



089302 OPSE

UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
8112 FEDERAL OFFICE BUILDING
FIFTH AND MAIN STREETS
CINCINNATI, OHIO 45202



July 24, 1970

Mr. S. R. Sapirie, Manager
Oak Ridge Operations Office
P. O. Box E
Oak Ridge, Tennessee 37830

Dear Mr. Sapirie:

We have made a review for the settlement of the accounts of accountable officers at the Oak Ridge Operations Office (OROO), Oak Ridge, Tennessee. 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).

Each agency has the basic responsibility for proper accounting and internal control to provide assurance of the legality, propriety, and correctness of disbursements and collections of public funds. In recognition of this, during our review, completed in June 1970, we placed major emphasis on the adequacy and effectiveness of the accounting and internal controls, including internal auditing, and made such tests of transactions as we deemed appropriate. We considered the reviews by the Atomic Energy Commission (AEC) Controller's auditors and the OROO Audit Branch auditors in setting the scope of our work and found them helpful. The program operations of the various operating services were not included in our review.

Our review disclosed that the administrative procedures and controls were generally satisfactory. However, we did note one instance pertaining to disbursements and one instance pertaining to collections, although relatively small amounts were involved, in which the need for improvement in controls was indicated and agreed to by members of your staff. Follow-up action was not being taken to determine that publications purchased and paid for in advance had been received, and there was no evidence of verification of the weight for scrap paper sold by the Director of Technical Information Extension.

914574

089302

We also found an underpayment of \$9,720 in which the vendor allowed a 10 percent discount on his invoice for items which were purchased at a unit price which already included the 10 percent discount given under a General Services Administration contract. We were informed that the vendor has been contacted regarding this matter and that he will probably submit a revised invoice.

In addition to the above, we noted that, except under special circumstances, it was the OROO practice to authorize the maximum per diem allowance of \$25 for travel within the continental United States although travelers probably obtained lodging in many instances at rates which in our opinion did not justify the maximum per diem allowance.

The Standardized Government Travel Regulations (SGTR) provide, in part, that:

"*It is the responsibility of each department and agency to authorize only such per diem allowances as are justified by the circumstances affecting the travel. To this end, care should be exercised to prevent the fixing of per diem rates in excess of those required to meet the necessary authorized subsistence expenses."

This policy was reiterated by an AEC General Manager's memorandum dated November 13, 1969, and OROO Announcement No. 50, dated November 20, 1969.

We believe that the OROO practice of allowing the maximum per diem allowance of \$25 without regard to differences in the cost of lodging at various locations is not in accordance with the intent of the SGTR or the AEC documents mentioned above. In this regard, we noted that a number of Government agencies have established per diem rates on the basis of the cost of lodging plus a fixed amount for meals and incidentals.

Discussions with staff officials disclosed that a study was not made to determine the necessity for allowing the maximum \$25 per diem rate but the matter was discussed among themselves and with other operations offices representatives. There was a difference of opinion among OROO officials as to the practicality of allowing the cost of lodging and a flat rate for food and incidentals as described above. The staff officials stated that they thought the OROO practice was in conformance with the intent of the SGTR while at the same time they conceded it was not in compliance with the "letter of the regulations".

We believe that the intent of the regulation provision is that less than the maximum per diem rate be allowed whenever it is known that the actual cost to the traveler will be less than such maximum rate. Normal reasonable lodging rates are generally readily ascertainable and a traveler is expected to incur meal and incidental expenses as a prudent person would when traveling on personal business.

Accordingly, we recommend that this matter be further explored with a view of authorizing such per diem to meet lodging costs plus necessary and authorized subsistence expense.

In accordance with 8 GAO 13 the records of transactions through June 30, 1969, may be transmitted to the Federal Records Center for storage in accordance with your records management program.

Copies of this report are being sent to the Controller, Atomic Energy Commission, Washington, D. C.

We wish to acknowledge the cooperation given our representatives during the review. Your comments as to action taken in connection with the rate of per diem authorized and paid will be appreciated.

Very truly yours,

DAVID P. SORANDO

David P. Sorando
Regional Manager