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UNITED STATES GENERAL ACCOUNTING OFFICE
 REGIONAL OFFICE
 8112 FEDERAL OFFICE BUILDING
 FIFTH AND MAIN STREETS
 CINCINNATI, OHIO 45202

DEC 4 1973

Brigadier General John W. Currier
 Consulting General
 U. S. Army Finance Support Agency
 Indianapolis, Indiana 46219



Dear General Currier:

We completed our examination of the accuracy of payments of shortage specialty proficiency pay to Army enlisted members. Our findings, which Mr. Leach discussed with you on October 24, 1973, indicate that about 3,000 enlisted members were overpaid a total of \$103,500 in August 1973.

As you know, shortage specialty proficiency pay is authorized at various rates to certain enlisted members possessing military occupational specialties (MOSs) designated by the Department of the Army as shortage skills. Over the past several years, the number of MOSs designated as shortage specialties has declined. In 1960, about 170 MOSs were designated as shortage skills, in July 1973 that number had declined to 79. Under service regulations, as MOSs are terminated as ineligible (terminated) for shortage specialty proficiency pay, incumbents receive reduced rates of pay. Proficiency payments for terminated MOSs are phased out by reducing the monthly rate by \$25 each fiscal year.

In addition, the rates of proficiency pay have also changed, apparently to reflect the status of supply and demand for shortage skills. To effect a change in the rate of proficiency pay, field finance offices must input data to change the JCER rate on the pay file. The field finance offices make their input on the basis of military orders issued by the members' personnel offices.

ACCURACY OF PAYMENTS

In August 1973, about 27,275 enlisted members received shortage specialty proficiency pay. About 43 percent of those members were receiving proficiency pay under terminated MOSs.

Using listings, furnished through your office, we randomly selected 560 cases to determine whether the members were entitled to

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proficiency pay at the rate paid. Our examination was made essentially using records available from the U. S. Army Enlisted Evaluation Center and various pay records and supporting documents maintained at the U. S. Army Finance Support Agency.

Our examination of 500 cases showed that 92 members (16 percent) were paid inaccurately in August 1973. In 14 of those instances, however, the rate of pay was corrected in September 1973. This reduces the number of cases paid incorrectly to 78 or 14 percent of those tested. In each instance the members were overpaid, and total overpayments were \$2,125. Projecting our sample results, we could state that 3,000 members were overpaid a total of \$103,500 in August 1973.

Since proficiency pay is established as a continuing entitlement under JUMPS, those members being paid inaccurately in August will continue to be paid inaccurately until their annual termination date is reached. Projecting from our sample, we estimate that overpayments will total about \$600,000 if corrective action is not taken.

In general, the errors resulted from the failure of field finance offices to input data to reduce the rate of pay to members in terminated skills and members in skills for which the rate of proficiency pay had changed on July 1, 1973, as shown below.

<u>TYPE OF ERROR</u>	<u>OVERPAYMENTS-AUGUST 1973</u>	
	<u>NO.</u>	<u>AMOUNT</u>
Failure to reduce rates to members in terminated skills	60	\$1,575
Failure to adjust pay to members whose rates of pay were changed	17	475
Qualifying score not achieved	<u>1</u>	<u>75</u>
Total errors in sample	<u>78</u>	<u>\$2,125</u>

CONCLUSIONS AND RECOMMENDATIONS

Although we made no field visits, we suspect that many of the errors resulted because field personnel officers did not figure out or reflecting changes in the members' entitlement. In addition, we believe that current procedures for administering shortage or proficiency pay are inherently complex and prone to administrative errors or oversights that result in erroneous payments. These

procedures could be substantially simplified by computerizing the review of pay. Such a change would involve the reprogramming of DOS to include the DOSs of members authorized shortage specialty proficiency pay coupled with a rate lock-up capability. Accordingly, we request that you determine the feasibility of such a change.

Inrespective of any procedural changes made, we believe an immediate verification of entitlement to shortage specialty proficiency pay should be undertaken. In that regard, Mr. Schuchman advised that such a verification was being considered for January 1974.

We would be happy to discuss our review with you in greater detail if you desire and would appreciate being advised of any action you may take.

Sincerely,

/s/ Elmer Taylor Jr.
Elmer Taylor, Jr.
Acting Regional Manager