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*Publication*

STATES GENERAL ACCOUNTING OFFICE  
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KANSAS CITY, MISSOURI 64106

June 13, 1973

Commander  
Colonel Harry Z Moore, USAF  
Defense Depot Memphis  
Airways Boulevard  
Memphis, Tennessee 38115

*D LG 05461*

Dear Colonel Moore

We have reviewed the payroll subsystem of the Automated Payroll, Cost and Personnel System (APCAPS) at the Defense Depot Memphis (DDMT). The review included an evaluation of the adequacy and effectiveness of the payroll system including internal controls, and the administration of leave. We examined pertinent Defense Supply Agency (DSA) and DDMT regulations, the policies and practices related to internal controls, and discussed various aspects of our review with responsible officials.

Although internal controls over payroll operations and administration of leave were generally adequate, we noted certain weaknesses in internal controls and the administration of leave.

ORGANIZATIONAL CONTROLS

The Civilian Personnel Office maintained no control over entitlement documents sent to the Civilian Payroll Office for processing. Thus the Personnel Office lacked assurance that the Payroll Office considered all personnel actions, and processed them accurately. We believe information should be sent to the Civilian Personnel Office to show that the Civilian Payroll Office has processed the actions.

In some cases records of leave used had not been initialed by the employees or supported by an approved leave request. Although time-keeping regulations contained no specific requirement for such support, we believe that effective internal control would be strengthened by timely approval of leave.

The payroll office does not maintain a listing of APCAPS error messages. We believe this information should be maintained on a current basis to properly monitor error conditions. This will require coordination with and the assistance and cooperation of the Data Systems Automation Office, Columbus, Ohio.

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Payroll block assignments are not rotated between payroll clerks. We believe the practice of periodically rotating assignments would strengthen internal controls over payroll operations.

Payroll transactions processed during the adjustment cycle bypass all computer controls. No review of adjustments transactions within the payroll office was made prior to processing. We believe that these transactions should be reviewed to assure that payroll adjustments are proper.

COMPUTER PROGRAMMED CONTROLS

We tested the adequacy of computer program controls through use of a deck of test transactions which we designed and processed through the system. This test was designed to also determine whether DDMT was using the proper APCAPS computer programs.

The test showed that DDMT was using proper APCAPS computer programs and programmed controls appeared to be working.

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We wish to acknowledge the excellent cooperation and courtesy extended our representatives during this review.

Sincerely,

  
K L Weary  
Regional Manager