

Office of Inspector General

**Review of Bureau of
Certification and Licensing
Time and Attendance Practices
A09-04**



June 2009

FEDERAL MARITIME COMMISSION



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Office of Inspector General
Washington, DC 20573-0001

June 30, 2009

Office of Inspector General

TO: Sandra L. Kusumoto, Director
Bureau of Certification and Licensing

FROM: 
Adam R. Trzeciak
Inspector General

SUBJECT: Review of the Bureau of Certification and Licensing's Time and Attendance Practices

The Office of Inspector General (OIG) conducted a review of the Bureau of Certification and Licensing's (BCL) time and attendance (T&A) practices. The primary objectives of internal control in a T&A system are to ensure that the system complies with applicable legal requirements, supports reporting of reliable financial information, and operates effectively and efficiently. The objective of this review was to assess whether BCL complied with agency policies and government regulations concerning employee time and attendance.

The OIG randomly selected two employees from BCL's front office, Office of Passenger Vessels and Information Processing, and Office of Ocean Transportation Intermediaries, together with the offices' respective timekeepers (a total of nine employees) for detailed review of their leave slips, STAR reports, work schedule requests, employee maintenance data sheets and annual attendance records. The review scope included all pay periods in calendar year 2008.

The OIG commends BCL management for establishing internal controls over select aspects of T&A reporting and for staff adherence to these controls. For example, BCL requires staff to submit FMC-109 bi-weekly to the timekeeper regardless of its work schedule. Further, supervisor-approved leave slips are maintained by the timekeeper (not the employee). This prevents employees from altering approved documents and ensures that approved leave is recorded into STAR.

Although the OIG commends BCL on these and other controls, we identified some noncompliance with agency payroll procedures that could, if left unchecked, lead to errors or omissions in the recording of T&A data. For example, controls ensuring the use of leave slips by staff should be strengthened. We identified 94 hours of leave used by five of the nine employees we sampled without the approved leave request documented in the file. Payroll files contained

the required documentation to identify work schedules for eight of the nine employees we reviewed, although four of these eight employees used discontinued editions of select forms.

We also identified two instances where leave used was not properly documented. One employee substituted the use of sick leave for annual leave when his/her annual leave balance was exhausted. Another employee was not charged annual leave when s/he was out of the office. In both instances the STAR was certified by the timekeeper, employee and supervisor as if the employee was in the office.

Other observations and findings, and recommendations to address them, are provided in the attached report. We thank BCL staff for its help and cooperation throughout the audit.

cc: Deputy Director, Office of Administration
Director, Office of Financial Management
Director, Office of Human Resources
Special Assistant to the Director, Office of Administration

Review of Bureau of Certification and Licensing Time and Attendance Practices

The Office of Inspector General (OIG) completed a review of time and attendance (T&A) practices in the Federal Maritime Commission's (FMC) Bureau of Certification and Licensing (BCL). This audit was part of a concerted review of T&A practices in five Commission bureaus and offices. The audit objective was to assess whether BCL complies with agency policies and government regulations concerning T&A reporting.

Background

The FMC has a Service Level Agreement with the U.S. Department of Agriculture, National Finance Center (NFC), to process agency time and attendance records and to pay its employees. The System for Time and Attendance Reporting (STAR), a web-based application, is used by timekeepers to prepare and transmit attendance reports which interface with NFC as a first step in pay and leave administration. Employees are responsible for accurately recording their time and attendance and for certifying the accuracy of their T&A records. Supervisors are responsible for approving work schedules, leave requests and certifying T&A biweekly submissions.

The FMC's Office of Financial Management (OFM) issued Standard Operating Procedures (SOP) for T&A in July 2007 and April 2008. The SOPs identify procedures and responsibilities relating to the documentation and transmission of the agency's T&A records and processes. The agency also provides guidance to its employees in Commission Order (CO) 64, *Employee Absence and Leave* (December 3, 2004), and CO 92, *Work Schedules*, (December 15, 2003). CO 92 requires employees to document their work schedules on FMC-110, *Employee Request for Work/Telework Schedule* (See Appendix A) and the actual hours worked on FMC-109, *Employee Arrival and Departure Record*.¹ (See Appendix B.)

Employee requests for leave (sick, annual or other) are to be made to the supervisor on Office of Personnel Management (OPM) Form 71, *Request for Leave or Approved Absence* (i.e., leave slip), in advance of the proposed leave. The supervisor can approve, disapprove or modify the request. The employee's signature on the leave request form is a strong control over leave abuse, as it certifies that the *leave/absence requested is for the purpose(s) indicated... and that falsification of information on the form may be grounds for disciplinary action, including removal*. (See Appendix C) OPM Form 71 provides employees with the option to include their social security number (SSN) on the form when requesting leave. However, in September 2006, the Commission notified its staff that this identifier was no longer needed to process the leave requests.

¹ Employees on compressed work schedules are required to complete FMC-109, however the agency recommends that all employees use the form to document time and attendance.

Timekeepers and alternates are designated by the Director of the bureau on FMC-81, *Designation of Authorized Representative* (See Appendix D). Alternate timekeepers are responsible for entering time and attendance information into STAR when the primary timekeeper is not available. The alternate timekeeper also enters the primary timekeeper's T&A bi-weekly.

In BCL the timekeeper relies on the information provided by the employee (i.e., the hours worked/leave used) on FMC-109 and OPM Form 71.² In BCL, requests for leave are submitted to the employee's supervisor. When the leave slip is approved the supervisor submits it to the timekeeper to maintain and reconcile with FMC-109 at the end of the pay period. A STAR report is generated for each employee for that pay period. The timekeeper, employee and the supervisor all must certify to the report's accuracy and that leave used was in keeping with federal laws and regulations. Therefore, it is critical that the reports be accurate and be supported by detailed records.

Timekeepers are responsible for maintaining employee leave on FMC-183, *Annual Attendance Record*, during the pay period (See Appendix E). This form is maintained regularly by BCL timekeepers to document and verify leave balances. The OFM provides the timekeeper with this form at the beginning of the leave year.

The BCL has three timekeepers representing the three major components within the bureau: the BCL front office, the Office of Passenger Vessels & Information Processing (PVO) and the Office of Transportation Intermediaries (OTI). The timekeepers have designated alternates that are located within BCL.

Objectives, Scope and Methodology

According to the Government Accountability Office (GAO), the primary objectives of internal control in a T&A system are to ensure that the system complies with applicable legal requirements, supports reporting of reliable financial information, and operates effectively and efficiently.

The objective of this review was to assess whether BCL complied with agency policies and government regulations concerning employee time and attendance. We randomly selected two employees from each office (BCL front office, PVO and OTI) and the respective timekeeper (a total of nine employees) for detailed review of their leave slips, STAR reports, work schedule requests, employee maintenance data sheets and annual attendance records. The review scope included all pay periods in calendar year (CY) 2008.

We began the review by gaining an understanding of T&A practices used in the bureau and compared them with OPM and FMC timekeeping rules and regulations. For each employee in our sample we reviewed STAR reports and reconciled leave taken with leave request forms (OPM Form 71) and verified that each STAR report contained required certifications (signatures)

² The BCL requires all bureau employees to provide a completed FMC-109 to their timekeepers at the end of each pay period regardless of their work schedule.

from the timekeeper, employee and supervisor. We reviewed employee requests for leave to determine whether leave was requested and approved in advance of the leave taken. We tied leave requests back to the STAR system to verify that leave requested matched leave recorded and inspected each form for Personally Identifiable Information (PII). We reviewed forms FMC-109 and FMC-110 to determine whether they were completed accurately and, when applicable, evidenced supervisory approval. Finally, we reviewed the FMC-183 for accuracy and reconciliation with STAR for the last pay period in the year.³

We conducted the audit in January through May 2009, in accordance with generally accepted government auditing standards. 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 these objectives.

Audit Findings and Recommendations

The OIG commends BCL management for establishing internal controls over select aspects of T&A reporting and for staff adherence to these controls. For example, BCL requires staff to submit FMC-109 bi-weekly to the timekeeper regardless of the employee's work schedule. Further, supervisor-approved leave slips are maintained by the timekeeper instead of by the employee. This assists the timekeeper in reconciling with FMC-109 and ensures that approved leave is recorded into STAR.

Although the OIG commends BCL on these and other controls, we identified some noncompliance with agency payroll procedures that could, if left unchecked, lead to errors or omissions in the recording of T&A data. For example, controls ensuring the use of leave slips by staff should be strengthened. We identified 94 hours of leave used by five of the nine employees we sampled without the approved leave request documented in the file. Payroll files contained the required documentation to identify work schedules for eight of the nine employees we reviewed, although four of these eight employees used discontinued editions of select forms.

We also identified two instances where leave used was not properly documented. One employee substituted the use of sick leave for annual leave when his/her annual leave balance was exhausted. Another employee was not charged annual leave when s/he was out of the office. In both instances the STAR was certified by the timekeeper, employee and supervisor as if the employee was in the office.

Details on these and other findings are identified below.

³ On January 15, 2009, the OIG requested documentation from BCL timekeepers to facilitate our review. Since the OIG relied on bureau staff to assemble the payroll records, we requested that the bureau director and timekeeper certify, in writing, that the records were not modified (created, deleted or altered) from the request date. Both the BCL director and the lead timekeeper signed the document.

Finding 1. Alternate Timekeeper Not Identified on FMC-81

Bureau/Office heads submit FMC-81, *Designation of Authorized Representative*, to the Office of Human Resources through the Office of Financial Management to identify the payroll certifier and the primary and alternate timekeepers. Timekeepers are assigned user codes and passwords to access the system.

According to *GAO's Standards for Internal Control in the Federal Government*, key duties and responsibilities should be divided or segregated among different people to reduce the risk of error or fraud.

BCL's primary timekeeper is responsible for entering T&A information for bureau staff. The alternate timekeeper is responsible for entering T&A information for the primary timekeeper on a bi-weekly basis and for the staff when the primary timekeeper is not available.

In 2008, the BCL front office timekeeper entered the PVO and OTI timekeepers' T&A information into STAR and the PVO or OTI timekeeper entered the front office timekeeper's T&A information. This satisfies the intent of the T&A SOP. BCL should take the next step and formally identify the alternate on FMC-81 to comply with the SOP.

Recommendation 1. We recommend that BCL update the FMC-81, Designation of Authorized Representative, to assign an alternate timekeeper for the front office.

Finding 2. Adherence to Agency T&A Policies

The Commission establishes policies and procedures for staff (employees, timekeepers and supervisors) to follow to ensure compliance with agency and government-wide regulations. Review of timekeeping practices used by the employees in our sample revealed inconsistent compliance with agency guidelines in the following areas.

Employee Request for Work/Telework Schedule

CO 92, *Work Schedules*, states that supervisors are responsible for providing each employee with a copy of FMC-110, *Employee Request for Work/Telework Schedule*. This enables supervisors to better monitor employee arrival and departures. Employees are responsible for completing FMC-110 and submitting it to the supervisor/Director (if applicable) for approval. This form can be found on the agency's intranet. Once the form is approved (or disapproved) by the supervisor a copy is provided to the employee and the timekeeper.

BCL has implemented this control effectively. We found that eight of the nine sampled employees provided the FMC-110 to their supervisor. Only one employee did not have an FMC-110 on file. The FMC-110 requests and approvals occurred in varied years (2001 - 2008). One of the eight employees' FMC-110 was approved by her supervisor but not by the Director of BCL, as instructed on the form. The OIG also noted that four of the eight employees used obsolete editions of FMC-110. The updated FMC-110 includes the telework option.

The Director, BCL, told the OIG that all BCL employees who work a telework schedule (which, according to the BCL Director is very few because of the nature of the work in BCL) have completed the revised FMC-110. She also indicated that the information on file (on the obsolete editions) is correct, i.e., the new FMC-110 adds only the telework block to check and no other data fields. She told the OIG that when an individual's circumstances change and the change impacts the FMC-110, she will require staff to complete the new FMC-110 at that time.

The OIG notes that a primary purpose of the form is to ensure that supervisors are aware of, and approve, employee work schedules. We noted that one long-time BCL supervisor left the agency in 2008. Another supervisor departed within the last two months. A change in supervisor should require affected employees to submit their work schedules to a new supervisor for approval. Therefore, BCL should require that the form be updated when supervisors change.

As management has asserted that it will update the documentation when changes occur, the OIG is not making a recommendation but will follow up with BCL to verify implementation.

Employee Arrival and Departure Record

CO 92 requires employees on compressed or alternate work schedules (AWS) to submit a written record of arrival and departure times on FMC-109, *Employee Arrival and Departure Record*, at the end of each pay period. The form is to be certified by the employee before it is submitted to the timekeeper. Employees working a "regular" work schedule (eight hours per day) are also encouraged to use the form to document hours worked and leave used. When signed by the employee, it provides an audit trail which can be used to validate the accuracy of the T&A.

BCL requires all bureau employees to complete and submit FMC-109, bi-weekly, to their timekeeper regardless of their work schedule. We found all nine-sampled employees provided form FMC-109 for each pay period in calendar year 2008. We commend BCL's management for fully implementing this control.

During our review of the documentation, the OIG identified one error pertaining to the recording of T&A data. For one of the nine sampled employees, the FMC-109 indicated that this employee was at work on December 24th (the Commission granted all employees 4 hours of administrative leave on this day). Supporting documentation for this employee indicated that s/he used her "AWS" day off on December 22, and had taken annual leave on December 23. When we spoke to the employee regarding December 24, s/he told us that s/he did not come to work at all on that day. While we do not suspect that the employee intended to falsify the timecard, we question how closely the records are reviewed prior to their approval by the supervisor. The STAR was certified as accurate by all (timekeeper, employee and supervisor reviewers).

Recommendation 2. We recommend that BCL request OFM to adjust this employee's annual leave balance to reflect the use of five hours of annual leave in pay period 26.

During the exit conference, the BCL Director told the OIG that she instructed the appropriate bureau timekeeper to adjust this employee’s leave balance to correct the error.

Finding 3. Leave Slips were not Routinely Used to Request Leave or Completed in Accordance with OPM and FMC Regulations

Commission Order 64, *Employee Absence and Leave*, requires employees to request annual and sick leave, compensatory time off, leave without pay, family and medical leave, and other paid absences, on OPM Form 71, *Request for Leave or Approved Absence*. These requests are initiated by the employee and approved (or disapproved) by the employee’s supervisor and, except in extenuating circumstances, are to be submitted in advance of leave used. The form is given to the timekeeper (i) to validate that leave taken in a given pay period was approved and (ii) to identify the number of leave hours used in the pay period for entry into STAR.

The GAO *Standards for Internal Control in the Federal Government* states that all transactions and other significant events are to be clearly documented and the documentation should be readily available for examination.

We reviewed leave request forms for the nine employees in our sample for each pay period in 2008 (26 pay periods). Specifically, we reviewed whether leave (i) was requested in advance using required leave request forms, (ii) reconciled to the STAR reports, and (iii) complied with agency policies on collection of Personally Identifiable Information (PII).

Missing Leave Slips for Leave Used

The BCL requires staff to request all leave on OPM Form 71 and we found that this policy is generally followed, although there is room for improvement. Even when we identified exceptions, BCL staff noted the hours that were used on FMC-109, *Employee Arrival and Departure Record*. This “compensating control” helps to ensure that leave is appropriately recorded. On the other hand, the FMC-109 is not provided to the supervisor for approval. As a result there is no guarantee that leave was approved in advance. Further, if the employee does not record the leave on the FMC-109, the possibility exists that it will not be entered into the payroll system because the FMC-109 does not require supervisory review/approval. Table 1. shows the number of hours of leave used during the year without the OPM Form 71 request form.

Table 1. Employee Leave without OPM Form 71

	Leave Events	Hours Used
Timekeeper-Front Office	1	2
Staff-Front Office	0	0
Staff-Front Office	3	16
Timekeeper-PVO	3	51
Staff-PVO	0	0
Staff-PVO	0	0
Timekeeper-OTI	0	0
Staff-OTI	1	10
Staff-OTI	3	15
Total	11	94

The OIG identified 11 instances, totaling 94 hours of leave, where no approved leave slip was provided for leave used. We relied upon the FMC-109 to reconcile leave taken with leave recorded in the STAR. We do not suspect that leave abuse is occurring in BCL, as controls are in place (i.e., the FMC-109).

BCL noted that over half of the hours identified by the OIG (58/94) pertained to sick leave used by one BCL staff. BCL added further that the Office of Human Resources was aware of the extended sick leave used by this individual.

During our review of leave requests, we also assessed whether (i) obsolete leave request documentation was being used to request leave, (ii) the forms contained PII, and (iii) the employee signed and the supervisor approved the leave slips.

The OPM Form 71 was issued in December 1997 and revised in June 2001. The revised OPM Form 71 requires an employee who requests sick leave to indicate the purpose for the leave and, when applicable, to include (i) *illness/injury/incapacitation of requesting employee* and (ii) *care of family member with a serious health condition*. The revised form also requires an employee who elects to use Family and Medical Leave (FML) to *provide medical certification of a serious health condition...* These additional purposes are used to provide the supervisor with information relating to the use of sick leave. The FMC requires that all leave requests be made on the revised OPM Form 71. The CO 64 does not state that medical documentation is needed when using FML, however it does require additional documentation for absences due to illness that exceeds three consecutive work days.

Six of the nine BCL employees we reviewed used the discontinued version of the form on numerous occasions even though the updated form is provided to FMC employees on the intranet and as an appendix in the SOP for timekeepers. In total, we identified 57 requests for leave on the discontinued leave slip, compared to 138 requests on the revised form.

Social Security Numbers on Leave Slips

Social Security numbers (SSN) are unique identifiers issued to U.S. citizens and to permanent and temporary residents. But, with growing instances of identity theft and the need to safeguard PII, the collection of SSNs for routine uses has been curtailed. PII is defined as any piece of information which can potentially be used to uniquely identify, contact or locate a single person. In September 2006, the agency issued guidance instructing staff to discontinue use of the SSN on leave requests and other agency-used forms. Further, the agency disabled the SSN field on the electronic leave request form.

Notwithstanding actions taken by the agency, 50 of 75 leave slips provided by three of the nine employees we reviewed entered their SSN's on leave slips approved by their supervisors.

Recommendation 3. We recommend that BCL supervisors require that all leave requests, including changes to approved leave requests, be made on OPM Form 71. Further, timekeepers should remind employees of agency policy regarding the use of the SSN on leave request forms.

Advance Sick Leave

According to CO 64, sick leave may be advanced for serious disability, illness or for adoption-related purposes upon written request to the office director and approval by the Director, Office of Human Resources (OHR). Medical documentation accompanying the request should estimate the anticipated duration of the absence for illness, disability or adoption purposes, and project a date when the employee will return to work. The maximum amount of sick leave that can be advanced to an employee is 240 hours.

The FMC's advance sick leave policy is identified in CO 64, *Employee Absence and Leave*. According to the policy, *(a) maximum of 240 hours sick leave may be advanced for serious disability, illness, or, when required by exigencies of the situation, for adoption-related purposes upon written request to the Bureau or Office Director and approval by the Director, OHR... Each request for sick leave advance will be considered on its merits.*

BCL management complied with agency policy in obtaining approval and granting one employee 80 hours of advanced sick leave.

Extended Sick Leave

Federal employees annually accumulate 104 hours of sick leave regardless of the number of years of service with the federal government. The Code of Federal Regulations (CFR) 630.401 states that sick leave is granted when an employee (1) receives a medical, dental or optical examination or treatment; (2) is incapacitated for the performance of duties by physical or mental illness, injury, pregnancy or childbirth; (3) provides care for a family member who is incapacitated by a medical or mental condition, etc.; (4) makes arrangements necessitated by the death of a family member or attends the funeral of a family member; (5) jeopardizes the health of others by his or her presence on the job because of exposure to a communicable disease; or (6) requires absence from duty for purposes relating to the adoption of a child.

5 CFR 630.403 states that an agency may grant sick leave only when supported by administratively acceptable evidence. The agency may require a medical certificate or other administratively acceptable evidence identifying the reason for an absence for any of the purposes described above when the absence exceeds three workdays, or for a lesser period when determined necessary. The agency's CO 64 states that when absence due to illness exceeds three consecutive work days, it must be supported by a medical certificate provided to the employee's supervisor or a statement signed by the employee explaining why he or she did not see a health care provider.

Our review of the nine employees' sick leave usage identified two employees that used 80 and 44 hours of sick leave in pay periods 14 and 22, respectively, without medical documentation to support the absence, although the timekeeper told the OIG that the office knew the reasons for the extended sick leave.

One of these employees identified above invoked the Family and Medical Leave Act (FMLA) for this extended sick leave, which, we believe, was erroneously used. The FMLA

allows employees to take a reasonable amount of unpaid leave for medical reasons to care for self, spouse, son, daughter or parent, and to take job-protected, unpaid leave, or to substitute appropriate paid leave, for up to a total of 12 workweeks in any 12 months with the right to return to the same position without any recourse to pay, benefits and working conditions.

To be eligible for FMLA, the condition must be chronic and require ongoing i.e., continuous treatment. For example, a parent taking off from work to care for a child with the flu does not meet the requirements of the FMLA; nor does a recuperation period after surgery if the condition does not involve on-going, continuous care.

The employee elected this entitlement on OPM Form 71, for 44 hours of sick leave. The FMLA is generally invoked to protect an employee's job due to the medical-related absence or to safeguards the employee's right to take off work, using paid or unpaid leave, should the employee's place of employment deny the employee leave. In this example, the employee had ample sick leave balance to cover the absence and the leave was approved in advance. This employee did not need to invoke his/her rights under FMLA.

While the agency must record all uses of FMLA, the records are maintained only within the agency in the event the employee questions whether his/her rights to FMLA were fully protected. While it appears that the employee in question followed agency policy, the policy lacks sufficient detail to be most useful. The current policy is one paragraph long, and does not provide guidance on, for example, use of sick leave versus FMLA leave, unpaid FMLA, or the amount of FMLA leave employees are entitled to use. The agency's policy should be enhanced to better enable FMC employees to discern the types of situations where FMLA is applicable. The OIG reviewed other agency policies and can provide examples of policies that assist employees in this way.

Recommendation 4. We recommend that the Office of Administration revise CO 64, Employee Absence and Leave, to enhance the guidance regarding FMLA. This should include eligibility requirements, length of leave protections, requirements for unpaid leave and procedures for requesting FMLA leave.

Finding 4. Potential Misuse of Leave

Annual leave is provided to allow employees time off for personal reasons and emergencies. Using annual leave is an employee right, subject to management's discretion. When an employee does not have sufficient annual leave the employee can request advance annual leave or elect leave without pay. The CO 64 states that timekeepers will keep accurate records and supervisors will carefully monitor the use of advance annual leave to ensure that employees do not use more leave than they will earn during the year, since NFC records do not reflect advanced leave.

Sick leave is to be used for medical, dental, optical examination or treatment of the employee or family members. This leave is earned when the employee is employed on all days falling within the pay period, exclusive of holidays and non-workdays.

The OIG identified one BCL timekeeper who appears to have misused the leave privilege. This employee requested and obtained approval for 40 hours of annual leave for pay period 18. However, s/he carried a balance of only 30 hours of annual leave at the end of the period, 10 hours short of the total amount of annual leave used. To make up the difference, the employee charged 10 hours of sick leave.

BCL officials disagreed with our conclusion, choosing instead to conclude, with the employee, that the employee became sick during the period of annual leave. Looking back several months, it is difficult to conclude with certainty that this employee used leave properly. On the other hand, we do know that the employee requested more annual leave than s/he had available, which itself indicates misuse of the leave privilege. Further, sick leave spread over a weekend (two hours on a Friday and eight hours the following Monday) in the exact increment that was needed to add to 40 hours, is suspicious.

While there are several authorized uses of sick leave, using sick leave as a substitute for annual leave is not one of the approved uses. We noted that the employee's supervisor, who approved the use of 40 hours of annual leave, signed off on this substitution of leave by certifying the STAR report. Yet, there was no written documentation in the file supporting the 10 hours of sick leave.

Recommendation 5. We recommend that BCL request OFM to adjust this employee's annual and sick leave balances to reflect actual leave used.

Finding 5. Errors Identified on the Annual Attendance Record

The T&A SOP states that the timekeeper shall record all leave taken during the pay period on the employee's FMC-183, *Annual Attendance Record* which is available manually or electronically. Each calendar year the timekeeper is provided a blank FMC-183 for this purpose. This record is to be maintained regularly, as it will be used to create and verify leave balances. This form is used by OFM to make corrections to the NFC database when errors occur. So the use of FMC-183 and accurate recording of information based on supporting documents is needed to provide relevant information.

We used a modified version of this form to perform a leave audit for the nine employees in our sample using balances carried over from the last pay period in CY 2007⁴, leave slips and hours charged on STAR and compared it to the FMC-183 maintained by the timekeeper. The modified version had other elements relating to our testing of the records. Six employee leave balances reconciled with FMC-183, our leave audit and STAR. However, the remaining three employee (timekeeper and staff) leave balances did not reconcile by the end of CY 2008.

We found discrepancies in the balances of each employee's annual and sick leave, affecting the opening balances for CY 2009:

⁴ A leave audit reconciles opening leave balances, leave earnings and usage, with closing leave balances for a predetermined time period.

Table. 2 Leave Audit Results

	OTI Timekeeper	OTI Employee	Front Office Employee
Annual Leave – STAR	29	226	223
Annual Leave – FMC-183	29	226	223
Annual Leave – Leave Audit	19	221	223
Difference	(10)	(5)	0
Sick Leave – STAR	6	132	300
Sick Leave – FMC-183	6	132	316
Sick Leave – Leave Audit	16	132	300
Difference	10	0	(16)

The GAO Standards for Internal Control states that *transactions should be promptly recorded to maintain their relevance and value to management in controlling operations and making decisions*. CO 64, also states that *timekeepers will keep accurate records and supervisors will carefully monitor the use of advance annual leave*. With incorrect leave balances, employees may be using leave that they are not entitled too.

Recommendation 6. We recommend the timekeepers reconcile the Annual Attendance Record with leave slips, FMC-109 and STAR reports, to ascertain the correct leave balances for its employees by the end of FY 2009.

Memorandum

TO : Inspector General

DATE: June 18, 2009

FROM : Director, Bureau of Certification and Licensing

SUBJECT: Review of Office of BCL's Time and Attendance Practices

In response to your memorandum of June 15, 2009, a review of the draft report "Review of the Office of BCL's Time and Attendance Practices" was conducted and the following comments are submitted. The Bureau of Certification and Licensing ("BCL") would like to provide some clarifications to the findings which I believe should be reflected in the final audit report.

Based on BCL's review of the audit report, the Office of Inspector General ("OIG") review included:

- 9 employees selected for review
- 26 pay periods in CY 2008
- For 9 employees OIG examined:
 - o 234 STAR reports
 - o 234 FMC-109, Arrival and Departure Records
 - o 195 OPM Form 71, Request for Leave or Approved Absence
 - o 8 Form FMC-110, Request for Work/Telework Schedule
 - o 3 Form FMC-81, Designation of to Act as T&A Clerk
 - o 9 Form FMC-183, Annual Leave Record
 - o 1,899 hours of annual and sick leave
 - o 18,720 (9x2080) staff billable hours

CIO/Records Management Officer Records Management-Housekeeping Standard Operating Procedures

Most of the OIG findings relate to the availability of documentation to support annual and sick leave (OPM Form 71, Request for Leave or Approved Absence) taken by BCL staff. On December 6, 2007, the Commission's CIO/Records Management Officer issued a SOP regarding the disposition of time and attendance leave application files. In accordance with the SOP, staff is advised to dispose of the OPM Form 71s or equivalent plus any supporting documentation of requests and approvals of leave if the employee initials the time card or equivalent record. As reported by the OIG, BCL requires staff to submit the FMC-109, Employee Arrival and Departure Record, bi-weekly to the timekeeper regardless of their work schedule. The FMC-109 which documents the hours worked and leave used is certified by employees and supervisors.

Recommendation No. 1

We recommend that BCL update the FMC-81 for the front office's timekeeper to be assigned an alternate timekeeper.

BCL Response Recommendation No. 1

BCL agrees with Recommendation 1 and has taken steps to assign an alternate timekeeper to BCL's front office.

Finding No. 2

Adherence to Agency T&A Policies - Employee Request for Work/Telework Schedule

Recommendation No. 2

We recommend that the BCL request OFM to adjust this employee's annual leave balance to reflect the use of five hours of annual leave in pay period 26.

BCL Response - Finding No. 2

BCL believes that this section, "Employee Request for Work/Telework Schedule" should be deleted from the report because it adds no value to the audit. As reported by the OIG, "BCL has implemented this control effectively." On pages 4 and 5 of the draft report, the OIG discusses various reasons for BCL to update the FMC-110 for the selected employees. The FMC-110 filed for these employees were approved in accordance with Commission regulations. BCL is not aware of any additional guidance from the Commission regarding the requirement to update the FMC-110. As stated by the Director, BCL, the FMC-110 will be updated if an employee's work hours/schedule changes.

BCL Response Recommendation No. 2

BCL agrees with Recommendation 2 and has taken steps to ensure that the employee's leave balance is adjusted to reflect five hours of annual leave taken for pay period 26.

Finding No. 3

Leave Slips were not routinely Used to Request Leave or Completed in Accordance with OPM and FMC Regulations

Recommendation No. 3

We recommend that BCL supervisors require that all leave requests, including changes to approve leave requests, be made on OPM Form 71. Further, timekeepers should remind employees of agency policy regarding use of SSN's on leave request forms.

BCL Response Finding No. 3

BCL does not agree with Finding 3. We believe the OIG has substantially understated BCL's use of OPM Form 71s to request leave. The OIG reviewed 195 OPM Form 71s totaling approximately 1,900 hours of sick and annual leave taken by nine employees. The review found 11 instances (94 hours) where leave slips were missing for the nine employees. We do not believe that 94 out of 1,900 hours demonstrate that leave slips are not routinely used to request leave. Based on the OIG review, BCL performed at a 95% success rate. Further, 58 (62%) of the 94 hours pertain to sick

leave used by staff of which documentation to support 48 of the 58 hours was provided to the OIG. As stated in Commission Order No. 64, there are instances when it is impossible to obtain supervisor approval in advance of taking annual leave. Regarding sick leave, **if possible**, it must be approved in advance.

BCL Response Recommendation No. 3

BCL does not agree with Recommendation 3. The Bureau uses the FMC-109 to document all employee requests and approval of leave. Again, BCL reminds the OIG that the Bureau is not required to maintain copies of the OPM Form 71 and sees no reason why changes to approved leave requests should be made on the OPM Form 71.

Recommendation No. 4

We recommend that the Office of Administration revise CO 64, Employee Absence and Leave, to enhance the guidance regarding FMLA. This should include eligibility requirements, length of leave protections, requirements for unpaid leave and procedures for requesting FMLA leave.

BCL Response Recommendation No. 4

The recommendation is addressed to the Office of Administration. However, BCL believes employees have the right to invoke FMLA and all established guidelines were followed in this instance.

Finding No. 4

Potential misuse of leave

Recommendation No. 5

We recommend that BCL request OFM to adjust this employee's annual and sick leave balances to reflect actual leave used.

BCL Response Finding No. 4

BCL does not agree with finding 4. On page 10, the OIG reports "We noted that the employee's supervisor who approved the use of 40 hours of annual leave signed off on this substitution of leave by certifying the STAR report. Yet, there was no written documentation in the file supporting the 10 hours of sick leave" and that the 10 hours that was needed to add to the 40 hours is suspicious. The OIG failed to address that BCL's decision to allow the employee to adjust the requested annual and sick leave taken for the respective pay period was based on the completed FMC-109 which was also provided to the OIG.

BCL Response Recommendation No. 5

BCL does not agree with this recommendation. The FMC-109 which documented the hours worked was certified by the employee and reviewed by the supervisor. The documentation provided to the OIG correctly reflects the leave used by the employee.

Recommendation No. 6

We recommend the timekeepers maintain the Annual Attendance Record to reflect reconciliation of leave slips, FMC-109 and STAR reports, to ascertain the correct leave balances for its employees.

BCL Response Recommendation No. 6

BCL will remind all timekeepers to ensure that the Annual Attendance Record reflects reconciliation of leave slips, FMC-109 and STAR reports.



Sandra L. Kusumoto

cc: Director, Office of Operations
Deputy Director, Office of Administration
Special Assistant to the Director, Office of Administration
Director, Office of Financial Management
Director, Office of Human Resources

**FEDERAL MARITIME COMMISSION
EMPLOYEE REQUEST FOR WORK/TELEWORK SCHEDULE**

To: _____

- I request a regular work schedule.
- I request that the following flexible hours be established for me.

Arrival time : _____

Departure time : _____

- I request that the following compressed work AND/OR telework schedule be approved for me. Please indicate 8-hour day, day off, or telework day, as appropriate. If requesting episodic teleworking, designate work hours and check the episodic teleworking line.

First week of pay period.

Monday	:	_____	a.m. to	_____	p.m.
Tuesday	:	_____	a.m. to	_____	p.m.
Wednesday	:	_____	a.m. to	_____	p.m.
Thursday	:	_____	a.m. to	_____	p.m.
Friday	:	_____	a.m. to	_____	p.m.

Episodic teleworking

Second week of pay period.

Monday	:	_____	a.m. to	_____	p.m.
Tuesday	:	_____	a.m. to	_____	p.m.
Wednesday	:	_____	a.m. to	_____	p.m.
Thursday	:	_____	a.m. to	_____	p.m.
Friday	:	_____	a.m. to	_____	p.m.

Employee's Signature

Date

SUPERVISORY RECOMMENDATION

- Approve
- Approve as modified
- Disapprove (justification attached)

Supervisor's Signature

Date

- Approved Approved as modified Disapproved

Bureau or office director's signature

Date

cc: Employee
Timekeeper

FEDERAL MARITIME COMMISSION

Employee Arrival and Departure Record

Name _____

Pay Period Beginning _____ Ending _____

DAY	ARRIVAL	DEPARTURE	LEAVE (hours)	
	TIME	TIME	ANNUAL	SICK
MONDAY				
TUESDAY				
WEDNESDAY				
THURSDAY				
FRIDAY				
MONDAY				
TUESDAY				
WEDNESDAY				
THURSDAY				
FRIDAY				

I hereby certify the accurateness of this information.

Employee Signature Date

Request for Leave or Approved Absence						
1. Name (Last, first, middle)				2.		
3. Organization						
4. Type of Leave/Absence						5. Family and Medical Leave
Check appropriate box(es) and enter date and time below)	Date		Time		Total Hours	If annual leave, sick leave, or leave without pay will be used under the Family and Medical Leave Act of 1993 (FMLA), please provide the following information: <input type="checkbox"/> I hereby invoke my entitlement to family and medical leave for: <input type="checkbox"/> Birth/Adoption/Foster care <input type="checkbox"/> Serious health condition of spouse, son, daughter, or parent <input type="checkbox"/> Serious health condition of self <i>Contact your supervisor and/or your personnel office to obtain additional information about your entitlements and responsibilities under the FMLA. Medical certification of a serious health condition may be required by your agency.</i>
<input type="checkbox"/> Accrued annual leave	From	To	From	To		
<input type="checkbox"/> Restored annual leave						
<input type="checkbox"/> Advance annual leave						
<input type="checkbox"/> Accrued sick leave						
<input type="checkbox"/> Advance sick leave						
Purpose: <input type="checkbox"/> Illness/injury/incapacitation of requesting employee <input type="checkbox"/> Medical/dental/optical examination of requesting employee <input type="checkbox"/> Care of family member, including medical/dental/optical examination of family member, or bereavement <input type="checkbox"/> Care of family member with a serious health condition <input type="checkbox"/> Other						
<input type="checkbox"/> Compensatory time off						
<input type="checkbox"/> Other paid absence (specify in remarks)						
<input type="checkbox"/> Leave without pay						
6. Remarks						
7. Certification: I certify that the leave/absence requested above is for the purpose(s) indicated. I understand that I must comply with my employing agency's procedures for requesting leave/approved absence (and provide additional documentation, including medical certification, if required) and that falsification of information on this form may be grounds for disciplinary action, including removal.						
7a. Employee signature					7b. Date signed	
8a. Official action on request <input type="checkbox"/> Approved <input type="checkbox"/> Disapproved <i>(If disapproved, give reason. If annual leave, initiate action to reschedule.)</i>						
8b. Reason for disapproval						
8c. Signature					8d. Date signed	
Privacy Act Statement Section 6311 of title 5, United States Code, authorizes collection of this information. The primary use of this information is by management and your payroll office to approve and record your use of leave. Additional disclosures of the information may be: To the Department of Labor when processing a claim for compensation regarding a job connected injury or illness; to a State unemployment compensation office regarding a claim; to Federal Life Insurance or Health Benefits carriers regarding a claim; to a Federal, State, or local law enforcement agency when your agency becomes aware of a violation or possible violation of civil or criminal law; to a Federal agency when conducting an investigation for employment or security reasons; to the Office of Personnel Management or the General Accounting Office when the information is required for evaluation of leave administration; or the General Services Administration in connection with its responsibilities for records management. Public Law 104-134 (April 26, 1996) requires that any person doing business with the Federal Government furnish a social security number or tax identification number. This is an amendment to title 31, Section 7701. Furnishing the social security number, as well as other data, is voluntary, but failure to do so may delay or prevent action on the application. If your agency uses the information furnished on this form for purposes other than those indicated above, it may provide you with an additional statement reflecting those purposes.						

FEDERAL MARITIME COMMISSION

DESIGNATION OF AUTHORIZED REPRESENTATIVE

INSTRUCTIONS: A new form must be completed and forwarded to the Office of Financial Management whenever the designee or alternate changes.

NAME OF DESIGNEE (Print above, last name first)	SIGNATURE OF DESIGNEE
NAME OF ALTERNATE (Print last name first)	SIGNATURE OF ALTERNATE
ORGANIZATIONAL AREA OF RESPONSIBILITY	
DESIGNEE (or Alternate) IS AUTHORIZED TO <input type="checkbox"/> 1. CERTIFY/APPROVE TIME AND ATTENDANCE CARDS <input type="checkbox"/> 2. ACT IN THE CAPACITY OF TIME AND ATTENDANCE CLERK. <input type="checkbox"/> 3. REQUEST/APPROVE TRAVEL AUTHORIZATIONS, TRAVEL VOUCHERS AND LOCAL TRAVEL REIMBURSEMENTS. <input type="checkbox"/> 4. OTHER (SPECIFY) _____ _____	ADMINISTRATIVE LIMITATIONS This cancels previously issued FMC-81
SIGNATURE AND TITLE OF OFFICIAL AUTHORIZED TO DESIGNATE REPRESENTATIVE Signature _____ Title _____	DATE

ANNUAL LEAVE RECORD - 2009

A - Annual
 S - Sick
 H - Holiday
Daily Record of Leave Used During Each Pay Period
 Example: If you are sick 4 hrs. enter S-4 under the appropriate day.
 If you take a day of annual leave, enter A-8 for that day.

Note: Annual leave earned each pay period depends on your length of service

0-3 years.....	4 hrs.
3-15 years.....	6 hrs.
(10 hrs. in last pay period)	
15 years.....	8 hrs.

Pay Period	SUN MON TUE WED THU FRI SAT							Annual Leave			Sick Leave			Comp Hours		
	SUN	MON	TUE	WED	THU	FRI	SAT	Earned	Used	Balance	Earned	Used	Balance	Earned	Used	Balance
1 Jan 4 - Jan 17																
2 Jan 18 - Jan 31			H													
3 Feb 1 - Feb 14																
4 Feb 15 - Feb 28																
5 Mar 1 - Mar 14																
6 Mar 15 - Mar 28																
7 Mar 29 - Apr 11																
8 Apr 12 - Apr 25																
9 Apr 26 - May 9																
10 May 10 - May 23																
11 May 24 - Jun 6																
12 Jun 7 - Jun 20																
13 Jun 21 - Jul 4																
14 Jul 5 - Jul 18																
15 Jul 19 - Aug 1																
16 Aug 2 - Aug 15																
17 Aug 16 - Aug 29																
18 Aug 30 - Sep 12																
19 Sep 13 - Sep 26																
20 Sep 27 - Oct 10																
21 Oct 11 - Oct 24																
22 Oct 25 - Nov 7																
23 Nov 8 - Nov 21																
24 Nov 22 - Dec 5																
25 Dec 6 - Dec 19																
26 Dec 20 - Jan 2																

Form FMC-183 (Front)

Last, First, MI

Leave Cat. Code

Service Comp Date