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UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
9226 FEDERAL BUILDING SIXTH AND ARCH STREETS
PHILADELPHIA, PENNSYLVANIA 19106

JUN 26 1974 093160

Commanding Officer
New Cumberland Army Depot
New Cumberland, Pennsylvania 17070

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Dear Sir:

We have completed our review of civilian pay and allowances at the New Cumberland Army Depot (NCAD). This review was part of an overall review of civilian pay activities at Department of Defense installations. The review covered the period October 11, 1970 through May 4, 1974.

Our examination of payroll transactions and personnel actions was directed toward an evaluation of the adequacy and effectiveness of the SPEEDEX Civilian Pay and Leave Accounting System, including internal manual controls. We reviewed the SPEEDEX system design and documentation at the Logistics Systems Support Agency (LSSA) prior to the start of our review at NCAD.

We believe the NCAD civilian pay system is generally adequate, pay actions are processed in accordance with applicable laws and regulations, and the verification procedures generally insure the detection and correction of errors. However, we observed a few areas where internal controls need to be strengthened. These areas which were brought to the attention of NCAD officials during our review and at the exit conference are described below.

1. The civilian personnel office has no control to ascertain whether all source documents forwarded to the payroll activity are processed properly and no unauthorized alterations have been made. Control over these documents is essential to assure the accuracy of permanent changes entered into the mechanized system. The SPEEDEX system as designed does not provide for this processing control. We plan to recommend to LSSA that a control over permanent personnel actions be added to the system.

2. The SPEEDEX system is programed to compute pay for second and third shift overtime for wage board employees when the time and attendance report is correctly coded with the applicable shift code

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by the timekeepers. Timekeepers were incorrectly coding time and attendance reports for second and third shift overtime for wage board employees, resulting in the need for a manual computation by the payroll clerks. LSSA requires that all SPEEDEX users report system problems to LSSA for review and corrective action. In this instance NCAD did not report this problem to LSSA. We were informed that corrective action would be taken on this matter.

3. Payroll personnel do not maintain predetermined manual totals of card counts by document identifier codes (DIC) to be reconciled with machine produced totals on the update error listing. This listing shows error conditions encountered during advance validation of master employee record update transactions and a descriptive error message. The update error listing shows the total number of cards by DIC and total DICs. Reconciliation of predetermined control totals with DIC card counts on the update error listing assures all input transactions generated by the payroll activity were entered into the system. We were informed that this control will be added to the system.

4. Lack of adequate controls and supervision resulted in the payment of overtime of about \$1,500, when compensatory time was automatically converted to paid overtime without approval or documentation. All but one of the employees involved used annual leave during the period that each had a compensatory leave balance. Regulations provide that prior approval for paid overtime, including paid compensatory leave is necessary. In one case, the automatic conversion of compensatory time to paid overtime resulted in an employee being paid \$85.01 over the statutory limitation to aggregate pay. At the time of the overpayment in December 1972, the statutory limitation for a GS-15 step 10 was \$1,279.20.

During our review of the SPEEDEX system controls, we found that the system still would accept and pay amounts in excess of the statutory limitation. This situation has been discussed with LSSA officials and corrective action has been taken.

5. The civilian payroll activity does not maintain a current listing of personnel authorized to certify time and attendance reports. Signature cards were not on file for 6 of the 25 signatures selected for verification. In order to prevent unauthorized personnel from signing time and attendance reports, and to assure the propriety of employee entitlements, the payroll activity should maintain a current listing of employees authorized to certify time and attendance reports. We were informed that corrective action would be taken on this matter.

6. Some weaknesses were disclosed in recording and accounting for military leave. Instances were observed where military leave was recorded twice, previous duty was not considered and days on military leave were not totaled on time and attendance records. Some of the errors did not affect an employee's entitlement, but there were two instances where employees were granted 8 hours military leave beyond their entitlement. These employees were charged with 8 hours annual leave after the matter was brought to attention of payroll personnel.

7. One instance was observed where an employee who was on jury duty charged annual leave for the period. Regulations require that court leave be charged when an employee is called to jury duty. This matter was corrected after being called to the attention of payroll personnel.

8. Payroll clerks failed to consider the AWOP status for two new employees when annual leave became available at the end of the 90-day waiting period. Both employees' annual leave accrual should have been reduced by 4 hours. We were informed corrective action would be taken by the payroll section.

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In addition to the above, we observed other weaknesses in the design of the SPEEDEX Civilian Pay and Leave Accounting System which we plan to discuss with LSSA and include in our report to that agency. The system weaknesses were noted by processing various test transactions and reviewing the controls in the SPEEDEX system. Even though NCAD is not responsible for system design, we have discussed the observed weaknesses with responsible depot officials.

We compared the payroll applications programs in NCAD's system library with those contained in the design center library at LSSA. This was accomplished by using a program prepared by LSSA for this purpose. As a result of this test we are satisfied that NCAD is using all the standard SPEEDEX payroll application programs as furnished by LSSA.

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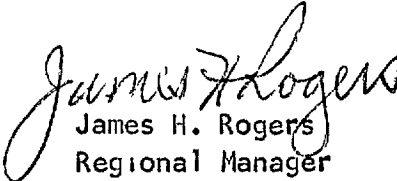
We would appreciate receiving your comments on the status of corrective action taken or planned on the matters contained in this report.

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 May 4, 1974, may be transferred to the Federal Records Center.

A copy of this report is being sent to the District Manager, Northeastern District, United States Army Audit Agency, Philadelphia, Pennsylvania.

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

Sincerely yours,


James H. Rogers
Regional Manager