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UNITED STATES GENERAL ACCOUNTING OFFICE  
REGIONAL OFFICE  
2006 WASHINGTON BOULEVARD BUILDING  
234 STATE STREET  
DETROIT, MICHIGAN 48226

AUG 30 1971

Commanding Officer  
Naval Ship Research and  
Development Laboratory  
Panama City, Florida 32401

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Dear Sir:

We have audited financial transactions in the accounts of your station for the 6-month period ended June 30, 1970, to test the effectiveness of your disbursing operations. Using statistical sampling methods, we selected for examination 227 military pay records, 451 travel vouchers, and seven training duty vouchers. We found 244 errors (overpayments of \$1,846 and underpayments of \$999). In addition, we identified 15 leave accounting and tax reporting errors.

Our findings are summarized below. Details are included in the appendix.

Military pay records - We found 23 incorrect entries totaling \$512. Our projections indicate the unexamined records contain additional errors of \$936.

Travel and training duty vouchers - We found 221 errors, totaling \$2,334, of various types. Particularly significant are those related to military temporary additional duty travel and civilian travel where 82 percent of the voucher errors were made. For the unexamined vouchers we estimate additional errors of \$2,942.

Leave accounting and tax reporting - Leave balances were computed incorrectly in two cases while in seven others delay en route was charged incorrectly. This resulted in nine incorrect leave balances for a total of 31 days. A comparable number of leave and tax errors probably remain in the unexamined records. All of these could eventually result in losses to servicemen or the Government.

Some of the more significant travel errors are highlighted below:

--In 17 cases servicemen were paid per diem at incorrect rates for the day they returned from temporary duty. Effective

June 1, 1970, the rate was reduced from \$25 to \$11.80--see paragraph M4205-5c, JTR. For examples, see vouchers NIF 1512 and 2515.

--In 17 cases per diem was not prorated as required by paragraph M4205-4b of the JTR for military personnel who traveled less than 24 hours. 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 NIF 1816.

--In 17 cases per diem was paid to military men while traveling by Government vessel contrary to paragraph M4210-1, JTR. For example, see voucher NIF 2295.

--In 17 cases civilian employees received reduced per diem payments for the first day they occupied Government quarters at a temporary duty location. Reduced rates are effective on the day after arrival in accordance with paragraph C 10100-3b of the JTR. Deductions of \$1 a day were also made for each day quarters were used without charge. Such a deduction has not been required since November 10, 1969, when paragraph C8101-2e, JTR, was revised by change 53. For example, see voucher NIF 2081.

We also noted that orders for temporary additional duty issued to 56 servicemen erroneously directed "group travel". Fortunately, the travel payments were made on an individual order basis. See vouchers NIF 2061 and 2098. Conditions under which group travel should be directed are specified in paragraph M4100 of the JTR, Article 23.21 of the Enlisted Transfer Manual and paragraph 15 of BUPERSINST 1321.2G.

Since our audit was limited to records available at the Navy Finance Center, Cleveland, we do not know why the errors occurred. However, the high incidence of erroneous travel payments indicates that disbursing personnel need to become more familiar with regulations. Internal control and review procedures also appear to need strengthening.

We would appreciate your advice on causes of the errors and measures taken to prevent their recurrence. 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.

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We are sending copies of this letter to the Comptroller of the Navy; the Director, Navy Military Pay System; the Commanding Officer, Norfolk Navy Regional Finance Center; and the Director, Norfolk Naval Area Audit Service.

Sincerely yours,

C. H. Moore

C. H. Moore  
Regional Manager

Enclosures--2

Appendix

Copies of notices of exception (8)  
and informal inquiries (22)

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U. S. GENERAL ACCOUNTING OFFICE  
DETROIT REGIONAL OFFICE

APPENDIX

SUMMARY OF ERRORS

NAVAL SHIP RESEARCH AND DEVELOPMENT LABORATORY,  
PANAMA CITY, FLORIDA

JANUARY 1 THROUGH JUNE 30, 1970

MILITARY PAY RECORDS

<u>Type of error</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
Leave rations not credited or credited improperly	7	\$ 2.78	\$ 19.62
Pay and allowances credited or checked for wrong number of days	5 <sup>a/</sup>	68.58	92.50
Basic allowance for quarters not paid to single members on permanent change of station	2 <sup>b/</sup>		70.20
Sea and diving pay not stopped on days of detachment	2 <sup>b/</sup>	31.16	
Advance not recovered at time of discharge	1	96.00	
Variable reenlistment bonus increment at wrong rate	1	51.60	
Improper credit adjustment	1	50.00	
Excess leave - pay and allowances deducted for wrong number of days	1	17.64	
Parachute and diving pay were credited for the same period	1	16.50	
Commuted rations not stopped during absence	1	1.15	
Social security tax not deducted as reported	<u>1</u>		<u>1.00</u>
Subtotal	<u>21</u>	<u>\$335.41</u>	<u>\$177.32</u>

MILITARY TRAVEL - PERMANENT CHANGE OF STATION

<u>Type of error</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
<u>Per diem</u>			
Not paid for overseas travel	5		\$ 36.56
Not paid while awaiting arrival of ship	3		85.90
Wrong rate	3		28.10
Paid while in a mileage status	1	\$ 25.20	
Paid while at permanent station	1	2.00	
<u>Transportation</u>			
Dependent travel and dislocation allowances paid on move to temporary station	2	230.46	
Unauthorized dependent	1	62.73	
Paid for travel between lodging and temporary station on weekends	1	12.00	
Dependent travel allowance paid for incorrect distance	<u>1</u>	<u>3.06</u>	
Subtotal	<u>18</u>	<u>\$338.45</u>	<u>\$150.56</u>

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MILITARY TRAVEL - TEMPORARY ADDITIONAL DUTY

<u>Type of error</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
<u>Per diem</u>			
Wrong rate paid for day of return to permanent station	17	\$ 46.20	\$115.00
Paid while on Government vessel	17	260.60	
Not prorated properly - travel less than 24 hours	17	59.00	
Not properly paid for constructive time	10	77.95	6.25

MILITARY TRAVEL - TEMPORARY ADDITIONAL DUTY

<u>Type of error</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
<u>Per diem</u>			
Wrong rates, quarters/mess available	9	\$179.50	
Computation	4		\$ 34.90
Not paid while in a travel status	3		35.25
Meals improperly deducted	3		9.30
Wrong rate paid for day of arrival at temporary station	3	13.55	
Wrong rate for overseas travel	2	4.50	8.00
Paid while in vicinity of permanent station	1	82.60	
<u>Transportation</u>			
Incorrect distances	18		23.88
Reimbursement for excess baggage not authorized	<u>1</u>	<u>2.50</u>	<u>          </u>
Subtotal	<u>105</u>	<u>\$726.40</u>	<u>\$232.58</u>

MILITARY TRAVEL - SEPARATION FROM SERVICE

Mileage allowance

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Highway distance instead of common carrier	9		\$ 36.66
Incorrect distance	3	\$16.50	6.12
Unauthorized terminal points	<u>1</u>	<u>23.70</u>	<u>          </u>
Subtotal	<u>13</u>	<u>\$ 40.20</u>	<u>\$ 42.78</u>

TRAINING DUTY

Per diem not properly paid for constructive time	3	\$ 12.15	\$ 6.25
Wrong rate of per diem	3	26.40	3.30

TRAINING DUTY

<u>Type of error</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
Wrong rate of basic pay	1		\$ 39.90
Meals improperly deducted	1		3.10
Bus fare paid while in mileage status	<u>1</u>	\$ <u>6.50</u>	
Subtotal	<u>9</u>	\$ <u>45.05</u>	\$ <u>52.55</u>

CIVILIAN TRAVEL

Per diem

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Reduced rate paid for first day quarters were occupied	17		\$ 168.25
Deduction of \$1 made when quarters were used without charge	17		75.65
In excess of constructive time	8	\$ 93.75	
Wrong rate - travel to/from temporary station	7		14.25
Incorrect computation of travel period	8	39.00	18.75
Wrong rate - travel by air outside U.S.	3	9.75	14.25
Paid while in leave status	2	120.00	
Wrong rates paid outside U.S.	2		18.50
Failure to deduct for quarters/meals	2	10.35	
Wrong rate for dependent	1		34.41

Transportation

Car rentals/taxi fares not authorized	4	50.34	
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CIVILIAN TRAVEL

<u>Type of error</u>	<u>Number</u>	<u>Overpayment</u>	<u>Underpayment</u>
<u>Transportation</u>			
Incorrect distances	3	\$ 28.28	
Duplicate payment	1	5.00	
Gasoline bought prior to travel period	<u>1</u>	<u>5.00</u>	
Subtotal	<u>76</u>	<u>\$361.47</u>	<u>\$344.06</u>
Total monetary errors	<u>244</u>	<u>\$1,846.98</u>	<u>\$999.85</u>

LEAVE ACCOUNTING

<u>Type of error</u>	<u>Number</u>	<u>Overstated</u>	<u>Understated</u>
Delay en route incorrectly charged	7	10 days	2 days
Balances computed incorrectly	<u>2</u>	<u>19 days</u>	
Total leave errors	<u>9</u>	<u>29 days</u>	<u>2 days</u>

TAX REPORTING

Dislocation allowance not included in taxable income	2		
Aviation or sea pay not included in taxable income	2		
Refund of forfeiture not included in taxable income or social security wages	<u>2</u>		
Total tax errors	<u>6</u>		
Total all errors	<u>259</u>		

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a/ \$60.00 overpayment made by another disbursing officer

b/PAA's issued by NRFC, Norfolk