DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20350

SECNAVINST 7430.1D
NCF-2

10 JAN 1984

SECNAV INSTRUCTION 7430.1D

From: Secretary of the Navy

Subj: Policy for annual unannounced disbursing examinations under the Navy Administrative Examination Program

Ref: (a) SECNAVINST 7520.3A (NOTAL)
(b) Administrative Examination Handbook (NAVSO P-2064) (A

1. Purpose. To state policy, under the Navy Administrative Examination Program, for performing on-site annual unannounced disbursing examinations, including military pay accounts, at all Navy activities, afloat and ashore, maintaining Navy military pay accounts.

2. Cancellation. SECNAVINST 7430.1C.

3. Discussion

a. Administrative examination of the financial transactions of the Navy is required by law. In this regard, the General Accounting Office (GAO) has reemphasized the responsibilities of each agency for conducting examinations, independent of the accountable officers, to assure:

(1) that adequate administrative procedures are being followed for systematically examining disbursement and collection transactions in order to verify their legality, propriety, and correctness at the point in time when needed preventive or corrective action can be most effectively taken, and

(2) reconciliation of accountable officers' accounts with agency accounting records prior to the time the accounts are made available to GAO for audit.

b. The on-site examination function performs a vital role within the administrative examination program. Under the on-site examination program, on-site examination team representatives of designated examining activities are required to perform annual unannounced examinations, Navy-wide, of disbursing operations of ships and Navy shore activities which maintain Navy military pay accounts. Specifically, the disbursing examinations are designed to:

(1) uncover errors of omission and commission within a minimum period after occurrence;

(2) initiate corrective action with the least possible delay;

(3) offer recommendations for strengthened controls to prevent recurrence;

(4) determine whether financial returns were accurate and reflected the current status of the disbursing officer's accountability; and

(5) provide guidance and assistance to disbursing officers in the proper interpretation and application of governing regulations.

R) c. Reports, issued as the result of the disbursing examinations, are a prime source of information to the Comptroller of the Navy in management evaluation of Navy-wide system performance and the adequacy of governing regulations. Such disbursing examinations will be conducted in accordance with the guidelines provided in references (a) and (b).

5. Policy. Annual unannounced examinations of disbursing operations will be conducted, under the on-site examination program, in all ships and Navy activities maintaining Navy military pay accounts. During the course of such examinations, all records, including service records, personal financial records, logs and files containing evidential matter for sound evaluation of disbursing functions and performance, will be made available to the examiners.

6. Action. Responsibility for annual unannounced disbursing examination is assigned as follows:

a. Administration. Under the Comptroller of the Navy, the Commander, Navy Accounting and Finance Center is responsible for administration of the Navy Administrative Examination Program, including the development and promulgation of technical procedural instructions for the guidance and compliance of on-site examination staffs, Navy-wide.

b. Conduct of Annual Unannounced Disbursing Examinations.
R) Examinations of disbursing operations of all ships and Navy activities maintaining Navy military pay accounts will be conducted by on-site team representatives of examining activities and within PSA network/geographic regions of responsibility as follows:

(1) Ashore

Examining Activity	*PSA Network/Geographic Region of Responsibility	
Navy Regional Finance Center, Great Lakes	**Cleveland Corpus Christi Great Lakes Memphis New Orleans	(A
Fleet Accounting and Disbursing Center, U. S. Atlantic Fleet, Norfolk	Charleston Jacksonville New London Newport Orlando Pensacola Philadelphia Washington Norfolk Mediterranean United Kingdom/ Northern Europe Middle East	(R
Fleet Accounting and Disbursing Center, U. S. Pacific Fleet, San Diego	Far East Guam Hawaii Long Beach NTC San Diego Philippines Puget Sound San Diego San Francisco	(A

*Including those Navy shore activities maintaining Navy military pay accounts which are currently not within the Pay/Personnel Administrative Support System (PASS) network.

**Except for PSD Detroit, the disbursing examination performed for this PSA network will be limited to performance of a regular on-site examination of Navy military pay accounts and ascertaining the accuracy of the deputy disbursing officer(s) total accountability.

(2) Afloat. Examinations of disbursing operations of ships will normally be conducted by the examining activity serving the geographical area in which the home port of the ship is located.

c. Scheduling of Disbursing Examination Visits. In accordance with paragraph 5, operational data, necessary to permit scheduling of visits in ships, will be made available to the examining activity, consistent with security requirements, by the cognizant type commanders. However, in order to maintain the surprise aspects of the disbursing examinations, commanding officers of the ships and shore activities to be visited will not be notified, in advance. Upon arrival at the ship or shore activity, however, a suitable letter of introduction will be delivered to the commanding officer, explaining the purpose of the unannounced visit.

d. Review of Unexamined Personal Financial Records (PFRs), Leave and Earnings Statements (LESs) and Travel Vouchers. Sampling techniques are used in the examination of PFRs, LESs and travel vouchers. To ensure that remaining errors of the types detected during the disbursing examination are also corrected, disbursing office personnel will be required to review all PFRs, LESs and travel vouchers which were not included in the examination sample. The examination report and error notices will serve to direct attention to the areas to be reviewed.

e. Training and Assistance. Wherever the need is manifested as a result of the disbursing examination, the on-site examination representatives will provide adequate training/assistance, as needed, to ensure proper interpretation and application of governing regulations by responsible disbursing personnel office individuals involved.

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