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REPORT TO THE CONGRESS



Serious Problems In Accounting For Military Leave B-125037

Department of the Army

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

700568

APRIL 2, 1971



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-125037

To the President of the Senate and the
Speaker of the House of Representatives

This is our report on serious problems in accounting
for military leave, Department of the Army.

Our review was made pursuant to the Budget and Ac-
counting Act, 1921 (31 U.S.C. 53), and the Accounting and
Auditing Act of 1950 (31 U.S.C. 67).

Copies of this report are being sent to the Director,
Office of Management and Budget; the Secretary of Defense;
and the Secretary of the Army.

A handwritten signature in cursive script, reading "James P. Abate".

Comptroller General
of the United States

D I G E S T

WHY THE REVIEW WAS MADE

Payment for unused leave at the time of an individual's separation from military service has been one of the largest areas of improper payments made by the Army each year and has been the subject of a number of earlier reports by the General Accounting Office (GAO).

The weaknesses in the recording of leave have persisted in spite of the adoption of additional procedures and controls by the Army.

This GAO review concerns certain aspects of the Army's accounting for military leave which in the past has been in need of particular attention. It was directed to an examination of the records of 12 military installations for the months of September and November 1969 and January 1970.

FINDINGS AND CONCLUSIONS

GAO estimates that errors in accounting for leave in the Army could result in almost \$23 million in overpayments annually to servicemen and about \$3 million in underpayments. (See p. 6.) GAO believes that this is a conservative estimate, inasmuch as it is based on the rates of pay at the time the errors were discovered.

The ultimate lump-sum payments to individuals for unused leave when they are discharged or separated from active duty could be at considerably higher rates because of longevity increases, promotions, and statutory pay increases.

When leave is not charged properly, the serviceman has more unearned leave available to him during his term of service. If the unearned leave is taken by the serviceman rather than cashed in, the projected leave errors could represent an annual net loss of manpower availability approximating 4,600 man-years (periods of leave undercharged less periods of leave overcharged). (See app. I.)

The following conditions contributed to the high incidence of leave errors encountered.

--Prescribed records were not used to establish dates servicemen arrived at installations. In cases of delay en route (leave taken

Tear Sheet

while in a travel status), the showing of an early arrival date on a travel claim would serve to reduce the leave charged. (See p. 7 to 9.)

- Leave in connection with an intrapost transfer was incorrectly treated as routine delay en route. (See p. 9.)
- Morning reports (attendance records) were not used as the source for posting ordinary leave. (See p. 11.)
- Carelessness on the part of pay clerks and the lack of supervisory review. (See p. 12.)
- In the past several years, little or no audit or review of leave had been performed by either the local internal review staffs or the Army Audit Agency. (See p. 13.)

RECOMMENDATIONS OR SUGGESTIONS

The Secretary of the Army should: (See p. 15.)

- Direct that local internal review staffs be increased and that they and the Army Audit Agency regularly conduct reviews of pay and allowances, with particular emphasis on military leave.
- Order a study of the Army's leave practices to ensure that the leave data input to the military pay system will be more accurate.
- Direct that travel orders be endorsed by appropriate officials to show dates of arrival and departure at all military locations to which the individual traveled, including intermediate points, and that these endorsements be used with the travel voucher to compute the amount of leave chargeable.

AGENCY ACTIONS AND UNRESOLVED ISSUES

The Army has concurred, in general, in GAO's observations and conclusions. It accepted the first two recommendations, but not the third. (See pp. 16, 17 and app. III.)

GAO plans to periodically examine into the effectiveness of the actions taken by the Army to strengthen leave accounting, including the adequacy of its internal review coverage.

MATTERS FOR CONSIDERATION BY THE CONGRESS

The appropriate Committees of the Congress may wish to pursue with the military departments the continued high incidence of errors reported by this Office in the management of leave.

C o n t e n t s

	<u>Page</u>
DIGEST	1
CHAPTER	
1 INTRODUCTION	3
2 NEED FOR IMPROVEMENTS IN CONTROLS OVER ACCOUNTING FOR MILITARY LEAVE	6
Errors in accounting for delay en route	7
Poor procedures to control recording delays en route on intrapost transfers	9
Ordinary leave errors	11
Causes of errors	12
Unreliable morning reports	12
Lack of internal audits or reviews	13
Conclusions	14
Recommendations	15
3 AGENCY COMMENTS AND GAO EVALUATION	16
4 SCOPE OF REVIEW	18
APPENDIX	
I Summary of errors, estimate of annual leave errors, and consolidated summary of errors	21
II Analysis of errors by type	25
III Letter dated November 10, 1970, from the Deputy Assistant Secretary of the Army	32
IV Principal officials of the Department of Defense and the Department of the Army responsible for the activities discussed in this report	36

ABBREVIATIONS

AAA Army Audit Agency
DA Department of the Army
FCUSA Finance Center, U.S. Army
GAO General Accounting Office
JUMPS Joint Uniform Military Pay System

D I G E S T

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CHAPTER 1

INTRODUCTION

The Armed Forces Leave Act of 1946, (10 U.S.C. 701) provides that each member of the Armed Forces on active duty is entitled to leave with pay and allowances at the rate of 2-1/2 calendar days for each month of active service except for certain excluded periods, such as absence without leave or confinement as the result of a sentence of a court-martial.

Leave taken and leave credited is accumulated on a fiscal-year basis. Generally the total amount of accrued leave will not exceed 60 days at any time, except that leave actually taken during any fiscal year may be charged to leave accruing during that fiscal year without regard to the 60-day limitation. On discharge or relief from active duty, each member is entitled to payment for unused accrued leave, not to exceed 60 days. When leave is taken it is recorded from various source documents onto the serviceman's leave record.

An officer having accrued leave to his credit at the time of his discharge is entitled to be paid for that leave on the basis of the basic pay and allowances to which he was entitled on the date of discharge. An enlisted person having accrued leave to his credit at the time of his discharge is entitled to be paid for that leave on the basis of the basic pay to which he was entitled on the date of discharge, plus an allowance at the rate of 70 cents a day for subsistence. Also enlisted personnel in pay grades E-5 through E-9 with dependents receive an allowance at the rate of \$1.25 a day for quarters. The Department of the Army paid a total of about \$119 million in lump-sum leave payments to 395,895 Army personnel during calendar year 1969, or an average of about \$300 to each member.

In our report to the Congress entitled "Review of Causes of Overpayments of Military Pay and Allowances, Department of Defense," issued in April 1963, we pointed out that accrued leave continued to be one of the largest areas of overpayments, in spite of the recognized need for corrective action since 1946. We concluded in that report that

aggressive administrative actions were required to correct the weaknesses.

The Assistant Secretary of Defense (Manpower) commented on this matter, in pertinent part, that:

"The administrative shortcomings reported are recognized, corrective actions have been initiated and are being pursued vigorously. Progress is being achieved."

In September 1964 we issued another report to the Congress entitled "Ineffective Administration of Military Leave, Department of the Army." We concluded that little or no improvements had been made in the administration of military leave, and we proposed that the Secretary of the Army see that the recommendations in our report of April 1963 are implemented.

The Deputy Under Secretary of the Army (Personnel Management) informed us that the Army (1) had developed an additional training program for personnel in the pay field, (2) had established a policy for stabilizing assignment of personnel in the pay area, (3) had adopted directed assignments of personnel to the pay area, and (4) had increased the grade structure for pay specialists to give greater promotion potential to career supervisory personnel.

In April 1968 we issued to the Congress still another report on military pay and allowances entitled "Follow-Up Review of Causes of Erroneous Payments of Military Pay and Allowances, Department of Defense." We concluded that, although the Department of Defense and the services had taken a number of actions to improve the administration of leave, as well as military pay and allowances, serious deficiencies in administration still existed and resulted in significant numbers of overpayments and underpayments to military personnel.

Since 1966 the Department of Defense has been developing a Joint Uniform Military Pay System (JUMPS). The proposed system has as its primary goal the best and most efficient operating techniques for (1) service to military personnel, (2) maximum practicable uniformity among the military

departments, (3) maintenance of centralized, computerized pay accounts, and (4) optimum support of the planning, programming, and budgeting systems through comprehensive, accurate, and timely accounting reports and other end products. A related goal is to eliminate or reduce erroneous and illegal payments.

Under the JUMPS concepts, input from the installations will be sent to a centralized computer center for maintenance of individual military pay accounts, for preparation of regular pay vouchers, and for issuance of checks. The specifications for JUMPS require that leave accounting be integrated into the military payroll system. The Army's version of JUMPS is tentatively scheduled to be operable Army-wide by January 1973.

Since our review was directed at three aspects of military leave, namely (1) leave not involving a travel status (ordinary leave and emergency leave), (2) delay en route leave, and (3) delay en route leave in connection with an intrapost transfer, this report is not intended as an evaluation of other aspects of the Army's leave system.

The scope of our review is on page 18. A list of the principal officials of the Department of Defense and the Department of the Army responsible for the activities discussed in this report is included as appendix IV.

CHAPTER 2

NEED FOR IMPROVEMENTS IN CONTROLS

OVER ACCOUNTING FOR MILITARY LEAVE

In the interest of (1) ensuring effective use of manpower and funds, (2) building troop confidence and morale, and (3) maintaining effective financial management, it is imperative that the military services accurately account for leave taken by service personnel. Our review of military leave accounting in the Army has revealed serious deficiencies in the controls over the accounting for leave and in the manner in which leave accounting procedures are followed.

When leave is not properly accounted for, either unearned leave becomes available to the individual or he is deprived of earned leave during his term of service. Unearned leave could be either liquidated during a term of service or cashed in at completion of one's service.

In our tests we included only a relatively small sample, but there is no reason to believe that it is not typical of the conditions existing at all other Army installations. We estimate, therefore, that errors and omissions in computing and recording leave could result in erroneous payments amounting to almost \$26 million annually, which consist of almost \$23 million in overpayments and about \$3 million in underpayments. Converted to man-years, the projected leave errors could represent an annual net loss of 4,600 man-years (periods of leave undercharged less periods of leave overcharged). (See app. I.)

We believe that our estimate of \$26 million in erroneous payments is conservative because it is based on the rates of pay of service personnel at the time we detected the errors. The ultimate lump-sum leave payments these servicemen will receive at the expiration of their term of service will be at considerably higher rates because of longevity pay increases, promotions, and statutory pay increases.

The types of leave discussed further in this report are defined below.

Delay en route--leave authorized in conjunction with a permanent change of station or temporary duty.

Delay en route
in connection
with intrapost
transfer --leave authorized in connection with a transfer from a trainee or student status to permanent party status at the same station.

Ordinary leave--leave granted on request of a service member within the limits of accrued leave and/or leave that may be advanced.

ERRORS IN ACCOUNTING FOR DELAY EN ROUTE

During fiscal year 1969 over one million travel vouchers involving delays en route were processed in the Army. Over 28 percent of the 2,310 cases we examined had errors. We therefore projected that Army-wide there were almost 300,000 errors annually involving over \$17 million in potential improper payments. (See app. I.)

Under Army procedures the number of days' delay en route in conjunction with a permanent change of station is determined by subtracting authorized travel time from the elapsed time between stations. Finance office travel clerks compute the authorized travel time for the individual's itinerary shown on his travel voucher and enter the time computed on the face of the voucher. The voucher is then forwarded to the pay clerk who computes the period of delay en route and enters it on the member's leave record.

Under current procedures, travel clerks accept the itinerary, including reporting dates, shown by the member on his travel voucher without checking morning reports or other records. We noted that, in numerous instances, the reporting dates shown on the travel vouchers differed from

those shown on official installation records; i.e., morning reports and personnel registers.

During our review Army officials pointed out that Army regulations do not require that the arrival date at the new station shown on the travel claim be verified with morning report entries or other official records.

In an earlier review of the administration of military leave in the Department of the Army we commented on this situation. In our report (B-125037, September 1964) we stated that:

"*** in view of the high incidence of error in computing delay en route leave, we proposed that endorsements be placed on servicemen's travel orders by the old and new stations to show the dates and places of departure and arrival and that these endorsements be used in computing the leave."

The Deputy Under Secretary of the Army (Personnel Management), in replying to our proposal, stated that:

"The Department of the Army concurs in principle in your recommendation concerning the endorsement of travel orders when delay en route leave is authorized, and that the endorsements be used in the computation of such leave. A procedure substantially as recommended has been included in an impending revision of the Army military leave regulation (AR 630-5)."

Such a procedure has not been implemented.

Our current findings demonstrate the imperative need for obtaining more accurate itinerary information in preparing travel vouchers, rather than relying on the memory of the individuals. In view of the number of discrepancies noted by us in arrival dates, we have doubts about the reliability of departure dates as well and of arrival and departure dates at ports of embarkation and debarkation. Since all of these dates have equal weight in computing the leave charge, we believe that members' travel orders should

be endorsed by appropriate officials at the sending and receiving organizations to show dates and places of departure and arrival as well as arrival and departure dates at intermediary points, such as ports of embarkation and debarkation, and that these endorsements should be used along with the travel voucher to compute the amount of leave chargeable.

POOR PROCEDURES TO CONTROL RECORDING OF
DELAYS EN ROUTE ON INTRAPOST TRANSFERS

We reviewed 156 intrapost transfers, where leave was authorized, and found that leave had not been posted or had been posted inaccurately in 58 percent of the transactions. (See app. I.)

At seven of the nine U.S. installations visited, it was the practice to authorize delays en route on intrapost transfers. Usually this occurs when trainees complete training and are granted leave on reassignment to another unit at the same installation.

There were no prescribed procedures for handling such cases except as routine delay en route. The defect in this practice is that, whereas routine delay en route is recorded from a copy of the member's travel voucher, in the case of intrapost transfers, no official travel is involved and no travel voucher is prepared by the service member. Without the voucher there is no source posting document and a breakdown develops in the leave control.

In cases of intrapost transfer where leave had been recorded on the leave record, we found, generally, that the pay clerks had, contrary to prescribed procedures, recorded the number of days' leave authorized in the orders without verifying the actual number of days' leave taken.

During our review the Finance Center, U.S. Army (FCUSA), noted the problems of charging leave for intrapost transfer. FCUSA's All Points Bulletin of May 28, 1970, contained a discussion of our findings which concluded by stating:

"The granting of leave in connection with an intra-post transfer should not be delay en route

leave -- rather it should be ordinary leave which should be controlled by the gaining organization following the recording of the transfer action. Leave control could be achieved by utilizing DA [Department of the Army] Form 31 (Request and Authority for Leave) and applying correct posting procedures of DA Form 481 from morning reports in accordance with paragraph 3-56, AR 37-104-2. For this reason, delay en route as a transfer procedure with respect to intra-post transfers should be discontinued."

We believe that this procedure, if adopted by all Army finance offices, should correct this particular leave system deficiency.

ORDINARY LEAVE ERRORS

At 11 installations we found that errors had been made in the posting of ordinary leave to the military leave record in 17.6 percent of the 2,856 cases reviewed. (See app. I.)

Posting ordinary leave is a relatively simple operation. The only technical knowledge required is the fact that the date of departure is a day of leave and the date of return is a day of duty and that these dates are obtained from the morning reports.

Notwithstanding the simplicity of the operation, we found ordinary leave errors at all installations visited. The error rates ranged from 6 percent to 30 percent, with four installations having error rates in excess of 24 percent.

At one installation, the record clerks had audited the leave records immediately prior to our review; yet, in 13 percent of the ordinary leave cases we reviewed, no postings of periods of leave taken had been made to the leave records. An earlier internal audit report issued by the comptroller of an Army Corps contained the following comments about the use of ordinary leave at this installation.

"Personnel at *** are maintaining members' leave records in such an uncurrent manner that a major deficiency has developed. There is a general knowledge throughout the division that 'one should take as much leave as possible prior to reassignment from the division, because there is a good chance that this leave will not be posted. If you are ETS [expiration of term of service], you may get paid for your unearned accrued leave or you may not be charged for your excess leave! If you are PCS [permanent change of station], you will have a greater leave balance to carry forward to your next unit!' *** The magnitude of this deficiency should require (i) immediate investigation, (ii) a major revision of morning report control, (iii) the active supervision of *** clerks, (iv) complete audit of leaves for the

period [that the organization] was responsible for posting leave from the morning reports, and (v) the initiation of special controls to insure that leaves taken during the last 40 days the member is assigned the division will be charged against the member's accrued leave balance."

At four installations ordinary leave was being posted from the DA Form 31 rather than from the morning reports, and at three installations pay clerks were considering the date of return from leave as a day of leave rather than a day of duty.

CAUSES OF ERRORS

The majority of leave errors noted on delays en route and on intrapost transfers were attributable to: the fact that there was no requirement that the arrival date the member shows on his travel itinerary be verified with official records and to treating leave on intrapost transfers as delays en route. Also, prescribed procedures were not being followed; for example, pay clerks were posting ordinary leave from the DA Form 31 rather than from the morning reports. We attribute the failures to record any delay en route or ordinary leave at all to carelessness by the pay clerks and to inadequate supervision.

Officials at a number of the installations attributed their high error rates to the present conditions of personnel turbulence in the Army and to increased work loads on finance office personnel due to reductions in staff. Station commanders, replying to our letter reports which summarized the findings noted at their installations (see p. 18), cited a variety of local procedures and controls designed to correct the defects in recording leave.

UNRELIABLE MORNING REPORTS

In our review at installations in the United States, we relied on morning reports to establish the dates members officially arrived at the installations and to verify the leave postings. In addition to errors where the reporting dates shown on travel vouchers differed from those shown on morning reports, there were errors in the reporting dates on

a significant number of morning reports. Officials at these installations had to refer to official personnel registers, guest house registers, or other documents to learn the dates servicemen officially arrived at the stations to determine whether travel voucher or morning report dates were correct. The reporting dates on morning reports were wrong in 229 out of 1,384 cases, for an error rate of 16.5 percent. In a number of instances at several installations the names of newly arrived members were not picked up on the morning reports at all.

The unreliability of morning reports points up a serious deficiency not only in recording leave but in other areas involving the Army's personnel accounting practices. Army regulations stipulate that the morning report be the basic record reflecting the official daily status of the reporting organization and of each person assigned or attached thereto. The morning report is used for official strength and other statistical reports. It is used as evidence in military court-martial proceedings and in the adjudication of claims based on the duty status of the claimant at any particular time.

Since other documents which are the sources for morning report entries are eventually destroyed and since only the morning report survives as an official record, it is important that the data reported on this record be accurate.

LACK OF INTERNAL AUDITS OR REVIEWS

Little or no review of military pay and allowances had been made in the past several years by the installations' internal review staffs, the Army Audit Agency (AAA), or any other Army agency with audit responsibility. At only one of the nine U.S. installations we visited had the internal review staff reviewed military leave during the previous 2-year period. At most of the installations the Internal Review Section did not appear to have the manpower to conduct reviews of military pay and allowances and still handle the other review work load imposed on it.

The AAA had recently visited some of the locations we visited, but officials at these installations advised us that the scope of AAA's review did not include military pay and allowances.

A team of auditors from a Corps Headquarters in Europe had made technical inspections of the finance offices for the two installations in Germany. These inspections, however, included only a limited review of leave transactions.

CONCLUSIONS

In prior reports we have cited deficiencies in the administration of military leave, and the Army has responded with several procedural changes. Nevertheless, serious deficiencies still exist in the Army's accounting for military leave, which requires prompt and aggressive management action.

Simply issuing additional directives and procedures will not bring significant improvements unless there is a continuous effort on the part of management at all levels to see that these procedures are applied properly.

Local Army officials were cooperative and receptive to our findings and viewpoints and took steps to revise local procedures to prevent future errors of the types we noted. We are concerned, however, that the deficiencies we observed could be typical of most all Army installations, and, without the attention of Army officials at all levels, the situation will not be corrected.

Our experience has shown that military pay and allowance matters require constant surveillance, particularly at the installation level. Experience has shown also that local internal review groups are generally unable to devote the necessary effort to these important fiscal management matters.

We feel that JUMPS, scheduled for full implementation by January 1973, may help improve the situation to the extent that a computerized system is mathematically more accurate than a manual system. It must be recognized, however, that even computerized systems are dependent upon the

accuracy and the timeliness of data input to that system. Many of the present-day problems with input data in leave accounting could continue to exist under JUMPS.

The erroneous leave charges arising from discrepancies between arrival dates on travel vouchers and those on morning reports or other documents demonstrate a need for greater emphasis on obtaining accurate itinerary information when preparing an individual's travel voucher.

Regarding delays en route in connection with intrapost transfers, the action taken through FCUSA's All Points Bulletin concerning such leave, if adopted by all Army units and made a matter for periodic surveillance by audit and review groups, should correct the situation.

The procedures and practices for posting ordinary leave must emphasize the examination of morning reports as the principal means to identify dates servicemen departed and returned to duty. The Army must improve controls over morning reports in order to restore credibility to this important document. Better controls should improve their accuracy, timeliness, and correct processing.

RECOMMENDATIONS

The Secretary of the Army should:

1. Direct that local internal review staffs be increased and that they and the AAA regularly conduct reviews of pay and allowances, with particular emphasis on military leave.
2. Order a study of the Army's leave practices to ensure that the leave data input to the military pay system will be more accurate.
3. Direct that travel orders be endorsed by appropriate officials to show dates of arrival and departure at all military locations to which the individual traveled, including intermediate points, and that these endorsements be used with the travel voucher to compute the amount of leave chargeable.

CHAPTER 3

AGENCY COMMENTS AND GAO EVALUATION

In his letter of November 10, 1970 (see app. III), the Deputy Assistant Secretary of the Army (Manpower and Reserve Affairs) stated that the Army had no exceptions to the findings in the report or to the conclusion that errors in military leave accounting could result in erroneous payments of significant amounts. He stated also that the Army had acted in line with two of the three GAO recommendations. In regard to the recommended procedure involving endorsement of travel orders, he stated that there was doubt that any significant reduction in the current error rate would result from such a procedure.

With respect to our recommendation that local internal review staffs be increased and that they and AAA regularly conduct reviews of pay and allowances, with particular emphasis on military leave, the Deputy Assistant Secretary commented that the AAA fiscal year 1971 schedule provides for audits of military pay and allowances, including military leave, at nine installations. He commented also that the size and the use of internal review staffs would depend upon the commander's priorities and that internal review staffs would make special studies, surveys, and analyses and would serve as troubleshooters for the commander in the discharge of his responsibilities.

The fact that AAA plans to review military pay and allowances, including military leave, at nine Army installations is commendable. We believe, however, that the deficiencies in accounting for military leave are of such a serious nature and involve so much of the funds that installation commanders should recognize that this is a trouble area and that they should be directed to use their troubleshooters to examine military leave, at least to the extent of determining whether similar unsatisfactory conditions exist at their installations. We believe that, as a part of such reviews, the audit and review groups should assist in developing or recommend to installation personnel standard operating procedures to ensure more effective control over the accounting for military leave.

In commenting on our draft report, the Army did not adopt our recommendation on endorsing travel orders. We understand, however, that, at certain selected installations, the Army is using a Statement of Arrival Time which will officially indicate member's date of arrival at the gaining organization on transfer to a new station. This statement can be used to correlate travel, leave, and morning report data by the finance and accounting office. Also we have learned informally that the Army is considering using a similar statement to substantiate the date of departure from the old station.

We plan to periodically examine into the effectiveness of the Army's revised leave accounting procedures, including the adequacy of its internal review coverage. The appropriate Committees of the Congress, however, may wish to pursue with the military departments the continued high incidence of errors reported by this Office in the management of leave.

CHAPTER 4

SCOPE OF REVIEW

We performed our review of leave at nine U.S. installations and at the Finance Center, U.S. Army. Records for the stations in Europe were available at the Army Finance Center, while the unit in Korea furnished us copies of the leave records maintained in the field. We examined pertinent regulations of the Department of the Army which implemented provisions of the Armed Forces Leave Act of 1946 (10 U.S.C. 701). We examined controls, procedures, and documents for recording leave and independently computed the amounts of leave chargeable.

We issued reports of our findings to the Commander of each U.S. installation we visited; to the Commanding General, 7th Army; and to the Commanding Officer, 21st Finance Section. Copies of our reports were furnished the Comptroller of the Army; the Commanding General, Finance Center; and, except for Fort Knox, to the appropriate Army Commander.

We reviewed leave records for the period September 1969 through January 1970 at or for the following installations:

<u>Installation</u>	<u>Records reviewed for month</u>
United States:	
Fort Bliss, Texas	Nov. 1969
Fort Campbell, Kentucky	Do.
Fort Dix, New Jersey	Do.
Fort Jackson, South Carolina	Do.
Fort Knox, Kentucky	Sept. 1969
Fort Ord, California	Nov. "
Fort Riley, Kansas	Do.
Fort Sill, Oklahoma	Do.
Fort Leonard Wood, Missouri	Jan. 1970
Europe:	
3d Infantry Division, Germany	Do.
44th Finance Section, "	Do.
Asia:	
21st Finance Section, Korea	Do.

APPENDIXES

SERIOUS PROBLEMS IN ACCOUNTING FOR MILITARY LEAVE

DEPARTMENT OF THE ARMY

SUMMARY OF ERRORS

<u>Type of leave</u>	<u>Sample</u>	<u>Number</u>	<u>Potential overpayments</u>	
			<u>Amount</u>	<u>Percent</u>
Delay en route	2,310	490	\$34,957.25	21.2
Ordinary	2,856	306	27,825.75	10.7
Intrapost transfer	<u>156</u>	<u>75</u>	<u>4,017.57</u>	<u>48.1</u>
Total	<u>5,322</u>	<u>871</u>	<u>\$66,800.57</u>	16.4

Estimate of Annual Leave Errors

<u>Type of leave</u>	<u>Number</u>	<u>Potential overpayments</u>	
		<u>Man-years (note d)</u>	<u>Amount</u>
Delay en route (note a)	218,774	3,454	\$15,608,000
Ordinary (note b)	76,500	1,644	6,855,000
Intrapost transfer (note c)	<u>8,052</u>	<u>199</u>	<u>431,000</u>
Total	<u>303,326</u>	<u>5,297</u>	<u>\$22,894,000</u>
Potential underpayments		<u>687</u>	
Net man-years		<u>4,610</u>	

^aDelay en route--1,031,363 permanent-change-of-station travel vouchers with orders authorizing delay en route for fiscal year 1969.

^bOrdinary leave--720,900 occurrences for 800,000 permanent party personnel annually.

Potential underpayments			Total errors		
<u>Number</u>	<u>Amount</u>	<u>Percent</u>	<u>Number</u>	<u>Amount</u>	<u>Percent</u>
169	\$4,011.85	7.3	659	\$38,969.10	28.5
197	4,384.78	6.9	503	32,210.53	17.6
<u>16</u>	<u>370.95</u>	<u>10.2</u>	<u>91</u>	<u>4,388.52</u>	<u>58.3</u>
<u>382</u>	<u>\$8,767.58</u>	7.2	<u>1,253</u>	<u>\$75,568.15</u>	23.6

Potential underpayments			Total errors		
<u>Number</u>	<u>Man-years</u>	<u>Amount</u>	<u>Number</u>	<u>Man-years</u>	<u>Amount</u>
75,455	459	\$1,791,000	294,229	3,913	\$17,399,000
49,428	208	1,085,000	125,928	1,852	7,940,000
<u>1,752</u>	<u>20</u>	<u>41,000</u>	<u>9,804</u>	<u>219</u>	<u>472,000</u>
<u>126,635</u>	<u>687</u>	<u>\$2,917,000</u>	<u>429,961</u>	<u>5,984</u>	<u>\$25,811,000</u>

^cIntrapost transfer--16,800 occurrences involving delay en route annually.

^dComputed using 365 days per man-year.

CONSOLIDATED SUMMARY OF ERRORS

<u>Installations</u>	<u>Month reviewed</u>	<u>Potential overpayments</u>			<u>Potential underpayments</u>			<u>Total errors</u>	
		<u>Number</u>	<u>Per-cent</u>	<u>Amount</u>	<u>Number</u>	<u>Per-cent</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Fort Knox, Ky.	9-69	142	79.8	\$12,322.19	36	20.2	\$ 896.56	178	\$13,218.75
Fort Bliss, Tex.	11-69	73	69.5	5,436.31	32	30.5	840.88	105	6,277.19
Fort Jackson, S.C.	11-69	33	55.0	2,418.67	27	45.0	605.14	60	3,023.81
Fort Riley, Kan.	11-69	44	60.3	3,872.71	29	39.7	628.91	73	4,501.62
Fort Ord, Calif.	11-69	61	78.2	5,230.18	17	21.8	345.82	78	5,576.00
Fort Dix, N.J.	11-69	166	80.2	7,971.56	41	19.8	608.04	207	8,579.60
Fort Campbell, Ky.	11-69	66	55.9	4,414.65	52	44.1	1,485.44	118	5,900.09
Fort Leonard Wood, Mo.	1-70	91	65.0	4,638.98	49	35.0	915.61	140	5,554.59
Fort Sill, Okla.	11-69	<u>44</u>	<u>69.8</u>	<u>2,593.33</u>	<u>19</u>	<u>30.2</u>	<u>397.44</u>	<u>63</u>	<u>2,990.77</u>
Total U.S. installations		<u>720</u>	<u>70.5</u>	<u>\$48,898.58</u>	<u>302</u>	<u>29.5</u>	<u>\$6,723.84</u>	<u>1,022</u>	<u>\$55,622.42</u>
3d Infantry Div., Germany	1-70	106	71.6	14,500.11	42	28.4	1,387.53	148	15,887.64
44th Finance Sec., Germany	1-70	15	46.9	1,303.22	17	53.1	186.78	32	1,490.00
21st Finance Sec., Korea	1-70	<u>30</u>	<u>58.8</u>	<u>2,098.66</u>	<u>21</u>	<u>41.2</u>	<u>469.43</u>	<u>51</u>	<u>2,568.09</u>
Total foreign sta.		<u>151</u>	<u>65.4</u>	<u>\$17,901.99</u>	<u>80</u>	<u>34.6</u>	<u>\$2,043.74</u>	<u>231</u>	<u>\$19,945.73</u>
Total		<u>871</u>	<u>69.5</u>	<u>\$66,800.57</u>	<u>382</u>	<u>30.5</u>	<u>\$8,767.58</u>	<u>1,253</u>	<u>\$75,568.15</u>

^aOnly delay en route reviewed.

^bIntrapost transfers not reviewed at foreign stations.

Delay en route			Ordinary			Intrapost transfers		
Num- ber	Per- cent	Amount	Number	Per- cent	Amount	Number	Per- cent	Amount
93	52.2	\$ 6,520.15	59	33.2	\$ 5,118.72	26	14.6	\$1,579.88
64	60.9	3,500.05	32	30.5	1,927.82	9	8.6	849.32
30	50.0	835.89	17	28.3	1,780.02	13	21.7	407.90
53	72.6	3,811.37	19	26.0	600.97	1	1.4	89.28
39	50.0	2,385.57	36	46.2	2,879.00	3	3.8	311.43
122	58.9	5,027.91	79	38.2	3,165.36	6	2.9	386.33
48	40.7	3,701.41	70	59.3	2,198.68	-	-	-
40	28.6	1,423.52	67	47.9	3,366.69	33	23.5	764.38
<u>42</u>	<u>66.7</u>	<u>2,188.54</u>	<u>21</u>	<u>33.3</u>	<u>802.23</u>	-	-	-
<u>531</u>	52.0	<u>\$29,394.41</u>	<u>400</u>	39.1	<u>\$21,839.49</u>	<u>91</u>	8.9	<u>\$4,388.52</u>
60	40.5	6,710.42	88	59.5	9,177.22	-	-	-
17	53.1	296.18	15	46.9	1,193.82	-	-	-
<u>51</u>	100.0 ^a	<u>2,568.09</u>	-	-	-	-	-	-
<u>128</u>	55.4	<u>\$ 9,574.69</u>	<u>103</u>	44.6	<u>\$10,371.04</u>	-	(b)	<u>\$ -</u>
<u>659</u>	52.6	<u>\$38,969.10</u>	<u>503</u>	40.1	<u>\$32,210.53</u>	<u>91</u>	7.3	<u>\$4,388.52</u>

SERIOUS PROBLEMS IN ACCOUNTING FOR MILITARY LEAVE

DEPARTMENT OF THE ARMY

ANALYSIS OF ERRORS BY TYPE

	Errors						Total errors	
	Potential overpayments			Potential underpayments			Number	Amount
	Number	Per- cent	Amount	Number	Per- cent	Amount		
Delay en route	490	74.4	\$34,957.25	169	25.6	\$4,011.85	659	\$38,969.10
Ordinary leave	306	60.8	27,825.75	197	39.2	4,384.78	503	32,210.53
Intrapost transfers	<u>75</u>	<u>82.4</u>	<u>4,017.57</u>	<u>16</u>	<u>17.6</u>	<u>370.95</u>	<u>91</u>	<u>4,388.52</u>
Total	<u>871</u>	69.5	<u>\$66,800.57</u>	<u>382</u>	30.5	<u>\$8,767.58</u>	<u>1,253</u>	<u>\$75,568.15</u>

^aMorning reports.

Type of errors								
Date on M/R different than on voucher (note a)			Computation of leave and/or travel incorrect			Not posted to leave record		
Number	Per-cent	Amount	Number	Per-cent	Amount	Number	Per-cent	Amount
302	45.8	\$9,691.23	278	42.2	\$ 8,194.60	79	12.0	\$21,083.27
-	-	-	303	60.2	8,253.88	200	39.8	23,956.65
-	-	-	<u>42</u>	<u>46.2</u>	<u>555.73</u>	<u>49</u>	<u>53.8</u>	<u>3,832.79</u>
<u>302</u>	45.8	<u>\$9,691.23</u>	<u>623</u>	49.7	<u>\$17,004.21</u>	<u>328</u>	26.2	<u>\$48,872.71</u>

ANALYSIS OF ERRORS BY TYPE

DELAY EN ROUTE

Installation	Month reviewed	Errors						Total errors	
		Potential overpayments			Potential underpayments			Number	Amount
		Number	Per-cent	Amount	Number	Per-cent	Amount		
Fort Knox	9-69	72	77.4	\$ 5,868.06	21	22.6	\$ 652.09	93	\$ 6,520.15
Fort Bliss	11-69	48	75.0	3,046.02	16	25.0	454.03	64	3,500.05
Fort Jackson	11-69	13	43.3	618.37	17	56.7	217.52	30	835.89
Fort Riley	11-69	38	71.7	3,441.43	15	28.3	369.94	53	3,811.37
Fort Ord	11-69	30	76.9	2,117.24	9	23.1	268.33	39	2,385.57
Fort Dix	11-69	104	85.2	4,768.44	18	14.8	259.47	122	5,027.91
Fort Campbell	11-69	35	72.9	3,216.84	13	27.1	484.57	48	3,701.41
Fort Leonard Wood	1-70	31	77.5	1,097.08	9	22.5	326.44	40	1,423.52
Fort Sill	11-69	<u>34</u>	<u>81.0</u>	<u>1,976.56</u>	<u>8</u>	<u>19.0</u>	<u>211.98</u>	<u>42</u>	<u>2,188.54</u>
Total U.S. Installations		<u>405</u>	76.3	<u>\$26,150.04</u>	<u>126</u>	23.7	<u>\$3,244.37</u>	<u>531</u>	<u>\$29,394.41</u>
3d Infantry Div.	1-70	49	81.7	6,524.43	11	18.3	185.99	60	6,710.42
44th Finance Sec.	1-70	6	35.3	184.12	11	64.7	112.06	17	296.18
21st Finance Sec.	1-70	<u>30</u>	<u>58.8</u>	<u>2,098.66</u>	<u>21</u>	<u>41.2</u>	<u>469.43</u>	<u>51</u>	<u>2,568.09</u>
Total foreign sta.		<u>85</u>	66.4	<u>\$ 8,807.21</u>	<u>43</u>	33.6	<u>\$ 767.48</u>	<u>128</u>	<u>\$ 9,574.69</u>
Aggregate total		<u>490</u>	74.4	<u>\$34,957.25</u>	<u>169</u>	25.6	<u>\$4,011.85</u>	<u>659</u>	<u>\$38,969.10</u>

Type of errors								
Date on M/R different than on voucher			Computation of leave and/or travel incorrect			Not posted to leave record		
Number	Per-cent	Amount	Number	Per-cent	Amount	Number	Per-cent	Amount
61	65.6	\$1,953.45	24	25.8	\$1,227.74	8	8.6	\$ 3,338.96
38	59.4	692.79	14	21.9	631.93	12	18.7	2,175.33
18	60.0	377.24	10	33.3	121.37	2	6.7	337.28
35	66.1	1,539.70	12	22.6	422.63	6	11.3	1,849.04
23	59.0	973.71	10	25.6	285.63	6	15.4	1,126.23
45	36.9	2,407.30	71	58.2	1,621.16	6	4.9	999.45
27	56.2	512.31	12	25.0	613.69	9	18.8	2,575.41
33	82.5	928.00	6	15.0	426.08	1	2.5	69.44
<u>22</u>	<u>52.4</u>	<u>306.73</u>	<u>15</u>	<u>35.7</u>	<u>465.10</u>	<u>5</u>	<u>11.9</u>	<u>1,416.71</u>
<u>302</u>	56.9	<u>\$9,691.23</u>	<u>174</u>	32.8	<u>\$5,815.33</u>	<u>55</u>	10.3	<u>\$13,887.85</u>
-	-	-	42	70.0	1,105.09	18	30.0	5,605.33
-	-	-	15	88.2	144.81	2	11.8	151.37
-	-	-	<u>47</u>	<u>92.2</u>	<u>1,129.37</u>	<u>4</u>	<u>7.8</u>	<u>1,438.72</u>
-	-	-	<u>104</u>	81.2	<u>\$2,379.27</u>	<u>24</u>	18.8	<u>\$ 7,195.42</u>
<u>302</u>	45.8	<u>\$9,691.23</u>	<u>278</u>	42.2	<u>\$8,194.60</u>	<u>79</u>	12.0	<u>\$21,083.27</u>

ANALYSIS OF ERRORS BY TYPE

ORDINARY LEAVE

<u>Installation</u>	<u>Month reviewed</u>	<u>Errors</u>					
		<u>Potential overpayments</u>			<u>Potential underpayments</u>		
		<u>Number</u>	<u>Per- cent</u>	<u>Amount</u>	<u>Number</u>	<u>Per- cent</u>	<u>Amount</u>
Fort Knox	9-69	46	78.0	\$ 4,885.08	13	22.0	\$ 233.64
Fort Bliss	11-69	18	56.2	1,580.65	14	43.8	347.17
Fort Jackson	11-69	9	52.9	1,503.93	8	47.1	276.09
Fort Riley	11-69	5	26.3	342.00	14	73.7	258.97
Fort Ord	11-69	28	77.8	2,801.51	8	22.2	77.49
Fort Dix	11-69	56	70.9	2,816.79	23	29.1	348.57
Fort Campbell	11-69	31	44.3	1,197.81	39	55.7	1,000.87
Fort Leonard Wood	1-70	37	55.2	2,986.43	30	44.8	380.26
Fort Sill	11-69	<u>10</u>	<u>47.6</u>	<u>616.77</u>	<u>11</u>	<u>52.4</u>	<u>185.46</u>
Total U.S. In- stallations		<u>240</u>	60.0	<u>\$18,730.97</u>	<u>160</u>	40.0	<u>\$3,108.52</u>
3d Infantry Div.	1-70	57	64.8	7,975.68	31	35.2	1,201.54
44th Finance Sec.	1-70	<u>9</u>	<u>60.0</u>	<u>1,119.10</u>	<u>6</u>	<u>40.0</u>	<u>74.72</u>
Total foreign sta.		<u>66</u>	64.1	<u>\$ 9,094.78</u>	<u>37</u>	35.9	<u>\$1,276.26</u>
Aggregate to- tal		<u>306</u>	60.8	<u>\$27,825.75</u>	<u>197</u>	39.2	<u>\$4,384.78</u>

<u>Total errors</u>		<u>Types of errors</u>					
		<u>Computation of leave and/or travel incorrect</u>			<u>Not posted to leave record</u>		
<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Per- cent</u>	<u>Amount</u>	<u>Number</u>	<u>Per- cent</u>	<u>Amount</u>
59	\$ 5,118.72	21	35.6	\$ 397.57	38	64.4	\$ 4,721.15
32	1,927.82	27	84.4	1,417.36	5	15.6	510.46
17	1,780.02	10	58.8	311.34	7	41.2	1,468.68
19	600.97	17	89.5	307.82	2	10.5	293.15
36	2,879.00	11	30.6	179.48	25	69.4	2,699.52
79	3,165.36	45	57.0	889.73	34	43.0	2,275.63
70	2,198.68	50	71.4	1,269.68	20	28.6	929.00
67	3,366.69	45	67.2	699.05	22	32.8	2,667.64
<u>21</u>	<u>802.23</u>	<u>17</u>	<u>81.0</u>	<u>421.04</u>	<u>4</u>	<u>19.0</u>	<u>381.19</u>
<u>400</u>	<u>\$21,839.49</u>	<u>243</u>	<u>60.7</u>	<u>\$5,893.07</u>	<u>157</u>	<u>39.3</u>	<u>\$15,946.42</u>
88	9,177.22	50	56.8	1,885.89	38	43.2	7,291.33
<u>15</u>	<u>1,193.82</u>	<u>10</u>	<u>66.7</u>	<u>474.92</u>	<u>5</u>	<u>33.3</u>	<u>718.90</u>
<u>103</u>	<u>\$10,371.04</u>	<u>60</u>	<u>58.3</u>	<u>\$2,360.81</u>	<u>43</u>	<u>41.7</u>	<u>\$ 8,010.23</u>
<u>503</u>	<u>\$32,210.53</u>	<u>303</u>	<u>60.2</u>	<u>\$8,253.88</u>	<u>200</u>	<u>39.8</u>	<u>\$23,956.65</u>

ANALYSIS OF ERRORS BY TYPE

INTRAPOST TRANSFERS

<u>Installation</u>	<u>Month reviewed</u>	<u>Errors</u>					
		<u>Potential overpayments</u>			<u>Potential underpayments</u>		
		<u>Number</u>	<u>Per-cent</u>	<u>Amount</u>	<u>Number</u>	<u>Per-cent</u>	<u>Amount</u>
Fort Knox	9-69	24	92.3	\$1,569.05	2	7.7	\$ 10.83
Fort Bliss	11-69	7	77.8	809.64	2	22.2	39.68
Fort Jackson	11-69	11	84.6	296.37	2	15.4	111.53
Fort Riley	11-69	1	100.0	89.28	-	-	-
Fort Ord	11-69	3	100.0	311.43	-	-	-
Fort Dix	11-69	6	100.0	386.33	-	-	-
Fort Leonard Wood	1-70	<u>23</u>	<u>69.7</u>	<u>555.47</u>	<u>10</u>	<u>30.3</u>	<u>208.91</u>
Total U.S. installations		<u>75</u>	82.4	<u>\$4,017.57</u>	<u>16</u>	17.6	<u>\$370.95</u>

<u>Total errors</u>		<u>Types of errors</u>					
		<u>Computation of leave and/or travel incorrect</u>			<u>Not posted to leave record</u>		
<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Per-cent</u>	<u>Amount</u>	<u>Number</u>	<u>Per-cent</u>	<u>Amount</u>
26	\$1,579.88	8	30.8	\$ 43.32	18	69.2	\$1,536.56
9	849.32	3	33.3	44.64	6	66.7	804.68
13	407.90	10	76.9	186.84	3	23.1	221.06
1	89.28	-	-	-	1	100.0	89.28
3	311.43	-	-	-	3	100.0	311.43
6	386.33	1	16.7	5.87	5	83.3	380.46
<u>33</u>	<u>764.38</u>	<u>20</u>	<u>60.6</u>	<u>275.06</u>	<u>13</u>	<u>39.4</u>	<u>489.32</u>
<u>91</u>	<u>\$4,388.52</u>	<u>42</u>	<u>46.2</u>	<u>\$555.73</u>	<u>49</u>	<u>53.8</u>	<u>\$3,832.79</u>



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, D.C. 20310

NOV 10 1970

Mr. Charles M. Bailey
Director, Defense Division
United States General Accounting Office
Washington, D. C. 20548


Dear Mr. Bailey:

The Secretary of Defense has asked me to comment on the GAO Draft Report, dated 15 September 1970, Subject: Certain Aspects of Accounting for Military Leave (OSD Case #3181).

No exceptions are taken to findings in the report or to the conclusion that errors in military leave accounting could result in erroneous payments of significant amount. Actions have been taken which are in line with two of the three GAO recommendations. In regard to the recommended procedure involving indorsement of travel orders, there is doubt that any significant reduction in the current error rate would result.

Comments on each GAO recommendation are contained in Inclosure 1.

1 Incl
as


John G. Kester
Deputy Assistant Secretary of the Army
(Manpower and Reserve Affairs)

COMMENTS ON GAO DRAFT REPORT (OSD #3181)

Recommendation. That local internal review staffs be increased and that they and the U. S. Army Audit Agency regularly conduct reviews of pay and allowances, with particular emphasis on military leave.

Comment. In regard to increased audit activity, the U. S. Army Audit Agency fiscal year 1971 schedules provide for audits of military pay, including military leave, at nine installations. Additional military pay audits may be scheduled, depending on priorities and manpower availability. In addition to the above, military pay audits have recently been completed at the Finance Center, U. S. Army, Fort Carson, Fort Hood and in Vietnam, all in connection with JUMPS.

The size of the installation internal review staff depends upon the commander's priorities. He is responsible for making the most effective use of his personnel resources and staffing of organizational elements is accomplished on that basis. Internal review staffs in the Department of the Army do not make periodic examinations of military pay activities unless there is evidence of trouble or problems are known or suspected to exist. Internal review personnel make special studies, surveys and analyses, and serve as "trouble shooters" for the commander in the discharge of his responsibilities, but do not perform comprehensive audits or make regularly scheduled recurring or cyclical reviews of appropriated fund operations.

Recommendation. That a study of the Army's leave practices be made to insure that the leave input to the Joint Uniform Military Pay System (JUMPS) will be more accurate.

Comment. Recommended study was initiated in August 1970. In early recognition of the need for improved accuracy of leave data input, a major project action was established within the JUMPS-Army Master Plan requiring the development of improved leave accounting procedures. To facilitate accomplishment, a joint Comptroller of the Army-Deputy Chief of Staff for Personnel study group was organized in August 1970 to explore potential means of achieving required input accuracy. Project completion is scheduled for September 1971.

Recommendation. That travel orders be indorsed to show dates of arrival and departure at all military locations to which the individual traveled, including intermediate points, and that these indorsements be used with the travel voucher to compute the amount of leave chargeable.

Comment. It is doubtful that adoption of such a procedure would significantly reduce the current error rate. While it is difficult to evaluate the full impact of the proposed procedure, it appears that its effectiveness would be dependent upon actions to be taken by numerous disinterested individuals in the replacement chain, thus tending to compound further the possibility of error. The present system of controls is considered sound and relatively simple to administer.

It is believed that procedures and controls presently prescribed in accounting for leave to be charged in connection with delay enroute movement should be retained. Deficiencies cited in the GAO report indicate a failure on the part of operating personnel to observe basic established procedures and a further failure on the part of responsible supervisory personnel to properly monitor leave accounting to detect deficiencies in performance and to take timely, appropriate corrective action.

The need for continuous surveillance in the area of military leave accounting is recognized. This need has been emphasized through command channels. A recent directive provides that commanders will assure that efforts are directed toward reduction of these errors. Suggested actions to be taken on a continuing basis include internal review evaluations in addition to supervisory reviews of work performed by individual clerks involved in maintenance of leave records and computation of travel time.

Other Comments. The Finance Center, U. S. Army, in its June and July 1970 issues of the "All Points Bulletin", again called attention to this subject by advising finance and accounting officers of the many errors found during the GAO audit and stressed the need for improvement in administration of military leave. The following special guidance was furnished in an effort to eliminate these errors.

- a. Model standing operating procedure for maintenance of the military leave record (June).
- b. Check list for use in reviewing the military leave record (June).
- c. Model standing operating procedure on accounting for delay enroute leave (July).
- d. Special report on deficiencies in administration of the military leave system (July).

PRINCIPAL OFFICIALS
OF THE DEPARTMENT OF DEFENSE
AND THE DEPARTMENT OF THE ARMY
RESPONSIBLE FOR THE ACTIVITIES
DISCUSSED IN THIS REPORT

	Tenure of office	
	From	To
<u>DEPARTMENT OF DEFENSE</u>		
SECRETARY OF DEFENSE:		
Melvin R. Laird	Jan. 1969	Present
Clark M. Clifford	Mar. 1968	Jan. 1969
Robert S. McNamara	Jan. 1961	Feb. 1968
ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER):		
Robert C. Moot	Aug. 1968	Present
Robert N. Anthony	Sept. 1965	July 1968
<u>DEPARTMENT OF THE ARMY</u>		
SECRETARY OF THE ARMY:		
Stanley R. Resor	July 1965	Present
ASSISTANT SECRETARY OF THE ARMY (FINANCIAL MANAGEMENT):		
Eugene M. Becker	July 1967	Present
W. Brewster Kopp	June 1965	June 1967