

MEMO# 3460

January 22, 1992

FY 1991 AUDIT REPORT AND MANAGEMENT LETTER

January 22, 1992 TO: AUDIT COMMITTEE NO. 1-92 RE: FY 1991 Audit Report and Management Letter _____ Enclosed is the financial report of the independent auditors for fiscal year 1991 ending September 30, 1991. The financial results are basically the same as those provided in our internal financial statements sent to you earlier. We have the following comments concerning the management letter: 1. Although it is dated November 27, 1991, it was received in our office on January 16. 2. Recommendation concerning routing of vendor invoices- This comment is made each year and we have not changed the procedure because our automated system is not set up to handle invoices in the manner the auditors suggested. This item was discussed in some detail with the Audit Committee when we met in October. 3. Recommendation concerning capitalization of organizational costs related to the data project - We will monitor this issue during the current fiscal year. However, we do not believe current costs related to this project justifies capitalization and amortization. 4. Recommendation of accounting for post retirement benefits - Each year (for the past two fiscal years) we have reviewed whether it would be prudent to implement FAS 106 earlier than the date required. In each case, we have determined that earlier implementation would not have a material impact on the ultimate cost that will result due to FAS 106. We will continue to review this each fiscal year. 5. Recommendation on accounting policies and procedures- Implementation of an accounting policy manual is in the program of work for the controller for this current fiscal year. Please let me know if you have any questions. Thomas S. Simmons Vice President - Administration Enclosure

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