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UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
2006 WASHINGTON BOULEVARD BUILDING
234 STATE STREET
DETROIT, MICHIGAN 48226



LM093103

OCT 11 1974

Commanding Officer
Navy Regional Finance Center
Great Lakes, Illinois

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Dear Sir:

As part of our continuing review of the Navy's financial management system, we recently reviewed disbursing operations at your activity. We found few monetary errors. However, we did identify problems in processing and paying dealers' bills. The monetary errors are summarized in the appendix. The problems in processing and paying dealers' bills are discussed below.

Lost Discounts

Thousands of dollars in discounts are being lost each month because bills are not being promptly sent to the disbursing office and the disbursing officer is not following up. In the 7 months ended July 31, 1974, 44 percent of available discounts were not taken -- an average loss of \$5900 a month. In almost all cases the discount periods had already expired before the disbursing office received the bills.

The Navy Comptroller Manual (paragraph 046023-6) requires disbursing officers to maintain and periodically review records of lost discounts, identify activities responsible for continuing losses, and request corrective action. In September 1973 a command inspection team found your disbursing officer was maintaining records of lost discounts but was not reviewing the records, identifying responsible activities, or requesting corrective action.

In August 1974 we found the situation had not changed much. Although records of lost discounts were still being maintained, activities responsible for continuing losses were not being systematically identified. Also contacts

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with these activities were informal and limited to telephone conversations at the supervisor level on individual bills. Further progress, according to your staff, has been delayed because the manpower required is not available.

Since an effective program would require only a few hours each month and the potential savings are substantial, we believe the disbursing office must start following up to ensure that lost discounts are minimized.

Multiple Payments

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Savings could be realized by consolidating many bills and making one payment to each dealer. The Navy Comptroller Manual, (paragraph 046021-2) provides that a dealer's bills may be consolidated in a single payment if no more than one purchase document is involved. However, your records indicate that bills are not being consolidated to the extent permitted. During one month -- July 1974 -- 42 dealers each received 20 or more payments. Two dealers, both telephone companies, received 100 and 101 payments respectively.

According to your staff, telephone, utility, and oil company bills are paid separately because the dealer's billing and accounting systems require it and because the automated voucher payment system limits the number of bills that may be consolidated. However, telephone company officials told us that, if documentation sent with the payment identifies the services covered, consolidation would cause no problem. In fact, the company already accepts consolidated payments from the Army and Air Force. Also, we have been told that, in other Navy disbursing offices the limitations of the automated voucher payment system were overcome by going some processes manually.

We believe that telephone, utility, and oil company bills should be consolidated and the feasibility of consolidating other bills should be investigated.

We discussed the above matters, including the

monetary errors in the March 1974 account, with your staff. They indicated that they would take appropriate corrective action. We would appreciate your comments on the actions taken.

Sincerely yours,

C. H. MOORE

C. H. Moore
Regional Manager

Enclosures - 1
Appendix

cc: Comptroller of the Navy (2)
Commanding Officer,
Navy Finance Center
Director, Naval Audit
Service, Northeast
Region

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APPENDIX

U. S. GENERAL ACCOUNTING OFFICE
 DETROIT REGIONAL OFFICE
 U. S. NAVY REGIONAL FINANCE CENTER
 GREAT LAKES, ILLINOIS

EXTENT OF ERRORS

<u>TYPE OF RECORD</u>	<u>TOTAL</u>	<u>REVIEWED</u>	<u>ERRORS</u>	<u>RECORDS WITH ERRORS</u>	
				<u>Number</u>	<u>Percent</u>
Military travel vouchers	2195	305	5	5	2
Civilian travel vouchers	199	100	11	11	11
Miscellaneous vouchers	626	248	4	4	2
Totals	<u>3218</u>	<u>653</u>	<u>20</u>	<u>20</u>	<u>3</u>

SUMMARY OF ERRORS

<u>TYPE OF ERROR</u>	<u>NUMBER</u>	<u>OVERPAYMENT</u>	<u>UNDERPAYMENT</u>
<u>MILITARY TRAVEL VOUCHERS</u>			
Not entitled to per diem - in mileage status	1	\$ 5.90	
Not paid per diem - crossed international date line	2		\$36.00
Mileage - erroneous distance	1		16.20
Mileage - duplicate payment	<u>1</u>	<u>132.12</u>	
Subtotal	<u>5</u>	<u>\$138.02</u>	<u>\$52.20</u>

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SUMMARY OF ERRORS

<u>TYPE OF ERROR</u>	<u>NUMBER</u>	<u>OVERPAYMENT</u>	<u>UNDERPAYMENT</u>
<u>CIVILIAN TRAVEL VOUCHERS</u>			
Not entitled to per diem - no explanation for necessity of departure or return within 30 minutes of quarter	5	\$ 31.25	
Per diem - wrong rate	3	\$2.00	\$ 7.50
Per diem - computation	1	8.85	
Not entitled to baggage handling costs	<u>2</u>	<u>9.00</u>	
Subtotal	<u>11</u>	<u>\$100.10</u>	<u>\$ 7.50</u>
<u>MISCELLANEOUS VOUCHERS</u>			
Training duty - wrong rate of pay	2		\$ 35.97
Training duty - paid for incorrect number of days	1	\$ 19.82	
Training duty - incorrect computation of per diem	<u>1</u>		<u>5.89</u>
Subtotal	<u>4</u>	<u>\$ 19.82</u>	<u>\$ 41.86</u>
Overall total	<u>20</u>	<u>\$257.94</u>	<u>\$101.86</u>

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