

AR 08-002

Office of Inspector General



**REVIEW OF THE FTC
ADMINISTRATION OF LEAVE**

FINAL REPORT

September 30, 2008



Office of Inspector General

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

September 30, 2008

MEMORANDUM

TO: Karen Leydon
Director, Human Resources Management Office

FROM: John M. Seeba 
Inspector General

SUBJECT: Audit Report AR 08-002 - Review of the FTC Administration of Leave

This report presents the results of our audit of the Federal Trade Commission's (FTC) Administration of Leave. This audit was initiated as part of our annual audit plan. We conducted this audit to determine if the FTC properly administers leave in accordance with Office of Personnel Management (OPM) regulations and FTC internal policies and procedures.

We found that overall, the Federal Trade Commission followed the policies and procedures promulgated by OPM for leave management. We did, however, find minor discrepancies in the leave database, which were caused by manual input corrections, but these discrepancies did not affect the outcome of this audit. We also found that 4 of the 12 timekeepers interviewed did not record compensatory overtime work for religious observances in the Federal Personnel and Payroll System (FPPS). Instead, manual records were kept in the local office to control the earning and use of compensatory overtime work for religious observances. In addition, we found that the policy on the charging of military leave needed to be updated because of changes by OPM.

We recommended that the Director, Human Resources Management Office stress to timekeepers the need to record all time in the FPPS, including the earning and use of compensatory overtime work for religious observances; assess the need for training for all new timekeepers; and revise the policy on charging military leave to reflect updated OPM regulations.

Management agreed with our recommendations and has initiated corrective actions. A copy of management's comments is included in appendix A.

We appreciate the courtesies and cooperation extended to us by members of your staff during the audit. Should you have any questions please contact me at 202-326-2020.

Background

As a benefit to employees, the Federal government provides employees several types of leave, many of which are earned because of employment longevity with an agency. The traditional types of leave earned because of employment with the Federal government are annual and sick leave. Other types of leave that can be banked or allowed by statute include court leave, military leave, religious comp time, and Leave Without Pay (LWOP).

Annual Leave. Annual leave is accrued time that permits an employee to be absent from duty for personal, vacation, or emergency reasons without loss of pay. Annual leave is earned at a rate of either 4, 6, or 8 hours per pay period, depending on length of service. The table below describes the annual leave earned by length of service.

Length of Service	Hours Earned per Pay Period	Yearly total
First 3 Years	4	104
Years 4 through 15	6 ¹	160
15 + Years	8	208

Annual leave can be accumulated up to 240 hours in a year and any amounts that exceed 240 hours can only be carried forward to the next leave year if certain strict criteria are met. Senior management must approve any excess leave that is carried over.

Sick Leave. Sick Leave is approved absence from work when:

- a. an employee is incapacitated by physical or mental illness, injury, pregnancy, or childbirth from performing his or her job;
- b. receives dental, optical, or medical examination or treatment; is exposed to a communicable disease that would endanger the health of coworkers; or
- c. provides care for a family member similarly incapacitated or receiving medical examination or treatment; and for adoption-related purposes or;
- d. in connection with the death and/or funeral of a family member.

Military Leave. An employee who meets certain criteria is entitled to time off at full pay for certain types of active or inactive duty in the National Guard or as a Reserve of the Armed Forces. Military Leave provides for 15 days per fiscal year for active duty, active duty training, and inactive duty training. Employees can carryover a maximum of 15 days into the next fiscal year.

¹ 10 hours are earned in the last pay period of the leave year to equal the 160 hours total.

Compensatory Overtime Work for Religious Observance. Any employee, including members of the Senior Executive Service, may elect to work additional hours for the purpose of taking time off without charge to leave when personal religious beliefs require that the employee abstain from work during certain periods of the workday or workweek.

LWOP. Leave without pay is a temporary non-pay status and absence from duty that, in most cases, is granted at the employee's request. In most instances, granting LWOP is a matter of supervisory discretion and may be limited by agency internal policy. Employees, however have an entitlement to LWOP for (1) Family Medical Leave Act, (2) Military Service, (3) Medical treatment for veterans, and (4) when an employee is on workers' compensation and receiving payments from the Department of Labor.

Court Leave. Employees shall be granted court leave when called upon for jury service in any Federal, state, or local court. When the employee is excused from duty by the court for any period that would permit work for 4 or more hours, he or she is expected to return to work unless the amount of travel required would create an undue hardship because of the distance of the court from the work site. If the employee does not return to work when excused, except for the above reasons, he or she may use approved annual leave or leave without pay.

Further definitions and details can be found in Chapter 3, section 650 of the FTC Administrative Manual, "Absence and Leave."

Payroll and Accounting Support Center. The Department of Interior's (DOI) National Business Center (NBC), through an interagency agreement with the FTC, processes all accounting and payroll information for the FTC. The NBC, located in Denver, Colorado, is the central processing site where all the payroll data for the FTC resides. The FTC has real-time access to the accounting and payroll systems housed at the NBC.

Objectives

The audit objective was to determine whether the FTC properly administers leave in accordance with OPM and internal policies and procedures.

Scope

We reviewed leave data for fiscal years 2005, 2006, and 2007. We identified the major types of leave used within the agency. The types of leave included in the review were annual, sick, leave without pay, restored annual leave, and compensatory overtime work for religious observance (religious comp time).

Methodology

The audit identified the various regulations, policies, and procedures prescribed by the Office of Personnel Management and the FTC's Administrative Manual, Section 650, "Absence and Leave." We reviewed leave amounts earned, charged and carried over to subsequent years as part of our testing. From this universe, we sampled employee records and traced information to their

employee personnel records. We interviewed a sample of 12 of the 52 timekeepers to determine the internal practices used to process and record leave usage. In addition, we reviewed the process for requesting and approving restored annual leave.

Reliability of Computer Based Data. We relied on the data contained in the FPPS. Our tests of data found that the information was sufficiently reliable for the tests that we conducted.

We conducted this audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit was conducted during the months of April through August 2008.

Finding - Leave Administration Processes Generally in Place and Working

Overall, we found that the Federal Trade Commission (FTC) followed the policies and procedures promulgated by the Office of Personnel Management (OPM) for leave management. We did however; find minor discrepancies in the leave database which were caused by manual input corrections. We also found that 4 of 12 the timekeepers interviewed did not record compensatory overtime work for religious observances in the FPPS. Instead, manual records were kept in the local office to control the earning and use of religious comp time. In addition, we found that one policy on the charging of military leave needed to be updated because of changes by OPM.

Discussion

The FTC leave administration was found to be generally in compliance with the policies and procedures promulgated by the Office of Personnel Management as implemented by the Human Resources Management Office (HRMO). We found that timekeepers were knowledgeable about timekeeping policies and procedures. In our sample of 12 of the 52 timekeepers interviewed at the FTC, they were clearly knowledgeable about the timekeeping procedures, requirements for charging leave, and in general for recording leave into the Federal Personnel Payroll System used to record leave. If timekeepers required further guidance, they were fully aware of reference material available to them as well as individuals at FTC or at the DOI's National Business Center that are knowledgeable about absence and leave policies and procedures.

Compensatory Overtime Work for Religious Observance. The only area that we found needing improvement was in the recording of compensatory time for religious observance. We found that 4 of the 12 sampled timekeepers stated that compensatory overtime work for religious observance was not formally recorded in the FPPS, but rather recorded at the local level on manual records. This occurred because timekeepers believed that recording the earning and use of compensatory time for religious observances in a local, manual system was sufficient and that there were few employees who availed themselves of this type of leave. FTC's Administrative Manual Chapter 3, Section 650(4)(B) states that timekeepers are responsible for accurate reporting of absences on time and attendance records. As a result, compensatory time for religious observance was not recorded in any official records by some timekeepers and therefore could be susceptible to error, omission or fraud. Timekeepers should record all time worked or leave used in the official records of the agency.

Training. We also found that most timekeepers have not received any specific training for timekeeping procedures, but instead received on-the-job training from prior timekeepers or co-workers who perform similar duties. One exception was that timekeepers in the field offices generally participate in annual meetings where new developments that can affect the timekeeping area are discussed. During our discussions with the timekeepers, some suggested that it would be helpful to have a training class for new hires. Although we found that timekeepers were knowledgeable, we believe a training class could be helpful for new timekeepers.

Manual Update. The FTC's Administrative Manual is the main reference for leave questions for timekeepers. For system questions, the timekeepers use the DOI's timekeeper manual as a reference for system input questions. During our audit, we compared the current FTC policies and procedures with those published by the Office of Personnel Management. We found that FTC's Chapter 3, Section 650 (17) "Military Leave," Part C, "Non-workdays falling within the period of absence on military leave are charged against the military leave," was not correct. OPM's regulations have now changed and should reflect the following:

"Military leave should be credited to a full-time employee on the basis of an 8-hour workday. The minimum charge to leave is 1 hour. **An employee may be charged military leave only for hours that the employee would otherwise have worked and received pay....** Members of the Reserves or and National Guard will no longer be charged military leave for weekends and holidays that occur within the period of military service."

Recommendations

The OIG recommends that the Director, Human Resources Management Office:

1. inform all timekeepers on the need to record all leave and earned compensatory time in the FPPS.
2. assess the need for a training session for all new timekeepers
3. revise the FTC Administrative Manual Chapter 3, section 650, 17 (C) to reflect the updated OPM regulations on military leave.

Agency Response

Management fully concurred with the report and its recommendations. The Human Resources Management Office has initiated corrective action on recommendation one related to compensatory overtime for religious observances. Management's comments are included in Appendix A.

OIG Position

We concur with management's assessment of the report.

Abbreviations Used in This Report

DOI	Department of Interior
FPPS	Federal Personnel Payroll System
FTC	Federal Trade Commission
OIG	Office of Inspector General
OPM	Office of Personnel Management
IG	Inspector General
LWOP	Leave without Pay

Appendix A – Management Comments



Human Resources Management Office

UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

September 26, 2008

MEMORANDUM

TO: John Seeba
Inspector General

FROM: *Karen F. Leydon*
Karen F. Leydon, Director
Human Resources Management Office

SUBJECT: Response to Draft Report on the Administration of Leave

Thank you for the opportunity to review and comment on the draft Report on the Administration of Leave. We are pleased that overall you found that the FTC properly administers leave in accordance with the U.S. Office of Personnel Management (OPM) regulations and OPM and internal policies and procedures. We concur with the three recommendations and will take the necessary action to implement. To that end, I have already issued a notice to staff this week regarding the accrual, use, and recording of compensatory overtime for religious observances.

Again, we appreciate the opportunity to comment on this letter. If you have any questions relating to our response, please contact me at extension 3633.