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UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

FOR RELEASE ON DELIVERY  
EXPECTED BY 9:30 A.M. EST  
FRIDAY, FEBRUARY 26, 1982

STATEMENT OF  
WILBUR D. CAMPBELL, ACTING DIRECTOR  
ACCOUNTING AND FINANCIAL MANAGEMENT DIVISION  
BEFORE THE  
SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT  
HOUSE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

ON

EXPENDITURES BY THE NATIONAL PARK SERVICE  
FOR SOCIAL FUNCTIONS

Mr. Chairman and Members of the Subcommittee:

We are here today to discuss our review of the Department of Interior's management of trust funds which was undertaken at the request of this Subcommittee. We have been working on the request about 5 weeks and have spent most of that time developing information on expenditures from the National Park Service's Cooperating Association Fund, or as it sometimes is called, the Director's Discretionary Fund.

The Fund's source of revenue is limited to donations from the 62 nonprofit organizations promoting national parks. The amounts donated each year are rather small, totaling only about \$54,000 in fiscal 1981, and only \$37,775 of the total amount donated since fiscal 1962 remained unexpended at the end of last fiscal year. Only about \$850 of the unexpended amount remained unobligated at that time. Our emphasis on the Fund resulted from the Subcommittee's specific

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interest as to whether the Fund could be used to pay for two functions held at the Arlington House in December 1981.

As you probably know, one of the events in question was a breakfast hosted by the Secretary of the Interior's wife for about 20 guests on December 14, 1981. The other was an evening party hosted by the Secretary for around 200 people on December 17, 1981. The total cost of the two functions was about \$8,850, of which about \$2,650 still had not been paid as of January 31, 1982. The expenses that were paid have been charged either to the National Park Service's appropriation for Operation of the National Park System or to the Fund.

The breakfast was attended almost entirely by non-government persons, i.e., wives of cabinet officials and White House staff, and the December 17 party was attended primarily by senior Federal employees, their families, guests, and staff members. The costs of such parties are considered to be entertainment expenses and we have long held that when the Congress intends for Federal agencies to use public funds for official entertainment it has so provided in the law. In this regard, the Congress has provided the Secretary of the Interior with \$5,000 in fiscal 1982 for official reception and representation expenses.

Our positions on paying entertainment expenses from donated funds are set forth in Comptroller General decisions that should have provided guidance for Interior to follow in spending its trust fund money. Using that

guidance, we have determined that it was inappropriate for the entertainment expenses in question to be paid from either the Park Service's appropriation for operating costs or from trust funds. A representative of our Office of General Counsel is here with me today to answer any questions about the legal basis for that position. I would like to explain why we took that position as well as discuss some apparent Anti-Deficiency Act violations that are attributable to poor fund controls. Later we will suggest some actions that should be taken to correct the deficiencies noted.

#### UNAUTHORIZED USE OF APPROPRIATIONS FOR OPERATING COSTS

Interior's records show about \$2,200 in personnel costs, primarily for overtime, that were directly related to the two December 1981 functions. This amount was charged to the National Park Service's appropriation for Operation of the National Park System, even though no authority exists for such payments from the appropriation.

In March 1980, at the request of Senator William Proxmire, the Comptroller General issued a decision specifically commenting on expenditures from both the Cooperating Association Fund and appropriated moneys. This decision pointed out that, in absence of specific authority in a statute or regulation, appropriated money could not be used to pay the costs of luncheons, dinners, receptions, or similar activities. It cited several other Comptroller General decisions setting forth the position, including a 1961 decision that is the

basis for guidelines that Interior adopted for approving expenditures from the Fund.

IMPROPER USE OF TRUST FUND MONEY

Interior's records show that, as of January 31, 1982, the Cooperating Association Fund's money had been used to pay around \$4,000 for the December 1981 social events. The records also show that about \$2,650 in expenses had not been paid, apparently because sufficient money was not available.

Although the 1980 Comptroller General decision acknowledges that trust fund money can be used for some entertainment expenses, it points out that the burden is on the agencies to show that the objectives of the trust would be met by such expenditures. In the case of the Cooperating Association Fund, the donations it receives must be used in the National Park and Monument System to

" \* \* \* conserve the scenery and the natural and historic objects and the wild life therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations."

We were informed by Interior officials that no internal justification for payment for the two social events from the Cooperating Association Fund had ever been prepared. Moreover,

in February 1982, we requested in writing that the Department of the Interior provide us specific justification for using the Fund's money and the Arlington House for the two social events, but to date we have not received a reply.

We noted that the Department provided a general justification to this Subcommittee, stating that the social functions were intended to acquaint the guests with the historical significance of the Arlington House and to enhance their understanding of the goals of the National Park Service in historic preservation.

A justification of such a general nature for what the Department itself characterized as a social event is simply not convincing. The guidelines established in the 1961 Comptroller General decision require a determination that entertainment expenses paid from a gift fund will further the purpose for which the fund was established. They also require a demonstration that the fund's purpose could not be accomplished as effectively or satisfactorily from the Government's standpoint without such expenditures.

The Comptroller General recently issued a decision setting forth our position in much greater detail on the expenditures for the two social functions. We have provided copies of the decision to the Department of the Interior as well as to the Subcommittee, Mr. Chairman.

## APPARENT ANTI-DEFICIENCY ACT VIOLATIONS

I would like to mention another matter, related to weaknesses in internal controls, which apparently resulted in Anti-Deficiency Act violations. Each Federal agency is required to establish fund control systems to ensure that its officials or employees do not make or authorize obligations or expenditures in excess of funds available. The Cooperating Association Fund's obligation authority is limited to the amount of money on hand. As recognized in the Department's procedures, obligations cannot be charged to that Fund in excess of amounts available. If that happens, an Anti-Deficiency Act violation occurs which must be reported to the President and the Congress unless there is an alternate source of funds available for the same purpose to which the obligation can be charged.

We found that two sets of records--one automated and one manual--were being used by the Department for fund control purposes. However, neither of these records readily shows the accurate fund status when management needs the information because of delays in posting obligations and expenditures. For example, neither record showed the accurate fund status at the time the obligations were incurred for the December 1981 social functions. We reconstructed the records to determine fund status from October 1981 through January 1982 and found that on several occasions the Fund's obligations exceeded funds available. To illustrate, the Fund's obligations totaled almost \$1,050 more than amounts available for obligation as of November 4, 1981.

### CORRECTIVE ACTIONS NEEDED

In summary, about \$8,850 in costs were incurred for the two social functions and were improperly charged against funds appropriated for Operation of the National Park System or to the Cooperating Association Fund. Arguably, the costs of the evening party, but not the breakfast, could be charged to the Secretary's reception and representation allowance to the extent it has funds available. The allowance currently has an unobligated balance of over \$4,500, and we have been informally advised that the Department is considering charging part of the social events' costs to the allowance. Because of the wide latitude of permissible expenditures for representational purposes, we would not take exception to this use of the allowance for the evening party. However, we would like to point out that this action would deplete the allowance and prevent its use for functions clearly related to furthering the Department of Interior's purposes.

It may become necessary for us to take formal exception to the unauthorized expenditures in the event personal funds are not made available to restore the balances in the appropriated and gift fund accounts. We have also noted that the Cooperating Association Fund has a history of alleged questionable expenditures, and we may find it necessary to take exception to certain expenditures made over the past 3 years, which is the period of time provided to us by law for settling accounts. The exception process is a lengthy undertaking which

formally requires a Federal agency to recover amounts improperly expended by establishing culpability for the payments. When exception is taken, the agency involved essentially has two choices. It can require the individual official responsible for authorizing the excepted payments to restore the amounts involved from his or her own personal funds, or it can seek relief from the Congress.

As discussed earlier, the National Park Service may have violated the Anti-Deficiency Act by obligating funds in excess of those available. We recognize the amounts involved in the overobligations are relatively small and funds may have subsequently become available to cover shortages. Nonetheless, the primary purpose of fund control requirements is to bring any irregularities to the attention of appropriate officials, including the Congress and the President, and to provide them with information on actions taken to correct the conditions allowing an overobligation to occur. Accordingly, the National Park Service should report a violation of the Anti-Deficiency Act unless it had funds available from other sources to cover deficiencies in the fund at the time they occurred.

Finally, the problems under discussion today may have been avoided if there had been Government-wide guidance available on permissible uses of gift funds. In a September 1980 report to a Congressional subcommittee, we recommended that the Office of Management and Budget establish requirements

for executive agencies to follow in operating gift funds. However, the Office of Management and Budget believed there was not sufficient evidence of abuses to justify developing new regulations. In our view, it is better management to prevent abuses than to deal with them after they occur on a case-by-case basis.

Mr. Chairman, this concludes my prepared statement. We would be pleased to respond to any questions you may have.