



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

CIVIL DIVISION

JAN 28 1970

Mr. C. R. Jauchem
Assistant Controller for Accounting
Bureau of Finance and Administration
Post Office Department



Dear Mr. Jauchem:

We refer to your letter of September 30, 1969, transmitting to us for our comment the Post Office Department's proposed procedures for retention of Clock Ring History microfilm records at Postal Source Data System (PSDS) post offices in lieu of time cards. In your letter you stated that our comments were requested because the Department's proposed procedure would affect payroll audit procedures.

In preparing our comments we have discussed the microfilming of Clock Ring History records, which are referred to as time and attendance (T/A) records, with the Director of the St. Louis Postal Data Center (PDC) and the Director of the St. Louis Automatic Data Processing Center (ADPC). We have also considered the provisions of title 6 of the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies (GAO Manual).

Statements made by the Directors of the St. Louis PDC and the St. Louis ADPC that sufficient data was available to the post offices in the form of feedback reports from PDC's and ADPC's to resolve 85 to 95 percent of pay and leave adjustment requests would appear to make the retention of microfilm T/A records unnecessary, especially at PSDS post offices. Information obtained during our discussions with the Directors and our review of the provisions included in title 6 of the GAO Manual, indicates that if microfilm of T/A records were determined to be necessary, such records should probably be maintained at the PDC's to facilitate payroll audit. It would appear that if microfilm T/A records were retained at the PDC's, the annual recurring cost associated with the Department's proposal to retain microfilm records could be substantially reduced.

Accordingly, we suggest that the Department reconsider its proposal to retain microfilm T/A records at PSDS post offices. We believe that the Department, in making its determinations, should consider the possibility that existing feedback reports from the PDC's and ADPC's could provide sufficient T/A data. We believe also that in determining the need for

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microfilm T/A records a cost benefit analysis should be prepared to determine the feasibility of maintaining microfilm T/A records at the PDC's or other locations. Our detailed comments are summarized in the following sections of this letter.

NEED FOR RETENTION OF TIME
AND ATTENDANCE RECORDS

Statements made by the Directors of the St. Louis PDC and the St. Louis ADPC indicate that a real need does not exist for the retention of microfilm T/A records at PSDS post offices.

The Directors of the St. Louis PDC and St. Louis ADPC said they had reservations as to the need for retaining microfilm T/A records at PSDS post offices. They stated that sufficient data was available to the PSDS post offices in the form of feedback reports from the PDC and ADPC to resolve 85 to 95 percent of pay and leave adjustment requests.

The feedback reports from the PDC's to PSDS post offices each pay period include: (1) a computer listing of earnings, deductions and leave balances; (2) a pay journal--listing each employee and detail data relative to his pay each pay period; and (3) two types of error listings resulting from incomplete data for processing the payroll for individual employees. Also, each employee receives a card with his pay check which shows his gross pay and hours, premium pay and hours if applicable, deductions, and net pay.

Special feedback reports from the ADPC are available on request by submitting an inquiry to the computer at the ADPC, and other reports are automatically sent to the post offices over communication circuits. Replies to computer inquiries generally are available in about 15 minutes after the inquiry is submitted. The other reports are transmitted at one or more of the following frequencies: (1) every 2 hours; (2) daily; (3) weekly; and (4) end of each pay period.

The Directors advised us that in unusual situations, where a post office would absolutely require an employee's time and attendance record, the PDC could furnish a hard copy of the microfilm T/A record. The PDC has a microfilm viewer/printer whereby the microfilm records could be scanned for an individual employee record and a hard copy of the record automatically reproduced. We were told that the viewers at the PSDS post offices are not equipped to print hard copies.

REQUIREMENTS FOR TIME
AND ATTENDANCE RECORDS

Title 6 of the GAO Manual prescribes the principles and standards to be observed by each executive agency in developing its payroll system.

These requirements include a provision that a record of the time in pay status of each employee should be currently maintained by designated employees, reported each pay period to the payroll office, and should include the time and place at which the work is performed and other circumstances which affect the computation of the pay, allowance, and deductions.

Chapter 3, section 25, of title 6 provides that pay, leave, and allowance records shall be retained at the agency accounting station or office. The Department's accounting stations or offices are located at the six PDC's where general ledgers, subsidiary accounting records, and payroll disbursement records are maintained. Accordingly, it would seem that if microfilm T/A records were needed and could be justified on the basis of a cost benefit analysis, such records should be retained at the PDC's.

COST OF PREPARING AND MAINTAINING
MICROFILM TIME AND ATTENDANCE RECORDS

Information obtained from the Bureau of Finance and Administration shows that 178 microfilm viewers and two microfilm viewer/printers were purchased for use by PSDS post offices at a total cost of about \$145,200. Information obtained from officials at the St. Louis PDC indicated that the annual recurring cost of microfilm required for T/A records exceeds \$28,000. If the Department's determinations indicate that microfilm T/A records should be retained at the PDC's, the costs associated with preparing and retaining such records at PSDS post offices could probably be substantially reduced.

The Director of the St. Louis PDC advised us that microfilms of T/A reports are made by the St. Louis and New York PDC's for PSDS post offices which are serviced by the St. Louis and Paramus, New Jersey, ADPC's respectively. The PDC's receive magnetic tapes of raw data from the ADPC's and processes and photographs the data on a master microfilm which is called "Silver Film." The Silver Film is then reproduced onto a stronger, more durable film called "Kalvar" which will withstand the running and rerunning of the film through microfilm viewers to research the records for T/A data relative to any employee or employees. The Kalvar films are cut and spliced, as necessary, into shorter films which contain the data applicable to individual post offices. These shorter films are then encased in film cartridges and distributed to the post offices.

Officials of the St. Louis PDC stated that 118 reels of magnetic tape (anticipated to increase to a minimum of 175 reels) are received from the St. Louis ADPC each pay period. The officials stated that the magnetic tapes were processed and photographed onto 24 (400 foot) reels of "Silver Film" each pay period at a cost of \$10.55 per reel and then reproduced on 35 (400 foot) reels of "Kalvar Film" at a cost of \$8.24 per reel.

The Director of the St. Louis ADPC advised us that as of November 28, 1969, payroll data for 122,613 employees was being processed by the St. Louis ADPC, and that the Paramus ADPC reported it was processing payroll data for 160,727 employees under the PSDS as of the same date. Since the Paramus ADPC processed payroll data for more employees than the St. Louis ADPC, we assumed that, as a minimum, the same amount of microfilm was used by the New York PDC to make time and attendance records in estimating the cost of microfilm.

Our estimate of microfilm costs was based on the number of employees at post offices operational under the PSDS as of November 28, 1969; therefore, this cost will increase as the balance of the selected post offices become operational under the system. Also, the estimate does not include any amount for labor or machine time associated with making the microfilm records and encasing the records in cartridges.

The Directors of the St. Louis PDC and the St. Louis ADPC advised us that the work volume connected with the microfilming of T/A records has grown rapidly and is continuing to increase in magnitude as additional post offices and their branches and stations are added to the system. The Director of the St. Louis PDC stated that this large volume of work and the short time allowed (about 3 days after receipt of magnetic tapes) for completing and distributing the microfilm to the applicable post offices has created the necessity of overtime hours by employees engaged in this work.

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Please advise us of any actions taken on these matters. A copy of this letter is being sent to Mr. William H. Snyder, Director, Executive Secretariat, Office of the Deputy Postmaster General.

Sincerely yours,

Frank Medico
Frank Medico
Assistant Director