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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON REGIONAL OFFICE  
FIFTH FLOOR  
803 WEST BROAD STREET  
FALLS CHURCH, VIRGINIA 22046

JUL 7 1972

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Dear Mr. Smallwood:

We have completed a limited examination of procedures and practices of the Office of Management Services (OMS), Department of Agriculture, relating to the receipt and disbursement of funds. Our examination was performed at OMS and at two of the 19 agencies in the Department of Agriculture that are serviced by OMS. We found weaknesses in the procedures used to review and approve travel expenditures and in internal controls over cash receipts. We are bringing these matters to your attention so that you may take appropriate corrective action.

Improvement needed in procedures  
for reviewing and approving  
travel expenditures

The Division of Budget and Finance, OMS, has responsibility to certify for payment employees' claims for reimbursement of travel expenses. The discharge of this responsibility requires a sufficiently detailed review of travel vouchers to verify the correctness of computations and compliance with legal requirements.

In November 1967, OMS required the 19 agencies it services to examine travel vouchers to ensure that (1) travel was authorized, (2) expenses claimed were reasonable and supported by receipts, when required, (3) specific approval was obtained for certain items of expenditure, (4) travel advances retained by travelers did not exceed their needs, and (5) correct allotment accounting data were shown on the vouchers.

Our work at OMS and at two agencies serviced by OMS--the Cooperative State Research Service and the Packers and Stockyards Administration--revealed that the agencies' travel voucher reviewers had only limited knowledge of travel regulations and had received no training in travel voucher examination procedures. As a result, travel vouchers were being certified for payment on the basis of reviews which, in our opinion, were insufficient to ensure the correctness and reasonableness of expenses claimed.

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Although the agencies, on occasion, have sought OMS advice regarding the appropriateness of travel claims and have sometimes returned claims to travelers for explanation, there can be no assurance that all claims are validated in accordance with applicable regulations until adequate training is provided to voucher review personnel. Because it appears to be the policy of OMS to minimize its own voucher reviews and to place primary reliance for the correctness and reasonableness of travel claims on agency review and approval procedures, the result of the inadequate agency reviews is that travel vouchers are being paid by OMS without assurance that claims are reasonable and in accordance with regulations.

Considering the limited knowledge of travel regulations of agency voucher review personnel, we believe OMS may have delegated to the agencies more than a reasonable responsibility for reviewing and approving travel claims. Because certifying officers within OMS are legally responsible for reviewing and approving expenditures, it seems to us they should either provide agency personnel with training to make adequate reviews of travel claims or make the reviews themselves.

Improvement needed in procedures for  
receiving and recording collections

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The General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies (7 GAO 11) provides that all moneys received should be placed under appropriate accounting control promptly upon receipt. Also, adequate segregation of duties is necessary to prevent the misuse of cash receipts and its concealment in the accounting records. Persons responsible for handling cash receipts should not participate in maintaining accounts receivable or in preparing and mailing statements of balances due.

We found that cash collections were not recorded by OMS when they were received and that they were not put under accounting control until they were turned over to the Billings and Collection Unit where accounts receivable are maintained and billings are prepared.

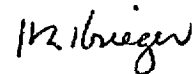
We brought this matter to the attention of OMS officials who agreed to have cash receipts recorded and put under accounting control as soon as they are received by persons other than those having responsibility for maintaining accounts receivable and preparing and mailing billings. We believe this procedure, if effectively administered, should provide better internal control over these funds.

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We wish to acknowledge the courtesies and cooperation extended to our representatives during our review. We shall appreciate being advised of any action taken or planned by you on the matters discussed in this report.

Copies of this letter have been sent to the Inspector General, Department of Agriculture.

Sincerely yours,



H. L. Krieger  
Regional Manager

Mr. John A. Smallwood, Director  
Office of Management Services  
Department of Agriculture  
Washington, D.C. 20250

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