



UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
ROOM 204, 161 PEACHTREE STREET, N.E.
ATLANTA, GEORGIA 30303

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U. S. Air Force Auditor General
Horton Air Force Base, California 92409

Dear Sir:

Enclosed is a copy of our letter report to the Commander, Air Force Eastern Test Range, Patrick Air Force Base, Florida, on the results of our audit of civilian payroll accounts for the period March 22, 1970, through March 20, 1971.

At the beginning of our audit we reviewed the working papers, audit program, and reports of work performed by the Resident Auditor in the area of civilian pay since completion of our last audit.

We consider the audit work performed to be generally adequate in the areas covered. However, we believe that audit coverage should be extended.

Any comments you wish to offer on our report will be appreciated.

Very truly yours,

Regional Manager

Enclosure:
Copy of letter report

cc: U. S. Air Force Resident Auditor
Patrick Air Force Base, Florida 32925

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ATLANTA, GEORGIA 30303

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MAY 14 1971

**Commander
Air Force Eastern Test Range
Patrick Air Force Base, Florida 32925**

Dear Sir:

We have reviewed the civilian payroll accounts processed by your installation for the period March 22, 1970, through March 20, 1971.

Our review was directed toward an evaluation of the operating procedures and internal controls applied in the overall payroll operation. Included in the review were discussions with personnel in the Civilian Payroll Section and the Civilian Personnel Division regarding the procedures, practices, and internal controls applied in the payroll operation. To test the procedures and controls, a statistical sample of employee accounts was selected for detailed examination. The detailed examination was in the areas of within-grade increases, and pay under the Federal Employees Salary Act of 1970. Also, included in the review was an evaluation of the procedures and controls applied in the administration of severance payments to involuntarily separated employees.

Additionally, our review included an examination of the work performed by the Resident Auditor in the civilian pay area.

Deficiencies noted, which were discussed with the Accounting and Finance Officer and members of his staff at the conclusion of our review, are summarized below.

**INEFFECTIVENESS IN CIVILIAN PAY
OPERATING PROCEDURES**

The B3500 computer system provides for reconciling payroll data by mechanically making a comparison of control totals of certain fields of data. To utilize this function of the system, manually derived control totals are processed into the computer where they are tested against machine derived totals for the same fields of data. Differences in control totals can usually be reconciled by use of the reject registers, also provided by the B3500 system.

Commander, AFHTH,
Patrick AFB, Fla.

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Instead of using the control total function of the B3500 system, the Civilian Payroll Section was testing the biweekly payroll by reconciling computer output products on a line-by-line basis against source documents.

Recommendation

To expedite biweekly payroll processing and aid in the detection and correction of erroneous payments, we recommend that the control total function of the system be used.

WEAKNESSES IN THE MAINTENANCE OF RETIREMENT RECORDS

Several retirement records were noted to be incorrectly posted or not currently posted. Failure to detect and correct erroneous retirement records was attributed to the Civilian Payroll Section's lack of procedures for performing independent reviews of these records.

Since individual retirement records are the basic records for adjudicating retirement rights of separated employees, we suggested that the Civilian Payroll Section strengthen its review of these records and that the Civilian Payroll Section conduct periodic independent audits of individual retirement records to ascertain their correctness.

The acting civilian payroll chief promised to audit and correct erroneous retirement records, and to establish procedures for conducting independent audits of the records.

WEAKNESS IN PROCEDURES FOR ADMINISTERING SEVERANCE PAYMENTS

The Civilian Personnel Division has no established procedures for advising the Civilian Payroll Section to discontinue or postpone severance payments when severance pay recipients become reemployed at other installations prior to exhausting their severance pay funds. Responsible base officials were unsure as to whether the Civilian Personnel Division or the gaining agency was responsible for advising the Civilian Pay Section of the reemployment of severance pay recipients.

Commander, AFETR,
Patrick AFB, Fla.

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Recommendation

In view of recent reduction in force actions, there is a need for establishing local procedures for discontinuing or postponing severance payments. We recommend that the Civilian Personnel Division advise the Civilian Payroll Section of reemployment when a request for reemployment data is received from the gaining agency and that the Civilian Personnel Division provide the Civilian Payroll Section with a copy of the Personnel Action (SF 50) showing reemployment when it is received from the gaining agency.

IMPROPER PAYMENTS

Two employees were paid incorrect retroactive salary adjustments authorized by the Federal Employees Salary Act of 1970. We attribute the erroneous payments to mathematical computation errors and consider them nonrecurring type errors.

Payments were correctly adjusted prior to the conclusion of our review.

IMPROPER INQUIRY ISSUED

One severance pay recipient's application for disability retirement was approved subsequent to involuntary separation, causing improper severance payments of \$635. Under existing regulations, granting severance payments to this employee was unavoidable. However, severance payments made to employees, who are subsequently approved for disability retirement, must be refunded. Federal Personnel Manual Bulletin 550-17.

Responsible base officials have been aware of this improper payment since the employee's approval for disability retirement, August 1970.

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With exception of the weaknesses and deficiencies noted above, the overall payroll operation appears to be generally adequate to ensure the propriety and correctness of civilian compensation payments.

Commander, AFSTK,
Patrick AFB, Fla.

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We will appreciate your comments and advice on the action taken or contemplated for deficiencies not corrected at the conclusion of our review.

We wish to acknowledge the cooperation given our representative during the review.

Very truly yours,

R. J. MADISON

Regional Manager

cc: Commander
U.S. Air Force Accounting and Finance Center
Denver, Colorado 80205

U.S. Air Force Auditor General
Morton Air Force Base, California 92400

U.S. Air Force Resident Auditor
Patrick Air Force Base, Florida 32925

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