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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D C 20548

CIVIL DIVISION

FEB 17 1970

administrator

Dear Mr. Lennartson.

We have made a review for the settlement of accounts of certifying officers of the Consumer and Marketing Service (C&MS), Department of Agriculture^{1/}. Our review 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). *Doc 05-950*

Our review, completed in December 1969, included an examination of selected disbursement transactions and related administrative procedures and internal controls. We also examined reports on activities reviewed by the Office of the Inspector General, Department of Agriculture, and evaluated the corrective action taken by C&MS thereon. We did not review program operations, nor did we review payroll activities, which are centralized in the Management Data Service Center, New Orleans, Louisiana. Specific comments on certain weaknesses in administrative operations which were revealed by our review follow

OPPORTUNITY TO REDUCE MILEAGE COSTS OF HIGH MILEAGE DRIVERS

Our review revealed that during fiscal years 1968 and 1969 the Compliance and Evaluation Staff had 18 high mileage drivers who traveled 723,971 miles in their privately owned automobiles (POA's), resulting in a cost to C&MS of \$65,157 or 9 cents per mile. In contrast, the General Services Administration (GSA) rate for a standard size sedan was \$34 50 base rate per month plus \$.033 per mile. Consequently, had GSA cars been used, the cost to C&MS would have been \$38,036, a possible savings of \$27,121.

We were informed by an official of the Compliance and Evaluation Staff that unmarked cars were necessary for the performance of the official duties of the employees and that cars were requested from GSA in accordance with C&MS policy but were not available. Accordingly, the

¹Effective August 8, 1969, the Food and Nutrition Service was established in the Department of Agriculture. The consumer food program activities formerly administered by C&MS were transferred to the Food and Nutrition Service. Our audit covered a period prior to the reorganization and many of the activities reviewed are now functions of the Food and Nutrition Service.

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nine-cent mileage rate for the total miles driven by Compliance and Evaluation Staff members was justified because unmarked GSA cars were not available. An official of GSA, however, advised us that unmarked cars could be made available to the Compliance and Evaluation Staff on a permanent basis if the agency enters into an agreement with GSA for the use of unmarked vehicles.

Recommendation

We recommend that C&MS explore the feasibility of entering into an agreement with GSA to obtain unmarked vehicles on a permanent basis for all high mileage drivers of the Compliance and Evaluation Staff

NEED TO ENFORCE PROCEDURES CONCERNING ADVANCES OF FUNDS FOR CHANGES OF OFFICIAL STATION

Our review revealed that C&MS employees generally had not submitted vouchers on a timely basis for reimbursable expenses incurred during changes of official station. Accordingly, travel advances against which the expenses were to be charged were not properly liquidated.

Funds for change of official station are advanced to C&MS employees to cover all reimbursable expenses involved in (1) travel and subsistence of the employee and his immediate family, (2) an advance house-hunting trip, (3) subsistence for temporary quarters, and (4) movement of household goods and personal effects. These advances are handled by the Administrative Fiscal Branch, Finance Division, in the same manner as funds advanced for regular travel.

C&MS instructions state that vouchers be submitted so as to be received at the Administrative Fiscal Branch by the 15th day of the month following the month in which the travel was completed. We examined the travel files of 83 employees who had received advances of funds during fiscal years 1967, 1968, and 1969 for changes of official station. At the conclusion of our review, 43 of the employees had not submitted final vouchers. Of the 40 employees who had submitted final vouchers, 22 employees had not submitted the vouchers in a timely manner in accordance with the above requirement. For example, we found that six employees had submitted vouchers 6 months or more after they had completed their transfers.

C&MS instructions also state that (1) an employee who receives an advance for a change of official station is required to repay the advance by applying it to the amount claimed for reimbursement on the voucher, and (2) an employee who receives an advance that exceeds the amount claimed for reimbursement is required to refund the excess amount by submitting a check or money order with the voucher. We found that 28

of the 40 employees who had submitted their final vouchers had not liquidated their advances in accordance with these instructions. For example, one employee had submitted a voucher for a change of official station in August 1967 and had applied only one half of his \$2,000 advance. The balance remained outstanding for two years until he applied it to another voucher for a second transfer. Another employee submitted reimbursable expenses of about \$1,875 to apply to an advance of \$3,000, but at the conclusion of our review had not repaid the balance of the advance.

Recommendations

We recommend that C&MS enforce existing requirements that employees submit vouchers for reimbursable expenses incurred during changes of official station in a timely manner, and that they properly liquidate their advances for changes of official station upon completion of the transfers.

NEED TO PERFORM REQUIRED ANALYSIS OF OUTSTANDING TRAVEL ADVANCES

We noted that C&MS had not made periodic reviews of outstanding travel advances in accordance with agency regulations. The Administrative Fiscal Branch is required to:

"Analyze the individual accounts on or before the fifteenth day of the third month in each calendar quarter to determine:

- a. Accounts which have been inactive for 60 days or more,***
- b. Accounts which have been reduced below the \$50 allowable minimum, and
- c. Amounts which appear to be in excess of the traveler's needs."

When the Administrative Fiscal Branch determines that any of the above conditions exist, it is required to forward a letter to the appropriate approving official informing him that action should be taken to either effect settlement of the account or explain why the employee should retain the advance

During the period from July 1, 1967 to June 30, 1969, the Administrative Fiscal Branch made only four of the eight required analyses. Of the 2,422 advances outstanding at June 30, 1969, 137 were below the

\$50 minimum established by C&MS. Our review showed that, for about 45 percent of the employees maintaining advances below the \$50 minimum, the appropriate approving officials were not notified that the employees' advances should be either liquidated or the continuing need for the advances justified. We also noted that proper follow-up action was not always taken to ensure that inactive advances were liquidated or that excessive advances were reduced to levels needed by the employees for continuing travel requirements.

Recommendation

We recommend that C&MS perform the required quarterly analysis of the individual travel advances outstanding and ensure that such advances are maintained in accordance with existing regulations

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With the exception of the matters discussed above, we found that, in general, the administrative procedures and internal controls were effective and that the selected financial transactions reviewed were processed in a satisfactory manner. Other minor deficiencies disclosed by our review were discussed with appropriate officials and corrective action was to be taken.

We wish to acknowledge the cooperation extended to our representatives during the review. We will appreciate your comments and advice as to any action taken on the matters discussed herein.

Copies of this report are being furnished to the Inspector General and the Administrator, Food and Nutrition Service.

Sincerely yours,

Victor L. Lowe

Victor L. Lowe
Associate Director

Mr. Roy W. Lennartson, Administrator
Consumer and Marketing Service
Department of Agriculture