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During fiscal year 1976 the Postal Service employed about 679,000 people and incurred personnel costs of about $12 billion. Although no major weaknesses were found in the payroll system, some deficiencies in procedures were identified. Suggestions were offered for improvements in design of a new system. Findings/Conclusions: The computerized time and attendance system, the Postal Source Data System, did not have adequate controls of badges and authorizers to preclude improper pay authorizations and adjustments. Employees' separations and transfers were not always promptly recorded in payroll files, resulting in some erroneous payments. Improvements would result from: (1) incorporating programmed controls into payroll programs; (2) increased involvement by the Office of Audit in computer system design and program changes; (3) strengthened procedures for computer security; (4) one master pay record for each employee; and (5) adoption of advanced data entry methods for making changes in master pay records. (HTW)

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Review Of Postal Service's Payroll System

U.S. Postal Service

During fiscal year 1976 the Postal Service employed about 679,000 people and incurred personnel costs of about $12 billion.

Our review did not show any major weaknesses in the Postal Service's payroll system, however, GAO believes that several changes could be made to improve payroll operations.

GGD-77-37

MARCH 15, 1977

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

B-114874

The Honorable Benjamin F. Bailar
Postmaster General
United States Postal Service

Dear Mr. Bailar:

We recently completed a review of the Postal Service's payroll system. At the conclusion of our review we were apprised of Postal Service's plans to redesign its payroll system and that a contract was let to assist it in the redesign effort.

Our comments and findings are being made available to the Postal Service for its consideration in the design of the new system. We have had discussions with officials in the Finance Department to acquaint them with the more important findings resulting from our review.

Our review did not show major weaknesses in the Postal Service's payroll system. We believe, however, that several changes could be made to improve payroll operations.

Copies of this report are being sent to the Senate and House Committees on Appropriations, on Government Operations, the House Committee on Post Office and Civil Service and the Senate Committee on Governmental Affairs. Copies are also being sent to the Director, Office of Management and Budget, and to each of the Governors of the United States Postal Service.

Sincerely yours,

Victor L Lowe

Victor L. Lowe
Director

U.S. GENERAL ACCOUNTING OFFICE
REPORT TO THE
POSTMASTER GENERAL

REVIEW OF
POSTAL SERVICE'S
PAYROLL SYSTEM
U.S. Postal Service

D I G E S T

The Postal Service employed about 679,000 people during FY 1976 and operates over 40,000 post offices, stations, and branches throughout the 50 States and several U.S. territories. About 86 percent of the Service's operating costs are for employee pay and benefits. Fiscal year 1976 personnel costs and fringe benefits were $12.0 billion of the Service's total costs of $13.9 billion. The Service makes extensive use of computer equipment in its payroll system.

GAO reviewed the Service's payroll procedures and internal controls to determine their reliability and to identify possible control weaknesses. GAO found opportunities for some improvements in controls and is offering its comments and findings to the Service for consideration in the design of a new payroll system currently underway.

GAO found that:

--it would be relatively easy to make unauthorized pay authorizations and adjustments in the Postal Source Data System, a computerized system used by about 340,000 postal employees to report their time and attendance (see p. 3.);

--employees' separations or transfers are not always promptly recorded in payroll files, thereby, resulting in some erroneous payments (see p. 6).

GAO also noted that several payroll related areas had opportunities for improvements. These are:

--several programmed controls could be incorporated into the computerized payroll programs to provide greater assurance that improper payments are not made (see p. 10);

--the Office of Audit could strengthen its audit coverage of computerized systems by increasing its involvement in computer system designs and program changes (see p. 11);

--the Service could strengthen its procedures for computer security and update its disaster contingency plans (see p. 12);

--the current pay system is designed in a manner which allows some employees to have multiple pay records, which has resulted in some erroneous payments. The establishment of one master pay record for each employee could eliminate this problem (see p. 13); and

--the adoption of advanced data entry methods to make changes to employees' master pay records could possibly result in (1) reduced processing costs, (2) faster processing of transactions, and (3) the elimination of the generation and scrapping every two weeks of tens of thousands of punched cards (see p. 15).

GAO's comments and findings are being made available to the Service for its consideration in the design of its new payroll system.

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ABBREVIATIONS

GAO	General Accounting Office
PDC	Postal Data Center
T/A	Time and Attendance
PSDS	Postal Source Data System

CHAPTER 1

INTRODUCTION

BACKGROUND

The Postal Service employed about 679,000 people during FY 1976 and operates over 40,000 post offices, stations, and branches throughout the 50 States and several U.S. territories.

Over 86 percent of the Service's operating costs are for employee pay and benefits. Fiscal year 1976 personnel costs and fringe benefits were $12.0 billion of the Service's total costs of $13.6 billion.

The Service's payroll is processed on three computer systems located in the Postal Data Centers (PDC) at San Bruno, California; Minneapolis, Minnesota; and New York, New York.

Two systems are utilized for reporting employee time and attendance (T/A). Approximately one-half of the employees are on each system. The first system, a so-called manual system, uses timecards, which are prepunched and preprinted at the PDCs. About 340,000 timecards, one for each employee, are prepared every two weeks and sent to the employee's place of employment. At the end of each pay period, the T/A information is keypunched and processed on computers to determine the employee's pay.

The second T/A reporting system is a computer-operated system installed in 117 of the Service's largest postal facilities. This is known as the Postal Source Data System (PSDS). Employees under PSDS record their T/A by inserting a plastic badge into a reading device connected to a computer to record the beginning and ending of work periods. The T/A information is transmitted over telephone lines from each of the 117 postal facilities to computers that store the T/A information for the two-week period. At the close of the pay period, this information is transmitted to the PDCs. Once at the PDCs, payroll processing is the same for employees under PSDS as for employees on the manual timecard system.

During our review, the Service converted its payroll system to operate on an IBM 370/158 computer system. The payroll had previously been processed on a Honeywell computer system. On April 8, 1976, the Service contracted with a firm to redesign its payroll system to obtain better utilization of its new high-speed computers.

SCOPE OF REVIEW

Our review was made at Postal Headquarters in Washington, D.C., at the three PDCs; at the St. Louis Automatic Data Processing Center; and at post offices located in or near Washington, D.C.; St. Louis, Missouri; and San Francisco, California.

We observed time and attendance activities at post offices under each reporting system--PSDS and the manual system using timecards, reviewed the payroll system design, tested computer programmed controls, and observed computer processing of the payroll; made computer analyses of information in the automated master payroll files containing over 800,000 records for all postal employees; and conducted detailed investigations at the three PDCs of questionable cases identified in our computer analysis.

CHAPTER 2

IMPROVED CONTROLS NEEDED IN THE POSTAL SOURCE DATA SYSTEM

The Service's PSDS does not have adequate controls to preclude improper pay authorizations and adjustments. We found that:

--the computer system accepts non-valid authorizer badges,

--a complete list of authorizers was not available,

--there is an over-issuance of authorizer badges, and

--not all transacter devices used to enter pay authorizations and adjustments into the system were located in full view of supervisory personnel.

PSDS ACCEPTS NON-VALID BADGES

There is no programmed control in PSDS that is able to distinguish a valid from a non-valid authorizer badge. In our test, the system accepted a badge made from a standard punchcard. It also accepted an authorizer badge made by the Service but containing the social security number of a GAO auditor. With this badge we were able to authorize and report the beginning and ending of a work day, including overtime, and authorize pay at a higher than normal level.

Data is entered into PSDS by the use of employee badges, badge readers, transacters, and alphanumeric devices located at the post offices. Employees to be credited with overtime, pay at a higher than normal level, and leave must first have an authorization for such entered into PSDS before credit will be given the employees by the system. The employee's badge, along with the appropriate authorizer's badge 1/, is inserted into a reading device called a transacter and transmitted through the system to be recorded on the employee's record.

Service officials stated that improper authorizations or adjustments made with invalid badges would be caught by the supervisor's review of reports generated by the system. However, the Service's internal auditors have reported at several locations that proper examination of these reports is not being made by

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1/ Each authorizer is issued 14 badges, one for each day of the pay period.

supervisors. Our own investigation confirmed this finding. We examined these reports at one post office and found that 26 percent of the reports did not contain evidence of supervisory review.

LIST OF AUTHORIZERS INCOMPLETE

The Service does not maintain an adequate control list of employees who are designated as authorizers to enable the detection of unauthorized pay adjustments. PSDS provides a computer list of authorizers who are identified as such by the system. However, not all authorizers are identified on the computer list. At three post offices, we found about 60 employees who were designated as authorizers but were not on the list. Although not identified by the system as authorizers, these employees had authorized pay adjustments. We believe the system should include controls to preclude adjustments by anyone other than an authorizer.

A possible explanation for these omissions may be due to a built-in fault in the PSDS system which allows for the inadvertent removal of the authorizer code from the master record. The location on the punched card in which the authorizer identifier is contained is also used to identify the pay record for other purposes. The same punch card location is used to place a "hold" on a T/A report beyond the normal transmission time to the PDC, and it is also used to indicate a without-pay status. Use of either special code will remove the authorizer identifier designation from the data field. In some cases where this occurred, the identifier was not restored for subsequent pay periods.

OVER-ISSUANCE OF AUTHORIZER BADGES

We believe there is an over-issuance of authorizer badges at some postal facilities. At our request, the St. Louis Automatic Data Processing Center conducted a special analysis of 69 authorizers at the St. Louis Post Office who had not used their badges for a six-week period. The St. Louis Center searched their computerized files of some 365 authorizers to determine how frequently the selected authorizers used their badges in a one-year period. Thirty-four authorizers did not use their badges and six authorizers used their badges less than six times. Thus, about 10 percent of the authorizers at the St. Louis Post Office may not need their badges. The Office of Audit has also reported on the over-issuance of authorizer badges at other post offices and as a result the number of badges was reduced.

The Service is aware of the importance of preventing unauthorized transactions by employees. Postal instructions provide that only employees delegated the authority by a postmaster can be issued authorizer badges, and all lost

badges must be promptly reported to authorities. Lost badge cases have to be documented to minimize the possibility of their improper use. Badge punch devices and blank badges are required to be kept under lock and key.

Transacters Not Located In Full View Of Supervisors

The Service does not provide adequate control over its transacters--an electronic reading device used in conjunction with an authorizer badge to adjust or enter employee pay information into the PSDS. In visits to four post offices using PSDS, we observed a transacter at each office which at times is not in full view of supervisory personnel and therefore accessible to unauthorized personnel. For example, we found a transacter located in an unattended room above the workroom floor and another transacter was located in an area where the letter carriers case their mail, but is unoccupied for parts of the day. The Office of Audit has also reported on the problem of improper location of transacters.

Conclusion

Given the ease with which authorizer badges can be made, the lack of controls in the system to identify valid authorizers, and the out-of-sight location of some transacters we believe the Service should design its new payroll system to overcome the cited internal control weaknesses.

CHAPTER 3

NEED FOR PROMPT RECORDING OF CHANGES IN EMPLOYEES' PAY STATUS

Employee separations or transfers are not always promptly recorded in the payroll files. As a result, some persons who had separated or transferred were being carried in an active pay status on the PDC's computer payroll files resulting in the issuance of paychecks.

The Service's pay system provides for three types of pay status: (1) active or currently employed, (2) a pending status used for personnel who were separated from employment and are awaiting final payments for unused annual leave, or persons on leave as a postal union official, and (3) records in a terminated status which are purged each year from the active file after W-2 forms are issued.

SEPARATIONS OR TRANSFERS NOT TIMELY PROCESSED

We found that several thousand records had not been removed in a timely manner from an active pay status after employees had been separated or transferred. In some cases, timecards were being sent to the former employee's place of employment for almost a year after the separation date. In some cases paychecks were prepared.

Our computer analysis of the Service's master payroll file disclosed that over 87,000 records were in a terminated status. A representative sample was examined to determine the timeliness of removal of pay records from an active pay status to a terminated status. The table following shows the results based on a projection of our sample.

RANGE OF TIME RECORDS WERE CARRIED BEFORE ENTERING TERMINATED STATUS

Types of employees	8 weeks to 1 year	1-2 years	2-3 years	Over 3 years	Total
Full time	1437	45	2	-	1484
Part time	3627	1085	689	2343	7744
TOTALS	5064	1130	691	2343	9228

We also identified 44 employees who had two active full-time records on file. Most of these cases involved employees who had transferred from one postal facility to another. When a transfer occurs, the PDC should terminate the record formerly assigned to the losing postal facility and prepare a new record for the gaining postal facility. The time elapsed before the records of the losing facility were terminated in the 44 cases identified by us are shown below.

TIME LAPSE IN
TERMINATION OF OLD PAY RECORDS

Time lapse	Number of employees
Less than 6 months	27
6-10 months	11
11-15 months	2
16-20 months	1
Over 20 months	3
TOTAL	44

Paychecks were prepared for some employees under both records because the records were not timely terminated. The checks were intercepted before being cashed. Pay records should be terminated by the PDC after receiving notice of a transfer or separation. We found that the delay in terminating active pay records was due to (1) the failure of the losing postal facility to forward the necessary notification to the PDC or (2) the PDC failed to process information it had in its possession.

Our computer analysis disclosed that about 4,000 records were in a pending status. We found that about 300 pay records had remained in a pending status for periods of eight weeks to one year with a few others remaining in a pending status as long as three years. Payments can be made to pending records if a timecard is submitted. Each pay period all pending records are listed to allow pay clerks to review the records and to identify those which should be terminated. This list, however, is not adequate to distinguish between records recently entered into a pending status and those which have been in for long periods of time because the list does not contain the employee's separation date. We believe that the effective date of separation should be included in the list and we were advised by Service officials that the effective date of separation could easily be included.

The importance of maintaining an employee's current status in pay files is critical in the manual timecard system because the payroll computers automatically generate a timecard for each of the 340,000 postal employees with an active pay file.

The Service has an emergency pay program that automatically pays all employees with active pay files at a particular facility if timecards from the facility are lost or arrive late. Paychecks were issued for some employees who had separated or transferred to another postal facility under this program because their records were not terminated in a timely manner.

We believe the new payroll system should be designed so as to automatically produce a listing, for follow-up review by pay clerks, of active master records having no activity for selected periods of time. Further, the system could be designed to automatically change the status code from an active to a special suspense code after a limited number of pay periods in which no payments have been made. This suspense code could be designed to prevent the generation of timecards and the issuance of paychecks.

IMPROPER SALARY PAYMENTS RECEIVED BY FOURTH-CLASS POSTMASTERS

Our examination of selected salary payments made to fourth-class postmasters showed that some postmasters were paid after their post offices were closed because the PDC was not informed of the closings. Fourth-class postmasters are paid on an exception basis; that is, a paycheck in the same amount is automatically issued every two weeks unless information not to is received.

We sampled 37 of 183 closed fourth-class post offices under the jurisdiction of the Minneapolis PDC that were closed between July 1974 and January 1976. Nine of the 37 postmasters, or about 24 percent, received regular salary payments following the closing date of their post offices.

The nine cases involved 30 paychecks with a net value of about $4,800. In one case, a postmaster was issued 12 paychecks with a net value of about $2,000 after his post office was closed. In seven of the nine cases documentation supporting the closing of post offices was either initiated after the closing date or not received at the PDC until after such date. In the other two cases, the date such documentation was received at the PDC could not be ascertained.

All 30 payments were eventually discovered by the PDC, and 14 of the 30 checks were canceled before being cashed by the postmasters. The remaining 16 checks, issued to four individuals, were cashed. At the time of our review, the Service had collected the amounts paid to two of the postmasters and was attempting to collect from the remaining two.

The Service should give PDCs advance notice of post office closings to enable them to stop the automatic issuance of salary checks in a timely manner.

CHAPTER 4

OPPORTUNITIES FOR IMPROVEMENTS IN OTHER PAYROLL RELATED MATTERS

As part of our review we examined other payroll related matters that have an impact on payroll operations. We believe the Postal Service could make improvements in its computer program controls, computer security, data entry methods and the elimination of multiple pay records.

ADDITIONAL PROGRAM CONTROLS COULD BE INSERTED IN COMPUTER PAY PROGRAMS

To test the effectiveness of controls designed into the Service's computer programs for pay, we processed a set of hypothetical payroll transactions on various computer programs at the New York PDC. Our tests did not show major weaknesses in the Service's computerized payroll system, however, we believe several programmed controls could be incorporated to provide greater assurance that improper payments are not made.

Adjustments to employees' normal pay may be necessary on occasion to correct the pay of current or prior pay periods. This need may arise for various reasons such as a timekeeping error or late personnel actions. To test adjustments, we processed 15 adjustments against one employee which granted the employee 99 hours of additional pay for each adjustment. The adjustments resulted in a gross salary amount of about $8,700. In another test we processed an adjustment to grant an employee 999 hours of pay. This test resulted in a gross salary amount of about $56,600. We believe there should be a limit placed on the number of hours that can be processed by adjustments.

The Service's pay system has a programmed control which rejects T/A reports that exceed 140 hours. This programmed control can be bypassed with the use of a special code on the T/A report. The code is shown in the payroll manual. In one test, we used the bypass and processed a T/A report for 800 hours. The test resulted in a gross salary amount of about $5,250.

The maximum number of hours in a 2-week period is 336. It may be desirable to incorporate an additional control which cannot be bypassed in the payroll program which rejects all time reports over 336 hours, or a lesser figure as determined by the Service.

One program control in the system identifies all net salary payments over $900. These payments are printed out on a computer listing for special review, and possible correction, by the

pay clerks. All of our tests which produced payments of over $900 were identified and listed. However, the review by the pay clerks is usually not made until after the checks have been released from the PDC. If a control was programmed into the payroll program that would print out a special list of all unusually large payments, but would not automatically issue checks, then positive action would be required from a pay clerk before such a payment could be made.

INTERNAL AUDITS OF THE PAYROLL SYSTEM

We did not make a review of the audit programs used by the Office of Audit in its payroll audits; we did, however, observe two areas that could be strengthened, (1) the Office has limited capabilities in the area of computerized systems because it has only one specialist knowledgeable in the design of computerized systems and (2) the Office has not been an active participant in the design and modification of computer programs, thus assuring itself of adequate internal controls and auditable trails in these programs.

The Office conducts audits at postal installations with their frequency depending on the size of the installation. Audits are conducted at sectional center facilities every two years. When a sectional center is audited, 50 percent of the first-class offices are also audited, along with 20 percent of the second-, third-, and fourth-class offices. As a result, all sectional center facilities will be covered every two years; all first-class offices will be covered every four years; and all second-, third-, and fourth-class offices will be covered every 10 years. Audit work is also conducted by auditors assigned to PDCs relating to payroll computations and internal controls.

Extensive use of computer equipment is made in payroll and other activities. During our review we noted that the Office was taking steps to increase its involvement in the design of and changes to computer programs and thereby improve its capability of auditing computerized systems. In December 1975, the Office, in cooperation with the Management Information Systems Department, implemented procedures to keep it informed of programming or procedural changes made to computerized systems. The Office should, however, have its own computer system design experts at the PDCs where systems are in operation and changes in computer programs are initiated, to make certain these programs have adequate internal controls and auditable trails.

In November 1975, the Office initiated procurement action to acquire an audit software package. This type of package is a generalized computer-audit program which can aid an auditor

in reviewing large volumes of computerized records. The audit software is designed to be used by persons having no specialized knowledge of computers or programming languages, and requires only brief training of the user. The software can assist the auditor in making computations, comparisons, and special analyses of large volumes of computerized records. The Office has taken steps to train 10 of its staff in the use of the audit software package being procured; this, however, does not meet the need for specialists to participate in the design of computerized systems.

The large-scale use of computers by the Service makes it imperative that the Office obtain more specialists in computer system design who can participate in system design and program changes. The Office should be involved to protect its capabilities for auditing computerized systems by assuring the systems have programmed in auditable trails and internal controls.

NEED TO ENFORCE COMPUTER SECURITY AND DISASTER CONTINGENCY PLANS

In our review we noted (1) the ease of access to and general clutter in the computer rooms and (2) a lack of off-site storage for important payroll tapes. The Service has recently taken actions that should correct some of the weaknesses we noted in our reviews.

Federal regulations (CFR-101-32.704-4a) provide that "smoking, eating, and drinking shall not be permitted in the computer room." All three PDC's, however, allow such activities. Smoking increases the risk of fire and ashes, trash and dust are detrimental to the operation of the equipment. We observed in the Minneapolis PDC a full ashtray of cigarette butts about three feet from a can of flammable tapehead cleaner.

Both the New York and Minneapolis PDC's were cluttered, at the times of our visits, with empty boxes and trash. Both PDC's also had items stored on top of computer equipment. The Minneapolis PDC lost an estimated 750 blank Treasury checks in August 1975. The Inspection Service concluded that the checks fell into a trash receptacle and were inadvertently disposed of. According to their report, the blank checks reportedly had been placed on a piece of computer equipment and apparently fell into the trash receptacle when the equipment was opened.

A sign-in register, for computer-room visitors, is not maintained at the Minneapolis and New York PDC's, while one is maintained at the San Bruno PDC. At the New York PDC, we noted the relative ease of access to the computer room through

--tailgating or following authorized personnel into the computer room, or

--being allowed entrance by personnel working in the computer room even though one may not be authorized entrance.

The New York PDC also allows unrestricted access to the computer room by some programmers. It is a generally accepted internal control procedure to restrict programmers' access to the computer room.

Computers have become an integral part of many organizations' operations to the extent that the loss of the computer support would severely hinder, if not make impossible, the conduct of operations. Therefore, it is important to protect a computer center and provide for continuity of operations should a catastrophe occur.

Contingency operating plans were formulated by the PDC's in 1970 but are not based on computer systems the Service has today. Also, at the time of our review, the New York PDC did not store important payroll tapes at an off-site location. Off-site storage is a standard practice and is considered important to help recreate current files in the event of a disaster. This situation was later corrected.

The Postal Service has recently initiated separate programs for developing Service-wide procedures on computer security, and a contingency operating plan considering all PDCs as one network. We believe that the weaknesses we noted should be corrected if the Service follows through with the planned programs and implements them.

MULTIPLE MASTER RECORDS ON THE PAYROLL FILE

The pay system is designed in a manner which allows some employees to have more than one master record on the payroll file. Some employees have as many as five master records. The existence of multiple records has resulted in erroneous payments to some employees who received pay improperly under several of their records in the same pay period.

In our analysis of payroll files, we identified about 27,000 employees who had more than one master record on the pay files. These employees had about 55,000 records on file. We selected a sample of these records to determine why an employee had more than one master record and whether any erroneous payments had been made.

To facilitate budget and accounting needs and the preparation and distribution of pay checks, master pay records are set up by post offices. Employees who hold several part-time jobs at different post offices will have a master pay

record for each post office. An employee who transfers from one post office to another must have a new record created at the new location and the old record terminated at the old location.

The pay system was designed with separate pay computation programs for rural and non-rural employees. As a result, an employee holding a rural and non-rural position at one post office will have two master pay records. A full- or part-time non-rural employee may, in an emergency, substitute as a rural carrier. In such instances, the employee will also have two master pay records. If the employee uses his own vehicle on the route, he is entitled to an equipment maintenance allowance. This situation requires the creation of another master pay record to grant the employee the allowance.

Multiple master pay records greatly increase the possibility of erroneous payments. Examples of types of improper payments follow.

One employee who held part-time positions at two post offices improperly received payments for the same 3 days under both records. This erroneous payment was not detected by the PDC. We pointed out the improper payment to the PDC which took action to recover it. An employee who held a permanent part-time and temporary full-time position at the same post office received an erroneous payment for 11 days when he was paid under both records for the same work. This payment was returned to the PDC and the check canceled. Another employee received erroneous payments when paid under two records in four separate pay periods. He was a part-time employee at a third-class post office and the postmaster in charge at a fourth-class post office. The erroneous payments were recovered. An employee was temporarily assigned to another post office. He was erroneously paid for one pay period under both records, although the payments were made at different times. One post office was not aware that the second post office had paid the employee for the pay period. The post office, therefore, submitted a pay adjustment to cause the employee to again be paid for the pay period. We were informed that a payment of this type would not occur today because procedures were changed to assure payment will only be made by one office.

Most of the erroneous payments we noted were recovered by the Postal Service. The payments, however, resulted in an unnecessary administrative expense to first issue a check and then recover the payment. Also, the possibility exists that such payments may remain undetected.

The Service, in its redesign of the pay system, is considering setting up master pay records by social security number. On this basis, there will be only one master pay record controlling the pay for each employee. It believes the capability of its new computer equipment will make possible this change and

still meet the needs for budgeting and accounting and the preparation and distribution of paychecks, that are made on the basis of post office location. We feel this change, if implemented, will eliminate the problems caused by multiple records.

NEED TO UPDATE DATA ENTRY METHODS FOR PAYROLL CHANGES

Present data entry methods result in the creation of tens of thousands of punched cards every two weeks to change payroll records. Newer data entry methods could be used to eliminate these cards.

Changes entered into the computerized pay system are reflected on a punched card known as a "tub card." Tub cards are created every two weeks as a result of one or more changes made in pay records. If there is an across-the-board raise affecting all employees, then about 679,000 tub cards are created. The face of the card contains printed data from the employee's master pay record such as service computation date, salary rate, pay schedule level and step, tax and health benefits, deductions and date of birth. The card also contains punched-in information, such as the employee's social security number and post office.

Generally, whenever a change is made to a pay record, another punched card is created by entering in certain basic data which appears on the old tub card such as post office, social security number, etc., and whatever change is being made in the employee's pay record. After processing on the computer a new tub card is produced to be used in the next pay cycle. The old tub card and the change card are discarded.

The Service's new computer system permits the use of more modern technology which could eliminate the need for tub cards. This technology, known as advanced data entry and involving devices for keying data directly to a magnetic surface, could result in reduced processing costs, and faster processing of transactions. Advanced data entry can incorporate tests for errors while entering data and, thereby, allow for data correction at the time of entry.

Advanced data entry can also provide the means for displaying an employee's master record for view by pay clerks as might be required to carry out their duties.

The Service is testing some of these devices. We observed a test at the Minneapolis PDC in which pay clerks entered changes in the employees' master pay records by means of computer terminals located in the payroll section. These terminals display a copy of the master record for view by the pay clerks. The test was in its first week. Although it was too early for any conclusions on the test, officials at the Minneapolis PDC believed the tub cards may eventually be eliminated.

We believe the data entry methods being tested should lead to the elimination of the present system, which generates tens of thousands of punch cards that have to be scrapped every two weeks.