

DEC 9 1971

Commander  
Pacific Air Forces Base Command  
15th Air Base Wing  
Hickam Air Force Base, Hawaii 96553

DLG 00707

Attention: Comptroller

Dear Sir:

DLG 05584

We have completed our [audit of civilian payrolls at Hickam Air Force Base] Hawaii. Of the 2,911 civilians paid by the Civilian Payroll Office, a random sample of 100 employees was selected for review. Attention was focused on those accounts with permanent pay changes during the period October 18, 1970 through October 16, 1971. Our review included an examination of the accounting and internal controls used to ensure that payroll functions are discharged correctly and in compliance with the requirements of applicable laws and regulations.

The individual pay and allowance transactions examined were generally handled in a satisfactory manner. The procedures and controls to ensure proper within-grade increases, other permanent changes, severance payments, and premium payments were adequate.

We noted the following errors which were discussed with members of your staff during the audit.

1. Erroneous severance payment documents for five employees were forwarded to the Civilian Payroll Office for payroll processing after the Directorate of Civilian Personnel's independent review process. These errors, which should have been detected during the independent review process, appeared to be the result of carelessness.
2. One employee was underpaid \$2.34 because his night work hours were not properly extended. We were told that corrective action has been initiated.
3. One employee was overpaid \$9.36 for Sunday premium pay when he was on sick leave. We were advised that corrective action has been taken to collect the overpayment.

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4. Firefighters receive premium pay--currently 25 percent of base pay--for regularly scheduled standby time. This percentage rate determination is based on a 1964 certificate of hours actually worked and a 1967 certificate of projected annual Sundays to be worked. At the time of our review, an updated survey of these hours had not been made.
5. Hazard pay overpayments of \$1.77 and underpayments of \$6.68 were made to four employees. These errors were attributed to manual processing before hazard pay transactions were fully automated.
6. Contrary to instructions, some designated check distribution persons were giving salary checks to undesigned "third parties" rather than to individual employees. We noted that some of the "third parties" were authorized to certify time and attendance reports. This practice is contrary to good internal control procedures.
7. Despite publicity given to check delivery by mail, some employees were not aware that checks could be mailed to home addresses. Checks delivered by mail reduce administrative expenses and improve the quality and control of disbursing.

In August and September 1971, two internal review reports pointed out management weaknesses in the Data Automation Center's practices. During our review, we noted that the Center erroneously erased the civilian payroll time and attendance tape for one pay period and used the uncorrected time and attendance tape for another pay period. We are concerned that errors were made; however, because of the two internal reviews and the Center's efforts to comply with the recommendations contained in those reports, we did not pursue this matter further.

The errors noted in (1) through (7) above were of a relatively minor nature. We believe that this is attributed in large part to the effective internal control procedures that have been established by the Civilian Payroll Office to ensure the accuracy of the data being processed.

Copies of this report are being sent to the Commander, Air Force Accounting and Finance Center, Denver, Colorado, and to the USAF Auditor General Representative, Pacific Air Forces Base Command, for their information. An additional copy of this report is furnished for enclosure with the audited records when they are shipped to the Federal Records Center for permanent filing.

We wish to acknowledge the courtesies and cooperation extended to our representatives during the review.

Your comments on the matters discussed in this report will be appreciated.

Sincerely yours,



G. F. Stromvall  
C. Roman  
Director

cc:

Commander, Air Force  
Acctg and Fin Cen,  
Denver, Colorado  
USAF Auditor General Repr,  
MACAF Base Command  
Director, ID

*JLS* *HL*  
JLS/HEL/GFS(Actg):wm  
(10)  
3--Addressee  
3--cc's  
2--FEB:84823/Chron  
1--Mr. Lewis  
1--W/P (Miss Sexton)