

BUREAU OF PUBLIC ROADS

Alaska

WIM

May 13, 1959

Mr. J. C. Allen

R. R. Hamann

24-60

Alaska Omnibus Bill

*returned to
Mr Allen by
Mrs Jensen
5-15-59*

We have discussed the memorandum from the Regional Engineer, Juneau, Alaska, dated May 1, 1959, with the following conclusions:

H.R. 6091, Section 40(b) provides for a continuation of our present services and facilities in Alaska for an interim period at the request of the Governor of Alaska. Under this arrangement, funds would be allocated from the President directly to Public Roads. Operations under this section, therefore, would be essentially federal in character and all procurement and property activities should remain unchanged.

Section 40(c) permits the State of Alaska and Public Roads to enter into a contract on a reimbursable basis for any (or all) of the functions being performed by Public Roads at the time of the transfer of the property involved. As the language reads, however, this arrangement cannot be initiated until the property or functions associated with the particular activity and/or location has been transferred to the State of Alaska. Even though we would be acting as an agent for Alaska and, therefore, not administering funds appropriated to Public Roads, it is believed that we should continue to follow the regular federal procurement practices and comply with the usual requirements governing Federal operations. We are of the opinion that this policy is well-precedented since many government agencies use funds reimbursed to their appropriation by states, municipalities and even private corporations in precisely the same manner as their regularly appropriated funds. Administrative and legal problems will be involved in any attempt to exercise these agency functions in a manner consistent with state highway department practices but not consistent with the normal Federal procurement practices.

In conclusion, we would like to point out that Section 40, in effect, prevents us from contracting with the State of Alaska under paragraph (c) until we have transferred the property associated with the functions for which we wish to contract. If we hope to do a good clean job of transferring the property that is defensible from an accounting standpoint, the earliest it will be possible to transfer all of the property to the State of Alaska will be June 30, 1960. This indicates that during the time that any of the property planned for transfer to Alaska remains in Public Roads ownership, we probably will continue operations under paragraph 40(b) with respect to this particular property.

Mr. J. C. Allen

- 2 -

May 13, 1959

It should also be noted that the language provides opportunity for phasing out gradually. In other words we may, at the request of the Governor, continue service or facilities in Alaska under direct allocation of funds from the President as provided in paragraph (b) and convert gradually to arrangement (c) as physical inventories and reconciliations are completed, location by location or function by function. This process might continue for a year or two until finally our entire physical plant and functions had been transferred to the State and then we would be operating entirely under paragraph (c). We would then continue under contract until June 30, 1964 or earlier depending upon the State's readiness to operate a state highway department independently.

CONCURRENCE:

Joseph Guandola

RRHamann/ekf

cc: Files (2)

Mr. Guandola *sent*

Mr. O'Donoghue

Clip Copy *5-13-59*

Alaska

0 + M - 4 - 2

WIM

May 6, 1959

Mr. F. P. Alexander

R. R. Hamann

24-60

Alaska Project Examination

As requested by your April 27th memorandum, there is attached a list of items for inclusion in the master program being prepared by your office on the proposed review of Region 10.

Our primary interest in the review is to develop information that will help us facilitate the transfer of property and records to the State of Alaska. The attached list of items was prepared with that object in mind.

As for the development of program items for other functional areas of this division, anything prepared by your office in accordance with prescribed procedures will be acceptable to us. We plan to revise certain procedures in our functional areas through the Administrative Manual, which will take about a year to do. However, we will receive with interest any recommendations developed by the examination team as a result of their visit to Alaska.

Attachment

gm

JMauro/lmr

cc: Files (2) ✓
Clip Copy

BUREAU OF PUBLIC ROADS

Room 647

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. R. R. Hamann

DATE: April 27, 1959

FROM : F. P. Alexander ^{FPA}
24-50

SUBJECT: Alaska Project Examination

The Project Examination Division has been requested to review the Alaska Division beginning approximately July 1, 1959. As you know, Mr. Allen has recommended assignment of additional personnel to assist in this review, one from the Finance Division and one from the Administrative Services Division. The identity of the personnel to be selected is not necessary at this time as all emphasis is being placed on the program to be used during the review. We are now working on it and would appreciate your thoughts and ideas on those areas of interest to you.

If you could give us a copy of the program that you would like to be used as soon as possible, we will incorporate it in the master program. We are desirous of having the entire program completed at an early date in order that it can be adequately reviewed and perfected by members of the review team.

*Conference with Mr. Allen &
Alexander requested.
4/29/59*

found that the present direction of PPA
 provides fragmentation contrary to our functional
 view. We will not be able to provide
 complete basis for reparation from the time
 the present annual chapters. This is only
 now being stated.

[Handwritten signature and scribbles]

pl members of the larger group
 shall have in order that it can be adequately represented and balanced
 program. We are confident of making the entire program completed at an
 to be held in soon as possible, we will incorporate it in the program.
 It will consist of a copy of the program that you would like

interest to you.
 on it and would appreciate your suggestions and ideas on those areas of
 interest on the program to be held during the year. We are now working
 to be selected in not necessarily at this time as all emphasis is being
 the administrative relations program. The majority of the program
 to be held in this program, one from the Finance program and one from
 know. Mr. V. J. has recommended establishment of additional relations
 the Finance program regarding administrative July 1, 1958. We hope
 the process administration program has been carried to program

subject: Finance program administration

34-20

FROM : E. B. Vreeland

TO : Mr. V. J. Vreeland

DATE: April 21, 1958

Office Memorandum • UNITED STATES GOVERNMENT
 BUREAU OF PUBLIC ROADS

ADMINISTRATIVE SERVICES DIVISION

Program Items for Alaska Project Examination

PROPERTY

1. Review records on Bureau owned real property for agreement with the records of the Property and Services Branch? (List to be furnished)
2. Determine if legal instruments, - deeds, titles, etc. - are on file.
3. Determine if written use permits for Public Domain land or lands under the control of other agencies are on file.
4. Determine if you can readily distinguish between temporary and permanent buildings at a given location in accordance with the description carried in Circular Memorandum of October 16, 1957?
5. Describe briefly personal property records and obtain sample copies of forms.
6. Determine if personal property records are current. (Reference: AM 2-11)
7. Determine if it will be necessary to take a complete inventory of personal property to have a clear picture of what will be transferred to the State. When was the last physical inventory taken?

RECORDS MANAGEMENT

1. Review and report on plans to transfer records to State and retention by Public Roads, including but not limited to the following: (Reference: Section 21(a), HR 6091)
 - a. Programming Records
 - b. Construction Project Records
 - c. Closed Project Records
 - d. Administrative Records
 - e. Plans and Tracings
 - f. Procurement Records
 - g. Personnel Records
 - h. Equipment files
 - i. Photographic files
2. How will the postage expense for State business be handled after July 1, 1959? Public Roads official business may use the mailing indicia. State business would need to be prepaid with postage stamps.

3. What arrangements need to be worked out for State to assume responsibility and cost for design and printing of internal-use forms?

1. Administration & Management

- A (a) Personnel
- A (b) (Audits) + Accounts
- (X) (c) Purchasing services. MAURO
- (X) (d) Reproduction Services "
- (X) (e) Stores and Equipment // ACCT + PED/
- (f) Budget (Admin & Hwy Dept)
- (X) (g) Camps Operation (all)
- (h) Organization (PED)
- (i) State-Bureau relations (PED)
- (X) (j) - Records Management MAURO

2. Planning & Programming

- (a) System location, Programmes
- (b) Traffic
- (c) Inventory
- Notes (d) Motor Vehicle registration
- (e) Fuels
- (f) Special Studies
- (g) Project Selection
- (h) Statistics

3

Engineering - Survey + Design

(a) Photogrammetry

(b) Alternate location

(c) Field parties - ground

(1) Personnel

(2) Equipment

*

(d) Prospecting - material

(e) Soils investigation

(f) Foundation exploration

(g) Designing

(h) Plans inventory

(i) Consultants

4. Engineering - Supervision

(a) Field parties

(1) Personnel

(2) Equipment

(b) Material control

(c) Labor inspection

(d) Contractor relations

5- Force Account Construction

- (a) Planning
- (b) Personnel
- x (c) Equipment
- x (d) Materials
- (e) Methods

6- Contract Construction

- (a) Clearance of Plans
- (b) Changes and Extras
- (c) Delays
- (d) Contractor Engineer relations

7- Maintenance

- (a) Planning
- (b) Personnel
- * (c) Equipment
- (d)

8- Right of Way

- (a) Location
- (b) Relations
- (c) Approval, Negotiation
- (d) Special Studies

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. R. R. Hamann
24-60

DATE: May 5, 1959

FROM : R. H. Helmtoller
24-61

RH Helmtoller

SUBJECT: Project Examination Review

① In regard to Project Examination Review mentioned in summary of staff meeting of April 29, it is difficult to suggest specific items for the project examiner to investigate in the procurement area for the reason that we have had very few transactions since the Alaska Road Commission activities were taken over by the Bureau of Public Roads. It may be worthwhile to have Mr. Alexander's representative check into the various phases of present procurement practices in Alaska to determine whether or not they are being conducted in accordance with the latest instructions and present policy of the Bureau.

② As mentioned at a previous staff meeting, last June when I visited the GSA office in Seattle it was understood that the GSA would return to the Bureau of Public Roads the procurement revolving fund which had been carried on under the Interior Department's operations to the extent of from \$300,000 to \$500,000. This agreement was reached after explaining to the GSA officers in Seattle that our office in Juneau was then in a position to pay invoices promptly and that it would not be necessary for them to carry these costs for several months as had been done theretofore. In discussing this with the GSA Seattle office as well as with our representatives from Juneau, it was agreed that our Juneau office would submit their requisitions directly to the GSA Seattle office for equipment repair parts, miscellaneous supplies, and other minor unforeseen procurement purchases. It was also understood with our Juneau personnel that requisitions for motorized equipment and other major items would be submitted to the Washington office for purchase.

③ Another item which the project examiner might check to see that our current practices are observed is in preparation of government bills of lading covering shipments, particularly to the States.

Review and report procurement practices and procedures. Reference: AM 2-11, GSA Title 1, Proc. Comp. Reg.

ACCIDENT PREVENTION

~~Items for review by Project Examination Division in Region 10.~~

Determine if ~~SAFETY~~

1. ~~Has~~ a statement of policy including responsibilities and channels

of communication in connection with the safety program been published?

obtain

Attach copy.

Reference: AM 2-7,

2. Describe procedures that
~~What steps~~ have been ~~taken~~ established.

of all accidents?

3. Are accident reports analyzed at appropriate intervals and classified according to causes and these causes used as the basis for preventive

measures? ^{obtain} Attach copy of recent accident analysis.

4. Is personal protective clothing and equipment such as eye protection, hard hats, life lines, respirators, protective creams, welders gloves and helmets, etc., issued and worn as needed?

5. ^{Tabulate} ~~What~~ safety training sessions (formal or informal, motor vehicle, personal injury or fire) ^{that} have been held during the past six months ^{within region?} State subject matter covered.

6. ^{Report} ~~What~~ arrangements ^{that} have been made to insure coordination between injury reports submitted to the Washington office and the Bureau of Employees Compensation?

7. Make a visual inspection of all vehicles available at the time and note any deficiencies in safety features or maintenance.

8. ~~What~~ ^{Describe} steps ^{that} have been taken to insure that Government vehicles are driven only by employees holding valid Government Operator's Permit S.F. 46?

Reference: AM 2-6.

April 30, 1959

Review of Alaska Division for Publications
and Visual Aids

Photographic

1. Make general list of subjects in photographic files.

2. Make recommendations as to what, if any, of these files should be turned over to the State.

Messrs. Fincher, Olmert and Hamann

April 13, 1959

24-00

J. C. Allen

Administrative Fund Review - Region 10

There is attached a copy of the report on the subject review. The data should be given consideration in long range financial management planning. It is expected that Mr. Fincher will evaluate the information to be submitted by the region and will arrange with Mr. Olmert to prepare the report of overobligation, presuming it exists, to the Department.

I have directed that the Project Examination Division schedule a comprehensive review of the region at such time as a review program is ready for use. Since the program will contemplate evaluation of financial management, property accountability and utilization, as well as personnel utilization, I have recommended that consideration be given to the use of specialists from the Finance and Administrative Services Divisions with the Examination Team.

Attachment

PROJECT EXAMINATION DIVISION REPORT

ON

ADMINISTRATIVE FUND REVIEW

AT

REGION 10 HEADQUARTERS - JUNEAU, ALASKA

April 1, 1959

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PROJECT EXAMINATION DIVISION REPORT
ADMINISTRATIVE FUND REVIEW
REGION 10 HEADQUARTERS - JUNEAU, ALASKA

Introduction

A review was made from March 23 through April 1, 1959, to determine the accuracy, propriety, and timeliness in recording administrative fund documents. The review pertained to the first two quarters in Fiscal Year 1959, and as found appropriate and necessary, the last quarter in Fiscal Year 1958.

The team members, Messrs. E. C. Davis, Auditor, Project Examination Division and E. F. Walker, Supervisory Accountant, Finance Division, discussed their findings and recommendations with Messrs. E. H. Brick, Regional Engineer, W. J. Miami, Assistant Regional Engineer, M. W. Bales, Regional Administrative Officer, R. E. Haug, Assistant Regional Administrative Officer and E. E. Shelhamer, Regional Finance Officer (Supervising Accountant), at Juneau, Alaska, on April 1, 1959.

A summary of the team's findings follows. A more detailed discussion appears on succeeding pages.

PROJECT EXAMINATION DIVISION REPORT

ADMINISTRATIVE FUND REVIEW

REGION 10 HEADQUARTERS - JUNEAU, ALASKA

Summary of Findings

A review of administrative fund obligation and expenditure documents recorded during July and August 1958, disclosed that had these documents pertaining to Fiscal Year 1958 operations been recorded in the period to which they applied, the possibility of over obligation existed.

There is evidence to indicate that communications between equipment depots, division, and regional office, in reporting administrative fund obligations, is poor and that the fiscal control exercised in the regional office should be improved; that obligation documents are not received timely by the regional office and, in some instances, not received at all; that obligations and liquidation of obligations are not recorded other than in summary accounts at month end; that journal voucher and disbursement schedules are prepared by offices other than regional; and, that supporting documents or other information is lacking for journal vouchers.

Instructions to division offices and equipment depots concerning accrual and obligation of fiscal documents is lacking; posting to official records is performed from code cards rather than original documents; and disbursement schedules are forwarded to the disbursing office and paid prior to recordation on regional office records.

Abbreviations

- RO - Regional Office
- DO - Division Office
- WO - Washington Office

1. ANALYSIS OF ADMINISTRATIVE DELIBERATIONS

Recommendations: That a continuous and continuing effort be made to insure complete and timely recording of all administrative fund obligations and accrued expenses. That written instructions be issued to all offices and districts prescribing uniform operation procedures, including the reporting responsibilities of these offices.

Findings: Direct evidence of recorded over obligating of administrative funds was not disclosed on the general or operating budget ledger.

A review and analysis of disbursement vouchers and liquidated obligations, on a spot check basis for the months of July and August 1958, evidenced that not all obligations and accrued expense have been recorded on the various ledgers, an over obligation of at least \$3,147.00 would have resulted. The knowledge of the existence of these obligations and accrued expenses was available to the RO. An unobligated balance in the amount of \$14.00 was reported by the Region for object classification 02 to 15 inclusive, as remaining in the allotment for the fiscal year ended June 30, 1958, exclusive of retroactive pay expense considerations.

A summary listing of the items which comprise the amount of the stated over obligations follows:

<u>Item Number</u>	<u>Expenditure Amount</u>	<u>Reference Number</u>	<u>Description</u>
1	\$ 252.00	10-2074	Telephone charges for June 1958.
2	546.48	10043	W.O. Hibbs Travel Expenses
3	70.00	30014	Deport stop invoice #0000
4	703.00	30014	" " " #16705
5	15.00	30014	Deport-vehicle service report

Item Number	Expenditure Amount	Reference Number	Description
6	\$ 35.00	30014	Depot shop invoice #16082
7	20.00	30014	Depot-vehicle service report
8	291.25	30014	Depot shop invoice #16088
9	45.48	30014	" " " #16714
10	104.00	30016	Depot warehouse issue #74000
11	517.00	30016	" " " #74000
12	21.00	30016	" " " #7244
13	45.00	10-0226	Office supplies and equipment
14	134.00	11014	Various depot service reports
15	90.00	10-0157	T/M #15930
16	515.04	11016	Various depot shop invoices
17	54.00	10-0170	Buyer Office Supply
18	165.74	11022	Depot warehouse issue #7-9206

None of the above listed transactions were recorded on the operating budget ledger as obligations or accrued expense amounts. Items numbers 1, 13, 15 and 17 were payments made for services rendered or under purchase order acquisitions. All other items, except items 2 and 12, were recorded by journal voucher transfer between appropriation or attachment accounts, and covered Depot activity for stores issues, quantity issues, shop repairs and equipment servicing and miscellaneous services. Item 2 covered travel expense transferred from DC under transaction 10-7-2-10. This expense was incurred by DC employee E. G. Ebbel on special assignment within Region 10. By office memorandum of January 17, 1958 from S. T. Hitchcock to the Regional Engineer, information was received advising the DC that this man's travel expense would be charged to Region 10. Information available in the Regional files indicate that the assignment was completed during May 1958; however, no obligated travel amount was obligated on the DC accounts. Item 15 is for the costs of transportation acquired under a Government transportation request. Although all amounts listed above were expenses incurred prior to July 1, 1958, items 1, 2 and 12 only were expensed against the attachment for fiscal year 1958.

A determination as to possible over obligating for the fiscal year quarters ended September 30, 1958 and December 31, 1958, were not made. Obligations incurred during a month are not recorded as individual transactions or on a daily continuing basis. At the close of each month the fiscal unit is furnished with total amount figures, from the voucher examination unit, purported to represent unbilled transportation request expense and transportation charges on bills of lading. The listing is prepared to support these reported amounts. A review is made of an office "pending" file to determine accrued expenses under purchase orders, and a listing is made of these accounts as well as unnumbered invoices for services, rent, utilities and similar charges. No record is maintained of contract or other repetitive-type obligations, nor are OPA or equipment deposits required to furnish accounts of unnumbered or unbilled expense. An adding machine tape is made of unliquidated obligations, which, after preparation of the necessary reports and journal vouchers, is destroyed. Accordingly, the various team attempts to determine possible over obligations at the end of fiscal quarter was not successful.

Additional detail concerning fiscal procedures and practices is included in section III of this report.

Comments of Regional Office Personnel

Regional office personnel concur with the recommendations of the team.

The Regional Administrative Officer stated that the concept of over obligating administrative funds, as used by the team, was not in accord with prior (his) thinking. That the regional office had sufficient funds available to cover all obligations up to June 18, 1958, at which time the regional office transferred their surplus funds to Washington office. That since funds had been available for obligation purposes, it would not appear that any over obligation existed.

11. POSTING OF ATTACHMENT SCHEDULES (1955-59)

Recommendation: That all attachment schedules be posted to the applicable general ledger accounts and operating budget ledger. That the attachment schedule be used as the source document for posting to all ledgers. That uniform and complete posting rules be shown on source documents. That source documents be posted simultaneously to the operating budgets and general ledgers.

Findings: Attachment schedules, after being received by the mail room are date stamped and delivered to the Finance Officer who reviews and forwards them to the fiscal unit for recording. Seven attachment schedules were received by the SO during the first two quarters of fiscal year 1959; two established operating attachments and five effected adjustments thereto.

The attachment ledgers and related general ledger accounts indicate that Form PW-570, Attachment Schedule, are not always posted properly.

Attachment Schedule No. 59-102, 59-142 and 59-157 were not posted individually to the applicable general ledger accounts. By Journal Voucher No. 10-07-59-110 these schedules were posted in total to the general ledgers as a net increase of \$122,350.40. PW-570 No. 59-142 was not posted to the operating budgets. Upon receipt of No. 59-157 the SO reversed all previous operating budget attachments in total and posted one total cumulative attachment which covered the first and second quarters of fiscal year 1959. PW-570 No. 59-142 advised of an attachment increase of \$31,018.00 and No. 59-157 indicated an attachment reduction of \$9,067.00. The above cited posting of No. 59-157 reflected a net attachment increase of \$21,950.40 to the operating budgets.

Various inconsistencies and omissions from generally recognized good accounting practices are evident. For example, the source documents are not always posted to the records, and when posted, do not always provide proper posting calls for reclassification to the operating budgets and general ledger. The date of actual recording and initials of individual making the entry is not always indicated. CR-20's are posted to the general ledger accounts using the transaction numbers as reference, whereas, allotment numbers are used as reference when posting to operating budgets.

The review disclosed that allotment schedules are recorded to the general ledger accounts under a monthly heading only, rather than the individual dates of actual posting of the entries. The lack of this information has precluded a determination by the team at this time as to whether or not the allotment schedules are posted timely, and simultaneously to the operating budget ledger and general ledger.

Comments of Regional Office Personnel

2. The regional office personnel stated that improvements will be made in reflecting all posting operations.

11. REVISION OF ADMINISTRATIVE DELEGATION

Recommendation: That a review and study of operating procedures pertaining to the control and flow of administrative fund obligations documents be authorized immediately, to eliminate unnecessary record keeping and improve existing operations. That communication concerning fiscal transactions between the Division Office, ~~Seattle~~ and the District Office be improved. That efforts be employed to secure and record rendered services and other obligations of a contract or quasi-contract nature. That attention be directed towards the use of original documents in lieu of carbon copies. That attention be directed towards the use of original documents in lieu of carbon copies. That attention be directed towards the use of original documents in lieu of carbon copies.

Findings: Obligation documents are prepared at the various DC's, the equipment shops and the RD. They are comprised mainly of copies of purchase orders, transportation requests, bills of lading, requisitions to OOH for supplies and equipment and charges from Depots for warehouse supply issues, equipment repairs and services, and miscellaneous services.

Purchase orders are prepared at the RD for non-expendable equipment and materials and supplies. Copies of these purchase orders are forwarded to the fiscal unit for obligation purposes. These fiscal copies are not individually or otherwise obligated at this time, and are forwarded to the voucher examination section and placed in a "pending" file folder in alphabetical order. Receiving report copies and vendors or dealers invoices, are forwarded to the voucher examination section for association with the applicable purchase order. When approved for payment by the voucher examination section, the fiscal copy of the purchase order is destroyed, the receiving report is attached to the invoice, a code card, form RD-571 is prepared and the invoice is scheduled for

payment. The master maintenance section then forwards the payment schedule to the fiscal unit for further processing.

Copies of purchase orders prepared by the various DC's and equipment orders for storage against administrative fund allotments are retained by the reporting office, with the exception of orders for non-transportable equipment. Copies of purchase orders for transportable equipment are furnished to the property section for accountability purposes. The DC's retain the final copy of purchase orders, with the necessary copy and master's invoice when received, prepare a cost card, form 12-51 covering the transaction, schedule the invoice for payment and forward the statement schedule and attachments to the DC for payment processing. The equipment orders which receiving reports and master's invoice to copies of the applicable purchase order, are furnished to the applicable DC which exercises administrative control over its operation. The DC then prepares the cost card and disbursement schedule for processing by the DC.

Outstanding copies of purchases effected through the use of SF-44, Government Purchase Order-Invoice-Receipt, are not provided the DC. The receipt of disbursement schedule prepared by the DC's is usually the only information which the DC has to establish an obligation. The DC does not, however, record these obligations as obligations and consequently, does not reflect a liquidation of obligation.

Transportation requests are, with minor exceptions, prepared and issued by the DC master maintenance section, who retains a copy for audit purposes. Obligation amounts are generally shown, however, no obligation is established for this expense on a current or daily basis. At the end of each month the master maintenance section advises the fiscal unit, in a letter form, the amount of this current expense. Copies of transportation

requests issued by the DC's may be forwarded, upon issue, to the NO. At other times the copies may be attached to the travel voucher when processed for payment.

Copies of bills of lading issued by the NO, or copies forwarded from other sources for information purposes, are likewise handled by the voucher examination section. If estimated transportation costs are not indicated on the copies received from outside sources, the voucher examination section prepares an estimated amount; they also make cost estimates for bills of lading prepared by the NO. Obligations reporting procedures are handled in a manner similar to that used for reporting transportation request expense.

There appears to be no specific requirement, at least not evidenced in writing, for DC's to report obligations or accrued expense at periodic intervals. It was noted, however, that one DC prepared a monthly journal voucher reflecting accrued expense. At the end of a month the DC reversed the prior month's accrual entry and recorded the newly reported figure. However, since these accounts are reported in total only with no detail support furnished the NO, individual obligation liquidations could not, and are not, effected.

Charges to administrative fund allotments originating at the various equipment depots, are comprised mainly of warehouse issues, vehicle servicing expense, gasoline issue, vehicle repairs and services for building maintenance, packaging charges, etc. The equipment depot at Jansen, and the Jansen Division office were visited by the team during the time of this review. The procedures effecting DC and Depot charges are therefore applicable to Jansen operations. However, the team was advised by the Regional Administrative Officer that the operations of other depots and DC's are relatively similar.

Accounting for depot operations at the Depot is operated on a monthly basis, from the 15th of one month to the 15th of the following month. Expenditures are charged from a special operating statement, and the fund is partially replenished by amounts transferred through journal vouchers, supported by issue tickets, shop job tickets, gasoline issue tickets, etc. At the end of each month the Depot will accumulate all transferable charges, prepare cash cards or costs chargeable to administrative funds, prepare a journal voucher effecting the necessary transfers and forward to the SO. The SO, after review and approval, forwards the journal and cash cards to the SO for recording.

This particular type of operation has contributed greatly to the late recording of expenses. There appears to be no requirement for Depot reporting of obligations at the end of a specific period. The SO does not obligate these expenses, or require the submission of documents supporting the journal voucher transfer which would be used to determine applicable accounting periods. Journal voucher No. 10014, dated July 28, 1955, stated in part ".....to transfer July 1955 transactions." The supporting documents were requested at the Depot and reviewed by the examination team. The supporting documents issue tickets and shop job records showed issue dates and job inspection and acceptance dates of May 20, 27, 28, June 7, 11, 13, 17 and 22, and issue tickets in July 1955.

There appears to be no procedure established or operative in the SO to process contract or other repetitive type expenses. Charges for rented space, telephone and other utilities are reported as general expense at month end only, and then only if an uncheckered invoice is in the SO. Discussion

with the General Division Administrative Manager disclosed that the SO may hold invoices, including services or rental charges, until they have "enough" to warrant preparing a disbursement schedule. Nothing does not appear to be of major importance and invoices may be held by the SO from one month into the next, prior to submitting. Schedule number 10-6074 dated July 25, 1958 included charges from the Jones and Douglas Telephone Company. This was comprised of several invoices covering charges incurred during the month of June, as well as charges incurred at various dates within the billing period of June 1 to 30, 1958. These invoices were received by the SO on July 9 and 10, 1958, scheduled for payment and forwarded to the SO on July 19, 1958. Since the SO had no advice concerning the existence of these invoices, and does not accrue such charges monthly, no obligations were recorded as of June 30, 1958.

No estimates of per diem expenses are submitted by a traveler prior to commencement of his travel. At the end of a month the SO "checks around" to see the traveler's status, and if it is determined that travel is being performed, an estimated amount will be recorded as accumulated expense. It is suggested that the SO initiate the use of Form 10-313, Notice of Travel Obligation for this purpose, and require its submission prior to the start of any travel. The form was advised by the Regional Administrative Office that consideration has been given to the use of this form, and an initial supply has been requested from HQ.

As mentioned previously in the report the voucher examination section prepares disbursement schedules for expenditures under object classification 02-15 inclusive. This section also maintains various logs and records of expenditures. These records include a "Record of Payment" in alphabetical order for each vendor or dealer receiving payment from the SO. Information

records thereon include number (including number, date and amount paid, a book containing travel costs and reimbursement is also maintained. This is in alphabetical order by employee, and includes information concerning schedule number, time paid or description of travel, period covered by the travel voucher and amount of claim. Two additional records titled "Register of Government Transportation Requests and Bills of Lading" are also maintained. These records list the number of all bills of lading and transportation requests prepared in Region 10. Information shown, by individual number, includes date of issuance, name of carrier, number and date of disbursement schedule. It is suggested that the FO review the cost for the maintenance of these registers, since it is felt that the time required to put all this auxiliary information is considerable. Exploration of possible use of a copy of the disbursement schedule, or a copy of the request for travel reimbursement, by employee, which could conceivably serve the same purpose, should be made.

Comments of Regional Office Personnel

The Regional Office Finance Officer (Supervising Accountant) stated that it is very difficult to get the necessary reports from their personnel. Some of this difficulty is due to the reluctance of region personnel/prepare ^{to} and forward the desired information, and that some engineering personnel are out on projects in remote areas and can not provide the information timely.

The Regional Administrative Officer commented that he would accept the team's recommendations.

IV. ADMINISTRATIVE MATTERS

Recommendation: That a reconciliation be made at time of preparation the general ledger trial balance which will insure its agreement with related adjustment ledger balance. That adjustment schedules be recorded on the general ledger and operating budget ledger prior to forwarding to the Disbursing Officer for payment.

Finding: Examination of operating budget accounts with corresponding general ledger account 431-Subsidiary Accounts, disclosed that they were not in agreement by the amount of \$4,546.91 for the first fiscal year quarter ended September 30, 1958, for the second quarter ended December 31, 1958.

A reconciliation was made of these accounts by a team member and the SO was then advised. Journal Voucher No. 10-00-50-226 (Exhibit IV-1) was prepared to effect the necessary adjustments during the time of the examination.

All reports and statements required by the Manual of Accounting and Circular Memorandum dated February 20, 1958 are forwarded to the SO within the specified time limits. Copies of reports submitted to SO are available in each report prepared in support of this report.

The SO does not prepare any report for internal use. Copies of reports submitted to SO are available for use of SO personnel.

The review disclosed that SO monthly tabulations transmitted to the SO are not being used for any specific purpose. Memorandum to the SO from C. F. Barker, Chief, Finance Division, dated September 10, 1958, requested that these tabulations be reconciled with all SO records and any corrections that are necessary should be submitted to SO for processing.

An examination of posting details in the general and operating budget ledgers, disclosed that disbursing schedules are forwarded to the Disbursing

Office before actual posting to the FO records. The following schedules were paid by the Disbursing Office in September, but were not recorded on the FO books until October 1953.

Schedule Number	Date Paid		Date Paid By Which Office
	FO	FO	
10-410	October	10-1-53	9-30-53
0477	"	"	9-30-53
0480	"	"	9-30-53
0481	"	"	9-30-53
0486	"	"	9-30-53
0487	"	"	9-30-53
0488	"	"	9-30-53

It is not inconceivable that this procedure of reclassification to FO records could result in an over obligation or put the FO in an embarrassing cash position. This action did create a condition in December 1953, that if all disbursing schedules paid by the Disbursing Office had been posted to the general ledger account 100 - Undisbursed Funds - Regular, it would have resulted in a deficit balance of \$2,054.07. (Exhibit IV-2).

The FO is maintaining ledger sheets under the heading of "Administrative Budgets", rather than "Operating Budgets" as prescribed in Circular Memorandum to FO from C. F. Barker dated September 23, 1953.

The review also disclosed that the undistributed balance of allotment is only reflected at month end on the operating budgets and the undisbursed balance of general ledger account 100 - Undisbursed Funds is not reflected at predetermined times.

Comments of Regional Office Personnel

The regional office personnel concur with the recommendations of the team.

V. CONCLUSIONS

A. Findings

Findings: The practice followed by the RD in the preparation and submission of budget estimates for fiscal years 1959 and 1960 were in compliance with the instructions contained in Circular Memorandum dated May 19, 1958. The budget estimates were prepared by the RD without consultation from the various DD's, using prior experienced amounts adjusted to reflect anticipated or proposed expenditures, and other variances, to their experienced operations of the prior year.

The DD's do not have an operating budget, nor is information concerning their obligations and expenditures, by quarters and object classifications made available to them.

The RD maintains a subsidiary record (memorandum) of expenditures by organizations and object classifications, referenced to daily transactions. This memorandum recording of disbursements by organizations and objects was instituted to keep the RD informed of expenditures, in lieu of timely receipt of form FD-350, Accounting and Budget Report, prescribed by AM 1-2. However, the RD has stated that if subsequent experience indicates that form FD-350 will be prepared and forwarded from DD at monthly intervals, consideration will be given to discontinuing maintenance of this record.