



UNITED STATES GENERAL ACCOUNTING OFFICE

REGIONAL OFFICE

2006 WASHINGTON BOULEVARD BUILDING

234 STATE STREET

DETROIT, MICHIGAN 48226

Commanding Officer
U.S.S. ELLISON (DD-864)
FPO New York

Dear Sir:

We have examined pay and travel expenditures made on the ELLISON in the 6 months ended June 1971, to test the effectiveness of your disbursing activity and the related system of internal controls. Our review was made at the Navy Finance Center, Cleveland.

In our tests, we examined 152 of 278 pay records and all 70 travel vouchers. We found 50 overpayments and underpayments totaling \$990. We also identified five leave accounting and two tax reporting errors which could eventually result in losses to the crew members or the Government.

Voucher errors were the most predominant. In the six month period, the disbursing officer paid 18 vouchers involving temporary additional duty and permanent change of station travel. We found 30 errors on these vouchers.

Our error data are summarized in the appendix. The more significant deficiencies are discussed below.

Military travel vouchers

- Per diem was paid to four members while they were hospitalized contrary to M4250-2, JTR. For example see voucher 908.
- The wrong rate of per diem was used in computing the travel claims of four members, resulting in overpayments. See vouchers 910 and 911.
- Incorrect entitlement points were used in determining mileage payments to five members incident to their separation and reenlistment when no travel was performed. The pertinent regulations are M4159-5b, item 1, and M4159-5c, item 2, JTR. See vouchers 965 and 992.

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50TH ANNIVERSARY 1921 - 1971

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Military pay records

- None of the special payrolls contained signatures evidencing verification as required by 40162f, MPP.
- Leave accounting errors involving 41 days were made on the pay records of five members. In four instances, leave balances were incorrectly computed and, in the other, leave was improperly charged during a delay en route.
- Four members were paid lump sum leave for the wrong number of days. Three of the members were underpaid.

When we examined the ELLISON accounts last year, we found 134 overpayments and underpayments totaling \$1,733, and 24 leave accounting and 10 tax reporting errors. Our findings were referred to the ELLISON's Commanding Officer by the Director, Navy Military Pay System in a memorandum dated June 26, 1970 (copy enclosed).

Shortly thereafter, in July 1970, an onsite team from the Norfolk Navy Regional Finance Center examined the ELLISON's pay records and detected 40 monetary errors totaling \$1,368 and seven leave accounting errors. In their most recent examination in April 1971, the onsite team found 17 pay record errors totaling \$2,058.

Because our review was limited to the vouchers and supporting documents included in the financial returns, we could not pinpoint the causes of the errors. While it appears that some improvement has been made in handling pay matters, our tests indicate that disbursing personnel need to become more familiar with travel and leave regulations. Moreover, internal review procedures appear to be weak. Several errors involved incorrect computations and should have been detected in the disbursing office review.

We recommend you use this report as a basis for inquiring into these matters. In order to assist you, we are enclosing information copies of our notices of exception and informal inquiries. If you need additional information, please let us know. We would appreciate your comments on the causes of these errors and advice of action taken.

We are sending copies of this letter to the Comptroller of the Navy; Commander, Cruiser Destroyer Force, Atlantic Fleet; Director, Navy Military Pay System; Commanding Officer, Navy Regional Finance Center, Norfolk; and the Director, Norfolk Naval Area Audit Service.

Sincerely yours,

C. H. Moore
Regional Manager

Enclosures--3
Appendix
Copies of notices of exception (8)
and informal inquiries (10)
Memo dtd 6/26/70

U. S. GENERAL ACCOUNTING OFFICE
DETROIT REGIONAL OFFICE

SUMMARY OF ERRORS

U.S.S. HAROLD J. ELLISON (DD-864)
JANUARY 1 THROUGH JUNE 30, 1971

MILITARY PAY RECORDS

<u>Type of error</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
Lump sum leave - wrong number of days	4	\$ 9.69	\$316.74
Computation - cash/check payments	2	51.00	40.00
Computation - basic pay	1	41.76	
Leave rations - not credited	<u>1</u>	<u> </u>	<u>1.52</u>
Subtotal	<u>8</u>	<u>\$102.45</u>	<u>\$358.26</u>

MILITARY TRAVEL - PERMANENT CHANGE OF STATION

Per diem

Failure to pay - days of travel in and out of U.S.	4		\$ 38.69
Improper deduction for meals	3	\$ 12.98	
Unauthorized while in mileage status	2	43.10	
Wrong rate	2	15.10	12.50
Miscellaneous	2	10.85	
Failure to pay while on temporary duty	1		16.00

Mileage

Government transportation furnished	<u>1</u>	<u>13.26</u>	<u> </u>
Subtotal	<u>15</u>	<u>\$ 95.29</u>	<u>\$ 67.19</u>

MILITARY TRAVEL - TEMPORARY ADDITIONAL DUTY

Per diem

Wrong rate	6	\$ 48.35	\$ 5.84
Unauthorized while in hospital	4	134.10	
Paid for 31st day of 30 day month	2	7.92	
Improper deduction for meals	2	8.50	
In excess of constructive travel	<u>1</u>	<u>12.20</u>	<u> </u>
Subtotal	<u>15</u>	<u>\$211.07</u>	<u>\$ 5.84</u>

MILITARY TRAVEL - SEPARATION FROM THE SERVICE

<u>Type of error</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
Incorrect distances	5	\$ 3.48	\$ 6.90
Incorrect entitlement points	<u>5</u>	<u>64.50</u>	<u>28.92</u>
Subtotal	<u>10</u>	<u>\$ 67.98</u>	<u>\$ 35.82</u>

MISCELLANEOUS VOUCHERS

Training duty

Paid mileage at 5 cents instead of 6	<u>2</u> ^a	_____	\$ <u>46.50</u>
Subtotal	<u>2</u>	_____	<u>46.50</u>
Total monetary errors	<u>50</u>	<u>\$476.79</u>	<u>\$513.61</u>

LEAVE ACCOUNTING

<u>Type of error</u>	<u>Number</u>	<u>Overstated</u>	<u>Understated</u>
Balance computed incorrectly	4	17 days	23 days
Delay en route incorrectly computed	<u>1</u>	<u>1 day</u>	_____
Total leave errors	<u>5</u>	<u>18 days</u>	<u>23 days</u>

TAX REPORTING

Taxable income computed incorrectly	<u>1</u>		
FICA - computed incorrectly	<u>1</u>		
Total tax errors	<u>2</u>		
Total all errors	<u>57</u>		

^a Pay Adjustment Authorizations were issued on these two cases by the Navy Finance Center, Cleveland.