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

SEP 28 1972

Rear Admiral Thomas R. Heschler
Commander, Cruiser Destroyer Force
U. S. Atlantic Fleet
Newport, Rhode Island

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Dear Admiral Heschler:

Our examination of the accounts of 10 ships in the Cruiser Destroyer Force indicates that serious problems exist on the ships under your command -- we estimate monetary errors of \$290,000 and leave errors totaling 17,000 days for the period January through June 1971. Our evaluation, part of our continuing review of the Navy's financial management system, pinpointed the following needed improvements:

- greater care by disbursing clerks, particularly in processing travel claims;
- more emphasis on the timely flow of complete and accurate documentation between disbursing and personnel offices;
- stronger payroll processing and verification procedures; and
- more effective overall supervision.

Confirming our findings, ship commanding officers told us that errors occurred because of inexperienced staff, insufficient training, inadequate supervision and ineffective linking of disbursing and personnel functions.

To overcome these problems, they told us they have improved their training programs, supervisory reviews, and communications between disbursing and personnel offices. Since our study did not include follow-up evaluation of these corrective actions, we recommend that you inquire into their adequacy and consider their application to other ships under your command. Your comments and advice of actions taken will be appreciated.

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In making our examination, we reviewed transactions in the January through June 1971 accounts of nine ships and the January through December 1971 accounts of one ship. We also evaluated the results of examinations made by Navy Regional Finance Center onsite examination teams. We selected the ships at random and the documents by generally accepted statistical sampling techniques.

We examined 1,566 military pay records, 990 military travel vouchers, and 263 miscellaneous pay and allowance vouchers. We found overpayments and underpayments totaling \$14,965; leave errors involving 580 days; and several errors in reporting taxable income. Twelve percent of the pay records, 48 percent of the travel vouchers, and 35 percent of the miscellaneous vouchers contained errors. The error rates varied considerably between the ships -- ranging from 4 to 24 percent on pay records, 34 to 74 percent on travel vouchers, and from 6 to 73 percent on miscellaneous vouchers. The errors are summarized in appendices I, II and III.

Our findings are reasonably representative, in our opinion, and we estimate the accounts of all ships in the Cruiser Destroyer Force for January through June 1971 contain 19,000 errors totaling \$290,000, 2,600 leave errors involving 17,000 days, and 560 errors in tax reporting.

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

Sincerely yours,

Solon P. Darnell
for C. H. Moore
Regional Manager

Attachments -- 3

Appendix I - Voucher error data

Appendix II - Pay record error data

Appendix III - Summary of errors by type

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APPENDIX I

ERROR DATA
VOUCHERS

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MILITARY TRAVEL

MISCELLANEOUS

SHIP	Number		Errors	Amt. w/errors	Vouchers	Error rate(X)	Number		Errors	Amt. w/errors	Vouchers	Error rate(X)
	Unlv.	Exam.					Unlv.	Exam.				
USS SHERRARDON	257	137	73	\$ 929	57	42	59	29	10	\$ 44	7	24
USS ELLISON	54	54	40	483	24	44	16	16	2	47	1	6
USS VERELAND	54	54	55	524	40	74	23	23	12	163	10	44
USS BIDDLE	211	125	82	549	66	53	74	37	27	166	27	73
USS GARCIA	64	64	39	626	30	47	15	15	32	130	6	40
USS PERRY	17	17	12	66	12	71	25	25	7	62	7	28
USS CASCADE	450	224	147	1,808	99	44	61	30	18	132	10	33
USS NEW	64	64	25	156	22	34	19	19	-	-	-	-
USS GLOVER	57	57	45	492	34	60	9	9	8	98	4	44
USS SUMNER (note a)	225	194	143	1,485	90	46	60	60	44	406	20	33
Totals	1,453	990	661	\$7,118	474	48	361	263	160	\$1,248	92	35

^aIncludes data for the period January 1 through December 31, 1971

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ERROR DATA

MILITARY PAY RECORDS

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SHIP	Duly.	Kcans.	Errors	Records Error w/errors rate (%)	Monetary			Non-monetary		
					Errors Amount	Errors	Days	Errors	Days	Tax
USS SHEPARDIAN	886	314	30	23	7	16 \$ 489	13	28	1	
USS ELLISON	278	152	15	14	9	8 461	5	41	2	
USS WREELAND	247	129	22	17	13	16 634	6	38	-	
USS BIDDLE	432	216	56	35	16	30 240	25	168	1	
USS GARCIA	248	131	5	4	4	4 127	1	37	-	
USS PERKY	284	145	19	15	11	10 660	7	37	2	
USS CASCADIE	853	308	34	25	8	27 816	6	44	1	
USS NEW	276	143	25	22	15	15 863	8	106	2	
USS GLOVER	254	131	9	6	5	7 151	2	1	-	
USS SUMNER (note a)	521	297	90	70	24	60 2,162	16	80	14	
Totals	4,279	1,966	305	232	12	193 \$6,603	89	580	23	

^aIncludes data for the period January 1 through December 31, 1971

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APPENDIX III

SUMMARY OF ERRORS

<u>TYPE OF ERROR</u>	<u>NUMBER</u>	<u>VALUE</u>
<u>Military Travel Vouchers</u>		
Per diem - incorrect deductions for meals and quarters	141	\$ 504
Per diem not paid while en route	92	874
Per diem - computations and other clerical errors	71	1,513
Per diem - wrong rate	67	749
Mileage - incorrect distance	57	236
Per diem in excess of constructive travel	55	357
Mileage - used highway instead of common carrier distance and vice versa	45	228
Reimbursable expenses - unauthorized	28	500
Per diem unauthorized while in group travel status	24	288
Mileage - unauthorized origin or terminal points	21	348
Dependents travel - erroneous distances, unauthorized terminal points	20	377
Mileage - miscellaneous	19	486
Other	21	658
Subtotal	<u>661</u>	<u>\$7,118</u>
<u>Miscellaneous Vouchers</u>		
Shore patrol - wrong number of days and rate for meals	62	\$ 409
Training duty:		
Travel allowances - incorrect distances, unauthorized terminal points, wrong mileage rates, exceeded constructive travel costs, computation	53	441
Pay and allowances - not paid for 31st day of month, wrong rate, computation, excess travel time	8	126
Payments to private mess - included rations for members on leave, TAD, in hospital; wrong number of days and rates, computation	37	269
Subtotal	<u>160</u>	<u>\$1,245</u>
<u>Military Pay Records</u>		
<u>Pay and allowances</u>		
Incorrect computation/extension	40	\$ 924
Leave rations not properly credited/deducted	35	299
Lump sum leave - wrong number days/rate, incorrectly computed	22	1,366
Sea duty pay - deducted in error or not deducted for leave, temporary duty or shore patrol duty	21	190
Payroll - not posted or incorrectly posted	17	1,277

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SUMMARY OF ERRORS

<u>TYPE OF ERROR</u>	<u>NUMBER</u>	<u>VALUE</u>
<u>Military Pay Records</u>		
<u>Pay and allowances (continued)</u>		
Excess leave - wrong number days/rate, incorrectly computed	14	\$ 512
Commuted rations not properly credited or deducted	12	89
Family separation allowance - retroactive credit or at sea less than 30 days	7	888
Quarters allowance not paid members w/o dependents on change of station	7	498
Reenlistment bonus - wrong rate/not recouped	4	281
All others	<u>14</u>	<u>338</u>
Subtotal	<u>193</u>	<u>\$6,602</u>
Total monetary errors	<u>1,014</u>	<u>\$14,965</u>
<u>Leave accounting</u>		
Balance computed incorrectly	40	370 days
Delay en route incorrectly charged	17	27 days
Excess travel time not charged as leave	10	13 days
Leave taken not charged	9	75 days
Leave credited incorrectly	8	55 days
Duplicate or excessive leave charge	<u>5</u>	<u>40 days</u>
Total leave errors	<u>89</u>	<u>580 days</u>
<u>Tax reporting</u>		
Taxable income computed incorrectly	17	
FICA wages computed incorrectly	<u>6</u>	
Total tax errors	<u>23</u>	
Total all errors	<u>1,126</u>	

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