Office of Inspector General

December 17, 2010

MEMORANDUM

TO: Jon Brause, Deputy Assistant Administrator
Bureau for Democracy, Conflict and Humanitarian Assistance

Deborah Kennedy-Iraheta
Director, Office of Human Resources

FROM: Melinda Dempsey, Deputy Assistant Inspector General /s/
Office of Audit

SUBJECT: Review of the Bureau for Democracy, Conflict and Humanitarian Assistance's
Use of Compensatory Time (Report No. 2-000-11-001-S)

This memorandum transmits our final report on the subject review; the review is not an audit. We considered your comments on the draft in finalizing the review report and have included your responses in Appendix II of the report.

The report contains four recommendations—three to the Bureau for Democracy, Conflict and Humanitarian Assistance and one to the Office of Human Resources. Based on an evaluation of management comments, management decisions have been reached on Recommendation 1, 3 and 4. A determination of final action on these recommendations will be made by the Audit, Performance and Compliance Division upon completion of the planned corrective actions.

A management decision is pending on Recommendation 2. Please provide written notice, within 30 days, of any additional information related to actions planned or taken to implement Recommendation 2.

I appreciate the cooperation and courtesy extended to my staff during this review.

SUMMARY

USAID policy acknowledges that occasionally its employees must work beyond their regularly scheduled workweek "to avoid unusual backlogging of regular work or to meet unforeseen circumstances." Agency policies note that while supervisors should make certain that work assignments are accomplished in a timely manner through the efficient management of assigned personnel, when overtime is necessary employees should, to the maximum extent possible, be encouraged to accept compensatory time off in lieu of overtime pay. According to the Office of Personnel Management, compensatory time is time off with pay, rather than overtime pay, for irregular or occasional overtime work.[1]

The objective of the review was to determine whether Bureau for Democracy, Conflict and Humanitarian Assistance (DCHA) managers approved compensatory time in accordance with applicable USAID policies and procedures.

DCHA managers did not approve compensatory time in accordance with applicable USAID policies and procedures. The review identified the following problems: (1) less than 20 percent of the compensatory time hours earned in the first 6 months of 2010 were approved using the required process (see pages 3-4), and (2) in those few instances when the required process was used, requests contained errors and provided little information (see pages 4–5). This report contains four recommendations to address these matters.

Specifically, it recommends that DCHA's Assistant Administrator:

- Issue guidance to all the Bureau's employees explaining and mandating the use of webTA's Premium Pay Request process (page 4).

- Communicate to the Bureau's employees and their supervisors the requirements applicable to compensatory time requests (page 5).

- Authorize all DCHA supervisors to receive training in compensatory time regulations and processes (page 5).

And the report recommends that the Director of the Office of Human Resources:

- Update Agency compensatory time policy and the Agency's Web page to include the requirement that webTA be used for requesting and approving compensatory time (page 4).

In response to this report, Bureau for Democracy, Conflict, and Humanitarian Assistance agreed with the three recommendations directed to it, and the Office of Human Resources agreed with the one recommendation directed to it. On the basis of an evaluation of management's response to the draft information report, management decisions have been reached on Recommendations 1, 3, and 4. Upon issuance of this report, a management decision on Recommendation 2 is pending the provision of a plan to update the USAID Web page and a corresponding target date for completion.

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[1] Additional information on USAID policies relative to compensation may be found at http://www.usaid.gov/policy/ads/400/. Information on the Office of Personnel Management's definition of compensatory time may be found at http://www.opm.gov/oca/pay/HTML/COMP.htm.

Appendix I contains a discussion of the review's scope and methodology. Management comments are presented in their entirety in Appendix II.

REVIEW RESULTS

**The Bureau Should Use WebTA's
Premium Pay Request Facility**

In May 2008, USAID implemented an electronic timekeeping system called webTA. Through Interim Update 08-05, the Agency issued policies related to the system that came into effect immediately and would remain in force until the Automated Directives System (ADS) could be updated. Interim Update 08-05 requires that requests to earn compensatory time be entered into webTA using the Premium Pay Request facility.

> Premium Pay (overtime and compensatory time) requests are also done electronically in webTA. Employee requests for premium compensation (i.e. overtime pay or compensatory time off) for overtime work must always be approved in advance by the supervisor. Approval is transmitted electronically through webTA, and it is the responsibility of the employee requesting premium pay to log on to webTA in advance of the proposed hours for overtime or compensatory time and obtain the proper authorization.

The Interim Update also notes that:

> The paper form AID 430-3 is no longer required to authorize overtime pay or compensatory time off.

According to data supplied by the Chief Information Officer's staff, employees and supervisors of the Bureau for Democracy, Conflict and Humanitarian Assistance (DCHA) generally did not use webTA to request and approve compensatory time. Specifically, during the first half of 2010, less than 20 percent of the compensatory time hours DCHA employees earned were requested through webTA's Premium Pay Requests. In the same period, DCHA employees earned 4,354 hours of compensatory time. By contrast, 809 hours of compensatory time were requested using webTA's Premium Pay Requests.

ADS 472 and the five related interim updates presented on the Agency's Web site have not been updated to reflect the requirement that webTA's Premium Pay Request facility be used to request and approve the earning of compensatory time. The ADS chapter and interim updates continue to point to an obsolete process involving a paper form. Interim Update 08-05, which explains the current process, is not readily available on the Web site. The inability to readily access Agency policy about the current process for requesting permission to earn compensatory time has created confusion about what process DCHA employees and their supervisors should use. For example, one DCHA employee noted that she was not sure that her coworkers used the same process that she used to request permission to earn compensatory time.

Moreover, the varied and inconsistent processes for approving compensatory time instituted by DCHA offices have deterred employees and supervisors from using the process the Agency endorsed and required. DCHA offices have instituted about a half-dozen processes to request permission to earn compensatory time. These processes include e-mail communication,

standardized memorandums, and the obsolete AID 430-3 paper form ("Overtime Authorization and Report").

DCHA managers did not enforce required procedures for authorizing and recording compensatory time requests. This lack of enforcement reveals a breakdown in supervisory monitoring and control of DCHA employee overtime.

To address this problem, this review makes the following recommendations.

> **Recommendation 1.** *We recommend that the Assistant Administrator for the Bureau for Democracy, Conflict and Humanitarian Assistance issue guidance to all the Bureau's employees explaining and mandating the use of webTA's Premium Pay Request process for requesting approval to earn compensatory time.*

> **Recommendation 2.** *We recommend that the Director of the Office of Human Resources update Automated Directives System Chapter 472 and the USAID Web page to include the requirement that webTA be used for requesting and approving compensatory time.*

Bureau Supervisors Should Approve
Only Well-Justified, Timely, and
Accurate Compensatory Time Requests

Both ADS Chapter 472 and Interim Update 06-01 note that overtime must be approved before it is performed. Interim Update 08-05 clarifies this point and notes:

> Employee requests for premium compensation (i.e. overtime pay or compensatory time off) for overtime work must always be approved in advance by the supervisor. Approval is transmitted electronically through webTA, and it is the responsibility of the employee requesting premium pay to log on to webTA in advance of the proposed hours for overtime or compensatory time and obtain the proper authorization. No hours of overtime or compensatory time may be worked in the absence of the proper approvals.

The Interim Update also notes that:

> …webTA provides separate transaction codes for compensatory time earned in lieu of overtime pay and compensatory time earned for travel so these types of compensatory time off may be tracked separately as they are earned and used.

Of the 47 requests submitted in webTA, 37 contained deficiencies related to approving regular compensatory time in advance of the commencement of work, justification for the use of compensatory time, or accuracy in the coding of the type of compensatory time. Some requests contained more than one deficiency.

Contrary to the requirements in ADS 472 and Interim Update 06-01, DCHA supervisors approved 20 of the 47 regular compensatory time requests retroactively. On average, DCHA employees requested approval to earn regular compensatory time 4 days after the date they indicated they would begin the overtime. In one instance, a request was made 15 days after the beginning date for overtime work.

Approved requests often were not sufficiently justified to support the supervisor's decision. Thirty of the 47 DCHA employees' compensatory time requests in webTA omitted date-specific justifications on which a supervisor could base a decision about the accuracy of the request, showed a mismatch in the dates claimed and the justification provided, or included no justification at all.

Of the compensatory time requests that included justifications, nine included rationales that were inconsistent with the compensatory time codes used. Specifically, some requests for "regular" compensatory time were coded for travel time, and conversely, requests coded for travel compensatory time referred to regular compensatory time. A few webTA requests combined hours for both travel compensatory time and regular compensatory time off in individually coded requests.

Various factors may have caused the variable quality of management approvals to earn compensatory time. However, feedback from DCHA supervisors and their employees suggests that attitudes about the use and approval of compensatory time vary widely, from hostility toward the benefit to actively taking the initiative to make it available. Because of these attitudes, the quality of compensatory time oversight could have been adversely affected.

The following feedback from DCHA employees is illustrative:

- There is a culture in DCHA of approving compensatory time without question if it relates to disaster relief and Critical Post Countries.
- Requesting compensatory time is considered not in the best interests of career advancement.
- Certain DCHA supervisors "fundamentally disagreed" with the compensatory time policy.

The effect of breakdowns in DCHA management's oversight of employee compensation is that management may not be ensuring that work assignments are accomplished in a timely manner through the efficient management of assigned personnel without the use of premium compensation. Furthermore, it is unclear from available records whether the correct amount of compensatory time was approved and earned.

To improve management's oversight of requests to earn compensatory time, this review makes the following recommendations.

> **Recommendation 3.** *We recommend that the Assistant Administrator for the Bureau for Democracy, Conflict and Humanitarian Assistance communicate to the Bureau's employees and their supervisors the requirements that compensatory time requests must be justified, submitted, and approved before hours are worked and that such requests should be accurately coded.*

> **Recommendation 4.** *We recommend that the Assistant Administrator for the Bureau for Democracy, Conflict and Humanitarian Assistance authorize all DCHA supervisors to receive training in the regulations and processes related to regular and travel compensatory time.*

EVALUATION OF MANAGEMENT COMMENTS

On the basis of an evaluation of management's response to the draft report, management decisions have been reached on Recommendations 1, 3, and 4. A management decision on Recommendation 2 is pending the provision of a plan to update the USAID Web page and a corresponding target date for completion.

Recommendation 1. Management agreed with the recommendation and plans to issue a bureau-wide information memorandum mandating the use of webTA and prohibiting alternative methods. The target date for completion is December 17, 2010. A management decision has been reached on this recommendation.

Recommendation 2. Management agreed with the recommendation and plans to update ADS 472 to include the requirement that webTA be used for requesting and approving compensatory time. The revision of ADS 472 will also incorporate guidance on advance overtime approval for work on emergencies or life-threatening crises. The target date for updating ADS 472 is November 30, 2011.

The Office of Human Resources plans to discuss the portion of the recommendation relating to updating the USAID Web page with the Office of the Chief Financial Officer. On the basis of those discussions, the offices will determine how to communicate information regarding the use of webTA to USAID employees. The Office of Human Resources did not provide firm plans or a target date to update the USAID Web page. A management decision is pending the provision of a detailed plan of action and a corresponding target date for completion.

Recommendation 3. Management agreed with the recommendation, contingent on the deletion of two words in the recommendation. We agree with this modification to the recommendation. Management plans to relay the standard procedures of requesting and approving compensatory time in the information memorandum described above. The target date for completion is December 17, 2010. A management decision has been reached on this recommendation.

Recommendation 4. Management agreed with the recommendation and plans to work with the Office of Human Resources to provide DCHA employees holding supervisory positions with training on the regulations and procedures related to regular and travel compensatory time. Management also plans to provide annual refresher training on compensatory time requests and usage to all Bureau employees. The target date for completing the first supervisory training session is January 14, 2011. A management decision has been reached on this recommendation.

Management comments are presented in their entirety in Appendix II (see pages 8–11).

SCOPE AND METHODOLOGY

Scope

The Office of Inspector General's Inspections and Evaluations Division conducted this review of the Bureau for Democracy, Conflict and Humanitarian Assistance's use of compensatory time. This review is not an audit, but nevertheless it complies with the general standards in Chapter 3 as well as the evidence and documentation standards in Paragraph 7.55 and Paragraphs 7.77 through 7.84 of *Government Auditing Standards*. Those standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions in accordance with the review objective.

The purpose of this review was to determine whether management within the Bureau approved compensatory time in accordance with applicable policies and procedures. We conducted this review in Washington, DC, from August 10 to October 7, 2010. Although the review primarily focused on the Bureau, it also involved obtaining relevant information from the Offices of the Chief Information Officer, Chief Financial Officer, and Human Resources. The review focused on the Bureau's oversight and verification of compensatory time requests, with particular attention to compliance with policy, accuracy, and reasonableness. The review was limited to compensatory time reflected in the Agency's system of record and did not consider the sufficiency of the amount of compensatory time afforded to the Bureau's employees. The review considered requests and approvals to earn compensatory time during the first 13 pay periods of 2010, which is roughly a 6-month period and about a quarter of the time that the Agency's electronic timekeeping system, webTA, has been in operation.

Methodology

To answer the review objective, we tested webTA Premium Pay Request and timesheet data provided by technical staff from the Office of the Chief Information Officer. For example, we tested all Premium Pay Requests in WebTA to determine whether requests were submitted before work commenced. We also obtained information about Bureau practices and surveyed all of the supervisors in the Bureau. We performed a limited amount of analysis on the Bureau's alternative processes because they were not the required process and their variety and number made testing impractical. We also interviewed a limited number of Bureau supervisors and employees to understand their attitudes, experiences, and concerns.

MANAGEMENT COMMENTS

MEMORANDUM

TO: IG/A/IE, Joy Kadnar

FROM: DCHA/AA, Jon Brause /s/

SUBJECT: Review of the Bureau for Democracy, Conflict and Humanitarian Assistance's
                 (DCHA) use of Compensatory Time.
                 (Audit Report No. 2-000-10-00X-S).

DCHA management has reviewed the subject audit report and appreciates the time and effort that the Office of the Inspector General (OIC) put forth on this review. We are presenting the following corrective actions to address recommendations 1, 3 and 4 under subject audit report.

Recommendation 1: We recommend that the Assistant Administrator for the Bureau for Democracy, Conflict and Humanitarian Assistance issue guidance to all the bureau's employees explaining and mandating the use of WEBTA's Premium Pay Request process for requesting approval to earn compensatory time.

Management Position: DCHA management concurs with recommendation 1 in its entirety.

Management Decision: The Assistant Administrator for the Bureau for Democracy, Conflict and Humanitarian Assistance will issue a bureau wide information memo mandating the use of WEBTA's Premium Pay Request process for requesting approval to earn compensatory time. The memo will clearly state that no alternative method outside of the WEBTA system will be accepted when requesting compensatory time. The information memo will be distributed to the bureau by Friday, December 17, 2010.

Recommendation 3: We recommend that the Assistant Administrator for the Bureau for Democracy, Conflict and Humanitarian Assistance communicate to the bureau's employees and their supervisors the requirements that compensatory time requests be justified, submitted, and approved before the overtime hours are worked and that such requests be accurately coded.

Management Position: DCHA management concurs with recommendation 3 on the basis that the last sentence be changed from "and approved before the overtime hours are worked" to "and approved before hours are worked".

Management Decision: The Assistant Administrator for the Bureau for Democracy, Conflict and Humanitarian Assistance shall further relay in the above mentioned bureau information memo standard procedures for requesting and approving compensatory time. These standard procedures will highlight the use of WEBTA as the official system for requesting and approval compensatory time and will further outline the various codes for compensation time usage.

Recommendation 4: We recommend that the Assistant Administrator for the Bureau for Democracy, Conflict and Humanitarian Assistance authorize all DCHA supervisors to receive training in the regulations and processes related to regular and travel compensatory time.

Management Position: DCHA management concurs with recommendation 4.

Management Decision: The Assistant Administrator for the Bureau for Democracy, Conflict and Humanitarian Assistance will work in conjunction with the Office of Human Resources, more specifically the training division, to ensure that DCHA employees holding supervisory positions are properly trained on the regulations and procedures related to regular and travel compensatory time. This supervisory training session will also stress the importance of equal opportunity in personnel management, as stated in ADS 110, as it relates to the consistency of approving compensatory time requests. DCHA will also establish a bureau wide training, chaired by the AMS staff, as annual refresher sessions on compensatory time requests and usage. DCHA proposes a target date of Friday, January 14, 2011 for the first training session.

cc: M/CFO/APC, Karon Wilson

November 24, 2010

MEMORANDUM

TO: IG/A/I&E, Director, Joy Kadnar

FROM: DAA/HR, Deborah Kennedy-Iraheta /s/

SUBJECT: Review of the Bureau for Democracy, Conflict and Humanitarian Assistance's use of Compensatory Time (Audit Report No. 2-000-10-00X-S)

My staff has reviewed the draft report detailing findings and recommendations for both DCHA and OHR to improve the way compensatory time is requested and approved. We are providing the following comments on the recommendation in OIG's report for OHR's appropriate corrective action and target completion date as indicated.

Recommendation No. 2: We recommend that the Director of the Office of Human Resources update Automated Directives System Chapter 472 and the USAID Web page to include the requirement that webTA be used for requesting and approving compensatory time.

OHR will revise ADS Chapter 472 in 2011 with a target date of completion of November 30, 2011. This ADS revision requires other comprehensive changes which include incorporating various interim updates on premium pay matters, clearances by other outside offices, and negotiations with both unions.

OIG has recommended that the USAID Web site be updated to include the requirement that webTA be used for requesting and approving compensatory time off. When the update of ADS 472 is in process, OHR/PPIM plans to discuss this recommendation with the Office of the Chief Financial Officer, which has primary responsibility for the Agency's electronic time and attendance system. Based on these discussions, OHR will determine with M/CFO staff how best to jointly communicate information regarding use of webTA to USAID employees and supervisors.

It is noted in OIG's findings that many overtime requests initiated by employees were after the fact; in other words, forwarded to their supervisor after the date the employee actually performed the overtime work. The webTA system allows requests prior to working overtime, and thus, accommodates employee's initiation and the supervisor's approval in advance. Prior to implementation of webTA, the Agency used a paper form, Overtime Authorization and Report, AID 430-3 (03/2001), to document management's authorization of overtime work.

In that there are emergency and life threatening crises managed by some USAID Bureaus and Independent Offices, the webTA system may not accommodate advance overtime approval in all such circumstances. OHR will explore with Bureaus and Independent Offices the scope of these fast breaking mission critical situations. Appropriate guidance will be incorporated in the revision of ADS 472.

For additional information or further clarification, please contact Joann Jones, OHR/PPIM, on 712-5048.

Cc:
DCHA/AA, Jon Brause
M/CFO/APC, Karon Wilson
OHR/PPIM, Abby O'Donnell
OHR/OD/File