

**U.S. Office of Personnel Management  
Office of Merit Systems Oversight and Effectiveness  
Classification Appeals and FLSA Programs**

**Chicago Oversight Division  
230 South Dearborn Street, DPN 30-6  
Chicago, Illinois 60604**

**Classification Appeal Decision  
Under Section 5112 of Title 5, United States Code**

**Appellants:** [Names of Appellants]

**Representative:** [Name of Appellants' Representative]

**Agency Classification:** Auditor, GS-511-11

**Organization:** Department of the Navy  
[Name of Installation]  
Command Evaluation  
[City, State]

**OPM decision:** Auditor  
GS-511-11

**OPM decision number:** C- 0511-11-01

/s/

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Frederick J. Boland  
Classification Appeals Officer

April 22, 1998

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Date

As provided in section 511.612 of title 5, Code of Federal Regulations, this decision constitutes a certificate that is mandatory and binding on all administrative, certifying, payroll, disbursing, and accounting officials of the government. The agency is responsible for reviewing its classification decisions for identical, similar, or related positions to ensure consistency with this decision. There is no right of further appeal. This decision is subject to discretionary review only under conditions and time limits specified in the Introduction to the Position Classification Standards, appendix 4, section G (address provided in appendix 4, section H).

### **Decision sent to:**

[name and address of appellants' representative]

Ms. Betty Welch  
Deputy Assistant Secretary of the Navy  
Civilian Personnel - EEO  
Department of the Navy  
800 North Quincy Street  
Arlington, Virginia 22203-1998

[name and address of appellants' servicing personnel office]

Mr. William Duffy  
Chief, Classification Branch (CPMS-ASFP)  
Field Advisory Services Division  
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Service  
1400 Key Boulevard  
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## **Introduction**

The appellants are assigned to position number YBPBZ, which the agency classified as Auditor, GS-511-11, on August 17, 1995. The position is located in the Command Evaluation office at the [Installation Name], [City, State]. The appellants request that their position be upgraded because of the guidelines they work with and the variety of organizations at the [Installation Name] (Factors 3 and 5 of the classification standard).

## **Position Information**

Command Evaluation has about seven employees, including a GS-12 Supervisory Auditor, the four appellants, a GS-9 Inspection Coordinator, and a GS-5 Clerk. The appellants are responsible for evaluating and analyzing accounting, financial management, and other programs and systems at the [Installation Name]. They are responsible for completing accurate, objective, and concise audit reports, which encompass objectives, scope and methodology, audit results, recommendations, statement on auditing standards, compliance with laws and regulations, management controls, views of responsible officials, noteworthy accomplishments, issues needing further study, and confidential information. The appellants also provide technical advice and assistance to management and program officials in audit areas and conduct follow-up audits of audit reports.

The appellants completed about seven audits during the past fiscal year. These included both financial and operational audits. (An eighth audit concerning instructor staffing levels was canceled after the requesting activity completed its own review.) The audits concerned, among other things, personnel administration and equal opportunity within Morale, Welfare, and Recreation (MWR), cost controls and purchasing procedures within MWR's Food and Beverage Division, the recording of obligations, payments, and fiscal year charges under the Supply Department's warehouse contract, staffing of the Facilities Department's Energy Manager position and administration of the Energy Conservation program, use of Government travel charge cards, Installation and Environment's use of funds established for critical repairs to property, and the control of bond money and professionalism of the [Installation] Police Department.

(The appellants' position description mischaracterizes the work in several places. For example, the Guidelines section of the description makes an unsupported claim that the work involves developing new methods and techniques. The Scope and Effect section lifts language from the GS-511 classification standard concerning the isolation and definition of unknown conditions that has little relation to the appellants' actual assignments and misconveys the level of expertise demanded. The Work Environment section indicates risks may be encountered conducting off-site audits, although the work involves nothing outside of everyday risks and requires no special precautions. Accordingly, the letter transmitting this decision to the agency requests correction of the position description's language wherever it conflicts with the findings in this decision.)

## **Analysis and Findings**

### **Series and Title Determination**

The Auditor, GS-511, series includes positions, like the appellants', where the duties are to perform work consisting of a systematic examination and appraisal of financial records, financial and management reports, management controls, and policies and practices affecting or reflecting the financial condition and operating results of an activity, when such work requires the application of professional accounting knowledges, standards, and principles.

The prescribed title for positions in the GS-511 series is *Auditor*.

### **Grade Determination**

The Office of Personnel Management (OPM) classification standard for the *Auditing, GS-511 Series*, dated May 1982, is in Factor Evaluation System (FES) format. This system requires that credit levels assigned under each factor relate to only one set of duties and responsibilities. Under FES, work must be fully equivalent to the factor level described in the standard to warrant credit at that level's point value. If work is not fully equivalent to the overall intent of a particular level described in the standard, a lower level and point value must be assigned, unless the deficiency is balanced by an equally important aspect of the work that meets a higher level.

Work demanding less than a substantial (at least 25 percent) amount of time is not considered in classifying a position. Similarly, acting, temporary, and other responsibilities that are not regular and continuing are not considered in classifying positions. (Temporary assignments of sufficient duration, though, are sometimes recognized in accordance with agency discretion by temporary promotion if higher graded duties are involved, by formal detail, or by performance awards.)

The appellants raise specific issues regarding two of the nine factors discussed in the standard. Accordingly, this decision details our analysis of these two factors alone. However, we independently reviewed their duties and responsibilities against the other factors and concur with the agency's credit level assignments for the seven undisputed factors.

### **Factor 3: Guidelines**

*This factor covers the nature of guidelines used, and the judgment needed to apply them. Individual assignments may vary in the specificity, applicability, and availability of guidelines, thus the judgment required by auditors similarly varies. Guidelines refer to such things as audit plans covering frequently audited agency programs; audit instructions covering one time special audits; the agency regulations describing operating program requirements and characteristics; agency developed audit manuals and instructions; standard texts covering theory, concepts, and practices of accounting and auditing; guidelines and regulations developed by other agencies and bodies such as the General Accounting Office (GAO), the Cost Accounting Standards Board (CASB), the Financial Accounting Standards Board (FASB), and Defense Acquisitions Regulations; files and records, such as previous audit reports; governing policies and procedures of the agency; and*

*treatises on the state of the art of accounting theory or guidance for developing solutions to difficult auditing problems.*

In support of their appeal, the appellants state, among other things:

Every year our major claimant recommends two audits. Our supervisor, the Command Audit Officer (CAO), determines whether to include the recommended audits along with the other audits selected for the upcoming year. The claimant recommended audits represents a maximum of only 25% of the scheduled audits. This is level 3-3. The remaining 75% of audits conducted require the auditor to develop, from general guidance, audit plans. This is level 3-4 . . . .

There are no specific guidelines for the majority of the audits. Navy Audit (who conducts peer reviews of our work every three years) stated there are no canned audit programs anymore. All audits are to be conducted from scratch . . . The majority of our audits are first endeavors and the guidance is always in general form.

To keep the following analysis manageable, this decision focuses on the nature of the two audits one of the appellants completed during fiscal year 1997 as representative of the position's work. The two subject audits are identified below.

- Audit 96-01: Nonappropriated Fund Instrumentality (NAFI) Personnel Program Audit  
 Type: Operational (Internal)  
 Target Organization: Quality of Life Division, Morale, Welfare & Recreation (MWR) and Bachelor Quarters (BQ)  
 Scope: Fiscal Year 95, Personnel program, NAFI awards process, termination and resignation of personnel, equal employment trends.  
 Objectives: Determine if the NAFI Personnel program has been effectively and efficiently managed; determine if the NAFI awards process has been fairly administered; evaluate the circumstances involving the termination and resignation of personnel; determine if any significant trends can be identified regarding equal employment.
- Report Sent To: Admiral; Chief of Staff, Operations; Assistant Chief of Staff, Quality of Life; MWR Personnel Division Head
- Audit 97-03: MWR Cost Controls  
 Type: Financial (Internal)  
 Target Organization: Quality of Life Division, Morale, Welfare & Recreation (MWR)  
 Scope: Fiscal Years 93, 94, 95, and 96. Cost controls in the Food and Beverage Division.  
 Objectives: Evaluate the effectiveness and efficiency of the management; determine compliance with pertinent laws; and evaluate the adequacy of internal controls over the operation.
- Report Sent To: Admiral; Chief of Staff, Operations; Assistant Chief of Staff, Quality of Life; MWR Food & Beverage Division Head

Both audits concerned components of Morale, Welfare, and Recreation (MWR), an organization composed of about 450 employees and 33 activities, which include gymnasiums and fitness centers, swimming pools, a library, movie theater, car repair facility, bowling lanes, golf course, ticket office, marina, rental center, youth and young adult recreation centers, food and beverage facilities, and child care centers. The first audit focused on personnel administration in the organization. It examined

management controls within the personnel program, equity of awards, reasons for termination or resignation of personnel, and equal employment. Much of the time required for the audit was due to the need to build a computerized data base from the manual records the organization maintained.

The second audit focused on cost controls within the Food and Beverage Division, which is comprised of about four clubs (a catering and conference center, enlisted club, restaurant, and pizza parlor) and about 83 employees. It assessed price planning, cost control monitoring, marketing, purchasing procedures, and the use of the facility by non-DOD customers.

As at Level 3-3 of the classification standard, the personnel and accounting guidelines applicable to the two audits, as well as the precedents established by many similar audits conducted throughout the Government, were not completely applicable to the unique circumstances of the MWR components reviewed. The two audits, though, are types of audits commonly performed throughout the Government and have ample precedent that fully trained professionals can adapt to varying situations, as at Level 3-3.

Accounting standards describe the generally accepted requirements for recording and reporting transactions and establishing controls within the financial areas examined. Similarly, personnel guidelines establish requirements and preferred approaches in recruitment, hiring, promotion, recognition, and termination. The appellant applied such guidelines to develop her audits, surface significant material, and determine whether findings were acceptable or a cause for an adverse report. Adaptations of guidelines required the appellant to apply a fully experienced professional's judgment to studying MWR programs, operations, and systems and to formulating her report recommendations.

Unlike Level 3-4, the two audits involve conventional assignments and auditing techniques, such as ensuring that responsibility for related transactions is divided in such a manner that one person's work acts as a check on another's (found lacking in one activity's ordering and receiving practices), that policy limitations on the dollar value of awards are adhered to (exceeded on individual awards in another activity), or that costs are matched to the incurring organization to determine profitability (requiring more detailed report breakouts in an activity). The problems and circumstances encountered did not demand substantial analytical work beyond that normally expected of fully experienced professionals in developing specific objectives, devising methods, approaches and techniques, and presenting findings. To be considered equivalent to Level 3-4, substantial analysis must underlie the audit. Advice and assistance rendered must go beyond adapting guidelines and precedents and treating difficult, but conventional problems. Typically it involves researching trends and patterns and analyzing a variety of unusual conditions or problems that affect a wide range of agency activities.

For example, acquiring and reporting information to portray developing trends in functional programs throughout the agency or devising model audit plans for fully experienced professionals to follow when gathering and analyzing voluminous material requires the judgment and guideline interpretation expected at Level 3-4. Making significant assessments based on estimated input or projected situations or establishing criteria in the absence of guidelines might also meet Level 3-4. Neither of the subject audits, however, evidence these traits. Rather they focus on problems specific to the individual components reviewed.

We evaluate this factor at Level 3-3 and credit 275 points.

### **Factor 5: Scope and Effect**

*This factor covers the relationship between the nature of the work (i.e., the purpose, breadth, and depth of the assignment) and the direct effect of work products or services both within and outside the organization. Only the effect of properly performed work is considered.*

#### **Scope**

The appellants believe that Level 5-4 is met. They note:

What other government agency would have more variety of accounting systems, organizations and organization missions than what we have listed: 1. [Installation Name] mission is to exercise command over and coordinate the efforts of assigned subordinate activities. The accounting system is Standard Accounting and Reporting System-Field Level (STARS-FL). 2. [Installation Name] is comparable to a large municipality and provides services of: police, fire protection, bank, hospital, dental, schools, recreation facilities, etc. 3. Morale, Welfare & Recreation's (MWR) mission is to provide recreational services and uses a non-profit type of accounting method with Non-Appropriated Fund Instrumentalities (NAFI). They also receive Appropriate Funding (APF). The accounting systems include Recreation and Mess Central Accounting System (RAMCAS), Base Line Accounting System (BLAS) and STARS-FL. 4. Bachelor Quarters' (BQ) mission is to provide temporary living quarters to military and DOD civilian personnel. They have both types of funding, NAFI & APF. The accounting systems include RAMCAS, BLAS and STARS-FL. 5. Navy Exchange's (NEX) mission is to provide merchandise for resale and uses Arms Automated Retail Management System and Lawson System. Subordinate Activities 6. Recruit Training Command's (RTC) mission is to train recruits and the accounting system is STARS-FL. 7. Service School Command's (SSC) mission is to train officer and enlisted for the fleet and the accounting system is STARS-FL. 8. Naval Hospital's (NAVHOSP) mission is to provide emergency, outpatient and inpatient health care and the accounting system is STARS-FL. 9. Naval Dental Center's mission is to provide dental services and uses the STARS-FL accounting systems. 10. Public Works Center's (PWC) mission is to provide municipal services to the base and uses Defense Business Operations funds (DBOF) accounting system. It's recently been changed to Working Capital System. 11. Personnel Support Activity's (PSA) mission is to provide payments and maintain military personnel records. They use the Source Data System (SDS). 12. Computer systems include: Personal Computers, Network Computer Systems, and Main Frame Computer Systems.

Similar to Level 5-4, the purpose of the position's work is to plan and conduct audits where there is considerable variability in subject programs and financial systems, as the appellants note. The audits require working with a number of organizational entities, reviewing a wide range of financial and program activities, and assessing the significance of a variety of findings and conditions.

In contrast, the purpose of Level 5-5 work is to study and integrate the findings of a number of audit efforts to define unknown conditions or develop criteria or new approaches for use by other auditors.

We evaluate Scope at Level 5-4.

#### **Effect**

The appellants note that their audits have resulted in changes in accounting practices and management procedures (e.g., MWR audits and review of utilities billing practices).

As at Level 5-4, the position's work over the course of the typical audit cycle affects the way financial management and accounting systems and programs are structured and operated throughout a wide range of agency activities.

In contrast, Level 5-5 work affects the work of other auditors and provides a definitive framework for the application of audit theories, concepts, and techniques.

We evaluate Effect at Level 5-4.

To receive credit for a factor level, both the scope and effect of the work must meet the level credited. The position meets Level 5-4 in both respects.

Consequently, we evaluate this factor at Level 5-4 and credit 225 points.

### **FACTOR LEVEL POINT SUMMARY**

Factor	Level	Points
1	1-7	1250
2	2-4	450
3	3-3	275
4	4-4	225
5	5-4	225
6	6-3	60
7	7-3	120
8	8-1	5
9	9-1	5
	Total:	2615

The above table summarizes our evaluation of the appellants' work. As shown on page 12 of the standard, a total of 2615 points converts to grade GS-11 (2355 - 2750).

### **DECISION**

The proper classification of the appellants' position is Auditor, GS-511-11.