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UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
2006 WASHINGTON BOULEVARD BUILDING
234 STATE STREET
DETROIT 26, MICHIGAN

AUG 6 1971

Commanding Officer
Naval Radio Station (T), Cutler
East Machias, Maine 04630

Dear Sir:

We have examined financial transactions in the accounts of your station for the 6-month period ended June 30, 1970, to test the adequacy of your disbursing operations. In our tests, made at the Navy Finance Center, Cleveland, we reviewed payments on 74 of 145 military pay records, 110 military and civilian travel vouchers, and all imprest fund transactions. We found 93 pay and travel errors totaling \$1,796 and six errors in leave accounting. We also identified deficiencies in imprest fund procurement and payment procedures. Our findings are summarized in the appendix.

The number and variety of travel errors indicate that disbursing personnel are either not aware of or having difficulty interpreting existing regulations. Moreover, payroll posting and verification procedures need to be strengthened. A few of the more significant problem areas are presented below:

- Five men (one with pay record access) were overpaid \$491 because payments were not charged to their pay records. Six of the 19 payrolls processed during the 6-month period were not signed on the last page of the money list as required by paragraphs 40162f, 90437a and 90540f of the MTR to show verifications were made by responsible personnel. All of the errors were made on unsigned payrolls.
- Twelve military travelers were paid per diem at an incorrect rate on the day of return from temporary duty. Effective June 1, 1970, the rate was reduced from \$25 to \$11.80 per paragraph M4205-5c of the JTR. For examples, see vouchers 35984 and 36374.
- Per diem was not prorated as required by paragraph M4205-4b of the JTR for nine military men traveling less than 24 hours. Under such conditions per diem should begin when travel starts and end when it stops, with one-fourth of the \$11.80 rate payable for each 6-hour period. For example, see voucher 36515.

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Handwritten signature/initials

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--Two men who transferred to the Fleet Reserve were improperly advanced mileage allowances to their homes; two others were paid mileage allowances to unauthorized locations at the time of their discharge, contrary to paragraphs M4158-2a and M4157-4 of the JTR. For examples, see vouchers 36112 and 35983.

--The imprest fund cashier has not fully complied with the procedures outlined in the Field Purchasing Manual, NAVSUP Publication 467. Supporting documentation attached to reimbursement vouchers was not adequate, payments to some vendors were untimely, and some purchases in excess of \$100 were apparently split to avoid fund limitations. For examples, see subvouchers 747, 640, 741 and 742. We also noted an April payment of \$48.20 to a vendor which appeared to duplicate a February payment, see subvoucher 736.

* * * *

Our review was limited to examining records available at the Finance Center. The lack of control over payroll postings and the incidence of travel errors--78 errors on 50 of 110 vouchers--indicate a need for strengthening controls in these areas and improving training of staff members. We recommend you use this report as a basis for inquiring into the causes of the errors and initiating corrective action. To assist you we are enclosing information copies of our notices of exception and informal inquiries. If you need additional details, please let us know.

Your comments and advice of action taken in these matters will be appreciated. We are sending copies of this letter to the Comptroller of the Navy; the Director, Navy Military Pay System; the Commanding Officer, Washington Navy Regional Finance Center; the Officer in Charge, Navy Finance Office, Brooklyn; and the Director, Boston Naval Area Audit Service.

Sincerely yours,

A. DOWELL

For C. H. Moore
Regional Manager

Enclosures--2

Appendix

Copies of notices of exception (10)
and informal inquiries (10)

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U. S. GENERAL ACCOUNTING OFFICE
DETROIT REGIONAL OFFICE

SUMMARY OF ERRORS FOUND IN AUDIT OF
JANUARY THROUGH JUNE 1970 ACCOUNTS OF
NAVAL RADIO STATION (T), CUTLER, EAST MACHIAS, MAINE

MILITARY PAY RECORDS

<u>Type of error</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
Payroll entry not posted	5	\$ 491.00	
Leave rations not credited or credited improperly	4	1.39	\$ 4.17
Basic allowance for quarters to single members on change of station not paid for periods of proceed time	7		23.40
Computations incorrect	2	9.72 ^a /	14.99
Wrong rate - basic pay	1	50.40 ^a /	
Commuted rations credited while absent	<u>1</u>	<u>4.81</u>	
Subtotal	<u>15</u>	<u>\$ 557.35</u>	<u>\$ 42.56</u>

MILITARY TRAVEL - PERMANENT CHANGE OF STATION

Per diem not paid for overseas travel	3		\$ 13.92
Mileage paid for incorrect distances	2	\$ 2.34	4.38
Wrong per diem rate	<u>1</u>		<u>3.20</u>
Subtotal	<u>6</u>	<u>\$ 2.34</u>	<u>\$ 21.50</u>

MILITARY TRAVEL - TEMPORARY ADDITIONAL DUTY

<u>Per diem</u>			
Wrong rate - day of return to duty station	12	\$ 59.40	\$ 62.70
Not prorated properly - travel less than 24 hours	9	24.65	2.95
Meals not deducted or deducted improperly	8	28.55	6.20
Computation improper	5		55.25
Wrong rate - Government quarters and meals available	4	46.05	
In excess of constructive travel time	3	25.00	2.95
Wrong rate - day of arrival temporary station	1	6.60	
Wrong rate - period less than 24 hours	1	3.15	

MILITARY TRAVEL - TEMPORARY ADDITIONAL DUTY

<u>Type of error</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
<u>Transportation</u>			
Monetary allowance at wrong rate	5	\$ 41.64	
Taxi fares - not allowed in a monetary allowance status	1	31.50	
Unauthorized reimbursement for cost of ticket exceeding \$15	2	73.20	
Subtotal	8	\$ 146.34	\$ 130.05

MILITARY TRAVEL - SEPARATION FROM SERVICE

<u>Mileage allowance</u>			
Incorrect distances	5	\$ 14.04	\$ 1.32
Incorrect entitlement points	2	281.22	
Advance payment to home of record on transfer to Fleet Reserve not authorized	2	235.44	
Subtotal	9	\$ 530.70	\$ 1.32

CIVILIAN TRAVEL

Per diem

Wrong rate - period less than 24 hours	4	\$ 42.90	
Extra quarter day paid for less than 30 minutes	1	12.50	
Wrong rate - Government quarters used	1	9.90	
Incorrect computation of period	1	6.25	

Reimbursable expenses

Not paid for quarters charge	1		\$ 13.25
Subtotal	1	\$ 71.55	\$ 13.25

TRAINING DUTY

Allowed 5c a mile and per diem for travel to training duty station, Cutler, and per diem at Cutler since mess was not available	2		\$ 85.44
Subtotal	2		\$ 85.44
Total Monetary Errors	93	\$ 1,501.68	294.12

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LEAVE ACCOUNTING

<u>Type of error</u>	<u>Number</u>	<u>Overstated</u>	<u>Understated</u>
Delay en route incorrectly charged	4	3 days	1 day
Leave balance carried forward incorrectly	1	40 days ^{g/}	
Balance computed incorrectly	1	2 days ^{g/}	
Total leave errors	6	45 days	1 day
Total - all errors	99		

^{g/} Entries adjusted on December 31, 1970, pay records

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