

GAO Highlights

Highlights of [GAO-18-56](#), a report to congressional committees

Why GAO Did This Study

The Forest Service, an agency within USDA, performs a variety of tasks as steward of 193 million acres of public forests and grasslands. Its budget execution process for carrying out its mission includes (1) allotments, which are authorizations by an agency to incur obligations within a specified amount, and (2) unliquidated obligations, which represent budgetary resources that have been committed but not yet paid. Deobligation refers to an agency's cancellation or downward adjustments of previously incurred obligations, which may result in funds that may be available for reobligation.

GAO was asked to review the Forest Service's internal controls over its budget execution processes. This report examines the extent to which the Forest Service properly designed control activities over (1) allotments of budgetary resources, its system for administrative control of funds, and any fund transfers between Forest Service appropriations; (2) reimbursables and related collections; and (3) review and certification of unliquidated obligations.

GAO reviewed the Forest Service's policies, procedures, and other documentation and interviewed agency officials.

What GAO Recommends

GAO is making 11 recommendations to improve processes and related internal control activities over the management of the Forest Service's budgetary resources, reimbursable receivables and collections, and its process for reviewing unliquidated obligations. The Forest Service generally agreed with the report and stated that it has made significant progress to address the report findings.

View [GAO-18-56](#). For more information, contact Asif A. Khan at (202) 512-9869 or khana@gao.gov.

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FOREST SERVICE

Improvements Needed in Internal Controls over Budget Execution Processes

What GAO Found

In fiscal years 2015 and 2016, the Forest Service received discretionary no-year appropriations of \$5.1 billion and \$5.7 billion, respectively. It is critical for the Forest Service to manage its budgetary resources efficiently and effectively. While the Forest Service had processes over certain of its budget execution activities, GAO found the following internal control deficiencies:

- **Budgetary resources.** The purpose statute requires that amounts designated in appropriations acts for specific purposes are used as designated. The Forest Service did not have an adequate process and related control activities to reasonably assure that amounts were used as designated. In fiscal year 2017, GAO issued a legal opinion that the Forest Service had failed to comply with the purpose statute with regard to a \$65 million line-item appropriation specifically provided for the purpose of acquiring aircraft for the next-generation airtanker fleet. Further, the Forest Service lacked a process and related control activities to reasonably assure that unobligated no-year appropriation balances from prior years were reviewed for their continuing need; did not have a properly designed system for administrative control of funds, which keeps obligations and expenditures from exceeding limits authorized by law; and had not properly designed control activities for fund transfers to its Wildland Fire Management program. These deficiencies increase the risk that the Forest Service may make budget requests in excess of its needs.
- **Reimbursable agreements.** To carry out its mission, the Forest Service enters into reimbursable agreements with agencies within the U.S. Department of Agriculture (USDA), other federal agencies, state and local government agencies, and nongovernment entities. The Forest Service (1) did not have adequately described processes and related control activities in manuals and handbooks for its reimbursable agreement processes and (2) lacked control activities related to segregating incompatible duties performed by line officers and program managers. For example, line officers may be responsible for initiating cost sharing agreements, modifying cost settlement packages, and changing or canceling the related receivable, which represent incompatible duties. As a result, programs and resources may not be protected from waste, fraud, and mismanagement.
- **Unliquidated obligations.** The Forest Service's processes and control activities over the review and certification of unliquidated obligations were not properly designed to reasonably assure the best use of funds and that unliquidated obligations would be efficiently and effectively deobligated and made available for other program needs. Further, the current process, as designed, was inconsistent with USDA and Forest Service policy.

In addition, the Forest Service's manuals and handbooks, which provide directives for the areas that GAO reviewed, had not been reviewed by management in accordance with the Forest Service's 5-year review policy. Further, standard operating procedures and desk guides prepared by staff to supplement the manuals and handbooks were not issued as directives and therefore were not considered official policy. This increases the risk that control activities may not be consistently performed across the agency.