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

AUG 23 1972

Commanding Officer

U.S.S. ALLEN M. SUMNER (DD-692) DLG 05704
FPO New York

Dear Sir:

We have examined selected financial transactions in the accounts of the U.S.S. SUMNER for the 12 months ended December 31, 1971. This work, a part of our continuing review of the Navy's financial management system, was done by our staff at the Navy Finance Center, Cleveland.

We reviewed 297 of 521 military pay records, 194 of 225 military travel vouchers, and all (60) miscellaneous pay and allowance vouchers. We found 247 monetary errors totaling \$4,052, 16 leave accounting errors, and 14 errors in reporting taxable income. Twenty-four percent of the pay records, 46 percent of the travel vouchers, and 33 percent of the miscellaneous vouchers contained errors.

We usually limit our examinations to one 6-month pay cycle and we proceeded on this basis with the SUMNER accounts, selecting for review accounts submitted in the 6 months ended June 30, 1971. However, our tests disclosed several significant problems, including serious payroll posting and verification deficiencies. Accordingly, we expanded our work and examined accounts for the next 6-month cycle. We found similar serious deficiencies in these accounts.

Our error data are summarized in an appendix. Major problem areas are discussed below.

- Thirteen payments were not posted to pay records; four were made to two members who had access to pay records. Two other payments for \$210 and \$72 were posted as \$208 and \$22. Incorrect payroll numbers were posted for 12 payments and 16 payrolls were not signed evidencing verification as required by parts 4 and 9, MPP.

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An on-site examination team from the Navy Regional Finance Center, Norfolk, found three other payroll posting errors in the SUMNER accounts in April 1971. SUMNER's commanding officer commented on these findings in a reply dated June 26, stating that action had been taken to insure that all payments would be properly posted.

Obviously, this action was not very effective. Nine of the unposted payments we identified were made in July, August, and September. Eight of the nine payments were made on payrolls without signatures evidencing verification.

- The leave balances of 16 members were over or understated 79½ days. Most of the errors occurred because leave balances were incorrectly computed. Others resulted from overcharge of leave, incorrect computation of delay en route, and failure to charge excess travel time as leave.
- Eight errors were made in computing payments of lump-sum leave. In most instances, quarters allowances were included in payments to members below pay grade E-5 who are not entitled to this allowance. See paragraph 40402, table 4-4-5, rule 3, DODPM.
- Error rates on travel and miscellaneous vouchers were exceedingly high. Our tests indicate that disbursing personnel are not familiar with the Joint Travel Regulations.

About 60 percent of the errors identified involved (1) use of the wrong per diem rates, (2) failure to deduct for meals or deducting at the wrong rate, (3) failure to limit payments to the cost of constructive travel, (4) incorrect computation of per diem and distances, and (5) use of highway rather than common carrier distances.

We could not determine the causes of the errors or pinpoint responsibility because our review was limited to the vouchers, pay records, and supporting documents in the financial returns. However, our findings indicate a need for command attention to payroll posting and verification procedures. These procedures include a requirement that the disbursing officer or his deputy personally insure that payments to men with access to pay records are posted to their pay records. Moreover, we believe

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attention should be directed to the voucher deficiencies and their underlying causes. Supervisory review procedures must be strengthened to improve the overall quality of disbursing.

We would appreciate your comments on the causes of these errors and advice of action taken. To assist you, we are enclosing information copies of our notices of exception and informal inquiries. If you need additional information, please let us know.

We are sending copies of this letter to the Comptroller of the Navy; Commander, Cruiser Destroyer Force, Atlantic Fleet; Director, Navy Military Pay System; Commanding Officer, Navy Finance Center; Commanding Officer, Navy Regional Finance Center, Norfolk; 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 (17)
and informal inquiries (31)

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APPENDIX

U. S. GENERAL ACCOUNTING OFFICE
DETROIT REGIONAL OFFICE

SUMMARY OF ERRORS

U.S.S. ALLEN M. SUMNER (DD-692)
JANUARY 1 THROUGH DECEMBER 31, 1971

<u>TYPE OF ERROR</u>	<u>NUMBER</u>	<u>OVERPAYMENT</u>	<u>UNDERPAYMENT</u>
<u>MILITARY TRAVEL VOUCHERS</u>			
<u>Per Diem</u>			
Wrong rate	21	\$ 215.90	\$ 56.16
Meals - deductions	21	48.31	3.80
Not paid while en route	8		71.32
Computation	5	6.25	16.40
Not entitled - mileage status, aboard ship, on leave, or at permanent duty station	10	203.91	
No supporting orders	2	56.47	
Exceeded constructive travel	19	151.55	
<u>Mileage</u>			
Incorrect distance	24	45.04	88.92
Unauthorized terminal points	7	41.58	38.52
Incorrect distance - highway instead of common carrier	9	8.16	21.24
Paid at 5 cents instead of 6 cents	1		56.60
Not entitled to mileage between lodging and temporary duty station unless privately-owned vehicle was used	1	22.40	
Not entitled - transportation request furnished	1	53.16	
<u>Dependents' Travel Allowances</u>			
Incorrect distance	1	1.14	
Erroneous terminal points	4	7.50	
<u>Various</u>			
Mileage and per diem unauthorized - group travel	5	213.60	
Taxi fares not reimbursable - paid mileage	2	23.32	

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<u>TYPE OF ERROR</u>	<u>NUMBER</u>	<u>OVERPAYMENT</u>	<u>UNDERPAYMENT</u>
<u>MILITARY TRAVEL VOUCHERS (Continued)</u>			
<u>Various (Continued)</u>			
Taxi fares not reimbursable - transportation request furnished	1	\$ 30.00	
Wrong rate/distance - mixed travel	<u>1</u>	<u>3.09</u>	
Subtotal	<u>143</u>	<u>\$1,131.68</u>	<u>\$352.96</u>
<u>MISCELLANEOUS VOUCHERS</u>			
<u>Training Duty</u>			
Mileage - erroneous distance/ terminal points	9	\$ 8.28	\$ 19.20
Per diem - computation	11	62.95	
Per diem - meal tickets issued	4	69.60	
Per diem - constructive travel	1	7.75	
Per diem - wrong rate	2	17.40	
Wrong per diem and mileage rates/ distance - mixed travel	4	62.31	
Pay and allowances - excess travel time	1	17.75	
Basic pay - wrong rate	1		6.88
Clothing allowance - on active duty for less than 6 months	3	6.30	
Quarters allowance - E-3 on active duty for less than 30 days, incorrect computation	2	49.00	7.00
Mileage at 5 cents and per diem instead of mileage at 6 cents	3	36.96	10.40
<u>Shore Patrol</u>			
Incorrect computation	1	1.00	
<u>Rations Commuted to Private Mess</u>			
Included period of leave	<u>2</u>	<u>22.80</u>	
Subtotal	<u>44</u>	<u>\$ 362.10</u>	<u>\$ 43.48</u>

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<u>TYPE OF ERROR</u>	<u>NUMBER</u>	<u>OVERPAYMENT</u>	<u>UNDERPAYMENT</u>
<u>MILITARY PAY RECORDS</u>			
<u>Pay and Allowances</u>			
Incorrect computation/extension	13	\$ 343.86	\$ 33.07
Payroll - not posted or incorrectly posted	15	814.63	
Leave rations - duplicate credits or not credited	9	109.58	22.84
Excess leave - wrong number of days, quarters allowance in- correctly deducted	4	146.17	21.14
Lump sum leave - wrong number of days, incorrect computation	8	59.77	345.04
Sea duty pay - erroneous deduction, not deducted for shore patrol duty	2	10.40	13.86
Commuted rations not properly credited	2		7.60
Family separation allowance - at sea less than 30 days	1	24.00	
Proficiency pay - duplicate credit or not credited	2	30.00	52.50
Amount unpaid not carried forward	2		3.61
Pay and allowances not deducted for period of unauthorized absence	1	93.39	
Quarters allowance - not credited	<u>1</u>		<u>30.42</u>
Subtotal	<u>60</u>	<u>\$1,631.80</u>	<u>\$530.08</u>
Total monetary errors	<u>247</u>	<u>\$3,125.58</u>	<u>\$926.52</u>

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<u>TYPE OF ERROR</u>	<u>NUMBER</u>	<u>OVERSTATED</u>	<u>UNDERSTATED</u>
<u>MILITARY PAY RECORDS (Continued)</u>			
<u>Leave Accounting</u>			
Balance computed incorrectly	10	45½ days	23 days
Duplicate/erroneous charge	2		7
Incorrect computation - de- lay en route	3	3	
Excess travel time - not charged	<u>1</u>	<u>1</u>	—
Total leave errors	<u>16</u>	<u>49½</u> days	<u>30</u> days
<u>Tax Reporting</u>			
Taxable income computed incorrectly	10		
FICA wages computed incorrectly	<u>4</u>		
Total tax errors	<u>14</u>		
Total all errors	<u>277</u>		

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