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UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE

143 FEDERAL OFFICE BUILDING, 50 FULTON STREET
SAN FRANCISCO, CALIFORNIA 94102

IN REPLY REFER TO:

84825

MAY 17 1971

District Manager
Western District
U. S. Army Audit Agency
390 Convention Way
Redwood City, California 94063



Dear Sir:

Enclosed is a copy of our letter report to the Commanding General, U. S. Army Training Center, Infantry and Fort Ord, on the review of civilian pay and related matters.

Our review consisted of an examination of the policies, procedures, and practices for the administration of the civilian pay at Fort Ord and a limited test of transactions. Special emphasis was placed on the following areas: (1) Internal Control, (2) Internal Review, (3) Within-grade Increases, (4) Salary Act of 1970, (5) Coordinated Federal Wage System, and (6) Severance Pay. As a part of our review we examined U. S. Army Audit (USAAA) report (WE 71-14) dated March 5, 1971, and supporting working papers.

We noted that the USAAA coverage of civilian pay was basically a follow-up on its 1967 audit finding involving the control of overtime. We were informed that although 100-125 man-days had been budgeted for reviewing civilian pay, the coverage was considerably reduced because of the lack of time and other audit priorities.

The Comptroller General in his letters (B-152073 and B-161457) dated September 3, 1963, and August 1, 1969, has pointed out that as part of the management control system, it is essential that the agency head provide adequate internal audits of civilian pay matters to ensure that all payments are made in compliance with applicable laws. In carrying out its management responsibilities the Department of the Army has charged the U. S. Army Audit Agency with the responsibility for the audit activities. The governing regulation stated that the policy of the Department of the Army is that audit service will be rendered in a manner which will assure comprehensive internal audit coverage of all significant areas subject to audit by the U. S. General Accounting Office and that such audits will

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District Manager
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normally be made at intervals of 18 months. Because the scope of the USAAA audit of pay matters was very limited we believe that management does not have the necessary assurance that all payments have been made in accordance with applicable laws.

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We would appreciate your comments on the matters discussed in this report. We wish to acknowledge the cooperation given our representatives during this review.

Very truly yours,



A. M. Clavelli
Regional Manager