

UNITED STATES GENERAL ACCOUNTING OFFICE

REGIONAL OFFICE 2006 WASHINGTON BOULEVARD BUILDING 234 STATE STREET DETROIT, MICHIGAN 48226

NOV 8 1971

Captain R. S. Baird Commanding Officer Nevy Finance Conter New Federal Office Building Cleveland, Ohio 44199

Dear Captain Baird:

Your civilian payroll system provides prompt and proper gayments to your personnel. This conclusion was drawn from our review of selected psyroll transactions processed by the Navy Finance Center during the year ended July 10, 1971.

The Comptroller General has emphasized that agencies meed adequate internal controls. These controls include periodic internal reviews of the payroll system. The most recent reviews by the Navy Accounting and Finance Center (1971) and your own internal review staff (1970) were sufficient to assure the system works.

Some improvements which could be made in your payroll system follow.

APPOINTING EMPLOYEES IN A NONPAY STATUS

<u>Normally</u>, the effective date of a new employee's appointment is the day he reports to work. For 37 employees, however, we found that the date used for appointment was the date they were hired rather than the date they reported to work. These employees were hired in a leave-without-pay status for varying periods of time prior to reporting for work. As a result, they have longer periods of time credited for leave, retirement and within-grade purposes.

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To prevent these inequities, we reasoned that exployees not be hired in a leave-without-pay status prior to reporting to work.

STREET INCOMENTS

-- Instant anima standaros

Some exployees working non-regular shifts in the Communications Division and HBP Branch apparently are not propering attendance records daily as required (Nevy Finance Center Instruction 12630.28). These exployees absuld sign in and out <u>daily</u>. He recommend they do so. We also recommend that supervisors initial these time and attendance records each day.

--Bafemard payroll reports

Payroli panched cards are stored in unlocked files in the Bata Processing Control Branch. These cards contain payroll and personnel information. Accordingly, they should be safeguarded. We recommand they be stored in Locked files.

Fleese wotify us of actions taken on our recommendations. We appreciate the assistance and cooperation of your staff during the audit.

We are sending copies of this letter to the Director, Maval Area Audit Service, Candan, New Jersey, and the Commander, Nevy Accounting and Fingace Center, Washington, D.C.

Sincerely years,

C. H. Moora

C. H. Moore Regional Manager