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UNITED STATES GENERAL ACCOUNTING OFFICE  
REGIONAL OFFICE  
ROOM 201, 415 FIRST AVENUE NORTH  
SEATTLE, WASHINGTON 98109

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MAY 28 1974



Colonel C. D. Jones  
Base Commander  
Fairchild Air Force Base  
Washington 99011

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Dear Colonel Jones:

We have completed our review of the civilian payroll system at Fairchild Air Force Base, Washington. Our review, which was completed in May 1974, was concentrated on identifying and evaluating the internal controls built into the payroll system, and did not include extensive tests of individual transactions. In limiting our review of transactions, we considered the centrally directed audit and review of payroll performed by the Air Force Audit Agency (AFAA).

Our review indicated that the system of internal control is well designed and satisfactorily implemented to detect and correct significant errors and provide reasonable protection against fraud. We noted a few matters, however, which we believed merited attention. We discussed these with you and your staff on May 8, 1974. A summary of the items discussed and our recommendations follow.

When a data retrieval program was run against the master leave listing to determine if any employees had excess leave, we discovered an employee with an excess of sick leave. This employee had 75 hours more sick leave than she could have accumulated during her entire Federal career. This employee had transferred leave from different agencies on four occasions. It appeared that the accumulated sick leave was either incorrectly computed or incorrectly reported by one of the prior agencies.

The payroll section informed us that it has no way to determine if leave balances transferred are correct. It must rely on the report transferred by the employee's previous agency. The payroll section indicated that it would follow-up on the case we identified.

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We suggested, and the payroll section agreed, that internal controls could be further strengthened by conducting a reasonableness test on annual and sick leave transferred from other agencies to assure that accumulated leave transferred is less than the maximum amount of leave that could have been earned during the employee's period of Federal service. Any discrepancies should be resolved with the employee's previous agency.

Two matters that do not require immediate action at the base level are as follows:

1. The civilian personnel section has no formal control to assure that personnel documents forwarded to payroll are processed, that no unauthorized alterations have been made, and that the results of the processing are accurate. The central design center (Gunter AFB) has agreed to design a program that will compare the automated master records maintained by the personnel and payroll departments and print error messages of any differences to provide immediate feedback to both departments of any discrepancies.

2. The payroll section's only means to verify the computer's accuracy in charging leave is to manually compare each time card to the biweekly leave listing. This is impractical to do on a regular basis due to time constraints.

Internal controls could be further strengthened by having the computer provide biweekly leave totals. The pay clerks then could compute manual control totals to verify computer totals. Leave control totals will not assure that leave was charged to the correct individuals, but will give assurance that the total leave charge is correct.

A design change to the B3500 Leave Edit and Update program (NBS 260) to provide computer leave control totals is currently being discussed with the central design center (Gunter AFB) by our Atlanta Regional Office.

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We would appreciate being advised of the final action taken on the first item.

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In accordance with General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies, Title 8, Chapter 3, the payroll records covering all periods through December 31, 1973, may be transferred to the Federal Records Center if consistent with the Air Force's records management program.

We appreciate the outstanding courtesies and cooperation extended to us during the audit.

Sincerely yours,

**PHILIP A. BERNSTEIN**

Philip A. Bernstein  
Regional Manager

cc: Air Force Audit Agency  
Director, Office of Policy  
Director, FGMS  
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