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

FEB 8 1973

Rear Admiral Mark W. Woods
Commander, Cruiser Destroyer Force
U. S. Pacific Fleet
San Diego, California



Dear Admiral Woods:

Our examination of the accounts of nine ships in the Cruiser Destroyer Force indicates the ships under your command have serious disbursing problems -- we estimate monetary errors of \$420,000 and leave accounting errors totaling 32,000 days during fiscal year 1972. 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 preparing, processing, and paying travel claims,
- better understanding of group travel regulations by order writers and disbursing personnel,
- stronger payroll processing and verification procedures, and
- more effective overall supervision.

In our evaluation, we tested transactions in the July through December 1971 accounts of five ships and the January through June 1972 accounts of four ships. We also considered the results of examinations made by Navy Regional Finance Center onsite teams. We selected the ships at random and the documents by generally accepted statistical sampling techniques.

We examined 1,338 pay records, 800 travel vouchers, and 125 miscellaneous pay and allowance vouchers. We found over and underpayments to crew members totaling

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\$8,997 and leave accounting errors involving 548 days. Twelve percent of the pay records, 29 percent of the travel vouchers, and 13 percent of the miscellaneous vouchers contained errors. The errors are summarized in appendixes I, II and III.

Our findings, we believe, are reasonably representative of the frequency and type of errors that can be found in the accounts of all ships in the Cruiser Destroyer Force. Therefore, we project 22,000 monetary errors totaling \$420,000 and 4,700 leave errors involving 32,000 days during fiscal year 1972.

Ship commanding officers responding to our letter reports confirmed our findings. They told us they have strengthened disbursing office procedures, improved supervisory reviews, and instituted additional controls to overcome their problems. Since we did not evaluate the effectiveness of these corrective actions, we recommend you inquire into their adequacy and consider their application to other ships under your command. Please give us your comments and advice of actions taken.

Sincerely yours,

C. H. MOORE

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

cc: Comptroller of the Navy
Director, Navy Military Pay System
Commanding Officer, Navy Regional Finance Center,
Pearl Harbor
Commanding Officer, Navy Regional Finance Center,
San Diego
Commanding Officer, Navy Finance Center, Cleveland
Director, Navy Area Audit Service, San Diego

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ERROR DATA

VOUCHERS

MILITARY TRAVEL

MISCELLANEOUS

| SHIP | MILITARY TRAVEL | | | MISCELLANEOUS | | | | | | |
|-------------------------------|-----------------|--------------|-------------|-------------------|---------------|-------|--------------|-------------|-------------------|---------------|
| | Unlv. | Number Exam. | Errors Amt. | Vouchers w/errors | Error rate(%) | Unlv. | Number Exam. | Errors Amt. | Vouchers w/errors | Error rate(%) |
| U.S.S. PARSONS ^a | 143 | 96 | 23 \$ 884 | 18 | 19 | 10 | 10 | - \$ - | - | - |
| U.S.S. GURKE ^a | 90 | 57 | 22 223 | 16 | 28 | 6 | 6 | - | - | - |
| U.S.S. W.L. LIND ^a | 51 | 51 | 35 428 | 25 | 49 | 19 | 19 | 21 324 | 4 | 21 |
| U.S.S. HANSON ^a | 88 | 62 | 53 914 | 39 | 63 | 14 | 14 | 6 90 | 6 | 43 |
| U.S.S. KPPERSON ^a | 87 | 53 | 43 479 | 27 | 51 | 7 | 7 | - | - | - |
| U.S.S. RAMSEY ^b | 198 | 118 | 72 552 | 49 | 42 | 14 | 14 | 9 399 | 2 | 14 |
| U.S.S. HENDERSON ^b | 214 | 107 | 27 274 | 23 | 22 | 16 | 16 | - | - | - |
| U.S.S. PIERMONT ^b | 311 | 156 | 11 95 | 11 | 7 | 53 | 26 | 8 95 | 1 | 4 |
| U.S.S. H.K. HOLT ^b | 201 | 100 | 30 657 | 25 | 25 | 13 | 13 | 3 33 | 3 | 23 |
| Totals | 1,383 | 800 | 316 \$4,506 | 233 | 29 | 152 | 125 | 47 \$941 | 16 | 13 |

^aIncludes data for the period July through December 1971
^bIncludes data for the period January through June 1972

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APPENDIX II

ERROR DATA

MILITARY PAY RECORDS

| SHIP | Overall | | | | Monetary | | Leave Accounting | |
|-------------------------------|--------------|--------------|------------------|---------------|------------|----------------|------------------|------------|
| | Univ. Exam. | Errors | Records w/errors | Error rate(%) | Errors | Amount | Errors | Days |
| U.S.S. PARSONS ^a | 295 | 148 | 16 | 15 | 10 | \$ 664 | 6 | 27 |
| U.S.S. CURKH ^a | 270 | 135 | 36 | 31 | 28 | 619 | 8 | 63 |
| U.S.S. W.L. LIND ^a | 192 | 96 | 13 | 10 | 9 | 159 | 4 | 37 |
| U.S.S. HANSON ^a | 279 | 140 | 29 | 23 | 13 | 427 | 16 | 147 1/2 |
| U.S.S. HPPERSON ^a | 260 | 136 | 23 | 22 | 17 | 502 | 6 | 22 1/2 |
| U.S.S. RAMSEY ^b | 287 | 158 | 17 | 15 | 12 | 623 | 5 | 32 1/2 |
| U.S.S. HENDERSON ^b | 280 | 140 | 15 | 14 | 7 | 95 | 8 | 39 1/2 |
| U.S.S. PIRDMONT ^b | 769 | 257 | 27 | 21 | 13 | 180 | 14 | 76 |
| U.S.S. H.E. HOLT ^b | 255 | 128 | 17 | 15 | 7 | 285 | 10 | 103 |
| Totals | <u>2,896</u> | <u>1,338</u> | <u>193</u> | <u>166</u> | <u>116</u> | <u>\$3,554</u> | <u>77</u> | <u>548</u> |

a includes data for the period July through December 1971
b includes data for the period January through June 1972

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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 | 56 | \$ 301 |
| Per diem - wrong rate | 55 | 1,229 |
| Per diem not paid while en route | 49 | 347 |
| Mileage - incorrect distance | 38 | 189 |
| Per diem unauthorized - in mileage status, on leave, at duty station, reported early for temporary duty, or unofficial travel | 25 | 816 |
| Per diem - constructive travel | 23 | 121 |
| Per diem - computations and other clerical errors | 16 | 51 |
| Mileage - unauthorized between lodging and temporary duty station while on leave or over weekends | 14 | 299 |
| Dependents travel - erroneous distance, unauthorized terminal points and miscellaneous expenses, ineligible dependent, and duplicate payment | 10 | 293 |
| Mileage - unauthorized origin or terminal points | 7 | 171 |
| Per diem/transportation allowance - unauthorized while in group travel status | 7 | 99 |
| Mileage - not paid on change of station or temporary duty travel | 6 | 286 |
| Mileage - miscellaneous | 7 | 281 |
| Other | <u>3</u> | <u>22</u> |
| Subtotal | <u>316</u> | <u>\$4,505</u> |
| <u>Miscellaneous Vouchers</u> | | |
| Training duty: | | |
| Travel allowances - incorrect distances/point of origin, erroneous per diem computation, unauthorized reimbursement for taxi fare or mileage | 32 | 394 |
| Pay and allowances - wrong rate, excess travel time, ineligible rating for quarters allowance | 9 | 439 |
| Payments to private mess - included rations for members on leave; erroneous computation | 5 | 102 |
| Shore patrol - erroneous computation | <u>1</u> | <u>5</u> |
| Subtotal | <u>47</u> | <u>\$ 940</u> |

| <u>TYPE OF ERROR</u> | <u>NUMBER</u> | <u>VALUE</u> |
|---|---------------|-----------------|
| <u>Military Pay Records</u> | | |
| <u>Pay and allowances</u> | | |
| Incorrect computation/extension | 42 | \$1,329 |
| Temporary lodging allowance - wrong rate | 17 | 70 |
| Payroll - not posted or incorrectly posted | 8 | 755 |
| Leave rations not properly credited or deducted | 8 | 172 |
| Sea duty pay - deducted in error or not deducted for leave, temporary duty or shore patrol duty | 8 | 41 |
| Basic pay or quarters allowance - wrong rate | 7 | 114 |
| Clothing allowance - wrong rate, erroneous deduction, paid prior to entitlement, or duplicate payment | 6 | 107 |
| Excess leave - wrong number of days/rate, or incorrectly computed | 5 | 190 |
| Quarters allowance not paid to members without dependents on change of station | 4 | 195 |
| Lump sum leave - wrong number of days/rate, or incorrectly computed | 3 | 379 |
| All others | 8 | 200 |
| Subtotal | <u>116</u> | <u>\$3,552</u> |
| Total monetary errors | <u>479</u> | <u>\$8,997</u> |
| <u>Leave accounting</u> | | |
| Balance computed incorrectly | 57 | 402 1/2 days |
| Leave not charged | 8 | 109 1/2 days |
| Leave credited incorrectly | 5 | 28 days |
| Delay en route incorrectly charged | 4 | 4 days |
| Leave used computed incorrectly | 2 | 3 days |
| Excess travel time not charged as leave | 1 | 1 day |
| Total leave errors | <u>77</u> | <u>548 days</u> |
| Total all errors | <u>556</u> | |