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UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
143 FEDERAL OFFICE BUILDING, 50 FULTON STREET
SAN FRANCISCO, CALIFORNIA 94102

00365



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IN REPLY REFER TO:

84821

SEP 14 1970

Commanding Officer
Naval Weapons Station
Concord, California 94520

REC-00229

Dear Sir:

We have made a review of the propriety of salary rates, ~~time~~² and ~~attendance policies, and procedures at the~~ Naval Weapons Station, Concord, California. This review, which was completed in June 1970, was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53) and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Our review indicated that the procedures and controls involved in processing payrolls are generally adequate. However, we noted a number of significant errors in processing salary changes and weaknesses in time and attendance procedures and controls, which have been discussed with staff members of the Comptroller Department and the Civilian Personnel Department, and which are listed below for your information and action:

PROPRIETY OF SALARY RATES

Our review of the propriety of salary rates disclosed the following errors:

Promotions Contrary to the Whitten Amendment

We noted 21 promotions which were made effective prior to completion of one year of service in the next lower grade. We have estimated the overpayments in these 21 cases at \$3,017. Section 1310 of the Act of November 1, 1951, as amended (Whitten Amendment) provides that no Classification Act employee shall be promoted or transferred to a higher grade without having served at least one year in the next lower grade. In 15 of these cases the promotions were made after only 52 weeks of service in the lower grade. We believe that the term "year" as used in the Act is as defined in a Comptroller General's decision:

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"The term 'year' in the absence of an indication to the contrary, normally is construed as covering the period from a given date in one year to the close of the immediately preceding date in the following year."
(46 Comp. Gen. 346)

We find nothing in the Act to indicate that the term "year" as used therein was intended to be other than as defined in the decision.

Personnel officials indicated that the erroneous promotions were made because they had not been aware of any distinction between a waiting period of 52 weeks for within grade increases and a waiting period of a full calendar year for promotions. The other cases, noted above, were apparently caused by oversight, due to a heavy workload.

Incorrect Rate of Pay Upon Promotion

The rates of pay for three employees promoted from Wage Board to Classified positions were set too high, apparently in the belief that a higher rate was justified due to the lapse of time since the last step increase in the Wage Board position. However, this is contrary to 39 Comp. Gen. 270 in which the Comptroller General ruled that Wage Board adjustments must be considered as applying towards equivalent increases in pay to start a new waiting period for step increases in classified positions. The overpayments caused by the errors is estimated at \$1,220.

Incorrect Rate of Pay Upon Change to Lower Grade

An employee was changed to a lower grade, at her own request, from a position paid at a regular rate to one in a special rate category, which resulted in a \$494 increase in annual rate of pay. This apparently occurred due to the application of instructions in Federal Personnel Manual, Chapter 530, subchapter 3-6d, which state that in such cases, "his numerical rank first must be determined without regard to the special rate range * * *." This instruction, however, does not say how such a determination should be made; but the procedures to be followed are contained in NWS Concord Instruction 12550.1A, par. 4b(4). These instructions state that:

"The pay will normally be set no higher than that step in the new grade where the employee would be if all of his service in equal or higher grades had been in the new grade to which he is being transferred and/or demoted."

If these instructions had been followed the resulting rate of pay would have been two steps lower, and the employee still would have received an increase of \$187. We estimate that this employee has been overpaid to June 14, 1970, in the amount of \$343.

Step Increase Prior to Eligibility

A classified employee was given a step increase two pay periods early because a break in service of 17 work days during the waiting period was counted as active service. This resulted in a small overpayment to the employee. Personnel officials indicated that the error was caused by oversight, and that corrective action would be taken.

Improper Correction of Rate of Pay

An employee's rate of pay was "corrected" retroactively to the date of reinstatement so as to pay a rate previously earned. However, we could find no indication, on the personnel action or elsewhere, of any administrative intent to give the employee a higher rate upon receipt of additional information concerning prior service. The action taken in this case appears to be contrary to the station policy and procedures contained in NWS Concord Instruction 12550.1A and Comptroller General's Decisions B-117974, 1127154; 31 Comp. Gen 15; id 367; 32 Comp. Gen. 211. The overpayment is estimated at \$85 to January 24, 1970 when she could have been eligible for a step increase.

TIME AND ATTENDANCE

The reporting of time and attendance at NWS is mostly by daily time (clock) cards certified by authorized officials. Certain employees have been excused from using time clocks and time is maintained manually. We reviewed the practices and procedures followed by certifying officials at 10 of the 41 timekeeping locations. Our findings are as follows:

Need to strengthen controls for maintenance
of Time and Attendance Records

Our review of procedures and controls involved in timekeeping maintenance and reporting disclosed the following numerous discrepancies which we believe should be corrected:

1. The file of signature cards of employees authorized to certify time cards needs to be brought up-to-date. For the ten locations reviewed we found about 80 instances where the cards were incomplete, not properly authorized, or invalid due to separation, transfer, retirement, etc., of employees, or authorization cancelled. The condition of the signature card file had previously been reported by the Systems and Review Division of the Comptroller Department.
2. At two locations branch heads were certifying the time cards of their supervisors. This appears to be contrary to the procedure contemplated in Section 6 of the NWS Concord Instruction 7410.1F and Section 16.2, Title 6 of the General Accounting Office Policy and Procedures Manual for Guidance of Federal agencies.
3. In four shops we found one or more time cards certified by persons working on other shifts or in other shops. It does not appear that these certifying officers would have positive knowledge as to the presence or absence of such employees.
4. At two locations we observed several time cards that had been certified prior to completion of the work shift contrary to Section 6a of NWS Concord Instruction 7410.1F.
5. At three locations we observed 14 employees who clocked out at other than their assigned clock stations, contrary to Section 2 of the above cited instructions.

6. One employee who is authorized to certify time cards is also designated to receive pay checks from the disbursing office. This is contrary to the provisions of Title 6, Section 9 of the General Accounting Office Manual for Guidance of Federal Agencies, which requires that certain duties and functions be segregated to provide internal check on performance and to minimize opportunities for carrying out unauthorized, fraudulent, or otherwise irregular acts.

These discrepancies were discussed with the certifying and other officials of the departments concerned, who indicated that steps would be taken to correct the erroneous practices.

Internal Audits

We reviewed the workpapers concerning audits made by the Systems and Review Division of the Comptroller Department, in the payroll and related areas covering the period from February 1967 to the date of our audit. We believe that, for this period, the coverage has not been adequate, and that these areas need more attention.

Status of Prior Findings

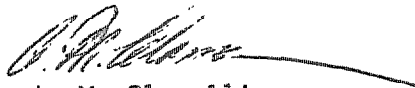
During our current review we verified the corrective actions issued in the case of erroneous payments reported in prior audits. While the specific cases we reported on earlier were corrected, no control to prevent recurrence was instituted in the case of setting correct rates upon promotions, as this report cites similar findings. We believe that control procedures should be devised and implemented, in addition to correcting individual past errors.

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Commanding Officer, NWSC - 6 -

We would appreciate being advised of the action taken or planned on the matters discussed in this report. We wish to acknowledge the cooperation given our representatives during the review. A copy of this report is being sent to the Commander, Accounting and Finance Center, Washington, D. C. and to the Director, Naval Area Audit Service, San Francisco, California, for their information.

Sincerely yours,



A. M. Clavelli
Regional Manager