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UNITED STATES GENERAL ACCOUNTING OFFICE
DALLAS REGIONAL OFFICE
ROOM 500, 1512 COMMERCE STREET
DALLAS, TEXAS 75201

JUN 14 1971

Mr. Louis C. Weiss
Regional Director
Food and Drug Administration
3032 Bryan Street
Dallas, Texas 75204



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Dear Mr. Weiss:

We have made a review for the settlement of accounts of accountable officers of the Food and Drug Administration, Dallas District Office, Dallas, Texas, through June 30, 1970. The 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).

The review, completed in May 1971, was directed primarily to an evaluation of current administrative procedures and internal controls related to disbursements and unpaid obligations. We performed such tests of financial transactions as we considered appropriate. We examined a total of 204 disbursement vouchers of which 77 were for travel expenses. In making our review, we considered reports and workpapers prepared by the staff of the Regional Audit Director, Department of Health, Education, and Welfare, Dallas Regional Office, on their audit of administrative operations for the period ended December 5, 1969. Our review did not include program operations and payroll activities.

We noted minor discrepancies in our review of unpaid obligations and a District Financial Report that were satisfactorily explained. We also noted a number of deficiencies in the processing of vouchers for payment resulting in weakened internal controls and indicating to us a need for a review to strengthen the examining process. While the deficiencies we noted had not resulted in significant dollar losses, failure to correct the procedures which allowed the deficiencies could, in our opinion, result in unnecessary losses in the future.

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Our detailed examination of 124 disbursement vouchers paid in June 1970 and 3 disbursement vouchers paid subsequent to June 30, 1970, for other than travel expenses, disclosed a total of 50 deficiencies on 40 or 31 percent of the vouchers. A summary of the deficiencies by type and number is shown below:

<u>TYPE</u>	<u>NUMBER</u>
No purchase order or other type of agreement.	3
Available trade discount not taken.	1
Cash discount not taken although payment was made in discount period.	1
Transportation paid when purchase order terms were F. O. B. Destination.	5
Purchase order provision relating to shipping point altered without explanation.	2
Payments in excess of purchase order price.	2
Same item on different purchase orders billed and paid at different prices without explanation.	3
Quantity received and paid for exceeded ordered quantity and not explained.	1
Invoices paid did not contain sufficient detail to permit verification of billed amount to purchase order prices.	2
Invoice did not identify person placing the order although identification was required by purchase order terms.	21
No documentation to permit verification of invoiced amount.	3
Invoice amount paid in excess of total of supporting sales tickets.	1
Purchases from GSA self - service stores not identified so as to permit correct object class coding.	3

<u>TYPE</u>	<u>NUMBER</u>
Purchase orders issued with mathematical errors.	<u>2</u>
Total	<u>50</u>

We discussed these deficiencies with responsible District Office personnel and were advised that while it was the District's practice to examine all vouchers prior to payment, procurement and accounting personnel would be instructed to be more careful in the preparation of purchase orders and the processing of payments to preclude such deficiencies.

Our detailed review of the 77 travel vouchers paid for travel performed in April and May 1970, disclosed a total of 31 discrepancies on 16 or 21 percent of the vouchers. A summary of the deficiencies by type and number is shown below:

<u>TYPE</u>	<u>NUMBER</u>
Use of privately owned auto without documented authorization.	8
Vicinity travel and supporting speedometer readings not shown on vouchers.	4
Mileage from residence to temporary duty station and return to residence is less than round trip mileage from residence to official duty station.	1
Mileage claimed exceeded mileage supported by speedometer readings.	1
Incorrect travel authorization cited on travel vouchers.	6
Rental car used without documented authorization.	1
Employees in travel status not claiming per diem although \$25 a day authorized on travel authorization.	2
Per diem for same period on two vouchers.	2

<u>TYPE</u>	<u>NUMBER</u>
Vouchers for two travel periods showed employee to be at different places on the same day.	2
Per diem claimed while in leave status.	1
Official duty performed while on annual leave with no reduction in leave.	1
Apparent overpayment of per diem.	1
Payment of maximum per diem when lodging costs may not have been incurred.	<u>1</u>
Total	<u><u>31</u></u>

We obtained satisfactory explanations for or accepted determinations made by the Dallas District Office as to the adequacy of additional information obtained from individual travelers on the above deficiencies.

We discussed the above deficiencies with you and members of your staff. We believe that your initial actions to revise and strengthen the voucher examining and processing functions should result in improved procedures which will reduce future deficiencies. We believe that special emphasis should be placed on the need for every voucher to be checked against source and supporting documentation for accuracy and for compliance with applicable regulations and procedures.

In addition, we discussed the matter of travel of Dallas District Office employees with employees of another agency. You agreed to review the circumstances and determine whether the arrangement was in the best interests of the Dallas District Office.

In accordance with the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies (8 GAO 13), the records of financial transactions through June 30, 1970, may be transferred to the Federal Records Center for storage in accordance with your agency's records management program.

We wish to acknowledge the courtesies and cooperation extended to our representatives during the review. Your comments on action taken or planned on the above matters will be appreciated.

Copies of this report are being sent to the following Department of Health, Education, and Welfare officials:

Assistant Secretary, Comptroller
Director, Audit Agency
Commissioner, Food and Drug Administration
Assistant Commissioner for Field Coordination, Food and
Drug Administration

Sincerely yours,



Deon H. Dekker
Assistant Regional Manager