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UNITED STATES GENERAL ACCOUNTING OFFICE
 REGIONAL OFFICE
 502 U.S. CUSTOMHOUSE, SECOND AND CHESTNUT STREETS
 PHILADELPHIA, PENNSYLVANIA 19106

GAO 00360

OCT 13 1970

Mr. Edward J. Henry
 District Director of Customs
 Region III, Philadelphia
 U.S. Customhouse
 Philadelphia, Pennsylvania 19106

DLG 01542



Dear Mr. Henry:

We have completed our survey of the procedures and practices of the Philadelphia District, Bureau of Customs, Region III, relating to seized and abandoned property. Our survey was primarily directed towards determining the adequacy of Customs controls over this property while being retained awaiting sale or other disposition.

We found, generally, that the controls over the seized and abandoned property were satisfactory. However, as discussed below we believe that certain inventory control procedures over the property could be strengthened.

Under current District Office procedures, personnel were performing annual inventories of general order property by comparing the inventory records with the property on hand. We found that test checks were not made to identify items that may not have been recorded or may have been erroneously removed from the inventory records.

During our survey we identified three lots of general order merchandise that had been erroneously removed from the inventory records even though the merchandise was in storage at the Philadelphia Customhouse. One lot consisted of 173 pistols which had been in Customs custody since 1964. At the time of our survey, inventory controls were not maintained over these pistols and apparently District Office personnel were not aware that these items were on hand. We also noted that some merchandise scheduled for sale in 1969 could not be located at the time of sale.

We believe that inventory controls over general order property could be strengthened by including in the inventory procedures a test count of merchandise on hand without knowledge as to the data in the inventory records and subsequently determining whether current inventory records have been maintained for the property tested.

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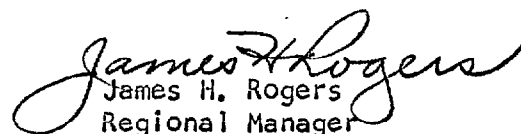
We also found that District Office personnel were making annual inventories of seized property by preparing a listing of all items on hand. However, no attempts were made to verify that the items on the list were the same as those recorded in the District files.

We were advised by District officials that corrective action would be taken to strengthen the controls over seized and abandoned property. We would appreciate your comments as to the corrective action taken and the action taken on the disposition of the pistols.

We wish to acknowledge the courtesies and cooperation shown our representatives during their review.

A copy of this letter is being sent to the Regional Commissioner of Customs, Baltimore, Maryland.

Sincerely yours,


James H. Rogers
Regional Manager

To avoid misunderstandings and erroneous interpretations by the contract bidders, we suggested that the POD in advertising routes for bid, identify on the documents the size and weight of the truck, as well as the wage rate required.

The Postal official concurred with our suggestion and told us that corrective action would be taken.

Subsequently, the official provided us with a copy of his memo of instruction to his staff on this matter. In addition, he is requiring an endorsement on the bidder's cost statement by the POD reviewer.

At our exit conference, a member of your staff said that consideration would be given to discussing the difference in Labor's and the POD's use of language to describe the truck requirement.

2. Star Route number 01017, Portsmouth, New Hampshire to Springfield, Massachusetts, and return, had been designated by the POD as a New Hampshire route until 1965 when the POD changed the Star Route identification number to a Massachusetts number.

The cognizant Postal official explained to us that the route actually consisted of two round trips, with one heading out of New Hampshire and the other trip heading out of Massachusetts; and, at the time the change was made, the State identification did not matter because it occurred prior to labor wage determinations. We suggested that since there is a significant difference in cost, it would be appropriate to designate the above Star Route as a New Hampshire route. The official agreed with our suggestion to redesignate such routes and he advised us that his office was making the necessary changes. He also stated that there are some other Star Routes in the same status as the one discussed.

At the exit conference we were told that there are other considerations such as administration and mail service which enter into the assignment of a State identification route number to a Star Route. You indicated that it would be an excellent idea to include the factor of wage determination by State, together with the other factors applied in the determination of a Star Route number.

3. We advised the Postal official that Labor's short-haul wage determination number 68-286 for Portland, Maine, shows a rate of \$2.75 per hour for the driver of a trailer-type truck versus a \$3.32 per hour rate for the driver of a heavy truck, other than trailer type. We also explained that all other short-haul wage

determinations in New England had a higher wage rate for trailer trucks than for a straight truck and that according to the trucking firms we contacted, this was the practice being followed in the field. We believe that the POD should have brought this difference to the attention of the Department of Labor. The Postal official advised us that he does not question the wage determinations established by Labor. At the exit conference a member of your staff said that he would look into this matter.

We would appreciate receiving any comments you may wish to make on the matters noted above. We wish to acknowledge the cooperation and courtesies extended to our representatives during this examination.

A copy of this letter is being sent to the Deputy Postmaster General.

Sincerely yours,



Joseph Eder
Regional Manager