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

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AUG 22 1974



Colonel Walter R. Harris
Commanding Officer
Aberdeen Proving Ground
Aberdeen Proving Ground, Maryland 21005

Dear Colonel Harris:

← Forget this title!

We have completed our [review of the Test, Evaluation, Analysis and Management Uniformity Plan (TEAM-UP) system for processing civilian payroll and leave allowances, at the Aberdeen Proving Ground] (APG). This review was part of an overall review of civilian pay activities at Department of Defense Installations. The review covered the period June 30, 1969 through May 31, 1974.

Our examination of payroll transactions and personnel actions was directed toward an evaluation of the adequacy and effectiveness of the TEAM-UP civilian pay and leave system, including internal controls. We reviewed the TEAM-UP system design and documentation at the Test and Evaluation Command (TECOM) prior to the start of our review at APG.

We found weaknesses in the design of the TEAM-UP payroll and leave system which we will report to TECOM. We discussed some of these observed system weaknesses with the APG Comptroller and members of his staff. However, the changes or corrective actions required are the responsibility of TECOM.

The deficiencies and internal control weaknesses which are the responsibility of APG are discussed below. These matters were discussed with APG officials both during the review and at the exit conference.

1. APG follows the policy of advancing employees their full accrual of annual leave at the beginning of each leave year. This policy creates a number of problems for the

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Civilian Pay Section because many employees do not earn their full year's leave accrual. The Civilian Pay Section is required to process large numbers of annual adjustments against these individuals at year end to either withhold wages or offset remaining leave balances. In addition, under the TEAM-UP system, leave balances must be manually updated each time an employee changes his leave category. This process can lead to errors, which may not be detected since manual leave controls are not being maintained.

To illustrate some of the effects of advancing annual leave, we found that because of leave without pay (LWOP) taken during 1973:

- wage adjustments amounting to about \$9,400 were made and pay was withheld from 126 employees at the beginning of 1974,
- about \$2,600 was lost by the Government because of employees who died or retired due to disability, and
- another \$308 was lost because an employee separated and the Civilian Pay Section inadvertently neglected to offset that amount against a remaining balance in the employee's retirement account. The Civilian Pay Section advised us they may be able to recover this amount from the employee's Civil Service retirement funds. In the event the funds cannot be recovered, collection action may be waived provided the procedures required by Public Law 92-453, approved October 2, 1972, are properly followed.

As shown, the advance accrual procedure creates problems for not only the Civilian Pay Section, but also for a large number of employees. We recommend that APG consider adopting the procedure of accruing annual leave on a pay period basis.

2. A large percentage of our sample of employees who were on LWOP during 1973 and were granted step increases in either 1973 or 1974 were not required to make up non-creditable service time with creditable service before being granted their within grade increase. Of 20 employees tested 9, or 45 percent, were not required to make up for their excess time in a LWOP status, and overpayments of about \$163 resulted.

Because of the high error rate, we believe the entire universe of employees who charged LWOP during 1973 should be examined to ascertain whether similar errors occurred. Depending upon the results of this review, the 1972 universe may also warrant examination. The effective date of within grade increases will have to be corrected for all affected employees because of the possible impact on subsequent increases.

The erroneous overpayments are subject to collection action. However, collection action may be waived if the procedures required by Public Law 92-453 are properly followed.

3. An examination of Time and Attendance Reports for one pay period during 1973 disclosed that 21 employees had charged court leave. Payroll personnel in many instances were not able to document that they had been aware of the court leave charges. Court orders or summons were not on file for any of the 21 employees, only 9 certificates of attendance were on file, and only 17 jury fee collections had been made. Of the four individuals who did not submit jury fees, three were found to have only charged one day of court leave. The fourth individual had charged nine days court leave. Upon our inquiry, this employee was contacted and \$135 in jury fees were collected.

APG regulations specify that supervisors, after giving approval to an employee for court duty should forward the court order or summons to the Civilian Pay Section. TEAM-UP Standard Operating Procedures further require that a written statement of dates and hours of attendance for court services will be obtained by employees and forwarded to the Civilian Pay Section. Our findings disclose that these procedures are not being followed in all instances by APG.

Procedures for collecting jury fees were also found to be deficient. As APG jury fees are collected by the Civilian Pay Section. We observed one instance where a check from the court endorsed in blank by the employee was accepted by the Civilian Pay Section. Personnel responsible for maintaining pay records should not also be permitted to collect fees. This separation of duties is also prescribed in the GAO Policy and Procedures Manual for Guidance of Federal Agencies (6 GAO 9).

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In view of the deficiencies found, we believe all court leave charges made during 1973 and 1974 should be reviewed to ascertain that all jury fees were collected. We also recommend that for control purposes a central file, for court leave documentation, be maintained in the Civilian Pay Section and procedures be adopted for an organization other than the Civilian Pay Section to collect jury fees.

4. Examination of a limited number of employees who were on military leave during 1973 disclosed several instances of missing documentation. APG regulations provide that the Civilian Pay Section is to receive a copy of military orders prior to an employee's going on leave and a copy of a certificate of attendance upon his return. Of 11 cases of leave examined, orders were missing in 2 instances and certificates of attendance were missing in 7 instances.

The TEAM-UP system also has a mechanized control which limits military leave charges to 15 days annually. However, for the control to function properly the Civilian Pay Section must take action to charge employees with military leave for non-work days occurring during the periods of leave. Of nine cases examined where manual input by the Civilian Pay Section would have been appropriate, action as such had only been taken in four instances.

The Civilian Pay Section must take action to insure that all required documentation is received and properly approved, and that all non-work days occurring during periods of leave are entered into the mechanized system. A central file for military leave documentation is not being maintained. We recommend, for control purposes, that such a file be established and maintained in the Civilian Pay Section.

5. Leave Control Registers (DA Form 2597) and Union Dues Control Registers (DA Form 2752) are not being maintained as required by AR 37-105 and/or the TEAM-UP Standard Operating Procedures. We were informed that neither of these documents has been maintained since TEAM-UP was implemented. In a mechanized pay system, manual control registers are essential to insure the accuracy of pay and leave transactions. APG should maintain both of these control documents.

6. Individual Retirement Records (SF 2806) are out of balance with the Civil Service Retirement Control (DA Form 103), and the U.S. Savings Bond Control (DD Form 716) is out of balance with the U.S. Savings Bond deposit fund account.

We were advised that the retirement records have not balanced since 1965, but that the amount of difference has somehow been decreasing over the years. For example, we were informed that the amount of difference at the end of 1972 was about \$287. No adjustments were made to the records, but somehow the difference decreased to about \$81 at the end of 1973. The bond records have been out of balance by about \$58 since 1972.

The GAO Policy and Procedures Manual for Guidance of Federal Agencies (6 GAO 20.6(1)) prescribes that individual retirement records shall be periodically reconciled with the related control accounts. Also (6 GAO 20.9) prescribes that errors in records shall be corrected as soon as practicable after discovery.

7. A limited verification of the accuracy of Employee Payroll Master Record Report disclosed one instance of an incorrect step, and three instances of incorrect life insurance withholding rates. These deficiencies were found from a sample of 104 employees.

In verifying the accuracy of Federal tax exemptions, Employee Withholding Exemption Certificates (Form W-4) could not be located for 7 of 31 employees examined. In one instance, exemptions on the Payroll Master Record differed from the Form W-4. The Civilian Pay Section was notified of the errors and corrective action was promised.

8. Our observations in the Management Information Systems Office (MISO) made in conjunction with our test of the TEAM-UP internal controls disclosed weaknesses in controls over (1) the tape library, (2) access to the computer room, and (3) the distribution of output reports. There was no librarian to control the use of tapes and all MISO personnel appeared to have free access to the tape area. Unauthorized personnel, including the system analysts, appeared to have unlimited access to the computer room. Document control registers were not being used to provide control over data leaving the data processing center.

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These weaknesses were previously reported by the U.S. Army Audit Agency in its October 29, 1973 Report of Audit on Management and Utilization of Automatic Data Processing Equipment, APG. Corrective action was promised in all three areas.

9. The Civilian Personnel Division does not have control over the source documents forwarded to the payroll activity. Accordingly, the Division does not have adequate assurance that only authorized changes are made to the pay records. Control over these documents is needed to insure the accuracy of changes entered into the mechanized system. This control is prescribed by the GAO Policy and Procedures Manual for Guidance of Federal Agencies (6 GAO 15.2).

Under TEAM-UP, new Time and Attendance Reports are produced for distribution to timekeepers each pay period by the Civilian Pay Section. This procedure presents an added problem since civilian personnel documents are not being controlled.

We are recommending to TECOM that a control over change actions be added to the system. However, until such time as this system change is made, we recommend you use the Master Update Report to verify changes and that an organization other than the Civilian Pay Branch be responsible for the distribution of the new Time and Attendance Reports.

10. The Civilian Pay Section is not verifying that Sunday and night differential charges are supported by approved work schedules (EAP Form 1012). The importance of this verification is highlighted by the fact that under TEAM-UP, the master employee records do not contain employee shift codes; consequently, employees are paid in accordance with whatever shift code is entered on the Time and Attendance Report.

11. The Civilian Pay Section is unable to verify the validity of APG overtime charges to approved Requests for Approval of Overtime (STE Form 1164) because the requests do not identify individual employees. Therefore, there is no verification being performed to insure that those employees and hours being paid are the same as authorized. APG Regulation 616-2 states that payment for overtime will be made in

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accordance with " . . . hours reported on Time and Attendance Reports and supported by an approved Request for Approval of Overtime." The Civilian Pay Section is required to validate that overtime charges are supported by appropriate authorizations. Overtime can be more effectively controlled if employee organizations are required to authorize overtime by specific employee.

12. TEAM-UP Standard Operating Procedures for Time and Attendance/Labor Distribution Reporting require supervisors to monitor the attendance of their employees and inform the timekeepers as to the proper entries to be made on the Time and Attendance Reports. However, the supervisors are not required to review any Time and Attendance Reports except for the timekeepers. We believe greater control would result if supervisors were required to review all Time and Attendance Reports for completeness and accuracy and were required to initial the cards as evidence of such review. This separation of duties is prescribed in the GAO Policy and Procedures Manual for Guidance of Federal Agencies (6 GAO 9(3)).

13. The Federal Personnel Manual provides that general schedule employees who are regularly assigned to work between the hours of 6:00 p.m. and 6:00 a.m. should be paid night differential for periods of leave which total less than 8 hours during the pay period. We examined one pay block which general schedule employees regularly assigned to night work and found that during three pay periods examined, 11 incorrectly coded leave charges were made. The Civilian Pay Section was notified and corrective action was promised.

14. The Civilian Personnel Section has encountered considerable difficulty in obtaining approved Applications for Leave (SF-71) from timekeepers for employees that were unable to initial their Time and Attendance Reports. As an example, in four pay blocks for the pay period ended March 31, 1974, 155 leave charges were neither initialed for nor supported by approved SF-71s. Three pay periods later, approved SF-71s had still not been submitted for 90 of these leave charges. The Civilian Pay Section informed us that continuous follow-ups to timekeepers are often required before all SF-71s are received. Supervisors, timekeepers and employees should be instructed of their responsibilities in this area. The GAO Policy and Procedures Manual for Guidance of Federal Agencies prescribes that all absences from duty shall be properly recorded.

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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 31, 1974, may be transferred to the Federal Records Center after collection or waiver action is taken on the employees whose step increases were not delayed for LWOP, and on the separated employee whose retirement money was not offset against unearned leave that was used.

Copies of this letter are being sent to the Comptroller of the Army and to the U.S. Army Audit Agency, East Central District, Linthicum Heights, Maryland.

We wish to acknowledge the cooperation given our representatives during the review.

Very truly yours,

ALLEN R. VOSS
Allen R. Voss
Regional Manager

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