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UNITED STATES GENERAL ACCOUNTING OFFICE

REGIONAL OFFICE

502 U S CUSTOMHOUSE 2D AND CHESTNUT STREETS  
PHILADELPHIA, PENNSYLVANIA 19106

MAR 8 1971

Commanding Officer  
New Cumberland Army Depot  
P. O. Box 2947  
Harrisburg, Pennsylvania 17105

Dear Sir:

We have examined selected civilian payroll transactions and related personnel actions processed by the New Cumberland Army Depot (NCAD) during the period October 12, 1969 to October 10, 1970.

Our examination of payroll transactions and personnel actions was directed toward an evaluation of the adequacy and effectiveness of the civilian pay system, including internal controls. We also reviewed the three civilian payroll audits performed by the Internal Review Division during the period since our last review.

We examined the payroll and personnel records for both classification act and wage board employees. The selection of payroll transactions to be examined was made by the use of statistical sampling techniques.

On the basis of our review, we believe that the NCAD civilian pay system is adequate; pay actions are processed in accordance with applicable laws and regulations, and the verification procedures generally ensure the detection and correction of errors. However, we did note a few deficiencies and errors which we brought to the attention of NCAD officials during our review and at the exit conference. These are described in detail below.

Compensatory time--Lack of adequate controls and supervision regarding compensatory time resulted in the unnecessary expenditure of funds for overtime payments. We found that (1) compensatory time was automatically converted to overtime pay without documentation or approval, (2) annual leave was taken in lieu of compensatory time, (3) compensatory time had been taken before earned, (4) a compensatory leave balance was carried from October 1968 to February 1970 even though regulations provide that a balance be carried only a limited time, and (5) erroneous conversions and payments of compensatory time caused erroneous calculations for the retro-active portion of the Salary Act of 1970. After we discussed this situation with you and your staff, instructions were issued on November 19, 1970, emphasizing a need for more stringent compliance with regulations regarding compensatory time.

[Civilian Payroll Transactions, New Cumberland Army Depot]

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We made a follow-up review of compensatory time for the pay period ending December 19, 1970, and found that one employee had 2 hours of compensatory time converted to overtime pay. We could find no documentation or approval for the conversion. The records showed that 24 hours annual leave had been taken prior to the conversion. Further review showed the employee did not work the 2 hours compensatory time as initialed by the employee and certified correct by the timekeeper on the time and attendance report. We called this matter to the attention of payroll personnel.

We believe that additional controls are needed within the payroll computer program to prevent the automatic conversion of compensatory time to overtime pay and to require prior written command approval of annual leave when an employee has a compensatory leave balance.

Payday pay lag--During our review we noted that the pay lag at NCAD is only 3 working days. The pay lag at NCAD is the shortest of seven Army depots for which information was available. The short pay lag causes (1) payroll personnel to work overtime if a holiday occurs during the pay lag, (2) adjustments to be made on subsequent pay periods, and (3) time and attendance reports to be collected and certified prior to the end of the pay period. We were advised by NCAD officials that consideration would be given to increasing the pay lag to eliminate these unfavorable conditions.

Retroactive provision of the Salary Act of 1970--In our review of the application of the provisions of this act, we found NCAD underpaid 26 employees a total of \$175.73 and overpaid 24 employees a total of \$70.96. Most of these errors were small and caused mainly by computational errors on Sunday premium pay. Forty-three were for less than a dollar, and three ranged between one dollar and ten dollars. Since these 46 errors were relatively small, we are not recommending any specific corrective action. However, we recommend that the remaining four errors which are described in the attachment to this letter should be corrected.

Holiday pay to temporary employees--Three employees were overpaid a total of \$59.84. These payments resulted when temporary employees with less than a 90-day appointment received holiday pay; this is contrary to provisions of the Federal Personnel Manual Supplement 990-2. We were informed that action was taken to recover the overpayments.

Within grade quality increases--Two employees were underpaid a total of \$30.40, when their quality increases were not made effective on the proper date. We were informed that action would be taken to correct their records. Further action should be taken to reimburse the employees for the underpayments. The names of these two employees are included in the attachment to this letter.

Time and attendance reports--Cross-outs and changes were made on some time and attendance reports without proper initialing, and other reports did not contain all required information, as specified in Army Materiel Command Regulation 37-41-1. When we brought this to the attention of NCAD officials, instructions were issued emphasizing the need for stringent compliance with procedures contained in applicable regulations.

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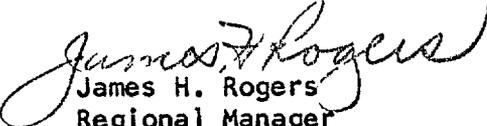
We reviewed the reports of the Internal Review Division related to sick leave administration, utilization and control of overtime, and management of the suggestion award portion of the incentive awards program. In our opinion, the internal audit programs for the three reviews were adequate in scope and the supporting working papers and resulting reports were satisfactory.

We would appreciate receiving your comments on the corrective action taken or planned on the matters described above.

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

A copy of this report is being sent to the District Manager, Northeastern District, United States Army Audit Agency, Philadelphia, Pennsylvania.

Sincerely yours,

  
James H. Rogers  
Regional Manager

Attachment

INDIVIDUALS' PAY RECORDS IN ERROR, WHICH REQUIRE  
PAYMENT, COLLECTION, OR WAIVER UNDER PUBLIC LAW 90-616

		<u>Estimated amount</u>
<u>Retroactive provision of the Federal Employees Salary Act of 1970</u>		
Norman L. Smith	Deceased, payment not made	\$79.67
Edith McGraw	Deceased, payment not made	10.08
William Trout	Retired, not paid retroactive pay	76.16
Florence Schaeffer	Error in computation resulted in overpayment, collection, or processing of a waiver under P.L. 90-616 should be made	57.00
<u>Within-grade quality increases</u>		
Ellwood Snyder	Underpaid due to error in effective date	21.60
Fay Houseal	Underpaid due to error in effective date	8.80