



UNITED STATES GENERAL ACCOUNTING OFFICE

REGIONAL OFFICE

ROOM 1600 FEDERAL OFFICE BUILDING
811 WALNUT STREET
KANSAS CITY, MISSOURI 64106



February 14, 1972

Mr. J. Leonard Volz
Regional Director
National Park Service, Midwest Region
1709 Jackson Street
Omaha, Nebraska 68102

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Dear Mr. Volz:

This is to apprise you of weaknesses observed in the Midwest Region involving internal controls over cash collections, accounts receivable, and cash disbursements.

We observed these weaknesses during a review of selected transactions in fiscal years 1969, 1970 and 1971. The review was directed primarily to an evaluation of internal controls over cash receipts and disbursements including payrolls. In connection with the review, we examined recent audit reports by the Civil Service Commission, Department of the Interior, and internal organizations. We completed the review in June 1971 and had follow-up discussions with your staff in October 1971.

The weaknesses, which are summarized below, were results of National Park Service (NPS) personnel not following procedures set forth in the NPS manuals and handbooks.

RECEIPTS

Controls over cash receipts were not adequate to ensure that receipts were deposited promptly and recorded.

Poor control over cash receipts

NPS Accounting Handbook, Part 12, Chapter 3, states that a record of all moneys received in the mailroom will be maintained in duplicate. At the end of each day, it states, the mail clerk will turn over all collections, together with pertinent documents, to a designated collection officer. The collection officer is to sign the original record which is to serve as a receipt for the mail clerk.

The weaknesses noted in control over cash receipts at the Regional Office and corrective actions initiated or planned are outlined below.

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- Receipts from the sale of Golden Eagle Passports were forwarded from the mailroom to appropriate personnel without being recorded. During our review, the Regional Accounting Officer instructed mailroom personnel that these receipts should be recorded in the mailroom. At the time of our follow-up discussions, the receipts were recorded in the mailroom, but only after being forwarded to appropriate personnel for issuance of the passports and then being returned to the mailroom for recording.
- Special attention inter-Park Service envelopes were forwarded unopened to designated personnel and the envelopes sometimes contained cash which then had to be sent back to the mailroom for recording. The Regional Accountant stated that submitting money in these envelopes was improper. He issued a memorandum requesting that people submitting money in special attention envelopes be identified so they could be correctly instructed on submission of cash receipts.
- Receipts were turned over by mailroom personnel to the collection officer without verification and initialing by the officer in the presence of the mailroom personnel that the amounts listed on the control document were correct. The Regional Accountant issued a memorandum requiring mailroom personnel to be present when moneys are counted, verified, and receipted by the collection officer.
- Mailroom receipt records were not independently reconciled with records in the accounting unit. The Regional Accountant advised us that he has instructed his supervisory accountant to perform this function and enter into the mailroom records the respective deposit numbers signifying that such reconciliation was made.

Receipts not promptly deposited

NPS Accounting Handbook, Part 12, Chapter 4, requires prompt deposit of receipts. Part 1, Chapter 6, states that cash will be deposited daily during the travel season and weekly or when cash reaches \$300, whichever occurs first during the off-season. Delays occurred, however, between the time funds were received and deposited in a Federal Reserve Bank.

For example, funds received through the Regional Office mailroom were held as long as 11 days before deposit, as shown below.

<u>Date received in mailroom</u>	<u>Amount received</u>
2/05/71	\$ 195.03
2/08/71	449.29
2/10/71	422.26
2/12/71	2,918.10
Total	<u>\$3,984.68</u>

<u>Dates deposited</u>	<u>Amounts deposited</u>
2/16/71	\$3,629.31
2/17/71	355.37
Total	<u>\$3,984.68</u>

During our review, the Regional Accountant issued a memorandum reminding personnel that receipts are to be deposited promptly.

Receipts not promptly
recorded in accounting records

NPS Accounting Handbook, Part 12, Chapter 3, requires recording in the cash receipts register from accounting copies of the source documents at the time these documents are prepared. Part 1, Chapter 5, requires that receipts be recorded in the period earned. But Regional Office personnel waited until the confirmation of deposit was received, and then towards the end of the month recorded the accumulated confirmations.

We observed delays of as much as 22 days in recording cash receipts. These delays caused receipts to be recorded in fiscal years other than when received. For example, \$712 was received on June 28 and 29, 1969 (fiscal year 1969), and sent to the Federal Reserve Bank on June 30, 1969. It was recorded in the cash receipts register after receipt of the confirmation of deposit in July 1969, and shown as fiscal year 1970 receipts.

During our review, the Regional Accountant issued a memorandum reminding accounting personnel to post receipts daily to books of original entry.

ACCOUNTS RECEIVABLE

Controls over accounts receivable were inadequate to ensure that all amounts due NPS were billed when due and recorded in the accounts. Some amounts due were not recorded until paid. As a result the Regional Finance Office had no means of identifying amounts overdue and initiating appropriate collection action. Billings were cancelled and outstanding accounts receivables written off without adequate justification or proper approval.

The Regional Finance Office has responsibility for processing billings incident to the operation of 27 parks, sites, and monuments, while the five larger parks (Dinosaur, Glacier, Grand Teton, Ozark and Yellowstone)

process their billings. NPS Accounting Handbook, Part 12, Chapter 2, states that when bills are prepared and issued by the park, the accounting office copy must be forwarded to the Regional Finance Office immediately for timely recording in the accounts receivable register.

Billing schedules were not maintained

NPS Accounting Handbook, Part 12, Chapter 2, states that billing schedules will be maintained at the office where bills are issued to ensure that amounts due are billed promptly. Such schedules provide a control listing of the accounts to be billed and the timing of billings. The manual also states that amounts due NPS will be billed to debtors as they become due.

Billing schedules were not prepared and maintained by the Regional Finance Office and billings were prepared only after payment was received. Billings were, therefore, prepared as much as 4 months after the payment due date. The technician responsible for accounts receivable stated that she did not know that they were required to prepare and issue bills when due.

Basic data necessary for preparing billing schedules and bills was not received and systematically filed in the Regional Finance Office. Without such data the Finance Office lacked assurance that all amounts due were received. For example, Concession Permit #2-136-166 for the period January 1, 1969, through December 31, 1971, was on-hand at the Regional Finance Office in an "informal bunch" held by a fiscal accounting clerk. Terms of the permit show that \$50 was due "60 days after the 31st day of December of each year during the term of the permit." At May 12, 1971, the calendar year 1970 payment had not been received and we found no evidence that the concessioner had been billed.

We were advised, at the conclusion of our review, that the

"...Division of Finance will prepare a memorandum to all Superintendents requesting them to send in copies of all concessioner permits, special use permits, or other permits, prepared by their offices, to the Midwest Regional Office. We will, upon receipt of these, set up a file on these in the general files for the use of everyone in this office... A card file, by due dates, will be maintained in the Division of Finance."

At the time of our follow-up discussions, this action had not been initiated.

Receivables were not promptly recorded

NPS Accounting Handbook, Part 12, Chapter 2, and Part 1, Chapter 5, provides that bills be recorded as they become due.

Because billings were not prepared by the Regional Finance Office (see p. 4) until payment was received they could not be recorded as they became due. The staff at Rocky Mountain National Park did not forward bills to the Regional Finance Office until the bills were paid, and the Regional Finance Office staff did not record them until the deposits were confirmed. As a result, accounts receivable were understated. For example, a franchise fee of \$6,625 due on May 15, 1970, was not recorded in the accounts receivable records at the Regional Finance Office until September 30, 1970. This was 138 days after payment was due, and 19 days after the payment had been deposited by the Regional Finance Office.

The Regional Accountant said he knew of the situation at Rocky Mountain National Park and on January 22, 1971, the Park Superintendent had been instructed in writing to forward copies of bills to the Regional Finance Office on the day they were prepared. No follow-up was made, however, to ensure that the instruction was complied with. During our review, the Acting Regional Director sent a memorandum to the Park Superintendent requesting immediate cooperation.

The Regional Finance Office can not adequately discharge its billing responsibility until it has data necessary for preparation of billing schedules and billings (see p. 4).

Listing of outstanding bills needing collection action not prepared

NPS Accounting Handbook, Part 12, Chapter 3, states that each month the due date of each unpaid bill should be noted and collection action initiated in all cases where bills are found to be 30 days or more past due.

Regional Finance Office personnel systematically prepared monthly listings of billings that were 30 days or more past due as shown by the files of outstanding bills. These listings were then sent to the appropriate park for collection action. Of course no listings could be prepared for Rocky Mountain National Park or the parks for which the Regional Finance Office was responsible for billings, because billings were not prepared until payments were received (see p. 4).

Absence of control over accounts receivable write-offs

NPS Accounting Handbook, Part 1, Chapter 3, states that employees responsible for maintenance of accounting records do not have authority to write off accounts receivable. Part 12, Chapter 2, states that bills once issued should not be cancelled without proper authority and the reason for cancellation should be adequately documented. Part 12, Chapter 3, states that if collection efforts prove unsuccessful, the Regional Director has authority to recommend to Field or Regional Solicitors the suspension or termination of collection action on each debt under \$20,000.

Bills were cancelled and receivables were written off in many instances without adequate documentation and proper approval. The type of deficiencies we noted are listed below.

- No reason shown.
- Reason inadequate.
- Person initiating write-off not identified.
- Not approved by proper authority.
- Regional Office employees maintaining accounting records accepted write-offs without adequate reasons and proper approval.

For example, bills number 1190 and 1312 for \$77.26 and \$84.00 respectively, were written off because field copies of the billings had "cancelled" written on them. The reason was not given, the person initiating the cancellation was not identified, and the action did not show approval by anyone. The extent of cancellations and write-offs during one year was not readily available inasmuch as the Regional Office does not maintain a record of them.

During our review, written instructions were issued to Regional Office accounting technicians and park superintendents stating that cancellations should be properly documented and approved by the Administrative Officer.

DISBURSEMENTS

Some invoices were not adequately reviewed prior to payment. Sometimes invoices were approved without voucher examiners comparing the invoices to authorizing documents and without their verification of the computations. Controls over payroll were generally adequate.

NPS Accounting Handbook, Part II, Chapter 2, provides that each voucher must be supported by the document authorizing the transaction. And it states, in cases of multiple payments based on one authorization, the authorization document must be referenced and on file in the finance office for the use of auditors and others. It continues by stating that verification of an expenditure transaction consists of a signed statement indicating that services were received as ordered. (Title 7 of the GAO Policy and Procedures Manual for Guidance of Federal Agencies is incorporated into the handbook by reference.)

The voucher examiner has responsibility for determining whether each payment is correct and proper. In this regard, the handbook states:

"Examination, or preaudit, of the documents which constitute or support a voucher and are brought together in the voucher section of the finance office is an essential step in the processing of vouchers. Indication of approval of the voucher by the voucher examiner initialling *** assures the certifying officer that the voucher is proper for payment, in accordance with the terms of the purchase order or other authorization document, that discounts or other adjustments of the amount billed are in order, that the mathematical computations are correct, and that funds are properly available for the payment."

But voucher examiners were processing some vouchers for payment without having data on file that was necessary to determine whether the payments

were proper. For nine of fourteen utility bills we reviewed, we could not determine whether the charges were proper from information shown on the billings and on file in the Regional Office. The reasons included:

- Could not identify which of various rates shown was applicable.
- Unit rates not shown on bill.
- Current rate schedules not on file.
- Quantities or meter readings not shown on bill.

For example, the Montana Power Company had a contract to provide construction, maintenance, and supply of electricity to Yellowstone National Park. Under terms of the contract, the Regional Finance Office approved 11 payments of \$6,363.93 in fiscal year 1970, and one final payment of \$4,538.01, or a total for the year of \$74,541.57. The final payment was certified on the basis of the billing by the power company without being verified to the contract. In fact, Amendment No. 1 to the contract was not even on file in the Regional Office even though it showed new rates effective July 1967.

At the time of our follow-up discussions, the Regional Accountant had taken action to obtain copies of current utility rate schedules for periodic verification of charges. Concerning the contract with the Montana Power Company, the Regional Accountant stated that the voucher examiner will be required to show by a statement on each bill that the amount was verified to the contract and he will personally verify the accuracy of the final payment.

We also noted that some invoices were processed for payment when charges varied from amounts shown on supporting documentation, such as purchase orders and documents showing shipping charges.

The Regional Accountant advised that he planned to inform the voucher examiners of their responsibility to review the prices appearing on purchase orders with those billed by the vendor and analyze the differences for overcharges. In some instances, he stated, the difference is small enough that payment is more advantageous to the government than the expense of resolving the difference. It was agreed, however, that administrative decisions of this nature should be so indicated in the files.

RESPONSIBILITY FOR REVIEW

NPS Accounting Handbook, Part 1, Chapter 3, states that the Regional Finance Officers (Regional Accountants) are responsible for evaluating the manner in which the finance operations are carried out within the offices and parks serviced by their finance offices and for exploring opportunities for improving the effectiveness, efficiency and economy of such operations. The Regional Accountant advised us that his Division operated with a limited amount of travel funds and that they tried to maximize issuance of guidance for improved operations via written memorandums to the various offices and parks. He said his travel was generally limited to advisory visits when requested, or when a problem was known to exist, and did not include any evaluations of the overall operations.

CONCLUSION

Actions taken or planned by the Regional Office staff should be sufficient, if implemented, to correct the weaknesses noted in controls over cash, accounts receivable, and disbursements. But the mere issuance of instructions does not ensure that needed corrective actions will be taken or fully understood by addressees. Illustrative of this is the Golden Eagle Passport receipts which are now recorded in the mailroom (see p. 2), but only after being turned over to appropriate personnel for issuance of the passports and then being returned to the mailroom for recording.

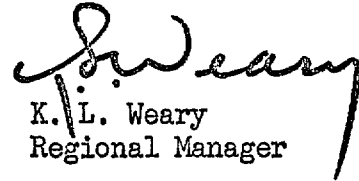
We believe, therefore, that effective implementation of the corrective actions initiated and planned will depend on continued supervision and follow-up.

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We appreciate the cooperation extended to us by the Regional Office staff during our review. Please let us have your comments on our findings.

Copies of this letter are being sent to the Director, National Park Service; and the Director, Office of Survey and Review, Department of the Interior.

Sincerely yours,


K. L. Weary
Regional Manager