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UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
2006 WASHINGTON BOULEVARD BUILDING
234 STATE STREET
DETROIT, MICHIGAN 48226

JUL 26 1971

Commanding Officer
Navy Supply Corps School
Athens, Georgia 30601

Dear Sir:

As part of our centralized audit at the Navy Finance Center, Cleveland, we tested transactions in the accounts of your disbursing officer for the period January through June 1970. We examined 273 of 524 military pay records and 266 of 423 voucher payments. We also evaluated the results of administrative examinations made by the Norfolk Navy Regional Finance Center during this same period.

The number, variety, and type of errors found indicate weaknesses in internal controls and a lack of understanding in interpreting and implementing regulations, particularly those relating to leave and travel. We found 152 pay and travel errors totaling \$3,864 and 39 errors in recording leave, taxable income and tax withheld. These are summarized in the appendix. Projecting our sample, we estimate 119 additional errors (80 totaling \$1,387 and 39 in leave or tax recording) were made in the 6-month period.

A few of the more significant problem areas are highlighted below:

Military pay records

- Thirty-four errors resulted in incorrect leave balances on 31 of the 251 regularly closed pay records we examined -- a total of 126 1/2 days. Several different types of errors occurred in accounting for leave -- computing balances incorrectly, failing to charge leave used, charging leave on delay en route incorrectly, and crediting leave earned improperly. Six of these errors also resulted in incorrect payment of leave rations.

- Four men received lump sum leave settlements for the wrong number of days. Another man received a leave settlement even though he was discharged early to reenlist and had no

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entitlement. In three other cases, deductions for excess leave were made for the wrong number of days because disbursing personnel did not consider that leave is not earned while a member is in an excess leave status.

- The unearned portion of a reenlistment bonus (\$974.80) was not recouped when a man was discharged because of misconduct.

Travel vouchers

- Fifteen military and five civilian travelers were paid per diem for periods in excess of allowed constructive travel time contrary to paragraphs M4204-5, C1051-2 and C10157-2d of the JTR. (For examples, see vouchers F0173 and F0197).
- Eight military travelers were paid per diem at the \$25 rate when in a travel status for less than 24 hours. Paragraph M4205-4b of the JTR provides for a \$11.80 rate under such circumstances. (For example, see voucher 31103).

Training duty vouchers

- Thirteen naval reservists were paid 5¢ a mile and per diem from their homes to Athens for 14 days active duty for training. Since Government quarters and mess were available on the day of arrival, 6¢ a mile should have been paid in accordance with paragraph M6001-1b, JTR. (For example, see voucher F0199).

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Administrative examiners have not made an on-site examination at Athens since June 1960. However, during the 6-month period of our review 49 pay records and 51 military travel vouchers were examined centrally at Norfolk. Fourteen errors totaling \$882 were reported.

Since our review was limited to examining records available at the Finance Center we could not determine why the mistakes occurred. However, the number and types of errors indicate internal controls should be strengthened and disbursing personnel need to become more familiar with pay, travel, and leave regulations. Leave accounting procedures were recently clarified in SECNAV Instruction 7220.63A of April 2, 1971.

We would appreciate your advice on the causes of the errors and measures taken to prevent their recurrence. To assist you, we are enclosing information copies of our notices of exception and informal inquiries. If you need additional details, please let us know.

We are sending copies of this letter to the Comptroller of the Navy; the Director, Navy Military Pay System; the Commanding Officer, Norfolk Navy Regional Finance Center; and the Director, Norfolk Naval Area Audit Service.

Sincerely yours,

~~C. H. Moore~~

C. H. Moore
Regional Manager

Enclosures--2

Appendix

Copies of notices of exception (10)
and informal inquiries (30)

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APPENDIX

U. S. GENERAL ACCOUNTING OFFICE
DETROIT REGIONAL OFFICE

SUMMARY OF ERRORS

NAVY SUPPLY CORPS SCHOOL, ATHENS, GEORGIA
JANUARY THROUGH JUNE 1970 ACCOUNTS

MILITARY PAY RECORDS

<u>Type of error</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
Computation and extensions incorrect	7	\$ 6.14	\$ 176.25
Leave rations not credited	6		15.29
Basic allowance for quarters to single members on change of station not paid or paid for incorrect period	4	6.34	144.07 ^{a/}
Lump sum leave settlement paid for wrong number of days	4	136.29	102.88
Excess leave deducted for wrong number of days	3	32.63	
Wrong rate of pay	2	55.67 ^{b/c/}	178.55 ^{d/}
Sea pay improperly deducted	2		12.00
Basic allowance for quarters not allowable while assigned quarters	2	6.34 ^{e/}	
Reenlistment bonus not recouped when member was discharged due to misconduct	1	974.80	
Leave settlement not allowed on early separation	1	354.46 ^{b/}	
Payroll entry not posted	1	45.00	
Social Security tax not deducted as reported	1	38.85	
Basic allowance for quarters paid prior to start of active duty	<u>1</u>	<u>3.17</u>	
Subtotal	<u>35</u>	<u>\$1,659.69</u>	<u>\$ 629.04</u>

MILITARY TRAVEL - PERMANENT CHANGE OF STATION

Per diem

Flight meals not deducted	5	\$ 14.30	
In mileage status - unallowable	2	33.00 ^{e/}	
Wrong rate	1	1.84	
Not paid for day of arrival in U.S.	1		2.50

Mileage and dependent travel

Not paid for overseas travel	2		8.64
Incorrect travel points	<u>1</u>	<u>64.92</u>	
Subtotal	<u>12</u>	<u>\$ 114.06</u>	<u>\$ 11.14</u>

MILITARY TRAVEL - TEMPORARY ADDITIONAL DUTY

<u>Type of error</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
<u>Per diem</u>			
In excess of constructive travel time	15	\$ 130.60	
Wrong rate used for travel status less than 24 hours	8	66.00	
Meals not deducted or deducted improperly	6	7.50	\$ 3.00
Not prorated properly for travel less than 24 hours	4	18.40	
Paid based on departure from duty station instead of airport	4	15.10	
Wrong rate	2	9.90	6.60
<u>Transportation</u>			
Paid monetary allowance when a transportation request was issued	1	3.40	
<u>Reimbursable expenses</u>			
Taxi fares from lodging to office not allowable unless determined as advantageous	3	8.00	
Subtotal	43	\$ 258.90	\$ 9.60

MILITARY TRAVEL - SEPARATION FROM SERVICE

Highway distances used instead of common carrier	7		\$ 28.38
Incorrect distances	3	\$ 25.86	10.74
Incorrect travel points	1	1.26	
Per diem not allowable on date separated for retirement	1	5.15	
Subtotal	12	\$ 32.27	\$ 39.12

CIVILIAN TRAVEL

Reimbursable expenses not authorized	8	57.05	
Per diem in excess of constructive travel time	5	43.00	
Wrong rate of per diem	2		\$ 68.86
Documents not furnished to support temporary quarters subsistence allowance	1	677.20	
Paid excess distance - circuitous travel	1	6.32	
Subtotal	17	\$ 783.57	\$ 68.86

MISCELLANEOUS VOUCHERS

<u>Type of error</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
<u>Training duty</u>			
Allowed mileage at 6¢ instead of 5¢ a mile and per diem for travel to Athens - quarters and mess were available on arrival	13	\$ 10.83	\$ 36.45
Incorrect distances	8	25.30	1.30
Excess travel time - pay and allowances, and per diem	5	117.56	
Wrong rate - per diem and quarters allowance	2		16.84
Mileage not allowable when transportation request issued	1	32.45	
Incorrect travel points	1	1.50	
Improper meal deduction	1		2.25
<u>Foreign trainees</u>			
Incorrectly computed per diem	1		6.00
<u>Local travel</u>			
Improperly paid local travel outside limits of duty station	1	7.18	
Subtotal	33	\$ 194.82	\$ 62.84
Total monetary errors	152	\$3,043.31	\$ 820.60

LEAVE ACCOUNTING

<u>Type of error</u>	<u>Number</u>	<u>Overstated</u>	<u>Understated</u>
Balances computed incorrectly	16	43 days	38 1/2 days
Delay en route incorrectly charged	10	14 days	1 day
Credited incorrectly	5		3 days
Not charged	3	27 days	
Total leave errors	34 ^{2/h/}	84 days	42 1/2 days

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TAX REPORTING

<u>Type of error</u>	<u>Number</u>
Combat zone exclusion not applied	3
Subsistence deduction improperly used to reduce taxable income	1
Incorrectly computed tax withheld	<u>1</u>
Total tax errors	<u>5</u>
Total all errors	<u>191</u>

LEGEND

- a/Includes \$18.72 pay adjustment authorization (PAA) issued by NRFC, Norfolk
- b/Entry made by another disbursing officer
- c/PAA issued by NRFC, Norfolk
- d/Adjusted on 12/31/70 pay record
- e/Includes \$3.50 PAA issued by NRFC, Norfolk and \$2.84 adjusted on 12/31/70 pay records
- f/Includes \$25 PAA issued by NRFC, Norfolk
- g/Includes seven leave errors on 6/30/70 pay records adjusted on 12/31/70 pay records
- h/Includes four leave errors made by another disbursing officer

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