



UNITED STATES GENERAL ACCOUNTING OFFICE

REGIONAL OFFICE

2006 WASHINGTON BOULEVARD BUILDING

234 STATE STREET

DETROIT, MICHIGAN 48226

DEC 22 1970

Commanding Officer
Navy Ships Parts Control Center
Mechanicsburg, Pennsylvania 17055



LM092124

Dear Sir:

In keeping with our role of overseeing financial management systems--including internal auditing--in Federal agencies, we tested your center's disbursing activities for the period July through December 1969. Using generally accepted statistical sampling methods, we examined 86 of 167 military pay records and 568 of 3,007 disbursing vouchers available at the Navy Finance Center, Cleveland. We also examined a number of procurement and collection transactions. Further, we considered the results of administrative examinations of your center's pay and travel transactions for the same period made by the Brooklyn and Philadelphia Regional Finance Centers.

We concluded that disbursing activities--particularly those involving travel--need improvement. As summarized in the appendix, we found 108 erroneous payments totaling \$1,425. In addition, we found errors in reporting taxable income and leave and identified other procedural-type deficiencies. Although the dollars do not appear overly significant, the number and variety of errors indicate weaknesses in internal controls and a lack of understanding in interpreting and implementing regulations.

A few of the more significant examples are highlighted below:

--An enlisted man filed a \$456.48 claim on August 29, 1969, for dislocation allowance and bus travel for his three children from Long Beach, California, to Mechanicsburg on August 26 to 28. However, 2 weeks before the claimed travel, he filed a dependency certificate with the disbursing officer showing the children were in custody of his ex-wife in Hawaii. Also, his pay record for the same period shows a \$225 monthly allotment to his ex-wife, apparently for support of the children. Travel of dependents for purposes other than establishing a residence is not authorized at Government expense. (See voucher G1107).

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- An officer was authorized to travel to San Diego and San Francisco on official business. His orders also provided for leave at no additional cost to the Government. A Government Transportation Request was used for the travel from Middletown, Pennsylvania, to San Francisco, and return, with stopovers at San Diego and Seattle. Excessive transportation costs, as much as \$120, resulting from the stopover for leave at Seattle, should have been charged to the traveler. (See voucher G1751).
- Civilian employees departing from their permanent duty station in Government vehicles were paid mileage for use of their private cars between their home and duty station even though no overnight stay was involved, contrary to G10153 of the JTR. They were also paid per diem, based on the times of departure from and return to their homes, rather than their duty stations, as required by G8050-9 and G10100-2 of the JTR. (For examples, see vouchers G0166, G1083, G1363 and G2514).
- Taxable income was not recorded or computed properly in five instances. Specifically, two dislocation allowance payments were not recorded as taxable income on the pay records. Income earned in a combat zone was erroneously recorded as taxable income in two cases and, in another case, taxable income was incorrectly computed.
- Many imprest fund purchases were not supported by vendor's invoices, Receipts for Cash - Subvouchers (SF-1165), or other acceptable documents. Instead, parcel post shipping labels, packing lists, and handwritten notes were used. Such practices could lead to duplicate and other improper payments.

Reports published by the Navy Comptroller show that the Brooklyn Regional Finance Center examined 36 pay records for the same period as our tests and reported one error. The Philadelphia Regional Finance Center, for the same period, reported no errors in the 53 vouchers it examined.

Because we did not visit your center, we could not pinpoint underlying causes for the conditions noted or give recognition to any improvements made in disbursing activities since December 1969. You may wish to use this report to satisfy yourself that management of disbursing activities is effective--particularly in the area of travel. Your comments on our observations are welcome along with advice of any actions taken.

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We are enclosing information copies of our notices of exception and informal inquiries relating to some of the deficiencies. We will be glad to provide additional details if you desire them.

Copies of this letter are being sent to the Comptroller of the Navy, the Director, Navy Military Pay System, the Commanding Officers of the Brooklyn and Philadelphia Regional Finance Centers and the Director of the Naval Area Audit Service in Philadelphia.

Sincerely yours,

J. A. Dowell
for C. H. Moore
Regional Manager

Enclosures--2

Appendix

Copies of notices of
exception and informal
inquiries

SUMMARY OF ERRORS

MILITARY PAY RECORDS

<u>Type of error</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
Family separation allowance not credited through constructive date of arrival at new station	3		\$18.00
Sea pay incorrectly computed	1	\$ 1.80	
Basic allowance for quarters not paid to single member on permanent change of station	1		79.56
Leave not charged	1	(2 days)	
Dislocation allowance not recorded as taxable income	2		
Income in combat zone incorrectly recorded	2		
Taxable income incorrectly computed	1		
Lump sum leave settlement incorrectly computed	<u>1</u>	<u>24.35</u>	
Subtotal	<u>12</u>	<u>\$26.15</u>	<u>\$97.56</u>

MILITARY TRAVEL - PERMANENT CHANGE OF STATION

Dependent travel

Unauthorized travel of dependents	1	\$456.48	
Wrong allowance rate	1	25.35	
Unauthorized travel points	2		\$ 9.51
Incorrect distance	2		5.22

Per diem

Overseas travel not paid	3		22.57
Wrong rate	2	16.86	
In mileage status - unallowable	<u>1</u>	<u>8.86</u>	
Subtotal	12	\$507.55	\$37.30

MILITARY TRAVEL - TEMPORARY ADDITIONAL DUTY

Per diem

In leave status	1	4.00	
Wrong rate	6	35.94	\$22.50
Meals/quarters not deducted	7	130.25	
In excess of constructive time	5	20.00	

MILITARY TRAVEL - TEMPORARY ADDITIONAL DUTY

<u>Type of error</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
<u>Transportation</u>			
Passenger not paid mileage allowance	1		\$ 5.85
Improper mileage allowance	3	\$ 9.99	
Common carrier rate incorrectly paid	1	37.55	
Unauthorized travel points	<u>2</u>	<u>127.72</u>	
Subtotal	<u>26</u>	<u>\$365.45</u>	<u>\$ 28.35</u>

MILITARY TRAVEL - SEPARATION FROM SERVICE

Incorrect distance	7	\$ 5.16	\$ 20.28
Incorrect entitlement points	2	4.14	
Authorized tips disallowed	<u>1</u>		<u>3.00</u>
Subtotal	<u>10</u>	<u>\$ 9.30</u>	<u>\$ 23.28</u>

CIVILIAN TRAVEL

Per diem

Wrong rate	6	\$ 19.25	51.97
Duplicate payment	1	4.00	
Time allowed between home and duty station	16	53.40	
Incorrect computation	1	2.00	
Extra quarter paid for less than 30 minutes	3	8.00	

Temporary quarters - subsistence allowance

Required documents not furnished	1	135.00	
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Mileage allowance

Paid between home and duty station	25	\$ 54.00	
Paid less than allowable distance	<u>1</u>		<u>2.34</u>
Subtotal	<u>54</u>	<u>\$275.65</u>	<u>\$54.31</u>

GRAND TOTAL	<u>114</u>	<u>\$1,184.10</u>	<u>\$240.00</u>
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