



5 2

092749

UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D C 20548

INTERNATIONAL DIVISION

APR 15 1970

Dear Mr. Macomber:

We have examined a selected number of the Department of State pay and allowance records for the period January 14, 1968, through January 11, 1969, and the time and attendance and leave records for the corresponding leave year. Such records were applicable to employees payrolled by the Department's payroll office in Washington, D. C., as well as American Foreign Service personnel payrolled at foreign posts, exclusive of those paid by the Regional Finance and Data Processing Center, Paris, France.

Our review indicated that need exists for improvements in the maintenance of time and attendance and leave records in both Washington, D. C. and overseas posts. In this respect we found that numerous clerical errors had been made in the maintenance of such records.

We found that the payroll functions, such as determination of salary rates and processing salary checks, generally were performed satisfactorily. However, we did note a few instances of incorrect payments due primarily to certain provisions of the Department's regulations not being followed; thus, we have issued exceptions in the amount of \$905.50.

Details of our findings together with our conclusions and recommendations are set forth below.

Need for Better Maintenance
of Payroll Records

We examined the payroll and leave records of 300 employees selected at random, in accordance with scientific sampling techniques, from lists of 13,117 employees payrolled during the 1968 leave year. These 300 employees consisted of 185 assigned to Washington, 78 assigned to foreign posts, and 37 assigned to offices at both locations during the 1968 leave year.

Our review of the selected payroll records maintained in Washington and overseas locations disclosed actual clerical inaccuracies valued at \$5,295.60, as follows:

~~714842~~

092749

<u>Type of Error</u>	<u>Value of Errors</u>		<u>Combined Total</u>
	<u>Overstatement</u>	<u>Understatement</u>	
1. Erroneous posting from T&A records to leave records.			
a. Incorrect charges to leave records	\$1,231.44	\$161.52	\$1,392.96
b. Failure to charge for leave taken by employees	1,189.27	15.80	1,205.07
2. Failure to charge for all leave shown on T&A's and other records and for excess travel time.	263.76	-0-	263.76
3. Failure to reduce leave balance to leave ceiling.	1,485.71	-0-	1,485.71
4. Arithmetical error(s).	<u>42.60</u>	<u>-0-</u>	<u>42.60</u>
Sub-totals	<u>\$4,212.78</u>	<u>\$177.32</u>	\$4,390.10
5. Overpayment of:			
a. Salary			115.20
b. Temporary Lodging			59.50
c. Quarters Allowance			520.80
d. Optional Insurance			<u>210.00</u>
Total value of errors noted			<u>\$5,295.60</u>

The amounts shown above represent 23 errors found in our audit, of which 12 occurred in Washington and 11 occurred at overseas posts.

Based on the results of our review, we estimate that from 4.7 percent to 10.7 percent of all payroll records for the period reviewed contained errors. Furthermore, if the incidence of error disclosed in our review is typical of the inaccuracy of the total 1968 payroll records, we estimate, with 95 percent confidence, that the aggregate number of errors in said records are from 610 to 1410, with a dollar value of from \$90,140 to \$372,940.

We conclude that in conjunction with the need for Department of State timekeepers to devote more time and attention to the maintenance of accurate time and attendance and leave records there is an apparent need for closer supervision of work performed by these employees.

Accordingly, we recommend that the Department of State timekeepers in both Washington and overseas posts be informed of the type of errors disclosed herein and instructed in the proper maintenance of time and

attendance and leave records, as well as the application of pertinent laws and regulations. We further recommend that the supervisors of personnel maintaining payroll records be made more aware of their supervisory responsibility and when necessary advised that such responsibility is to be performed in other than a perfunctory manner.

Need for Periodic Internal Review
of Payroll Records

A report dated September 20, 1967, and released by the Department of State Internal Audit Staff shows that based on an examination of a selected number of 1966 leave records there was a high percentage of leave errors occurring during that leave year. However, we found no evidence of an internal audit of such records having been performed in subsequent years.

Accordingly, we recommend that the Internal Audit Staff extend its audit activities to include periodic reviews of Departmental leave records.

The above matters have been brought to the attention of, and discussed with, appropriate officials in the Department's Bureau of Administration, Financial Services, and we have been advised of action being taken to correct the errors noted in our review. Members of our staff will be available for further discussion with you, or your representatives, and to provide additional detail information concerning matters included herein. Your comments on these matters will be appreciated.

We wish to express our appreciation for the courtesy and cooperation extended to our staff during this review.

Sincerely yours,



Frank M. Zappacosta
Assistant Director

The Honorable William B. Macomber, Jr.
Deputy Under Secretary for Administration
Department of State