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REGIONAL OFFICE
9226 FEDERAL BUILDING, SIXTH AND ARCH STREETS
PHILADELPHIA, PENNSYLVANIA 19106

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DEC 11 1974



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Major General Charles P. Brown
Commanding General
U.S. Army Test and Evaluation Command
Aberdeen Proving Ground, Maryland 21005

Dear General Brown:

We have completed our review of the Test, Evaluation, Analysis, and Management Uniformity Plan (TEAM-UP) for processing civilian payroll and leave allowances at the U.S. Army Test and Evaluation Command (TECOM), Aberdeen, Maryland. This review was part of an overall review of civilian pay activities at Department of Defense installations.

Our review was directed primarily to an evaluation of the system design, operating procedures, and internal controls of the payroll and leave operations. We reviewed the written procedures, narrative descriptions, flow charts, input documents, and output reports making up the system documentation. We evaluated the internal controls established over the recording, conversion, movement, processing, reconciliation, and distribution of data from its source to the designated recipient.

Our tests of the system in operation were performed at the Aberdeen Proving Ground, Jefferson Proving Ground, White Sands Missile Range, and Dugway Proving Ground. Separate reports on the results of our work at each location have been issued to the respective commanding officers. The findings and recommendations being reported at this time relate to matters requiring action at the Headquarters level.

The results of our review show that the TEAM-UP system documentation needs to be updated and the system internal controls need to be strengthened in several areas.

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To test the internal controls, the accuracy, and the program logic of the TEAM-UP civilian pay system we prepared several test transactions which were processed against the programs at Aberdeen, White Sands, and Dugway. Our transactions were processed against Run 4-Payroll Master Updating; Run 0-Payroll Hours Accumulation; Run 5-Gross and Leave Calculation; and Run 9-Net Calculation.

By analyzing the output of our test transactions we were able to determine whether the data was processed in accordance with applicable laws and regulations. This analysis together with further review of the TEAM-UP system and civilian payroll procedures has disclosed the internal control weaknesses noted below. Some of these weaknesses could be corrected by the addition of programmed edit checks and by mechanizing certain manual procedures and processes.

These matters were discussed with TECOM officials at the exit conference.

1. The TEAM-UP system documentation is not current nor is it adequate to enable a user to obtain a full understanding of the system. Primary sources of information developed by TECOM for the system include the TEAM-UP Civilian Pay System Design, dated October 1971; TEAM-UP Standard Operating Procedures, Civilian Pay, dated November 1970; and TEAM-UP Standard Operating Procedures, Time and Attendance/Labor Distribution Reporting, dated April 1971. None of these documents contain either a complete narrative description of the payroll application or an explanation of the system's mechanized edit checks.

Comparison of the above system documentation to the documentation contained in the computer operator's instructions (run manuals) disclosed that a number of changes were made which had not been incorporated into the system documentation developed by TECOM.

Examples of undocumented changes include (1) the addition of an entire run producing an Optional Life Insurance Report, (2) deletion of an entire run producing a Freedom Note Report, and (3) modification of the Payroll Master Updating to identify those employees due leave conversion for the next pay period and to update the payroll master for leave conversions effective the prior pay period. In addition, the format of the data elements in the Payroll Master File is not in agreement with the System Design Manual.

A number of reports described in the standard operating procedures are not included in either the system design or run manuals. Some of these reports are the (1) Non-Pay Change Employees Report (FO 0062); (2) Personnel Action Report (FO 0068); and (3) Leave Liability Report (FO 0037).

We recommend that the TEAM-UP system documentation be updated and that a narrative description of the system and programed edit checks be included in the updated documents.

2. In the TEAM-UP system the civilian personnel office does not have control over source documents submitted to the payroll office for processing. Control over these documents is needed to insure the accuracy of changes entered into the mechanized system. The civilian personnel office does not know if its manual or automated personnel files agree with what is reported on the TEAM-UP Payroll Master File. According to the GAO Policy and Procedures Manual for Guidance of Federal Agencies (6 GAO 15.2), control procedures shall be incorporated in the payroll system so as to provide effective checks necessary to insure that all data is considered in the processing, that results of the processing are accurate, and that no unauthorized alterations are made to transactions and records during the various processing stages.

We recommend that TECOM implement a positive control over personnel actions initiated by the personnel office and entered into the payroll system. The control should insure that all data is considered in the processing, the results are accurate and no unauthorized entries have been made in the system.

3. In one test we entered a duplicate payroll record into the Payroll Master File for an employee already on the file. This duplicate record was input to a pay block other than the one in which the employee's record regularly appears. The record was accepted by the TEAM-UP system and the employee was paid. Since no Time and Attendance Report was input to the second pay block where the employee's regular record was maintained, the name appeared on the Non-Reported Employee Time Report. Therefore, if a second Time and Attendance Report had been input the system would have processed another pay.

We recommend that the system be programed to reject duplicate master file transactions.

4. Duplicate Time and Attendance Reports can be accepted by the TEAM-UP system. Two Time and Attendance Reports for the same employee were submitted and the system accepted both

reports and paid the employee for 160 base hours. Further, the pay was not cut back to the maximum allowable for an employee at the general schedule grade 15, step 10 level.

Although a message was printed to alert the pay clerk to a "greater than weekly tour" we recommend that the system be programed to limit basic pay for general schedule employees to the maximum for a 15-10 level.

5. The TEAM-UP Payroll Master File does not contain data related to an employee's regularly assigned shift. Therefore, employees are paid shift differential in accordance with whatever shift code is entered on Time and Attendance Reports. In our recent civilian pay reviews at Aberdeen and Jefferson Proving Grounds, we reported weaknesses in the manual controls of recording shift codes.

In the replies received from the Commanding Officers of these installations, they informed us that action would be taken to check shift differential payments to approved work schedules. This corrective action which requires a manual verification should help correct this weakness.

In order to eliminate the need for this manual verification we recommend that the Payroll Master File be changed to include an assigned shift code for each employee, and that the system be programed to reject hours reported outside of an assigned shift.

6. The TEAM-UP system does not contain an edit check to verify agreements between the leave category code and the service computation date. In our test, the annual leave category for an employee with less than 3 years' service was changed from 4 to 6 hours and the system accepted the invalid transaction. Greater control over leave would result if a programed edit check existed to validate the compatibility of the employee's leave category and the service computation date.

We recommend that a program edit check be added to the system to validate leave categories against service computation dates.

7. The Payroll Master File contains an optional life insurance code corresponding to employee age group categories. However, the TEAM-UP system does not contain an edit check to verify agreements between the optional code, the employee's date of birth, and the withholding amount. In a test we changed an employee's optional life insurance code; however, the change had no effect on the amount withheld.

We recommend that the system be programed to reject invalid insurance code data.

8. The TEAM-UP system does not have a schedule of hourly rates for grade and step included in any system programs. Currently to effect changes in employee rates of pay for promotions or step increases, the civilian payroll offices must manually calculate the rate of change in pay and input into the system both the amount of change and the new grade and step. The system does not have a check to validate that the grade and step are compatible with the rate. If an error is made in either part of the input, the error could go undetected. Other Department of Defense and Army civilian pay systems, such as SPEEDEX, have hourly rate schedules built into the programs. These rate schedules save time and reduce the chance for error.

We, therefore, recommend that a schedule of hourly rates be programed into the TEAM-UP system.

9. The TEAM-UP system does not have a schedule of amounts to be withheld for health benefits and life insurance. When an employee elects coverage under a health insurance plan or elects to change plans, the civilian payroll offices must input both the health plan code and the amount of change in withholding rate. The system does not validate that the plan is compatible with the withholding rate. Also, when an employee elects life insurance coverage or has a pay rate change, the civilian payroll offices must manually calculate the amount of change in the withholding rate. The system does not validate that the amount of withholdings is compatible with annual salary data.

As noted in item 8 above, systems such as SPEEDEX have schedules of withholding rates built into the programs. We therefore recommend that schedules of withholding rates be programed into the TEAM-UP system.

10. The Individual Retirement Record, Standard Form 2806, is maintained manually by the payroll clerk. The record contains all pertinent data relating to an employee's service history and fiscal record including the cumulative retirement amount withheld during Federal employment. The service history must be posted currently as actions occur. Some of the data to be posted includes leave without pay in excess of 6 months, tour of duty for part-time employees, base pay and premium pay status, separations, transfers, and retirements. Fiscal data must be posted at the end of each year for active employees.

The information contained on the Individual Retirement Record is transferred at various times to several other control forms for the Civil Service Commission and other Government

agencies. The records are manually balanced quarterly and annually against the Civil Service Retirement Control (DA Form 103). This process is very time-consuming because it involves running adding machine tapes of cumulative retirement fund withholdings for about 15,000 employees.

The TEAM-UP system now has stored in its files the data which is posted to the Individual Retirement Record. Accordingly, we recommend that this report be mechanized thereby eliminating the need to maintain it manually.

11. The Individual Leave Record (DA Form 2451) used in the TEAM-UP system does not include information as to the amount of court leave granted individual employees. This information is also not available on the Employee Payroll Master Record Report because court leave, administrative leave, and holiday leave are combined on this report and become indistinguishable. The GAO Policy and Procedures Manual for Guidance of Federal Agencies, (6 GAO 20.7) requires that court leave data be shown on the leave record of civilian employees.

We recommend that action be taken to modify TEAM-UP leave records to include court leave data.

12. The TEAM-UP system relies upon civilian payroll offices to manually detect whether employees have sufficient creditable service time to be granted within-grade increases. To make this determination, civilian payroll offices refer to the "AWOP Since Last Increase" data block of the Employee Payroll Master Record Report. If an employee has been in a nonpay status in excess of the amount of time allowable, action should be taken to notify the Civilian Personnel Office of the necessary delay that is needed before the pay increase can be effected.

In our report of August 22, 1974, to the Commanding Officer, Aberdeen, a limited test by GAO disclosed that step increases were not delayed in 45 percent of the instances where delays were necessary.

The Commanding Officer of Aberdeen replied on September 27, 1974, and advised us that "A request will be made for a computer program to accumulate LWOP by employee and indicate impact of same on recomputed effective date(s) of a 'within grade' increase." He also advised that temporary manual controls have been established.

In order to achieve greater control and eliminate the manual control operation, we recommend that the Aberdeen request for a new computer program be coordinated with TECOM Headquarters.

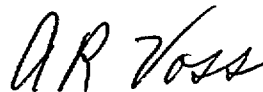
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We would appreciate receiving your comments on the status of corrective action taken or planned on the matters contained in this report.

Copies of this letter are being sent to the Army Materiel Command and the Comptroller of the Army.

We wish to acknowledge the cooperation given our representatives during this review.

Sincerely yours,



Allen R. Voss
Regional Manager