



United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-275345

November 22, 1996

The Honorable John R. Kasich
Chairman, Committee on the Budget
House of Representatives

Dear Mr. Chairman:

The U.S. Department of Agriculture's Forest Service carries out a variety of activities at the 155 national forests it manages. The Service's overall mission is to manage its lands for multiple uses (including timber sales), while at the same time sustaining the land's productivity for future generations. In fiscal year 1995, over \$1.3 billion was appropriated to manage the National Forest System, and revenue generated from the use of the forests totaled about \$1.0 billion.

Your Committee has had an ongoing interest in the overall management of the national forests, including the Service's efforts to be more cost-efficient and businesslike in its operations. In this connection, you asked that we obtain data on the competitiveness of timber sales in the national forests, including information on the prices offered for timber and the number of bidders taking part in national forest timber sales.

In summary, there is little computerized information available on a Service-wide basis to answer your request because some of the computerized tapes containing the needed data were accidentally erased. While the Service has begun to reconstruct the data files, it will take some time to complete this effort Service-wide. However, as agreed with your office, we will work with the Service to address your questions on the basis of a sample of the last 5 years' timber sales.

Initially, in response to your request, we undertook discussions with the Service to determine whether sufficient data were available to readily answer your request. As a result of these discussions, we asked the Service to provide us with a layout of the data file containing a computerized list of bidders and

GAO/RCED-97-26R Forest Service's Timber Sales Data

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bids for all timber sales that took place over the past 5 fiscal years. Service officials believed that such data were available in the Advertised Sale System, maintained at the U.S. Department of Agriculture's computer center in Kansas City. Specifically, we requested information reported in the Forest Service's form 2400-17, Report of Timber Sale. Subsequently, we were informed that the Service was unable to provide us with the requested data because the computer tapes containing the Advertised Sales System data had been erased.

Forest Service officials stated that the tapes were erased because an incorrect code (known as a retention code), which is used to determine the length of time the tapes are retained, had been assigned to them. Although the Service intended to save the files through 1999, the retention code used allowed the tapes to be erased and reused. The Service told us that the code apparently used was RETPD=99, or retention period equals 99 days.

Service officials also believed that under the computer center's procedures, the Advertised Sales System files would have been moved to the computer center's data-backup tapes after the initial retention period (in this case, 99 days) and maintained there for 6 months before being reused for newer data. However, the computer center does not routinely back up tape files unless specifically requested. There was no request to back up these files. As a result, by the time the Service requested data from these files in response to our request for information, some of the tapes had already been erased and reused. Consequently, there is little computerized data available on a Service-wide basis for the period in question.

Although some of the same bidders data are also contained in another database--the Sales Tracking and Reporting System--not all regions have entered bidders data into that system because it is a relatively new initiative. Currently, the Service has directed its regions to reconstruct the lost data files to enable access to the Service-wide bidders data in the future.

The Service's inability to readily provide accurate, complete, and reliable information on the number of bidders taking part in timber sales is significant, not only because of your Committee's interest in the Service's becoming more cost-efficient and businesslike, but because of the previous deficiencies identified in the Service's monitoring of the bidding process for theft or collusion. For example, beginning in 1991, the Forest Service reported in its annual Federal Managers' Financial Integrity Act (FMFIA) reports that a material weakness existed in its controls over the timber program in that the Service did not have a bid monitoring system to detect noncompetitive bidding or collusion on timber sales. Although the Service deleted this material

weakness from its FMFIA report for fiscal year 1995, the Department's Inspector General questioned this action in a July 1996 report.¹ The Inspector General's report stated that the Service's corrective actions were insufficient to justify closing this material weakness.

We also remain concerned about the agency's lack of adequate financial and program data and effective internal controls that provide assurance of the accuracy and reliability of such data. Adequate data, internal controls, and performance measures—prerequisites for improving accountability and stewardship—are particularly critical given the highly decentralized nature of the agency and the autonomy of its forest managers. Because of these concerns and as part of our responsibility for the governmentwide consolidated financial statement audits, we will continue to monitor and report on the reliability of such data as part of our ongoing and planned work at the Forest Service.

We provided copies of a draft of this report to the Forest Service for its review and comment. We met with the Director, Timber Management Staff, and other agency officials who agreed with the information discussed in the report and noted that they were in the process of reconstructing the database.

Finally, as agreed with your office, we will continue our work on the level of competition in the Forest Service's timber sales. Because of the lack of a complete database, we will need to construct a representative database by using a sample of the last 5 years' timber sales. The Service agreed to provide the bid information for the sampled sales from other databases to the extent possible or by providing hard copies of the form 2400-17 from the regional offices. Upon receipt of these data, we will analyze them to provide the information you requested. We will report the results of this work to you at a later date.

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As agreed, we are also providing a copy of this correspondence to the Honorable Don Young, Chairman, House Committee on Resources.

¹Report of the Office of Inspector General (USDA/OIG-A/08401-4-At, July 18, 1996).

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If you or your staff have any questions about this report, please call me at
(206) 287-4810.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James K. Meissner". The signature is fluid and cursive, with a large loop at the end.

James K. Meissner
Associate Director, Energy, Resources,
and Science Issues

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