BP-23 funds to SPCC, to provide feedback to NSY Long Beach on data entered into UADPS and to provide the Shipyard with the official status of BP-23 funds maintained at the Supply Center. [Ref. 6] A summary of the most significant inputs to and outputs from this process is shown in Table III. The following is a detailed

TABLE III

INPUTS AND OUTPUTS FOR BP-23
ACCOUNTING FOR UADPS

<u>INPUTS</u>	<u>REPORT NUMBER</u>
From Shipyard:	
TAPE A	NSY MM-9532 (PART II)
TAPE B	NSY MM-9533 (PART II)
TAPE C	NSY MM-9534 (PART II)
From Supply Center:	
Billings from Supply System	No specific number
<u>OUTPUTS</u> (from Supply Center)	
Weekly:	
Status of Funds Report	UADPS UF42H
NSF Control Totals	UADPS UF42G
Listing of Records Added to EXCON file	UADPS UE41H
NSF Allotment Posting Detail	UADPS UF43G
Detail Long Lead-Time Report	UADPS UE19K
UADPS Reconciliation Totals	NSY MM-957A
Quarterly:	
Non-stock Accounts Payable	UADPS KF08G1
Non-stock Material-In-Transit	UADPS KF08G1

explanation of each item in Table III. Sample formats of certain items are provided in the referenced appendices:

TAPE A: NSY inputs of commitment and obligation transaction data.

TAPE B: NSY inputs of receipt transaction data and expenditure data (material bought by NIF).

TAPE C: NSY inputs of disbursements made for local purchase contracts.

Billings from Supply System: Bills for standard stock material issued from the Supply System.

Status of Funds: This is the official status of BP-23 funds, listing how much money is in each account. This report is the basis for NSC San Diego's formal reports to SPCC (Appendix A).

NSF Control Totals: A summary of the number of transactions and applicable amount accumulations which have been processed for the week (Appendix B).

Listing of Records Added to EXCON File: The EXCON file is the exception listing. The Records Added represents the individual transactions NSY submitted (through TAPES A, B and C) that were rejected by UADPS for the week (Appendix C).

NSF Allotment Posting Detail Report: This is a listing of all transactions that were processed into UADPS for the week (Appendix D).

Detail Long Lead-Time Report: This report lists receipt transactions processed by UADPS.

UADPS Reconciliation Totals: This listing provides detail transactions and balancing totals for such items as Accounts payable and MIT resulting from disbursements, Accounts Payable and MIT resulting from receipt transactions, and obligation adjustments from Accounts Payable and disbursements.

Non-stock Accounts Payable: Shows by document number the current balance in the Accounts Payable account (Appendix E).

Non-stock Material-In-Transit: Shows by document number the current balance in the Material-In-Transit account (Appendix F).

A summary of the processes for recording the transactions is depicted in Figure 1.

Personnel at NSC San Diego are unable to input any requisition or receipt data manually. That is, UADPS will accept obligation, commitment or receipt data only from the Shipyard tape inputs. In other functions, such as Navy Stock Fund accounting for other budget projects at NSC San Diego, Supply Center personnel are able to manually override the UADPS system (such as entering data into UADPS by a remote terminal). For BP-23 accounting, inputs or changes

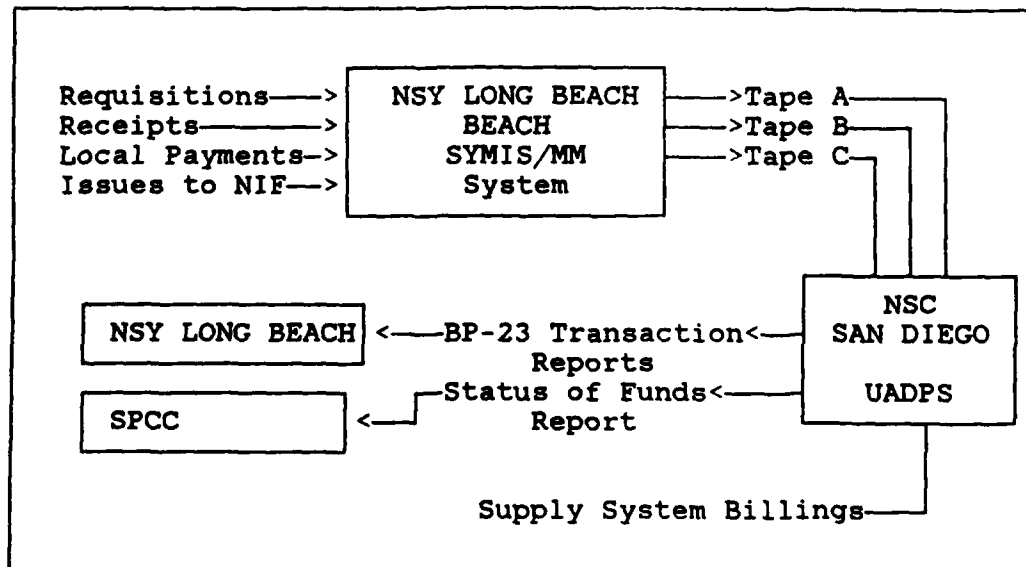


Figure 1. BP-23 Transactions

to obligations, commitments or receipts must be submitted by the Shipyard via the three magnetic tapes.

D. RECONCILIATION PROCEDURES

The accounting system for BP-23 funds requires sufficient monitoring to ensure that all transactions have been properly recorded. This requires reviewing and comparing the inputs and outputs for UADPS and making the necessary corrections to ensure that the official accounting records maintained at the Supply Center are correctly recorded. It is this reconciliation procedure that requires the most man-hours at both NSY Long Beach and NSC San Diego.

The reconciliation procedure cycle encompasses about a five week time period. This five week period begins from the cut-off date for Shipyard transactions until the point at which any corrected data are re-entered and confirmed as being in the official accounting records at NSC San Diego.

The cut-off date for the Shipyard's weekly data transmission is Thursday. This is commonly called the data date. A data date of December 17 means all transactions for the week previous to and including December 17 are included in that week's records. The Shipyard produces the three tapes on Thursday night for one week's transactions. To ensure the tapes are delivered to San Diego expeditiously, NSY Long Beach uses a commercial package express company (such as Federal Express) to have the tapes arrive at NSC San Diego on the following Monday. NSC San Diego processes Tape B on Tuesday's "E run" and Tapes A and C on Wednesday's "F run." NSC San Diego normally prints the outputs after the "F run" on Wednesdays.

Printed copies of the outputs are mailed to NSY Long Beach. Personnel reviewing these outputs at the Shipyard typically receive them by the following Wednesday or Thursday, two weeks after the data date. When they are received, the Shipyard's Stock Fund accounting personnel review and compare the listings to identify corrections and update Shipyard records. In the case of the Listing of Records Added to EXCON File, after researching each rejected

transaction, the hardcopy listing is annotated as to whether that transaction item should be re-entered or deleted. This listing is mailed back to NSC San Diego for review and re-input. The other listings are also reviewed, and a reconciliation procedure is conducted to ensure the official status of funds reported at the Supply Center agrees with the Navy Stock Fund records maintained at the Shipyard.

[Ref. 5]

If they do not agree, an explanation should be possible to account for the differences. This reconciliation procedure has been described by NSY Charleston, in a manual provided to NSY Long Beach. It provides the step by step procedure for reconciling the records, by utilizing the various listings described earlier. Any corrections to processed transactions (such as an incorrect obligation amount originally submitted) are submitted into SYMIS/MM at the Shipyard. These data will appear in the following Thursday data date tapes and then be sent to the Supply Center. The Shipyard will receive the UADPS generated listings in about another two weeks, with the corrected data reflected in the status of funds report. Thus, approximately five weeks, as depicted in Figure 2, have elapsed since the original data date in this reconciliation procedure.

[Ref. 5]

<u>WEEK</u>	<u>THURS</u>	<u>FRI</u>	<u>SAT/SUN</u>	<u>MON</u>	<u>TUE</u>	<u>WED</u>
1	NSY Tapes Made			Tapes Arrive at NSC	E Run	F Run & Output
2						
3	NSY Receives Listings			Corrections Entered		
4	NSY Tapes Made			Tapes Arrive at NSC	E Run	F Run & Output
5	NSY Receives Corrected Listings					

Figure 2. Reconciliation Time-Frame

E. REPORTING PROCEDURES

Monthly, NSC San Diego, as well as the other supply centers, submit a Status of Funds Report to SPCC, the Project Manager. The data for this report are taken directly off the latest Status of Funds report produced by UADPS. The report to SPCC is made on NAVCOMPT Form 2129 (Appendix G) and reports on changes since the last report and the ending balance in each of the various accounts. The various NAVCOMPT Form 2129 reports are combined at SPCC, and a summary report providing the balances in the BP-23 allotment accounts is sent to NAVSUP.

F. AREAS OF CONCERN

Through the process described above, transactions concerning Navy Stock Fund financing of long lead-time material are recorded and reported to NAVSUP. NAVSUP, according to the Navy Stock Fund charter, has the management responsibility for the Navy Stock Fund. Even though it is a revolving fund, it is subject to annual administrative controls for budgeting and accounting. NAVSUP managers must, therefore, have accurate and timely data with which to make management decisions concerning the use of the Navy Stock Funds. Efforts to improve the accounting system and use of BP-23 funds have generated a few areas of concern.

NAVSUP (code 013) has identified three specific areas within the BP-23 funding process which are of concern to the management at NAVSUP [Ref. 7]. The first area is an apparent difference between the obligation rate in the Status of Funds report submitted to SPCC and NAVSUP and the obligation rate in the local records at the Shipyard. At times the Shipyard has requested additional funds during the year to procure additional long lead-time material because local records showed that all allotted funds have been spent. Yet, the Status of Funds Reports maintained at SPCC and NAVSUP reflect an adequate balance of funds available to meet the Shipyard's needs.

A second area of concern is the large balances maintained in the Accounts Payable account for BP-23 funds.

The average balances at a selected few sites have risen dramatically, as shown in Table IV. The Accounts Payable reflect material received but not yet paid for. Control of outstanding Accounts Payable is necessary to ensure followup action is accomplished on unmatched shipping documents. A posting to Accounts Payable represents an amount owed. If, due to posting errors, an amount in Accounts Payable is invalid, the amount owed is overstated. Therefore, a rising Accounts Payable balance has the potential to overstate the amount of debt. A third area of concern of NAVSUP is the large balance maintained in the Material-in-Transit (MIT) account for BP-23 funds. The average balance in MIT has substantially grown at some commands, as shown in Table IV. MIT is material for which an invoice has been received and paid but which has not been recorded as received by the Shipyard. An invalid MIT may represent material which has actually been received but not reported as received. Another reason may be that the material has been lost in shipment and will represent a loss of funds and material if not properly accounted for.

G. ACCOUNTING SYSTEM

The Navy Stock Fund transactions must be properly recorded and its funds correctly accounted for. The Department of Defense has stated that one of the requirements for accounting for all stock funds is as follows:

TABLE IV¹

BP-23 NAVY STOCK FUNDS

AVERAGE BALANCES FOR ACCOUNTS PAYABLE
(DEC 1985 TO SEP 1987)
(IN 000's)

Location	Average Accounts Payable Balance		% change from FY86 to FY87
	FY 86	FY 87	
Norfolk	\$12,169	\$10,295	- 15%
Pearl Harbor	3,212	2,771	- 14%
Long Beach	2,508	3,700	48%
Puget Sound	6,456	6,834	6%
Mare Island	4,786	5,547	16%
Charleston	2,662	2,362	- 11%
Philadelphia	2,352	7,478	218%
Portsmouth	11,504	5,081	- 74%
All Commands	5,706	5,508	- 3%

AVERAGE BALANCES FOR MATERIAL-IN-TRANSIT
(DEC 1985 TO SEP 1987)
(IN 000's)

Location	Average Balance Material-in-transit		% change from FY86 to FY87
	FY 86	FY 87	
Norfolk	\$ 8,658	\$ 7,831	- 10%
Pearl Harbor	3,350	4,367	30%
Long Beach	498	2,007	303%
Puget Sound	3,813	5,501	44%
Mare Island	3,710	5,053	36%
Charleston	1,739	1,511	- 13%
Philadelphia	2,571	4,395	71%
Portsmouth	7,588	2,150	- 76%
All Commands	3,991	4,102	3%

¹Raw data for this table (Appendix H) were extracted from the end of quarter Status of Funds Reports for fiscal years 1986 and 1987 and provided by SPCC (code 013) from which the author calculated the average balances and percentage increases.

The establishment of a satisfactory system of financial and quantity accounting for property is a prerequisite for the complete establishment of stock fund operations. [Ref. 8:p. 20]

All purchases of material chargeable to the Navy Stock Fund are accounted for on an accrual basis. Accrual accounting is the basis of accounting whereby revenues are accounted for when earned, even though not yet collected, expenses are accounted for in the fiscal period during which benefits are received and liabilities for unpaid costs are accounted for when goods and services are received. [Ref. 1:p. 3-109]

As previously discussed, Stock Funds are provided to the Supply Centers as allotments. The accounting performed at the allotment and suballotment level is described as obligational accounting. Activities holding Navy Stock Fund allotments/suballotments are required to record transactions as commitments, obligations, and expenditures as appropriate. Additionally, allotment holders are required to track receipt of material in order to properly record Accounts Payable and Material-in-Transit. [Ref. 2:p. G-16] For control purposes, five fund control accounts were established for the allotment ledgers and are listed in Table V. [Ref. 1:p. 3-23]

A separate accounting process from obligational accounting is called revolving fund accounting. Revolving fund accounting is concerned with balance sheets and income statements, reflecting the Stock Fund as an entity. It is in the revolving fund accounting process that the balance

TABLE V

CHART OF FUND CONTROL ACCOUNTS

<u>Allotment Ledger Account Title</u>	<u>Account Number</u>	<u>Normal Balance</u>
Authorizations Received	100	Debit
Uncommitted Authorizations	300	Credit
Commitments	400	Credit
Obligations	500	Credit
Expenditures	600	Credit

sheet accounts (including cash and inventories) are maintained. [Ref. 2:p. G-17] The general ledger for these accounts is maintained centrally by the Navy Regional Finance Center (NRFC), Washington, DC [Ref. 1:p. 7-1]. The accounts involved in the Stock Fund General Ledger maintained at NRFC are not reviewed in this thesis.

The process of reviewing and analyzing the BP-23 accounting process is based on the general accrual accounting system as delineated in the Navy Comptroller Manual, Volume 8 [Ref. 1]. The use of the accrual accounting structure and control accounts are the accepted and preferred methods to control and record the BP-23 financial transactions. The accounting procedures established by Department of Defense Directive 7420.1 [Ref. 8] and the Navy Comptroller Manual, Volume 8 [Ref. 1] are widely regarded as appropriate in both industry and government.

The Navy Comptroller Manual, Volume 8 describes the journal entries required for the allotment ledgers maintained at the Supply Center [Ref. 1:pp. 3-81--3-118]. A

brief description of those transactions and the entries posted to the applicable BP-23 Navy Stock Fund accounts at the Supply Center follows.

1. Commitments and Obligations

Upon receipt of the suballotment from SPCC the following entry is prepared:

Debit: 100 Authorizations Received
Credit: 300 Uncommitted Authorizations

As commitments are established, the following entry is prepared:

Debit: 300 Uncommitted Authorizations
Credit: 400 Commitments

Upon establishment of an obligation that was preceded by a commitment, the following entry is prepared in the amount of the obligation:

Debit: 400 Commitments
Credit: 500 Obligations

If a previously recorded commitment (for example \$100) is in excess of the amount of the actual obligation (for example \$80), the following journal entry is prepared:

Debit: 400 Commitments	100
Credit: 300 Uncommitted	
Authorizations	20
Credit: 500 Obligations	80

If a previously recorded commitment (for example \$75) is less than the amount of the actual obligation (for example \$100), the following journal entry is made, to bring the commitment and obligation into agreement:

Debit: 300 Uncommitted	25	
Authorizations		
Debit: 400 Commitments	75	
Credit: 500 Obligations		100

The establishment of an obligation for which a commitment was not previously recorded has the following journal entry made in the amount of the obligation:

Debit: 300 Uncommitted Authorizations
Credit: 500 Obligations

2. Accounts Payable

Typical journal entries for the posting of transactions relating to Accounts Payable are described next. An Accounts Payable is established when a receiving report, indicating receipt of material, is received prior to obtaining a paid public voucher, whether a local purchase or a Supply System requisition:

Debit: 500 Obligations
Credit: 510 Accounts Payable

If the total amount on the receiving document differs from the amount obligated, an adjustment is made to the applicable authorization account. For example, if a receipt is for \$100, and the amount obligated is for \$80, the entry posted is:

Debit: 500 Obligations	80	
Debit: 300 Uncommitted		
Authorizations	20	
Credit: 510 Accounts		
Payable		100

Upon receipt of a paid public voucher, the following entry is made:

Debit: 510 Accounts Payable
Credit: 600 Cash Disbursements

The system designed into UADPS does not allow constructive receipts to be generated from the computer [Ref. 4]. That is, when the amount posted as received differs from the amount posted as disbursed, a receipt document must be generated from the Shipyard. UADPS will not change the amount of a receipt. When the amount shown on a paid public voucher (for example \$95) is less than the amount previously established in Accounts Payable (for example \$100), Accounts Payable is reduced by only the amount disbursed, leaving a balance of \$5 remaining in Accounts Payable:

Debit: 510 Accounts Payable	95	
Credit: 600 Cash		
Disbursements		95

A transaction of a "credit receipt," reporting that a lower dollar amount (for example \$5) was received than previously posted (for example \$100.00) will reduce the balance in Accounts Payable resulting from the billing being less than the amount in Accounts Payable:

Debit: 510 Accounts Payable	5	
Credit: 300 Uncommitted		
Authorizations		5

If the amount shown on a paid public voucher (for example \$120.00) is in excess of the amount previously established in Accounts Payable (for example \$100.00) an adjustment is made to Uncommitted Authorizations and creates a Material-in-Transit:

Debit: 510 Accounts Payable	100	
Debit: 300 Uncommitted		
Authorizations	20	
Credit: 600 Cash		
Disbursements		120
Debit: 520 Prepaid Stock Fund		
Material	20	
Credit: 530 Stock Fund		
Material-in-Transit		20

In order to reduce the balance in Material-in-Transit after the above transaction is recorded, a receipt adjustment for \$20 would have to be submitted, resulting in the following:

Debit: 530 Stock Fund		
Material-in-Transit	20	
Credit: 520 Prepaid Stock		
Fund Material		20

3. Payments

Upon receipt of a paid public voucher prior to receipt of material, the entry is recorded as follows:

Debit: 500 Obligations		
Credit: 600 Cash Disbursements		
Debit: 520 Prepaid Stock Fund Material		
Credit: 530 Stock Fund Material-in-Transit		

If the amount shown on a paid public voucher (for example \$45) differs from the amount previously established as an obligation (for example \$50), an adjustment is made as follows:

Debit: 500 Obligations	50	
Credit: 600 Cash		
Disbursements		45
Credit: 300 Uncommitted		
Authorizations		5
Debit: 520 Prepaid Stock Fund		
Material	45	
Credit: 530 Stock Fund		
Material-in-Transit		45

The entry to record receipt of material after the above transaction is recorded is as follows:

Debit: 530 Stock Fund Material
 in Transit
Credit: 520 Prepaid Stock Fund
 Material

The above entries comprise the majority of transactions entered on the allotment ledgers maintained by the Supply Center.

III. ANALYSIS OF DATA

The system designed for Navy Stock Funding of long lead-time material may appear simple enough to work smoothly. The Shipyard provides input data via three magnetic tapes to the Supply Center. The Supply Center, with computer capability to record Stock Fund transactions, is able to post this input, along with supply system billings, to provide the Shipyard with the current status of its account and provide summary reports to the upper echelon managers. However, this simple process becomes complex when one considers where the data originate and how they are processed.

The research methodology used for examining the official accounting records at NSC San Diego and the memorandum records maintained at NSY Long Beach consisted of reviewing historical records, interviewing the accounting personnel and observing the processes that occur with the BP-23 Stock Fund transactions. The input tapes generated by the Shipyard were reviewed and compared to the output reports from the Supply Center. Various transactions were traced from the Shipyard's tapes to the reports generated by UADPS, analyzing how these transactions were posted to the various accounts. Additionally, observations were made as to how the accounting personnel at both sites performed many of

their duties during an on-site visit by the author at both NSY Long Beach and NSC San Diego. Interviews were also conducted with the accounting personnel during the visit as well as by telephone before and after the visit.

The transactions were examined throughout the posting process by tracing document numbers. The input data submitted via the tapes are keyed by a document number, which is a 14-digit alphanumeric number to identify each transaction individually. The document number consists of a six digit Unit Identification Code (UIC), a four digit julian date, and a four digit serial number. The UIC identifies a specific organization within the military. For example, NSY Long Beach has a UIC of N60258. The julian date is a number which identifies the consecutive number of days into a specific year. The first digit of a julian date represents the year, and the last three digits refer to the consecutive number of days from the beginning of the year. Therefore, a julian date of 6045 is the 45th date into 1986 (or February 14, 1986). The last part of the document number, the serial number, is a four digit number assigned by the office generating the document number to uniquely identify that particular document for control purposes.

A document number is assigned to each purchase action for material, regardless of whether the material is obtained from a local contract or from the Supply System. Each document number will have many transactions assigned to it.

For example, a single document number will have an obligation posting as one transaction, a receipt posting as another transaction, and a disbursement of funds as yet another transaction. All these transactions relating to the same purchase of material are tied together by the document number. Each document number can be traced from the input tapes to the output reports to determine when and in what amount the transactions were posted to the Stock Fund accounts.

A complete review and analysis of every document currently posted to the accounts would take a tremendous amount of time and effort. The account balances with the greatest concern are those in the Accounts Payable and Material-in-Transit accounts. Therefore, random samples of document numbers from these two accounts were taken in order to perform a detailed analysis in tracing the transaction postings for these document numbers. The samples were not made to identify particular attributes of the documents listed in the accounts, but rather to make a representative sample of the accounts to determine why these documents were posted to the accounts. The sample sizes selected were based on the author's judgement as to whether the samples resulted in representative selections from the accounts.

An analysis was also conducted to determine if the transactions submitted by the Shipyard were being accepted and processed by UADPS at the Supply Center. This analysis

was performed by tracing the document numbers and various transaction categories (i.e., obligations, commitments, receipts, etc.) by the dollar amounts listed on the output reports UADPS generated back to the input tapes to see if they match. This comparison of input documents and output documents was the basis to determine whether data submitted by the Shipyard are accepted into UADPS and are correctly processed.

The remainder of this chapter will describe the author's findings as a result of the research conducted. After discussing the acceptance of data into UADPS, and how obligations and commitment data are processed the results of the sampling of Accounts Payable and Material-in-Transit will be discussed. The chapter will conclude with additional findings made as a result of observations and interviews.

A. DATA ACCEPTANCE

A detailed examination was conducted, comparing the input data contained on the Shipyard's tapes with the Supply Center's output reports. Each document number can be traced from the input tape to the various reports generated by UADPS to see if the transactions were processed. Transactions processed by UADPS will be listed on the NSF Allotment Posting Detail Report (UADPS UF43G). Transactions rejected by UADPS will appear on the Listing of Records Added to EXCON File. Additionally, a summary sheet is generated by

SYMIS/MM, showing the total dollar value by the various categories (commitments, obligations, receipts, etc.) of the tape inputs. These dollar amounts were compared with the dollar amounts from the NSF Control Totals Report (UADPS UF42G).

Twelve data date tapes, from 30 November 1987 to 10 March 1988, were compared with UADPS output reports. Receipts submitted by the Shipyard were correctly accepted and processed by UADPS most of the time. Only two tapes (data dates December 31, 1987 and January 29, 1988) did not have the receipt input data matching the output data. This comparison is based on the dollar amounts for receipts submitted on Tape B with the dollar amounts for receipts on the NSF Control Totals Listing for each of these weekly runs. Additionally, interviews with Shipyard Stock Fund accounting personnel [Ref. 5] indicate that receipts are usually accepted into UADPS and seldom appear on the Listing of Records Added to EXCON File. The total number of receipt transactions as well as the dollar value of receipts submitted on the tape inputs usually match the receipt transaction on the outputs.

A comparison of commitment and obligation transactions between the Shipyard's tape inputs and UADPS output reports was also made. This research found that a large number of obligation inputs were rejected by UADPS and that the dollar value of the obligation and commitment transactions between

the tape inputs and the output reports was difficult to compare. The obligation document numbers rejected by UADPS were placed in the Listing of Records Added to EXCON File. A review of 14 weeks of data tape runs from October 21, 1987 to March 9, 1988 was made to determine the reason for items appearing on the Listing of Records Added to EXCON File. The majority of transactions on this listing (which are items rejected by UADPS and not posted) were obligations and, more specifically, adjustments to obligations. An adjustment to an obligation would be a transaction submitted by the Shipyard to increase or decrease a previously posted obligation. For example, an obligation may have been previously posted for \$100. Upon learning of a price increase of \$20 for the material that was ordered, the Shipyard would submit an obligation adjustment for \$20. This would increase the amount in the Obligation account for that particular document number to \$120. If the adjustment was rejected by UADPS, no posting would be made, and the Obligation account remains at the original obligation of \$100.

The main reason for the rejections was due to an obligation adjustment and a receipt being made in the same week for the same document. Due to the timing of entering the tapes into UADPS, these adjustments will not match up when processed. When an adjustment to an obligation is made, it is submitted on Tape A. A receipt is sent on Tape

B. If both the adjustment and receipt are submitted in the same week, Tape B, listing the receipt, is posted to UADPS first, on Tuesday. Ledger entries and descriptions for typical transactions were described in Chapter II. Using the above example, if a receipt for \$120 is posted, when the original obligation was \$100, the \$20 difference reduces Uncommitted Authorizations,

Debit:	500 Obligations	100	
Debit:	300 Uncommitted		
	Authorizations	20	
Credit:	510 Accounts		
	Payable		120

Tape A, containing an adjustment to the obligation for \$20.00, is not posted until Wednesday. When UADPS attempts to make the obligation adjustment, it looks in the Obligations account for that document number. UADPS cannot match the adjustment to the original obligation, as it was cleared on the previous day when the receipt was posted. No obligation adjustment can be made to the document number when it no longer exists in the Obligation account. As a result the adjustment is rejected and shows up on the Listing of Records Added to EXCON File.

All line items appearing on the Listing of Records Added to EXCON File were reviewed to determine why they were rejected. In 576 out of 740 line rejections (78%) appearing in the 14 weeks of Listing of Records Added to EXCON File reviewed, the rejections were due to an adjustment not matching an obligation. Investigating these transactions

indicated a receipt was posted on Tuesday's "E run," and the adjustment was rejected on Wednesday's "F run." After the transactions are posted, the Stock Fund accounts are correctly stated (assuming the input documents had the correct dollar amounts submitted), because any receipt greater than the original obligation is adjusted by decreasing uncommitted authorizations. However, this type of transaction resulted in 576 out of 740 line rejections, making it necessary for the Shipyard accounting personnel to investigate each item, only to find that no corrective action was required for these 576 rejections.

Further investigation was performed to determine why the adjustments were submitted in the same week as the receipts. Inquiries made by the NSY Long Beach Stock Fund accounting personnel revealed the reason. When entering the receipts in the Shipyard's SYMIS/MM computer system, the system generates an obligation adjustment if the dollar value of the receipt is different than the original obligation. Therefore, the Supply Department personnel enter the receipt into SYMIS/MM, and an obligation adjustment is generated. Both transactions, the receipt and the adjustment, are submitted to the Supply Center in the weekly tapes, resulting in the large number of rejections. [Ref. 10]

While this type of transaction causes an item to appear on the Listing of Records Added to EXCON File and additional work for the accounting personnel to research the reason for

it showing up on this listing, it does not cause any imbalance in the Stock Fund accounts. When the receipt is posted, any amount received above the original obligation is taken from Uncommitted Authorizations. Therefore, the total amount of reduction in Uncommitted Authorizations has been correctly posted.

As previously stated, a comparison of the dollar value of commitments and obligations between the inputs and output reports was difficult to conduct. One factor which complicates the matching of input and output data for commitments and obligations is the effect posting different types of transactions has on the balance in commitments and obligations. The sequence in which various transactions are posted to a particular document number will affect what happens to the commitment and obligation balance for that document number. As described in the UADPS Application "F" manual:

Many of the obligations tallied...will reduce uncommitted authorizations instead of liquidating existing commitments, while many receipts and disbursements will either increase or decrease uncommitted authorizations because excess or insufficient funds have been obligated.
[Ref. 9:p. 3-589]

Therefore, no real comparison can be made between the dollar amounts of commitments and obligations submitted by the Shipyard and the Status of Funds Report generated by UADPS. A comparison can be made between the Shipyard input from the tapes and the three output listings, NSF Allotment Detail Record Posting, the Listing of Records Added to EXCON File

and the Detail Long Lead-Time Report. These three outputs list the entries posted as a result of the tape input. This comparison will readily show whether a particular transaction submitted by the Shipyard has been processed. However, any attempt to compare commitment and obligation input dollar amounts to the Status of Funds report will be impossible because the Shipyard personnel are unable to predict the effect Supply System billings that the Supply Center receives will have on commitments and obligations.

Based on these findings, the question as to the difference in obligations reported by the Shipyard and the obligations as stated in the Status of Funds Report (NAVCOMPT Form 2129) submitted to SPCC will be discussed. The data maintained at the Shipyard concerning BP-23 transactions should theoretically match the data maintained in the official accounting records at the Supply Center. An obvious difference is the delay between the time transactions occurred at the Shipyard and when they are posted at the Supply Center. This delay is quite substantial and can lead to an enormous difference in the account balances at the two locations. Consequently, the account balances maintained at the Shipyard and the account balances reported to SPCC and NAVSUP will have differences.

The interviews conducted with the accounting personnel at NSY Long Beach [Ref. 5] recalled only one instance when a difference in the available balance of funds the Shipyard

had recorded and information available to SPCC caused a problem at the Shipyard level. In this case, the Shipyard was close to the end of a quarter and had spent nearly all their available funds. However, in telephone conversations with SPCC, Shipyard personnel learned that SPCC's records showed adequate funds were available at the Shipyard. However, SPCC was looking at old data. The difference between the Shipyard's and SPCC's records is due to the timing delay in recording transactions and submitting reports.

For example, if the Shipyard is near the end of a quarter (such as the last week in December), SPCC could be looking at a Status of Funds Report which contains information as much as six weeks old. The most recent Status of Funds Report (NAVCOMPT Form 2129) that SPCC would have is the monthly report covering November. If the last day of November, the 30th, is a Tuesday for example, the data contained in that report does not include the data date tape submitted by the Shipyard from the previous Thursday (the 26th). In fact, the most recent tape input would be from a week prior (the 19th). The November Status of Funds Report would be missing 11 days of transactions.

Based on this scenario, in the last week of December, SPCC has information on the account balances for NSY Long Beach as of 19 November, almost six weeks old data. From October 1987 through March 1988, the average amount of

commitments plus obligations submitted by NSY Long Beach was \$1,213,000 every six weeks¹. Therefore, a difference in over \$1 million between the Shipyard and SPCC for commitments and obligations would not be unusual. Other factors may also make this situation worse. If the report SPCC is reviewing has some incorrect data (for example, an obligation was incorrectly entered for \$100,000 instead of the correct obligation of \$1 million), the differences could be even more substantial.

An additional item confusing the obligation differences between the Shipyard and NAVSUP are the reporting procedures. The Shipyard reports quarterly to NAVSEA a three line summary in the following format [Ref. 5]:

Fiscal Year-to-date Authorizations.

Fiscal Year-to-date Commitments.

Fiscal Year-to-date Obligations.

This report is used by NAVSEA to monitor the spending of annual Stock Fund grants given to the Shipyards. It is not provided to NAVSUP, only used within NAVSEA. The fiscal year-to-date numbers refer only to the gross amounts for the current fiscal year (since the previous October 1). The gross commitments and obligations are the total commitments and obligations originally submitted by the Shipyard. That is, these figures are based on input data the Shipyard

¹This is based on the total commitments and obligations as reported on the NSF Control Totals Report (UADPS UF42G) for the period 1 October 1987 to 31 March 1988.

submits on their tape input to the Supply Center. Any adjustments as the result of Supply System billings affecting commitments or obligations are not reflected in these figures. As previously stated, any attempt to compare input commitment and obligation data to the commitment and obligation data on the official Status of Funds reports will result in incorrect conclusions. Whereas the report to NAVSEA provides a guide to determine how the Shipyard is progressing on obligating annual funding grants, it does not provide the full picture of the current status of the available balance of funds at the Shipyard. NAVSUP receives data from the Status of Funds Reports, which contains more than the three items listed in the NAVSEA report. Based on the interviews conducted, it appears that when conversations are held between NAVSEA and NAVSUP personnel, discussions concerning the amount of obligations and commitments, based on the information each command possesses, result in different conclusions. A comparison between the commitments and obligations in the report to NAVSEA and the available balance of funds as reported in the Status of Funds Report is not effective, as many factors, as discussed above, cause these two reports to be different.

The obligation differences between the information at the Shipyard and NAVSUP involve a number of causes. The largest is the lag time in reporting between the Shipyard and NAVSUP. However, contributing factors such as the

difference in the report NAVSEA receives and the Status of Funds Report SPCC receives, also cause a difference in the calculation of obligations and balance of funds.

B. ACCOUNTS PAYABLE

As shown in Table IV in Chapter II, the average balance in Accounts Payable at NSY Long Beach increased by 48% from FY86 to FY87. While a balance in Accounts Payable is normal, that amount of growth in the average balance is excessive. For standard stock material requisitioned through the Supply system, it not unusual to have some balance in Accounts Payable. Disbursements may not be recorded until after material has been received at the Shipyard. For material procured through a local contract, receipt of the material is expected prior to making a payment to the contractor. Therefore, material receipt prior to processing the payment for the material is normal.

In order to determine the reasons for the growth in Accounts Payable, a sample of documents was taken from the March 31, 1988 Accounts Payable Summary (UADPS report KF08G1). An analysis of only the oldest documents, those listed in Accounts Payable for more than 241 days, was made. From a random sample of 125 document numbers (from a total population of 1912 document numbers), the following breakdown by status was discovered:

Number of Documents

Material received from the Supply System, no disbursement posted	81
Material received from local purchase, no disbursement posted	30
The amount disbursed was less than the original amount posted to Accounts Payable	8
The amount in Accounts Payable was equal to four times the receipt amount	3
The amount in Accounts Payable equalled the amount disbursed	3

Upon identifying the random sample of document numbers, the author researched the transaction history of each document number. This research was done by using a microfiche copy of the Navy Stock Fund Transaction History Listing (Report Number MM-759A), which was provided by NSY Long Beach, Code 620.4. This listing provides the cumulative history of transactions for each document number the Shipyard has recorded in the SYMIS/MM database. This listing will have the disbursements for local purchase requisitions, if recorded, but will not have any disbursements listed for Supply System requisitions. Supply System requisition disbursements are sent to the Supply Center and posted to UADPS records. The results of researching the local purchase requisitions will be discussed first.

Upon identifying the 30 documents as local purchase requisitions and tracing the posting action for the obligations, receipts, and any partial disbursements made,

the document numbers were provided to code 620.4 for further research to determine why the Accounts Payable balance did not have a disbursement processed on these documents. Researching these 30 documents revealed two problem areas. Some of the local purchases were paid by the NSY Long Beach Imprest Fund cashier. An Imprest Fund is similar to a petty cash fund, allowing small dollar amounts to be paid for local purchases. Upon paying for purchases, the individual coding the Imprest Fund payments did not cite the Navy Stock Fund for payment, but rather the Navy Industrial Fund [Ref. 11]. The Accounts Payable section at NSY Long Beach had already identified this error and had taken action to correct this process. However, there still exist past documents posted to the Stock Fund Accounts Payable and not corrected. From the random sample, two document numbers were Imprest Fund payments, totalling \$123.56.

The second reason the 30 local purchase documents were listed in Accounts Payable was due to the billing process with Other Disbursing Officer (ODO) payments. These payments are made by a Disbursing Office other than NSY Long Beach as a result of a purchase request sent to a contracting office in another geographic area. As best as can be determined from interviews, these payments are not being recorded in a manner to update the accounting records at the Supply Center. The Shipyard Accounts Payable section is receiving notification from the other Disbursing Offices

that a payment has been made. The Accounts Payable section is recording the item and deleting it as an Accounts Payable item on the Shipyard's records. However, the payment is not being recorded in the SYMIS/MM database in a manner to allow this information to be passed on to the Supply Center via the weekly tape inputs. The author was unable to determine the exact reason why ODO payments were not being processed in a manner to allow reporting these payments to NSC San Diego. It was determined that payments were made on all the outstanding Accounts Payable; they were just not being recorded into UADPS. The random sample had 28 document numbers totalling \$117,958.21 which were attributed to unrecorded ODO payments.

For eight of the items in the random sample, the amount billed was less than the amount posted as received. As shown in the entries in Chapter II, if a disbursement is recorded for an amount less than the posted receipt price, the difference remains in Accounts Payable. The difference will remain in Accounts Payable until the Shipyard processes a credit receipt. For the eight documents in the sample, processing a credit receipt will clear the amount in Accounts Payable (amounting to \$19,201.09). The eight documents all had payments for the total receipt quantity. Therefore, the disbursements were not for partial receipts.

Three documents in the sample had an amount posted to Accounts Payable which was exactly four times the posted

receipt price. The three documents had receipts submitted to the Supply Center all in the same week (in October 1985). NSY Long Beach Stock Fund personnel identified these transactions as receipts for which the receipt tape submitted to the Supply Center had a processing problem when entered into UADPS [Ref. 12]. Receipts processed from this tape were recorded into UADPS with multiple receipts, causing the Accounts Payable amount to be four times the original receipt price. Previous research, resulting in correcting other documents of this nature, had been performed in the past by the Shipyard accounting personnel. Corrective action needed for these documents is to post a credit receipt to reduce the posted receipt amount in UADPS. The three documents in the sample which had this multiple receipt problem totaled \$5,795.76 in Accounts Payable.

Three documents in the sample had an amount posted to Accounts Payable which equalled a posted disbursement and also matched the amount recorded as received at the Shipyard. If the amount disbursed equalled the receipt, there should be no Accounts Payable for that item. It appears one of these documents had the receipt posted twice, causing the Accounts Payable balance. As best as can be determined, UADPS could not match the disbursement with the receipt for the other two documents, but it could not be identified why not. These three documents totalled \$261.56 in Accounts Payable.

The remaining 81 documents in the sample of Accounts Payable over 241 days old, accounting for 65% of the sample, were recorded as received but were awaiting Supply System billings. These 84 documents, totalling \$85,249.00, were for standard stock material, ordered through the Supply System and received at the Shipyard. Yet, the Supply Center did not have a posted payment. Some of these documents had been posted to Accounts Payable as long ago as 1984. The dollar values ranged from 21 cents up to \$13,840, and the type of material requisitioned also varied. The billings for standard stock material requisitioned through the Supply System are electronically received at the Supply Center. When received, there is no manual input that would cause the billings to be any different from what was submitted by the activity issuing the material.

The 81 documents were investigated by the Supply Center, only to reveal that no disbursements were posted, which is the reason they are in Accounts Payable. For eight of these documents, a receipt was posted to the accounts before an obligation was posted. This process is not normal, as an obligation should be posted before a receipt. This type of posting order is cause to suggest a possible error. The suspected error is that the document number used to record the receipt is different than the document number used to record the disbursement. For example, if the receipt is recorded under a different document number by a keying error

to SYMIS/MM at the Shipyard, the receipt will not match any existing document number in the Obligation account. This transaction would cause Uncommitted Authorizations to decrease and Accounts Payable to increase. The original obligation would most likely have a disbursement made under the correct document number, awaiting a receipt to be posted. This payment with no receipt posted creates an entry in the Material-in-Transit account. To correct this situation, the two different document numbers, one in Accounts Payable and one in Material-in-Transit, which refer to the same material ordered, must be identified. The incorrect document number must be removed and the accounts corrected. While the author suspects these eight documents of having this type of error, no corresponding postings in the Material-in-Transit accounts could be found as verification. The remaining 73 documents could not be specifically identified as to why disbursements have not been posted, even though receipts were processed. The results of the entire Accounts Payable sample are summarized in Table VI.

While the sample research did not result in identifying the causes of why the Supply System disbursements were not posted to the Stock Fund accounts, causes of why the Accounts Payable account has grown were discovered. The responsibility for reviewing and reconciling the BP-23 Accounts Payable account lies with the Supply Center, as

TABLE VI

SAMPLE OF 125 LINE ITEMS
FROM ACCOUNTS PAYABLE
(GREATER THAN 241 DAYS OLD)

Total Accounts Payable (March 31, 1988): \$ 3,072,130
(1912 documents)
Total Accounts Payable in Sample: 228,328
(125 documents)

<u>Number of Documents</u>	<u>Dollar Value</u>	<u>Explanation</u>
81	\$84,987	Recorded as received; no Supply System disbursement posted
2	124	Local purchase documents; Imprest Fund billed to NIF
28	117,958	Local purchase documents; ODO payment not recorded
8	19,201	Disbursed amount less than Receipt amount
3	5,796	Receipt Tape processing error
3	262	Disbursement did not match receipt in UADPS

delineated in the Requirements Statement as provided in the 1983 letter by the Chief of Material:

UADPS-SP programs produce...follow-up cards to be used for requesting billings for accounts payable over 60 days old. NSC will check with NSY to determine if the NSY received and processed the bill in error. If the NSY response is negative the NSC will request another bill from the billing activity and will then process the bill in the UADPS-SP programs. Valid write-offs of accounts payable will be processed by the NSY generating a credit...receipt document and a credit...expenditure to credit NIF funds. [Ref. 4:p. 14]

However, both the Supply Center and the Shipyard personnel recognized in early 1988 that no action to reconcile and clear the Accounts Payable account was being accomplished. Interviews with both the Supply Center and Shipyard

personnel [Refs. 5,6] indicate both commands thought the other was taking the necessary action on Accounts Payable. As a result no one was attempting to match billings and receipts if either were processed in error. No one was writing off Accounts Payable when authorized, and the Accounts Payable account continued to grow. It was only after conversations between the Supply Center and the Shipyard that the Accounts Payable follow-up action was taken aggressively in the spring of 1988. It was at this time the Supply Center accounting personnel began diligently reviewing and clearing Accounts Payable amounts. This clearing process included identifying which billings have not been received, requesting billings if appropriate and looking for billings received that did not match BP-23 Accounts Payable amounts.

One of the contributing factors in this confusion over Accounts Payable responsibility is the lack of written guidance concerning BP-23 Stock Funding processes. While the Requirements Statement states the responsibility for Accounts Payable, little attention was paid to this document. Based on the interviews conducted for this thesis, the Requirements Statement, written in 1983 by the now disestablished Naval Material Command, is not commonly used as a reference. Personnel were generally aware of the Requirements Statement, but were not familiar with the information contained within it.

C. MATERIAL-IN-TRANSIT

The average balance in material-in-transit (MIT) at NSY Long Beach had the largest percentage change (303%) from FY86 to FY87 of all the locations shown in Table IV, Chapter II. Some amount will naturally occur in MIT, as disbursements are recorded prior to receipt of material. If material is received from the Supply System, payments for the material are many times processed before the material is received at the Shipyard. For any type of requisition, once a disbursement is received at the Supply Center, it is treated as a paid voucher and posted, regardless of whether it can be matched to a receipt or an obligation. As explained in the ledger entry descriptions in Chapter II, the amount of a disbursement is posted to the Material-in-Transit account if no receipt was previously recorded. Theoretically, an MIT should not exist for BP-23 funded local purchased material. A payment would not be processed until supported by a receipt document².

As for the analysis of Accounts Payable, a random sample of documents numbers listed in the Material-in-Transit account was drawn. From the March 31, 1988 Material-in-Transit (MIT) listing for documents listed in MIT over 181 days, a random sample of 102 items was taken from a

²If a contract calls for prepayments of material, a MIT could exist. However, for the type of repair parts purchased with BP-23 funds, this type of arrangement would be highly unusual.

population of 1196 document numbers. The 102 document numbers were researched by using the Navy Stock Fund Transaction History Listing (Report Number MM-759A) to determine the postings for obligations, billings and receipts, if applicable. After researching the 102 document numbers, the following breakdown by status was discovered:

	<u>Number of documents</u>
No receipt was posted, but the material was purchased by NIF	33
Amount billed was greater than the amount of receipt	32
Amount billed was equal to the amount posted as received	12
NSY recorded cancellation, but billing was received	9
No matching obligation document for the disbursement	6
Only partial receipt posted, billed for entire amount	3
Miscellaneous	7

Theoretically, the Navy Industrial Fund (NIF) should not buy any material until it is received at the Shipyard. NIF buys the material in the year the Shipyard receives its funding to perform a ship's overhaul. Only after receipt of the material would the NIF funds be charged for the material financed with BP-23 Stock Funds. Thirty-three of the documents in the sample did not have a receipt posted, causing the MIT balance, yet there was an expenditure made to NIF. In other words, no receipt was posted and yet NIF

bought the material, reimbursing the Stock Fund. These document numbers were investigated, tracing the transaction postings through the various output reports and Fund accounts. It was discovered that a receipt tape submitted for the week of 13-20 December 1985 was not processed in UADPS. A tape was generated by the Shipyard for that week, but the tape was never processed by UADPS. There were no records to indicate why the tape wasn't processed. Whether the tape never arrived at NSC San Diego or whether it was damaged and not entered was not determined. Material was received at the Shipyard for the 33 sample documents, but the receipts were never entered into UADPS. Resubmitting the receipts into UADPS will clear these items, totalling \$4,715.46.

There were 32 documents for which the amount disbursed by the Stock Fund was greater than the amount posted as received. The difference between the two amounts was posted to MIT. These documents can be cleared from MIT when the Shipyard submits an adjustment receipt, increasing the dollar amount of the receipt for those documents. However, this will also have an effect on the charges to NIF. For the material that has been already charged to NIF, NIF paid only the amount recorded as received, not the larger amount which was disbursed by the Stock Fund. The 32 documents totalled \$10,613.11 in MIT. For material already bought by NIF, these adjustment receipts will result in \$9,611.97 to

be charged to NIF. These proper charges, for 28 of the 32 documents, are in addition to the charges already made to NIF.

Twelve of the sample documents had a receipt recorded in SYMIS/MM for the same amount as the disbursement. Five of these documents were part of the tape that was not processed in December 1985; therefore, the receipts were not submitted to the Supply Center. These five documents totalled \$3,017.18. The remaining seven documents, for \$13,614.65, had a much different problem. These seven documents also had a receipt recorded in SYMIS/MM and a disbursement recorded at the Supply Center. However, these documents were outstanding in the MIT account because the receipt did not match the payment in UADPS. The mismatch was due to the UIC in the document numbers not matching. Depending on the material ordered and its specific use, NSY Long Beach will use its own UIC of (N60258) or the UIC of the specific ship undergoing overhaul in requisitioning long lead-time material. The seven sample documents did not match when entered into UADPS because the UIC of the document number was different.

An example of a change in the UIC of a document will show the effect upon the accounts. One of the sample documents, document number N60258-4309-V201, used the UIC of NSY Long Beach. Under this document number, funds were obligated and a disbursement was made for \$4,195.36, but no

receipt was recorded in UADPS, causing that amount to appear in MIT. A receipt was posted under document number N52687-4309-V201, using the UIC for the ship, the USS LEAHY. The receipt was also posted in the amount of \$4,195.36, but there was no matching obligation or disbursement in UADPS for this document number. The posting of this receipt causes the dollar value to be posted to Accounts Payable. Therefore, a change in the document number has the dual effect of increasing MIT and increasing Accounts Payable.

For the seven document numbers that had a change in the UIC, the original document number had the UIC of NSY Long Beach, and the receipt was posted using the UIC of the ship. While the specific reason could not be determined for recording the receipt under the ship's UIC, it appears that, when the receipt is keyed into SYMIS/MM, the UIC of the ship for which the material is destined is used. The incorrect document number used in recording the receipt is accepted into SYMIS/MM, and is in fact matched with the original obligation recorded under UIC N60258. The two document numbers match up because SYMIS/MM files the document numbers according to the last eight digits of the document number (the julian date and serial number), not the entire 14 digits of the document number. Using the document number described in the previous paragraph, the Shipyard's computers will match the obligation of N60258-4309-V201 with the receipt of N52687-4309-V201.

When the receipt document of N52687-4309-V201 is submitted to the Supply Center via the tape inputs, UADPS files the document number according to the entire 14 digits. The receipt will not match the original obligation N60258-4309-V201 nor the disbursement, which will also be filed under N60258-4309-V201. The result is a posting to Accounts Payable and to Material-in-Transit for the same amount. The error will not be corrected until the receipt is reduced under document number N52687-4309-V201 posted in Accounts Payable, and a receipt is submitted under the document number N60258-4309-V201 posted in MIT.

A mismatch in document numbers is not limited to a change in the UIC. Any time the receipt document is keyed into SYMIS/MM in error there will be a different document number for the receipt than for disbursement. For example, document number N60258-6120-2025 was obligated for \$100.84, and was disbursed for the same amount. This document was posted in Accounts Payable, as no receipt was recorded in UADPS. The receipt was recorded with one number keyed in different, N60258-6120-2035. This receipt did not have a matching obligation or disbursement and was posted to MIT for \$100.84. Any keystroke error when entering the receipts is possible, causing an endless combination of differences in document numbers posted in Accounts Payable and MIT.

Nine of the sample documents taken from MIT had a cancellation recorded within the SYMIS/MM database, reducing

the obligation amount to zero. It appears the documents were not cancelled within the Supply System however, as disbursements were made against the documents. Interviews with the Shipyard personnel did not reveal why these cancellations were being recorded. It appears some one is reducing obligations to zero based on some information believed to be cancellations. However, until the requisition submitted within the Supply System is in fact confirmed as cancelled by the Supply System, material will be shipped to the Shipyard, and a disbursement of Stock Fund money will be made for the material. The nine documents that had disbursements but that the Shipyard records had recorded as cancelled amounted to \$5,692.02 in the MIT account.

Six of the sample documents had disbursements posted, but there were no obligations recorded for those document numbers. In a normal transaction, an obligation would be recorded first, before any receipt or disbursement. Because of the missing obligations, these six documents are suspect of having different document numbers assigned to the disbursement and receipt transactions. Only one of the sample documents could be traced to a change in document number, most likely from a keystroke error. While the other documents could not be traced to having different document numbers assigned to the disbursement and the receipt, it is probable. These six documents totalled \$1,374.93.

Three of the sample documents had receipts recorded for only partial quantities of what was originally ordered, but the disbursements of Stock Fund money were for the entire quantities originally ordered. Investigating the transactions did not resolve whether the entire quantities were in fact received. The author suspects the Supply System filled the entire quantities ordered, but the Shipyard either did not receive the entire quantities or did not record the entire amounts. These three documents totalled \$425.52 as posted to MIT.

For the remaining seven sample documents, tracing the transactions to the various reports and accounts did not reveal any unique reasons they were still posted to MIT. Most of the documents had no receipts posted but disbursements had been recorded. Three of these documents for which a cause could not be determined had a negative balance posted in MIT. These seven documents totalled to -\$6,015.21 (a negative amount). The results of the entire Material-in-Transit sample are summarized in Table VII.

D. OTHER FINDINGS

In addition to the findings based on the random samples taken, observations of the processes and a review of the documents and records resulted in additional findings. As previously stated, confusion existed at both the Shipyard and the Supply Center due to the lack of written guidance available at both commands concerning BP-23 Stock Fund

TABLE VII

SAMPLE OF 102 DOCUMENTS
FROM MATERIAL-IN-TRANSIT
(GREATER THAN 180 DAYS OLD)

Total MIT (March 31, 1988): (1196 documents)	\$2,498,235
Total MIT in Sample:	33,438

<u>Number of Documents</u>	<u>Dollar Value</u>	<u>Explanation</u>
33	\$ 4,715	Receipt Tape in Dec 1985 not processed
32	10,613	Receipt Amount recorded at lower amount than disbursement
9	5,692	Shipyard had cancellations recorded
5	3,017	Receipt Tape in Dec 1985 not processed
7	13,615	UIC in document number changed
6	1,375	Suspected change in document numbers
3	426	Only partial receipt recorded
7	(6,015)	Undetermined causes

processes. The only written guidance to cover the processes is the original Requirements Statement, sent by the Chief of Naval Material in a 1983 letter [Ref. 4]. The Navy Comptroller Manual, Volume 8 [Ref. 1], contains general guidance on Stock Fund accounting, but does not discuss the unique characteristics associated with BP-23. The Requirements Statement provided responsibilities for all Supply Centers and all Shipyards. Unique processes, if required at the individual locations, were to be arranged between the specific Supply Center and Shipyard. There are no local instructions at either NSC San Diego or NSY Long

Beach which cover the specific actions and responsibilities assigned for BP-23 accounting. The effectiveness of the Requirements Statement is lessened by the fact that the Naval Material Command no longer exists. There are no factors in force to allow updating of the Requirements Statement, if needed.

The previous situation described also illustrates another problem area. There was a lack of communication between NSY Long Beach and NSC San Diego. While the accounting personnel may have frequently talked on the telephone with each other, there was seldom any sharing of information or training on how the entire BP-23 system operates. The Stock Fund accounting personnel from the Shipyard frequently telephoned the Supply Center in performing their daily tasks. However, the Shipyard personnel were generally unaware of how UADPS operated or what aspects of UADPS affected the Stock Fund account balances. The Shipyard personnel did not know enough about how UADPS maintained the Stock Fund accounts even to ask the right questions. The reverse is also true concerning the Supply Center accounting personnel; they generally were unaware of the Shipyard operation and processes and did not understand how the Shipyard inputs affect the Stock Fund accounting system.

A review of the output reports indicate there were some documents generated that had incorrect UIC's in their

document number. For example, the March 31, 1988 Accounts Payable listing used for the sampling in this thesis had some incorrect document numbers. Within the document numbers for Accounts Payable over 181 days were three documents with a UIC of N91163, which is the League of United Latin American Cities, Phoenix, Arizona. Also listed were N62058, the Reserve Center, St. Paul, Minnesota, and N63218, the NROTC Unit at Northwestern University. The author does not believe NSY Long Beach intended to use these UIC's, but rather they were entered into the computer system in error. Also listed were document numbers with UIC's of N61058, N60158, A60258, and D60258, none of which corresponds to any military command. Visual inspection of these UIC's indicate they probably were input errors when attempting to key in the UIC of NSY Long Beach, N60258. These input errors alone contributed to almost \$13,000 to the size of Accounts Payable. Given these errors, there are undoubtedly additional document errors, not so obvious, which must be carefully identified and corrected by the Stock Fund Accounting personnel at the Shipyard.

Interviews with the Shipyard accounting personnel also revealed there have been errors with transactions incorrectly posted to the Navy Industrial Fund instead of the Stock Fund [Refs. 5,12]. Contained within the requisition coding is a two-digit Fund Code, which identifies what funding source is to be utilized for the

material ordered. NIF's Fund Code is K9, whereas the Stock Fund's code is J4. Coding a transaction with K9 records the transaction under the NIF accounts, and it will not be contained within the tapes generated for submission to the Supply Center. A Fund Code error could occur when first submitting the obligation, when recording the receipt or when recording the payment (which is the case of the Imprest Fund payments). When the Fund Code is coded J4 (Stock Fund) for the billing and K9 (NIF) for the receipt for the same document number, the Stock Fund records will have a posting to Accounts Payable, and the NIF records will have a posting to Material-in-Transit. No investigation was made to trace documents into the NIF accounts. However, based on interviews [Refs. 5,12], transactions are expected to appear incorrectly in NIF due to this coding error. It is expected that document numbers exist in the NIF accounts that should have been correctly coded for NSF accounts.

Examining the documents listed in the Accounts Payable and Material-in-Transit accounts will reveal documents suspected of having either document number errors or Fund Code errors. For all document numbers the normal process is to have an obligation posted first, followed by either the receipt or the billing. If a document number in Accounts Payable had a receipt posted before an obligation was created, it would be cause to suspect something is not

right. Likewise, if a document number in Material-in-Transit had a disbursement posted before an obligation was made, a possible error exists. The most likely error is that either the document number is in error (UIC is different or there was a keystroke error for one of the numbers within the document number) or that the wrong Fund Code was cited.

To see the extent of documents which would be highly suspect as having errors, the author examined the document numbers listed in the March 31, 1988 Accounts Payable Listing which were greater than 241 days old. Of the 1912 document numbers listed (totalling \$3,072,130), 112 of them (totalling \$266,149) did not have an obligation prior to the posting of a receipt. The Material-in-Transit Listing of March 31, 1988, for documents listed more than 181 days, was also examined. Of the 1196 document numbers listed (totalling \$2,498,234), 216 of them (totalling \$1,021,319) did not have an obligation posted before the disbursement was posted. This amounts to a substantial number of documents and large dollar amounts posted, which presumably have either document number errors or Fund Code errors.

Another area of concern the author observed was the weekly reconciliation process. As described in Chapter II, NSY Charleston provided a step-by-step procedure the Shipyard accounting personnel were to perform upon the receipt of each weekly batch of output listings from the

Supply Center. NSY Long Beach began this reconciliation procedure in October 1987. While this procedure was designed to reconcile the differences between the Shipyard's records and the Supply Center's records, NSY Long Beach has never been able to account for the difference in any of the weeks since the reconciliation began. The reconciliation procedure is designed to help identify what records may be in error, if the records at the two locations do not balance. However, since NSY Long Beach has never been able to balance the records between the two sites, the reconciliation procedure has never been effectual.

One of the items observed, which is causing a great discrepancy between the records at NSY Long Beach and NSC San Diego is the time delay between when transactions occur at the Shipyard and when they are posted at the Supply Center. In an effort to expedite the receipt of the data tapes at NSC San Diego, the tapes are shipped via an express mail carrier from NSY Long Beach. Shipped out on Friday, the tapes arrive no later than the following Monday at San Diego. However, even with this process, between October 1987 and March 1988, the tapes did not make it to the data processing center at the Supply Center in time for entering into UADPS on three separate occasions. Data date tapes for November 30, 1987, February 4, 1988 and February 18, 1988 were not entered into UADPS until the following week, thereby having two weeks of data entered at the same time.

This generates much longer listings for review by both Shipyard and Supply Center personnel, as well as delaying the time to identify any errors that need to be corrected. It was not determined whether the delay in receiving the tapes at the data processing center was due to problems with the express mail carrier or whether there were delays in delivering the tapes internally at the Supply Center after delivery by the carrier.

IV. SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

The previous chapter described the findings discovered during the research for this thesis. This chapter will summarize those findings and make recommendations which the author believes will benefit the accounting of BP-23 Navy Stock Funds at NSY Long Beach and NSC San Diego.

A. SUMMARY

1. Data Processing Findings

Accounting for Navy Stock Funds and interfacing with the UADPS computer system was added to the Shipyard's SYMIS/MM computer system in 1983. In tracing transactions from the Shipyard's tape inputs to UADPS output reports, no interface problem was found; UADPS is accepting the data tapes from the Shipyard. There was no indication of lost document numbers during processing of the tapes. There were documents rejected by UADPS. However, these were clearly identified in the output reports, with codes identifying the reason for the rejection. These rejections were due to processing irregularities, not any interface problem between the computer systems at the Shipyard and the Supply Center.

The procedures for processing the tapes from the Shipyard did cause some problems in the accounting procedures. Tape B, containing the receipt transactions, is entered into UADPS before Tape A, containing the obligation

transactions. This order of entry into UADPS for the BP-23 Stock Fund transactions resulted in a large number of rejections of obligation adjustments, and a sizable workload of document tracing for the accounting personnel. Additional problems associated with the tapes were also cited. The tapes sometimes arrived too late at the Supply Center to be entered for the scheduled run and at least one receipt tape (in December 1985) was not processed.

The information available to the Stock Fund managers, SPCC and NAVSUP, concerning the BP-23 account balances can be as much as six weeks old. Obligations and commitments, for example, can easily be \$1 million different between the Shipyard and NAVSUP with this much time delay.

2. Account Balance Findings

The greatest factor affecting the growth in Accounts Payable was that no action was taken on reconciling and clearing the Accounts Payable account. This fact was only recently identified by the Supply Center and Shipyard personnel; the Supply Center accounting personnel are now performing this task. A sampling of outstanding Accounts Payable greater than 241 days identified specific processes which caused document numbers to be posted to Accounts Payable. Local purchase contracts were not being recorded in UADPS as having been paid, when in fact they were paid. Some contracts were posted as disbursements to the Navy

Industrial Fund rather than the Navy Stock Fund, causing the amount of the payment to remain in Accounts Payable.

The greatest number of documents posted to Accounts Payable were for Supply System requisitions, for which no billings were posted. While the author was unable to identify the reason for not having these billings posted, the fact that there was no reconciliation performed on Accounts Payable in the past probably contributed to the large number of missing billings.

Many documents were identified that contained either keystroke errors or other input errors, causing different document numbers to be recorded for the disbursement and the receipt of the same material. There were general categories of errors, such as placing a different UIC in the document number for some receipts. Within both the random samples of documents taken and the entire Accounts Payable and Material-in-Transit listings were items suspected of having document number errors. While a detailed investigation of all these documents could not be made, the author believes most of these documents have errors caused by keystroke entries, recording incorrect UIC's on various transactions and recording the funding as from NIF instead of the Stock Fund. As noted, any error resulting in different document numbers recorded for the billing and the receipt will cause an entry to be posted in both Accounts Payable and Material-in-Transit, which will remain until the error is corrected.

The computer system at NSY Long Beach keys in document numbers by the last eight digits. The computer system at NSC San Diego keys in document numbers by all 14 digits. When document numbers are recorded with the first six digits (the UIC) in error, the Shipyard computer does not detect the error.

The only written guidance which specifically cites BP-23 accounting procedures is a 1983 letter written by the Chief of Naval Material, now a disestablished command. No local written guidance covering BP-23 Stock Funds exists at NSC San Diego or NSY Long Beach.

NSY Long Beach has been unable to balance the BP-23 accounts correctly by using the procedures provided by NSY Charleston to perform a reconciliation of the output reports.

B. RECOMMENDATIONS

Based on the research conducted for this thesis, some recommendations are made that should improve the accounting and management of BP-23 Stock Funds at NSC San Diego and NSY Long Beach. Consideration was given to the feasibility of various recommendations. If a particular action is not considered feasible or the resources to carry out the recommendations are currently unknown, additional investigation is advised.

1. Recommendations for NAVSUP

In order to provide information and guidance to the Supply Centers on BP-23 Navy Stock Fund procedures, NAVSUP should prepare and distribute a formal instruction specifying and modifying as appropriate the procedures outlined in the Requirements Statement [Ref. 4]. The instruction will have more visibility than the Requirements Statement, having been drafted by an active command, and will be required to be maintained in an instruction library at the various organizations involved. Additionally, Navy policy requires a periodic review of instructions. This policy ensures the guidance provided in the instruction is updated as necessary. There is no method by which the Requirements Statement would be updated.

Obligation information for BP-23 funds held by NAVSUP should not be compared to the obligation information held by NAVSEA. Personnel involved in communicating between NAVSUP and NAVSEA should be aware of the differences in the reports received at each organization. The reports received at NAVSEA focus on their main concern, spending of current year funds. The Status of Funds report information received at NAVSUP covers a much wider range of information and does not cite just current year funding grants that have been spent. If NAVSUP desires this information, it should request that it be supplied by the Supply Centers in a format similar to the report NAVSEA receives.

2. Recommendations for NSC San Diego

To document the local procedures required for BP-23 Stock Fund accounting, NSC San Diego should write a local instruction which describes the required BP-23 accounting actions and responsibilities. This document should cover the responsibilities and actions required of NSY Long Beach or, if deemed appropriate, initiate a Memorandum of Understanding or similar joint agreement between NSC San Diego and NSY Long Beach to clarify BP-23 Stock Funding responsibilities. The documentation of actions and responsibilities will enhance the overall operation by ensuring all personnel involved in the process are keenly aware of the tasks required.

With the Supply Center accounting personnel only recently addressing the need to clear the Accounts Payable account, they should concentrate on identifying and clearing the Supply System billings. While efforts to clear all Accounts Payable amounts are required, the Supply System billings are the largest category of billings not recorded.

3. Recommendations for NSY Long Beach

To eliminate the large amount of obligation adjustments being rejected from UADPS and the associated workload for the Shipyard accounting personnel, NSY should modify the SYMIS/MM computer design so obligation adjustments are not automatically generated for stock fund transactions. Changing the current order of tape processing

at the Supply Center is not a feasible solution, as the Tuesday "E run" feeds into Wednesday's "F run." Changing the order to accommodate the BP-23 Stock Fund accounts would require a massive design change. The author does not know the extent of modifying the SYMIS/MM design; however, this recommendation should be pursued to see if the proposed change can be accommodated.

To allow the posting of contract payments made by Other Disbursing Officers (ODO's), the Shipyard should input the payment data into SYMIS/MM to allow the data to be transmitted to the Supply Center in the weekly tapes. The shipyard is already receiving the disbursement information, so entering these data into the computer system should not be difficult.

Additional training is needed in a variety of areas to reduce the amount of errors occurring. Personnel who are entering data into the database need to be more careful in entering the correct data. Additional training on entering the correct UIC's, for example, would eliminate a number of potential problems. Also, training in properly identifying the correct Fund Code would benefit both the Stock Fund and NIF accounting systems.

The possibility of programming the SYMIS/MM computer to identify entry errors should be pursued. If a document number for a receipt is entered that does not match a 14-digit document number already recorded as an obligation, an

error message should require verification of that document number. This reprogramming requires that, for Stock Fund transactions, the Shipyard's computer would key on the 14-digit document number, instead of the eight-digit method.

NSY Long Beach should request from NSY Charleston additional training in performing the reconciliation procedure delineated by Charleston. Currently, Long Beach personnel do not conduct any additional investigation when the reconciliation procedure does not balance, because it never has balanced. Some assistance from NSY Charleston will either determine that Long Beach personnel are doing the reconciliation procedure correctly but the records are wrong or that the procedure is not being done correctly. If completed correctly, the reconciliation procedure should help in identifying possible errors in the accounts.

C. AREAS FOR FURTHER RESEARCH

Some of the findings identified here should be investigated further to address the problem adequately. Areas for possible research are described below.

A long time delay is the largest single factor causing differences between when the Shipyard conducts a transaction and when it is recorded in the official accounting records and reported to higher levels in command. Additional research is required to investigate the feasibility of reducing this time delay through the use of on-line computer capability between NSY Long Beach and NSC San Diego.

A large portion of the billings from Supply System requisitions were not posted as paid. The author was unable to identify why so many billings of this type were not recorded. Additional research is recommended to determine why so many Supply System billings are not recorded and whether some improvements can be made to have more timely recording of these transactions.

D. FINAL COMMENTS

The majority of this thesis concentrated on identifying the problem areas and recommended actions relating to BP-23 Navy Stock Funds managed at NSC San Diego and NSY Long Beach. While the concentration on problem areas was the purpose of the thesis, a few comments about positive aspects observed should be mentioned.

At both NSC San Diego and NSY Long Beach, the personnel responsible for the daily operation of BP-23 Stock Funds were extremely dedicated and eager to find the underlying causes of problems and their solutions. None of the accounting personnel currently working with BP-23 at either location was present when the process was started in 1983. Thus, they do not have the benefit of knowing what happened early in the history of BP-23, that may help them in dealing with problems today. They do, however, all have a strong desire to improve the system, so that changes to the BP-23 accounting process will allow their jobs to proceed smoothly.

The author's presence in investigating the accounting process seemed to act as an agent for change. The personnel involved have realized they must look at the process in a different manner, to search for solutions, rather than accept the existing problems. In fact, the accounting personnel from the Supply Center visited the Shipyard in early June 1988 in an effort to improve communication and problem solving techniques between the commands. A continuation of this type of dialogue will be beneficial for improving the accounting for BP-23 Stock Funds.

APPENDIX A

STATUS OF FUNDS REPORT

F UF42H MSC SAN DIEGO, CALIFORNIA STATUS OF FUNDS BCN 23023A 31 DEC 87 PAGE 4

REGULAR ACCOUNTS:	OPBAL		CHANGES		NET BALANCES		GROSS BALANCES	
	CURRENT DAY	12/31/87	CURRENT DAY	12/31/87	CURRENT MONTH	12/31/87	12/31/87	12/31/87
100 AUTH RECEIVED	17,247,888.62	.00	17,247,888.62	.00	17,247,888.62	.00	17,247,888.62	.00
ADJ LOCAL AUTH ADJ	.00	.00	.00	.00	.00	.00	.00	.00
300 UNCOMMIT AUTH	2,374,492.02	707,372.73	2,684,298.79	397,505.96	3,081,804.75	397,505.96	3,081,804.75	397,505.96
400 COMMITMENTS	2,258,784.39	2,078.99	2,260,863.38	37,582.23	2,298,445.61	37,582.23	2,336,027.84	37,582.23
500 OBLIGATIONS	7,447,242.47	49,313.97	7,568,184.15	170,285.65	7,738,469.80	170,285.65	7,908,755.45	170,285.65
510 ACCTS PAYABLE	5,016,188.92	678,338.95	5,694,527.87	177,602.47	5,872,130.34	177,602.47	6,049,732.81	177,602.47
520 PREPAID MAIL	3,122,881.46	11,133.70	3,234,015.16	152,050.34	3,386,065.50	152,050.34	3,538,115.84	152,050.34
530 MAIL IN TRANSIT	3,122,881.46	11,133.70	3,234,015.16	152,050.34	3,386,065.50	152,050.34	3,538,115.84	152,050.34
540 PROGRESS PAYMTS	1,859,251.22	19,359.18	1,878,610.40	512,769.73	2,391,380.13	512,769.73	2,904,149.86	512,769.73
500 DISBURSEMENTS	1,859,251.22	19,359.18	1,878,610.40	512,769.73	2,391,380.13	512,769.73	2,904,149.86	512,769.73
550 CREDITS DUE	22,783.35	.00	22,783.35	29.88	22,813.23	29.88	22,843.11	29.88
UNL UNLIQUID OBL	11,738,758.07	.00	11,738,758.07	29.88	11,768,517.95	29.88	11,798,277.83	29.88
MEMORANDUM ACCOUNTS:								
MCF MCI FUNDS AVAIL	.00	.00	.00	.00	.00	.00	.00	.00
DEL DELETED DISBMTS	2,714,009.02	.00	2,714,009.02	.00	2,714,009.02	.00	2,714,009.02	.00
MCO MCI OBL OUTSTG	.00	.00	.00	.00	.00	.00	.00	.00
MIS MIS ALREADY OBL	451,810.14	.00	451,810.14	.00	451,810.14	.00	451,810.14	.00
MDO MIS OBL OUTSTG	10,509,654.26	.00	10,509,654.26	.00	10,509,654.26	.00	10,509,654.26	.00
RETAIL LOSS ALLOWANCES:								
C-DCSC	.00	.00	.00	.00	.00	.00	.00	.00
F-DFSC	.00	.00	.00	.00	.00	.00	.00	.00
G-DFSC	3.03	.00	3.03	.00	3.03	.00	3.03	.00
I-DFSC	119.52	.00	119.52	.00	119.52	.00	119.52	.00
L-DLSC	.00	.00	.00	.00	.00	.00	.00	.00
M-DPSC	.00	.00	.00	.00	.00	.00	.00	.00
S-DPSC	.00	.00	.00	.00	.00	.00	.00	.00
T-DFSC	.00	.00	.00	.00	.00	.00	.00	.00
UNIDENTIFIED	423.32	.00	423.32	.00	423.32	.00	423.32	.00

APPENDIX B

NSF CONTROL TOTALS REPORT

F UF 420 MSC SAN DIEGO, CALIFORNIA NSF CONTROL TOTALS BCN 2302JA FC J4 31 DEC 87 PAGE 2

REGULAR TRANSACTIONS		RETURNED/LOST, SIMUL, OR DAMAGED MATERIAL		TOTALS		
POSTING	NR OF	NET	NR OF	NET	NR OF	NET
TRANSACTIONS:	TRANS	VALUE	TRANS	VALUE	TRANS	VALUE
COMMITMENTS	4	7135.00	0	.00	4	7135.00
OBLIGATIONS	48	22122.78	29	12362.77	78	34485.55
RECEIPTS	86	75483.28	5	719864.00	91	84400.78
BILLS PV	87	28043.80	6	5687.32	93	19389.18
PROGRESS PAYMTS	0	.00	0	.00	0	.00
TOTALS	176	130778.83	40	730911.09	216	608135.56

MISCELLANEOUS TRANSACTION COUNTS BY DOCUMENT IDENTIFIER:

Z1B - TRAILER RECORDS	31
Z1B - PTIN RECORDS	26
Z1C	0
Z1D	0
Z1F	0
Z1G	0

TOTAL MISCELLANEOUS TRANSACTIONS

89

GRAND TOTAL OF TRANSACTIONS

275

DOC	NSF DOCUMENT NO.	SUP AD DTLA	RI	A	MISCELL DATA	CC	QTY	UNCOM	AUTHN	COM/REL	ACCTS PAY	MIT/PP/CRUDE	DISBURSMTS
DW223	N60258723A009	N60258 87348	CM	J480258	IN	2					18.84-		18.84
DW223	N60258723A010	N60258 87352	CM	J480258	IN	1					10.00 C		10.00-
DW223	N60258723A011	N60258 87356	CM	J480258	IN	1					12.34-		12.34
DW223	N60258723A012	N60258 87360	CM	J480258	IN	2					74.00 C		74.00-
DW223	N60258723A013	N60258 87364	CM	J480258	IN	1					10.00 C		10.00-
DW223	N60258723A014	N60258 87368	CM	J480258	IN	4					174.84-		174.84
DW223	N60258723A015	N60258 87372	CM	J480258	IN	4					182.00 C		182.00-
DW223	N60258723A016	N60258 87376	CM	J480258	IN	1					10.00 C		10.00-
DW223	N60258723A017	N60258 87380	CM	J480258	IN	1					2.24-		2.24
DW223	N60258723A018	N60258 87384	CM	J480258	IN	1					20.00 C		20.00-
DW223	N60258723A019	N60258 87388	CM	J480258	IN	1					20.00 C		20.00-
DW223	N60258723A020	N60258 87392	CM	J480258	IN	6					354.00 C		354.00-
DW223	N60258723A021	N60258 87396	CM	J480258	IN	1					20.00 C		20.00-
DW223	N60258723A022	N60258 87400	CM	J480258	IN	4					82.08-		82.08
DW223	N60258723A023	N60258 87404	CM	J480258	IN	4					81.00 C		81.00-
DW223	N60258723A024	N60258 87408	CM	J480258	IN	1					18.00 C		18.00-
DW223	N60258723A025	N60258 87412	CM	J480258	IN	1					30.00 C		30.00-
DW223	N60258723A026	N60258 87416	CM	J480258	IN	12					304.70-		304.70
DW223	N60258723A027	N60258 87420	CM	J480258	IN	14					188.00 C		188.00-
DW223	N60258723A028	N60258 87424	CM	J480258	IN	1					18.00 C		18.00-
DW223	N60258723A029	N60258 87428	CM	J480258	IN	1					10.00 C		10.00-
DW223	N60258723A030	N60258 87432	CM	J480258	IN	1					30.00 C		30.00-
DW223	N60258723A031	N60258 87436	CM	J480258	IN	12					304.70-		304.70
DW223	N60258723A032	N60258 87440	CM	J480258	IN	14					188.00 C		188.00-
DW223	N60258723A033	N60258 87444	CM	J480258	IN	1					18.00 C		18.00-
DW223	N60258723A034	N60258 87448	CM	J480258	IN	1					10.00 C		10.00-
DW223	N60258723A035	N60258 87452	CM	J480258	IN	2					7.78-		7.78
DW223	N60258723A036	N60258 87456	CM	J480258	IN	2					2122.00-		2122.00
DW223	N60258723A037	N60258 87460	CM	J480258	IN	1					.01-		.01
DW223	N60258723A038	N60258 87464	CM	J480258	IN	100					90.00-		90.00
DW223	N60258723A039	N60258 87468	CM	J480258	IN	110					725.00-		725.00
DW223	N60258723A040	N60258 87472	CM	J480258	IN	60					15.00-		15.00
DW223	N60258723A041	N60258 87476	CM	J480258	IN	80					144.00-		144.00
DW223	N60258723A042	N60258 87480	CM	J480258	IN	8					300.48-		300.48
DW223	N60258723A043	N60258 87484	CM	J480258	IN	1135					372.18-		372.18
DW223	N60258723A044	N60258 87488	CM	J480258	IN	32					171845.00-		171845.00
DW223	N60258723A045	N60258 87492	CM	J480258	IN	2					75.00-		75.00
DW223	N60258723A046	N60258 87496	CM	J480258	IN	3					355.00-		355.00
DW223	N60258723A047	N60258 87500	CM	J480258	IN	1					25.40-		25.40
DW223	N60258723A048	N60258 87504	CM	J480258	IN	1					24.50-		24.50
DW223	N60258723A049	N60258 87508	CM	J480258	IN	2					1986.90-		1986.90
DW223	N60258723A050	N60258 87512	CM	J480258	IN	2					2.18-		2.18
DW223	N60258723A051	N60258 87516	CM	J480258	IN	2					355.00-M	2.18	350.16
DW223	N60258723A052	N60258 87520	CM	J480258	IN	2					1700.00-		1700.00
DW223	N60258723A053	N60258 87524	CM	J480258	IN	4					1488.88-		1488.88
DW223	N60258723A054	N60258 87528	CM	J480258	IN	4					1800.00 C		1800.00-
DW223	N60258723A055	N60258 87532	CM	J480258	IN	4					3800.00-		3800.00
DW223	N60258723A056	N60258 87536	CM	J480258	IN	8					185.00-		185.00
DW223	N60258723A057	N60258 87540	CM	J480258	IN	8					185.00-		185.00

DOC CLASS / NSN	DOCUMENT NO.	SUP AD DTLA	RI	A	MISCELL DATA	CC	QTY	UNCOM	AUTHN	COM/REL	ACCTS PAY	MIT/PP/CRUDE	DISBURSMTS
DW223	N60258723A058	N60258 87544	CM	J480258	IN	17					2827.53 C		2827.53-
DW223	N60258723A059	N60258 87548	CM	J480258	IN	17					4884.00-		4884.00
DW223	N60258723A060	N60258 87552	CM	J480258	IN	1					18.00 C		18.00-
DW223	N60258723A061	N60258 87556	CM	J480258	IN	1					180.00-		180.00
DW223	N60258723A062	N60258 87560	CM	J480258	IN	2					4830.00-		4830.00
DW223	N60258723A063	N60258 87564	CM	J480258	IN	2					336.00-		336.00
DW223	N60258723A064	N60258 87568	CM	J480258	IN	2					20.00-		20.00
DW223	N60258723A065	N60258 87572	CM	J480258	IN	2					388.00-		388.00
DW223	N60258723A066	N60258 87576	CM	J480258	IN	6					98.00-		98.00
DW223	N60258723A067	N60258 87580	CM	J480258	IN	175					845.75-		845.75
DW223	N60258723A068	N60258 87584	CM	J480258	IN	1					508.00-		508.00
DW223	N60258723A069	N60258 87588	CM	J480258	IN	1					33.24-		33.24
DW223	N60258723A070	N60258 87592	CM	J480258	IN	1					28.00 C		28.00-
DW223	N60258723A071	N60258 87596	CM	J480258	IN	8					78.80-		78.80
DW223	N60258723A072	N60258 87600	CM	J480258	IN	4					24.18 C		24.18-
DW223	N60258723A073	N60258 87604	CM	J480258	IN	20					180.00 C		180.00-
DW223	N60258723A074	N60258 87608	CM	J480258	IN	20					280.00-		280.00
DW223	N60258723A075	N60258 87612	CM	J480258	IN	20					280.00-		280.00
DW223	N60258723A076	N60258 87616	CM	J480258	IN	102					180.00 C		180.00-
DW223	N60258723A077	N60258 87620	CM	J480258	IN	4					188.48-		188.48
DW223	N60258723A078	N60258 87624	CM	J480258	IN	2					48.80-		48.80
DW223	N60258723A079	N60258 87628	CM	J480258	IN	2					48.80-		48.80
DW223	N60258723A080	N60258 87632	CM	J480258	IN	2					20.00 C		20.00-
DW223	N60258723A081	N60258 87636	CM	J480258	IN	23					88.00-		88.00
DW223	N60258723A082	N60258 87640	CM	J480258	IN	80					90.00-		90.00
DW223	N60258723A083	N60258 87644	CM	J480258	IN	2					280.00-		280.00
DW223	N60258723A084	N60258 87648	CM	J480258	IN	2					1.80-		1.80
DW223	N60258723A085	N60258 87652	CM	J480258	IN	2					.01-		.01
DW223	N60258723A086	N60258 87656	CM	J480258	IN	40					325.00-		325.00
DW223	N60258723A087	N60258 87660	CM	J480258	IN	4					240.00-		240.00
DW223	N60258723A088	N60258 87664	CM	J480258	IN	1					54.80-		54.80
DW223	N60258723A089	N60258 87668	CM	J480258	IN	1					70.00 C		70.00-
DW223	N60258723A090	N60258 87672	CM	J480258	IN	1					10.00-		10.00
DW223	N60258723A091	N60258 87676	CM	J480258	IN	4					80.00 C		80.00-
DW223	N60258723A092	N60258 87680	CM	J480258	IN	4					70.00-		70.00
DW223	N60258723A093	N60258 87684	CM	J480258	IN	1					.01-		.01
DW223	N60258723A094	N60258 87688	CM	J480258	IN	1					.01-		.01
DW223	N60258723A095	N60258 87692	CM	J480258	IN	1					4.84-		4.84
DW223	N60258723A096	N60258 87696	CM	J480258	IN	1					103.50-		103.50
DW223	N60258723A097	N60258 87700	CM	J480258	IN	1					.		

DOC CLASS / NSN	DOCUMENT NO.	SUP AD DTLA	RI	A	MISCELL DATA	CD	QTY	UNCON	AUTHN	COM/OBL	ACCTS PAY	MIT/PP/CROUE	DISBURSMENTS
23R233 A	N802873142107	N802873142107									185.88-		185.88
23R233 A	N802873172172	N802873172172									8.00-		8.00
23R233 A	N802873172307A	N802873172307A									2503.00-		2503.00
23R233 A	N802873200208	N802873200208									875.28-		875.28
23R233 A	N802873213034	N802873213034									4.75-		4.75
23R233 A	N802873243093	N802873243093									282.78-		282.78
23R233 A	N802873243083	N802873243083									480.00-		480.00
23R233 A	N802873243084	N802873243084									480.00-		480.00
23R233 A	N802873243122	N802873243122									11.08-		11.08
23R233 A	N802873243123	N802873243123									14.12-		14.12
23R233 A	N802873243134	N802873243134									28.12-		28.12
23R233 A	N802873243137	N802873243137									1.78-		1.78
23R233 A	N802873243138	N802873243138									98.72-		98.72
23R233 A	N802873243139	N802873243139									80.82-		80.82
23R233 A	N802873243137	N802873243137									80.82-		80.82
23R233 A	N802873243137	N802873243137									188.48-		188.48
23R233 A	N802873243138	N802873243138									178.20-		178.20
23R233 A	N802873243139	N802873243139									232.10-		232.10
23R233 A	N802873243144	N802873243144									187.48-		187.48
23R233 A	N802873243144	N802873243144									80.82-		80.82
23R233 A	N802873243148	N802873243148									394.00-		394.00
23R233 A	N802873243148	N802873243148									848.00-		848.00
23R233 A	N802873243187	N802873243187									98.00-		98.00
23R233 A	N802873243187A	N802873243187A									187.00-		187.00
23R233 A	N802873243187	N802873243187									8.30-		8.30
23R233 A	N802873243181	N802873243181									888.20-		888.20
23R233 A	N802873243181	N802873243181									823.37-		823.37
23R233 A	N802873243181	N802873243181									22.83-		22.83
23R233 A	N802873243181	N802873243181									1400.00-C		1400.00
23R233 A	N802873243181	N802873243181									1072.88-		1072.88
23R233 A	N802873243181	N802873243181									148.78-		148.78
23R233 A	N802873243181	N802873243181									888.88-		888.88
23R233 A	N802873243181	N802873243181									233.00-C		233.00
23R233 A	N802873243181	N802873243181									128.00-		128.00
23R233 A	N802873243181	N802873243181									3.00-		3.00
23R233 A	N802873243181	N802873243181									10.00-C		10.00
23R233 A	N802873243181	N802873243181									18.00-		18.00
23R233 A	N802873243181	N802873243181									24.00-		24.00
23R233 A	N802873243181	N802873243181									24.00-		24.00
23R233 A	N802873243181	N802873243181									3.00-		3.00
23R233 A	N802873243181	N802873243181									282.00-		282.00
23R233 A	N802873243181	N802873243181									437.00-		437.00
23R233 A	N802873243181	N802873243181									377.00-		377.00
23R233 A	N802873243181	N802873243181									1500.00-C		1500.00

DOC CLASS / NSN	DOCUMENT NO.	SUP AD DTLA	RI	A	MISCELL DATA	CD	QTY	UNCON	AUTHN	COM/OBL	ACCTS PAY	MIT/PP/CROUE	DISBURSMENTS
TOTAL FOR FUND CODE JA													
UNCON AUTH	COMMITMENTS	OBLIGATIONS	ACCOUNTS PAY	MAT IN TRANSIT	PROGRESS PAY	CREDITS DUE	DISBURSMENTS						
8 707372.73	8 2078.88-	8 48213.87-	8 878228.88-	8 11188.70-									
TOTAL FOR ALLOTMENT 23023A													
UNCON AUTH	COMMITMENTS	OBLIGATIONS	ACCOUNTS PAY	MAT IN TRANSIT	PROGRESS PAY	CREDITS DUE	DISBURSMENTS						
8 707372.73	8 2078.88-	8 48213.87-	8 878228.88-	8 11188.70-									

APPENDIX E

NON-STOCK ACCOUNTS PAYABLE LISTING
(Sample Page)

NF088114 NON-STOCK ACCOUNTS PAYABLE JA OVER 241 DAYS										NSC SAN DIEGO, CALIFORNIA		DATE	3/31/88	PAGE	1886					
DOCUMENT NUMBER	FCCOG	STOCK NO	SUP AD	DTLA	DOC	QTY	MONEY VALUE	ORGT	SFC	P.V.	NO	F-U	UNIT	PRICE	PURCH	DOC.	FIS.	BILLS	BRI	BRI
QTY DATE COM AMOUNT	QTY DATE OBL AMOUNT	QTY DATE A/P AMOUNT	QTY DATE MIT AMOUNT	QTY DATE DISB AMOUNT																
NF025840882124	JA	SZ	5380001254892	NF0258	84142	ZMW	1	23.48												
							1	23.48												
NF025840882127	EX	222	A	NF0258	84189	ZMW	2	10.04												
							2	10.04												
NF025840882128	JA	SC	3030001228474	NF0258	84130	ZMW	1	168.00												
							1	168.00												
NF025840882129	JA	SC	4820002418898	NF0258	84130	ZMW	2	8,917.00												
							2	8,917.00												
NF025840882148	JA	SC	4820005418898	NF0258	84130	ZMW	2	7,782.00												
							2	7,782.00												
NF025840882148	JA	SC	4820005418897	NF0258	84130	ZMW	2	38,138.00												
							2	38,138.00												
NF025840882150	SC	223	A	NF0258	85015	ZMW	1	281.08												
							1	281.08												
NF025840882151	JA	SC	4820010489270	NF0258	85021	ZMW	2	1,126.00												
							2	1,126.00												
NF025840882155	JA	SC	4820010808788	NF0258	84130	ZMW	1	188.34												
							1	188.34												
NF025840882158	JA	SC	4820010883444	NF0258	84130	ZMW	2	832.00												
							2	832.00												
NF025840882157	JA	SC	4820011150803	NF0258	84130	ZMW	4	3,300.00												
							4	3,300.00												
NF025840882251	JA	SZ	5380010471400	NF0258	84130	ZMW	24	216.00												
							24	216.00												
NF025840882252	JA	SC	5977010482631	NF0258	87064	ZMW	24	23.16												
							24	23.16												
NF025840882253	JA	SZ	5340001251873	NF0258	84130	ZMW	2	7.04												
							2	7.04												
NF025840882254	JA	SZ	5340004481822	NF0258	84142	ZMW	4	212.00												
							4	212.00												
NF025840882257	JA	SZ	5120011448849	NF0258	84288	ZMW	2	18.18												
							2	18.18												
NF025840882258	JA	SC	8848004130481	NF0258	84184	ZMW	2	442.00												
							2	442.00												

NF080114 NON-STOCK ACCOUNTS PAYABLE JA OVER 241 DAYS										NSC SAN DIEGO, CALIFORNIA		DATE	3/31/88	PAGE	1887					
DOCUMENT NUMBER	FCCOG	STOCK NO	SUP AD	DTLA	DOC	QTY	MONEY VALUE	ORGT	SFC	P.V.	NO	F-U	UNIT	PRICE	PURCH	DOC.	FIS.	BILLS	BRI	BRI
QTY DATE COM AMOUNT	QTY DATE OBL AMOUNT	QTY DATE A/P AMOUNT	QTY DATE MIT AMOUNT	QTY DATE DISB AMOUNT																
NF025840882283	JA	SC	5970005041710	NF0258	84184	ZMW	2	18.30												
							2	18.30												
NF025840882281	JA	SZ	5350003805303	NF0258	84188	ZMW	1	.28												
							1	.28												
NF025840882282	JA	SZ	5350002222582	NF0258	84184	ZMW	1	.87												
							1	.87												
NF025840882284	JA	SC	2810001835752	NF0258	84142	ZMW	1	11.00												
							1	11.00												
NF025840882290	JA	SZ	5340011361365	NF0258	84188	ZMW	2	74.18												
							2	74.18												
NF025840882291	JA	SZ	5340011351032	NF0258	84174	ZMW	2	88.44												
							2	88.44												
NF025840882282	JA	SZ	5120001130779	NF0258	84184	ZMW	1	23.53												
							1	23.53												
NF025840882298	JA	SC	4720011230258	NF0258	84184	ZMW	1	8.00												
							1	8.00												
NF025840882299	JA	SC	8240001588726	NF0258	84130	ZMW	4	12.00												
							4	12.00												
NF025840882302	JA	SZ	5040003888844	NF0258	84142	ZMW	1	24.71												
							1	24.71												
NF025840882306	JA	SC	4820001883820	NF0258	84184	ZMW	1	74.87												
							1	74.87												
NF025840882307	JA	SC	4820011278381	NF0258	85031	ZMW	2	4400.48												
							2	4400.48												
NF025840882310	JA	SC	4810001248841	NF0258	84130	ZMW	1	207.00												
							1	207.00												
NF0258408823471	JA	SZ	5350010088972	NF0258	84288	ZMW	8	28.10												
							8	28.10												
NF0258408823472	JA	SZ	5350010288841	NF0258	84130	ZMW	2	38.84												
							2	38.84												
NF0258408823473	JA	SZ	5350010388982	NF0258	84142	ZMW	1	11.48												
							1	11.48												
NF0258408823474	JA	SC	5010010187872	NF0258	84130	ZMW	1	850.00												
							1	850.00												

APPENDIX F

NON-STOCK MATERIAL-IN-TRANSIT LISTING
(Sample Page)

KPO6012 10VERAGE NON-STOCK MIT												J4 OVER 181 DAYS			MBC SAN DIEGO, CALIFORNIA			DATE	3/31/88	PAGE	1773
DOCUMENT NUMBER	FCCDG	STOCK NO	SUP AD	DTLA	DOC	QTY	MONEY VALUE	ORGT	SFC	P.V.	F-U	UNIT PRICE	PURCH	DOC.	FIR.	BILLS.	BRI.	BRI			
QTY DATE COM AMOUNT	QTY DATE	QTY DATE	QTY DATE	QTY DATE	QTY DATE	A/P AMOUNT	QTY DATE	MIT	AMOUNT	QTY DATE	P/P AMOUNT	QTY DATE	P/P AMOUNT	QTY DATE	DISB	AMOUNT	QTY DATE	DISB	AMOUNT		
N802880138V888	J4	88	8110008801872	N80244	87108	ZNS	2	3,370.82	87108	BJA		2	87120	3370.82			2	87120	3370.82		
N802881033V771	J4	8C	4820002731161	N80244	87108	ZNS	4	3,218.04	87108	BJA		3	87120	3218.04			3	87120	3218.04		
N802881038V882	J4	88	4130008138428	N80244	87108	ZNS	4	4,828.12	87108	BJA		4	87120	4828.12			4	87120	4828.12		
N802881242V826	J4	1H	4320010898778	Y031A1	88289	ZNS	1	7,320.00	88289	AJA		1	88304	7320.00			1	88304	7320.00		
N802881148V188	J4	1H	4320010828888	Y031A1	88289	ZNS	1	10,380.00	88289	AJA		1	88304	10380.00			1	88304	10380.00		
N802881148V208	J4	7H	4320010822888	N80258	88271	ZNS	1	7,480.00	88271	BJA		1	88120	7480.00			2	88120	28310.00		
N802881284V430	J4	7H	2010011118270	N80258	88188	ZNS	1	10,000.00	88188	BJA		1	88212	273.00			1	88212	273.00		
N802882183V788	J4	8C	4810001486746	N80244	87217	ZNS	8	4,188.38	87217	BJA		8	87243	4188.38			8	87243	4188.38		
N802882183V188	J4	8H	8930007089388	N80222	87108	ZNS	8	872.80	87108	BJA		8	87120	872.80			8	87120	872.80		
N802883148V028	J4	7H	2010010300018	N80258	84238	ZNS	8	18,600.00	84108	BJA		1	84243	42388.00			1	84243	42388.00		
N802883281V887	J4	1H	4320010831188	Y031A1	88041	ZNS	1	31,870.00	88041	AJA		1	88058	31870.00			1	88058	31870.00		
N802883282V218	J4	1H	8885011047483	Y087A1	88337	ZNS	1	4,170.00	88337	AJA		1	88304	4170.00			1	88304	4170.00		
N802883302V388	J4	1H	8830008818030	N80244	87108	ZNS	3	1,107.00	87108	BJA		3	87120	1107.00			3	87120	1107.00		
N802883302V870	J4	1H	882001222321	N80244	87108	ZNS	3	18,800.00	87108	BJA		3	87120	18800.00			3	87120	18800.00		
N802884083V028	J4	1H	4480012230814	N80244	87108	ZNS	1	3,800.00	87108	BJA		1	87120	3800.00			1	87120	3800.00		
N802884083V473	J4	8C	4820011722884	Y08580	88280	ZNS	8	418.78	88280	AJA		8	88273	418.78			8	88273	418.78		
N802884083V180	J4	1H	4440010888010	Y088A1	88289	ZNS	1	3,280.00	88289	AJA		1	88304	3280.00			1	88304	3280.00		

KPO6012 10VERAGE NON-STOCK MIT												J4 OVER 181 DAYS			MBC SAN DIEGO, CALIFORNIA			DATE	3/31/88	PAGE	1774
DOCUMENT NUMBER	FCCDG	STOCK NO	SUP AD	DTLA	DOC	QTY	MONEY VALUE	ORGT	SFC	P.V.	F-U	UNIT PRICE	PURCH	DOC.	FIR.	BILLS.	BRI.	BRI			
QTY DATE COM AMOUNT	QTY DATE	QTY DATE	QTY DATE	QTY DATE	QTY DATE	A/P AMOUNT	QTY DATE	MIT	AMOUNT	QTY DATE	P/P AMOUNT	QTY DATE	P/P AMOUNT	QTY DATE	DISB	AMOUNT	QTY DATE	DISB	AMOUNT		
N8028840882127	J4	1H	8820008482384	N80244	88288	ZNS	1	4,740.00	88288	BJA		1	88304	4740.00			1	88304	4740.00		
N8028841002082	J4	1H	4320010740780	Y031A1	88108	ZNS	1	5,780.00	88108	AJA		1	88120	5780.00			1	88120	5780.00		
N8028841002083	J4	1H	4320010740780	Y031A1	88108	ZNS	1	5,780.00	88108	AJA		1	88120	5780.00			1	88120	5780.00		
N8028841002084	J4	1H	4320010888778	Y031A1	88108	ZNS	1	7,320.00	88108	AJA		1	88120	7320.00			1	88120	7320.00		
N8028841002085	J4	1H	4320010888288	Y031A1	88289	ZNS	1	5,780.00	88289	AJA		1	88304	5780.00			1	88304	5780.00		
N802884118V845	J4	1H	4820011413888	N80258	88188	ZNS	3	177.00	88171	BJA		3	88212	177.00			3	88212	177.00		
N8028841232188	J4	8Z	8818007841884	N80258	84188	ZNS	8	1.00	84142	BJA		8	84181	.28			8	84181	.28		
N8028841432224	J4	8Z	8820010048888	N80258	84221	ZNS	8	188.00	84188	BJA		8	84243	188.10			8	84243	188.10		
N8028841432226	J4	1H	2010010861236	N80258	84221	ZNS	20	24,701.00	84188	BJA		1	84243	18780.48			18	84243	18780.48		
N8028841432232	J4	1H	2010010801088	N80258	84201	ZNS	10	1,440.00	84188	BJA		9	84212	1440.00			10	84212	1440.00		
N8028841734003	J4	1H	1440007388401	N80244	88289	ZNS	1	372.00	88289	BJA		1	88304	372.00			1	88304	372.00		
N802884183V780	J4	8C	4820008070328	N80258	88287	ZNS	1	38.00	88054	BJA		1	88273	3420.82			1	88273	3420.82		
N8028841872088	J4	1H	0800LLCC80879	N80258	88288	ZNS	4	14.00	84201	BJA		4	88273	348.80			4	88273	348.80		
N8028841872088	J4	1H	0800LLCC84870	N80258	88384	ZNS	8	24.00	84201	BJA		8	88388	808.00			8	88388	808.00		
N8028841872088	J4	1H	0800LLCC87808	N80258	88288	ZNS	4	12.00	84201	BJA		4	88388	280.00			4	88388	280.00		
N8028841872073	J4	8Z	8818001888148	N80258	84228	ZNS	2	3.00	84201	BJA		2	84243	3.22			2	84243	3.22		
N8028841882338	J4	8C	4710002888818	N80258	84287	ZNS	40	213.00	84213	BJA		20	84243	108.80			20	84243	108.80		

APPENDIX G

NAVCOMPT FORM 2129: STATUS OF FUNDS REPORT

NAVCOMPT FORM 2129 (REV. 10-67)
S/N 0104-LF-704-0802

NAVCOMPT 7303-14

STATUS OF FUND AUTHORIZATION-STOCK FUND

From: 00244 Commanding Officer Naval Supply Center San Diego, CA 92132-5032		Commanding Officer Navy Ships Pts. Ctr. Code 014112, ATTN:R. Stauf- ford - P.O. Box 2020 Mechanicsburg, PA 17055		FOR AUTHORIZATION ISSUED TO: Commanding Officer Naval Supply Ctr. San Diego, CA 92132-5032	
TYPE	APPROPRIATION AND SUBHEAD	BUDGET PROJECT NO.	AUTHORIZATION NO.	FOR PERIOD ENDING	
<input type="checkbox"/> ALLOTMENT <input checked="" type="checkbox"/> SUBALLOTMENT	17X4911.2310	23	023A	29 February 1988	
ITEM	PRIOR MONTH TOTAL	CHANGES THIS PERIOD		CURRENT TOTAL	
AUTHORIZATION	18,961,888.62	AUTHORIZATION RECEIVED:		21,005,888.62	
		ADJUSTMENTS AND LOCALTY:			
		2,044,000.00			
COMMITMENTS	13,252,655.14	1,501,686.79		14,754,341.93	
OBLIGATIONS	11,730,760.54	1,425,213.54		13,155,974.08	
ACCOUNTS PAYABLE	4,929,446.01	301,061.42		5,230,507.43	
PREPAID STOCK FUND MATERIAL	3,083,330.30	26,187.74		3,109,518.04	
STOCK FUND MATERIAL IN TRANSIT	3,083,330.30	26,187.74		3,109,518.04	
PROGRESS PAYMENTS	-0-	-0-		-0-	
D. SUBSEMENTS	2,281,832.33	110,687.92		2,392,520.25	
UNCOMMITTED AUTHORIZATION BALANCE		UNLIQUIDATED OBLIGATIONS		RETAIL INVENTORY LOSS ALLOUANCE	
6,251,546.69		10,763,453.83		(550.67)	

REMARKS

ACCOUNTS PAYABLE

GOVERNMENT 2,917,766.21
COMMERCIAL 2,312,741.22
TOTAL 5,230,507.43

DCSC -0-
DESC -0-
DFSC -0-
DGSC -0-
DISC (5.51)
DPSC -0-
MISC (545.16)
TOTAL (550.67)

Acct 550 Prior Balance Current Balance Closing Balance
(23,402.24) (9.80) (23,412.04)

I CERTIFY that the amounts herein reported are in accordance with 31 USC 200 and prescribed accounting procedures.	APPROVING FISCAL OFFICER (Signature and Post)	DATE
	M. J. W. STANTON, LCDR SC USN DIRECTOR, COMPTROLLER DEPARTMENT	03 MARCH 1988

APPENDIX H

RAW DATA FOR ACCOUNTS PAYABLE AND
MATERIAL-IN-TRANSIT AVERAGE BALANCES

ACCOUNTS PAYABLE END OF QUARTER BALANCES

	Balance	Balance	Balance	Balance
	NORFOLK:	PEARL HARBOR:	Long Beach:	Puget Sound:
Dec 1985	\$11,048	\$3,152	\$1,970	\$6,449
Mar 1986	\$12,334	\$2,034	\$2,351	\$6,401
Jun 1986	\$12,804	\$2,958	\$2,912	\$3,968
Sep 1986	\$12,489	\$4,702	\$2,800	\$7,004
Ave. FY 86	\$12,169	\$3,212	\$2,508	\$6,456
Dec 1986	\$12,850	\$3,258	\$2,905	\$7,501
Mar 1987	\$12,235	\$3,134	\$3,347	\$6,449
Jun 1986	\$6,189	\$2,484	\$3,847	\$6,950
Sep 1987	\$9,905	\$2,209	\$4,699	\$6,436
Ave. FY 87	\$10,295	\$2,771	\$3,700	\$6,834
FY86-FY87 Change:	-152	-142	472	62
	CHARLESTON:	PHILADELPHIA:	PORTSMOUTH:	MARE ISLAND:
Dec 1985	\$2,252	\$1,805	\$13,180	\$4,007
Mar 1986	\$2,547	\$2,018	\$15,447	\$4,693
Jun 1986	\$3,425	\$2,221	\$15,145	\$4,801
Sep 1986	\$2,425	\$3,365	\$2,245	\$5,641
Ave. FY 86	\$2,662	\$2,352	\$11,504	\$4,786
Dec 1986	\$2,855	\$5,233	\$2,986	\$5,643
Mar 1987	\$3,800	\$2,873	\$3,186	\$5,354
Jun 1987	\$1,790	\$8,833	\$2,760	\$4,871
Sep 1987	\$1,002	\$12,972	\$11,393	\$6,319
Ave. FY 87	\$2,362	\$7,478	\$5,081	\$5,547
FY86-FY87 Change:	-112	2182	-562	162

MATERIAL-IN-TRANSIT END OF QUARTER BALANCES

	Balance	Balance	Balance	Balance
	NORFOLK:	PEARL HARBOR:	Long Beach:	Puget Sound:
Dec 1985	\$5,440	\$2,386	\$313	\$3,112
Mar 1986	\$7,202	\$3,545	\$566	\$3,610
Jun 1986	\$11,158	\$3,788	\$486	\$4,218
Sep 1986	\$10,832	\$3,682	\$628	\$4,313
Ave. FY 86	\$8,658	\$3,350	\$498	\$3,813
Dec 1986	\$8,813	\$4,367	\$779	\$5,172
Mar 1987	\$5,436	\$3,877	\$2,078	\$7,037
Jun 1986	\$4,636	\$4,257	\$2,510	\$5,445
Sep 1987	\$12,438	\$4,767	\$2,662	\$4,348
Ave. FY 87	\$7,831	\$4,367	\$2,007	\$5,501
FY86-FY87 Change:	-10%	30%	303%	44%
	CHARLESTON:	PHILADELPHIA:	PORTSMOUTH:	MARE ISLAND:
Dec 1985	\$2,562	\$2,090	\$6,706	\$2,884
Mar 1986	\$1,727	\$2,069	\$8,923	\$3,515
Jun 1986	\$1,661	\$2,193	\$13,147	\$4,694
Sep 1986	\$1,006	\$3,931	\$1,577	\$3,745
Ave. FY 86	\$1,739	\$2,571	\$7,588	\$3,710
Dec 1986	\$1,029	\$4,372	\$1,455	\$3,991
Mar 1987	\$1,834	\$4,951	\$1,909	\$5,053
Jun 1987	\$1,576	\$4,995	\$2,162	\$5,118
Sep 1987	\$1,605	\$3,262		\$6,048
Ave. FY 87	\$1,511	\$4,395	\$1,842	\$5,053
FY86-FY87 Change:	-13%	71%	-76%	36%

LIST OF REFERENCES

1. Navy Comptroller Manual, Volume 8, Financial Inventory Accounting Reporting and Billing, 1983.
2. Naval Postgraduate School, Practical Comptroller Course Manual.
3. Department of Defense Appropriation Bill, 1982, Report of the Committee on Appropriations, HR 4995, 16 November 1981.
4. Naval Material Command Letter O1FF/SCP Ser 53, Subject: Stock Funding of Naval Shipyard Long Lead Time Material (LLTM), 23 May 1983.
5. Interview between Jackie Johnson, Code 620.4, Naval Shipyard Long Beach, CA and the author, 5 April 1988.
6. Interview between Jeanne Walters, Code 5321, Naval Supply Center San Diego, CA and the author, 7 April 1988.
7. Telephone conversation between CDR James Roundtree, Code 013, Naval Supply Systems Command and the author, 1 February 1988.
8. Department of Defense Directive 7420.1, Subject: Regulations Governing Stock Fund Operations, 26 January 1967.
9. Advanced Technology Incorporated, Users Manual for Stores Accounting System, Application F, February 1984.
10. Telephone conversation between Jackie Johnson, Code 620.4, NSY Long Beach and the author, 24 May 1988.
11. Telephone conversation between Toni Osborne, Code 630.13, NSY Long Beach and the author, 25 May 1988.
12. Telephone conversation between Stephanie Kendrick, Code 620.4, NSY Long Beach and the author, 24 May 1988.

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Naval Sea Systems Command Headquarters
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Washington, DC 20362-5101 | 1 |
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Charleston Naval Shipyard
Code 630.21
Charleston, South Carolina, 29408 | 1 |