

U.S. DEPARTMENT OF COMMERCE
Office of Inspector General



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BUREAU OF THE CENSUS

*Atlanta Region Experienced
Late Pay Problems for
Census 2000 Employees*

Audit Report No. ATL-11640-0-0001 / December 1999

Office of Audits, Atlanta Regional Office

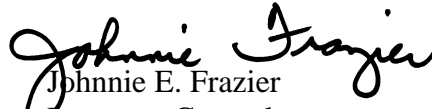




December 6, 1999

MEMORANDUM FOR: Dr. Kenneth Prewitt
Director
Bureau of the Census

FROM:


Johnnie E. Frazier
Inspector General

SUBJECT: *Atlanta Region Experienced Late Pay Problems
For Census 2000 Employees*
Final Audit Report No. ATL-11640-0-0001

This is our final report on late pay problems experienced within the Atlanta region during initial activities related to Census 2000. The report concludes that the Bureau of the Census's Atlanta Regional Center encountered a variety of problems in paying its temporary employees, but took appropriate corrective actions to minimize employees' pay concerns. Although the information reported herein pertains directly to pay problems experienced by the Atlanta region, many of the same circumstances could also exist in the other Census regions. We discussed the results of our audit with Bureau officials during May and August 1999.

In our draft report, we made recommendations to be implemented by Bureau officials nationwide to ensure that future Census 2000 pay problems are minimized. The Bureau concurred with these recommendations in its response to the draft report. We have reviewed the Bureau's response and agree with the actions to implement the recommendations. Therefore, we consider the recommendations to be resolved and no further action is required. We have summarized the response in the body of this report, and have included the entire response, less the exhibits, as Attachment I.

If you would like to discuss the contents of this report, please contact me at (202) 482-4661, or Bill Bedwell, Regional Inspector General for Audits, Atlanta Regional Office, at (404) 730-2780. We appreciate the cooperation and courtesies extended by Census personnel during our review.

BACKGROUND

The decennial census is the nation's most comprehensive and expensive statistical data gathering program. The accuracy of the data collected is critical since the information, among other things, is used to reapportion seats in the House of Representatives and impacts proportional funding of many federal programs.

There are twelve Regional Census Centers throughout the nation that administer the data collection through the operations of local Census offices. Within each center, assistant regional census managers are responsible for all decennial census activities within their region and report directly to the Regional Director.

During 1998, the Bureau conducted dress rehearsals at selected locations in South Carolina, California, and Wisconsin in order to test the various operations planned for Census 2000. Based on the results of the rehearsals, the Bureau made certain policy and procedural changes in late 1998 to prepare for the decennial census. Among those was the Bureau's decision to forego using scanning for payroll processing and, instead, rely on keypunching for data entry. As a result, each Census region had to revise its plan to process pay for Census 2000 employees.

As the regions began their initial Census 2000 work during late 1998, the Inspector General's hotline began receiving complaints from temporary Census employees regarding late pay. Realizing that the problem was nationwide, the Bureau took several corrective actions in November 1998. These included establishing a toll-free number so that Census employees could resolve pay and other concerns within Census channels. Although late pay complaints came from across the nation, most were from those Census regions that already were heavily involved with master address listing activities. The chart below documents the complaints received.

Pay Complaints as of January 1999

<u>CENSUS REGION</u>	<u>OIG COMPLAINTS</u>	<u>CENSUS COMPLAINTS</u>	<u>TOTAL COMPLAINTS</u>
Atlanta	15	67	82
Boston	4	2	6
Charlotte	14	23	37
Chicago	4	6	10
Dallas	1	4	5
Denver	2	12	14
Detroit	3	6	9
Kansas City	1	22	23
Los Angeles	2	1	3
New York	1	6	7
Philadelphia	1	1	2
Seattle	0	2	2
Undetermined	<u>3</u>	<u>1</u>	4
Total	<u>51</u>	<u>153</u>	<u>204</u>

As shown in the previous chart, through January 1999, the Atlanta region alone received 15 of 51 OIG complaints and 67 of 153 Census complaints for a total of 82 complaints -- representing 40 percent of the 204 complaints nationwide. This region includes Georgia, Florida, and Alabama.

PURPOSE AND SCOPE

The OIG's Atlanta Regional Office conducted an audit of the Atlanta Regional Census Center's payroll operations for Census 2000. Our audit objective was to determine if the Bureau paid and reimbursed the Atlanta region's temporary employees promptly and accurately. We performed our initial fieldwork at the Atlanta Center during January and February 1999, and did follow-up work in May and June 1999. Our audit covered the pay periods from October through December 1998, when the Atlanta Center was engaged in its master address listing activities.

For detailed review, we selected payroll records for 14 employees who had complained of late pay and another 16 employees we chose randomly. For those 30 employees, we examined information recorded in or generated by the automated Pre-Appointment Management System and Automated Decennial Administrative Management System (PAMS/ADAMS). Specifically, we compared information on the employees' daily work records (Form D-308) with that on the resulting earning statements (Form D-444). In addition, we reviewed 58 of 187 pay complaints resolved by the Atlanta Center that were received directly by that office. We also interviewed the selected pay complainants, as well as Atlanta Center and Census headquarters officials.

We reviewed the management and internal control systems applicable to the Atlanta Center's Census 2000 payroll operations. Except as disclosed in this report, we determined that the systems were basically reliable, and therefore structured our detailed testing of transactions accordingly. We also relied on computer processed data used in payroll operations. We tested the data's accuracy by tracing the data to source documents and by comparing it to the same data in other documents. Based on our tests, except as disclosed in this report, we concluded that we could rely on the data in meeting our audit objective.

Since our audit objective was to perform an administrative evaluation of the Atlanta Center's Census 2000 payroll operations, we did not assess compliance with federal laws. We tested certain transactions pertaining to payroll operations. Except as disclosed in this report, the results of our tests indicate that, with respect to the items tested, the Atlanta Center's management complied in all material respects with applicable administrative regulations, most notably Chapters 5 and 6 of the Bureau's *PAMS/ADAMS Operating Guide*. With respect to items not tested, nothing came to our attention that caused us to believe that the Atlanta Center's management had not complied in all material respects with the appropriate regulations.

We conducted the audit in accordance with generally accepted government auditing standards, and performed it under the authority of the Inspector General Act of 1978, as amended, and Department Organization Order 10-13, dated May 22, 1980, as amended.

ATLANTA CENTER EXPERIENCED VARIOUS LATE PAY PROBLEMS

During late 1998 and early 1999, the Atlanta Center experienced a variety of pay problems that led employees to complain that they had not received pay, or had received late or incorrect pay. If not corrected, these problems could undermine the Bureau's ability to hire and retain qualified Census 2000 employees in any of its regions. A significant problem was that employees thought

their pay was late or incorrect because they could not reconcile amounts received against their personal work records. This occurred because the Atlanta Center did not ensure the timeliness of earning statements.

Actual late pay resulted mainly for two reasons. First, field personnel did not always promptly send personnel and pay documents to the Atlanta Center, causing pay to be delayed for the employees affected. Also, employees sometimes provided incorrect or incomplete payroll information upon their employment. As a result, their pay either could not be credited to their bank account or sent directly to them.

In response to these problems, the Atlanta Center took several actions to minimize employees' pay concerns. These included increasing payroll processing capabilities, improving the flow of documents, and establishing a problem resolution team to respond to employees' pay complaints.

Although the information reported herein pertains directly to pay problems experienced by the Atlanta region, many of the same circumstances could also exist in the other Census regions. Therefore, we are making recommendations that should be implemented by Bureau officials nationwide to ensure that future Census 2000 pay problems are minimized.

Earning Statements Were Not Timely

We reviewed 58 of the resolved pay complaints received directly by the Atlanta Center and found that 41, or about 70 percent, involved misunderstandings regarding pay rather than actual late or incorrect pay. A change in providing employees' earning statements led to confusion regarding pay receipt. In September 1998, the Bureau's National Processing Center in Jeffersonville, Indiana, began generating the earning statements and mailing them to all temporary Census employees nationwide. Prior to this, the regions had performed that function. With the change, each region was to transmit employee payroll information to the Jeffersonville Center so the center could provide employees their earning statements a few days after pay documents were generated.

During the first month after the change, Atlanta region employees did not receive their earning statements on time because the Atlanta Center was late in providing its input to the Jeffersonville Center. Atlanta Center officials stated that they simply had not followed the written instructions the Bureau had issued to the regions governing the new procedures regarding earning statements.

Since employees did not receive their earning statements on time, they had difficulty reconciling bank deposits or paychecks with any personal work records they maintained. The employees then contacted Atlanta Center payroll personnel for an explanation. The payroll personnel were able to resolve the employees' concerns by reviewing the Atlanta Center's pay records for the employee, explaining which work days were reflected in a particular pay deposit or check, and mailing the employee an earning statement generated from the Atlanta Center's pay records.

Employee Pay Was Delayed

We examined pay records for 30 Atlanta region employees from October through December 1998, and found that 27, or 90 percent, reflected instances of late pay. The following chart shows the extent of the lateness, which ranged from 1 week to more than 12 weeks.

Employees Receiving Late Pay	
<u>WEEKS LATE</u>	<u>EMPLOYEES</u>
0	3
1	7
2	3
3	5
4	4
5	5
Over 5	<u>3</u>
Total	<u>30</u>

Since most of the sampled employees had experienced late pay during the period, we interviewed various Atlanta Center officials regarding pay procedures that had been in place at that time. We determined that there were two basic reasons for the late pay, as discussed below.

Pay documents were not sent promptly

The Atlanta Center's original payroll processing plans for Census 2000 required the various local and field offices to use automated scanning equipment to read information recorded on employees' daily work records. However, after the Bureau decided not to use scanning equipment for Census 2000, Atlanta Center officials elected to have center personnel keypunch data from daily work records into the PAMS/ADAMS system. As a result, for master address listing activities, the Atlanta Center had its local and field office crew leaders collect daily records from employees. The crew leaders then transferred the records to their supervisors, who submitted the records to the Atlanta Center for data entry.

Atlanta Center officials stated that, for master address listing work, they placed more emphasis on census data production by local and field personnel than on personnel administration. Therefore, crew leaders did not always collect daily work records from their assigned employees each day. They also did not always provide the daily records in sufficient time for their supervisors to send to the Atlanta Center to meet payroll cutoff dates. In addition, crew leaders and their supervisors sometimes retained employment documents that Atlanta Center payroll personnel needed to enter employees into the PAMS/ADAMS system. As a result, the Atlanta Center had to delay processing some transactions until all needed documents were provided. To address these problems, Atlanta Center officials said they would place increased emphasis on training local and field personnel and on payroll administration at that level.

During master address listing activities, Atlanta Center officials took several actions to improve the timeliness and accuracy of employees' pay. They increased payroll processing capabilities by adding a second in-house shift and using temporary agencies. Also, they allowed daily work records to be sent by fax and overnight courier, and used tracking logs to monitor receipt of the records. Lastly, they formed a problem resolution team to handle employees' pay complaints. Moreover, Atlanta Center officials intended to decentralize payroll processing for Census 2000. Center officials stated that each of the 55 local offices would have 15 terminals for keying and transmitting payroll data to the Atlanta Center.

Employee pay information was not correct

Employees, themselves, caused delays in their initial pay by providing insufficient payroll information when they were hired, including incorrect or incomplete bank routing symbols or account numbers, and mailing addresses. This caused automated fund transfers to be rejected or paychecks to be returned as undeliverable. When this happened, Atlanta Center payroll personnel then had to contact the affected employees to obtain the correct information. As a result, the Atlanta Center was delayed in paying new employees. To alleviate this, Atlanta Center officials said they would place more emphasis on verifying the accuracy of payroll information received from new employees.

**EMPLOYEES WERE PAID TWICE
FOR SAME WORK**

Employees' pay concerns led to one additional problem. When they became concerned about not receiving their pay on time for certain days worked, some employees reclaimed those days. They did this by sending faxes or photocopies of original daily work records, or by submitting new work records for the same date. As a result, Atlanta Center payroll personnel eventually entered two records into the PAMS/ADAMS system for the same date worked by an employee. This caused the employee ultimately to be paid twice for the same work. Five of the 30 Atlanta region employees whose pay records we reviewed received such duplicate pay. We referred the overpayments, which totaled less than \$300, to Atlanta Center officials for appropriate administrative action.

The duplicate payment problem was similar to one reported in OIG audit reports covering administrative operations at the 1998 dress rehearsal sites¹. In response to a recommendation on this matter, the Bureau created a "flag edit" query for the PAMS/ADAMS system, which identifies on an exception report any multiple daily work records submitted by an employee for the same date. Census payroll officials are to review the exception reports to determine which multiple submissions are valid and which would cause duplicate pay. The Bureau provided the flag edit feature to its regional offices in June 1999 for implementation. Also, this feature is

¹ Columbia Dress Rehearsal Identifies Needed Improvements in Personnel Administration
Audit No. ATL-11050-8-0001

Sacramento Dress Rehearsal Identifies Needed Improvements in Personnel Administration
Audit No. STL-11052-8-0001

being reviewed by the OIG component performing an overall evaluation of the PAMS/ADAMS system.

RECOMMENDATIONS

We recommend that the Director of the Bureau of Census instruct officials in all Census regions to ensure that:

1. Field personnel timely collect and forward employees' daily work records to enable payroll personnel to process transactions in the appropriate pay period.
2. Employees provide complete and accurate payroll information when they are hired.
3. Payroll personnel are available to resolve employees' pay complaints.
4. Payroll personnel routinely use the PAMS/ADAMS flag edit exception reports to ensure that employees are not paid more than once for the same time worked.

Bureau Comments

The Bureau concurred with the report findings and has taken the following steps to resolve the recommendations:

Recommendation No. 1

All field and office intermittent employees are instructed to meet daily with their supervisor to review and certify the daily time sheets to ensure that time sheets will be submitted in time for the same day or next day processing. In addition, the Bureau has issued daily processing schedules to Local Census offices with instructions that the data capture process be completed in a timely manner so that the final payroll can be calculated and forwarded to the U.S. Treasury in time to meet the scheduled Wednesday payday.

Recommendation No. 2

Earnings statements are created by staff at the end of the payroll cycle each week. To remind the Atlanta Regional Office of the schedule for generating earnings statements, the staff was provided written instructions, including pictorial flowcharts and processing schedules. The Atlanta Regional Office has corrected this problem, with recent reports showing few delays in processing the statements.

Additionally, employees' pay may have been delayed due to inappropriate bank account numbers submitted to the office. The Bureau now requires employees to submit the SF-1199A (Sign-up for Direct Deposit Form). The form contains the employee's account number and the bank routing number, and is certified by his/her bank as accurate. Voided checks or requests written on loose-leaf paper are no longer accepted. Moreover, the data entry program has been enhanced

to require double keying of the bank and account numbers. The Bureau refers to this process as 100% verification.

Recommendation No. 3

The Bureau has established an automated tracking program called PASS (Payroll and Administrative Support System) to help staff manage payroll and administrative complaints from employees who contact the field offices on the 1-888 toll-free number, through letters of inquiries or by other means. PASS was expected to be fully operational in all 12 Regional Census Centers, 130 Early Local Census Offices, and the Puerto Rico Area Office by November 1, 1999.

Recommendation No. 4

The Bureau has developed a PAMS/ADAMS flag edit. A report will detect employees with multiple time sheets processed for the same day. The Bureau's implementing instructions require that the report includes the employee name, social security number, date worked and the batch(es) in which the employee's pay records are located. If there is a duplicate time for the same day worked, payroll staff have been instructed to disallow the claim and not to process the D-308. The instructions also require that the D-308 be returned to the employee with an explanation and a request for a corrected copy if needed.

OIG Comments

We have reviewed the Bureau's response and agree with the actions taken to implement the recommendations. Consequently, we consider our draft report's recommendations to be resolved. Therefore, no further action is required.

Attachment

cc: Robert J. Shapiro, Under Secretary for Economic Affairs
Michael S. McKay, Associate Director for Finance and Administration, Census Bureau
John H. Thompson, Associate Director for Decennial Census, Census Bureau
Marvin D. Raines, Associate Director for Field Operations, Census Bureau
James F. Holmes, Regional Director, Atlanta Regional Office, Census Bureau
Patricia A. Boteler, Audit Liaison, Census Bureau



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of the Census
 Washington, DC 20233-0001

OFFICE OF THE DIRECTOR

NOV 1 1999

MEMORANDUM FOR George E. Ross
 Assistant Inspector General
 for Auditing

Through: Robert J. Shapiro *RJS*
 Under Secretary for Economic Affairs

From: Kenneth Prewitt *KPrewitt*
 Director

Subject: *Atlanta Region Experienced Late Pay Problems
 for Census 2000 Employees*
 Draft Audit Report No. ATL-11640-9-XXXX

This is in response to your memorandum transmitting the above referenced draft audit report, which issued the following recommendations to ensure that:

1. Field personnel timely collect and forward employees' daily work records to enable payroll personnel to process transactions in the appropriate pay period.

The Census Bureau concurs and has taken the following steps to resolve this recommendation:

All field and office intermittent employees are instructed to meet daily with their supervisor to review and certify the daily time sheet (Form D-308, Daily Work and Pay Record) to ensure that time sheets will be submitted in time for same day or next day processing. (See attached pages from Census Employee Handbooks, forms D-590, 591, 592, and 593.)

Local Census Offices (LCOs) have also received a daily processing schedule. They are instructed to follow the schedule to ensure that they complete the data capture processes in a timely manner so that the final payroll data can be calculated and sent to the U.S. Treasury for check/Electronic Funds Transfer processing in time to meet the scheduled Wednesday payday. In the event that an LCO does not adhere to the daily processing schedule and cannot close out at the close of business on Wednesday, the Pre-Appointment Management System and Automated Decennial Administrative Management System (PAMS/ADAMS) has a supplemental payroll processing cycle. The supplemental cycle allows the LCO to be processed after all other LCOs have been processed in the normal cycle. This ensures that the employees' pay is not delayed a full week. (See attached LCO/Regional Census Center (RCC) Payroll Processing Schedule, D-13.)

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BY: *amclary*

2. Employees provide complete and accurate payroll information when they are hired.

The Census Bureau concurs and has taken the following steps to resolve this recommendation:

Earnings statements are created by staff at the end of the payroll cycle each week. It is not an automated process, but requires that staff “press the buttons” to actually create the file of statements to be printed and mailed from the National Processing Center. The date that earnings statements are created (printed) at the RCC is captured in PAMS/ADAMS. During the period covered by the audit, Atlanta was late in generating their statements. In response, their payroll staff was provided with written instructions, including pictorial flowcharts and processing schedules, to remind them of the schedule for generating statements. The Atlanta Regional Office has corrected this problem, with recent reports showing few delays in processing statements.

Additionally, employees’ pay may have been delayed due to inappropriate bank account numbers submitted to the office. At the time of the payroll audit, when a bank routing number or account number was entered for an employee, payroll staff had no immediate way of knowing whether either number was incorrect. Payroll staff only became aware of an error when the employee complained of not having received his/her paycheck. To resolve this problem, employees now submit only the official SF-1199A (Sign-up for Direct Deposit Form). This form contains the employee’s account number, and the bank routing number and is certified by his/her bank as accurate. Voided checks or requests written on loose-leaf paper are no longer accepted. A table of valid bank routing numbers has also been installed. Whenever a routing number is entered, that number cycles through the table to test its validity. If invalid, it will not be accepted. Additionally, the data entry program has been enhanced to require double keying of the bank and account numbers. This process is called 100% verification.

3. Payroll personnel are available to resolve employees’ pay complaints.

The Census Bureau concurs and has taken the following steps to resolve this recommendation:

The Census Bureau has established an automated tracking program called PASS (Payroll and Administrative Support System) that will help staff to manage payroll and other administrative complaints from employees who contact the field offices on the 1-888 toll-free number, through letters of inquiries or by other means. PASS is expected to be fully operational in all 12 RCCs, 130 Early Local Census Offices, and the Puerto Rico Area Office by November 1. As LCOs become operational, they will also be linked to PASS. (See attached 2000 Decennial Census Regional Census Center Memorandum No. 99-138 for more details.)

4. Payroll personnel routinely use the PAMS/ADAMS flag edit exception reports to ensure that employees are not paid more than once for the same time worked.

The Census Bureau concurs and has taken the following steps to resolve this recommendation:

A new PAMS/ADAMS report has been developed to detect employees with multiple time sheets processed for the same day worked. (See response to Recommendation 2 in the attached 2000 Decennial Census Regional Census Center Memorandum No. 99-88.)

Attachments