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The Honorable Lloyd Bentsen
United States Senate

Dear Senator Bentsen:

In accordance with your December 27, 1972, request, we have considered the matters in Mr. Eugene L. Berger's December 7, 1972, letter.

Mr. Berger's letter emphasizes that when we audit Government contractors, we count contractor employees coming late, leaving early, and taking long lunch hours but that we do not do so for Government workers. Although we did not perform the audits which apparently prompted Mr. Berger's observations, we have the following comments on the matter.

We do not generally use such time and attendance checks in auditing Government contracts, but we may use them in special assignments. For example, in our February 18, 1972, report to the Congress we discussed the results of a work-sampling study of certain employees of the Lockheed Aircraft Corporation, the contractor for the C-5A aircraft. We conducted this study pursuant to special audit requirements established by Public Laws 91-441 and 92-156. A copy of the report is enclosed.

In some of our reviews of Government agencies, we use time and attendance checks to test the validity and degree of control exercised by agencies over the activities and pay records of Federal civil service employees.

Because the information in Mr. Berger's letter was very general, we contacted him to identify the contractor and audits to which he referred. Mr. Berger is employed by the General Electric Company (GE) in its Houston office located near the National Aeronautics and Space Administration (NASA), Johnson Space Center, Houston, Texas.

The audits referred to by Mr. Berger were made intermittently throughout calendar year 1972 for a contract awarded to GE by NASA. Under this contract, GE's Houston office provides support services for specific missions of the Center.

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The audits were made by the Houston branch office of the Defense Contract Audit Agency (DCAA), the Federal agency to which NASA has delegated audit responsibility for support-services contracts awarded by the Center. At the time of our inquiry, the Center had about 20 active contracts of this type which DCAA audits on a continuing basis.

According to a representative of DCAA, time and attendance checks were a routine and continuous audit procedure. He said that such a procedure was required for this type of contract because (1) all support service contracts awarded by the Center are cost-reimbursement type; (2) costs are based almost entirely on the personnel employed by these firms in supplying the contracted services, and (3) a major responsibility of DCAA for such procurements is approving contractor's vouchers submitted monthly for reimbursement of actual costs incurred.

After our inquiry we again contacted Mr. Berger and explained the basis for using time and attendance checks.

We trust the above information is satisfactory to you. If we can help further, please let us know.

Sincerely yours,



Comptroller General
of the United States

Enclosure