

A R C H I T E C T O F T H E C A P I T O L : A N O V E R

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- Michael J. Riley—former CFO of the U.S. Postal Service, Lee Enterprises, and United Airlines. He is currently a professor at the University of Maryland University College.
 - John Webster—Chief Financial Officer of the Library of Congress. Appointed to the position in November 1989, he is responsible for strategic planning, annual program performance planning, budget, accounting operations, financial reporting, financial systems, and disbursing functions.

Summary of Audit Results, continued...

1. Capitalization of Period Expenses

While an asset is under construction, we record construction costs in the Construction Work-in-Progress (CWIP) account. Our auditor found we did not have a policy in place that provided guidance for the proper classification of projects as CWIP. This led to their discovery of four projects with total expenditures of \$2.9 million that did not meet capitalization requirements and should not have been included in the CWIP account. When this was brought to our attention, we analyzed the CWIP account for activities that did not meet our capitalization requirements. As a result, we transferred \$15.3 million from CWIP to operating expenditures. This represented approximately 4.3% of

4. Accounts Payable Cut-off

Summary of Audit Results, continued...

7. Information Technology (IT) Controls

OUR CHALLENGES

In building for the future, we must meet the challenges of developing cost accounting standards, budget constraints, and the continual requirement to balance our needs and requirements with the sometimes conflicting needs and requests of our clients.

Cost Accounting

A sound cost accounting system can provide managers with the information they need to effectively manage operations while at the same time extending responsibility for financial accountability and control throughout the operations.

Note 4: Accounts Receivable

The breakdown of consolidated gross accounts receivable at September 30, 2003, is as follows:

dollars in thousands





