




Memorandum

U.S. Department of
Transportation

Office of the Secretary
of Transportation
Office of Inspector General

Subject: **ACTION:** Report on FAA's Actions To Address
Allegations of Leave and Overtime Abuse at Five
Locations
AV-2004-081

Date: September 9, 2004

From: Alexis M. Stefani 
Principal Assistant Inspector General
for Auditing and Evaluation

Reply to
Attn. of: JA-10

To: Federal Aviation Administrator

This report provides the results of our review of the Federal Aviation Administration's (FAA) actions to address allegations of leave and overtime abuse at five locations. The Department of Transportation Office of Inspector General (OIG) Hotline received several complaints alleging that FAA employees at five facilities were manipulating work schedules, sick leave, and annual leave to increase overtime payments. Specifically, the complaints alleged that employees at those locations were:

- Intentionally canceling sick leave after employees had been called in on overtime to backfill absences,
- Changing work schedules to earn both Sunday premium pay and overtime pay,
- Leaving as much as 4 hours before the end of their shift without taking leave, and
- Receiving credit hours for time not actually worked.

In March 2004, FAA's Deputy Administrator, the Air Traffic Organization's Chief Operating Officer and Vice President of Terminals, and FAA's Eastern Region Air Traffic Manager briefed the Inspector General on actions taken by the Agency to address issues contained in the hotline complaints at two of the named locations. At that meeting, it was agreed that the OIG would review actions taken at those two sites and expand the review to include the three other locations identified in the complaints.

The objectives of the review were to identify actions taken by Air Traffic management to (1) investigate the allegations of FAA employees manipulating work schedules, sick leave, and annual leave to increase overtime pay, and (2) implement new policies and procedures to curtail potential future abuse, if appropriate. The scope and methodology we used in conducting this review are detailed in Exhibit A. Specific allegations, investigative actions taken, and policies implemented by FAA are listed in Exhibit B.

RESULTS IN BRIEF

We found that FAA managers at the five locations had taken effective actions to determine if the allegations were valid and to address them as appropriate. At several of the locations, managers identified systemic patterns of potential abuse, such as employees requesting leave and then reporting for duty after employees had been called in on overtime to backfill absences. In response, managers at those locations implemented facility-wide policy changes to curtail future abuse, including limiting the authority of Controllers-In-Charge to approve overtime, schedule changes, or credit hours.

The measures taken by Air Traffic managers represent a significant change from actions taken by FAA in the past. In previous cases when we made FAA aware of similar hotline allegations, the Agency took little or no action to deter or prevent possible abuse or even to determine if the allegations were valid.

While the actions planned or taken at the five facilities are clearly steps in the right direction, it is important to recognize that they may not be representative of an Agency-wide trend. FAA has over 300 towers, terminal radar approach control facilities, and en route centers. At the five locations we visited, we observed that managers took an extra effort to collect the data needed to identify possible cases of abuse. However, that process is extremely labor intensive, and it is uncertain whether managers throughout the Agency are putting forth similar efforts.

The absence of an automated system that provides the information that managers need to adequately monitor leave and overtime usage underscores the need for FAA to have its labor distribution system in place and operating. FAA plans to begin implementing the system for the Air Traffic Organization in September 2004. As part of that deployment, we are recommending that FAA identify the specific information managers need to effectively monitor overtime and leave usage and ensure that the system will be able to capture the necessary data.

OBSERVATIONS

At the five facilities listed in the hotline complaints, we found that Air Traffic management was focused on assessing whether allegations in the complaints occurred and implementing policies and procedures to prevent future occurrences, where appropriate. For example, at all five locations, managers had implemented stronger controls over leave and overtime usage by limiting the authority of Controllers-In-Charge to approve overtime, schedule changes, or credit hours. According to FAA managers at one of the locations, in the first pay period alone, this change resulted in a reduction of over 360 hours in overtime, yielding an estimated savings of about \$30,000.

At three of the five locations, we found that FAA plans to open negotiations with the controllers' union to rescind an Eastern Region order from 1983 that allows controllers to earn both Sunday premium pay and overtime pay in the same week by simply changing their schedule on paper.¹

At three of the five locations, we also found that management had conducted an extensive review of sick leave usage. As a result of that review, approximately 40 controllers were sent letters requiring future use of sick leave to be documented by a physician's note.

In our opinion, the overall actions taken or planned by Air Traffic management at the five locations represent a significant change in direction from FAA's past actions. In several previous cases when we made FAA aware of similar hotline allegations, the Agency took little or no action to deter or prevent possible abuse or even to determine if the allegations were valid.

We did observe, however, that identifying potential cases of abuse required an extensive amount of effort by facility supervisors and staff. At the five locations, we found that managers developed elaborate internal systems to track workforce information so that they had the necessary data to identify potential cases of abuse. For example, we observed that managers at one facility manually entered time and attendance data into as many as three internally developed databases so that information was available to monitor overtime and leave usage.

At another location visited, we found that FAA is testing a new system called a "productivity worksheet" that recaps facility-wide data on information such as time-on-position, leave, overtime, breaks, and collateral duties. This new

¹ Employees cannot get both Sunday premium pay (125 percent of base pay) and overtime pay (150 percent of base pay) for the same day worked. Therefore by changing their schedules to reflect another day as their scheduled day off, employees would earn Sunday premium pay on the Sunday and overtime pay on another day during the workweek.

initiative, although still in the preliminary stages of development, is encouraging because it demonstrates that FAA is actively working to identify new methods for monitoring workforce-related issues and improving productivity. However, this process also requires data to be extracted manually from multiple sources.

At the five facilities we visited, managers had the necessary data to determine if allegations were valid because they manually collected that information. However, because the process is extremely labor intensive, it is uncertain whether all facility managers in FAA are putting forth similar efforts to collect the data needed to appropriately monitor overtime and leave usage. FAA has over 300 towers, terminal radar approach control facilities, and en route centers.

The absence of an automated system to collect the data managers need to adequately monitor leave and overtime usage underscores the need for FAA to have its labor distribution system in place and operating. That system could potentially be used to provide the necessary information needed to monitor overtime and leave usage.

However, FAA must first specify the data required by managers to identify potential cases of leave and overtime abuse and ascertain if the labor distribution system has the capability to provide it. If the system cannot provide the necessary data, then FAA needs to modify the system. FAA plans to begin implementing the labor distribution system in September 2004. As part of that deployment, we recommend that FAA identify the specific data needed for managers to effectively monitor overtime and leave usage and ensure that the labor distribution system will eventually be able to capture the data identified.

RECOMMENDATION

At the five facilities we visited, managers had the necessary information to determine if allegations were valid because they manually collected that information. However, because the process is extremely labor intensive, it is uncertain whether facility managers at other facilities are putting forth similar efforts to collect the data needed to appropriately monitor overtime and leave usage.

Accordingly, to ensure that FAA has Agency-wide tools for meeting those needs, we recommend that FAA identify the information that managers will need to monitor overtime and leave usage, determine whether the labor distribution system will capture the information identified, and modify the system as needed to ensure the appropriate information is captured and reported.

MANAGEMENT COMMENTS

On August 16, 2004, we met with the FAA Deputy Administrator to discuss the facts and recommendation in our draft report. We also provided a draft copy of our report to the Air Traffic Manager for FAA's Eastern Region. Both officials stated they generally agreed with the facts as presented in our report and concurred with the recommendation.

ACTIONS REQUIRED

In accordance with Department of Transportation Order 8000.1C, we would appreciate receiving your written comments within 30 calendar days. If you concur with the finding and recommendation, please indicate the specific action taken or planned for the recommendation and the target date for completion. If you do not concur, please provide your rationale. You may provide alternative courses of action that you believe would resolve the issues presented in this report.

We appreciate the cooperation and assistance provided by you and your staff during our review. If you have any questions or need further information, please contact me at (202) 366-1992 or David A. Dobbs, Assistant Inspector General for Aviation Audits, at (202) 366-0500.

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cc: FAA Deputy Administrator
Air Traffic Chief Operating Officer
FAA Chief of Staff
Anthony Williams, ABU-100

EXHIBIT A. SCOPE AND METHODOLOGY

We conducted this review from April through August 2004 at the five facilities listed in the OIG Hotline complaints.

To determine what actions FAA had taken to investigate allegations of leave and overtime abuse, we interviewed managers at two regional headquarters and the five facilities identified in the hotline complaints. We reviewed the facility policies regarding overtime and leave approvals and discussed plans for new policies that outline potential abuses. We reviewed procedures taken at each facility to investigate the allegations, including actions taken after the initial responses to the allegations were received. Finally, we reviewed time and attendance data, as well as leave, overtime, and cost reports.

To identify actions taken by FAA management to implement new policies and procedures to curtail potential future abuse, we interviewed managers at two regional headquarters and the five facilities identified in the hotline complaints. We reviewed current policies and procedures used at each facility regarding the approval of overtime and leave. We also reviewed any planned actions by the facilities to address the allegations and future potential abuses. Finally, we reviewed productivity worksheets and memorandums of agreement to determine their effect on facility procedures.

We conducted this review in accordance with Government Auditing Standards prescribed by the Comptroller General of the United States and included such tests as we considered necessary to provide reasonable assurance of detecting abuse or illegal acts.

EXHIBIT B. HOTLINE ALLEGATIONS AND FAA ACTIONS

Allegation: Employees intentionally cancelled sick leave after employees had been called in on overtime to backfill their absence.

Actions Taken by FAA: At the five facilities we visited, managers stated that they investigated the hotline allegations by reviewing time and attendance and sign-in and sign-out logs. For example, one regional air traffic manager directed all facility managers in his region to conduct a review, which identified multiple instances of employees requesting sick leave and then reporting for duty after backfill overtime had been authorized. In those instances, contractual requirements allow both employees to work the full shift. At other locations, managers reviewed time and attendance data but did not find similar patterns of potential systemic abuse.

Policies and Procedures Implemented by FAA: All five facilities we visited had current or planned policies and procedures that require a supervisor or operations manager to approve backfill overtime. For example, at one facility new procedures are being tested that require operations managers to approve overtime rather than the Controllers-In-Charge. According to FAA managers, after one pay period, overtime was reduced by 362 hours, yielding an estimated savings of \$30,000. At another facility, managers told us that similar procedures have been in place for 3 years.

At three of the five locations, we also found that management had conducted an extensive review of sick leave usage. As a result of that review, approximately 40 controllers were sent letters requiring future use of sick leave to be documented by a physician's note.

Allegation: Employees changed work schedules so that both Sunday premium and overtime pay were earned.

Actions Taken by FAA: At one of the five facilities visited, facility managers reviewed payroll printouts to determine which employees earned Sunday premium pay and overtime pay during the same week. These records were further reviewed to determine if this happened due to a change in work schedule. However, no instances were found where work schedules were specifically changed so that employees could earn both Sunday premium pay and overtime pay.

FAA's Eastern Region, however, has a Regional order dating from 1983 that stipulates that employees who regularly work 6-day work weeks should have their work schedules changed to reflect Sunday as a regular workday and another day as their overtime day. This allows employees to receive both overtime pay and Sunday premium pay by manipulating their scheduled workshifts.

Policies and Procedures Implemented by FAA: The FAA Administrator stated that the Eastern Region order is not consistent with FAA policy, and the Agency plans to open negotiations with the union to rescind the order.

Allegation: Employees left as much as 4 hours before the end of their shift without taking leave.

Actions Taken by FAA: Managers investigated the allegations by comparing sign-in and sign-out logs to when an employee actually logged onto or signed off of an operational position. At one region, facility managers investigated the allegation and found instances where extended periods of time had elapsed between the time a controller actually signed out of an active position controlling aircraft and when the controller's shift ended. However, specific instances of abuse were not found and management plans to continue monitoring the situation. At another region, the air traffic manager interviewed operations managers and found that no bargaining unit employees had been unaccounted for during their scheduled shifts.

Policies and Procedures Implemented by FAA: All five facilities visited have policies and procedures holding supervisors and operations managers accountable for knowing the location of their employees throughout the work shift. In addition, FAA is testing a new tool called a "productivity worksheet" that recaps facility information, such as the amount of time an air traffic controller spends actually controlling aircraft. One of the facilities we visited is a test facility for this project.

Allegation: Credit hours were approved for hours not actually worked.

Actions Taken by FAA: At three of the five facilities we visited, managers compared payroll reports to position sign-on logs to determine if controllers worked an operational position while earning credit hours. At one region, facility managers found instances where some controllers received credit hours while not controlling aircraft or performing other controller duties. In another region, a random sample of position sign-on logs showed that controllers were working operational positions while earning credit hours.

Policies and Procedures Implemented by FAA: All five facilities visited have policies and procedures governing the credit hour program. However, three of the five facilities issued new policies restricting the authority to approve credit hours. For example, at one facility, authorization by a supervisor or operations manager is required to earn credit hours. Additionally, at three locations, management limited when credit hours could be earned and identified the specific activities that would qualify for earning credit hours.