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UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
7014 FEDERAL BUILDING, 1961 STOUT STREET
DENVER, COLORADO 80202

MAR 8 1971

Mr. Neal M. Rahm, Regional Forester
Region 1, Forest Service
Federal Building
Missoula, Montana 59801

Dear Mr. Rahm:

We have made a review for the settlement of accounts of accountable officers at the Region 1 office of the Forest Service, Department of Agriculture, Missoula, Montana, through fiscal year 1970.

Our review, which was completed in February 1971, 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). Our review was directed primarily toward evaluating current administrative procedures and controls and accounting practices pertinent to our settlement responsibilities. Tests of financial transactions were made to the extent deemed appropriate. The most recent audits of fiscal activities made by the Office of the Inspector General, Department of Agriculture, and by the agency's internal auditors were also examined and considered in our review. We did not review program activities or payroll operations, except for wage payments to firefighters.

Our review disclosed that financial activities were generally handled in a satisfactory manner except that the Beaverhead National Forest had not computed grazing fees for the 1970 grazing season in accordance with applicable procedures and the Flathead National Forest had not taken timely action to terminate a special use permit covering a fish hatchery and residence due to the nonpayment of the required fee. These matters were discussed with members of your staff who agreed to take appropriate corrective action.

We wish to acknowledge the cooperation given our representatives during the review. We will appreciate your comments and advice as to the action taken, including final disposition, of the matters discussed in this report.

Copies of this report are being sent to the Inspector General, Department of Agriculture, and to the Chief of the Forest Service.

Sincerely yours,

S. D. McElyea
Regional Manager

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