

DOCUMENT RESUME

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[Review of Requests for Supplemental Appropriations to Meet Costs of Federal Pay Raise]. ID-77-22; B-167266. March 4, 1977. 3 pp.

Report to Sen. Daniel K. Inouye, Chairman, Senate Committee on Appropriations: Foreign Operations Subcommittee; by Robert F. Keller, Acting Comptroller General.

Issue Area: International Economic and Military Programs (600).
Contact: International Div.

Budget Function: International Affairs: Conduct of Foreign Affairs (152).

Organization Concerned: Department of State; Agency for International Development; Export-Import Bank of the United States; ACTION.

Congressional Relevance: Senate Committee on Appropriations: Foreign Operations Subcommittee.

Authority: P.L. 94-350; Executive Order 11952.

The basis for and computation of requests from several agencies for supplemental appropriations to meet the costs of the October 1976 Federal pay raise were reviewed. Findings/Conclusions: The supplemental amounts requested by the Peace Corps, Agency for International Development (AID), and the State Department's Office of Human Rights and Humanitarian Affairs were reasonable. AID's request was conservative due to rounding and to mathematical errors. The Export-Import Bank determined that the actual number of employees onhand was less than the budgeted number, and it needed only a \$225,000 supplement instead of the \$450,000 originally requested. This revised request was considered reasonable. Satisfactory documentation was available to support Peace Corps, State Department, and Export-Import Bank requests. AID was unable to provide source documents to support six percent of the amount included in its submission. AID's request for an additional \$4,570,000 to meet increased costs of the Foreign Service and Disability Retirement Funds was computed by an official of the State Department in conjunction with an actuary of the Treasury Department. According to the actuary, AID's request was reasonable and conservative. (RRS)

00579



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-167266

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The Honorable Daniel K. Inouye, Chairman
Subcommittee on Foreign Operations
Committee on Appropriations
United States Senate

Dear Mr. Chairman:

This is in response to your February 11, 1977, letter to Mr. J. Kenneth Fasick, Director, International Division, requesting GAO to review the basis and computation of requests from the agencies below for supplemental appropriations to meet the costs of the October 1976 Federal pay raise and confirm that the amounts requested are the minimum amounts necessary to meet the requirements of the law.

We have concluded from our review that the supplemental amounts requested by the Peace Corps, Agency for International Development (AID), and the Department of State's Office of Human Rights and Humanitarian Affairs are reasonable. We noted that AID's request was somewhat conservative due to rounding and mathematical errors. The Export-Import Bank has now determined that the actual number of employees onhand during the first 5 months of the year is less than the budgeted number; consequently, it now needs only a \$225,000 supplement to meet its adjusted budgeted personnel costs instead of the \$450,000 originally requested. We consider this revised request reasonable.

We observed that:

--Satisfactory documentation was available to support Peace Corps, Department of State, and Export-Import Bank requests.

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AID was unable to provide source documents to support 6 percent of the amount included in its submission--e.g., all source documents were not available to support the \$318,000 requested representing the salary increases of the "non-full time employees", estimated terminal leave costs, and estimated overtime costs. Nevertheless, we were able to review other source documents which permitted us to conclude that these cost factors were reasonable. We have advised AID officials of the need to improve their recordkeeping of source documents and workpapers in support of budget requests to preclude this problem in the future.

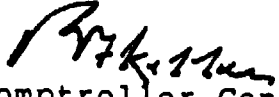
--AID, Peace Corps, and the Department of State included in their submissions an allowance, ranging from 1 to 2 percent of the average salary increase, for increased health benefits insurance. The agencies agreed that this allowance should not have been included as it is dependent on rates established by the insuring companies and not related to an increase in salaries. The amounts attributable to this inclusion are: Peace Corps, \$11,000; AID, \$60,000; and Department of State, \$600.

With regard to AID's request for an additional \$4,570,000 to meet increased costs of the Foreign Service and Disability Retirement Fund, we found that the amount requested was computed by an official of the State Department in conjunction with information obtained from the Department of Treasury actuary responsible for the Fund. These officials advised us that the increased costs to the Fund resulted from (1) the October 1976 pay raise which increased salaries on which benefits from the fund are computed, (2) new benefits payable from the Fund as authorized by Public Law 94-350 and Executive Order 11932, and (3) authorization in Public Law 94-350 allowing funds to be appropriated to the extent that the normal cost of the Fund

exceeds employee and employer contributions. According to the actuary, AID's request is reasonable, and probably conservative, because of increasing inflation and interest rates which were not adequately considered in the June 1970 Treasury Actuarial Valuation used by the State Department in making its computations.

All these matters have been discussed with your staff, and we would be pleased to discuss them in further detail should you desire.

Sincerely yours,


ACTING Comptroller General
of the United States