

**U.S. GENERAL SERVICES ADMINISTRATION
OFFICE OF INSPECTOR GENERAL**

Review of Overtime Management Controls in GSA Public
Buildings Service, National Capital Region

Audit Report
A050130/P/W/R06007
April 19, 2006

Washington Field Audit Office
Washington, DC



**REVIEW OF OVERTIME MANAGEMENT
CONTROLS IN GSA
PUBLIC BUILDINGS SERVICE,
NATIONAL CAPITAL REGION
REPORT NUMBER A050130/P/W/R06007
April 19, 2006**



U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

Date: April 19, 2006

**Reply to
Attn of:** Regional Inspector General for Auditing
Washington Field Audit Office

Subject: Review Of Overtime Management Controls In GSA Public Buildings
Service, National Capital Region
Report Number A050130/P/W/R06007

To: Annie W. Everett
Acting Regional Administrator (WA)

This report presents the results of our review of management controls for overtime in the National Capital Region Public Buildings Service. Our audit objective was to assess how effective the current management control environment was as it related to labor overtime expense. We found that in the National Capital Region PBS needs better oversight and control for overtime costs incurred. Currently, the management control environment relies on outdated forms and procedures, compliance with existing policy is poor, and there is no evidence of applied analytical techniques. Without practicing variance analysis for the overtime cost element, there is no assured means to detect and correct errors and/or abusive practices. Without complete support documentation, the specific justification for much of the overtime incurred cannot be determined.

If you have any questions regarding this report, please contact myself or Paul Malatino, Regional Inspector General for Auditing, at (202) 708-5340.

P. Malatino

for Keith A. Amacher
Audit Manager
Washington Field Audit Office (JA-W)



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EXECUTIVE SUMMARY

Purpose

The objective of the audit was to assess effectiveness of the current management control environment as it relates to the labor overtime expense. Our scope was limited to overtime expenses incurred by the Public Buildings Service, National Capital Region (PBS/NCR) during FY 2004 and FY 2005 - year to date through April 3, 2005.

Background

Organizationally, PBS/NCR is comprised of various Services and Services Support Divisions that perform a multitude of operations. Associates most likely to incur overtime costs are engaged in providing building operations support, such as utility systems repair, mechanical engineering, fire systems, and custodial tasks in GSA owned buildings. Overtime costs of approximately \$3.4 million averaged 19 percent of associates' base pay in FY 2004. This trend continued into FY 2005.

Results-in-Brief

PBS needs better oversight and control over overtime costs incurred in the National Capital Region. Currently, the management control environment relies on outdated forms and procedures, compliance with existing policy is poor, and there is no evidence of applied analytical techniques. Without an established practice of variance analysis for the overtime cost element, there is no assured means to detect and correct errors and/or abusive practices. Without complete support documentation, the specific justification for much of the overtime incurred cannot be determined.

Recommendations

Our recommendations for the Assistant Regional Administrator for PBS:

1. In conjunction with the appropriate policy office, redesign GSA Form 544 as a standard, mandatory electronic version with e-signature capabilities. The form should a) identify the pay period; b) include daily record of overtime authorized versus actually worked by named individual for the pay period; c) require ETAMS overtime coding; c) identify funding source; d) identify building number; and e) capture the specific justification to incur overtime.
2. In partnership with the National Payroll Center, design and implement a variance analysis reporting capability to provide the means to manage and better control the overtime expense element.
3. Evaluate the continued relevance of the "30 hour rule" espoused in CFO P 4282.1, Chapter 5, Section 2.5. If it is to be retained, then a means to administer this provision is needed. Otherwise, pursue a change to this policy with the appropriate policy office.

INTRODUCTION

Background

The General Services Administration's Public Buildings Service is (PBS) the largest public real estate organization in the country and a provider of workspace and workplace solutions to more than 100 federal agencies representing over a million federal civilian workers in 2,000 American communities. PBS' National Capital Region (PBS/NCR) houses federal agency clients in both owned and leased space located throughout:

- Washington, DC,
- Maryland (Montgomery and Prince George's counties), and
- Virginia (the cities of Alexandria and Falls Church, and Arlington, Fairfax, Loudoun, and Prince William counties).

Organizationally, PBS/NCR is comprised of various Services and Services Support Divisions that perform a multitude of operations. Associates most likely to incur overtime costs are engaged in providing building operations support, such as utility systems repair, mechanical engineering, fire systems, and custodial tasks in GSA owned buildings. This report examines the extent to which those costs are appropriately managed and controlled.

Objective, Scope and Methodology

The objective of the audit was to assess effectiveness of the current management control environment as it relates to labor overtime expense. Our scope was limited to overtime expenses incurred by PBS/NCR during the FY 2004 and FY 2005, year to date through April 3, 2005.

To accomplish the audit objectives, we:

- Held an entrance conference with the Regional Administrator, including the Deputy Regional Administrator, and a Regional Counsel Representative;
- Held discussions with the Assistant Regional Administrator for Public Buildings Service and Senior Officials for Public Buildings Service's Chief Financial Officer;
- Reviewed FY 2004 and FY 2005 YTD overtime payroll information retained in the National Payroll Center's Payroll Accounting and Reporting System (PARS) for all PBS/NCR associates;
- Judgmentally selected 42 of the 125 associates who accumulated overtime that was 25% or more of base pay in FY 2004;
- Conducted extensive analyses of these 42 associates' FY 2005 overtime information recorded on GSA Form 544s (Request, Authorization and Report of Overtime), GSA Form 1079 (Federal Building Fund – Daily Time Report), and other in-house documents used when administering overtime for 42 associates of seven service centers and staff offices;

- Held discussions with program officials and timekeepers for D.C. Services Center, the Heating Operations and Transmission Division, Metropolitan Services Center, Potomac Services Center (including the White House Team), Special Services Division, and Triangle Services Center;
- Contacted the American Federation of Government Employees' Vice President to identify reported overtime concerns;
- Reviewed laws, regulations, policies and procedures relative to administering overtime; and
- Reviewed overtime information obtained from PBS/NCR office of the CFO, via Business Objects software system.

The audit was conducted in accordance with generally accepted government auditing standards.

RESULTS OF REVIEW

Summary

PBS needs better oversight and control over overtime costs incurred in the National Capital Region. The current management control environment relies on outdated forms and procedures, compliance with existing policy is poor, and there is no evidence of applied analytical techniques. Without an established practice of variance analysis at the service center level and above, there is no assured means to detect and correct errors and/or abusive practices. Without complete support documentation, the specific justification for much of the overtime incurred cannot be determined. The potential for abuse is high. The appearance of abuse is present. And, as a related matter, the potential for misapplication of reimbursable funds is also present.

Findings

The following series of tables help place overtime costs in context relative to salary expense, and help explain how our sample was derived.

Overtime Costs in Context

As can be seen in **Table 1**, overtime costs of approximately \$3.4 million averaged 19 percent of base pay in FY 2004. The Potomac-White House Center led with an average overtime cost of 32 percent of base pay and a maximum payment to a single employee of nearly \$94,000, exclusive of base pay.

Table 1

Office Symbol	Office Name	Total Staff	Staff with OT	OT	OT %	BASE for Staff with OT	OT % of Base	Average OT	Max OT Paid
WPGW	Potomac - White House Ctr.	168	146	\$1,735,485	51%	\$5,460,345	32%	\$11,887	\$93,995
WPA	Special Service Ctr.	93	69	552,393	16%	3,133,181	18%	8,006	38,815
WPO	HOTD Service Ctr.	95	63	377,410	11%	3,066,340	12%	5,991	25,772
WPG	Potomac Service Ctr.	147	34	277,201	8%	1,497,414	19%	8,153	28,712
WPZ	Triangle Service Ctr.	220	44	268,909	8%	1,956,326	14%	6,112	26,472
WPD	Metropolitan Service Ctr.	154	22	108,557	3%	1,127,164	10%	4,934	29,107
WPJ	D.C. Service Ctr.	174	20	56,909	2%	951,929	6%	2,845	20,855
WPF	Business Management Div.	37	3	1,501	0%	114,862	1%	500	749
WPQ	Leasing Policy/Perform. Div.	15	2	761	0%	176,125	0%	380	507
WPC	Property Development Ctr.	77	1	531	0%	78,943	1%	531	531
WPY	SDSC/Childcare	82	1	71	0%	7,299	1%	71	71
Grand Total		1,262	405	\$3,379,728	100%	\$17,569,928	19%	\$8,345	

Drawing from the same data as above, **Chart 1** below provides additional perspective. The data, which presents overtime and base pay per person, is arrayed from low to high base pay. The spike corresponds to the observed maximum overtime value (\$93,995) referenced above. As can be seen, other employees also earned overtime approaching or exceeding their base salary.

Chart 1

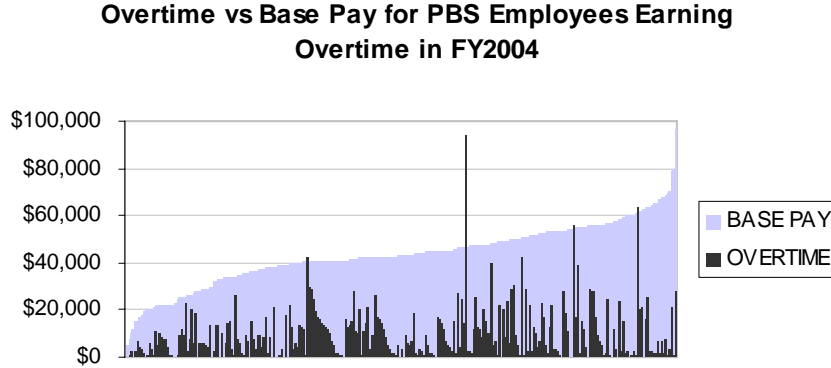


Table 2 contains overtime statistics for the top 10 trades, which account for 74 percent of the total overtime paid. For example, 59 percent of the 96 engineering technicians employed by PBS were paid some amount of overtime in FY 2004. As a group, these technicians earned \$396,206 in overtime, which is approximately 12 percent of the total overtime for in PBS/NCR. Excluding those technicians that earned no overtime, the amount represents an average of 13 percent of their base pay.

Table 2

OPM Occupation	Total Staff	Percent Earning OT	OT Pay	Percent of Total OT Pay	Percent of Base Pay
Utility Systems Repairing-Operating	32	91%	\$483,580	14%	39%
Engineering Technician	96	59%	396,206	12%	13%
Air Conditioning Equipment Mechanic	17	94%	258,048	8%	38%
Electrician (High Voltage)	18	94%	230,288	7%	29%
Custodial Working	51	67%	230,146	7%	26%
Electrician	20	95%	207,597	6%	30%
Building Management	211	23%	205,279	6%	9%
Electronics Mechanic	25	100%	196,616	6%	19%
Pipefitting	17	100%	159,548	5%	22%
Wood Crafting	13	85%	134,543	4%	35%
Total For Top 10 Occupations	500	55%	\$2,501,852	74%	

Narrowing the criteria to include just those employees earning overtime in excess of 25 percent of base pay, **Table 3** yields the following, arrayed by office. Filtered as such, the result still captures 71 percent of total overtime pay. Our sample of 42 associates was an incremental selection drawn from this group of 125.

Table 3

Office Name	Office Symbol	OT Pay	Base Pay	Employees >25 Percent	Average OT per Employee
Potomac - White House Ctr.	WPGW	\$1,473,405	\$2,854,921	73	\$20,184
Special Services Division	WPA	332,694	894,480	20	16,635
Potomac Services Ctr.	WPG	205,962	513,346	10	20,596
Heating Oper. & Trans. Div.	WPO	170,557	462,379	8	21,320
Triangle Services Ctr.	WPZ	140,814	375,182	9	15,646
Metropolitan Services Ctr.	WPD	70,085	185,799	4	17,521
D.C. Services Ctr.	WPJ	20,885	61,574	1	20,885
Total with >25% OT		\$2,414,402	\$5,347,681	125	\$19,315

Current Control Environment

The Government Accountability Office (GAO), under the Federal Managers' Financial Integrity Act of 1982, has responsibilities for issuing standards and guidance on internal control for the federal government. With respect to an employee time and attendance (T&A) system, of which overtime is a subset, GAO describes "...the primary objectives...are to ensure that the system complies with applicable legal requirements, supports reporting of reliable financial information, and operates effectively and efficiently". Control activities should also "...provide reasonable assurance that (1) T&A transactions are authorized and approved and (2) T&A information is properly and promptly recorded and retained."¹

GSA applies the GAO guidance, tailoring it to its own specific needs. The most detailed discussion is compiled in the *Payroll Operations Timekeeper Handbook*; CFO P 4282.1. From the handbook, we have identified the key aspects of the current control environment relative to overtime. They are as follows:

- 1) **The requestor completes GSA Form 544**, providing detailed justification specifically describing the reasons for the overtime.
 - a. A separate Form 544 is required for each event per pay period, but more than one employee can be covered by a single form.
 - b. Except for emergencies, overtime must be authorized in advance in writing
- 2) **Copies of Form 544 sent to budget officer** to determine adequacy of financing.
- 3) **Form 544 is signed by approving official**, typically the employee's first-line supervisor.
 - a. Additional written justification required to approve 30 hours or more per employee per three consecutive pay periods.
- 4) **Employee works O/T and records time on timesheet.**
- 5) **Timekeeper enters O/T data into ETAMS**

¹ *Maintaining Effective Control over Employee Time and Attendance Reporting*. GAO-03-352G. Washington D.C.: January 2003.

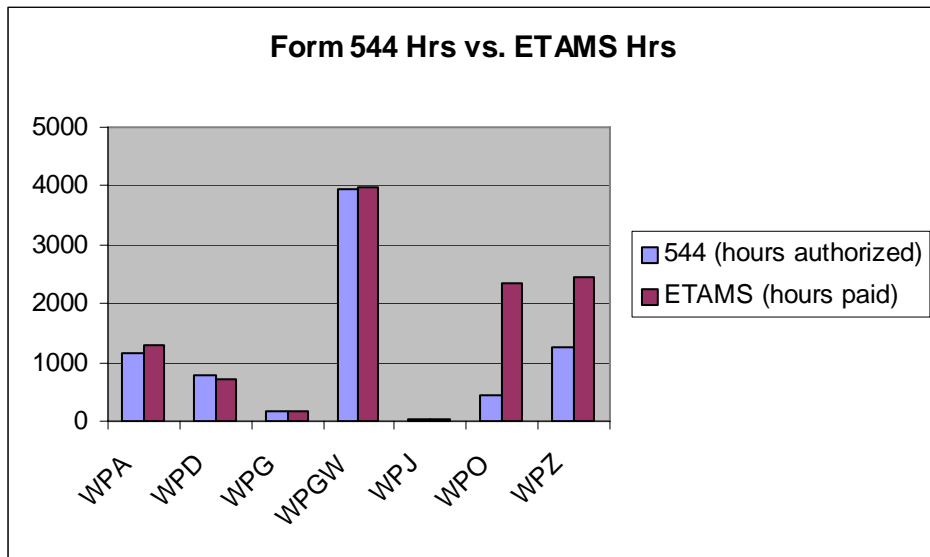
- a. ETAMS is GSA’s Electronic Time and Attendance Management System.
 - b. Timekeeper codes overtime by type (regular, irregular, etc).
 - c. Handbook establishes preference for daily input.
- 6) **Supervisor reviews and certifies payroll.**
- 7) National Payroll Center completes payroll process and issues **hard copy of Payroll Validation Report**
- 8) **Supervisor compares Form 544 authorization to Payroll Validation Report.**
- a. Attach validation report to 544 (or manually record actual hours on form), sign and retain form for six years.

The above list represents the key aspects of the control environment as prescribed by GSA policy. It represents what should be, not what is. As we will show, drawing on our observations for the first half of FY 2005 for the 42 associates selected for review, not only is there significant noncompliance, but even with full compliance the controls are inadequate to accomplish the objectives set forth by GAO. Overtime has become frequent, routine, and predictable for the PBS service centers. That the practice will continue is unavoidable in many instances; it is clearly not the exceptional event implied by the policy and implementation procedures. The sheer volume of Form 544 data processed each pay period overwhelms the largely manual process. A more effective and efficient management control is needed.

Current Practice – Recording Hours on Form 544

There is no consistent version of Form 544 in use, and at least one service center has substituted an electronic version that has benefits as well as some drawbacks as implemented. Not all of the forms are designed to capture the same information and not all locations administer the process with the same level of precision. Local nuances aside, if we focus on just one fundamental element - use of the form to determine whether actual hours paid were duly authorized - we find the following:

Chart 2



As can be seen, even from the very fundamental perspective of recorded hours, Form 544 data does not provide a basis of reconciliation for a substantial portion of business in two service centers: WPO (Heating Operation and Transmission Division) and WPZ (Triangle Services Center). This match of total authorized hours actually worked (via Form 544) with O/T hours paid (via ETMAS) over the same period is not a substitute for reconciliation on an event by event basis, but it is a meaningful indicator of problem areas.

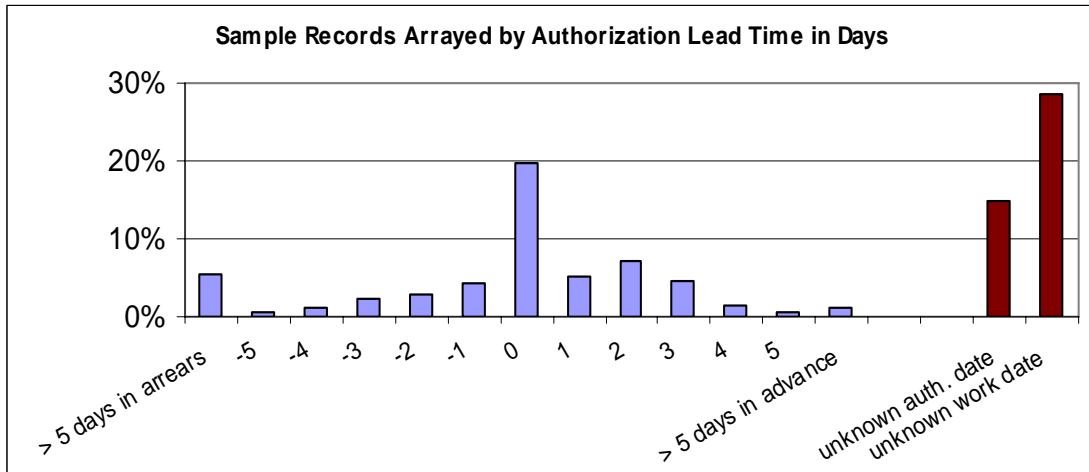
In the case of WPO, we find that it has substituted an electronic version of Form 544. WPO management contended that the paper version of GSA Form 544s presented a problem in administering overtime hours due to the volume of hours they manage. It cited instances where the supervisors and managers are not co-located; a logistical delay that is alleviated by electronic forms. Their electronic version perform adequately as authorization records, and provide at least some of the advantages commonly associated with electronic media - it is e-mail based - but it is not designed to permit the capture of individual data elements. Further, authorizations that included more than one person do not offer the detail needed to reconcile by person, by day. And unlike the paper form, the electronic version does not require documentation of actual overtime incurred against amount authorized, so there is no record of reconciliation between the amount authorized and the amount ultimately incurred.

In the second instance, WPZ the discrepancy between authorization data and payroll was much less a factor of unrecorded hours as it was missing documents. WPZ officials contended that some of them may have been destroyed during a building flood, some may have been lost during three different office moves, and others may not have been prepared. Use of an electronic version of the Form 544 would minimize missing and damaged records.

Current Practice – Recording Dates on Form 544

With an exception only for emergencies, GSA policy requires that overtime be approved in advance. To examine this, we compared the overtime work date with the authorization date as recorded on all Form 544s in our sample. The result was a fairly normal distribution with approximately 20 percent of the sample records authorized and performed on the same day. However, as a byproduct of that analysis, we found that work dates were often not recorded on the form. Omissions accounted for 29 percent of the sample, which is to say that the form in those instances did not establish that the authorized work was performed, the evidence a timekeeper relies upon to ensure that all overtime hours submitted were authorized and accurately coded. The full results can be seen on **Chart 3**.

Chart 3



Current Practice – ETAMS Transaction Codes

CFO P 4282.1, Chapter 5, Section 2.6(b) prescribes 5 distinct overtime transaction codes for recording possible overtime situations.

- (1) Transaction Code 9 = Make up hours before overtime.
- (2) Transaction Code 10 = Regularly scheduled overtime.
- (3) Transaction Code 14 = Irregular overtime.
- (4) Transaction Code 15 = Call back overtime.
- (5) Transaction Code 17 = Overtime rotating shift – FWS Non-Workday.

Timekeepers of all seven centers and divisions audited exclusively use Transaction Code 10 (regularly scheduled overtime) to record overtime in ETAMS where in many cases Transaction Code 14 (irregularly scheduled) should have been used. There were no indications on the GSA Form 544s that Transaction Codes 9, 15, or 17 were the purposes of overtime. We asked timekeepers why they only used Transaction Code 10 and the response was – this is the code that has been always used in the past.

CFO P 4282.1, Chapter 5, Section 2.a (2), (3) defines regularly scheduled overtime as overtime scheduled in advance of the administrative workweek in which the associate will work the hours. Irregular overtime is scheduled and worked in the same administrative workweek, this is considered emergency overtime. If the distinction remains relevant to management, then the correct coding should be applied.

Current Practice – Recording Justifications on Form 544

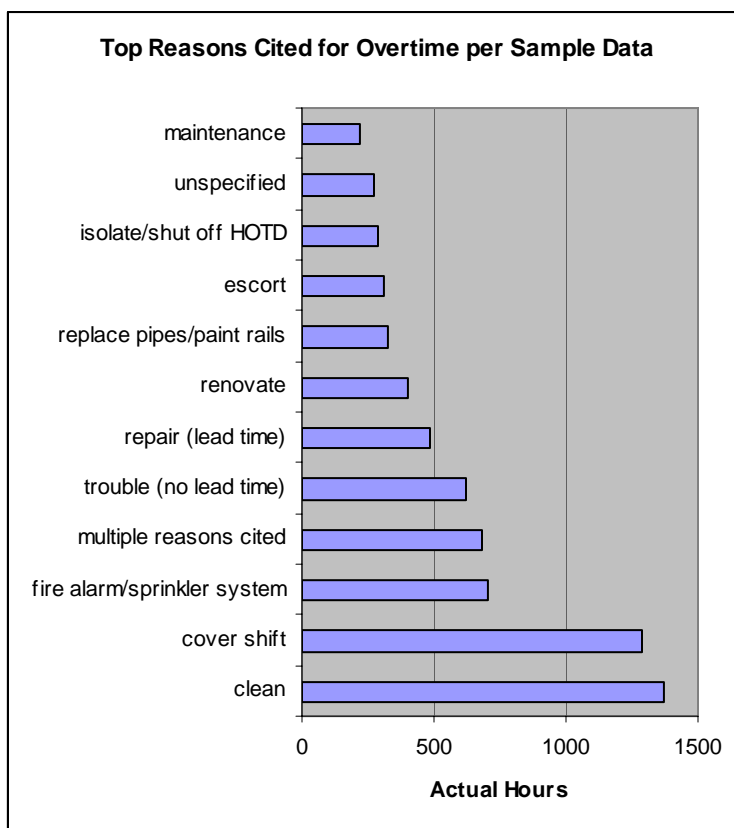
GSA’s directive OAD P 6010.4, Chapter 12.2(16), summarizes the overtime management objective as follows:

“The high cost of overtime is a matter of serious concern. Supervisors and managers should generally try to avoid overtime. Emergencies, peak workload, sudden deadlines, and the responsibility to schedule work to meet work requirements, may make overtime unavoidable in the short run. In the long run, continued use of overtime indicates a larger problem such as insufficient staff to perform assigned work, too many emergency requests for services by customer agencies, or possibly poor management and supervision.”

To that end, management is asked to justify the incurrence of overtime on an event-by-event basis. Form 544 is used to document compliance with this requirement. The form requires that the requestor provide a specific justification for why the work needs to be performed using overtime labor. Emergencies, peak workload, etc., are the types of justifications contemplated under GSA’s policy.

Summarizing the entries found in our sample documents, the chart below presents the top twelve reasons to explain the purpose, if not the justification, for why overtime was incurred. The reasons cited account for 89 percent of the actual overtime hours accounted for in the Form 544 sample data. Incomplete Form 544s cause an understatement, and possible distortion; notwithstanding, the chart provides insight into the nature and magnitude of overtime work completed.

Chart 4



Typically, the forms provide only a very brief description of the work to be performed: a cleaning crew cites “cleaning”, a fire alarm shop cites “install and test fire alarm”, etc. In most cases, these descriptions do not answer the question: *What is the specific, compelling reason that justifies the incurrence of overtime to accomplish this task?* This is a fundamental element of control. The justification should provide the written record of why a given task warrants a 50 percent labor premium.

Current Practice –Funding Verification

PBS typically charges overhead costs to one of four cost centers:

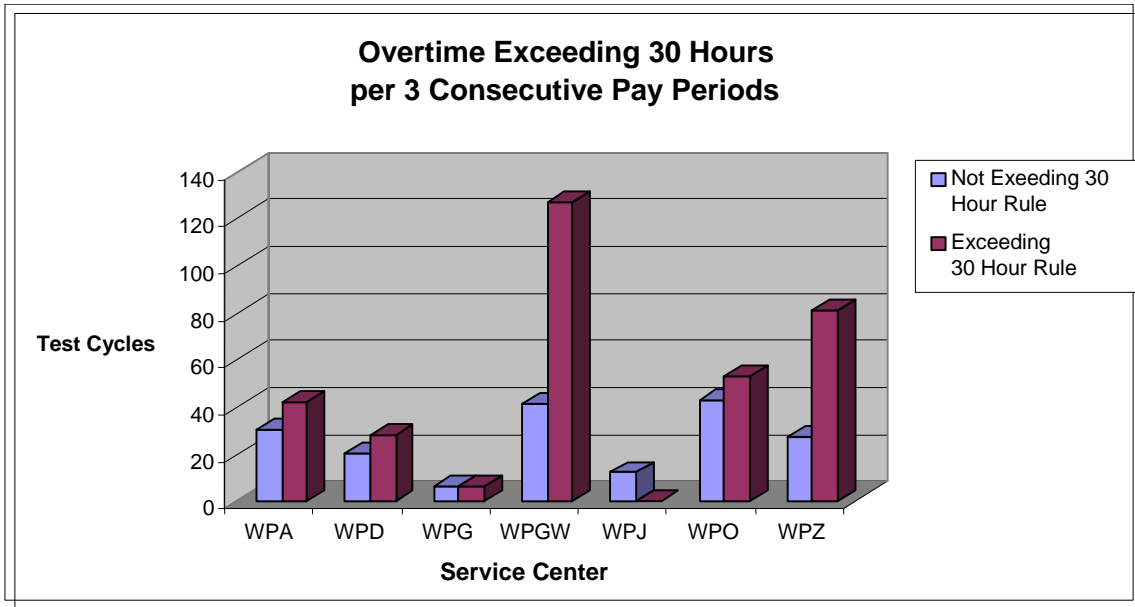
- Nonrecurring RWAs (reimbursable work authorizations)
- Projects
- Overhead
- Buildings

One alternative version of Form 544 asks the requestor to denote whether the task is reimbursable or not. If so, the requestor is to include the funding source (RWA number, etc). The alternative form also asks for a building number. The above list implies that the funding may come from various other sources as well, which the form is not designed to collect. Partly due to these design deficiencies, but also due to carelessness and omissions in filling out the forms, the majority of completed forms we reviewed did not provide a valid funding source. As a result, we were unable to test this aspect to determine, for example, whether the work was ultimately charged to the correct RWA and fell within the scope of services agreed to by the tenant. Because the accounting system requires that the cost must be associated with a cost center, we know the data entry is occurring, but we also know it generally cannot be traced to the Form 544 as a source document. Therefore, the validity of the as-booked expenses cannot be confirmed. From this we can also deduce that the advance authorization called for in the internal control policy is not taking place.

Current Practice –30 Hour Rule

CFO P 4282.1, Chapter 5, Section 2.5 states that overtime shall not be authorized for 30 hours or more during three consecutive pay periods without written justification. This justification must state the conditions requiring the performance of such overtime. We calculated the number of three consecutive pay periods that could occur from October 1, 2004 through March 31, 2005 to be 12 occurrences. We then multiplied the 12 occurrences by the number of associates selected for audit at each of the seven centers and divisions to arrive at total number of occurrences possible. These figures were compared to the number of times the associates, in aggregate for a center or division, exceeded 30 hours of overtime for three consecutive pay periods. **Chart 5** gives perspective to the frequency of occurrences, which for our sample was about 65 percent overall.

Chart 5



We did not see any evidence of testing for this condition, nor did we find the required written justifications for exceeding this threshold present in the records examined. On the other hand, even the GSA directive OAD P 6010.4, Chapter 12, Section 4.2 concedes that the existing payroll reports do not include this parameter, so the analysis needed is manual and detection would occur by necessity after the fact. Further, the 30-hour threshold holds no particular significance of which we are aware. Elimination of this rule should be considered.

Current Practice –Payroll Validation Report

The existing policy requires that supervisors compare Form 544 authorizations to the Payroll Validation Report, a voluminous document made available in print-version only by the National Payroll Center each pay period. Our tests found that the required comparison does not occur, and it does not appear that the printed report serves any other useful purpose. The reason to perform the comparison is to verify and document that the overtime paid was indeed authorized. The Form 544 asks the reporting official to record actual overtime worked, then sign. The GSA guidance recommends that in lieu of this, the supervisor simply attach the relevant page from the payroll validation report, sign the report and retain. Neither approach is followed; the value to be derived for the effort is questionable. A better process is needed.

The optimal time to assure that overtime has been properly authorized is before payment, not after the fact as with the above procedure. The current Form 544 is not adequate for this task. A redesigned form, that clearly annotates the overtime authorized and the overtime subsequently worked by person by day could enable better control. If the supervisor completes the form timely it could be submitted to the timekeeper at the end of each pay period, but prior to ETAMS certification. This process permits a validation of data already received and permits reconciliation with employee timesheets.

Conclusion

The design and implementation shortcomings of the GSA Form 544 compromise effective management control over overtime expense. Existing records cannot fully support or justify the costs incurred, required reconciliations and validation tests are not performed, and overtime is not subject to routine examination or analysis. As a result, the process is left vulnerable to undetected errors and abuse. We observed missing and substitute Form 544s that do not permit validation of work performed. We observed associates doubling, and in one instance tripling, their salaries with overtime – sustained levels of overtime hours that suggest a distribution imbalance, worker inefficiencies, and work safety concerns. We observed a standard practice that reduced the authorization process to the supply of a generic description of work to be performed (“cleaning”, etc.) with no justification for why that function must be accomplished with premium pay. We observed the continual use of overtime for shift coverage, an indication of an inadequate resource management plan. Finally, we observed a break in accountability that, for work accomplished under reimbursable agreements, precludes an audit trail sufficient to validate the allocation of overtime costs.

The common element to each of these observations is a deficiency that derives from the current Form 544. We have commented on its various applications and limitations throughout this report. We have acknowledged the benefits that accrued from an electronic version of this form implemented by WPO, but a significant enhancement to form content and level of detail would still be needed to make it viable. Beyond the form itself, variance analysis derived from data captured in ETAMS is not now but should be made a routine practice. It would require the establishment of a baseline, measurement against that baseline, and exploring the reasons for significant departures from expectations. A more detailed management report could be derived from data captured via electronic Form 544s. If contemplated, such reporting requirements should be included as a design element of the redesigned form.

Recommendations

Our recommendations for the Assistant Regional Administrator for PBS:

1. In conjunction with the appropriate policy office, redesign GSA Form 544 as a standard, mandatory electronic version with e-signature capabilities. The form should a) identify the pay period; b) include daily record of overtime authorized versus actually worked by named individual for the pay period; c) require ETAMS overtime coding; c) identify funding source; d) identify building number; and e) capture the specific justification to incur overtime.
2. In partnership with the National Payroll Center, design and implement a variance analysis reporting capability to provide the means to manage and better control the overtime expense element.
3. Evaluate the continued relevance of the “30 hour rule” espoused in CFO P 4282.1, Chapter 5, section 2.5. If it is to be retained, then a means to administer this provision

is needed. Otherwise, pursue a change to this policy with the appropriate policy office.

Management's Comments

The Acting Regional Administrator has provided comments to this report, which we have included in their entirety as Appendix A. Overall, there was general concurrence with the audit recommendations.

Management Controls

The report specifically addresses the management control environment relative to the incurrence of overtime expenses. We have identified weakness within that environment and provide recommendations strengthen and improve the current practices.

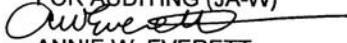
APPENDIX A

Appendix A – Management Response to Draft Report



GSA National Capital Region

APR 12 2006

MEMORANDUM FOR PAUL J. MALATINO
REGIONAL INSPECTOR GENERAL
FOR AUDITING (JA-W)
FROM: 
ANNIE W. EVERETT
ACTING REGIONAL ADMINISTRATOR (WA)

SUBJECT: Review of Overtime Management Controls in GSA Public
Buildings Service, National Capital Region
Draft Audit Report Number A050130

Attached are PBS's comments regarding the subject draft report prepared by your office.

If you have any questions, please contact me at (202) 708-9100, or Robin G. Graf, Acting Assistant Regional Administrator, Public Buildings Service, at (202) 708-5891

Attachment

U.S. General Services Administration
301 7th Street, SW
Washington, DC 20407-0001
www.gsa.gov

APPENDIX A

Appendix A – Management Response to Draft Report

**PBS, NCR Comments
Review of Overtime Management Controls in GSA Public Buildings Service
National Capital Region
March 27, 2006**

The Inspector General's recommendations with regard to the Review of Overtime Management Controls in GSA, Public Buildings Service, National Capital Region, dated March 7, 2006, are as follows:

- 1 In conjunction with appropriate policy office, redesign GSA Form 544 as a standard, mandatory electronic version with e-signature capabilities. The form should a) identify the pay period; b) include daily record of overtime authorized versus actually worked by named individual for the pay period; c) require ETAMS overtime coding; c) identify funding source; d) identify building number; and e) capture the specific justification to incur overtime.
2. In partnership with National Payroll Center, design and implement a variance analysis reporting the capability to provide the means to manage and better control the overtime expense element.
- 3 Evaluate the continued relevance of the "30 hour rule" espoused in CFO P 4282.1, Chapter 5, section 2.5. If it is to be retained, then a means to administer this provision is needed. Otherwise, pursue a change to this policy with the appropriate policy office.

PBS, NCR comments, indexed to the Recommendations, are as follows:

- 1 PBS, NCR contemplates the merger of the GSA Forms 544 and 1079 into a single electronic form for use by all offices. It is essential for proper tracking of overtime that we see not only what work was charged to overtime, but also whether it was completed. Our work may have implications for national overtime policy; we contemplate offering our findings and products to the other GSA regions as best practices. We also intend to use the resources of our Information Technology Division to pursue an automated solution to this recommendation. Our action plan will show the timetable for form creation and necessary coordination (if any) with National Office.
2. In our initial meetings with the IG, we thought (and so stated) that the assistance of the National Payroll Center (NPC) would be necessary to the implementation of a variance analysis reporting capability. Subsequent discussions with the regional Chief Financial Officer indicate that it may be possible for PBS, NCR to implement its own variance reporting without NPC intervention. We will make a final determination and provide our detailed approach to the issue in our action plan.

APPENDIX A

Appendix A – Management Response to Draft Report

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3. The "30 hour rule" is a national regulation which NCR cannot unilaterally abolish or ignore. However, we believe that overtime for individuals as well as organizational units can be managed through monthly exception reporting which will make the "30 hour rule" unnecessary. The guideline used by the IG on page 6 of its report – noting associates with overtime pay in excess of 25% of base pay – is as good a guideline as any, we believe, and we anticipate using it or a similar guideline as a basis for our exception reporting. We intend to transmit a memorandum to the National Office to request that the "30 hour rule" be abolished. In an effort to reinforce our case, we will also share our enhanced approach as a more effective means for monitoring and controlling overtime.

APPENDIX B

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