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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

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Dear Mr. Chairman:

In response to your letter of September 24, 1971, and in accordance with arrangements made with your Committee's office, we have investigated the statements made by Mr. VeLoyce G. Winslow, an employee of the Defense Contract Audit Agency, in his letter of September 20, 1971. We interviewed Mr. Winslow, and our investigation included an examination of pertinent records and discussions with appropriate Defense Contract Audit Agency officials at the regional and Washington levels.

According to Mr. Winslow two Defense Contract Audit Agency offices issued audit reports on the same defense contractor at the same location under identical circumstances with a nominal time span between the reports. He said that Audit Report No. 702-07-0-0125 did not question the costs incurred by the contractor in storing Air Force-owned property but that Audit Report No. 709-04-0-0119 questioned all costs claimed for the storage of Army-owned property.

The circumstances under which costs were claimed by the contractor for storage of Government-owned property, discussed in the two reports, were not identical. Report No. 702-07-0-0125, dated September 26, 1969, was on a claim for costs under contract termination procedures. Report No. 709-04-0-0119, dated March 27, 1970, was on a claim for costs under a completed contract. We believe that the position taken in each report was appropriate in the circumstances. We found no evidence to substantiate Mr. Winslow's statement that the Defense Contract Audit Agency had condoned and encouraged violations of law.

Mr. Winslow said that, in a dispute between the contractor and the Government, his supervisor had insisted that a contractor's claim be increased by over \$250,000 because of his interpretation that the contractor was entitled to the profit on the sale of an asset at termination of a complex lease. We found no evidence to substantiate this statement.

Mr. Winslow accused his supervisor of falsifying the time record of an employee under Mr. Winslow's supervision by showing that the

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employee had worked 2 days when he was not at work. This matter, which was the subject of a February 1970 letter from Mr. Winslow to Representative John E. Moss, refers to the policy of the Defense Contract Audit Agency that permits employees to take the certified public accounting examination without charge to annual leave. We concur in the position taken by the Defense Contract Audit Agency in its letter replying to Mr. Moss. A copy of that letter is enclosed for your information.

We trust that the foregoing information satisfies your request.

Sincerely yours,



Deputy Comptroller General  
of the United States

Enclosure

cltr  
The Honorable Thaddeus J. Dulski # 2900  
Chairman, Committee on Post Office  
and Civil Service  
House of Representatives



## DEFENSE CONTRACT AUDIT AGENCY

CAMERON STATION  
ALEXANDRIA, VIRGINIA 22314

IN REPLY REFER TO

27 FEB 1970

CA-DD

Honorable John E. Moss  
House of Representatives  
Washington, D. C. 20515

Dear Mr. Moss:

This is in reply to your correspondence of February 17, 1970, requesting comments on an enclosed letter from VeLoyce G. Winslow, an employee of the Defense Contract Audit Agency.

Mr. Winslow's letter expressed concern over an alleged lack of written policy by the U.S. General Accounting Office, the Internal Revenue Service and the Defense Contract Audit Agency permitting employees to take the certified public accounting examination (CPA) without charge to annual leave.

Mr. Winslow is misinformed with respect to the lack of written policy in both the General Accounting Office and the Internal Revenue Service. In this connection, there is attached hereto excerpts from the U.S. General Accounting Office Leave Manual, "Personnel Management Manual No. 6" specifically authorizing the taking of Bar and CPA examinations as an authorized absence from duty with pay and without charge to leave. (See para. 6.2 h. of the enclosure). Also enclosed is an excerpt from the U.S. Treasury Department Internal Revenue Service Regulation granting administrative leave to take CPA and Bar examinations.

There is also enclosed an opinion of the Defense Contract Audit Agency Counsel dated Feb. 16, 1967, concurring in the issuance of a written policy permitting DCAA employees to be excused without charge to leave to take CPA examinations. As indicated in the Counsel's memorandum, such a conclusion was reached only after consultation with the General Accounting Office—the final arbiter on authority for expenditure of public funds.

Contrary to Mr. Winslow's views that the absence of written policy casts doubt on the authority to grant administrative leave for the taking of CPA examinations, it is the view of this Agency that having established a legal basis for the practice, failure to

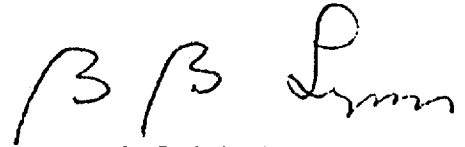
CA-DD

Honorable John E. Moss

have reduced it to writing does not derogate from the authority to authorize this practice. The apparent position as expressed by Mr. Winslow that the taking of the leave in question is tantamount to falsifying a time record is unfounded. Accordingly, it is the view of the DCAA that the practice of granting administrative leave for the purpose of taking CPA examinations while not contained in our written regulations, a determination having been made that such a practice is legally supportable, there is little doubt as to the propriety of such a practice in this Agency. However, in order to eliminate misunderstandings in connection with the practice, we are in the process of promulgating an amendment to our Personnel Manual which will reduce to writing the procedures for granting administrative leave for the taking of CPA examinations in much the same fashion as the regulations issued by the General Accounting Office and the U.S. Treasury Department Internal Revenue Service.

We will be happy to provide you with any further information you may desire in this matter.

Sincerely,



B. B. LYNN  
Deputy Director

Encls 3

1. Excerpt from GAO Leave Manual
2. Excerpt from U.S. Treasury IRS Regulation
3. Feb. 1967 Memo from DCAA Counsel (See GAO Note)

GAO Note: The referenced enclosures have not been included.  
The letter adequately covers the position of DCAA.