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UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
502 U S CUSTOMHOUSE, SECOND AND CHESTNUT STREETS
PHILADELPHIA, PENNSYLVANIA 19106

MAR 28 1973

Chief of Staff
New Jersey Department of Defense
Eggert Crossing Road
Trenton, New Jersey 08625

Dear Sir.

We have reviewed the civilian pay system at the United States Property and Fiscal Office for New Jersey (USPFO-NJ). This review was part of an overall review of civilian pay activities at Department of Defense installations. It was concerned primarily with testing the adequacy and effectiveness of the civilian pay system, operating procedures and practices, as well as day-to-day internal controls.

We believe that pay actions are processed in accordance with applicable laws and regulations. However, we observed two areas where internal controls need to be strengthened. These areas were discussed with Colonel G. W. Zalmas and members of his staff at the completion of our review and are noted below.

1. During our review we noted that manually predetermined control totals of pay, deductions and leave were not maintained by the civilian payroll section. Maintenance of these totals is, in our opinion, an essential feature of good internal control over payroll processing. It is also required by Army Regulation 37-105, paragraphs 3-24, 7-50, 10-121, 12-101, and 14-42.

2. The Technician Personnel Office (TPO) is responsible for initiating permanent pay changes but does not reconcile these changes with master employee records maintained by the payroll section. Such a reconciliation would assure the TPO that only properly authorized permanent changes are included in the master employee records. The TPO could perform the reconciliation by using the biweekly reports prepared by the data processing section which show totals for new hires and separations as included in the master employee records.

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In the course of our review we found that through the end of the 1972 leave year, procedures for recording compensatory time were not adequate to insure accuracy in the amount of compensatory time worked and taken. In addition, a number of employees had overdrawn their annual leave by the end of the 1972 leave year. We noted that corrective action had been initiated on both of these matters prior to the start of our review, and that procedures have been changed for the 1973 leave year.

One pay error was found which resulted in a gross overpayment of \$32 in calendar year 1972. This employee received a premature within-grade increase because the TPO did not properly extend the 1-year waiting period for LWOP taken in excess of two work weeks as required by Federal Personnel Manual Supplement 990-1, Section 531.404. This error was discussed with USPF0 and TPO officials and they agreed to take necessary corrective action.

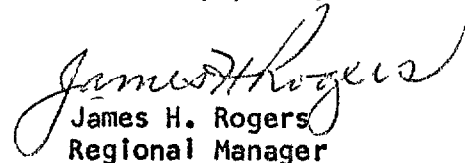
We would appreciate receiving your comments on the status of corrective action taken or planned on the matters contained in this report.

In accordance with the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies, Title 8, Chapter 3, the payroll records covering all periods through January 13, 1973, may be transferred to the Federal Records Center.

A copy of this letter is being sent to the District Manager, Northeastern District, U.S. Army Audit Agency, Philadelphia, Pennsylvania.

We wish to acknowledge the cooperation extended to our staff during the review.

Sincerely yours,


James H. Rogers
Regional Manager

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