

UNITED STATES GOVERNMENT
National Labor Relations Board
Office of Inspector General



Non-Standard Work Hours Compensation

OIG-AMR-47-05-04

August 2005

INSPECTOR GENERAL



NATIONAL LABOR RELATIONS BOARD

WASHINGTON, DC 20570

August 9, 2005

I hereby submit a review of Non-Standard Work Hours Compensation, Report No. OIG-AMR-47-05-04. This audit was conducted to assess whether management controls provide adequate assurances that overtime, compensatory time, and credit hours are properly authorized and approved and records are complete and accurate. This audit is particularly timely because the Federal Workforce Flexibility Act of 2004 established a new form of compensatory time off for employee time spent in travel away from their official duty station that could significantly impact the National Labor Relations Board (NLRB or Agency). The potential increase in compensatory time makes strong controls even more important.

Controls over the earning and using of non-standard work hours were not sufficient and related records in the Agency's payroll system were not complete and accurate. Authorizations to work compensatory time were generally not documented, and only one office designed forms to approve and document non-standard work hours that captured all pertinent data.

Each office reviewed had employees that used annual leave before liquidating compensatory leave, even though the Agency policy is that, normally, the compensatory leave should be used first. Two employees in our sample that retired in 2004 were paid a combined total of \$2,900 for compensatory leave. The Agency could have avoided these payouts by enforcing its prompt compensatory leave liquidation policy.

One Region allowed two employees to earn and use credit hours without implementing sufficient controls, and one of these employees exceeded limits identified in the union agreement. Three employees that retired at the end of 2004 were permitted to carry credit hours for an extended period which resulted in them being paid \$3,000. Had the employees been required to liquidate the credit hours, the Agency could have avoided these payouts.

The OIG conducted two inspections and one audit in Fiscal Year 2000 that identified multiple deficiencies in the process to approve and record

compensatory time. Even though corrective actions were implemented, some of the same deficiencies were found in this review. These errors included instances in which standard operating procedures in the offices were contrary to Agency guidance even when the guidance had been re-emphasized in a reminder issued by the Human Resources Branch.

The recurring problems identified in this review were the result of timekeepers, managers, and office directors not properly performing assigned functions in accordance with Agency policy. We believe that these employees should be held accountable for their performance in areas related to time and attendance administration. The respective supervisors should consider the deficiencies identified in this report when preparing the next performance appraisals for these employees.

This audit contains seven recommendations made to the Human Resources Director that are mostly repeats or versions of prior recommendations. Generally, we recommended reminding offices of existing policies, revising Agency policy to require that overtime be authorized in advance and approved in writing, requiring credit hours be used promptly, and conducting regular reviews.

An exit conference was held on June 27, 2005, with representatives of the Human Resources Branch and the Division of Operations-Management. A draft report was sent to the Human Resources Director on July 1, 2005 for review and comment. The Human Resources Director's response to the draft report had no comments with respect to the findings, agreed with the recommendations, and indicated planned corrective actions. The response, dated August 2, 2005, is included as an appendix to this report.

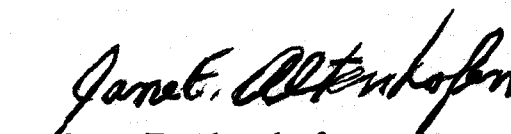

Jane E. Altenhofen
Inspector General

TABLE OF CONTENTS

BACKGROUND 1
WORKFORCE FLEXIBILITY ACT 2
OBJECTIVES, SCOPE, AND METHODOLOGY 3
FINDINGS 4
COMPENSATORY TIME..... 4
 Authorization and Approval 4
 Recording in FPPS 6
 Recording in the Proper Pay Period 7
 Leave Balances 8
CREDIT HOURS..... 9
DOCUMENTATION 10
ACCOUNTABILITY 10
RECOMMENDATIONS..... 12
ATTACHMENT 1 – Compensatory Leave Balances..... 13
ATTACHMENT 2 – Credit Hour Balances 14
APPENDIX

Memorandum from the Director of Human Resources,
Comments on Draft Report – "Audit of Non-Standard Work
Hours Compensation," dated August 2, 2005

BACKGROUND

The National Labor Relations Board (NLRB or Agency) administers the principal labor relations law of the United States, the National Labor Relations Act (NLRA) of 1935, as amended. The NLRA is generally applied to all enterprises engaged in interstate commerce, including the United States Postal Service, but excluding other governmental entities as well as the railroad and the airline industries. The Fiscal Year (FY) 2005 appropriation authorizes 1,865 full-time equivalents that are located at Headquarters, 51 field offices throughout the country, and 3 satellite offices for Administrative Law Judges. NLRB received an appropriation of \$251,875,000 for FY 2005, less an across-the-board reduction of .8 percent, leaving a net spending ceiling of \$249,860,000.

Approximately 1,649 of the Agency's 1,913 full and part-time employees (86 percent) worked under the general supervision of the General Counsel as of December 25, 2004. For purposes of this audit report, overtime, whether paid or compensatory time, and credit hours were considered non-standard work hours. NLRB employees worked more than 21,000 non-standard work hours during the period January 11, 2004 to December 25, 2004, approximately 98% of which were worked by General Counsel employees. Between January 11, 2004, and December 25, 2004, General Counsel employees were paid for 304 hours of overtime, earned 20,290 hours of compensatory leave, used 19,500 hours of compensatory leave, and had a balance of 7,447 compensatory hours and 734 credit hours as of December 25, 2004.

The Division of Administration (Administration) is responsible for establishing Agency policies for employee time and attendance (T&A), including overtime. Within the Division, the Human Resources Director establishes administrative procedures to assure that Agency policy is properly implemented. Overtime hours consist of work officially ordered or approved and performed in excess of 8 hours in a day, 40 hours in an administrative workweek, or 80 hours in a two-week pay period for employees on alternative work schedules. In lieu of pay, employees may be granted compensatory time off from their tour of duty or may be approved to work credit hours. Office of Personnel Management (OPM) guidance defines credit hours as hours that an employee elects to work, with supervisory approval, in excess of the employee's basic work requirement. An employee may use credit hours during a subsequent day, week, or pay period, with supervisory approval.

The NLRB uses the Department of Interior National Business Center's Federal Personnel Payroll System (FPPS) to process the Agency's payroll. NLRB timekeepers input employee T&A information into FPPS. The employee's supervisor is responsible for certifying the data as correct before submission to FPPS for processing on a biweekly basis. The certified T&A information is the basis for employee pay and is the Agency's official payroll record.

WORKFORCE FLEXIBILITY ACT

Our review of Non-Standard Work Hours Compensation is particularly timely because the Federal Workforce Flexibility Act of 2004 was enacted. This Act established a new form of compensatory time off for employee time spent in travel away from their official duty station when such time is not otherwise compensable. This law could significantly affect the NLRB because Agency employees perform duties requiring travel to locations away from their official duty station during hours outside their regularly scheduled workweek.

Interim regulations to implement this new form of compensatory time were published on January 27, 2005, and became effective on January 28, 2005. These interim regulations identify how to determine the amount of time to be credited to the employee, establish agencies' responsibility to credit employees for creditable time in travel status, and require agencies to track and manage compensatory time off granted for travel separately from other forms of compensatory time off. The interim regulation also assigns employees the responsibility to comply with agency procedures for requesting credit for compensatory time.

The Director of Human Resources issued a memorandum on January 27, 2005, providing implementing guidance on this new program. The memorandum provided background on the new benefit and identified required actions which included advance coordination of this compensatory time between the supervisor and employee. The memorandum also instructed timekeepers to manually track compensatory time earned for travel until the time and attendance system could be modified to accept the data.

The Agency issued Administrative Policy Circular 05-02, Compensatory Time Off for Travel, on March 17, 2005. The circular was consistent with the OPM interim regulations. On March 18, 2005, the Human Resources Branch (HRB) e-mailed timekeepers the new pay codes for recording compensatory time for travel and instructed them to enter travel compensatory time into FPPS. As of April 30, 2005, 775 hours of travel compensatory time for General Counsel employees was entered into FPPS.

OBJECTIVES, SCOPE, AND METHODOLOGY

This audit was conducted to assess whether management controls provide adequate assurances that overtime, compensatory time, and credit hours are properly authorized and approved and records are complete and accurate.

We reviewed applicable laws and regulations including Title 5 of the United States Code and Title 5 Code of Federal Regulations. We also reviewed the OPM *Handbook on Alternative Work Schedules* and General Accounting Office guidance titled *Maintaining Effective Control over Employee Time and Attendance Reporting* (GAO Guidance), dated January 2003.

We reviewed Agency guidance in the NLRB Administrative Policies and Procedures Manual (APPM) Chapter PER-10, Leave and Attendance, dated December 21, 1998. We also reviewed NLRB Administrative Bulletin 04-11, Compensatory Time Off for Religious Observance, dated February 19, 2004, and provisions in union agreements.

We obtained FPPS T&A data, reviewed the information for completeness and accuracy, and selected offices for review. We obtained more detailed information for October 5, 2003 through January 8, 2005 for the offices selected for testing. Due to FPPS reporting constraints, summary data in this report is for the period of January 11, 2004, through December 25, 2004. We were also provided read-only access to FPPS to evaluate possible trends or the extent of a condition.

In each office visited we interviewed Agency officials to identify procedures for monitoring T&A and for approving and recording non-standard work hours. We judgmentally selected 10 employees in each Regional Office (Region) visited and 15 employees in Administration. We reviewed four pay periods for each employee selected. Items tested included employee tour of duty schedules, sign in and out timekeeping logs, biweekly T&A reports, and authorization and approval of non-standard hours. We determined whether limits for non-standard work hours were exceeded and whether employees used non-standard work hour balances before using annual leave.

This audit was performed in accordance with generally accepted government auditing standards during the period of January through May 2005. We conducted this audit at NLRB Headquarters and Regions as follows: Region 4 – Philadelphia; Region 6 – Pittsburgh; Region 21 - Los Angeles; and Region 31 - Los Angeles. Headquarters offices tested were the Library and Administrative Services Branch (LASB), Procurement and Facilities Branch (PFB), HRB, and Budget Branch.

FINDINGS

Virtually all overtime worked by Agency employees is compensated by an equal amount of time off from the employee's scheduled tour of duty. We identified deficiencies concerning the approval and recording of compensatory time. Minimal overtime is paid to employees and we made no conclusions regarding controls over those payments.

One Region allowed employees to earn and use credit hours, but did not implement sufficient controls, and an employee in that Region exceeded limits in the union agreement. Three Headquarters employees were permitted to carry credit hours for an extended period. The Agency paid five employees in our sample \$5,900 for unliquidated compensatory time and credit hours upon retirement. The Agency could have avoided these payouts by enforcing its prompt compensatory leave liquidation policy.

COMPENSATORY TIME

We identified weaknesses in the Agency's controls over compensatory time. Authorizations to work compensatory time were generally not documented. Approval documentation was inadequate in some cases and content varied significantly between offices. Only one Region designed forms to approve and document non-standard work hours that captured all pertinent data. Three of the four Regions reviewed did not record some or all compensatory time in the FPPS. Both Regions that recorded compensatory time in the FPPS recorded time in improper pay periods. Each office reviewed had employees that used annual leave before liquidating compensatory leave, in contravention with Agency policy.

Inaccurate records can result in incorrect employee payments and affect the usefulness of FPPS data for managing Agency operations and external reporting. In particular, inaccurate data could result in incorrect calculation of compensatory leave liquidating payments.

Authorization and Approval

The Federal Employees Pay Act (FEPA) generally mandates overtime compensation for employees in Grade 15 or below for "hours of work officially ordered or approved in excess of 40 hours in an administrative workweek." Section 550.111(c) of title 5, Code of Federal Regulations, requires that such overtime be "ordered or approved . . . in writing by an officer or employee to whom this authority has been specifically delegated." The phrase "ordered or approved" has been construed by the Federal Circuit to require written authorization. The writing requirement serves an important purpose of the statute, to control the government's liability for overtime.

GAO Guidance states that controls over T&A information should provide reasonable assurance that T&A information reflects actual work performed and is sufficiently detailed to allow for verification. GAO Guidance also states that supervisory authorization and approval is a key part of ensuring the propriety of T&A information. The supervisor or other authorized official should review and authorize employee's planned work schedules and applications for leave, and review and approve employee submissions of actual time worked and leave taken. Further, approval should be obtained for overtime before the work has been performed when feasible and, when not feasible, as soon as possible after the work has been performed.

The APPM does not provide guidance on the minimum documentation to support approval or include an example approval form. Details that we believe are necessary include the case or project identifier, a description of the work, the time of day worked, whether compensatory time or overtime was requested, and the signatures of the claimant and the approving official.

Generally, Regional employees when working in the office and Administration employees reportedly receive oral authorizations in advance to work compensatory time, followed by written approval of the hours worked. Regional employees operating in the field work the hours needed to accomplish the assignment and submit a request for compensatory time approval afterwards.

We found that professional employees in Regions 4 and 31 submitted compensatory time reports to their supervisors including hours worked and the time taken off, but the reports did not show approval. The Region 4 timekeeper stated that approval to take the time off on a standard request for leave form constituted approval of earning the hours. Region 31 did not require a leave form. The Federal Circuit found that records recording hours worked were not sufficient to meet FEPA's writing requirement because the records did not provide documentation of prior written authorization or approval of such work. Compensatory hours worked by support staff in these offices was approved by a memo or note on a compensatory time card.

Documentation of approval varied significantly between sampled offices. Each office determined what information it deemed necessary. Region 6 was the only office that designed forms to approve and document non-standard work hours that captured all pertinent data. Each Region used an office-designed form or a memo that provided some data. LASB used Form NLRB 4611, a manual spreadsheet, PFB used e-mails, and HRB used e-mails and handwritten notes. The Budget Branch did not have any compensatory time.

Non-standard Work Hours Approval Documentation by Office

Data Collected	Region				Branch		
	4	6	21	31	HRB	LASB	PFB
Case or project	Yes	Yes	Yes	Yes	No	No	No
Work description	Yes	Yes	No	No	No	No	No
Time of day	No	Yes	Yes	No	No	Yes	Yes
Compensatory time or overtime specified	No	Yes	Yes	Yes	No	No	No
Claimant signature	No	Yes	No	No	No	No	Yes
Approving official signature	No	Yes	Yes	No	Yes	Yes	Yes

PFB said that all overtime is approved in advance via email, but acknowledged that separate correspondence may not be attached to the T&A files.

The Human Resources Director acknowledged that HRB could not locate the e-mails requesting and approving the overtime for the items in our sample. She asserted, however, that she approved all requests in advance. The Human Resources Director said that the policy for approving overtime includes clearing it with the Director of Administration. The Human Resources Director also said that she approves all compensatory time in advance, unless she specifically delegates this responsibility to a supervisor. She said that all compensatory time and overtime approvals cite the employee, project, and amount of compensatory time approved.

Recording in FPPS

Federal regulations require that agencies keep complete and accurate records of all compensable hours worked by its employees. GAO Guidance states that controls over T&A information should provide reasonable assurance that information is recorded completely, accurately, and as promptly as practicable, and reflects actual work performed and leave taken. Agency employees were informed in a June 19, 2000, memorandum from the Director of Personnel that all hours worked and time taken off must be accounted for in the payroll system.

Three of the four Regions reviewed did not record some or all compensatory time in FPPS. One of these three Regions recently began recording these hours in FPPS, but did not enter prior accumulated balances. One Region and the four Administration offices tested recorded compensatory time in FPPS.

Region 4 did not record compensatory time earned or used in FPPS and a uniform method of authorizing and documenting overtime hours worked was not used. Methods included an office-designed Compensatory Leave Report

form, e-mails, notes on paper, index cards, day planners, and desk blotter calendars. The timekeeper only maintained information related to employees that she managed. The Regional Director said the office had not been instructed that compensatory time had to be recorded in FPPS.

Region 6 recorded compensatory time earned during an employee's normal work week in FPPS, but not time worked on a compressed schedule day off. The unrecorded time was tracked by the timekeeper on T&A summary worksheets maintained for each employee. The Office Manager stated that FPPS did not allow data for compressed days worked to be entered. HRB confirmed that these hours could be entered into FPPS using the same code as any other compensatory time.

Region 31 began recording compensatory time in FPPS in February 2005. Previously, records of time earned and used were kept by each employee and supervisor in various manners. When Region 31 began using FPPS, unrecorded hours from the informal system were not entered into the system. Employees were advised by the Regional Director to use these hours before using hours accumulated in FPPS. The Regional Director said that the Region began using FPPS because the volume of compensatory time earned was expected to dramatically increase due to a new law providing employees compensatory time for travel.

Region 4 documentation showed a balance of 73 hours of unrecorded compensatory time for the employees reviewed. Region 31 documentation showed 61 hours unrecorded. Region 6 documentation showed 45 hours had been earned and 81 hours used during the periods reviewed. None of these hours earned or used in these three Regional Offices were recorded in the FPPS. As a result, Agency controls over the total hours accumulated or carried from one quarter to the next were inoperative, FPPS lacks accurate information to support external reporting, and employees might not be properly paid for compensatory time should they leave the Agency.

Recording in the Proper Pay Period

GAO Guidance states that Agency controls should provide for proper recording of T&A. GAO Guidance defines proper recording as complete, accurate, valid, and in compliance with legal requirements. GAO Guidance also states that adjustments or corrections required because of changes after T&A information was approved should be processed promptly and be traceable to the pay period for which the correction applies.

Both Regions that used FPPS to record compensatory time, Region 6 and Region 21, recorded hours earned in improper pay periods. Administration offices reviewed recorded compensatory time in the correct pay periods.

Compensatory Time Recorded in Incorrect Pay Periods

Office	Hours	Date Worked		Recorded	
		Pay Period	Date	Pay Period	Date
Region 6	6	0322	10/15/03	0323	10/20/03
Region 6	3	0407	3/18/04	0408	3/22/04
Region 21	3	0416	7/16/04	0417	7/25/04
Region 21	2	0417	8/6/04	0418	8/8/04
Region 21	7	0417	8/7/04	0418	8/8/04
Region 21	9	0426	12/6/04	0502	12/26/04

The compensatory hours were recorded in later pay periods because timekeepers did not prepare and process T&A correction forms. T&A certifying officials either did not notice or require correction of the hours recorded.

Leave Balances

The APPM states that, normally, compensatory time shall be used before applying annual leave balances to a particular period of leave. Employees covered by the Fair Labor Standards Act and union agreements require that certain employees be paid for unused compensatory time under certain conditions. Payment in some cases must be at the employee's overtime rate.

Each office reviewed had employees that used annual leave before liquidating compensatory leave, even though the Agency policy is that, normally, the compensatory leave should be used first. Thirty of the 55 employees in our sample carried compensatory time balances and none of them liquidated these balances before using annual leave. Of the 30 employees that did not liquidate compensatory time before using annual leave, some carried balances for extended periods -- 15 carried balances for 1 to 2 years and 7 carried balances for more than 2 years.

Compensatory time balances were not promptly liquidated because managers and supervisors were not aware of the requirement, did not monitor balances, or did not apply the policy. A contributing factor may have been that timekeepers generally provided managers and supervisors with printed FPPS employee attendance information each pay period that did not include compensatory leave information.

Promptly liquidating balances is necessary to avoid unnecessary payments to employees for their compensatory time balances, avoiding employee forfeiture of leave, and may be a factor in how the Agency will implement a proposed OPM regulation. OPM proposed a regulation on January 5, 2005, to limit use of compensatory time earned to 26 pay periods. Exceeding the limit would result in forfeiture or Agency payment.

Two employees in our sample that retired in 2004 were paid a combined total of \$2,900 for compensatory leave. The pace of Agency retirements could increase over the next several years. This, together with OPM's use period limitation, could increase leave payments. The Agency could have avoided payouts of \$2,900 by enforcing its prompt leave liquidation policy. As shown in Attachment 1, General Counsel employees had a total 7,447 hours of compensatory leave available as of December 25, 2004.

In response to our preliminary findings, HRB provided additional guidance on the use of compensatory leave credits. HRB issues a periodical titled *Management Writes*, which includes articles advising NLRB managers and supervisors about current Federal labor and employee relations issues. The April 2005 edition included an article titled *Watch Those Comp Time Balances!* The article quotes the APPM which states that, normally, compensatory leave credits shall be used before applying annual leave balances to a particular period of leave and that managers should monitor employees' compensatory leave balances carefully.

CREDIT HOURS

OPM's guidance defines credit hours as hours that an employee elects to work, with supervisory approval, in excess of the employee's basic work requirement. An employee may use credit hours during a subsequent day, week, or pay period, with supervisory approval. Employees are entitled to payment for credit hours if they transfer to another agency or retire. Agency policies or union agreements may place restrictions on earning or using credit hours.

GAO Guidance states that when agency work schedule programs allow for credit hours to be earned, employee requests to work such hours should be reviewed by the supervisor to determine if work demands warrant the employee working the additional hours and, if so, approved before the work has been performed when feasible. The agreement between the General Counsel and the NLRB Union covering field office professional employees further provides that an employee working full-time may earn up to 2 ½ credit hours per day, and the hours must be used by the end of the pay period following the pay period in which they were earned.

Region 21 began allowing employees to earn credit hours during the pay period ending October 2, 2004, and had two employees participating in the program. The approval of hours earned and used was not documented. Employees maintained a log identifying the amount of time earned and used each day and provided this to the timekeeper at the end of each pay period. One employee was allowed to earn 3 ½ credit hours in a day and carry the hours earned beyond the next pay period. This employee carried excess credit hours for 6 pay periods.

The Assistant to the Regional Director for Region 21 stated that use of a flexible work schedule by two employees was new to the office and the conditions noted would be corrected.

Agency policy does not impose a restriction that credit hours earned by all employees must be used by the pay period following the period in which they are earned. The implementation of this practice Agency-wide would be prudent and could reduce payments made to departing employees with credit hour balances. For example, three HRB employees carried credit hour balances for 1 to 3 years. The Agency was required to pay these employees more than \$3,000 in November 2004 and January 2005 for 51 credit hours upon retirement. Had the employees been required to liquidate the credit hours, the Agency could have avoided these payouts. As shown in Attachment 2, General Counsel employees had a balance of 734 credit hours as of December 25, 2004.

DOCUMENTATION

GAO Standards for Internal Control in the Federal Government states that internal control and all transaction and other significant events need to be clearly documented, and the documentation should be readily available for examination. Offices reviewed had controls over timekeeping that included the use of employee sign-in and sign-out timesheets to document attendance.

Two offices reviewed were unable to provide requested employee timesheets evidencing that employees worked compressed schedules for selected pay periods. The Region 21 timekeeper was unable to locate office timesheets for some dates in three pay periods and identified timesheets for six later dates that were missing. The LASB timekeeper was unable to provide timesheets for one employee for four pay periods. The timesheets were located more than 1 month later. LASB said that the timesheets were locked in the supervisor's office and were not retrieved until the supervisor returned from an unanticipated extended absence.

The Region 21 timekeeper said that the timesheets were circulated to the office supervisors daily for informational purposes and that some had not been returned to her. Her inquiry of the supervisors did not result in the timesheets being located. The LASB timekeeper and Section supervisor were unable to locate the requested documents until the employee that maintains storage of the records returned from extended leave.

ACCOUNTABILITY

Regional Directors or their supervisory staff certified all T&A data entered in the FPPS as correct even though the data was incomplete and inaccurate.

Agency managers and other employees with T&A responsibilities gave excuses that FPPS would not accept certain data or that they were not told to enter certain payroll data. In our opinion, these excuses are not acceptable. Considerable resources have been spent auditing payroll, instructing managers, and training T&A clerks. Noncompliance with the most basic of principles, to enter all payroll data in the payroll system, should no longer be tolerated.

The Office of Inspector General (OIG) conducted two inspections and one audit in FY 2000 with findings or recommendations that relate to deficiencies identified in this review. Even though corrective actions were implemented, some of the same deficiencies were found in this review. These were not exclusively errors in processing items, but included instances in which standard operating procedures in the offices were contrary to issued guidance which had been re-emphasized in a reminder issued by HRB.

Deficiencies were previously identified at two other Regions by OIG Inspections. Inspection Report OIG-INS-08-00-05, dated July 6, 2000, identified that Region 19 did not properly approve compensatory time or record compensatory time into the Agency's payroll system. Inspection Report OIG-INS-09-00-06, dated July 6, 2000, identified that Region 13 allowed informal compensatory time, that was not properly approved or recorded into the Agency's payroll system.

The OIG issued Report OIG-AMR-29-00-01, Evaluation of Time and Attendance Practices, on February 29, 2000. This audit reviewed the timekeeping practices for each of the five Board Members' offices, Office of Executive Secretary, Office of Solicitor, Office of Representation Appeals, and Division of Information. In this report, we recommended that the Personnel Director remind all supervisors and timekeepers that compensatory time and credit hours must be recorded in the payroll system. We also recommended that the Personnel Director develop a plan for conducting regular reviews as set forth in Agency policy.

Actions needed to satisfy recommendations made in that report were completed on March 28, 2001. The Director of Personnel issued a memorandum to all Agency employees on June 19, 2000, regarding Agency policies, procedures, and practices related to T&A reporting. The memo included a statement that all hours worked and time taken off must be accounted for in the payroll system and also stated that periodic on-site reviews of T&A would be performed. Also, an April 23, 2003, e-mail from the Division of Operations-Management Associate General Counsel provided instructions regarding the use of FPPS to manage compensatory time balances.

The Human Resources Director stated reviews of one Region and one Headquarters office were conducted in 2001, but that further reviews were not conducted due to budget constraints. Budget constraints do not eliminate the

responsibility of the Director to perform evaluations, possibly in some alternative manner.

RECOMMENDATIONS

The recurring problems identified in this review were the result of timekeepers, managers, and office directors not properly performing assigned functions in accordance with Agency policy. We believe that these employees should be held accountable for their performance in areas related to T&A administration. The respective supervisors should consider the deficiencies identified in this report when preparing the next performance appraisal for these employees.

We recommend that the Human Resources Director:

1. Work with the Director of Administration to revise the APPM to require that overtime be authorized in advance, if feasible, and approved in writing. The policy should also establish minimum information to be included in approval documentation.
2. Remind all NLRB offices that all non-standard work hours must be recorded in FPPS.
3. Remind all offices that correction actions are required when recording overtime after the close of the pay period to ensure that Agency payroll records are accurate.
4. Remind all NLRB offices that compensatory leave should normally be used before annual leave.
5. Coordinate with the Director of Administration to revise the APPM to require limiting the time that credit hour balances can be carried.
6. Remind all offices that sign in/out timesheets are payroll records requiring control and retention in accordance with Federal standards.
7. Develop a plan for HRB to conduct regular T&A reviews.

ATTACHMENT 1**Compensatory Leave Balances
December 25, 2004**

Office	Hours
Division of Administration	166
Division of Advice	56
Division of Enforcement Litigation	171
Division of Operations-Management	26
Office of Equal Employment Opportunity	5
Office of Employee Development	2
Region 01 - Boston	391
Region 02 - New York	150
Region 03 - Buffalo	196
Region 04 - Philadelphia	0
Region 05 - Baltimore	335
Region 06 - Pittsburgh	119
Region 07 - Detroit	29
Region 08 - Cleveland	254
Region 09 - Cincinnati	270
Region 10 - Atlanta	105
Region 11 - Winston Salem	220
Region 12 - Tampa	483
Region 13 - Chicago	337
Region 14 - St. Louis	231
Region 15 - New Orleans	194
Region 16 - Ft. Worth	267
Region 17 - Kansas	185
Region 18 - Minneapolis	216
Region 19 - Seattle	425
Region 20 - San Francisco	209
Region 21 - Los Angeles	315
Region 22 - Newark	463
Region 24 - Puerto Rico	178
Region 25 - Indianapolis	60
Region 26 - Memphis	130
Region 27 - Denver	0
Region 28 - Phoenix	351
Region 29 - Brooklyn	401
Region 30 - Milwaukee	385
Region 31 - Los Angeles	0
Region 32 - Oakland	40
Region 34 - Hartford	82
Total	7,447

ATTACHMENT 2**Credit Hour Balances
December 25, 2004**

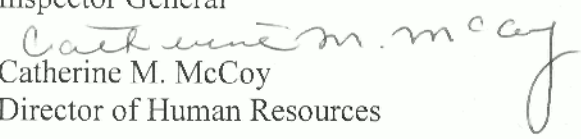
Office	Hours
Division of Administration	24
Division of Advice	159
Division of Enforcement Litigation	482
Division of Operations-Management	0
Office of Equal Employment Opportunity	0
Office of Employee Development	0
Region 01 - Boston	5
Region 02 - New York	48
Region 03 - Buffalo	0
Region 04 - Philadelphia	0
Region 05 - Baltimore	3
Region 06 - Pittsburgh	0
Region 07 - Detroit	0
Region 08 - Cleveland	0
Region 09 - Cincinnati	0
Region 10 - Atlanta	0
Region 11 - Winston Salem	0
Region 12 - Tampa	1
Region 13 - Chicago	0
Region 14 - St. Louis	0
Region 15 - New Orleans	0
Region 16 - Ft. Worth	0
Region 17 - Kansas	0
Region 18 - Minneapolis	1
Region 19 - Seattle	2
Region 20 - San Francisco	1
Region 21 - Los Angeles	5
Region 22 - Newark	0
Region 24 - Puerto Rico	0
Region 25 - Indianapolis	0
Region 26 - Memphis	0
Region 27 - Denver	0
Region 28 - Phoenix	0
Region 29 - Brooklyn	3
Region 30 - Milwaukee	0
Region 31 - Los Angeles	0
Region 32 - Oakland	0
Region 34 - Hartford	0
Total	734

APPENDIX

UNITED STATES GOVERNMENT
National Labor Relations Board
Division of Administration
Memorandum



TO: Jane E. Altenhofen
Inspector General

FROM: 
Catherine M. McCoy
Director of Human Resources

DATE: August 2, 2005

SUBJECT: Comments on Draft Audit Report – “Audit of Non-Standard Work Hours Compensation”

This is in response to your memorandum dated July 1, 2005, in which you requested comments on the draft audit report on non-standard work hours compensation. In your memo, you requested that we also indicate our agreement or disagreement with each of the report’s findings and recommendations.

We have reviewed the report and have no comments with respect to the findings of the report.

Our comments regarding the report’s recommendations are as follows:

1. Work with the Director of Administration to revise the APPM to require that overtime be authorized in advance, if feasible, and approved in writing. The policy should also establish minimum information to be included in the approved documentation.

We agree with this recommendation. This is consistent with advice currently provided to management. The appropriate chapter in the *Administrative Policies and Procedures Manual* (APPM) will be revised accordingly.

2. Remind all NLRB offices that all nonstandard work hours must be recorded in FPPS.

We agree with the recommendation. This is consistent with advice and reminders previously given to offices. Another reminder will be issued.

Page Two
Jane E. Altenhofen

3. Remind all offices that correction actions are required when recording overtime after the close of the pay period to ensure that Agency payroll records are accurate.

We agree with the recommendation. Offices are currently advised and timekeepers trained that correction actions are required when recording overtime after the close of a pay period. Another reminder will be issued to offices.

4. Remind all NLRB offices that compensatory leave should normally be used before annual leave.

We agree with the recommendation. This is the current policy as stated in APPM Chapter PER-10. A reminder will be issued to offices.

5. Coordinate with the Director of Administration to revise the APPM to require limiting the time that credit hours can be carried.

We agree with this recommendation. A new chapter on work schedules is being drafted for the APPM and this provision will be incorporated in the chapter.

6. Remind all offices that sign in/out timesheets are payroll records requiring control and retention in accordance with Federal standards.

We agree with this recommendation. A reminder will be issued to all offices.

7. Develop a plan for HRB to conduct regular T&A reviews.

We agree with the recommendation. HRB is in the process of redesigning its Performance Management Evaluation program and will incorporate T&A reviews as a regular part of that program.

Thank you for the opportunity to comment on the draft report. If you have any questions, please contact me.

cc: The Board
General Counsel
Gloria Joseph, Director of Administration