



NEWS RELEASE

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FDIC ANNOUNCES PLANS TO FURTHER IMPROVE INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROL SYSTEMS

The Federal Deposit Insurance Corporation has announced plans to further improve its internal accounting and administrative control systems. These increased efforts are a continuation of advances in these areas that began with an internal reorganization last year.

The FDIC conducts continuous evaluations of its internal controls systems, and determined last year that while existing procedures were adequate, some enhancements in specific areas were needed due to the agency's significant growth as well as requirements of the Chief Financial Officers Act and the Federal Managers' Financial Integrity Act. Those efforts began with a reorganization that included a consolidation of the financial and accounting activities of the agency in a new Division of Finance, headed by the newly established position of Chief Financial Officer (CFO).

Steven A. Seelig, Director of the Division of Finance and Chief Financial Officer of the FDIC, said: "Ensuring that effective internal accounting and administrative controls are in place and operating properly is one of the primary objectives of the Chairman, the Board of Directors, the Chief Financial Officer, and the entire senior management of the FDIC. Our management is committed to an effective and efficient internal controls system to ensure that the Corporation's mission and operations are carried out efficiently while maintaining the highest degree of accountability and responsibility."

The specific areas identified for intensified improvements are:

- Prepayment authorization and post-payment audit of legal invoices;

(more)

- Maximization of recoveries from criminal restitution orders and systems supporting the professional liability and litigation program;
- Security of information systems and of the official records of the Board of Directors and its standing committees;
- Integration of accounting and reporting for revenue producing activities;
- Procurement of goods and services and reconciliations of accounts payable systems to the general ledger; and
- Controls over data integrity related to receivership asset records and asset accounting.

These areas were discussed with the U. S. General Accounting Office, which, while recognizing these and other weaknesses, yesterday issued an opinion on the FDIC's 1992 financial statements, noting that "The financial statements and accompanying notes present fairly, in all material respects, the Bank Insurance Fund's financial position as of December 31, 1992 and 1991, results of operations, and cash flows for the years then ended, in conformity with generally accepted accounting principles." The FDIC also manages the Savings Association Insurance Fund and the Federal Savings and Loan Insurance Corporation Resolution Fund, which also received unqualified opinions.

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