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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON REGIONAL OFFICE
FIFTH FLOOR
803 WEST BROAD STREET
FALLS CHURCH, VIRGINIA 22046

SEP 20 1972

Dear Dr. Clark.

We have examined selected aspects of the financial management system of the Goddard Space Flight Center, National Aeronautics and Space Administration (NASA). Our examination included an evaluation of administrative procedures and internal controls, tests of individual financial transactions, and a review of pay and leave operations. Our pay and leave review included an examination of time, pay, and leave records for selected employees and an evaluation of pay and leave procedures and administration.

We found that the administrative procedures and internal controls were generally effective and that the selected transactions we examined were generally processed in a satisfactory manner. We noted four areas, however, in which we believe the Center's procedures and controls should be strengthened. We are bringing these matters to your attention so that you can take appropriate action.

NEED FOR IMPROVEMENT IN
DEBT COLLECTION PRACTICES

Title 4 of the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies provides that, consistent with the circumstances in different types of cases, agency programs for the collection of debts due the United States should provide for timely, forceful, and persistent action to collect from individual payees, recipients, or other persons legally liable for payment of the debts.

The manual also provides criteria for debt collection procedures designed to lead to the earliest practicable conclusion of administrative effort to effect collection. In our opinion, the Center's debt collection procedures--contained primarily in the NASA Financial Management Manual--are in accordance with these criteria. We found, however, that in practice these procedures have not always been followed.

Of \$39,512 in the Center's billed non-Government accounts receivable at March 31, 1972, \$33,462 (or 85 percent) were more than 90 days old. We found that vigorous follow-up action, as required by the NASA Financial Management Manual, generally had not been taken on these accounts. We noted accounts for \$1,095, \$18,000, and \$1,106 on which no action had been taken since 1965, 1968, and 1970, respectively. We noted one account from a transportation carrier which had been outstanding since 1961 and four others which had been outstanding since 1964.

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We discussed this matter with a member of your staff who stated that aggressive action would be taken to collect these old debts (or to write them off when appropriate) and to follow the NASA-prescribed debt collection procedures to insure the prompt collection of debts in the future. He attributed the past weakness in this area to (1) a high rate of turnover of employees responsible for debt collection and (2) a low priority given to this area by management officials.

Recommendation

We recommend that, to provide assurance that vigorous collection action is taken on the Center's accounts receivable in the future, you assign the responsibility for this function to one individual and take steps to insure that greater management attention is given to this area.

NEED FOR BETTER CONTROL OVER GENERAL LEDGER INPUT DATA

In a letter dated September 18, 1957 (B-115369), to the Heads of Departments and Agencies, the Comptroller General emphasized the importance of adequate control over original data processed in financial management applications of automatic data processing systems. Predetermined control totals were pointed out as one means which should be used to check the accuracy of data being processed.

When predetermined control totals are used, arithmetic totals are taken before data are introduced into a computer system for processing. Corresponding totals are accumulated independently during the data processing operation. These independently accumulated totals are then compared with, and must be equal to, the predetermined control totals. Unequal totals indicate that all data were not processed or that the data were not processed correctly. Appropriate action can then be taken to identify and correct errors before any further processing is done.

We noted that predetermined control totals were not being used by the Center to verify the accuracy of inputs of disbursement data to the general ledger. As a result, in many instances general ledger entries were duplicated. For example, of 1,036 credits to the general ledger account 1010 (Appropriated Funds with the U.S. Treasury) for November 1971, 40 entries totaling \$1,263,681 were duplicate postings.

Under the Center's procedures, the duplicate postings were discovered and corrected as a result of monthly reconciliations of general ledger entries with appropriation and fund account transactions reported to the Department of the Treasury. The use of predetermined control totals to verify the accuracy of disbursement input data would provide a means for detecting and correcting these errors at an earlier processing point,

thus resulting in greater data processing efficiency through increased orderliness and accuracy and a reduction in the number of errors requiring subsequent manual intervention and reprocessing.

The need for predetermined control totals over disbursement input data was recognized by Center officials in March 1972 and action was initiated for revising the Center's procedures to provide for predetermined control totals over disbursement input data. This revision, however, had not yet been made when we reviewed the procedures in June 1972.

We discussed this matter with a member of your staff who stated that procedures for verifying the accuracy of disbursement input data by predetermined control totals would be implemented effective with July 1972 transactions.

NEED FOR GREATER ACCURACY IN
THE COMPUTATION AND RECORDING
OF EMPLOYEES' LEAVE AND PAY

We found no significant errors in our review of the pay records of 50 employees (1.2-percent sample) for the pay period ended April 1, 1972. We did, however, note the following errors in our review of the leave records of these employees for the leave year ended January 8, 1972, and in our review of lump-sum payments to 22 employees (6-percent sample) separated during calendar year 1971.

1. Annual leave granted to employee before completion of 90 days' service, resulting in an overpayment of \$42.56.
2. Employee granted annual leave in excess of leave earned during the leave year instead of being charged leave without pay, resulting in an overpayment of \$11.32.
3. Lump-sum leave payment computed at incorrect rate, resulting in an overpayment of \$7.22.
4. Erroneous computation of severance pay, resulting in an underpayment of \$44.
5. Leave without pay not recorded on Record of Leave Data Transferred (Standard Form 1150).
6. Military leave not supported by a certificate of military attendance.

Some of these errors appear to have been simply the result of clerical inaccuracies while others apparently were caused by insufficient knowledge of applicable regulations by time and pay clerks. In our opinion, errors

of both these types could be reduced by providing additional training to time and pay clerks and having more effective supervisory reviews made of their work.

We brought the errors to the attention of responsible Center officials who took action to correct them. We discussed the causes of the errors with a member of your staff who agreed that there is a need for greater accuracy in computing and recording employees' leave and pay and stated that appropriate action will be taken to accomplish this.

Recommendations

We recommend that you (1) provide the Center's time and pay clerks with further training in the computation and recording of leave and pay and (2) take steps to insure that supervisory reviews of these operations will be more effective in detecting and preventing errors.

NEED FOR CONTROLS TO INSURE THAT ALL JUROR FEES ARE COLLECTED FROM EMPLOYEES

In accordance with title 7 of the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies, juror fees paid to Government employees by State or municipal courts for serving on juries while on court leave from their agencies are to be remitted to their agencies for deposit in the Treasury to the credit of the appropriation or fund from which the employees were paid their compensation as Government employees.

We found that, although the Center's procedures provided for the prompt deposit of juror fees remitted by employees serving as jurors while on court leave, the Center did not have systematic control procedures to insure that all such fees were remitted by the employees.

In our review of employees' leave records, we noted one instance in which an employee had been granted 21 days of court leave during the period March through September 1971 while serving as a juror. Although the employee received a total of \$245 in juror fees for this service, he remitted only \$179.40 to the Center, leaving \$65.60 unaccounted for. Our further inquiry showed that this amount represented an unauthorized deduction for "mileage."

We found the Center had not made a determination of the amount of juror fees which should have been remitted by the employee and had accepted the reduced remittance of \$179.40 in full settlement of the debt. After we brought this matter to the attention of responsible Center officials, they collected the remaining \$65.60 from the employee.

A scanning of juror fees collected from employees during fiscal year 1972 indicated the possibility of other instances in which the full amounts of juror fees may not have been collected by the Center. For example, we noted one instance in which an employee remitted \$10.30 in juror fees to the Center for 2 days of jury service in October 1971. This amount appears questionable in view of the fact that, according to a Center official, juror fees normally are paid by courts in multiples of whole dollars (at varying rates but mostly at the rate of \$10 a day). Another employee, who was shown to have been on jury duty for 8 days during January 1972, remitted \$44.16 in juror fees to the Center.

We discussed this situation with members of your staff who agreed that the collection of juror fees from employees should be more systematically controlled. They indicated that this matter would be explored with a view to developing more effective procedures to insure that all juror fees will be remitted by employees without deduction.

Recommendations

We recommend that you have a review made to determine the amounts of unremitted juror fees and take action to collect amounts from the employees involved. We request that you inform us of the results of this review when it is completed.

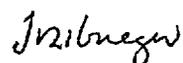
We recommend further that, to insure that the Center collects the full amounts of juror fees in the future, you establish control procedures to provide for (1) obtaining information from the courts involved regarding the amounts of juror fees paid to employees on court leave, (2) checking these amounts against the days of court leave granted to the employees, and (3) using these amounts to verify the correctness of amounts of juror fees remitted by employees to the Center.

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We wish to acknowledge the courtesies and cooperation extended to our representatives during the examination. We shall appreciate your comments concerning any action taken or planned by you on the matters discussed in this report.

Copies of this report are being sent to the Associate Administrator, Office of Organization and Management, NASA, and to the Chief, Financial Management Division, Goddard Space Flight Center.

Sincerely yours,



H. L. Krieger
Regional Manager

Dr. John F. Clark
Director, Goddard Space Flight Center
National Aeronautics and Space Administration



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WASHINGTON REGIONAL OFFICE
FIFTH FLOOR
803 WEST BROAD STREET
FALLS CHURCH, VIRGINIA 22046

SEP 20 1972

Mr. Richard C. McCurdy
Associate Administrator
Office of Organization and
Management
National Aeronautics and Space
Administration
Washington, D.C. 20546

Dear Mr. McCurdy:

Enclosed for your information is a copy of our report to the Director, Goddard Space Flight Center, on the results of our recent examination of selected aspects of the Center's financial management system.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "H. L. Krieger".

H. L. Krieger
Regional Manager

Enclosure



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON REGIONAL OFFICE
FIFTH FLOOR
803 WEST BROAD STREET
FALLS CHURCH, VIRGINIA 22046

SEP 20 1972

Mr. Paul A. Villone
Chief, Financial Management Division
Goddard Space Flight Center
National Aeronautics and Space
Administration
Greenbelt, Maryland 20771

Dear Mr. Villone:

Enclosed for your information is a copy of our report to the Director, Goddard Space Flight Center, on the results of our recent examination of selected aspects of the Center's financial management system.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "H. L. Krieger".

H. L. Krieger
Regional Manager

Enclosure