



089391

UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
SUITE 300-D, 2420 W. 26TH AVENUE
DENVER, COLORADO 80211

089391

October 22, 1975

Commander
Air Force Accounting and Finance
Center
3800 York Street
Denver, Colorado 80279

Dear Sir:

The General Accounting Office reviewed an Air Force-wide random sample of rents charged 396 Air Force personnel for inadequate family quarters, as shown on the active duty military pay accounts as of January 15, 1975. This review was conducted at the Air Force Accounting and Finance Center (AFAFC), Denver, Colorado

The rental charges for inadequate family quarters are governed by paragraph 30223(c), Department of Defense Military Pay and Allowance Manual, and by Air Force Regulation 87-16.

Air Force Regulation 87-16 provides that rental charges for inadequate family quarters be established by comparing three figures: (1) the appraised fair rental value (FRV), (2) the average monthly operation and maintenance (O&M) costs, and (3) 75 percent of the occupant's basic allowance for quarters (BAQ). A member is charged the FRV for the inadequate family quarters up to 75 percent of his BAQ. If, however, the O&M costs are greater he is charged the amount of the O&M costs up to 100 percent of his BAQ.

The responsibility for administration of rents charged for inadequate family quarters is divided between the family housing officer, who is responsible for initiating the necessary paperwork for members assigned to or vacating such quarters, and the accounting and finance officer (AFO), who is responsible for adjusting the rental charge when the BAQ entitlement changes because of a promotion, demotion, or rate change.

We obtained information from bases on the appraised FRV and the average O&M costs applicable to the inadequate quarters occupied by the individuals, and compared it to the rental charges shown on the active duty military pay accounts. The rent charges in 37 (9.3%) of the 396 cases were wrong because the:

909338

089391

- Charge was less than the rate established to recover O&M costs. 1 case
- Charge was based on the BAQ rate for a lower grade or on the BAQ rate in effect prior to October 1, 1974. 20 cases
- Members were not occupying inadequate family quarters. 10 cases
- Amount deducted from members married to other members was incorrect. 2 cases
- Rental rates were not current (rental schedules were required to be reviewed and affirmed or adjusted at least every 3 years but the rental rate had not been adjusted for about 7 years at Fairchild AFB). 4 cases

We estimate, with 95 percent confidence, that the number of erroneous rent charges Air Force-wide range from 670 to 1,220, and that the erroneous deductions from the members' pay are between \$167,470 and \$450,730 annually.

An analysis of the 37 cases indicates that the accounting and finance officer was responsible for the 20 erroneous rent charges caused by improper BAQ rates and the family housing officer was responsible for the others.

A semi-annual (April and October) reconciliation of the base housing records and the active duty military pay accounts is prescribed in paragraph 42-9(b), Volume II, AFM 177-373. The October 1974 reconciliation was waived because of incomplete assignment information on the active duty military pay accounts. We were informed that the April 1975 reconciliation was performed. It appears that this procedure, if followed, could disclose errors where members are not assigned to inadequate family quarters.

When the amount of BAQ entitlement changes due to a promotion, demotion, or rate change, a management notice is sent to the servicing AFO who is responsible for determining if an increase or decrease is required (paragraph 42-9(c), Volume II, AFM 177-373). It appears this procedure has not been effective in view of the number of cases where the erroneous charges were based on the BAQ rates for a lower grade or on the BAQ rates in effect prior to October 1, 1974.

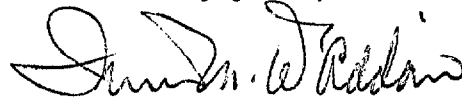
The rental rates at Fairchild AFB had not been reviewed and adjusted as required, resulting in a substantial loss of revenue to the Government. Based on the average loss in the four cases in our sample (\$30), we estimate the annual rate of loss for the 129 units at Fairchild AFB to be about \$46,000 ($\$30 \times 12 \times 129 = \$46,440$). Correspondence with the Commander, Fairchild AFB, failed to disclose the reason for the delay in adjusting rental rates.

Our findings indicate that the high incidence of erroneous rent charges resulted from non-compliance with procedures which are designed to identify and prevent such errors. We recommend that periodic surveillance of this matter be included in the AFAFC quality assurance program.

We discussed this matter with representatives of the Directorate of Settlement and Adjudication, who agreed with our findings and conclusions and promised to consider actions to ensure compliance with existing procedures.

We would appreciate being informed as to action taken in this matter.

Sincerely yours,



Irwin M. D'Addario
Regional Manager

cc: Comptroller of the Air Force
Air Force Audit Agency Office,
AFAFC