To: Mr. C. R. Wherley | Date: December 17, 1982

Location: NA | Reference:

From: Mr. B. G. Witherspoon

Location: CE

Extension: | Copy to:

Subject: INTERNAL ACCOUNTING CONTROLS

We have reviewed the accounting controls, using the Reference Guide to Internal Accounting Controls as a guide. Cycles reviewed for the fourth quarter were Fixed Asset (d) and production cycles (e). Deviations from the established procedures have been noted below.

Fixed Asset Cycle

1d3.9 Job order closing notice form GOF 4055 is not prepared to transfer cumulative costs to fixed asset accounts. This is accomplished through a file maintenance sheet headed BIT-FACS/PP&E TRANSACTIONS, form BB 725-1238.

1d5.2 Responsibility for determining adequacy of insurance specifically assigned. This is determined through the insurance department not local management.

Production Cycle

1e1.1 Long range sales forecast are not used for manning requirements or inventory planning. This is accomplished through current production requirements and adjusted to reflect needs for manning and inventory.

1e2.2 Material requisitions not used to record movements of materials through the production cycle. This would not be feasible due to Chicago's Plant size.

1e3.2 Prenumbered transfer documents not used at Chicago. All other transfer control in effect.

1e5.6 Physical inventory taking is done by the Plant Accountant and a Plant Supervisor. Counting procedure does not utilize two independent teams.

H. C. Gaffney

B. G. Witherspoon

BGW/pcs