



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  
Navy Finance Center  
New Federal Office Building  
Cleveland, Ohio 44199

Dear Captain Baird:

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

The Comptroller General has emphasized that agencies need 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

Normally, 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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