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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548
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Dear Senator Fulbright:

In accordance with your request of July 16, 1971, we have audited the payroll and leave records of Mrs. Vianna Walker for the period June 1967 to July 1971. We have discussed the results of our audit with Mrs. Walker and with officials of the Environmental Protection Agency (EPA) and the U.S. Geological Survey, Department of the Interior, the agency that maintained the payroll records for EPA's Office of Water Programs and its predecessor agency for that period.

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Our audit of Mrs. Walker's payroll records showed (1) that errors had been made in the amount of deductions for her Federal and State income taxes and for health insurance premiums, (2) that two checks had been issued to her for each of two pay periods in 1970 but that one check for each pay period had been voided, (3) that she had received a within-grade increase one pay period before she was eligible and that, as a result, she had received \$8.58 more than she should have, and (4) that she had been paid under an incorrect social security number for 5 months before the error was corrected.

As noted above, some of the errors have been corrected. In addition, Mrs. Walker's W-2 Forms (Wage and Tax Statement) for 1970 showed the actual amounts that had been withheld from her paychecks. Since the amounts withheld had been credited against her tax liability for 1970, any overwithholding or underwithholding of taxes would have been canceled when she filed her 1970 Federal and State tax returns and paid any additional taxes due or received refunds for overpayment of taxes.

As a result of errors not corrected, however, Mrs. Walker owes the Federal Government \$21.94, as shown below.

Net overpayment as a result of a premature within-grade increase	\$ 8.58
Health insurance premiums not deducted from gross pay	<u>13.36</u>
	<u>\$21.94</u>

Our audit of Mrs. Walker's leave records showed that her accumulated annual leave balance at July 31, 1971, was understated by 48 hours and her sick leave balance was overstated

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by 4 hours. This error, however, does not require any financial adjustment because she received a lump-sum payment for the maximum number of hours of annual leave to which she was entitled under Federal statute.

EPA officials have agreed to make the necessary adjustments to Mrs. Walker's leave and payroll records and to bill her for \$21.94. The following sections discuss more fully the results of our audit of her payroll and leave records.

PAYROLL RECORDS

3/ In June 1967 Mrs. Walker was employed by the Federal Water Pollution Control Administration (FWPCA), Department of the Interior--the predecessor agency to EPA's Office of Water Programs. *P. 526*

FWPCA employee payroll records were maintained by the U.S. Geological Survey. In May 1970 the Geological Survey payroll system was computerized. After the payroll system was computerized, the following errors were made with regard to Mrs. Walker's pay records.

1. Beginning with the pay period ended June 13, 1970, through the pay period ended October 17, 1970, she was paid under an incorrect social security number.

2. For the pay periods ended June 13 and 27, 1970, the following errors were made in the deductions from her gross pay for Federal and State income taxes and for health insurance premiums.

--Deductions for Federal taxes were more than they should have been.

--No deductions were made for State taxes.

--No deductions were made for health insurance premiums.

The errors in deductions for Federal and State taxes should require no financial adjustments between Mrs. Walker and the Government because the errors would have been canceled upon the filing of her 1970 tax returns and the settlement of any additional taxes or refunds due. She does, however, owe the Federal Government \$13.36 for the health insurance premiums for the two pay periods.

3. Two checks were issued to her for the pay period ended June 13, 1970--check number 76,362,195 for \$294.39 and check number 76,557,917 for \$283.02. Check number 76,557,917 was voided on July 24, 1970.

4. Two checks were issued to her for the pay period ended July 11, 1970--check number 31,311,829 for \$296.57 and check number 31,312,051 for \$285.47. Check number 31,311,829 was voided on July 30, 1970.

5. For the pay period ended October 31, 1970, check number 35,863,724 was issued to her in the amount of \$296.57 instead of \$285.47, the correct amount. Errors were made in the amount of deductions for taxes and health insurance. The pay-check for the next pay period, however, was reduced by \$11.10 to correct the errors. Adjustments were made to her records to correct the amounts recorded for taxes and health insurance.

6. She received her within-grade increase to step 4 of GS-9 during the pay period ended December 26, 1970, although the effective date of her increase was December 27, 1970. As a result of her receiving a within-grade increase one pay period too soon, her net pay for that period was \$8.58 more than it should have been and she incurred a financial obligation to the Federal Government for that amount.

LEAVE RECORDS

Our audit of Mrs. Walker's leave records showed that, from March 1968, the balances for accumulated annual and sick leave had frequently been in error. We noted the following deficiencies in her leave records.

- In some cases leave recorded as used had not been supported either by a Standard Form 71 (Application for Leave) or by her initials on the time and attendance record.
- Some Standard Form 71's had not been signed by her or her supervisor.
- Changes had been made to her records with no explanation and had not always been initialed.
- Some of her records had been changed several times.

In March 1971 EPA made an audit of Mrs. Walker's leave records as of January 9, 1971, at which time the records showed a balance of 284 hours of accrued annual leave and a deficit of 46 hours of sick leave resulting from an advance of sick leave. EPA's audit showed that the balances should have been 262 hours of annual leave and a deficit of 40 hours of sick leave. Adjustments to the leave records to (1) correct the errors disclosed by the audit and (2) offset annual leave against the sick leave deficit at her request, were not correctly programmed into the computer, however, and the records continued to show incorrect accumulated annual and sick leave balances up to July 31, 1971, when she retired.

Mrs. Walker's annual leave balance as of July 31, 1971, was understated by 48 hours and her sick leave balance was overstated by 4 hours. EPA records showed a balance of 265 hours of annual leave and 40 hours of sick leave, whereas our audit indicated that the balances should have been 313 and 36 hours, respectively.

We discussed the results of our audit with EPA personnel who rechecked Mrs. Walker's leave records and agreed that the correct leave balances at July 31, 1971, should have been 313 hours of annual leave and 36 hours of sick leave. EPA officials told us that they would make the necessary adjustments to her records.

By Federal statute Mrs. Walker's lump-sum payment for accrued annual leave was restricted to a maximum of 240 hours. Because she received a lump-sum payment for 240 hours accrued annual leave, the correction of her leave balances will not require any financial adjustment.

Concerning the above-reported indebtedness of \$21.94, such amount would be proper for waiver consideration by the Environmental Protection Agency under the provisions of 5 U.S.C. 5584, since it appears to be the result of erroneous payments of pay not due to the fault of the employee.

The matters included in this report were discussed with officials of EPA, but their written comments were not obtained. We plan to make no further distribution of this report unless

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copies are specifically requested, and then we shall make distribution only after your agreement has been obtained.

Sincerely yours,



Deputy Comptroller General
of the United States

R
cl The Honorable J. W. Fulbright
United States Senate