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UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
7014 FEDERAL BUILDING, 1961 STOUT STREET
DENVER, COLORADO 80202

JUN 9 1971

Commander
Air Force Accounting
and Finance Center
3800 York Street
Denver, Colorado 80205



Dear Sir:

This is a report of our review of the recording of casual, partial, advance, and reenlistment payments made by Air Force accounting and finance officers (AFOs) in Europe and the Middle East. The review was made to determine whether the payments made by the Air Force AFOs at the overseas stations were being properly charged against the members' pay accounts maintained at two central sites. Generally, the individual pay accounts of the members to whom the payments were made were maintained centrally by the Directorate of Foreign Pay Operations (now Central Pay Division, Directorate of Military Pay Operations) at the Air Force Accounting and Finance Center (AFAFC) and, for members of the United States Air Force Security Service, by Goodfellow Air Force Base (AFB), Texas. In certain instances we expanded our review to include payments made to members of the Army, Navy, and Marine Corps.

BACKGROUND

Under a military payroll system centralized at the AFAFC on January 1, 1968, local AFOs are authorized to make casual, partial, advance, and reenlistment payments.

The procedures in effect during the period of the review provided that the payments be recorded on Casual Payment Receipts (DD Forms 399). The payments were then to be reported, generally via the Automatic Digital Network (AUTODIN), through a control accounting and finance office (CAFO), to the Directorate of Foreign Pay Operations. The Directorate of Foreign Pay Operations was responsible for posting the payments to the pay accounts and for notifying the paying AFO when such postings were accomplished. The paying AFO was responsible for following up with the AFAFC on payments for which no advice of posting was received within 90 days.

We did not ascertain the detailed procedures in effect for the pay accounts maintained centrally at Goodfellow AFB; however, we believe that similar procedures were employed.

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FINDINGS

Our findings are summarized below and are shown by station on the attachment.

Directorate of Foreign Pay Operations (FPO)

We reviewed 4,421 payments made to Air Force members in June 1969 by Air Force stations under the jurisdiction of FPO. We found that 116 payments totaling \$24,844.60 were not posted to the members' pay accounts. In 9 of the 116 cases the pay accounts were maintained at locations other than FPO. Our review also disclosed 14 errors totaling \$1,304.79 resulting from payments being posted in incorrect amounts. All but one of the incorrect postings were made by FPO. The 130 errors represent an error rate of 2.9 percent.

Assuming that June 1969 is representative of other months, we estimate that approximately 2,100 errors totaling about \$387,000 were made annually in connection with payments made to Air Force members by Air Force stations under the jurisdiction of FPO.

We traced the nonposted items to the AUTODIN listings for the period June through December 1969. Of the 107 payments not posted to pay accounts maintained at FPO, 94 were not reported to FPO.

There were also many instances of excessive delays in posting the payments to the pay accounts. Of the 4,421 payments reviewed, 171, or about 4 percent, were not posted until more than 90 days after the date of the payment. Because of the added expense of preparing and processing follow-up transactions, we feel that it is essential that posting of payments be timely. This is particularly true in view of the number of transfers out of the centralized pay system.

Goodfellow Air Force Base

We reviewed 270 payments made to Air Force members in June 1969 by two Air Force stations under the jurisdiction of Goodfellow AFB. We found one nonposting for \$24 and one incorrect posting for \$19, an error rate of 0.7 percent.

Other services

We expanded our review to include 92 payments made to Army, Navy, and Marine Corps members by three Air Force stations under the jurisdiction of FPO. No errors were disclosed in payments made to Navy and Marine Corps members. However, the review of 70 payments made to Army members disclosed 12 nonpostings totaling \$1,512, an error rate of 17.1 percent.

AFAFC ACTIONS

As a result of our findings the following actions were taken:

- The Directorate of Military Pay Operations reported our findings to the Commander in Chief, United States Air Forces in Europe (USAFE), with a request that base-level AFOs review payment processing procedures to assure that adequate controls are in effect.
- The need for effective controls in processing casual, partial, advance, and reenlistment payments was emphasized in a message from the Commander in Chief, USAFE, to the AFOs under his command. Further command interest in this matter is demonstrated by the fact that identification of certain of the nonposted items was subsequently requested by the Commander in Chief, USAFE.

We also discussed our findings with representatives of the Quality Assurance Division, Comptroller, who advised us that a study by them of payments made to Air Force members in October 1970 by AFOs in Europe and Southeast Asia had disclosed an error rate of 3.6 percent. As a result of the study, they recommended that the AFOs reconcile their original vouchers with amounts reported by AUTODIN and that the AFAFC establish controls to assure accurate processing of the payments.

CONCLUSIONS

A significant number of payments made at overseas stations were not charged against members' pay accounts maintained centrally at the AFAFC. The AFOs' failure to report the payments to the AFAFC and ineffective acknowledgment and follow-up procedures appear to be the principal causes for these errors. The more current review of the payments by the Quality Assurance Division demonstrates that the posting of these types of payments was a continuing problem at that time.

Commander
Air Force Accounting
and Finance Center

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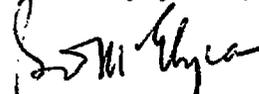
Our limited review of payments made to members of the other services also indicates weaknesses in the controls to ensure that payments are properly charged against Army members' pay accounts.

We believe that the actions taken by the Directorate of Military Pay Operations and adoption of the several prospective actions recommended by the Quality Assurance Division, Comptroller, as a result of their review, could help to reduce the number of errors in the future; accordingly, we are making no additional recommendations for corrective action at this time. In accordance with the principles set forth in the GAO Policy and Procedures Manual for Guidance of Federal Agencies (7 GAO 28.12), we believe, however, that consideration should be given to identification and correction or recovery of unposted or incorrectly posted amounts which still exist in the accounts. This could result in recoupment of substantial financial resources which might otherwise be lost.

We recommend that the AFAFC undertake a study to determine the feasibility of identifying and recovering the undetected overpayments made in the centralized military payroll system since its implementation on January 1, 1968. In determining whether it is practicable and feasible to pursue this matter, consideration should be given to alternative ways of identifying the installations having a significant number of errors.

Your advice of action taken would be appreciated, including information as to the progress made to implement the several recommendations of the Quality Assurance Division, Comptroller.

Sincerely yours,



S. D. McElyea
Regional Manager

Attachment

cc: Comptroller of the Air Force
Auditor General Representative
AFAFC

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FINDINGS BY STATION

<u>Station symbol</u>	<u>Number of payments reviewed</u>	<u>Payments not posted</u>		<u>Payments posted in incorrect amounts</u>				<u>Total errors</u>		<u>Error rate (percent)</u>
		<u>No.</u>	<u>Amount</u>	<u>Overpayment No.</u>	<u>Overpayment Amount</u>	<u>Underpayment No.</u>	<u>Underpayment Amount</u>	<u>No.</u>	<u>Amount</u>	
<u>STATIONS REPORTING TO AFAFC</u>										
5979	184	---	---	---	---	---	---	---	---	-0-
5997	127	13	\$ 2,501.00	---	---	1	\$ 40.00	14	\$ 2,541.00	11.0
6663	192	2	180.60	---	---	---	---	2	180.60	1.0
6679	191	1	210.00	---	---	---	---	1	210.00	0.5
6747	236	4	596.00	---	---	---	---	4	596.00	1.7
6760	228	18	5,468.00	---	---	---	---	18	5,468.00	7.9
6763	195	6	1,207.00	---	---	1	4.00	7	1,211.00	3.6
6789	207	2	1,329.00	---	---	---	---	2	1,329.00	1.0
5938	220	23	2,413.00	1	\$ 1.00	2	2.00	26	2,416.00	11.8
5939	230	2	635.00	1	50.00	1	65.00	4	750.00	1.7
5986	231	5	1,968.00	---	---	---	---	5	1,968.00	2.2
6614	206	2	200.00	---	---	4	5.79	6	205.79	2.9
6593	225	4	275.00	---	---	---	---	4	275.00	1.8
6596	80	1	459.00	---	---	---	---	1	459.00	1.3
6637	96	5	3,564.00	---	---	---	---	5	3,564.00	5.2

Station symbol	Number of payments reviewed	Payments not posted		Payments posted in incorrect amounts				Total errors		Error rate (percent)
				Overpayment		Underpayment		No.	Amount	
				No.	Amount	No.	Amount			
<u>STATIONS REPORTING TO AFAFC (continued)</u>										
6776	277	8	\$ 351.00	---	---	---	---	8	\$ 351.00	2.9
6653	277	1	420.00	---	---	---	---	1	420.00	0.4
5984	73	---	---	---	---	---	---	---	---	-0-
6597	278	11	1,790.00	---	---	---	---	11	1,790.00	4.0
6642	274	---	---	2	\$1,135.00	1	\$ 2.00	3	1,137.00	1.1
6657	71	1	35.00	---	---	---	---	1	35.00	1.4
6667	177	4	821.00	---	---	---	---	4	821.00	2.3
6757	134	3	422.00	---	---	---	---	3	422.00	2.2
5025	<u>12</u>	---	---	---	---	---	---	---	---	-0-
Totals	<u>4,421</u>	<u>116</u>	<u>\$24,844.60</u>	<u>4</u>	<u>\$1,186.00</u>	<u>10</u>	<u>\$118.79</u>	<u>130</u>	<u>\$26,149.39</u>	<u>2.9</u>
<u>STATIONS REPORTING TO GOODFELLOW AFB</u>										
5960	115	1	\$ 24.00	---	---	---	---	1	\$ 24.00	0.9
5982	<u>155</u>	---	---	---	---	1	\$ 19.00	1	19.00	0.6
Totals	<u>270</u>	<u>1</u>	<u>\$ 24.00</u>	---	---	<u>1</u>	<u>\$ 19.00</u>	<u>2</u>	<u>\$ 43.00</u>	<u>0.7</u>

Station symbol	Number of payments reviewed	Payments not posted No.	Amount	Payments posted in incorrect amounts		Total errors No.	Amount	Error rate (percent)
				Overpayment No.	Underpayment No.			
<u>OTHER SERVICES</u>								
<u>Army</u>								
5938	11	---	---	---	---	---	---	-0-
6776	53	10	\$1,132	---	---	10	\$1,132	18.9
6597	6	2	380	---	---	2	380	33.3
Totals	<u>70</u>	<u>12</u>	<u>\$1,512</u>	---	---	<u>12</u>	<u>\$1,512</u>	<u>17.1</u>
<u>Navy</u>								
6776	10)) No errors						
6597	<u>10</u>)) No errors						
Total	<u>20</u>							
<u>Marine Corps</u>								
6776	<u>2</u>)) No errors						
Total	<u>2</u>							

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