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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

CIVIL DIVISION

NOV 30 1970



Dear Admiral Bender:

The General Accounting Office has reviewed selected aspects of the Coast Guard's centralized automated reserve pay and retirement point accounting system. Our review was undertaken at the request of the Coast Guard and as part of our continuing review of its accounting systems in operation.

The centralized automated reserve pay and retirement point system was implemented on July 1, 1967. Prior to that time, this function was performed manually on a decentralized basis in 11 Coast Guard District Offices. The data base for the system, which has been recorded on a master magnetic tape is designed to provide information on each Coast Guard reservist such as pay grade, rank, anniversary date, and cumulative retirement points.

Our review was concerned primarily with (1) the accuracy of the reservists' anniversary dates and cumulative retirement points included in the data base and (2) the use being made of the automated system.

We found that because the information contained in the data base was, in many instances, inaccurate and/or incomplete, it was necessary for the Coast Guard to determine retirement points manually before establishing retirement benefits. We found also that the required monthly summary report, entitled "Unit, Personnel and Performance Statistics", on Reserve Unit activities is prepared manually at Headquarters from data submitted by the districts although this data is also recorded on the master tape.

To determine whether the data included on the master tape was accurate and whether the system could be relied upon to provide cumulative retirement points for computing a reservist's retirement pay, we statistically selected the data included on the April 1969 master tape for 115 reservists' service records. In some cases, we were unable to accurately reconstruct the retirement points manually because the service records were incomplete.

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The results of our comparisons are summarized in the following table:

<u>Description</u>	<u>Number</u>	<u>Percent</u>
Accurate retirement point totals	8	7
Inaccurate retirement point totals	90	78
Unable to verify accuracy due to incomplete service records	<u>17</u>	<u>15</u>
	<u>115</u>	<u>100</u>

Because of the inaccuracies in the data base, the centralized automated reserve pay and retirement point system is of little or no use to the Coast Guard in determining retirement benefits. Accordingly, when a reservist retires, his retirement pay is computed on the basis of data--cumulative retirement point totals--manually reconstructed by searching through service records.

Although our review showed that a need exists for strengthening the Coast Guard system in the areas described above and Coast Guard officials agreed that the weaknesses existed, these officials did not indicate that corrective action was planned at the present time. The officials did advise us that the automated system would be modified in the near future to be compatible with a new Control Data 3300 computer being installed.

In view of the potential economies which should flow from the use of an accurate automated system, we believe the Coast Guard should take immediate action to permit the use of such a system. We believe such action is particularly important before beginning the use of a new generation computer.

We, therefore, recommend that you direct appropriate officials to take such action as may be required to (1) maintain complete reservists' service records, (2) develop an accurate data base for use in the automated system, and (3) provide for maximum use of the system in lieu of those functions which are now performed manually.

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We wish to acknowledge the cooperation given to our representatives during the review. Your comments and advice as to the action taken or planned on the matters presented in this report shall be appreciated.

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Copies of this report are being sent to the Secretary of
Transportation.

Sincerely yours,

Richard W. Kelley

Richard W. Kelley
Assistant Director

Admiral Chester R. Bender
Commandant
The Coast Guard

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