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UNITED STATES GENERAL ACCOUNTING OFFICE  
REGIONAL OFFICE

502 U S CUSTOMHOUSE, SECOND AND CHESTNUT STREETS  
PHILADELPHIA, PENNSYLVANIA 19106

June 29, 1973

Commanding Officer  
Navy Ships Parts Control Center  
Mechanicsburg, Pennsylvania 17055

Dear Sir.

We have completed our review of the Uniform Automated Data Processing System (UADPS), Application "K" Series, for processing payroll and leave allowances at the Navy Ships Parts Control Center (SPCC). This review was part of an overall review of civilian pay activities at Department of Defense Installations. It was concerned primarily with testing the adequacy and effectiveness of the civilian pay system, operating procedures, and practices, as well as day-to-day internal controls.

We found that pay and leave entitlements, with the exception of incorrect payments of night differential to employees in the Central Data Processing Division, were processed in accordance with applicable laws and regulations. However, we observed several areas in which internal controls need to be strengthened. The details of these areas were discussed with the Directors of the Consolidated Civilian Personnel Office (CCPO) and the Financial Control Division and members of their staffs at the completion of our review.

The incorrect payment of night differential and the weaknesses in internal control are discussed below.

Our detailed examination of the time and attendance cards showed that night differential payments were being made to all employees of the Central Data Processing Division working between the hours of 6.00 p.m. and 6.00 a.m. Some of the employees were not entitled to the night differential payments because the work was not "regularly scheduled." Section 5545(a) of title V of the United States Code provides that night differential shall be paid in situations where the work between 6.00 p.m. and 6.00 a.m. is "regularly scheduled work."

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Similar situations to the night differential payments made by your Command are handled in Comptroller General decisions B-174388 (February 28, 1972) with subsequent letter of March 22, 1973, and B-123628 (May 19, 1955). After this improper payment policy was called to the attention of officials of the Fiscal Branch, action was taken effective April 28, 1973, to stop the improper payments.

The erroneous overpayments for night differential made to employees of your Command are subject to collection action. However, collection action could be waived if the procedures required under Public Law 92-453, approved October 2, 1972, are properly followed. A copy of the regulations implementing Public Law 92-453 was furnished to SPCC officials during our review.

The weaknesses in internal control and our observations concerning these matters follow:

- The CCPO has no control to determine that all documents forwarded to the Timekeeping and Payroll Section are processed properly and that no alterations have been made. Also, the Timekeeping and Payroll Section does not control entitlement documents received from CCPO. Control over these documents is essential to insure the accuracy of permanent changes entered into the mechanized processing system.
- The Timekeeping and Payroll Section uses control registers in the processing of payroll and leave transactions. For the pay period ending January 20, 1973, 142 individual control registers were used for payroll and leave transactions in a system having 3,541 employees. Each control register generally contains a small number of employees with many registers having less than five employees. We believe that by combining a number of the small control registers into several large ones, the manual effort made in posting and reconciling amounts to machine totals would be reduced significantly.
- Generally SPCC's controls over data entered into the mechanized payroll and leave system are adequate but we believe the control registers should include controls for health benefits, union dues and charity deductions. Also, since the control over payroll and leave transactions is by payroll activity totals, periodic checks of the time and attendance cards should be made against the Calculation Exception Listing in the payroll computation and the Biweekly Applied Leave Listing in leave update to insure that transactions are being made to the proper accounts.

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We have observed certain weaknesses in the design of the payroll and leave system which we plan to discuss with the Navy Fleet Material Support Office, the design activity for the system. Even though SPCC is not responsible for system design, we have discussed the observed weaknesses with the Director of Financial Control Division and members of his staff.

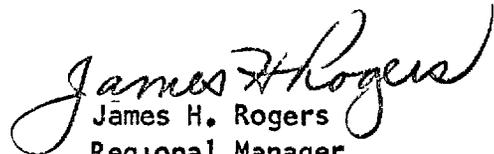
We would appreciate receiving your comments on the status of corrective action taken or planned on the matters contained in this report.

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 January 20, 1973, may be transferred to the Federal Records Center after collection or waiver action is taken on the overpayments of night differential.

Copies of this letter are being sent to the Directors of the Office of Civilian Manpower Management and the Naval Area Audit Service Philadelphia.

We wish to acknowledge the cooperation extended to our staff during this review.

Sincerely yours,

  
James H. Rogers  
Regional Manager