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UNITED STATES GENERAL ACCOUNTING OFFICE  
REGIONAL OFFICE  
ROOM 204, 161 PEACHTREE STREET, N.E.  
ATLANTA, GEORGIA 30303

SEP 20 1971

Mr. T. A. Schlapfer  
Regional Forester  
U. S. Forest Service  
Room 806  
1720 Peachtree Road, N. W.  
Atlanta, Georgia 30309



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Dear Mr. Schlapfer:

We have made a review for the settlement of accounts of accountable officers, U. S. Forest Service, Atlanta, Georgia. Our review, completed in August 1971, was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Our review included an examination of administrative procedures and controls relating to disbursement and receipt of funds and such tests of individual transactions through June 30, 1971, as we deemed appropriate. No recent review of transactions has been made by the Office of the Inspector General. We did not examine program-type activities, nor did we conduct a payroll audit.

We found that procedures and controls were generally satisfactory, except for weaknesses summarized below:

NEED FOR CONTROL OVER RENTAL EQUIPMENT  
SUBJECT TO PURCHASE OPTION

Controls need to be established to determine when an option to purchase should be exercised on equipment procured under a rental agreement.

It was noted that six machines having a total purchase value of \$55,605, were being rented at an annual rate of \$16,716, including maintenance costs. The applicable Federal Supply Service schedule price list provides that 50 percent of the basic rentals accrued will be applied to the purchase price if the Government exercises its option to purchase. It also provides that the transportation cost to deliver the equipment to the Government would be credited to the purchase price. Evidence that consideration was given to exercising the option to purchase was not furnished.

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### Recommendation

It is recommended that this and all other rental agreements containing an option to purchase be reviewed on a regionwide basis to determine the feasibility of acquiring the equipment by exercising the purchase option.

The results of the review together with the action taken should be furnished this office.

### INADEQUATE CONTROL OVER ISSUANCE OF CAR-RENTAL SERVICE CREDIT CARDS

In accordance with Forest Service Manual 6316.3-17, credit cards are obtained from car-rental service companies by the Operation Division.

These cards are issued to individuals by verbal request on a permanent or trip basis, and transportation by rented car is accomplished without evidence of administrative approval.

### Recommendation

We recommend that the issuance of credit cards be made only on the basis of administratively approved requisitions.

### OTHER DEFICIENCIES

We also noted a number of other deficiencies which were discussed in detail with representatives of your office and on which corrective action was taken or promised. These include (1) excess payments caused by failure to take a cash discount and use of an erroneous unit price; (2) failure to mark invoices and supporting documents to prevent reuse; (3) inadequate review of travel vouchers resulting in overpayments and in failure to obtain required supporting documentation; and (4) timekeeping not being performed on a daily basis and military leave not supported by a certificate of attendance as required by 6 GAO 16.2 and 20.7.

We wish to acknowledge the courtesy and cooperation given our representatives during this review. We would appreciate being advised of the action taken on our recommendations and on other matters discussed herein.

A copy of this report is being furnished to the Chief, Forest Service, and to the Inspector General, Department of Agriculture.

Very truly yours,

K. E. HAMM

Acting Regional Manager