



092818

UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE

502 U.S. CUSTOMHOUSE, SECOND AND CHESTNUT STREETS
PHILADELPHIA, PENNSYLVANIA 19106

NOV 18 1970

Commanding Officer
United States Army Edgewood Arsenal
Edgewood Arsenal, Maryland 21010



Dear Sir:

We have examined selected civilian payroll transactions and related personnel actions processed by the United States Army Edgewood Arsenal, during the period August 3, 1969, to August 1, 1970.

Our examination of payroll transactions and personnel actions was directed toward an evaluation of the adequacy and effectiveness of the civilian pay system, including internal controls. We also reviewed the civilian payroll audits performed by the Internal Review and Audit Compliance Division since the ending date of our last review.

We examined the payroll and personnel records for both classification act and wage board employees. The selection of payroll transactions to be examined was made by the use of statistical sampling techniques.

On the basis of our review, we believe that the Arsenal's civilian pay system is adequate, that pay actions are processed in accordance with applicable laws and regulations, and that the verification procedures generally insure the detection and correction of errors. However, during our review we noted a few errors which we called to the attention of Arsenal officials. We also commented to them on the withholding of deductions for Federal employees' group life insurance, the processing of within-grade salary increases, and sick leave administration.

One error resulted in an underpayment of \$268.80 when an employee was promoted and transferred from a wage board to a classification act position. At the time of the personnel action the agency failed to properly consider the employee's highest previous rate, as required by the Federal Personnel Manual (FPM), supplement 990-2, book 531, subchapter S2-4. Another error resulted in an underpayment of \$29.60 because of the incorrect computation of an employee's within-grade waiting period. One employee was underpaid \$2.40 because of an error in the computation of retroactive pay under the Coordinated Federal Wage System. Corrective action was taken on all these errors after they were called to the attention of Arsenal officials.

092818

7/4631

Regarding withholding of deductions for Federal employees' group life insurance, we found that the Arsenal failed to withhold the increased deductions in the pay period of the enactment of Federal Employees Salary Act of 1970. On the basis of the number of cases we found in our sample, we estimate that about 1,700 classification act employees were overpaid a total of about \$465. Because of the relatively small amount of each overpayment and the total estimated overpayment, we are not making any recommendations in this area.

During a prior review of civilian payroll transactions at the Arsenal we noted delays in processing of within-grade increases. This same condition was also noted by the Army Audit Agency in early 1969. We performed a test in this area during our current review and found the same condition. This late processing of personnel actions results in additional work to process the corrective action and to compute the retroactive pay. We were informed that the planned automated personnel system will preclude delays in the processing of within-grade increases. However, we recommend that this situation be analyzed and corrective action taken if it appears that the planned automated system will not be operational by January 1971, as scheduled.

With respect to sick leave the Internal Review and Audit Compliance Division in February 1970 reported an apparent abuse by Arsenal employees. The Arsenal timekeeping regulation states that, generally, a medical certificate is not required unless an employee is absent in excess of 80 consecutive hours. We believe that the rate of sick leave usage could be reduced if the Arsenal regulation more closely followed the guidelines set forth in FPM supplement 990-2 which states that sick leave in excess of 3 days may require support in the form of a medical certificate. In our opinion, the 3-day requirement is reasonable for good internal control purposes.

We reviewed the reports of the Internal Review and Audit Compliance Division related to sick leave administration and the follow-up of within-grade processing deficiencies reported by the Army Audit Agency in March 1969. In our opinion, the Internal audit programs for both reviews were adequate in scope and the supporting working papers and resulting reports were satisfactory.

We would appreciate receiving your comments on the corrective actions taken or planned on the matters described in this letter.

We wish to acknowledge the excellent cooperation extended to our staff during this review.

A copy of this letter is being sent to the District Manager, United States Army Audit Agency, East Central District, Linthicum Heights, Maryland.

Sincerely yours,
JAMES H. ROGERS

James H. Rogers
Regional Manager