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The Honorable William Proxmire
United States Senate

Dear Senator Proxmire:

Your letter of July 12, 1972, forwarded to us a letter your office had received concerning claimed misuses of Federal funds, personnel, and property at Corps of Engineers' projects at Pine Creek Lake, Oklahoma, and Millwood Reservoir, Arkansas. As agreed with your office, we referred the matter to the Audit and Procurement Administration Division of the Corps for investigation.

The Audit Branch, Southwestern Division, Dallas, Texas, performed the initial investigation. Its report, dated September 21, 1972, was submitted to the division engineer and recommended further investigation. The division engineer directed the district engineer, Tulsa, Oklahoma, to investigate and take appropriate action on each item in the audit report.

The Corps furnished us with copies of the Audit Branch report; the report of the district engineer, dated November 14, 1972; and the comments of the division engineer, dated December 20, 1972. The following comments on each of the claimed misuses of funds are based on this information.

CLAIMED WEAK CONTRACTING PROCEDURES FOR CLEARING WORK ON PINE CREEK LAKE

In July 1968 the Corps entered into a \$182,250 contract for clearing about 2,675 acres of timber at Pine Creek Lake. The contract work was accepted by the Government on May 29, 1969, and final payment was made on July 17, 1969. On October 30, 1969, the resident engineer (operation and maintenance) reported that about 137 acres had not been clear, contrary to contract requirements. On November 6, 1969, representatives of the Corps and the contractor inspected the area and estimated that 35 acres had not been cleared. The contractor subsequently refunded \$2,400. The district investigating officer's survey on October 11, 1972, disclosed that the uncleared area was actually 33 acres.

The division engineer stated that he was requiring the district engineer to strengthen contract administration procedures, specifically those for final inspection and acceptance of completed work, to insure that goods and services are received in accordance with specifications before payment.

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B-176643

CLAIMED DELIBERATE JUGGLING OF FUNDS
AT MILLWOOD RESERVOIR

The Corps audit found some weaknesses in the cost reporting system and some clerical errors at the project but did not find evidence of a deliberate attempt to misuse funds.

CLAIMED USE OF PROJECT LAND FOR A DUMP
AT MILLWOOD RESERVOIR

The Corps investigation showed that a dump on project land was being used by local residents. The dump, built by Corps employees, began operating in early spring 1972.

According to the district engineer's report, local residents had been dumping garbage along a road below the reservoir's flood control pool elevation; this could have polluted the reservoir during floods. In February 1972 the resident engineer met with local officials to resolve the problem. He agreed to build a dump on Federal land in return for the local officials' agreement to clean up the road, enforce no dumping ordinances for the road, and maintain the new dump.

The division engineer stated that the resident engineer had acted without authority in establishing the dump and that it would be closed.

CLAIMED PERSONAL USE OF OFFICIAL CARS,
EQUIPMENT, AND SUPPLIES AT MILLWOOD RESERVOIR

According to the Corps investigation, the resident engineer apparently took a Corps sedan home at night at least 60 percent of the time. The report noted that an employee could take a Corps vehicle home if he was required to travel on official business to other locations early the next day. The report also noted that because the resident engineer was responsible for projects at Pine Creek and Broken Bow, as well as Millwood, he could be expected to frequently take a Corps vehicle home. The Corps' investigation disclosed no evidence that the project engineer or other employees had used Corps vehicles for personal use.

Although the Corps investigation disclosed no evidence that Government supplies were taken from the project for personal use, it did show that employees at Millwood Reservoir were misusing Government equipment. Employees were allowed to take Government tools and equipment, such as cement finishing trowels and hand saws, from the project provided they signed out for the items and returned them the next day.

B-176643

CLAIMED USE OF EMPLOYEES TO HAUL FIREWOOD
FOR THE PERSONAL USE OF THE
RESIDENT ENGINEER AT MILLWOOD RESERVOIR

The Corps reports showed that on one occasion the resident engineer took a small amount of firewood home for personal use. The firewood had been cut, at the resident engineer's direction, by Corps employees while clearing trees at Broken Bow Lake and was supposedly intended for a project cookout. The letter of reprimand also covered this matter.

COFFER DAM BUILT TO ENABLE INSPECTION OF
MILLWOOD DAM BELOW THE RIVER LEVEL

The Corps audit found that all costs incurred for the Coffey Dam were paid from operation and maintenance funds and were properly classified in the cost accounts. A member of the Corps inspection team, an employee of the Engineering Division of the Corps' Southwestern Division Office, considered the method used for the inspection to be reasonable.

CLAIMED ASSIGNMENT OF WAGE BOARD EMPLOYEES
TO WORK ABOVE THEIR GRADES

The Corps report showed that two Wage Board employees at Millwood Reservoir had worked in positions calling for a higher grade than their own for periods exceeding the 60 days authorized by Corps regulations for temporary details. The district engineer concluded, however, that manpower utilization regulations were not willfully violated.

In one case, a motor vehicle operator performed some supervisory tasks for a period of more than 60 days but less than 90 days in spring 1972. The district's inspection report noted that this additional work amounted primarily to giving men instructions in the morning and collecting reports at night. The inspection report stated that these tasks were considered temporary additional responsibilities rather than a detail to a higher position.

The other employee was a construction and maintenance man who worked as a welder the majority of the time, although welding was not covered by his job description. This employee, who is physically handicapped and a welder by trade, was hired with the understanding that he would be used as a welder. A request for a welder's position at the project was not approved, and the resident engineer attempted to use the employee on duties covered in his job description. The employee, however, kept voluntarily returning to welding.

B-176643

CLAIMED USE OF CIVIL SERVICE EMPLOYEE TO
GATHER INFORMATION FOR A CIVIL SUIT
AGAINST A LOCAL RESIDENT

A former Millwood Reservoir ranger stated that he had been sent to photograph a fence on private land over which the Government holds a flowage easement. The former ranger did not know the exact nature of the legal action in question, but he stated that the Government was not a party to it. According to the Corps audit report, the ranger, and apparently the landowner, believed that the resident engineer was cooperating with the plaintiff in the legal action.

The district engineer's report stated that the civil suit in question involved the private land where the photographs were taken and the public use of a road and a boat ramp in that area. Neither the photographs nor any information obtained by the Millwood office were used in court during the hearing on the civil suit.

The report concluded that the allegation that the resident engineer had used his position to aid a private party involved in a civil suit could not be supported by evidence.

CLAIMED AERIAL SPRAYING OF PRIVATE PROPERTY
FOR MOSQUITO CONTROL

On June 29, 1972, the Corps issued a \$150 purchase order to a firm for the aerial spraying of recreation and other areas at Millwood Lake, as designated by the resident engineer, for mosquito control on Government land. The Government furnished the chemicals used in the spraying.

The Corps auditor obtained a written statement from the owner of the firm which indicated that the areas sprayed included a mobile home park on private land. A former Millwood Reservoir ranger also submitted a statement that he had received orders from the reservoir manager to have both the mobile home park and a country club golf course included in the spraying.

The district engineer's investigation showed that the resident engineer had given instructions to spray the golf course so that mosquito breeding areas adjacent to the project lake would be covered. The investigation report stated that there was no corroborative evidence that instructions had been given to spray other private property but that it was possible that some spray drifted or that the pilot mistakenly sprayed nearby areas.

B-176643

We trust this information will satisfy your inquiry.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "James P. Beards". The signature is written in dark ink and is positioned above the printed name.

Comptroller General
of the United States