

093218

Chief P. 11 275

FEB 25 1971

Commanding Officer
Naval Air Station
Corpus Christi, Texas 78419

BEST DOCUMENT AVAILABLE

Dear Sir:

As a part of our continuing review of the Navy's financial management system, including internal auditing, our staff at the Navy Finance Center, Cleveland, examined the disbursing activities of your station for the 6-month period ended December 31, 1969. Using generally accepted statistical sampling methods, we examined 460 of the 10,604 military pay records and 1,279 of the 8,950 vouchers available at the Finance Center. We also visited your station to inquire into the causes of certain errors. Further, we considered the results of administrative examinations made by the Great Lakes Navy Regional Finance Center.

We believe the large number of errors consistently found during the past 3 years shows that substantial improvements are needed in your station's disbursing activities. For example, at the Finance Center, we found 149 errors resulting in erroneous payments totaling \$1,904 and 13 errors in reporting leave and taxable income. The errors are summarized in the appendix. Projecting our findings to all transactions we estimate about 1,470 additional errors occurred during the 6-month period reviewed. Examples are presented below:

--In 18 instances the amounts credited to members for commuted rations were not reduced for periods of leave or temporary duty - paragraphs 30165 and 30167 of the MPP.

--A member was paid \$201 for dislocation allowance and travel for his son from Cleveland to Corpus Christi. Navy Family Allowance Activity records show the son was in custody of the member's former wife who resides in Illinois. Travel by dependents for purposes other than to establish a residence is not authorized at Government expense - paragraphs M 7000-12 and M 9004-2, item 1, of the JTR (see voucher 12699).

~~713456~~

093218

- Mileage payments to nine civilian employees exceeded official distances by more than 10 miles, without the required approval - paragraph C 10154-1 of the JTR (see voucher C 20884 for example).
- Leave was entered incorrectly on the pay records of seven members who took leave enroute to their duty station.
- Dislocation allowance payments were not recorded as taxable income in two cases and taxable income or tax withheld was computed incorrectly in four cases.

Reports by the Regional Finance Center examiners on their last four on-site examinations of your station's pay records also show an unusually high incidence of error:

<u>Report date</u>	<u>Number of pay records</u>	<u>Pay records examined</u>	<u>Total errors</u>	<u>Total amount</u>
April 19, 1968	8,259	220	80	\$ 2,846
April 28, 1969	9,263	407	242	15,844
June 9, 1970	9,029	212	181	10,354
December 10, 1970	9,209	315	491	26,377

Navy Comptroller reports also show that examinations made at the Regional Finance Center of 60 pay records and 644 disbursing vouchers for the same period as our test disclosed 101 errors totaling \$5,668.

Because of the large number of errors in recording leave and taxable income that we found at the Finance Center, we visited the station in November 1970 to inquire into the causes of the errors. We noted many control copies of leave authorizations received when members started leave were still in the suspense file months after they were due back. We selected 78 copies and found leave had not been entered on the pay record in 59 instances, leave had been posted in 8 cases, and, in the remaining 11 cases, the members had been transferred or the pay records were otherwise not available to determine if the leave had been posted.

At the station we also selected 17 of about 75 filed control copies of the form used to adjust incorrect leave charged while in a travel status. We found the forms were several months old and in 5 cases the leave adjustments had not been made.

We discussed the above problems with your disbursing officials. They agreed leave accounting procedures were not uniformly followed and leave and travel order processing was not adequately controlled or supervised to assure proper and timely recording of leave. They also agreed errors in reporting taxable income were the result of either erroneous computations or unfamiliarity with regulations.

The disbursing officer said he would establish procedures to assure timely receipt of completed leave forms from personnel offices. He also said he plans to begin formal training classes and increase emphasis on supervisory reviews to improve disbursing operations.

We noted the corrective actions you have proposed or taken in response to the latest Regional Finance Center report generally involve pay and allowances or leave. However, as shown in the appendix, many errors involve travel allowances. We therefore suggest you also take action to improve this area. Please advise us of actions taken.

We previously issued notices of exception and informal inquiries relating to some deficiencies. 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, Great Lakes Navy Regional Finance Center; and the Director, Naval Area Audit Service, San Diego.

Sincerely yours,

C. H. Moore

C. H. Moore
Regional Manager

Enclosure
Appendix

SUMMARY OF ERRORSMILITARY PAY RECORDS

<u>Type of error</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
Leave rations not credited	5		\$ 36.22
Leave incorrectly charged	7	(21 days)	(8½ days)
Lump sum leave settlement - wrong number of days	6	\$ 54.55	49.15
Commuted rations credited during absence	18	53.34	
Payroll entry not posted	1	53.00	
Dislocation allowance not recorded as taxable income	2		
Taxable income or tax withheld incorrectly computed	4		
Foreign duty pay incorrectly computed	1		6.67
Incorrect extension of an allotment	<u>1</u>	<u>3.00</u>	<u> </u>
Subtotal	45	\$163.89	\$ 94.04

MILITARY TRAVEL - PERMANENT CHANGE OF STATION

<u>Per diem</u>			
Wrong rate	2		14.32
Not paid for temporary duty	4		31.84
Wrong number of days	2	3.50	3.50
Incorrect computation	1		10.00
<u>Mileage</u>			
Incorrect distance	2		2.82
Unauthorized travel points	1	122.58	
Circuitous travel - unallowable	1	52.44	
Mixed modes of travel incorrectly computed	1	5.18	

BEST DOCUMENT AVAILABLE

MILITARY TRAVEL - PERMANENT CHANGE OF STATION

<u>Type of error</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
<u>Dependent travel</u>			
Unauthorized dependent	1	\$ 209.70	
Dislocation allowance not paid	1		\$ 85.20
Unauthorized travel points	<u>2</u>	<u>4.08</u>	
Subtotal	<u>18</u>	<u>\$ 388.48</u>	<u>\$147.68</u>

MILITARY TRAVEL - TEMPORARY ADDITIONAL DUTY

<u>Per diem</u>			
Wrong rate	4	15.78	4.96
Incorrect computation	3	8.00	
In excess of constructive time	4	12.25	
Reimbursable expenses not paid	1		2.00
Travel at no expense to Government	2	30.30	
<u>Transportation</u>			
Wrong rate	1	2.08	
Paid between home and duty station	1	1.68	
Unauthorized taxi fares	<u>2</u>	<u>24.00</u>	
Subtotal	<u>18</u>	<u>\$ 94.09</u>	<u>\$ 6.96</u>

CIVILIAN TRAVEL

<u>Per diem</u>			
Wrong rate	2		112.51
Travel at no expense to Government	1	28.00	
Incorrect computation	1		9.00
Unauthorized - Less than 10 hours	1	5.90	
Constructive time	8	37.70	
<u>Transportation of household goods</u>			
Wrong rate	1		8.93

BEST DOCUMENT AVAILABLE

CIVILIAN TRAVEL

<u>Type of error</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
<u>Temporary lodging allowance</u>			
Unauthorized while in quarters	1	\$ 53.03	
Unauthorized while on per diem	1	3.05	
Wrong number of days	1		\$ 15.00
<u>Transportation</u>			
Incorrect distances	9	120.00	
Excess reimbursement - car rental	<u>1</u>	<u>6.00</u>	
Subtotal	<u>27</u>	<u>\$ 254.48</u>	<u>\$ 145.64</u>

MILITARY TRAVEL - SEPARATION FROM SERVICE

Incorrect distance	14	19.26	44.96
Incorrect entitlement points	4	186.72	
Per diem not paid at separation center	<u>6</u>		<u>52.64</u>
Subtotal	24	\$ 205.98	\$ 97.60

MISCELLANEOUS VOUCHERS

<u>Training Duty</u>			
Per diem - constructive time	9	37.50	51.00
Pay and allowances - excess days	1	27.49	
Wrong basic pay rate	1		3.72
Mileage - wrong rate	1	9.85	
Aviation pay - not paid for days of travel	8		50.50
<u>Shore patrol</u>			
Excess lodging allowance	1	35.85	
<u>Rations committed to messes</u>			
Excess rations - for periods of absence	5	80.52	

BEST COPY AVAILABLE

MISCELLANEOUS VOUCHERS

<u>Type of error</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
<u>Local travel - mileage</u> Incorrect distance	<u>4</u>	<u>\$ 9.00</u>	<u> </u>
Subtotal	<u>30</u>	<u>\$ 200.21</u>	<u>\$105.22</u>
GRAND TOTAL	<u>162</u>	<u>\$1,307.13</u>	<u>\$596.94</u>

BEST DOCUMENT AVAILABLE