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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D C 20548

RESOURCES AND ECONOMIC
DEVELOPMENT DIVISION

SEP 26 1973

Mr. Sylvester Pranger
Director, Office of Personnel
Department of Agriculture

Dear Mr. Pranger.

We have completed our review of the Animal and Plant Health Inspection Service's (APHIS) Incentive Awards Program as part of our Government-wide review. A draft of our overall report to the Congress on this review has been forwarded to the Civil Service Commission for comment. The report itself is primarily a summarization or overview of the results of our work at several Government installations. The recommendations in our report are addressed to the Civil Service Commission and should help to improve awards programs throughout the Government, however, the recommendations will not specifically address our findings at APHIS. For this reason, we thought it would be useful to bring to your attention several specific suggestions which we feel would improve the awards program of both the Department of Agriculture and APHIS. Department and APHIS incentive awards representatives have been advised of our suggestions. To the extent that our observations on the APHIS awards program parallel conditions in the other agencies of the Department, we hope that any corrective actions taken will include them also.

Our review was primarily concerned with the fiscal year 1972 incentive awards program at APHIS. Because APHIS had recently been reorganized and did not have incentive awards regulations of its own at the time of our review, we considered the applicable Agriculture Research Service (ARS) and Agriculture Marketing Service (AMS) regulations in effect at that time.

Opportunities to
improve program uniformity

As you know, it is currently the Department's policy to delegate to the agencies the responsibility for developing incentive awards implementing instructions. We believe that this has led to differences in the agencies' programs which could be construed by employees as inequities.

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Although we did not examine all agencies' award instructions, certain differences in programs did become apparent when we reviewed the applicable ARS and AMS award regulations. For example, in ARS all employees in grade GS-16 and above were excluded from receiving cash incentive awards, whereas there were no grade level restrictions in AMS. Other examples of differences in agencies' regulations were:

- ARS regulations did not contain instructions or procedures for referral and dissemination of adopted suggestions, whereas AMS and Department instructions did.
- AMS regulations did not conform to the revised award scales issued by the Civil Service Commission in 1969. Both ARS and the Department had adopted these scales.

We discussed these inconsistencies with the Department's incentive awards representative and suggested that the incentive award regulations of the different agencies be reviewed with a view toward conforming them to Department and Civil Service Commission criteria. We believe such action would provide Department employees with a more uniform and equitable awards program.

Opportunities to improve the suggestion program

In general, we found that the APHIS suggestion program was being conducted in accordance with Civil Service Commission and Department regulations. We did note, however, two areas that we believe deserve management's attention:

Processing times--The Civil Service Commission encourages agencies to establish time goals for processing suggestions and to actively monitor performance against these goals. The Commission suggests that 90 days should be the maximum time to process most suggestions. We noted that the Department had not established specific time goals for processing suggestions but instead encourages that suggestions be handled promptly.

Criteria being used by APHIS also stress the prompt processing of suggestions. We found, however, that the average processing time of selected suggestions at APHIS was more than 140 days. We believe that, in view of the Commission's criteria, the APHIS processing times are excessive and that they convey to employees a lack of management interest in employees' ideas. We suggest that APHIS establish specific time goals for processing suggestions as well as a system to measure progress toward achieving these goals.

Dissemination of suggestions--Both Civil Service Commission and Department awards criteria emphasize the importance of referring suggestions to other Government agencies and departments when it appears they have potential for use elsewhere. We found, however, that the ARS instructions did not address this subject. During our review of approved suggestions at APHIS we found a number of ideas that appeared to have potential use elsewhere but were not referred within the Department or to other Government agencies. In order to maximize the use of good ideas Government-wide, we suggest that the agencies' award instructions be reviewed to ensure that referral be considered as part of the evaluation process and that referral procedures be established. We also suggest that the Department suggestion form include a section or box for reviewers to recommend the suggestion for referral, if appropriate.

Opportunities to improve
employees' attitudes towards
performance awards

Overall, the performance awards program at APHIS was conducted in accordance with current Civil Service Commission and Department regulations. However, based on the 211 responses we received from our randomly distributed questionnaire, we believe APHIS employees' confidence in the fairness of the program is somewhat less than it should be. For example, of 85 employees responding to one of our questions with a definite "yes" or "no" answer, 58 felt that performance awards were not given to those who deserved them the most. In addition, 62 of 96 respondents to another question believed there was favoritism shown in granting these awards. We believe that the employees' rather negative feelings about the program could be attributed to the fact that there was not a clear distinction in the awards criteria as to when quality step increases and special achievement awards should be granted. Added to this was the fact that almost half the questionnaire respondents felt they were not informed of the specific reasons why individual awards were granted.

It is generally accepted that quality salary increases are more costly than special achievement awards and are more highly regarded by employees. We reviewed 15 quality increases granted to APHIS employees and found that these awards had an average cost to the Government of about \$1,400 over a 4-year period and because of their continuing nature could eventually cost much more. (The \$1,400 is equal to the average 4-year cost of 119 other quality increases we examined at other Government agencies in the Washington area.)

The \$1,400 average cost for quality increases compared to the average APHIS lump-sum special achievement award of just over \$200 in fiscal year 1972. Despite this large cost difference, we found that ARS, AMS, and

Department criteria did not make a clear distinction as to when each type of award should be granted nor did the criteria make quality increases harder to obtain. This could result in recognizing similar employee performance with awards of much different value. We believe that, because of the large cost difference between quality increase and special achievement awards, the agencies should clearly distinguish in their criteria the differences in the conditions that warrant granting these awards.

In addition, we believe that employees will gain confidence in the fairness of the performance awards program only if they recognize and agree with the basis on which the awards are given. We suggest, therefore, that more attention be given to informing employees of the specific reason why each performance award is granted.

Improvements possible
in program administration

Our review of APHIS award program records maintained in several locations at Hyattsville and in Headquarters, Washington, D.C., disclosed numerous instances of misplaced, unrecorded, or incorrectly recorded program data. For example we found that.

- 78 special achievement awards granted by the Veterinary Service in fiscal year 1972 were not included in its annual report on program operations,
- 3 of 11 approved suggestions we reviewed had incorrectly computed savings and/or cash awards, and
- of 37 lump-sum performance awards reviewed in detail, required documentation was available on only 9 awards.

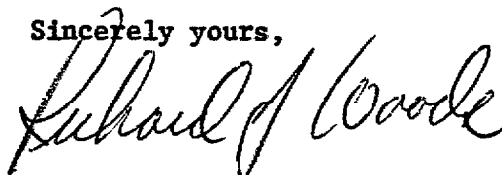
We recognize that many of the recordkeeping problems in APHIS could be attributed to its reorganization during fiscal year 1972. We believe, however, that added to this was the fact that APHIS had a part-time program administrator assisted by eight employees working at separate locations. The primary reason for this large number of employees involved in recordkeeping is the decentralized nature of the program. We believe that the program should be more centralized and that a full-time awards administrator could better coordinate and supervise the necessary recordkeeping. Such a centralized program could result in a reduction in the number of persons involved in the recordkeeping function. In addition, assignment of a full-time program administrator should result in more accurate and complete program reports and analysis of operations.

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We would like to extend our appreciation to incentive awards representatives Mrs. Paulsen and Miss Keller and their associates for the cooperation given us during our review. We hope we have been of assistance in achieving a more effective Incentive Awards Program. Please keep us informed of any action you decide to take to strengthen your awards program.

Copies of this report have been sent to the Inspector General.

Sincerely yours,

A handwritten signature in cursive script that reads "Richard J. Woods". The signature is written in black ink and is positioned above the typed name.

Richard J. Woods
Assistant Director