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# ***Internal Auditing in Federal Agencies***

**UNITED STATES GENERAL ACCOUNTING OFFICE  
1974**

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**INTERNAL AUDITING  
IN  
FEDERAL AGENCIES**

**Basic principles, standards, and concepts**

**UNITED STATES  
GENERAL ACCOUNTING OFFICE  
1974**

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## FOREWORD

*The need for effective internal auditing systems in the Federal agencies has been recognized by the Congress in a number of laws, particularly the National Security Amendments of 1949 and the Budget and Accounting Procedures Act of 1950.*

*Under the Budget and Accounting Procedures Act of 1950, the Comptroller General, in carrying out his audit responsibilities, is required to prescribe principles, procedures, rules, and regulations for carrying out such work, giving*

*“\* \* \* due regard to generally accepted principles of auditing, including consideration of the effectiveness of \* \* \* internal audit and control, and related administrative practices of the respective agencies.”*

*That act further requires the head of each agency to establish and maintain systems of*

*“\* \* \* internal control designed to provide \* \* \* effective control over and accountability for all funds, property, and other assets for which the agency is responsible, including appropriate internal audit.”*

*The General Accounting Office issued statements of basic principles and concepts of internal auditing for Federal agencies in 1957 and 1968 to assist in carrying out the principles enunciated in the act and to provide guidance to the agencies in developing internal audit organizations and procedures.*

*In 1972, we published a comprehensive statement of standards for audit of governmental organizations, programs, activities and functions. This statement is applicable to internal auditing in governmental organizations--Federal, State, and local--as well as to external and contract auditing conducted by or for governmental entities. A summary of these standards is attached as appendix A.*

Because of the general applicability of these standards in the auditing of Government programs and activities, we have integrated them into this revised statement of basic principles, standards, and concepts of internal auditing in Federal agencies.

The Government Activities Subcommittee, House Government Operations Committee, has taken an active interest in internal audit activities and it issued an important and constructive statement on the subject in 1963. A copy of the pertinent excerpts from the Committee's report is attached as appendix B.

The General Accounting Office has issued numerous reports to the Congress appraising the effectiveness of internal auditing in individual Federal agencies. In carrying out our statutory responsibilities, we expect to make additional reports from time to time bearing upon the adequacy of this important function in all Federal agencies.

As contemplated in the Budget and Accounting Procedures Act of 1950, it is essential that significant internal audit findings be made available directly to the head of the agency concerned and that he assure himself of the adequacy of staffing and the scope of internal audit arrangements in his agency. Evaluating the adequacy and effectiveness of these arrangements will continue to be an important part of our work.

  
Comptroller General  
of the United States

August 1974

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# INTERNAL AUDITING IN FEDERAL AGENCIES

## BASIC PRINCIPLES, STANDARDS, AND CONCEPTS

### MANAGEMENT CONTROL

Management control begins with delegated authority and planned operations and continues through performance and reporting on performance. A well-designed system of management control helps to insure efficiency, economy, and achievement of planned results. Such a system includes providing carefully devised and frequently updated standards of comparison in accordance with which activities are designed and carried on, and against which their output, whatever its form or stage of completion, can be measured.

The essence of management control is the action which adjusts operations to conform with prescribed or desired standards or requirements. To take this action, management needs timely and adequate information on performance.

### ROLE OF INTERNAL AUDITING

Information needed by management may come from direct observation; from routine and periodic operating, accounting, statistical, and analytical reports; and from functional or staff reviews. Another important source of information is the internal audit organization which conducts independent examinations and makes reports on its findings and appraisals of operations and performance. The internal audit function uniquely supplements routine management checks through its independent approach and methods of review. This function is one of the essential tools of management, complementing all other elements of management control.

### Nature of internal auditing

The overall objective of internal auditing is to assist agency management in attaining its goals by furnishing information, analyses, appraisals, and recommendations pertinent to management's duties and objectives.

Internal auditing is a staff and advisory function, not a line-operating function. Thus, the internal auditor should not have authority to make or direct changes in his agency's procedures or operations. His job is to independently and objectively analyze, review, and evaluate existing procedures and activities; to report on conditions found; and, whenever he deems it necessary, to recommend changes or other action for management and operating officials to consider.

An internal auditor should not be given direct operating responsibilities. Rather, he should be expected to concern himself primarily with the performance of others, to retain an independent outlook in all of his work, and to direct particular attention to matters requiring corrective action. His function is to present his views and suggestions constructively in such a manner as to stimulate or encourage action on his suggestions by others.

### Benefits of internal auditing

Management has found that services rendered by the internal auditor in the form of constructive recommendations supported by unbiased, relevant information have aided in meeting many of the problems of both large-scale and decentralized operations. The numerous, complex administrative problems of large organizations impose on management the necessity of delegating a large degree of operating authority within the organizational structure. Management must keep informed on what is happening in the organization at its various levels. Internal auditing is an important means by which management can provide itself with such information and related evaluations.

Management also benefits from timely information on problems on which remedial measures can be taken before the functioning of the organization is impaired. These problems, once they have been examined and appraised, often lead to opportunities for achieving lower costs, increased efficiency, and faster ways of getting things done.

Internal auditing can be of special benefit to the management of smaller organizations, or of small segments of large organizations, where the customary division of duties among employees is not always economical or practical. The internal auditor can often provide additional internal checks and controls required for effective and efficient management.

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### Federal Management

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<sup>1</sup>House Rept. 45 from Committee

organizational levels, the internal auditor can render a valuable service by promoting better communication within an agency. He can obtain first-hand observations on the usefulness or effectiveness of prescribed policies and procedures and he can bring to top management's attention those needing modification, explanation, and interpretation. This type of service can contribute greatly to good management control.

### Federal Management Circular

General Services Administration Federal Management Circular 73-2, dated September 27, 1973, sets forth policies to be followed in the audit of Federal operations and programs by executive departments and establishments. The primary objectives of this circular are to promote and improve audit practices, to achieve more efficient use of manpower, to improve coordination of audit efforts, and to emphasize the need for early audits of new or substantially changed programs.

### Congressional interest

The Congress recognized the role and usefulness of internal auditing when it passed the National Security Act Amendments of 1949 and the Budget and Accounting Procedures Act of 1950. The last-named act placed responsibility for the institution of this element of internal control on top agency management by providing (in section 113) that:

*The head of each executive agency shall establish and maintain systems of accounting and internal control designed to provide \* \* \* effective control over and accountability for all funds, property, and other assets for which the agency is responsible, including appropriate internal audit \* \* \*.*

Other more recent laws which require internal audits of agency activities include the Postal Reorganization Act of 1970 and the District of Columbia Self-Government and Governmental Reorganization Act of 1973.

The Government Activities Subcommittee, House Government Operations Committee, has taken a strong and active interest in this function in the Federal Government, urging all agencies to adopt effective internal audit systems.<sup>1</sup>

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<sup>1</sup>House Rept. 456, 88th Cong. 1st sess. (1963). See excerpts from Committee's report in app. B.

## SCOPE OF INTERNAL AUDIT WORK

To be of maximum usefulness, the scope of the internal auditor's activity should not be restricted. It should extend to all agency activities and related management controls.

The duties of the internal auditor should be clearly stated by the head of the agency, and information concerning these duties should be disseminated throughout the agency to insure full recognition of the nature of his functions at all levels.

### Appraising performance

A necessary function of management is to establish and prescribe policies, plans, and procedures for carrying out programs and activities in pursuit of the objectives of the organization and to establish organizational or management systems for review of operations.

The internal audit function can provide a highly valuable service to management by reviewing, appraising, and reporting on the extent and nature of internal compliance with management's policies, plans, and procedures as well as with applicable legal and external regulatory requirements.

The internal auditor's work should include the review of the operation of the whole system of management controls over operations and resources to ascertain whether they are functioning in accordance with their design and are functioning effectively. In organizing his work, particularly in large agencies, he should consider making comparative examinations of similar functions which are performed in the various organizational components of the agency.

In making such examinations, the internal auditor should be alert to possibilities for improving operations and identifying opportunities for bringing about greater efficiency and economy.

As a result of his familiarity with management plans and policies, intra-agency relationships, and procedures and with the manner in which they are working out, the internal auditor should also report observations as to their adequacy and effectiveness in relation to top management objectives together with such recommendations for improvement he considers appropriate.

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## Elements of an audit

The full scope of an audit of a governmental program, function, activity, or organization should encompass:

- An examination of financial transactions, accounts, and reports, including an evaluation of compliance with applicable laws and regulations.
- A review of efficiency and economy in the use of resources.
- A review to determine whether desired results are effectively achieved.

This scope of audit is explicitly set forth as a general standard for governmental auditing in GAO's statement of audit standards (app. A), but it does not imply that every internal audit should be so extensive. Internal audit work should be tailored to meet the needs of management and other users having a legitimate interest in the audit results.

The needs of management officials for assistance of the kind that internal auditors can provide will vary from agency to agency because of differences in nature of operations, organizational structure, location of activities, qualities and competence of officials and employees, and concepts of management control held by top agency officials. An internal audit program should be structured to meet the needs of top management and also be designed to serve the needs of subordinate management levels.

## Examining financial operations

The internal auditor should examine financial transactions, including the receipt and disbursement of public funds; accounts; and financial reports to the extent necessary to determine whether:

- The agency is maintaining effective control over revenues, expenditures, assets, and liabilities.
- The agency is properly accounting for its resources, liabilities, and operations.

--The agency's financial reports contain accurate, reliable, and useful financial data and are fairly presented.

--The agency is complying with the requirements of applicable laws and regulations.

In carrying out this work, the internal auditor should evaluate the adequacy of the agency's prescribed policies and procedures and the internal controls related to its financial operations, including the accounting and financial reporting.

The internal auditor should examine whether all revenues arising from the agency's activities were collected and fully accounted for and whether expenditures were made for approved purposes and were properly authorized. He should evaluate whether the agency's procedures result in prices, rates, or fees that conform to applicable laws and regulations.

Prescribed procedures for expenditures should be similarly reviewed for such conformity.

The work of the internal auditor should include examination and testing of accounting and other records and the related procedures underlying the agency's management information system to establish the reliability of the data used by management for internal purposes and for external reports.

The purpose and usefulness of internal reports should be reviewed by the internal auditor as one means of keeping reports responsive to the real needs of users, of avoiding the production of repetitive reports that no longer serve any useful purpose, and of avoiding the distribution of reports to persons having no use for them. He should also ascertain whether changing activities or circumstances are considered in the internal reporting operations.

The internal auditor should be particularly concerned with assets for which the agency is accountable--whether they are fully accounted for and whether procedures being followed adequately protect them from loss, deterioration, or misuse. In examining these matters, he should be alert to the possibility of fraud and dishonesty and to opportunities and practices which could lead to fraud, dishonesty, or loss.

The existence of separate groups within the organization concerned with fraud or other forms of irregularity should not inhibit the auditor from giving close attention to such matters

in his work. When auditor should bring to the management.

### Evaluating efficiency

The internal auditor should evaluate the internal control system with minimizing the risk of the agency's financial report on such points:

--Procedures, methods, and standards are followed, which are more efficient than justified.

--Duplication of effort is minimized and overall efficiency is maintained.

--Performance is measured against purpose.

--Inefficient use of resources.

--Overstaffing.

--Faulty budgeting.

--Procurement of unnecessary quantities.

--Wasteful use of resources.

Where functions are regularly carried out, efficiency and performance of the internal audit should be evaluated. Duplication of effort by such groups and their responsibility should be considered.

The operating procedures should be subject to the supervision of the organization.

When practical, ways of remedying deficiencies he may recommend.

in his work. When he does encounter such matters, the internal auditor should bring them without delay to the attention of the management.

### Evaluating efficiency and economy

The internal auditor should be concerned at all times with minimizing unnecessary or wasteful practices in the use of the agency's resources. He should be watchful for and report on such possibilities as:

- Procedures, whether officially prescribed or merely followed, which are ineffective or found to be more costly than justified.
- Duplication of effort by employees or between organizational units which, if eliminated, could increase overall efficiency.
- Performance of work which serves little or no useful purpose.
- Inefficient or uneconomical use of equipment.
- Overstaffing in relation to work to be done.
- Faulty buying practices.
- Procurement and accumulation of unneeded or excess quantities of property, materials, or supplies.
- Wasteful use of property.

Where functional staff groups exist in an agency which are regularly concerned with such matters as organizational efficiency and personnel use and the making of related studies, the internal auditor should recognize such work and avoid any duplication of effort. However, he should communicate to such groups any observations he may have which are related to their responsibilities.

The operations of such functional staff groups should be subject to the same degree and type of audit as are other parts of the organization.

When practicable, the internal auditor should suggest ways of remedying the weaknesses that he finds; in some cases, he may recommend remedial studies by technical personnel.

## Reviewing program results

A review of the results of programs or activities involves inquiring into the results or benefits achieved and whether the programs or activities are meeting established objectives.

Agency management officials have the basic responsibility for continually evaluating their programs and activities to determine the progress being made in achieving established objectives. The auditor whose scope of operations extends to reviewing program results should be initially concerned with evaluating the agency's system for measuring its progress or accomplishments. Major questions he should consider include:

*Program effectiveness*--Is the program accomplishing the results intended, as spelled out in the legislative objectives or in the implementing directives of the agency?

*Cost effectiveness*--Is the program succeeding within the costs anticipated at the time the legislation was enacted?

*Adequacy of information system*--Does top management have the essential and reliable information necessary to exercise supervision and controls and to ascertain direction or trends?

*Cost-benefit relationship*--Are program costs reasonably commensurate with the benefits achieved?

*Consideration of alternatives*--Have alternative programs or procedures been examined or should they be examined for potential in achieving objectives with the greatest economic efficiency?

*Need for program*--Is there a continuing need for the program? Legislation and regulations may not provide for program termination, and it is not unusual for a Government program to continue long after the need it was created to meet has disappeared.

*Appropriateness of program*--Is the program, as it was designed and implemented, geared to the needs of the particular target group that was used to justify the establishment of the program?

*Clarity and consistency of objectives*--Are program objectives sufficiently clear to permit agency management to effectively accomplish the desired program results? Are the objectives of the component parts of the program consistent with overall program objectives?

## Other factors

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### **Other factors affecting scope of work**

In all of his work, the internal auditor should strive to determine the underlying causes of the errors or adverse conditions he encounters and to formulate recommendations for preventing similar occurrences in the future.

The internal auditor should not be assigned the responsibility for developing and installing methods, systems, or procedures. He should, however, call attention to problem areas and possible improvements and he should be consulted on proposed corrective actions.

The internal auditor should be kept informed of proposed major changes in methods, systems, and procedures, particularly those involving computer applications, so that he can contribute suggestions on them before they are put into effect. Consultation between the systems/computer technicians and the internal auditor, during the systems development phase, helps to insure that adequate controls are established and adequate audit trails are provided in the system so as to avoid costly changes after a new system has been installed.

### **PERSONNEL QUALIFICATIONS**

The staff assigned to perform an audit must collectively possess adequate professional proficiency to perform the tasks required.

Carrying out the type of internal audit described above requires an adequate staff of competent, experienced personnel. The degree to which internal auditing can aid management is proportional to the capabilities of the audit staff and the freedom with which it operates. A program of continuous training and development is essential.

Broad responsibilities and a wide range of services require that the internal auditor be well informed on such matters as his agency's purposes, objectives, programs, policies, operations, activities, and related basic legislation; its budget, fiscal, and accounting procedures and those of the Federal Government generally; legal and regulatory requirements; accounting and auditing principles and procedures; and management practices common to all organizations.

Within the scope of his assigned responsibility, the internal auditor should be capable of making audits at the various

operating levels within the organization. He should be able to recognize problem areas and contribute workable suggestions for improvement. The internal audit manager must see that all audits are conducted by personnel who collectively have the skills necessary for the type of audit that is to be performed.

The qualifications of the staff assigned to the audit should be commensurate with the scope and complexities of its audit assignments. Audits vary in purpose and scope. Some require an opinion on financial statements and an evaluation of compliance with specific laws and other requirements; others require reviews of efficiency and economy; still others emphasize a review of effectiveness in achieving program results; and some require all three elements. Performing all three elements will usually require a wide variety of skills.

Because there are variations in program objectives and organizational forms, as well as differences in laws, rules, and regulations applicable to such programs, the qualifications mentioned herein should apply to the skills of the audit organization as a whole and not necessarily to individual auditors. For example, if an audit organization includes staff members or consultants with acceptable skills in accounting, statistics, law, engineering, actuarial science, and other fields, each individual member of the organization need not himself possess all of these skills.

The internal audit staff must be knowledgeable in auditing theory and procedure, statistical techniques-including sampling-computer operations and applications, management information systems, economics, operations research, governmental organization and operation, and other facets of modern management practices. While an audit staff may consist mostly of individuals with training and experience in accounting and auditing, it should also include or acquire through the medium of contract consultants expertise in mathematics, computer operations, engineering, and other appropriate specialities when warranted by the nature of an agency's programs and activities.

The nature of his work requires the internal auditor to deal successfully with all classes of employees and to be able to communicate with them and others both orally and in writing. He must be tactful and always maintain a good appearance and a professional bearing.

During their examinations, internal auditors have opportunities for becoming acquainted with agency problems and

personnel. The involving can also make of potential manag

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personnel. The investment of talent and time in internal auditing can also make a material contribution to the development of potential management personnel.

## LOCATION IN THE ORGANIZATION

### Responsibility of management officials

Internal auditing does not in any way relieve other persons of the responsibilities assigned to them. An internal auditor should not replace established lines of operating authority, and his operations do not eliminate the need for continuing organizational and functional supervision.

Operating officials should be vested with full responsibility for compliance with prescribed policies and procedures, for protection and use of the resources of the agency, and for action in the correction of deficiencies or unsatisfactory conditions coming to their attention, including those reported by the internal auditor.

### Independence and reporting level

The position of the internal auditor in the organization should be such that he is independent of the officials who are directly responsible for the operations he reviews. To provide an adequate degree of independence, *the internal auditor should be responsible to the highest practical organizational level, preferably to the agency head or to a principal official reporting directly to the agency head.*

Such positioning is in accordance with the general standard for governmental auditing which places upon the auditor and the audit organization the responsibility for maintaining sufficient independence so that their opinions, conclusions, judgments, and recommendations will be impartial.

Internal auditing cannot be fully effective unless the official to whom the internal auditor reports is a strong supporter of the function, has direct access to the agency head, and has made arrangements to supply all significant audit findings directly to the agency head.

Where the internal auditor does not report to the head of the agency, the function should be placed under the direction of a principal official who does report directly to the agency head so as to insure recognition of its stature and importance in the control system. Also, where the internal auditor does not report to the head of the agency:

--The agency head should satisfy himself that the official to whom the internal auditor reports not only permits but also encourages the internal auditor to exercise latitude in setting the scope of work and in reporting on the results of his audits. The internal auditor should be sufficiently independent to be able to make impartial appraisals of the operation of agency programs and activities, including those under the official to whom the internal auditor reports.

--The head of the agency should concern himself with the scope and effectiveness of the internal audit function and its staffing and with the adequacy of attention paid to audit findings and recommendations.

--The internal auditor, when he deems it necessary to the fulfillment of his responsibilities, should have direct access to the head of the agency.

### Centralization

The establishment of a single internal audit organization reporting to the agency head or to a principal official reporting directly to the agency head:

--Provides the advantages of greater independence.

--Fosters a broad viewpoint on the interrelationship of organizations and functions within an agency.

--Places the internal auditor in a better position to make systematic and independent evaluations of and reports on all agency programs, activities, and operations.

A single audit organization also facilitates the attraction and retention of better managerial and staff capability, more effective staff use, and increased coordination of audit effort and interrelated findings. In addition, under unified direction and supervision, a single audit organization permits the devotion of a greater portion of total staff time to specific audit assignments and provides greater opportunities for tailoring staff assignments to the talents and experience of staff members.

### Audit staffs in subordinate organizations

A separate internal audit staff should not be attached to a component bureau or similar organization unless management

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needs and the size and nature of the bureau's activities are such as to justify an internal audit staff of sufficient size to attract and retain qualified personnel and to make possible the productive and flexible use of staff resources. Decisions on the establishment of such staffs should be made by or be subject to approval by the agency head.

Where an organizational component of an agency maintains its own internal audit staff, the central internal audit activity of the agency should be accountable for furnishing general policy direction and coordinating the efforts of such staff.

The audit coverage by a subordinate audit staff should be included in the scope of the internal audit activity provided for top management. The work of such an organization should be used to the extent practicable in carrying out internal audit work of the top audit group and the effectiveness of the audit work at the lower level should be evaluated as are other control functions.

An internal audit group at the bureau level should be accountable to an official occupying a sufficiently high position to insure its access to any activity of the organization and adequate consideration of and action on its findings and recommendations.

## **MANAGEMENT OF THE INTERNAL AUDIT FUNCTION**

### **Due professional care**

Due professional care must be used in conducting internal audits and in preparing related reports.

This standard of performance requires the auditor to exercise good judgment in devising audit tests and procedures and to do a good job in applying them and in preparing reports. He must effectively supervise his assistants to the extent appropriate in relation to their abilities (see below), maintain effective working relationships with officials of the activity audited, and arrange to follow up on his findings and recommendations.

This standard of performance requires the auditor to be alert for indications of fraud, improper or illegal expenditures or operations, inefficiency, waste, or ineffectiveness. It does not mean, however, that he must make a detailed audit of all

transactions or operations to insure that no material impropriety exists.

It is management's responsibility to institute effective procedures and controls to prevent irregularities and improprieties and to encourage efficient and effective operations under adopted policies and procedures. The auditor's job should be to test these procedures and controls rather than to function as a substitute for them.

### Audit manual

A manual should be developed outlining the objectives of internal auditing in the agency, the policies to be followed, the general scope of work to be performed, standards of performance, and reporting requirements.

### Planning

Adequate planning of audit work, a basic examination and evaluation standard for governmental auditing, is essential to identify the areas to be covered by the audit staff and to permit systematic scheduling of work and the best use of manpower. However, audit plans should be sufficiently flexible to permit special examinations as new needs or changing circumstances require, thus making possible the best service to management.

Where the audit work includes reviews of the efficiency and economy of operations or achievement of desired results, adequate planning is especially important because the procedures employed in such audits are more varied and complex and, thus, more care is needed to select the appropriate procedures for the case at hand.

Adequate planning should include planning for:

- Coordination with other audit groups, as appropriate.
- Personnel to be used on the assignment.
- Work to be performed.
- The format and general content of the report to be issued.

A written audit to effectively members, to facilitate review phase, and to plans. The programs criteria of performance and regulations, to established criteria should attempt to criteria. If the auditor, he should strive for the effectiveness of these measures

### Audit programs

- Objectives and
- Background in the audit objective or activity to
- Definitions of
- Audit procedure
- Reporting procedure

### Supervision

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This standard responsibility for receive appropriate Since training, experienced auditors, specific with abilities.

The standard auditors or professional internal audit of the internal audit

A written audit program should be prepared for each audit to effectively communicate audit objectives to all staff members, to facilitate control of the audit work during the review phase, and to provide a permanent record of the audit plans. The programs should include any available underlying criteria of performance, including reference to pertinent laws and regulations, to be used for evaluation purposes. When the established criteria for performance are vague, the auditor should attempt to obtain authoritative interpretation of the criteria. If the auditor is required to select measurement criteria, he should strive to reach agreement on the appropriateness of these measures with the interested parties.

Audit programs should include information on :

- Objectives and scope of the audit.
- Background information needed for an understanding of the audit objectives and the operations of the program or activity to be audited.
- Definitions of unusual terms.
- Audit procedures.
- Reporting procedures.

### Supervision

Another basic examination and evaluation standard for governmental auditing pertains to supervision of audit assistants. This standard requires that such assistants be properly supervised.

This standard places upon the audit organization the responsibility for insuring that less skilled staff members receive appropriate guidance in the performance of their work. Since training, experience, and other qualifications vary among auditors, specific work assignments must be commensurate with abilities.

The standard also requires that the work of other auditors or professional consultants engaged as a part of an internal audit assignment be subject to the supervisory review of the internal audit staff management.

Supervisory review should be directed to both the substance and the method of auditing. The review should insure that (1) conformance with audit standards is obtained, (2) the audit programs are followed, unless deviations are justified and authorized, (3) the working papers adequately support findings and conclusions, (4) the working papers provide adequate data for preparing a meaningful report, and (5) the auditor will accomplish the audit objectives. Documentation of supervisory reviews should be prepared and retained.

To keep pace with changing conditions, top management should, from time to time, reappraise the agency's internal audit and other internal review activities, especially their coverage and their relationship to changes in the agency's policies and programs. Such appraisals should consider the need to modify the policies and procedures of these activities as necessary to keep them responsive to the current interest of management and other interested parties, and insure continued functioning with minimum interference with operating activities, without duplication of effort, and at reasonable cost.

### Evidence and working papers

Obtaining sufficient, competent, and relevant evidence to afford a reasonable basis for the auditor's opinions, judgments, conclusions, and recommendations is another basic examination and evaluation standard for governmental auditing.

Working papers prepared during an audit phase should contain evidence to clearly support the auditors' conclusions and any recommendations made or other observations reported. The evidence gathered and used as supportive material should, in all cases, meet high standards of competence, reliability, and objectivity.

The working papers should (1) be complete and accurate, (2) be clear and understandable, (3) be legible and neat, and (4) contain only those materials directly pertinent to the audit and the related report.

### INTERNAL AUDIT REPORTS

The preparation of audit reports is an important part of the internal audit process since it is primarily through reports that the auditor communicates his observations, findings, conclusions, and recommendations.

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## **Form and distribution**

All significant audit findings should be brought to the attention of the agency head and other users of audit information in such written form as to make it easy for them to effectively use the information.

Written internal audit reports should be submitted to:

- Management officials who are responsible for the operations or activities reviewed and for making decisions as to actions to be taken on reported findings and recommendations.
- The official to whom the internal auditor is functionally responsible.
- Other officials in the agency who may benefit from the information in the reports.

Top management's role is essential here. By its inattention or inaction, much of the constructive benefit of the internal auditor's work can be lost. On the other hand, its interest in and use of his findings and recommendations can contribute much to the recognition of the importance of his work at all management levels.

The need to prepare written audit reports is not intended to limit or prevent discussions of findings, judgments, conclusions, and recommendations with persons who have responsibilities involving the area being audited. On the contrary, such discussions should be encouraged in order to provide management officials with useful and timely information. However, regardless of whether such discussions are held, a written report should be prepared. On those occasions where corrective action is taken or promised, a less formal type of report, such as a letter to summarize the findings and recommendations and related action or commitment, may suffice.

There are a number of reasons why reports should be prepared in written form:

- So that the results can be widely communicated to responsible officials at all levels of management.
- To make the auditor's findings and recommendations less susceptible to misunderstanding.

--To make the auditor's findings available for public inspection, when appropriate.<sup>1</sup>

--To facilitate subsequent followup work to determine whether appropriate measures have been taken in response to the auditor's findings and recommendations.

### Timeliness

The value of an audit report is directly related to its timeliness concerning any action required to be taken. Therefore, audit reports should be issued as promptly as possible to make information available for timely use by management and by other interested parties.

The auditor should consider interim communication of significant matters to appropriate officials during his audit work. Such communication is not a substitute for a final written report, but it does alert officials to matters needing correction at an earlier date and permits these officials to institute corrective measures earlier than is possible if the auditor's findings and recommendations are withheld until his final report is completed.

### Content

To be effective, audit reports must be carefully prepared and:

--Be as concise as possible but, at the same time, clear and complete enough to be understood by the users.

--Present factual matter accurately, completely, and fairly.

--Present findings and conclusions objectively and in language as clear and simple as the subject matter permits.

--Include only factual information, findings, and conclusions that are adequately supported by enough

<sup>1</sup>There are a number of situations where law or regulations prevent issuance of internal reports. Generally, internal auditors should be guided by the practices adopted by their agency for compliance with the Freedom of Information Act.

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evidence in the auditor's working papers, to demonstrate or prove, when called upon, the bases for the matters reported and their correctness and reasonableness. Detailed supporting information should be included in the report to the extent necessary to make a convincing presentation.

- Include, when possible, the auditor's recommendations for actions to effect improvements in problem areas noted in his audit and to otherwise make improvements in operations. Information on underlying causes of problems reported should be included to assist in implementing or devising corrective actions.
- Place primary emphasis on improvement rather than on criticism of the past; critical comments should be presented in balanced perspective of any unusual difficulties or circumstances faced by the operating officials concerned.
- Identify and explain issues and questions needing further study and consideration by the auditor or others.
- Include recognition of noteworthy accomplishments, particularly when management improvements in one program or activity may be applicable elsewhere.
- Include recognition of the views of responsible officials of the organization, program, function, or activity audited on the auditor's findings, conclusions, and recommendations. Except where the possibility of fraud or other compelling reason may require different treatment, the auditor's tentative findings and conclusions should be reviewed with such officials. When possible, without undue delay, their views should be obtained in writing and objectively considered and presented in preparing the final report.
- Clearly explain the scope and objectives of the audit.
- State whether any significant pertinent information has been omitted because it is deemed privileged or confidential. The nature of such information should be described, and the law or other basis under which it is withheld should be stated.

## Financial reports.

If his audit report contains financial statements or other financial presentations concerning the program or activity audited, the auditor should explain the nature and extent of his audit of such information together with comments on any significant financial issues affecting the reports and compliance with legal or other regulatory requirements.

Each audit report containing financial statements should:

1. Contain an expression of the auditor's opinion as to whether the information in the financial reports is presented fairly in accordance with generally accepted accounting principles (or with other specified accounting principles applicable to the organization, program, function, or activity audited), applied on a basis consistent with that of the preceding reporting period. If the auditor cannot express an opinion, the reasons therefor should be stated in the audit report.
2. Contain appropriate supplementary explanatory information about the contents of the financial reports as may be necessary for full and informative disclosure about the financial operations of the organization, program, function, or activity audited. Violations of legal or other regulatory requirements, including instances of noncompliance, and material changes in accounting policies and procedures, along with their effect on the financial reports, shall be explained in the audit report.

## FOLLOWUP

Primary responsibility for action and followup on audit recommendations rests with management. A good control system will include procedures under which management officials will evaluate the effectiveness of actions taken on audit recommendations.

A desirable procedure is to have regular status reports prepared for the information of management officials and the internal auditors, as to actions taken on audit recommendations. Also, provision should be made for regular inquiry into whether proposed corrective actions have, in fact, been taken and their effectiveness. The responsibility for such followup should be that of management officials, but the internal auditors should participate.

Where operating auditor's recommendations to reconcile the differences at management level.

Thus, reporting should not end matter. From time to time recommendations have been taken and whether taken.

Internal auditor's audit findings of the audit agencies or groups actions to be taken by their followup procedures effectiveness of those actions.

## RELATIONSHIP OTHER AUDITS

Auditing of the such as contractors, and to the administrative programs. The degree of internal auditing and internal audit size, and scope of audit.

Contract audit determining whether contract requirements for the agency. In the contracts, it is usual requests for cost reasonableness, and accuracy of negotiations; and of the agency's interests at the agency to approach the Government and contract negotiation an agency's system efficiently and economic.

Similarly, the borrowers are subject means of ascertaining.

Where operating officials disagree with the internal auditor's recommendations, mechanism should be established to reconcile the differences or to call for a decision at a higher management level.

Thus, reporting a finding, observation, or recommendation should not end an internal auditor's concern with the matter. From time to time he should ascertain whether his recommendations have received serious management consideration and whether satisfactory corrective action has been taken.

Internal auditors should also concern themselves with the audit findings of the General Accounting Office and other audit agencies or groups which contain recommendations as to actions to be taken by the agency. They should incorporate, in their followup procedures, inquiry into the nature and effectiveness of those actions.

#### **RELATIONSHIP OF INTERNAL AUDITING TO OTHER AUDITS PERFORMED BY AGENCIES**

Auditing of the performance and records of third parties, such as contractors, grantees, or borrowers, is an essential aid to the administration of contracts and of grant and loan programs. The degree of interrelationship between such auditing and internal auditing will vary depending upon the nature, size, and scope of agency programs.

Contract auditing by an agency serves the purpose of determining whether the contractor is complying with contract requirements for the goods or services being supplied to the agency. In the award and administration of negotiated contracts, it is usually necessary to make examinations of requests for cost reimbursement; of the currency, completeness, and accuracy of cost and pricing data used in pricing negotiations; and of activities generating costs to the extent an agency's interests are affected. This type of auditing enables the agency to appraise a contractor's financial responsibility to the Government and to provide information necessary to contract negotiation and administration. It is an essential part of an agency's system of control for achieving its purposes efficiently and economically.

Similarly, the records and performance of grantees or borrowers are subject to audit by the responsible agency as a means of ascertaining whether there has been compliance with

the terms and objectives of the agreements under which Federal funds are granted or loaned. Such auditing, like contract auditing, is an integral part of an agency's system of control in achieving its purposes effectively and efficiently.

The location in the organization of the audit staff responsible for auditing third-party records and performance should be such as to insure that the function effectively serves the program operating officials directly concerned as well as top management and that available audit staff resources are effectively used.

A separate organization of such auditors will be appropriate in many cases because of the size of the organization required to carry out the function; the high degree of specialized knowledge required; or the special need for a close association between program management personnel and the audit staff. In other cases, a single integrated organization of all agency auditors may be desirable.

Regardless of the form or organization adopted, provision should be made for independent internal review of the external audit work to ascertain whether it is being carried out properly and efficiently.

### RELATIONSHIP OF INTERNAL AUDITING TO GENERAL ACCOUNTING OFFICE AUDIT RESPONSIBILITIES

The adequacy of the system of internal control, including internal audit, of each Federal agency is of importance to the General Accounting Office in carrying out its statutory audit responsibilities. The Budget and Accounting Procedures Act of 1950 states the duty of the General Accounting Office to consider agency internal auditing as follows:

*Sec. 117. (a) Except as otherwise specifically provided by law, the financial transactions of each executive, legislative, and judicial agency, including but not limited to the accounts of accountable officers, shall be audited by the General Accounting Office in accordance with such principles and procedures and under such rules and regulations as may be prescribed by the Comptroller General of the United States. In the determination of auditing procedures to be followed and the extent of examination of vouchers and other documents, the*

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*Comptroller General shall give due regard to generally accepted principles of auditing, including consideration of the effectiveness of accounting organizations and systems, internal audit and control, and related administrative practices of the respective agencies.*

Although there are numerous areas of common interest between the General Accounting Office and an agency's internal auditors, certain basic objectives and responsibilities differ. Internal auditing is an integral part of an agency's system of management control. In its audits, the General Accounting Office is concerned with the entire control mechanism within an agency, including the various arrangements made by the management for internal audits and other forms of inspection, appraisal, and evaluation. If warranted by its evaluations, the General Accounting Office will rely on such work and make full use of it in conducting its examinations.

The General Accounting Office is interested in the degree of agency management concern and interest in the work of the internal auditor and particularly in his reported findings and recommendations. The actions taken by management officials on internal audit recommendations are reviewed by General Accounting Office auditors.

The General Accounting Office uses the same techniques of testing and analyzing, to satisfy itself as to the adequacy of internal audit work, as those used in the review of any other function in a Federal agency. This includes a review of work programs and working papers and their adequacy in relation to what was reported. The review may cover some of the same transactions and procedures as those examined by the internal auditor--a procedure essential in testing the quality of the internal audit work.

General Accounting Office evaluations of internal audit systems also include making inquiries of management and operating officials as to the usefulness of internal auditing to them in their day-to-day operations.

Normally, there is little duplication of the work of the internal auditor. The internal auditor performs his work as part of management's pattern of operation and control. The General Accounting Office review is part of the independent appraisal it makes for the Congress of the manner in which Federal agencies discharge their responsibilities and of the effectiveness of their control systems including internal audit.

It makes every effort to keep abreast of the planned work programs of the agency's internal auditors, to consider them in planning its own work, and to avoid, wherever possible, conflicts in audit schedules.

Free and unrestricted access to working papers, records, and reports prepared in connection with internal audit work and other internal review activities is essential for General Accounting Office auditors to effectively review and evaluate their propriety and adequacy. Ready access to such records is also necessary in order that all significant information pertinent to any matter being reviewed by the General Accounting Office may be considered. Such information is necessary in order that, to the extent possible, General Accounting Office findings and reports will be complete, accurate, and objective and thus of maximum usefulness to the Congress and to agency and other Government officials.

**APPENDIXES**

## APPENDIX A

### SUMMARY OF GOVERNMENTAL AUDIT STANDARDS <sup>1</sup>

The audit standards below are intended to be more than the mere codification of current practices tailored to existing audit capabilities. Purposely forward-looking, these standards include some concepts and areas of audit coverage which are still evolving in practice but which are vital to the accountability objectives sought in the audit of governments and of intergovernmental programs. Therefore, the audit standards have been structured so that each of the three elements of audit can be performed separately if this is deemed desirable.

#### General Standards

1. The full scope of an audit of a governmental program, function, activity, or organization should encompass:
  - a. An examination of financial transactions, accounts, and reports, including an evaluation of compliance with applicable laws and regulations.
  - b. A review of efficiency and economy in the use of resources.
  - c. A review to determine whether desired results are effectively achieved.

In determining the scope for a particular audit, responsible officials should give consideration to the needs of the potential users of the results of that audit.

2. The auditors assigned to perform the audit must collectively possess adequate professional proficiency for the tasks required.

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<sup>1</sup>Excerpts from *Standards for Audit of Governmental Organizations, Programs, Activities & Functions*, Comptroller General of the United States (Washington, D.C., U.S. General Accounting Office, 1972.)

## APPENDIX A

3. In all matters relating to the audit work, the audit organization and the individual auditors shall maintain an independent attitude.
4. Due professional care is to be used in conducting the audit and in preparing related reports.

### Examination and evaluation standards

1. Work is to be adequately planned.
2. Assistants are to be properly supervised.
3. A review is to be made of compliance with legal and regulatory requirements.
4. An evaluation is to be made of the system of internal control to assess the extent it can be relied upon to ensure accurate information, to ensure compliance with laws and regulations, and to provide for efficient and effective operations.
5. Sufficient, competent, and relevant evidence is to be obtained to afford a reasonable basis for the auditor's opinions, judgments, conclusions, and recommendations.

### Reporting standards

1. Written audit reports are to be submitted to the appropriate officials of the organizations requiring or arranging for the audits. Copies of the reports should be sent to other officials who may be responsible for taking action on audit findings and recommendations and to others responsible or authorized to receive such reports. Copies should also be made available for public inspection.
2. Reports are to be issued on or before the dates specified by law, regulation, or other arrangement and, in any event, as promptly as possible so as to make the information available for timely use by management and by legislative officials.

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## APPENDIX A

3. Each report shall:
  - a. Be as concise as possible but, at the same time, clear and complete enough to be understood by the users.
  - b. Present factual matter accurately, completely and fairly.
  - c. Present findings and conclusions objectively and in language as clear and simple as the subject matter permits.
  - d. Include only factual information, findings, and conclusions that are adequately supported by enough evidence in the auditor's working papers to demonstrate or prove, when called upon, the bases for the matters reported and their correctness and reasonableness. Detailed supporting information should be included in the report to the extent necessary to make a convincing presentation.
  - e. Include, when possible, the auditor's recommendations for actions to effect improvements in problem areas noted in his audit and to otherwise make improvements in operations. Information on underlying causes of problems reported should be included to assist in implementing or devising corrective actions.
  - f. Place primary emphasis on improvement rather than on criticism of the past; critical comments should be presented in balanced perspective, recognizing any unusual difficulties or circumstances faced by the operating officials concerned.
  - g. Identify and explain issues and questions needing further study and consideration by the auditor or others.
  - h. Include recognition of noteworthy accomplishments, particularly when management improvements in one program or activity may be applicable elsewhere.

## APPENDIX A

- i. Include recognition of the views of responsible officials of the organization, program, function, or activity audited on the auditor's findings, conclusions, and recommendations. Except where the possibility of fraud or other compelling reason may require different treatment, the auditor's tentative findings and conclusions should be reviewed with such officials. When possible, without undue delay, their views should be obtained in writing and objectively considered and presented in preparing the final report.
  - j. Clearly explain the scope and objectives of the audit.
  - k. State whether any significant pertinent information has been omitted because it is deemed privileged or confidential. The nature of such information should be described, and the law or other basis under which it is withheld should be stated.
4. Each audit report containing financial reports shall:
- a. Contain an expression of the auditor's opinion as to whether the information in the financial reports is presented fairly in accordance with generally accepted accounting principles (or with other specified accounting principles applicable to the organization, program, function, or activity audited), applied on a basis consistent with that of the preceding reporting period. If the auditor cannot express an opinion, the reasons therefor should be stated in the audit report.
  - b. Contain appropriate supplementary explanatory information about the contents of the financial reports as may be necessary for full and informative disclosure about the financial operations of the organization, program, function, or activity audited. Violations of legal or other regulatory requirements, including

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## APPENDIX A

instances of noncompliance, and material changes in accounting policies and procedures, along with their effect on the financial reports, shall be explained in the audit report.

## APPENDIX B

### Excerpts from Report by the House Committee on Government Operations on "Survey of Selected Activities (Part 1 - Efficiency and Economy in the Department of Commerce)"

House Report No. 456,  
88th Congress, 1st Session (1963)

#### Findings and Conclusions

##### 1. *Internal Audit*

Every organization must have an effective system of internal management control. The so-called internal auditing system, as recommended by the Comptroller General in August 1957, constitutes an effective means for the average Federal agency to obtain this essential management function. Unfortunately, this internal audit system has not been adopted on a Government-wide basis. In too many instances, internal audit functions are compromised by inadequate staffs, improper organizational requirements or limits in scope of service. All Federal agencies should review internal management control systems and place them in compliance with the Comptroller General's 1957 recommendations and with the criteria established in this report.

\* \* \* \* \*

#### Need for Effective Internal Audit Systems

In the larger Federal agencies, the most promising means of obtaining management control has been the establishment of effective internal audit systems. The Comptroller General in 1957 issued a statement of basic principles and concepts for departments and agencies to follow in the establishment of such systems. For years the Comptroller General and those on his staff working on a day-by-day basis with executive officials have continuously stressed the need for effective internal management controls. The head of a large executive department or agency must have his own "eyes and ears" within the organization, responsible solely to him, independent of operations and with unlimited jurisdiction to review any and all functions wherein waste or inefficiency might exist. \* \* \* However, especially in the larger departments or agencies employing thousands of individuals, involving scores of

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## APPENDIX B

programs, and having offices located throughout the United States and possibly abroad, if the agency head wants to maintain policy control and achieve economy and efficiency, he has no choice but to institute an effective management control system.

Today, there are internal audit groups sprinkled throughout the agencies and departments of Government. The term is well recognized. Unfortunately, recognition of the need for effective internal audits has not always been translated into the establishment of such systems. While many exist, there is considerable room for general improvement.

The committee has established certain fundamentals relating to internal audit operations patterned after the 1957 recommendations of the Comptroller General, with certain refinements reflecting deficiencies in operations uncovered during the hearing:

1. There must be a central internal audit system in every large department or agency organized independent of department or agency operations.
2. The personnel assigned to this management function must have the highest qualifications and the complete confidence of the department or agency head. An accounting background and auditing experience is preferred.
3. All reports and recommendations of the internal audit staff must be submitted in full directly to the agency or department head.
4. The scope of review of the internal audit staff must be unlimited.
5. Personnel assigned to the internal audit function must be protected from recriminations and arbitrary personnel action resulting from the adverse effect their reports might have upon other department or agency employees.
6. The reports and recommendations of the internal audit staff must remain available to the Comptroller General and appropriate congressional committees.

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**ILLUSTRATIVE**

# **ACCOUNTING PROCEDURES FOR FEDERAL AGENCIES**

SIMPLIFIED PAYROLL SYSTEM



**UNITED STATES GENERAL ACCOUNTING OFFICE**

**1965**

**ILLUSTRATIVE**

# **ACCOUNTING PROCEDURES FOR FEDERAL AGENCIES**

SIMPLIFIED PAYROLL SYSTEM



**UNITED STATES GENERAL ACCOUNTING OFFICE**

**1965**

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## Introduction

It is the purpose of this booklet to illustrate a simplified payroll system for the information of agencies which may find it helpful in developing their payroll systems. It is expected to be of most interest to the smaller agencies which do not have unusual payroll operations requiring a specially designed system.

It is the responsibility of each agency, under the provisions of section 113 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. 66a), to establish and maintain an adequate payroll system in conformity with the principles and standards prescribed by the Comptroller General. These principles and standards are published as title 6 of the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies.

This booklet describes the forms, records, and procedures for a simplified payroll system for civilian per annum employees. It explains the preparation and use of payroll change slips, the maintenance of individual pay cards and the control register, the preparation and use of time and attendance reports, and the maintenance of leave records.

The suggested simplified payroll system provides for certain alternative procedures which may make the system adaptable to somewhat diverse situations. Where the basic system, even with the variations described, is not suitable, the forms and procedures described may be used as a starting point in developing a system adapted to a particular situation. Some of the individual forms and procedures may be used as described or with modifications even though a basically different system is adopted.

Facsimiles of many of the forms referred to are in appendix A to this booklet.

## **ILLUSTRATIVE SIMPLIFIED PAYROLL SYSTEM**

### **Nature and Applicability**

#### **Nature of the System**

A Federal Government payroll system for civilian per annum employees may usually be identified as a comprehensive payroll system or as a simplified payroll system.

A comprehensive payroll system involves the preparation for each pay period of a complete payroll, listing the name of each employee and itemizing the earnings and deductions entering into the computation of the net pay for each employee.

The simplified payroll system is based upon a skeletonized payroll prepared by the disbursing officer for each pay period from a file of addressograph plates or punch cards maintained from payroll change slips furnished by the agency payroll office. The skeleton payroll lists the name of each employee but shows only the amount of his net pay and the check number.

Under the simplified system, a control register maintained by the payroll office provides control totals for each of the earnings and deductions items and for the net pay amounts on the payroll. The register is maintained by recording only the changes in pay occurring during the pay period. It also serves as a control over the earnings, deductions, and net pay amounts recorded on the individual pay cards. The control register and pay card are usually posted manually.

Detailed postings are made to the pay card for the simplified system only when a pay change occurs. In lieu of posting the individual items for a pay period in which there is no change in the pay, the payroll clerk merely initials the pay card.

The administrative office of the employing agency makes a time and attendance report to the payroll office for each pay period, on an individual form or a schedule form. A leave record is maintained for each employee by the administrative office or the payroll office.

#### **Applicability**

The simplified payroll system is designed for use generally for civilian per annum employees whose earnings are computed on a biweekly basis.

Whether a simplified system or a comprehensive system is the more suitable for a particular payroll installation with a biweekly payroll may depend on several factors, but depends primarily on the relative number of payroll changes.

Inasmuch as the simplified system is based upon a file of addressograph plates or punch cards and the posting of changes only to the individual pay cards and the control register, it may not be the most efficient

and economical system when changes in pay occur each pay period for more than about 40 percent of the employees on the payroll.

It is not necessary that a single uniform system be used in all payroll offices of an agency or that only one system be used in each payroll office. The simplified system may be used in payroll offices which handle payrolls for only per annum employees with a low rate of change, and a comprehensive system may be used for offices with per diem and per hour employees or per annum employees with a high rate of change.

Where a payroll office handles payrolls for both per annum and other classes of employees, it may use a simplified system for the per annum employees even though a comprehensive system is required for the per diem and per hour employees. It may be advantageous to handle only certain groups of per annum employees under a simplified system and handle other groups under a comprehensive system separately or with the per diem and per hour employees.

### **Assistance From General Accounting Office**

An agency may request advice and assistance of the General Accounting Office in determining whether the simplified system is suitable or can be adapted to meet the agency needs.

### **Standard and Stock Forms**

Facsimiles of the following standard and stock forms, used in a simplified payroll system, are in appendix A to this booklet.

#### **Standard Forms (SF's)**

- SF 50 (CSC)—Notification of Personnel Action
- SF 71 (CSC)—Application for Leave
- SF 1126—Payroll Change Slip
- SF 1128—Payroll for Personal Services—Payroll Certification and Summary
- SF 1150—Record of Leave Data Transferred
- SF 1166—Voucher and Schedule of Payments

#### **Stock Forms**

- Stock Form 1125—Payroll Control Register
- Stock Form 1125A—Payroll Control Register
- Stock Form 1127—Individual Pay Card
- Stock Form 1130—Time and Attendance Report (individual form)
- Stock Form 1135—Time and Attendance Report (short form)
- Stock Form 1136—Time and Attendance Report (long form)
- Stock Form 1137—Leave Record

## Establishing the System

### Timing the Installation

Any changeover from a comprehensive payroll system to a simplified system should be made as of the beginning of a biweekly pay period. The first pay period for which wages are *paid* in the calendar year is the best for making the change, since the wages *paid* and taxes withheld in the calendar year are totaled for reporting on Form W-2 (Withholding Tax Statement, Federal Taxes Withheld from Wages). If the change is made during the year, it should be done for the first pay period in the calendar quarter because of the quarterly tax returns on withheld taxes.

### Arrangements With Disbursing Office

Arrangements must be made with the disbursing office to set up the addressograph or punch card file and to prepare the skeleton payroll, prior to adopting the simplified system.

A payroll list showing the name and net pay of each employee must be furnished the disbursing office for its use in setting up the addressograph plate or punch card file. The names should be arranged in blocks and in the order in which the payroll office desires to maintain the individual pay cards and the payroll control registers and to prepare the biweekly payrolls. The comprehensive payroll for the preceding pay period may be used for this purpose.

### Arrangements With Personnel and Administrative Offices

Arrangements should be made with the agency personnel office to furnish the basic documents required for establishing the normal pay and the changes in the normal pay of each employee—principally SF 50, Notification of Personnel Action, and Form W-4, the Employee's Withholding Exemption Certificate—and the employee's social security account number.

Arrangements should also be made with the administrative offices to furnish the Time and Attendance Report, Stock Form 1130, 1135, or 1136, and to maintain the individual leave record if it is to be maintained on Stock Form 1130 in the administrative offices. The initial set of these forms should be prepared with the opening balances and furnished to the administrative offices or the necessary information should be supplied for setting them up.

Arrangements should be made for the administrative offices to furnish the payroll office the required information on the appropriations to which the payrolls are to be charged.

## Opening the Payroll Records

The payroll records are opened with the beginning balances, usually obtained from the comprehensive payroll for the preceding pay period.

An Individual Pay Card, Stock Form 1127, is opened for each employee showing his earnings, deductions, and net pay for the beginning pay period. The cards should be arranged in blocks in the same order as that in which addressograph or punch card files are to be maintained by the disbursing officer (and the biweekly payrolls are to be prepared) for convenience in processing changes, verifying the biweekly payroll lists, and verifying and distributing the pay checks. Each block (or groups of blocks) should be assigned to a specific payroll clerk or unit in the payroll office.

A Payroll Control Register, Stock Form 1125 or 1125A, is opened for each control block showing the total of each item of earnings and deductions and the net "normal pay" at the beginning of the pay period, as established from the related individual pay cards.

A Time and Attendance Report, Stock Form 1130, or a Leave Record, Stock Form 1137, is opened for each employee showing his beginning leave balance.

## Payroll Change Slip

### Purpose of the Payroll Change Slip (SF 1126)

SF 1126, Payroll Change Slip, is the basic document and posting medium used in maintaining the payroll records in the payroll office and the addressograph file in the disbursing office. A copy of each change slip is furnished to the employee. It is also used as the personnel action document for the Official Personnel Folder and to furnish statistical information to the Civil Service Commission where the use of SF 50, Notification of Personnel Action, is not required by the Commission. (See the Federal Personnel Manual, chapter 296, and supplement 296-31.)

### Preparation of SF 1126

SF 1126 is prepared in the payroll office, for each change in pay, name, or status, from personnel action documents and other advices.

When SF 1126 is prepared for changes for which SF 50 is executed and filed in the personnel folder, such as those relating to appointments and separations, a four-part set should be used because the Personnel Copy, SF 1126d, is not required. SF 1126 is prepared in these cases from the SF 50. The Personnel Copy is also unnecessary when SF 1126 is prepared for temporary changes such as those relating to overtime and holiday pay and for permanent changes such as changes in the number of tax exemptions and in bond deductions.

When SF 50 is not prepared and a copy of SF 1126 is to be filed in the Official Personnel Folder, principally in the case of within-grade increases but also in cases of administrative pay increases, certain pay adjustments, etc., the Personnel Copy will be prepared.

SF 1126 may be used but is not necessary when the pay of employees is adjusted as a whole by legislative action.

SF 1126 is prepared from source documents such as personnel action documents, time and attendance reports, bond deduction authorizations, and withholding exemption certificates. A concise explanation of the reason for the pay change should be given in the block for "Remarks," unless this information is otherwise indicated on the form or is shown on another document filed in the payroll office, a copy of which has been furnished to the employee.

### Distribution and Use of SF 1126

After the SF 1126 is prepared, items on the Payroll Copy are posted to the Payroll Control Register, Stock Form 1125 or 1125A, individually or in total, and to the Individual Pay Card, Stock Form 1127, and held by

the payroll clerk who maintains the pay card until the payroll list is received from the disbursing office. After the roll is verified, the payroll copies are filed, usually in payroll sequence for each payroll period, to support the entries to the control register and the pay cards.

The Employee's Copy is forwarded to the person responsible for the receipt and distribution of the pay checks and is given to the employee with his check.

The Disbursing Officer's Copy is forwarded to the disbursing office, where the necessary change is made on the addressograph plate or punch card.

The Administrative Copy is prepared for statistical or other purposes, perhaps for use outside the payroll office.

When SF 1126 is used in lieu of SF 50 and a copy is required to be furnished to the Civil Service Commission, the Utility Copy is prepared for this purpose if no other copy in the set is available.

# Individual Pay Card

## Purpose of Individual Pay Card (Stock Form 1127)

Stock Form 1127, Individual Pay Card, is maintained as the earnings record for each employee. It is the individual bond account for employees who purchase U.S. Savings Bonds by payroll deduction. It is also the record for the current calendar year of retirement deductions and the source from which the Individual Retirement Record, SF 2806, is posted at the end of each calendar year and when the employee is separated or transfers to another Government agency.

The pay card is the source of data for reporting wages taxable under the Federal Insurance Contributions Act for each employee on the Employer's Quarterly Federal Tax Return (Form 941) and for preparing the annual Withholding Tax Statement (Form W-2) for Federal income tax and other similar withholding statements furnished to the States and territories for which income taxes are withheld. It is used in making the finding and report to the State employment security agency when the employee files a claim for unemployment compensation.

## Posting Stock Form 1127

Stock Form 1127 is posted for each change in pay from the Payroll Change Slip, SF 1126. The bond account portion of the card is posted for bond purchases and refunds from the bond issuance schedules and refund vouchers.

At the time the card is established for a new employee, complete status information, including the amount of normal pay, is posted from the initial payroll change slip and other payroll documents, such as the Employee's Withholding Exemption Certificate (Form W-4) and the authorization for purchase of U.S. Savings Bonds. The payroll block number is entered on the card to identify the payroll block by which the card is to be filed.

All salary payments to the employee are recorded on the pay card. Detailed postings are made for earnings, deductions, and net pay when the card is established for a new employee and when a new card is set up at the beginning of each calendar year. Detailed postings are made for each pay period in which any of the amounts change from those of the preceding pay period; the detailed postings are made from the change slips, SF 1126. When the amounts are the same as those for the preceding pay period, the pay clerk merely initials the pay card.

## Totaling the Pay Cards

The Individual Pay Card, Stock Form 1127, contains spaces for recording the totals of each of the earnings and deductions columns and the net pay column for each quarter and for the calendar year. The blocks for total earnings and total deductions for withheld Federal income and FICA taxes for the year are set apart on the form to facilitate preparation of the Withholding Tax Statement (Form W-2).

The quarterly totals are reconciled with totals of the Payroll Control Register, Stock Form 1125 or 1125A, and are used for preparing the Employer's Quarterly Federal Tax Return (Form 941). The annual total is posted to the Individual Retirement Record, SF 2806.

# Payroll Control Register

## Purpose of Payroll Control Register

The Payroll Control Register provides a means of securing independent totals for the various items of earnings and deductions and the net pay, as a control over the detailed amounts recorded in the individual pay cards, and a means of verifying the payroll list prepared by the disbursing office for each pay period.

The control register also provides a means of verifying quarterly that the postings to the general ledger are in agreement with the individual pay cards. The totals are developed for each pay period by posting only the changes in pay. Comparison of the total net pay shown on the payroll list with the predetermined total on the control register obviates the necessity of verifying each item. No detailed verification is necessary when the net pay totals agree, and only the items for which changes are shown on the control register need be verified on the payroll list to locate an error when the totals do not agree. All changes which affect current pay should be verified.

## Alternative Forms

Two stock forms for the Payroll Control Register are provided. Stock Form 1125 is designed for detailed posting of each payroll change slip during the pay period or the summary posting of groups of change slips. Stock Form 1125A is designed for summary posting of the totals of the payroll change slips for the pay period. Substantial savings in the time required to post the control register are possible in many payroll offices by making the postings in summary at the end of the pay period on Stock Form 1125A or for groups of change slips during the pay period on Stock Form 1125.

## Establishing the Control Register

A separate payroll control register should be established for each block of pay cards maintained by each payroll clerk. One or several control registers may be maintained for each payroll which is to be prepared.

The control register is established at the inauguration of the simplified system by posting the normal pay amount for each item of earnings and deductions and the net pay. A new control register is used for each pay period, to which the normal pay amounts are brought forward from the previous register.

## Posting to Stock Form 1125

The normal pay amounts as of the beginning of the pay period are posted on the first line of Stock Form 1125, in the columns under "Previous

Normal Pay," from the "New Normal Pay" columns of the form for the preceding pay period. Changes in pay are posted from payroll change slips, individually for each change slip or in summary for a group of change slips. The amounts shown on the change slip as "Previous normal," "New normal," and "Pay this period" are posted to the corresponding sections and columns of Stock Form 1125.

After the end of the pay period the entries posted under "Previous Normal Pay," representing the previous normal pay of employees whose pay changed during the period, are totaled and deducted from the normal pay which was brought forward and was posted on the first lines. The balance, representing the normal pay of the employees whose pay did not change, is entered on the first line under "Pay for This Period" and under "New Normal Pay."

The totals for the columns under "Pay for This Period" represent the aggregate earnings, deductions, and net pay for the pay period and must agree with the totals of the payroll and the individual pay cards.

The totals for the columns under "New Normal Pay" represent the normal pay of the employees as of the beginning of the next pay period and will be entered on the first line of the control register for the next pay period under "Previous Normal Pay," thus establishing a continuity of control.

If there are adjustment transactions for canceled checks or cash collections for overpayments, they are posted after the columns are totaled, as described above. The adjustments are posted to the "Pay This Period" columns only. The amount of the canceled check or the cash collection is posted in red as a subtract item in the gross pay and net pay columns. The cancellation of the pay check or collection of an overpayment effects correction of the net pay for the employee but does not adjust the amounts previously deducted and processed for retirement, withheld taxes, etc.

The amount by which each of the deductions should be adjusted is posted in red in the deduction column and the total in the gross pay column. The adjustments are subtracted from the regularly determined totals, and the adjusted totals are shown on the control register. The change slips for the adjustments are posted to the individual pay cards but are not forwarded to the disbursing office. They are, however, routed within the agencies and distributed to the employees.

The adjusted totals for gross pay and the various deductions are used in scheduling the payroll for payment. However, the adjustments do not affect the net amounts shown by the disbursing office on the payroll list. Consequently, the total of the payroll list must agree with the regularly determined net pay amount on the control register, obtained before the adjustment entries are made. The totals of the individual pay cards must agree with the adjusted totals.

When a supplemental payroll for additional payments is necessary, the control register entries for such supplemental roll are made below the regular entries and the adjustment entries described above. The supplemental entries under "New Normal Pay" are added to the regularly determined totals to establish the correct "Previous Normal Pay" figures for the next ensuing control register.

## Posting to Stock Form 1125A

Stock Form 1125A provides the same control totals as those provided by Stock Form 1125, but is posted in summary only. The detailed information is shown on the change slips.

The normal pay amounts as of the beginning of the pay period are posted on the first line from the "New Normal Pay" line of the register for the preceding pay period. The change slips are totaled after the end of the pay period and posted in summary to the control register. The totals of these summary postings represent the regularly determined "Pay This Period." Adjustments and supplemental payrolls are posted below these totals, in detail or in summary. The regularly determined and the adjusted totals are the same as those developed on Stock Form 1125 and are used in the same manner.

## **Vouchering and Payment**

### **Scheduling the Payroll for Payment**

Where the entire simplified payroll system is used, the biweekly payroll is scheduled for payment, separately from other types of vouchers, on SF 1166, Voucher and Schedule of Payments, in accordance with the practice of the agency in scheduling its disbursement vouchers. The preparation of SF 1128, Payroll for Personal Services—Payroll Certification and Summary, as a basic voucher for scheduling on SF 1166 is unnecessary when the payroll is scheduled in that manner. The preparation of SF 1096, Schedule of Voucher Deductions, as a collection voucher for the payroll deductions is necessary only in unusual cases, such as when deductions representing repayments to the civil service retirement and disability fund are effected by the agency at the specific request of the Civil Service Commission.

### **Use of Standard Form 1128**

In payroll offices where the number of civilian per annum employees to be paid is small and adoption of the entire simplified system (with a file of addressograph plates or punch cards maintained by the disbursing office and a payroll list prepared each pay period from the plates or cards) is not justified, a comprehensive payroll may be prepared on SF 1128, Payroll for Personal Services—Payroll Certification and Summary.

When SF 1128 is so used it must contain detailed information on the earnings, deductions, and net pay of each employee, and the Payroll Control Register, Stock Form 1125 or 1125A, is unnecessary. Other forms of the simplified system may still be used, such as the Payroll Change Slip, SF 1126; the Individual Pay Card, Stock Form 1127; the Time and Attendance Reports, Stock Form 1130, 1135, or 1136; and the Leave Record, Stock Form 1137.

### **Lump-Sum Leave Payments**

When lump-sum leave payments made under the act approved December 21, 1944, 5 U.S.C. 61b, are not included on regular pay period payrolls, they are vouchered on SF 1128 or the amount may be entered on SF 1166 direct from the change slip, SF 1126.

# Time and Leave Records

## Nature and Purpose

The simplified payroll system provides for certain forms to be used and certain procedures to be followed by the administrative offices in reporting attendance and absence from duty of each employee for each pay period to the payroll office for use in preparing the payroll. The system also provides for maintaining a leave record for each employee.

Alternative forms and procedures are provided for reporting time and attendance and for maintaining either a decentralized leave record in the administrative offices or a centralized record in the payroll office. The decentralized record maintained on Stock Form 1130 is usually preferred over the centralized record maintained on Stock Form 1137 from information supplied on Stock Form 1130, 1135, or 1136.

The time and attendance information on overtime and premium-pay duty time and on leave without pay is required for computing each employee's earnings when they differ from his normal pay. A leave record is necessary for each employee for administering the leave laws and regulations and for determining whether leave taken is with or without pay in computing the employee's pay and preparing the payroll.

The administration of leave is governed by the Annual and Sick Leave Act of 1951, 5 U.S.C. 2061, 2062, and the Annual and Sick Leave Regulations of the Civil Service Commission, 5 CFR 630.101 *et seq.*, or the Federal Personnel Manual, chapter 630, and supplements 990-1, part 630, and 990-2, book 630.

## Time and Attendance Reporting

A time and attendance record is maintained in the administrative offices on a daily basis for each employee, and reports are furnished by the administrative offices to the payroll office each pay period showing the hours of duty attendance and absence for each employee. An individual form, Stock Form 1130, or a schedule form, Stock Form 1135 or 1136, of Time and Attendance Report may be used. The individual Time and Attendance Report, Stock Form 1130, contains space for showing the leave accruals and balances.

When Stock Form 1130 is used solely to report attendance and absence, only the central portion of the form is used. A separate form is maintained for each employee, and a new form is used for each biweekly pay period. It is maintained in the administrative offices by designated employees having supervision over duty attendance. The time in pay status is entered directly on the form each day. The time absent is entered directly on the form or is posted from SF 71 (CSC), Application for Leave. Time in pay status and time absent are classified so that the payroll office can determine the rate of pay for time worked and whether leave was with or without pay. The Stock Form 1130 is certified and forwarded to the payroll office at the end of each pay period for use in computing the employee's pay and preparing the payroll.

Time and attendance may be reported by the administrative offices to the payroll office on the schedule forms of the Time and Attendance Report, Stock Form 1135 (short form) or Stock Form 1136 (long form)

if the leave records are maintained centrally. These schedule forms contain space for recording daily the time in pay status and time absent for each employee and are maintained and used as described above for the individual form, Stock Form 1130.

### **Maintenance of Leave Records**

In recognition that current information on leave status and characteristics of leave taking are of importance to the supervisor, the leave record should, if otherwise practicable, be maintained at this level. Generally, when the leave records are kept at this level, Stock Form 1130 is maintained and used as an individual leave record, as well as a time and attendance report. However, selection of the form used, whether it be Stock Form 1130 or 1137, should be based on operating needs and efficiency of maintenance.

Information on the leave balances and rate of leave accrual of a new employee is furnished by the personnel office, frequently by showing the information on the leave record for the first pay period. The leave accrued and leave taken are recorded during the pay period by the time and leave clerk when the leave record is maintained at that level.

The record showing leave taken should be initialed by the employee or supported by his signed application. Obtaining the employee's initials or a signed application may be waived by the department or agency when mechanical time-recording devices are used by the employee for recording and reporting attendance.

Sick leave absences in excess of 3 days must be supported by a medical certificate or other evidence that is administratively acceptable.

When Stock Form 1130 is used, the leave balances are computed and entered at the end of the period. The balances are carried forward to the new form for the next pay period, and the old form for the expired pay period is forwarded to the payroll office and filed there. The leave record and information for the current pay period, including the current balances, are available on the Stock Form 1130 in the administrative office and for prior periods on forms filed in the payroll office.

When Stock Form 1137, Leave Record, is used, the information on the Time and Attendance Report, Stock Form 1130, 1135, or 1136, is posted to the leave record prior to the forwarding of the time and attendance report to the payroll office.

When the leave records are centralized in the payroll office, they are maintained on Stock Form 1137. A separate form is maintained for each employee, and a new form is required for each leave year. The leave accruals and the totals of the leave taken for each pay period are posted from the Time and Attendance Report, Stock Form 1130, 1135, or 1136.

### **Leave Accruals**

In an agency where the leave policy precludes the use of leave until it is earned, the leave accruals for the pay period are not added to the leave balances brought forward on Stock Form 1130 or other similar leave record until the close of the pay period.

In an agency where the leave policy permits the granting of leave before it is earned, the leave accruals for the pay period are added at the begin-

ning of the pay period to the balances of leave brought forward to show the aggregate of leave available at any time.

If the leave policy of an agency permits crediting employees at the beginning of the leave year with annual leave for all of the leave year, such leave is added to any leave balance brought forward from the prior leave year, thus making the total available at any time during the year.

### **Certification of Time and Leave Records**

Persons responsible for maintenance and certification of time and leave records should have positive knowledge as to whether each employee for whom they are assigned recordkeeping responsibility is present or absent at all times.

Employees shall not be permitted to maintain, certify, or approve their own time and leave records except under unusual circumstances, such as when a person works alone at an isolated post and such authority has been given in writing by an appropriate official authorized by the head of the agency to grant such authority.

### **Transfer of Leave**

Standard Form 1150, Record of Leave Data Transferred, is used for reporting leave transferred between Federal agencies in cases where the employee is transferred or reemployed with prior service in another agency. The procedures to be followed in the preparation and processing of SF 1150 will vary depending on whether the employee was separated before January 1, 1963, or after December 31, 1962. It follows:

1. Employees Separated Before January 1, 1963. When an employee who was separated before January 1, 1963, is reemployed, the employing agency should complete the reverse side of SF 1150 in duplicate and forward both the original and the copy to the agency from which the employee was separated for completion of the face of the form. In addition to the information for which space is provided, other pertinent information, such as foreign or nonforeign differential, should be shown in the "Remarks" space. The form should be signed by the person responsible for the accuracy of the leave record. The original of the form should be returned to the employing agency and the copy retained in the agency from which the employee was separated.

2. Employees Separated After December 31, 1962. When an employee is separated after December 31, 1962, the releasing agency should complete the face of SF 1150 in duplicate. In addition to the information for which space is provided, other pertinent information, such as foreign or nonforeign differential, should be shown in the "Remarks" space. The form should be signed by the person responsible for the accuracy of the leave record.

The original of the SF 1150 should be filed by the releasing agency on the right side of the Official Personnel Folder. If the employee is transferred or reemployed, the SF 1150 should be made available to the employing agency as part of the employee's Official Personnel File. If the new employment is in a position subject to the same leave system, the employing agency should remove the SF 1150 from the Official Personnel Folder and forward it to the office responsible for the leave records. A copy of the SF 1150 should be retained by the releasing agency.

## Appendix A—Forms

Standard Form 50—Notification of Personnel Action  
Standard Form 71—Application for Leave  
Standard Form 1126—Payroll Change Slip  
Standard Form 1128—Payroll for Personal Services, Payroll Certification and Summary  
Standard Form 1150—Record of Leave Data Transferred  
Standard Form 1166—Voucher and Schedule of Payments  
Stock Form 1125—Payroll Control Register  
Stock Form 1125A—Payroll Control Register  
Stock Form 1127—Individual Pay Card  
Stock Form 1130—Time and Attendance Report (individual form)  
Stock Form 1135—Time and Attendance Report (short form)  
Stock Form 1136—Time and Attendance Report (long form)  
Stock Form 1137—Leave Record

## Standard Form 50

STANDARD FORM 50—Rev. December 1961  
U.S. Civil Service Commission  
FPMR Chap. 206

### NOTIFICATION OF PERSONNEL ACTION (EMPLOYEE — See General Information on Reverse)

(FOR AGENCY USE)

1. NAME (CAFS) LAST—FIRST—MIDDLE		MR.—MISS—MRS.	2. (FOR AGENCY USE)	3. BIRTH DATE (Mo., Day, Year)	4. SOCIAL SECURITY NO.
5. VETERAN PREFERENCE 1—NO 2—10 FT. 3—10 FT. DISAB. 4—10 FT. COMP. 5—10 FT. OTHER			6. TENURE GROUP	7. SERVICE COMP. DATE	8. PHYSICAL HANDICAP CODE
9. FEGLI 1—COVERED 2—INELIGIBLE 3—WAIVED			10. RETIREMENT 1—CS 2—FICA 3—FS 4—NONE 5—OTHER		11. (FOR CSC USE)
12. CODE, NATURE OF ACTION			13. EFFECTIVE DATE (Mo., Day, Year)	14. CIVIL SERVICE OR OTHER LEGAL AUTHORITY	
15. FROM: POSITION TITLE AND NUMBER			16. PAY PLAN AND OCCUPATION CODE	17. (A) GRADE OR LEVEL (B) STEP OR RATE	18. SALARY
19. NAME AND LOCATION OF EMPLOYING OFFICE					
20. TO: POSITION TITLE AND NUMBER			21. PAY PLAN AND OCCUPATION CODE	22. (A) GRADE OR LEVEL (B) STEP OR RATE	23. SALARY
24. NAME AND LOCATION OF EMPLOYING OFFICE					
25. DUTY STATION (City—county—State)					26. LOCATION CODE
27. APPROPRIATION			28. POSITION OCCUPIED 1—COMPETITIVE SERVICE 2—EXCEPTED SERVICE		29. APPORTIONED POSITION FROM: TO: STATE 1—PROVED-1 2—WAIVED-2
30. REMARKS: <input type="checkbox"/> A. SUBJECT TO COMPLETION OF 1 YEAR PROBATIONARY (OR TRIAL) PERIOD COMMENCING <input type="checkbox"/> B. SERVICE COUNTING TOWARD CAREER (OR PERMANENT) TENURE FROM: SEPARATIONS: SHOW REASONS BELOW, AS REQUIRED. CHECK IF APPLICABLE: <input type="checkbox"/> C. DURING PROBATION <input type="checkbox"/> D. FROM APPOINTMENT OF 6 MONTHS OR LESS					
31. DATE OF APPOINTMENT AFFIDAVIT (Accession only)			34. SIGNATURE (Or other authentication) AND TITLE		
32. OFFICE MAINTAINING PERSONNEL FOLDER (If different from employing office)			35. DATE		
33. CODE EMPLOYING DEPARTMENT OR AGENCY					

\* U.S. GOVERNMENT PRINTING OFFICE: 1963-O-705-278 (18-D)

### Standard Form 71 (Front)

NAME (Print or type—Last, First, Middle Initial)		IDENTIFICATION NO.	
ORGANIZATIONAL UNIT		FROM (Mo., Day, Hr.)	NO. OF HOURS
TYPE <input type="checkbox"/> ANNUAL—"I understand that any annual leave authorized in excess of the amount available to me during the leave year will be charged to LWOP." <input type="checkbox"/> SICK—Complete other side of this form.		a.m.	p.m.
LEAVE <input type="checkbox"/> WITHOUT PAY <input type="checkbox"/> COMPENSATORY <input type="checkbox"/> OTHER (Specify)		TO (Mo., Day, Hr.)	
REMARKS		SIGNATURE OF EMPLOYEE	
		DATE	
INSTRUCTIONS: Complete above part of form. If applying for sick leave, check appropriate box on back (top) of form. If you were under care of a doctor, he should complete "CERTIFICATE OF PHYSICIAN OR PRACTITIONER" also on back.			
OFFICIAL ACTION ON APPLICATION			
<input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED (If disapproved, give reason)		SIGNATURE AND DATE	
STANDARD FORM 71 71-107 APPLICATION FOR LEAVE U.S. CIVIL SERVICE COMMISSION FPM 50PL 76-2 Revised August 1964			

### Standard Form 71 (Back)

EMPLOYEE (If applying for sick leave)	DURING THIS ABSENCE I WAS		
	<input type="checkbox"/> INCAPACITATED FOR DUTY BY SICKNESS OR INJURY	<input type="checkbox"/> INCAPACITATED FOR DUTY BY PREGNANCY AND CONFINEMENT	<input type="checkbox"/> UNDERGOING MEDICAL, DENTAL OR OPTICAL EXAMINATION OR TREATMENT
	<input type="checkbox"/> REQUIRED TO CARE FOR A MEMBER OF MY FAMILY WITH A CONTAGIOUS DISEASE (Give name and relationship of member of family, and name of disease)	<input type="checkbox"/> REQUIRED TO BE ABSENT BECAUSE OF EXPOSURE TO CONTAGIOUS DISEASE (Give name of disease and circumstances of exposure)	
CERTIFICATE OF PHYSICIAN OR PRACTITIONER	NAME OF EMPLOYEE	PERIOD UNDER PROFESSIONAL CARE	FROM (Mo., Day, Year)
	POSITION OCCUPIED		TO (Mo., Day, Year)
	REMARKS		
	THE EMPLOYEE NAMED WAS UNDER MY PROFESSIONAL CARE DURING THE PERIOD STATED ABOVE. From the medical standpoint, his condition during this period was such that I considered it inadvisable for him to report to work.		
	SIGNATURE	DATE	

☆ U.S. GOVERNMENT PRINTING OFFICE 1964-O-755-147#14-E

Standard Form No. 1126

1. ORGANIZATION	2. PAYROLL PERIOD	3. BLOCK NO.	4. SLIP NO.
5. EMPLOYEE'S NAME	6. (FOR AGENCY USE)	7. SOCIAL SECURITY NO.	

**PART A—NOTIFICATION OF BASIC PAY CHANGE**

8. NATURE OF ACTION CODE 892 QUALITY INCREASE 893 WITHIN GR. INCREASE 894 PAY ADJUSTMENT	896 ADMINISTRATIVE PAY INCREASE 897 ADMINISTRATIVE PAY DECREASE OTHER (Specify)	9. EFFECTIVE DATE	10. DATE OF LAST EQUIV. INCREASE	11. OLD SALARY
12. (FOR AGENCY USE)	13. GRADE OR LEVEL	14. NEW STEP OR RATE	15. NEW SALARY	
16. WORK IS OF AN ACCEPTABLE LEVEL OF COMPETENCE.	18. SIGNATURE		DATE	
17. PERFORMANCE IS SATISFACTORY OR BETTER				

**PART B—DATA ON UNPAID ABSENCE**

19. PERIOD(S)	20. TOTAL EXCESS	21. IN PAY STATUS AT END OF WAITING PERIOD 1. YES 2. NO	22. INITIALS
---------------	------------------	--	--------------

**PART C—PAYROLL CHANGE DATA**

	BASE PAY	OVERTIME		GROSS PAY	FEDERAL TAX	FICA	STATE TAX	BOND
23. PREV. MONTH								
24. NEW MONTH								
25. THIS PER.								
	CSR	GROUP LIFE INS.	HEALTH BENEFITS	ORGAN. DUES				NET PAY
26. PREV. MONTH								
27. NEW MONTH								
28. THIS PER.								
29. APPROPRIATION(S)				27. PREPARED BY		28. AUDITED BY		

**PART D—REMARKS**

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Standard Form No. 1128 (Front)

Standard Form No. 1128

PAGE 1

**PAYROLL FOR PERSONAL SERVICES  
PAYROLL CERTIFICATION AND SUMMARY**

Department or establishment \_\_\_\_\_  
 Bureau, division, or office \_\_\_\_\_  
 Location \_\_\_\_\_  
 Period of this roll (From—to) \_\_\_\_\_

Voucher No. \_\_\_\_\_  
**PAID BY**

**CERTIFICATION**

Date \_\_\_\_\_

Pursuant to authority vested in me I certify that the within payroll, in \_\_\_\_\_ pages, is correct and proper for payment.

This roll approved for \$ \_\_\_\_\_  
 \_\_\_\_\_  
 (Signature of certifying officer)  
 \_\_\_\_\_  
 (Official title)

PAYROLL SUMMARY		
	AMOUNT	CHECK NOS
Net payment to employees (as per attached lists) .....		XXXXXXXXXXXX
Other items requiring disbursement:		
Federal Withholding Tax .....		
Federal Insurance Contributions Act, Employees' Tax .....		
Federal Insurance Contributions Act, Employer's Tax .....		
State Withholding Tax .....		
U.S. Savings Bonds .....		
Civil Service Retirement, Employees' .....		
Civil Service Retirement, Employer's .....		
Group Life Insurance, Employees' .....		
Group Life Insurance, Employer's .....		
Health Benefits, Employees' .....		
Health Benefits, Employer's .....		
Organization Dues .....		
Other (itemize) .....		
.....		
.....		
GROSS PAYMENTS .....		
Other items not requiring disbursement (subsistence, etc.) .....		
.....		XXXXXXXXXXXX
.....		XXXXXXXXXXXX
GROSS EARNINGS .....		XXXXXXXXXXXX

Standard Form No. 1128 (Back)

NAME, GRADE, ORGANIZATION, TITLE, ADDRESS AND HEALTH BENEFITS CODE	CHECKS AMOUNT EARNED	DEDUCTIONS								NET AMOUNT PAID	CHECKS NO. CHANGE SLIP NO. OR REMARKS
		FICA	STATE TAX	BOND	CSR	UNEMP. INS. TAX	HEALTH INSURANCE	OTHER D.D.S.			

U.S. GOVERNMENT PRINTING OFFICE: 1966 O-281-101-101-01

Standard Form No. 1150 (Front)

1. LAST NAME		FIRST NAME		INITIAL(S)		2. APPOINTMENT DATA			3. TOTAL SERVICE FOR LEAVE <i>(as of date of separation)</i>			
						Entered on duty			Years			
						T/T			Months			
						P/T			Days			
4. DATE AND NATURE OF SEPARATION						Subject to Sec. 203(d), 1951 Leave Act						
						Yes <input type="checkbox"/> No <input type="checkbox"/>						
						Ceased to be subject to Sec. 203(d)			<input type="checkbox"/> More than 15 years			
						on _____ Annual Leave Bal						
SUMMARY OF ANNUAL AND SICK LEAVE						SUMMARY OF HOME LEAVE						REMARKS
(HOURS)						(DAYS)						
5. Balance from prior leave year ended _____						14. Date arrival abroad for HL purposes _____						
19 _____						15. Current balance as of _____ 19 _____						
6. Current leave year accrual through _____						16. 12-month accrual rate _____						
19 _____						17. Dates leave used, prior 24 months _____						
7. Total _____						18. Monthly accrual date _____						
8. Reduction in credits, if any (current year) _____						19. Calendar days credit for next accrual date _____						
9. Total leave taken _____						20. Date basic service period completed _____						
10. Balance _____						MILITARY LEAVE						
11. Total hours paid in lump sum _____						21. Dates during current calendar yr _____ to _____						
12. Salary rate(s) _____						22. Dates during preceding calendar yr _____ to _____						
13. Lump sum leave dates _____						ABSENCE WITHOUT PAY						
From _____ to _____ (Hours)						During leave year in which separated						[WOP or AWOL or Furlough Suspension (Hours)]
26. Certified correct by _____						23. _____						
(Signature) _____ (Date) _____						24. During step-increase waiting period which began on _____						
(Title) _____ (Telephone) _____						25. During 12-month HL accrual period (dates) _____						

Standard Form No. 1150

RECORD OF LEAVE DATA TRANSFERRED

Standard Form No. 1150 (Back)

To: RELEASING ORGANIZATION— You are requested to furnish promptly the leave data on \_\_\_\_\_

[ ]  [ ]	(Name of employee)
	(Date of birth)
	(Date of request)

NOTE  
If this address is not the correct one to which future inquiries should be mailed, insert the correct address below.

Return to: EMPLOYING ORGANIZATION

[ ]  [ ]	

• GPO 1961 O-618717













### Stock Form No. 1130

<b>NAME</b>		<b>HOURS OF DUTY IF N, D OR OTHER THAN REGULAR</b>		<b>Leave balances from prior period</b>		<b>ANNUAL</b>	<b>SICK</b>	<b>BLOCK</b>						
Reporting Unit				Leave accrual rate this period										
Agency				Aggregate leave available this period										
Pay Period														
<b>TIME AND ATTENDANCE REPORT</b> Stock Form No. 1130 Title 9, GAO Manual	<b>TIME IN PAY STATUS</b>				<b>DAY</b>	<b>TIME ABSENT</b>						<b>INITIALS*</b>		
	<b>REGULAR</b>	<b>N</b>	<b>D</b>	<b>OTHER</b>		<b>COMPEN- SATORY</b>	<b>FROM</b>	<b>TO</b>	<b>COMPEN- SATORY</b>	<b>A-OP</b>	<b>EWOP</b>		<b>ANNUAL</b>	<b>SICK</b>
<b>REMARKS</b>						Sun.								
						Mon.								
						Tue.								
						Wed.								
						Thu.								
						Fri.								
						Sat.								
						Sun.								
						Mon.								
						Tue.								
						Wed.								
						Thu.								
						Fri.								
						Sat.								
<b>PAY PERIOD TOTAL</b>														
<b>COMPENSATORY TIME</b>														
Brought forward								Balances at close of this period				Tel.		
Worked this pay period								W.O.P. total for leave year to end of prior period				Room		
Total for this pay period								W.O.P. total for leave year to end of this period				Certified correct		
Used this pay period								Military leave granted to end of this period (days)						
Paid this pay period								*Certification for SICK LEAVE.				(Supervisor or timekeeper) # GPO 1962 O-832178-11C		
Balance at end of this pay period								I certify that this absence was due to illness which incapacitated me for duty.						



### Stock Form No. 1136

A—Annual Leave  
 S—Sick Leave  
 O—Other Leave With Pay  
 W—Leave Without Pay  
 SUS—Suspension  
 AVP—Absence Without Leave  
 C—Compensatory Time Taken  
 CT—Compensatory Time Worked  
 TR—Travel Status  
 NY—Night Differential Time  
 OT—Overtime Worked

#### TIME AND ATTENDANCE REPORT

Note—Regular hours in pay status will be entered daily on first line of daily blocks, hours other than regular and hours absent, followed by proper symbol of above code, on second line; and time of absence (from and to) on third and fourth lines with employee's initials on fifth line.

Agency	Reporting Unit							Block				Hours of Day if N/D or Other Than Regular				Pay Period						
	FIRST WEEK							SECOND WEEK							HOURS IN PAY STATUS				HOURLY AMOUNT			
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Kind	1st Work Week	2nd Work Week	Total	Over	Under	Wage	Comp
1															Base							
															Base							
2															Base							
															Base							
3															Base							
															Base							
4															Base							
															Base							
5															Base							
															Base							
6															Base							
															Base							
7															Base							
															Base							
8															Base							
															Base							



Stock Form No. 1137 (Front)

LAST NAME		FIRST NAME AND INITIAL			IDENTIFICATION NO.			TYPE OF APPOINTMENT			EOD DATE			AGENCY			LEAVE YEAR								
Stock Form No. 1137 Title 9, GAO Manual		<b>LEAVE RECORD</b>															SERV COMP DATE			ANN LEAVE CATEGORY			CATEGORY CHANGE DATE		
MONTH	PAY PER. NO.	ANNUAL			SICK			MONTH	PAY PER. NO.	ANNUAL			SICK			ABSENCE WITHOUT PAY W-AWL-SUSPENDED			COMPENSATORY TIME RECORD						
		TAKEN	HRS.	ACC.	TAKEN	HRS.	ACC.			TAKEN	HRS.	ACC.	TAKEN	HRS.	ACC.	DATE	TYPE	HRS.	TOTAL	PERIOD	HOURS WORKED	HOURS TAKEN	BAL.		
JANUARY								JULY																	
FEBRUARY								AUGUST																	
MARCH								SEPTEMBER																	
APRIL								OCTOBER																	
MAY								NOVEMBER																	
JUNE								DECEMBER																	
												REMARKS			YEARLY SUMMARY (HOURS)										
															ITEM										
															BALANCE FROM PRIOR YEAR										
															YEARLY ACCRUAL										
															TOTAL										
															TOTAL TAKEN										
															BALANCE										
															FORFEITED										
															BALANCE FORWARDED										
LAST NAME		FIRST NAME AND INITIAL			IDENTIFICATION NO.			TYPE OF APPOINTMENT			EOD DATE			AGENCY			LEAVE YEAR								

U. S. GOVERNMENT PRINTING OFFICE 1963 O - 67070

Stock Form No. 1137 (Back)

LAST NAME		FIRST NAME AND INITIAL			IDENTIFICATION NO.			TYPE OF APPOINTMENT			EOD DATE			AGENCY			LEAVE YEAR								
Stock Form No. 1137 Title 9, GAO Manual		<b>LEAVE RECORD</b>															SERV COMP DATE			ANN LEAVE CATEGORY			CATEGORY CHANGE DATE		
MONTH	PAY PER. NO.	ANNUAL			SICK			MONTH	PAY PER. NO.	ANNUAL			SICK			ABSENCE WITHOUT PAY W-AWL-SUSPENDED			COMPENSATORY TIME RECORD						
		TAKEN	HRS.	ACC.	TAKEN	HRS.	ACC.			TAKEN	HRS.	ACC.	TAKEN	HRS.	ACC.	DATE	TYPE	HRS.	TOTAL	PERIOD	HOURS WORKED	HOURS TAKEN	BAL.		
JANUARY								JULY																	
FEBRUARY								AUGUST																	
MARCH								SEPTEMBER																	
APRIL								OCTOBER																	
MAY								NOVEMBER																	
JUNE								DECEMBER																	
												REMARKS			YEARLY SUMMARY (HOURS)										
															ITEM										
															BALANCE FROM PRIOR YEAR										
															YEARLY ACCRUAL										
															TOTAL										
															TOTAL TAKEN										
															BALANCE										
															FORFEITED										
															BALANCE FORWARDED										
LAST NAME		FIRST NAME AND INITIAL			IDENTIFICATION NO.			TYPE OF APPOINTMENT			EOD DATE			AGENCY			LEAVE YEAR								

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