



SOCIAL SECURITY

Office of the Inspector General

MEMORANDUM

Date: March 28, 2001

Refer To:

To: William A. Halter
Acting Commissioner
of Social Security

From: Inspector General

Subject: Adherence to Time and Attendance Policies and Procedures in the Social Security Administration's Non-Headquarters Offices (A-13-99-91025)

The attached final report presents the results of our audit. Our objective was to evaluate employees' adherence to policies and procedures for documenting and recording time and attendance data for payroll purposes in Social Security Administration's non-Headquarters offices.

Please comment within 60 days from the date of this memorandum on corrective action taken or planned on each recommendation. If you wish to discuss the draft report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

A handwritten signature in black ink, appearing to read "James G. Huse, Jr."

James G. Huse, Jr.

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**ADHERENCE TO TIME AND
ATTENDANCE POLICIES AND
PROCEDURES IN THE SOCIAL
SECURITY ADMINISTRATION'S
NON-HEADQUARTERS OFFICES**

March 2001

A-13-99-91025

AUDIT REPORT



Mission

We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

Vision

By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.

Executive Summary

OBJECTIVE

The objective of this audit was to evaluate employees' adherence to policies and procedures for documenting and recording time and attendance data for payroll purposes in the Social Security Administration's (SSA) non-Headquarters offices.

BACKGROUND

Employees' salaries and benefits represent a major financial outlay for SSA. In Fiscal Year (FY) 1999, SSA paid almost \$3.6 billion in salaries and leave benefits for its 64,712 employees. The non-Headquarters offices' 43,216 employees accounted for \$2.3 billion of that total. The accuracy of these payroll expenditures is contingent on an accurate documentation of employees' daily work attendance. SSA has internal controls in place to help maintain the integrity of its time and attendance process. These include, but are not limited to, retention of complete and accurate underlying documentation to support payroll expenditures, adequate separation of timekeeping duties, and sufficient management oversight of the time and attendance process.

SSA's Office of Human Resources (OHR) has performed background work and concluded that SSA's time and attendance system is labor intensive. OHR concluded SSA's time and attendance system was not only labor intensive, but also higher-graded employees are doing much of the work intended for lower-graded employees' completion. For instance, information provided by the Office of Workforce Analysis indicated 4,401 SSA Office of the Deputy Commissioner for Operations personnel, Grades 11 through 15, were performing time and attendance duties instead of lower-graded employees (Grade 3 or 4), as intended.

To evaluate adherence to time and attendance policies and procedures, we randomly selected eight FY 1998 timekeeper unit pay periods to review. We examined each unit's underlying time and attendance documents and interviewed its timekeeper and supervisor/manager. In addition, we reviewed and compared the documentation to information contained in SSA's computerized payroll system to determine whether time and attendance and leave data had been correctly and consistently reported and recorded.

RESULTS OF REVIEW

We found that SSA's policies and procedures for documenting and recording time and attendance data were not consistently followed. Specifically, SSA did not retain complete and accurate documentation, maintain adequate separation of duties, and perform management oversight effectively. Therefore, the payroll expenditures were

not always supported by underlying documentation, and the payroll system was subject to waste, fraud and abuse.

- Time And Attendance Documentation Was Not Properly Maintained To Support All Payroll Expenditures
- Timekeeping Units Using Manual Sign-In/Out Rosters Did Not Always Maintain Adequate Separation Of Incompatible Duties
- Supervisors Did Not Always Properly Approve Leave Applications And Credit Hour Authorizations

CONCLUSION AND RECOMMENDATIONS

SSA non-Headquarters offices' lack of compliance with policies and procedures undermines the integrity of SSA's time and attendance payroll system by providing the potential for circumvention of internal controls built into the system. It also increases (1) vulnerability to fraud, waste and abuse by providing employees with the opportunity to manipulate time and attendance records without timely detection and (2) susceptibility to incorrect payment of salaries, over/under payroll budgeting, and inaccurate accrual and use of leave.

To prevent further vulnerability to errors, as well as fraud and abuse, we recommend that:

1. SSA issue directives to all non-Headquarters offices that:
 - a. Timekeepers retain and maintain complete time and attendance documentation in support of all time and attendance data, in accordance with SSA retention requirements.
 - b. Office managers ensure that they, their supervisors and timekeepers document time and attendance in accordance with SSA policy and procedures.
 - c. Office managers ensure that they and their supervisors obtain, sign, and verify SSA's *Application for Leave (Form SSA-71)* for completeness and accuracy.
2. SSA's OHR develop a single, comprehensive set of policies and procedures for time and attendance activities.
3. SSA should develop and implement an automated payroll time and attendance system that would facilitate adherence to its policies and procedures, incorporate strong internal controls and be less labor intensive than the current process.

AGENCY COMMENTS

SSA agreed with the original first three parts of Recommendation 1 as it appeared in our draft report. However, SSA disagreed with the original fourth part of Recommendation 1 that addressed the requirement for employees' to have written supervisory approval prior to earning credit hours. The Agency pointed out that, since the completion of our audit work, there has been a change in this requirement. According to SSA's contract with the American Federation of Government Employees (AFGE), employees can obtain either oral or written supervisory approval.

SSA also disagreed with Recommendation 2, stating it already has a comprehensive set of time and attendance policies and procedures. The Agency also pointed out it is developing a new time and attendance system. During this process, the Agency will review its time and attendance policies and procedures to ensure consistency and accuracy with the new automated system.

The Agency agreed with Recommendation 3.

OFFICE OF THE INSPECTOR GENERAL RESPONSE

We agree the new AFGE contract makes it impossible for SSA to address the original fourth part of Recommendation 1. Therefore, we are not including this part of the recommendation in our final report.

For Recommendation 2, SSA stated it believes it already has a comprehensive set of policies and procedures for time and attendance activities. We agree. However, they are contained within a number of different sources, such as from the General Accounting Office, the Department of Health and Human Services, and the Agency's Mainframe Time and Attendance System manuals. These are not consolidated in a single, comprehensive set that are specific to SSA. To clarify our meaning of "comprehensive," we are modifying our recommendation to read: "*SSA Office of Human Resources develop a single, comprehensive set of policies and procedures for time and attendance activities.*"

Also, we have replaced Charts 2 and 3 with Tables 2 and 3 to clarify the information presented and to address SSA's technical comments.

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Acronyms

AFGE	American Federation of Government Employees
Dol	Department of the Interior
<i>Form OPM SF-71</i>	Application for Leave
<i>Form SSA-71</i>	Application for Leave
<i>Form SSA-29</i>	Serial Overtime or Holiday Work Attendance Roster
<i>Form SSA-30</i>	Serial Time and Attendance Roster
<i>Form SSA-3439</i>	Request to Work Credit Hours
FPPS	Federal Personnel and Payroll System
FY	Fiscal Year
GAO	General Accounting Office
HHS	Department of Health and Human Services
MTAS	Mainframe Time and Attendance System
OHR	Office of Human Resources
OPM	Office of Personnel Management
SSA	Social Security Administration

Introduction

OBJECTIVE

The objective of this audit was to evaluate employee's adherence to policies and procedures for documenting and recording time and attendance data for payroll purposes in the Social Security Administration's (SSA) non-Headquarters offices.

BACKGROUND

Employees' salaries and benefits represent a major financial outlay for SSA. For Fiscal Year (FY) 1999, SSA paid almost \$3.6 billion in salaries and leave benefits for its 64,712 employees. The non-Headquarters offices' 43,216 employees accounted for \$2.3 billion of that total. The accuracy of these payroll expenditures is contingent on an accurate documentation of employees' daily work attendance.

To help ensure the accuracy and completeness of time and attendance data, most SSA non-Headquarters offices maintain a daily *Serial Time and Attendance Roster* (*Form SSA-30*) for employees to sign upon their arrival and departure (sign-in/out) as well as record leave usage, credit hours, or religious compensatory hours worked. When working holidays, compensatory hours or overtime, employees are required to use the *Serial Overtime or Holiday Work Attendance Roster* (*Form SSA-29*) to sign-in/out. During the period under audit, FY 1998, except for unusual circumstances, employees were required to submit Office of Personnel Management's (OPM) *Application for Leave* (*Form OPM SF-71*) for supervisor approval before using leave. As of December 1998, SSA had implemented its own *Application for Leave* (*Form SSA-71*). Employees are required to submit SSA's *Request to Work Credit Hours* (*Form SSA-3439*) for supervisor's approval before working credit hours.

Timekeepers use the information from these completed Forms to record time and attendance data in SSA's computerized Mainframe Time and Attendance System (MTAS). The timekeeper's supervisor reviews the recorded data and certifies its authenticity. This procedure increases the accuracy and reliability of SSA's time and attendance data per applicable guidelines.¹ Timekeepers are required to retain these Forms for 3 years.² Once supervisors certify time and attendance data, SSA's National

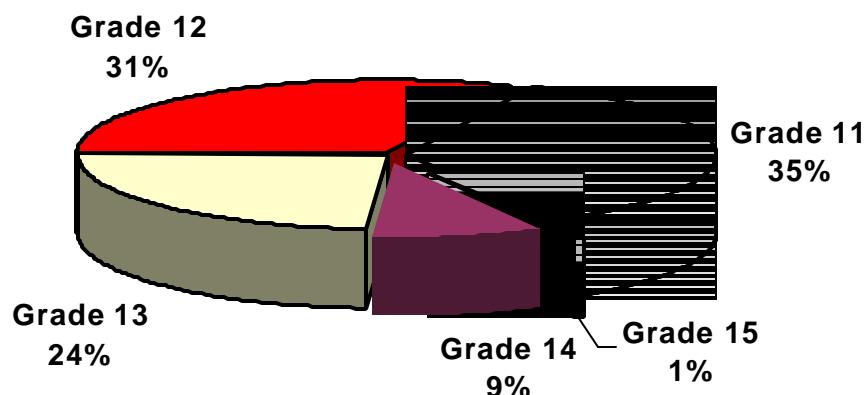
¹ SSA does not have its own comprehensive set of time and attendance procedures, but rather uses numerous sources for time and attendance guidance, for example, the General Accounting Office's (GAO) *Policy and Procedures Manual for Guidance of Federal Agencies*, title VI—Pay, Leave, and Allowances, chapter 3 (revised March 1996) and Revisions to title 6 on Pay, Leave, and Allowances; Department of Health and Human Services' (HHS) *Timekeeping Manual for Timekeepers/Supervisors and Guide for Timekeepers*; and SSA's *MTAS Training Manual* and *MTAS User Manual*.

² HHS' *Timekeeping Manual for Timekeepers/Supervisors* (August 1993), pages 1-14.

Computer Center formats the MTAS data file for the Department of the Interior (Dol).³ This file is electronically forwarded, and Dol matches it with the Federal Personnel and Payroll System⁴ (FPPS) to pay SSA's employees. The FPPS file contains payment and leave information (that is, pay rate, leave status, etc.).

SSA's Office of Human Resources (OHR) concluded that SSA's time and attendance system was labor intensive. OHR calculated an automated time and attendance system would save a minimum of 141 workyears annually for recording time and attendance data in the MTAS data base. In addition, information provided by the Office of Workforce Analysis indicated higher-graded employees than intended were performing a significant amount of the workload.⁵ Generally, lower-graded employees, such as Grades 3 or 4, perform time and attendance work. However, as many as 4,401 Grade 11 through 15s may be performing time and attendance related duties (see Chart 1).

Chart 1: SSA Employees, Grades 11 Through 15, Who Perform Time and Attendance Duties



To address SSA's time and attendance issues, OHR formed a Time and Attendance Workgroup. The Workgroup is examining time and attendance processes and developing recommendations/requirements for automating SSA's time and attendance system.

³ Dol is SSA's payroll provider.

⁴ FPPS is maintained by SSA's OHR.

⁵ Most SSA employees are identified by a Grade Series, that is, GS-343, Grade 12. Generally, the higher the grade, the higher the salary paid (for example, Grade 12 is paid more than a Grade 11).

SCOPE AND METHODOLOGY

We randomly selected eight “timekeeper unit-pay periods”⁶ during FY 1998 to evaluate adherence to time and attendance policies and procedures (see Appendix B). To determine whether time and attendance policies and procedures were consistently followed, we visited each location and reviewed each unit’s time and attendance documents used to support payroll expenditures. We compared the reviewed documentation with each employee’s MTAS record to determine whether time and attendance and leave data had been correctly and consistently reported and recorded.

We also interviewed each unit’s timekeeper and supervisor/manager to determine whether time and attendance regulations and guidelines were known and consistently followed. Further, we made unannounced visits to non-Headquarters offices to verify that employees who were at work the day of our visit had signed in. We also determined the whereabouts of employees who had signed in and the status of employees who were on the unit’s roster, but had not reported to work.

We audited non-Headquarters offices within the Office of the Deputy Commissioner for Operations and the Office of General Counsel. We conducted this audit from April 1999 to March 2000 in accordance with generally accepted government auditing standards.

⁶ SSA divides its employee workforce into groups called “timekeeper units.” For FY 1998, there were 2,357 timekeeper units and 27 pay periods that related to each unit. To develop our sample, we arrayed the timekeeper units by pay period. For example, our sample population began with timekeeper unit 1 - pay period 1; timekeeper unit 1 - pay period 2, etc., and ended with timekeeper unit 2,357 - pay period 27. Once arrayed, we randomly selected eight timekeeper unit - pay periods.

Results of Review

We found that SSA's policies and procedures for documenting and recording time and attendance data were not consistently followed. Specifically, SSA's non-Headquarters offices did not retain complete and accurate documentation, maintain adequate separation of incompatible duties, and effectively perform management oversight.

Time and Attendance Documentation Was Not Properly Maintained to Support All Payroll Expenditures

Required Documentation Supporting Hours Worked Was Not Retained

Our review found that, to varying degrees, timekeepers in seven of the eight sampled units did not fully comply with policies and procedures requiring retention of time and attendance documentation for at least 3 years.⁷ Employees were paid for hours that were not always supported by underlying time and attendance records.

For the eight units we reviewed, documentation was not available for 2,922 $\frac{3}{4}$ hours (see Table 1). In one timekeeping unit, neither the manager nor the timekeeper could provide us with the required documentation to confirm 2,304 work hours that had been recorded in MTAS and for which employees were paid. The timekeeper informed us that the time cards had been destroyed at the end of the payroll year. The manager reported being unaware that the time cards needed to be retained.⁸

Table 1. Time Recorded on MTAS with No Supporting Time and Leave Documentation

<i>Timekeeping Unit</i>	<i>Number of Incidences with No Supporting Data</i>	<i>Total Number of Hours with No Supporting Data</i>
1	38	223
2	4	32
3	52	317 $\frac{3}{4}$
4	5	10
5	1	4
6	5	32
7	0	0
8	Unknown	2,304
Total	105	2,922$\frac{3}{4}$

⁷ See footnote 2 above.

⁸ For this unit, time cards were used in lieu of Form SSA-30.

After our site visits, managers from timekeeper Units 1 and 3 located certain missing time and attendance documentation. For Unit 1, the discovered documentation accounted for 34 of 38 incidences, totaling 200½ hours, leaving 22¾ hours that were paid but not supported by underlying documentation. For Unit 3, we found documentation that accounted for 222½ hours, leaving 95½ hours that were paid but not supported by underlying documentation. Unit relocation was the reason given by Unit 1's manager for the missing documentation. We were told that boxes containing the information were mislabeled or misplaced during a recent move. Unit 3's manager reported documentation was misplaced or lost while being moved to a new file cabinet. Since about 2,500 hours were not properly documented, employees may have received unearned leave or pay and/or been charged for leave that they did not use.

Timekeeping Units Using Manual Sign-In/Out Rosters Did Not Always Maintain Adequate Separation of Incompatible Duties

Not All Supervisors and Timekeepers Verified Own Sign-In/Out Forms

Timekeepers and supervisors are required to have their time and attendance records independently authorized/verified.⁹ Six of the eight timekeeping units we reviewed used a manual sign-in/out roster (*Form SSA-30*). As shown in Table 2, for these six units, almost 30 percent of the time and attendance records for

supervisors were self-verified by a supervisor. In Units 3 and 6, supervisors always complied with the requirement for independent verification of their sign-in/out roster. However, for 39 of 64 instances, supervisors in Units 1, 2, 4, and 5 self-verified their own *Form SSA-30* and, as a result, did not adhere to the independence requirement.

Table 2. Instances in Which Supervisors' Forms SSA-30 Were Either Independently or Self-Verified by a Supervisor

Unit Number	SUPERVISORS		Total	Percent Self-Verified
	Independently Verified	Self-Verified		
1	17	12	29	41.4*
2	3	7	10	70.0*
3	45	0	45	0.0
4	5	5	10	50.0*
5	0	15	15	100.0*
6	22	0	22	0.0*
TOTAL	92	39	131	29.8%**

*Percent of times each unit had a supervisor self-verify a time and attendance record.

**Total percent of instances in which supervisors self-verified their own time and attendance records, that is 39 of 131 times.

⁹ HHS' Guide for Timekeepers (October 1986), pages 2-13.

As shown in Table 3, for the six units using a manual sign-in/out process, over one-third of the time and attendance records for a timekeeper were self-verified by a timekeeper. Units 3, 4, and 6 always complied with the requirement for independent verification of their own sign-in/out roster. However, for 26 of 32 instances, timekeepers in Units 1, 2 and 5 self-verified their *Form SSA-30*, resulting in non-adherence with the independence requirement.

Table 3. Instances in Which Timekeepers' *Forms SSA-30* Were Either Independently or Self-Verified by a Timekeeper

Timekeepers				
Unit Number	Independently Verified	Self-Verified	Total	Percent Self-Verified
1	5	11	16	68.8*
2	1	6	7	85.7*
3	16	0	16	0.0*
4	10	0	10	0.0*
5	0	9	9	100.0*
6	16	0	16	0.0*
TOTALS	48	26	74	35.1**

*Percent of times each had a timekeeper self-verify a time and attendance record.

**Total percent of instances in which timekeepers self-verified their own time and attendance records, that is 26 of 74 times.

Managers stated various reasons for not adhering to the separation of duties requirement. For example, managers stated staff did not clearly understand the policy for sign-in/out procedures. Staff misunderstood and believed the independent verification policy only applied to an MTAS entry. In addition, managers for smaller non-Headquarters offices reported they did not always have staff to ensure independent verification of timekeeper's and supervisor's time. When a timekeeper or supervisor can verify his/her own sign-in/out information, there is increased potential for fraudulent activity. An individual can easily falsify his/her time and attendance information with little opportunity for detection.

Supervisors Did Not Always Properly Approve Leave Applications And Credit Hour Authorizations

Supervisors are accountable for their employees' work times and absences.¹⁰ Except for emergencies, all leave is to be requested in advance in writing from the employee's supervisor. During the period under audit, SSA used *Form OPM SF-71* to satisfy this requirement. However, as of December 1998, SSA had implemented its own *Form SSA-71*. Supervisors are required to review *Form OPM SF-71* for completeness

¹⁰ GAO's *Policy and Procedures Manual for Guidance of Federal Agencies*, title VI – Pay, Leave, and Allowances, chapter 3, part 1, section 3.3, subsection A (revised March 1996).

and accuracy and, if the request is approved, sign the form in the appropriate place.¹¹ Also, timekeeping units are required to retain *Form OPM SF-71* for 3 years after the close of the leave year.¹²

Approximately One-Fifth of Leave Applications Was Either Missing or Incomplete

used. For example, one unit could not provide us with Forms for 56 of 75 situations (74.7 percent) requiring leave slips. Supervisors did not ensure that all employees taking leave submitted *Form OPM SF-71* and/or the Form was retained for inspection for the required time period.

Without such supervisory vigilance, there is increased potential for an individual to alter his/her time and attendance information with low risk of detection. Also, employees could be paid incorrectly and their leave inaccurately recorded.

Most Timekeeping Units Did Not Have Required Documentation Showing Approval to Earn Credit Hours

approval had been given to the employee to work credit hours (see Table 4). One-third of the units sampled had no documentation whatsoever.

We found evidence of insufficient supervisory oversight relating to employees' leave slips and credit hours. We could not locate leave applications for 108 of 590 employee absences requiring *Form OPM SF-71*.¹³ The missing Forms represented more than 339 hours of leave

Earning credit hours also requires a supervisor's approval.¹⁴ GAO states that supporting time and attendance records should be completed and maintained, including documents establishing credit hours earned and used.¹⁵ However, three-fourths of our sampled timekeeping units could not provide part or any supporting documentation to substantiate that supervisory

¹¹ HHS' *Timekeeping Manual for Timekeepers/Supervisors* (August 1993), pages 4-6.

¹² See footnote 2 above.

¹³ According to SSA *Form-30* and/or MTAS, there were 590 employee absences requiring *Form OPM SF-71*.

¹⁴ HHS' *Guide For Timekeepers* (October 1986), pages 13-20.

¹⁵ GAO's *Policy and Procedures Manual for Guidance of Federal Agencies*, title 6, chapter 3, subsection 3.5.C, pages 3-5 (revised March 1996).

Table 4. Incidents of Credit Hours Worked Requiring Approval Documentation

<i>Timekeeping Unit</i>	<i>Had Required Documentation</i>	<i>Did Not Have Required Documentation</i>
1	21	38
2	20	0
3	57	31
4	0	62
5	11	10
6	0	55
7	0	0
8	0	28
Total	109	224

Supervisors did not follow procedures requiring formal approval for employees to work credit hours and/or did not ensure that timekeepers were retaining the required documentation of authorization to earn credit hours. Approval for working credit hours is an essential supervisory function. Without fully enforcing credit hour procedures, employees can potentially use credit hours not earned or be paid for such hours without detection.

Conclusions and Recommendations

The SSA non-Headquarters offices did not consistently follow time and attendance policies and procedures. More specifically, payroll expenditures were not always supported with required underlying documentation; adequate separation of incompatible timekeeping duties were not always adhered to by supervisors and timekeepers, as required; and management oversight was inadequate. SSA non-Headquarters offices' lack of compliance with policies and procedures undermines the integrity of SSA's time and attendance payroll system by providing the potential for circumvention of internal controls built into the system. It also increases vulnerability to fraud, waste and abuse by providing employees with the opportunity to manipulate time and attendance records without timely detection, and increases susceptibility to incorrect payment of salaries, over/under payroll budgeting, and inaccurate accrual and use of leave.

To prevent further vulnerability to errors, as well as fraud and abuse, we recommend that:

- 1.** SSA issue directives to all non-Headquarter offices that:
 - a.** Timekeepers retain and maintain complete time and attendance documentation in support of all time and attendance data in accordance with SSA retention requirements.
 - b.** Office managers ensure that they, their supervisors and timekeepers document time and attendance in accordance with SSA policy and procedures.
 - c.** Office managers ensure that they and their supervisors obtain, sign, and verify SSA's *Application for Leave* (Form SSA-71) for completeness and accuracy.
- 2.** SSA's OHR develop a single, comprehensive set of policies and procedures for time and attendance activities.
- 3.** SSA should develop and implement an automated payroll time and attendance system that would facilitate adherence to its policies and procedures, incorporate strong internal controls and be less labor intensive than the current process.

AGENCY COMMENTS

SSA agreed with the original first three parts of Recommendation 1 as it appeared in our draft report. However, SSA disagreed with the original fourth part of Recommendation 1 that addressed the requirement for employees' to have written supervisory approval prior to earning credit hours. The Agency pointed out that, since

the completion of our audit work, there has been a change in this requirement. According to SSA's contract with the American Federation of Government Employees (AFGE), employees can obtain either oral or written supervisory approval.

SSA also disagreed with Recommendation 2, stating it already has a comprehensive set of time and attendance policies and procedures. The Agency also pointed out it is developing a new time and attendance system. During this process, the Agency will review its time and attendance policies and procedures to ensure consistency and accuracy with the new automated system.

The Agency agreed with Recommendation 3.

OFFICE OF THE INSPECTOR GENERAL'S RESPONSE

We agree the new AFGE contract makes it impossible for SSA to address the original fourth part of Recommendation 1. Therefore, we are not including this part of the recommendation in our final report.

For Recommendation 2, SSA stated it believes it already has a comprehensive set of policies and procedures for time and attendance activities. We agree. However, they are contained within a number of different sources, such as from the General Accounting Office, the Department of Health and Human Services, and the Agency's Mainframe Time and Attendance System manuals. These are not consolidated in a single, comprehensive set that are specific to SSA. To clarify our meaning of "comprehensive," we are modifying our recommendation to read: "*SSA Office of Human Resources develop a single, comprehensive set of policies and procedures for time and attendance activities.*"

Also, we have replaced Charts 2 and 3 with Tables 2 and 3 to clarify the information presented and to address SSA's technical comments.

Other Matters

During our audit, we identified other time and attendance deficiencies. Even though we determined they represented too few incidences to constitute a major finding, we believe SSA needs to be aware that these are potential indicators of internal control weaknesses which make time and attendance records vulnerable to fraud, waste and abuse.

1. In 13 of 286 instances where employees used leave, they did not properly record the type of leave used. In 33 situations, they did not annotate the time of absence on the *Form SSA-30*.
2. For 43 of 1,565 individual sign-in/out occurrences, employees did not sign in and 68 times they did not sign out in chronological order.
3. On 80 of 251 *Forms SSA-30* and *Forms SSA-29*, the timekeeper/employee failed to line through the blank spaces, as provided.

Appendices

Appendix A

Agency Comments

COMMENTS ON THE OFFICE OF INSPECTOR GENERAL (OIG) DRAFT REPORT,
"ADHERENCE TO TIME AND ATTENDANCE POLICIES AND PROCEDURES IN THE
SOCIAL SECURITY ADMINISTRATION'S NON-HEADQUARTERS OFFICES
(A-13-99-91025)

SSA issue directives to all non-Headquarter offices that:

Timekeepers retain and maintain complete time and attendance documentation in support of all time and attendance data in accordance with SSA retention requirements.

Office managers ensure that they, their supervisors and timekeepers document time and attendance in accordance with SSA policy and procedures.

Office managers ensure that they and their supervisors obtain, sign, and verify SSA's *Application for Leave* (*Form SSA-71*) for completeness and accuracy.

Office managers ensure that all their employees complete and submit a *Request To Work Credit Hours* (*Form SSA-3439*) and obtain supervisor approval before working credit hours. In addition, the managers should ensure that these forms are retained and maintained in accordance with SSA retention requirements.

Comment

We agree with the first three items, believing that it would be beneficial to reinforce our policies and procedures through a reminder item issued to office managers. The Deputy Commissioner for Operations will issue the reminder by the end of February 2001.

However, we cannot agree with the fourth item. The current contract with the American Federation of Government Employees [Article 10, Appendix A, Section 14.D--Requesting Credit Hours (pp. 10-18 of the LR Handbook for Managers)] states that "the employee has the option to request the opportunity to earn credit hours orally, or in writing...." While the requirement to complete the form was in force at the time of OIG's review, it is no longer a requirement and any guidance can only restate that employees must request the opportunity in advance.

Recommendation 2

SSA Office of Human Resources develop a comprehensive set of policies and procedures for time and attendance activities.

Comment

We believe a comprehensive set of policies and procedures for time and attendance activities already exists. However, as indicated in our response to the following recommendation, we are pursuing a new time and attendance system. Prior to implementation of the new system, SSA will review its time and attendance policies and procedures to ensure consistency and accuracy with the new automated system.

Recommendation 3

SSA should develop and implement an automated payroll time and attendance system that would facilitate adherence to its policies and procedures, incorporate strong internal controls and be less labor intensive than the current process.

Comment

We agree. The Agency is currently testing automated time and attendance software called Quicktime that is maintained by the Department of Interior. SSA specific requirements have been identified and are being incorporated into the software. We believe that implementation of this software, beginning in late calendar year 2001, will provide a less labor intensive solution with strong internal controls. Subsequent releases of the software will provide enhanced management information and functionality.

Technical Comments

Page 1, 3rd paragraph – The report incorrectly states that Form SSA-30 is used by most SSA non-headquarters offices for employees to record compensatory hours worked. Form SSA-29 (Serial Overtime or Holiday Work Attendance Roster) is used for this purpose.

We believe that Charts 2 and 3 on pages 5 and 6, respectively are mathematically incorrect, overstating the percentage of the identified errors. For example, Chart 2 shows that supervisors incorrectly verified their own sign in/out rosters 29 percent of the time and handled this correctly only 71 percent of the time. Based on information provided in the text of the report, it appears the total percentage of errors were in the range of 4 –11 percent and that this was handled correctly approximately 90 percent of the time. For example, if the Unit 1 supervisor incorrectly verified his/her record 9 percent of the time, then he/she handled it correctly the other 91 percent of the time. The individual unit numbers would fall out as follows:

	Incorrect	Correct
Unit 1	9 percent	91 percent
Unit 2	5 percent	95 percent
Unit 4	4 percent	96 percent
Unit 5	11 percent	89 percent
2 Other Units	0 percent	100 percent

The individual, incorrect percentages for units 1, 2, 4 and 5 have been incorrectly added and then applied as the percentage for the total. If no individual unit falls below 89 percent, the aggregate cannot be 71 percent. Chart 3 makes the same error.

Appendix B

Location of Reviewed Timekeeper Units - Payroll Periods

<u>UNIT REVIEWED</u>	<u>LOCATION</u>
District Office	Baltimore, Maryland
Data Operations Center	Wilkes-Barre, Pennsylvania
Office of General Counsel	Atlanta, Georgia
Branch Office	Parkersburg, West Virginia
Teleservice Center	Los Angeles, California
Branch Office	Evanston, Illinois
Area Director Office	Denver, Colorado
Program Service Center	Kansas City, Missouri

Appendix C

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