Audit of the
Timeliness of Personnel Actions

Report No. OIG-AMR-42-04-02
August 20, 2004

I hereby submit an *Audit of the Timeliness of Personnel Actions*, Report No. OIG-AMR-42-04-02. This audit was conducted to determine the length of time to process various personnel actions.

The Agency processed 8,685 personnel actions with an effective date during Fiscal Year (FY) 2003. Consistent with the Agency’s organization, most actions were for Office of General Counsel employees in the field. The majority of the actions were for pay adjustments and awards. About 33 percent of the actions were initiated by a requesting office; the remaining actions were generated by the Federal Personnel and Payroll System (FPPS) and the Human Resources Branch (Human Resources).

Generally, Human Resources completed personnel actions within the overall timeframe set forth in Agency guidance. The guidance sets normal timeframes to initiate, authorize, concur, and approve the action. The timeframe for actions, excluding recruitments, is 22 days from the date initiated to the date processed in FPPS. Most actions were completed within 22 days. Pay adjustments, which accounted for almost half of the actions reviewed, were usually completed on same day. Routine actions, such as individual cash or time-off awards, were usually completed in less than 10 days.

The personnel actions that were not completed within 22 days, primarily related to promotions and suspensions, took significantly longer for reasons involving both the requesting office and Human Resources. These actions were initiated on average about 27 days before the effective date, resulting in a completion time that exceeded 22 days even though the actions were processed in a timely manner.

In a few instances, Human Resources did not process actions in a timely manner. At times personnel actions were completed so late that some employee paychecks were affected. As a result, five promotions, three quality step increases, and three individual cash awards were delayed, and the
employee needed to receive pay on a retroactive basis. Some personnel actions with a "not to exceed" date were not terminated in a timely manner, resulting in overpayments to employees.

The recruitment actions, excluded from the 22-day timeframe, were subject to other goals. In May 2004, the U.S Office of Personnel Management asked agencies to begin implementation of a 45-day model for Federal hiring. The model covers the time from the close of a vacancy announcement to when an offer is made. Although some data was incomplete, NLRB appeared to meet the 45-day goal during FY 2003. OPM will use this goal to rate agency performance beginning in the fourth quarter of FY 2004.

We inquired whether Human Resources used additional authorities enacted to expedite the hiring process. The General Accounting Office recently reported that agencies are making limited use of hiring flexibilities created by Congress in 2002 to expedite the hiring process. The two flexibilities addressed were category rating and direct hire authority. Human Resources staff stated category rating has been a standard operating procedure for about 1 year when the vacancy announcement is open to all sources. The Agency has not needed to use the direct hire authority.

Controls related to personnel actions appeared to be adequate, with a few exceptions. Regional Office personnel actions did not have the proper initiator or authorizer in a few cases. Human Resources processed some personnel actions without obtaining the necessary Budget and Security concurrence. Also, annotated certificates of eligibles bearing the selecting official’s signature were not in some merit vacancy files.

Our recommendations are presented on page 14 of the report. In summary we recommended that the Director of Human Resources develop additional controls, as needed, to ensure that personnel actions are properly processed and documented.

An exit conference was held on July 12, 2004 with representatives of Human Resources. A draft report was sent to the Human Resources Branch Director on July 15, 2004 for review and comment. Management generally agreed with the findings and all but one recommendation.

Jane E. Altenhofen
Inspector General
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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) 2004 appropriation authorizes 1,952 full-time equivalents that were located at Headquarters, 52 field offices throughout the country, and 3 satellite offices for Administrative Law Judges. NLRB received an appropriation of $244,073,000 for FY 2004, less an across-the-board reduction of .59 percent, leaving a net spending ceiling of $242,633,000.

The source of the Office of Personnel Management’s (OPM) authority for personnel management functions and its further delegation to the heads of Executive Branch agencies is specified in 5 U.S.C. §1104. This statute also states that OPM shall establish standards that shall apply to the activities of agencies to which this authority is delegated. *The Guide to Processing Personnel Actions* (The Guide) contains OPM's instructions on how to prepare personnel actions, with which each agency shall comply in accordance with 5 CFR 250.101.

To process personnel actions, the Agency utilizes the National Business Center’s Federal Personnel and Payroll System (FPPS). Personnel actions are prepared and authorized electronically within FPPS. The progress of personnel actions can be monitored through the FPPS tracking module.

For most personnel actions, a Request for Personnel Action, Standard Form 52 (SF 52), is used. The SF 52 is prepared by either the requesting office or the Human Resources Branch (Human Resources), or is automatically generated by FPPS. After authorization and the concurrence of the Budget Branch (Budget) and Security Branch (Security), personnel specialists in Human Resources review the action and prepare it for signature by the individual(s) with the authority to approve personnel actions. Most personnel actions must be approved on or before their effective dates unless provided in the Guide.

The Notification of Personnel Action, Standard Form 50 (SF 50), constitutes official documentation of Federal employment and must be prepared for all accessions, conversions, separations, and for all corrections and cancellations of these actions. The SF 50 serves as official notification to the employee and as documentation of the action for the employee’s Official Personnel File (OPF).

To make the Government more competitive in hiring employees, OPM issued a memorandum on May 6, 2004 that calls for agencies to institute a 45-day hiring model, from the closing of a vacancy announcement to an agency job offer. OPM plans to begin scoring agency progress by the end of FY 2004.
OBJECTIVES, SCOPE, AND METHODOLOGY

The objective of this audit was to determine the length of time to process various personnel actions. Our scope included personnel actions with an effective date from October 1, 2002 through September 30, 2003.

We interviewed employees in Human Resources to learn the processes for processing personnel actions. We interviewed employees in Budget, Security, and the Division of Operations-Management (Operations-Management) to determine their roles in processing personnel actions. We reviewed the laws and regulations relevant to personnel actions, such as 5 CFR 250.101, Standards and Requirements for Agency Personnel Actions. We interviewed employees and reviewed guidance from OPM, including the Guide. We reviewed the policies distributed by Human Resources and Operations-Management related to processing personnel actions. We tested controls to determine whether employees could obtain improper system access, transactions were properly authorized and documented, and staff complied with standard operating procedures.

We obtained from Human Resources a database of personnel actions with an effective date between October 1, 2002 and September 30, 2003 and computed statistics for Fiscal Year (FY) 2003. We tested whether any duplicate transactions were performed in FY 2003.

We selected two statistically valid random samples of 78 items:

- Personnel actions initiated by the requester, and
- Personnel actions generated by FPPS and the Human Resources Branch.

For each sample, we computed the total time to complete a personnel action, including corrections, and the time for each participant in the process to handle the personnel action. For each sample, we also compared the data in FPPS to the SF 50 in the employee’s OPF to determine data accuracy.

We judgmentally selected a sample of 17 recruitment actions to determine the length of time between when a vacancy was announced and when the vacancy was filled. We judgmentally selected a sample of 24 actions with a "not to exceed" (NTE) date, generally used for temporary promotions and hiring summer students, and determined whether the personnel action was reversed in a timely manner.

This audit was performed in accordance with generally accepted government auditing standards during the period of March 2004 through August 2004 at NLRB Headquarters in Washington, D.C.
FINDINGS

Although personnel actions, other than recruitments, were generally completed within 22 days, they were not always approved before the effective date. Human Resources did not always receive the requests for personnel actions 2 weeks prior to the effective date. In some cases, personnel actions were completed late enough to affect employee paychecks. As a result, five promotions, three quality step increases, and three individual cash awards were delayed and the employee needed to receive pay on a retroactive basis.

Controls related to FPPS access appeared to be adequate. However, Human Resources processed some personnel actions without obtaining Budget and Security concurrence. Regional Office personnel actions did not have the proper initiator or authorizer in a few cases. Annotated certificates of eligibles bearing the selecting official’s signature were not in some merit vacancy files.

PERSONNEL ACTION STATISTICS – FY 2003

The Agency processed 8,685 personnel actions with an effective date between October 1, 2002 and September 30, 2003. Most of these actions (89 percent) were for employees in the Office of General Counsel. About 71 percent involved employees in the Regional Offices.

The majority of the personnel actions were for adjustments to pay, including the two automatic adjustments for FY 2003 and within-grade increases. About 11 percent of all personnel actions were to correct prior personnel actions, most of the corrections were related to the retroactive locality pay adjustments processed in April 2003.
The requesting office initiated approximately 33 percent of personnel actions. The remainder of the actions were generated by FPPS and Human Resources.

**TIMELINESS OF PERSONNEL ACTIONS**

The Personnel Branch stated that the Agency goal is to process personnel actions timely, which they defined as before the effective date. Agency guidance states that the normal timeframe to achieve this goal is 22 days. Although personnel actions were generally completed within 22 days, they were not always approved before the effective date. In some cases, personnel actions were completed late enough to affect employee paychecks.

During FY 2003, the Agency met the timeframe for the most significant portion of OPM’s 45-day hiring model that OPM will use to rate Agency performance beginning in the fourth quarter of FY 2004.

**Actions Initiated by the Requesting Office**

Although personnel actions were generally completed within the 22-day timeframe, they were not always approved before the effective date. Human Resources did not always receive the requests for personnel action 2 weeks prior to the effective date. In some cases, personnel actions were completed late enough to affect employee paychecks. As a result, five promotions, three quality step increases, and three individual cash awards were delayed and the employee needed to receive pay on a retroactive basis.
Time to Complete

The Agency on average processed personnel actions within the timeframe set forth in the FPPS Quick Start Guide distributed by Human Resources. The guidance set the timeframe to initiate, authorize, concur, and approve the action at 22 days.

For the 78 personnel actions initiated by the requesting office, the average time from initiation of the personnel action to completion was about 22 days.

Approximately 72 percent of personnel actions were completed within 3 weeks of initiation. These results do not include instances in which personnel actions were cancelled and re-initiated.

For the 8 personnel actions that took longer than 7 weeks to complete, the average time between the initiation of the personnel action and the effective date was 54 days. The earliest was initiated 137 days before the effective date. Human Resources received the personnel actions on average 28 days before the effective date, and 6 of the 8 actions were received prior to the effective date. Staff in Human Resources stated that completing a personnel action before the effective date was not relevant to timeliness, because their measure of timeliness is completion so employees receive the benefit from the personnel action on their next paycheck. However, even though Human Resources received the personnel actions on average 4 weeks before the effective date, five actions were completed untimely. One action was a promotion that was received by Human Resources 30 days before the effective date, but was not completed until 30 days after the effective date.
The average time to process the personnel actions varied by type of action.

### Average Days to Complete
**Personnel Actions Initiated by Requester**

<table>
<thead>
<tr>
<th>Action Type</th>
<th>Number of Actions</th>
<th>Average Days To Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>450 – Suspension NTE</td>
<td>2</td>
<td>86.00</td>
</tr>
<tr>
<td>292 – Return To Duty</td>
<td>2</td>
<td>63.50</td>
</tr>
<tr>
<td>702 – Promotion</td>
<td>9</td>
<td>57.44</td>
</tr>
<tr>
<td>769 – Extension of Promotion NTE</td>
<td>1</td>
<td>56.00</td>
</tr>
<tr>
<td>171 – Excepted Service Appointment NTE</td>
<td>3</td>
<td>43.33</td>
</tr>
<tr>
<td>460 – Leave Without Pay NTE</td>
<td>1</td>
<td>34.00</td>
</tr>
<tr>
<td>721 – Reassignment</td>
<td>2</td>
<td>30.50</td>
</tr>
<tr>
<td>781 – Change in Work Schedule</td>
<td>1</td>
<td>24.00</td>
</tr>
<tr>
<td>703 – Promotion NTE</td>
<td>1</td>
<td>22.00</td>
</tr>
<tr>
<td>170 – Excepted Service Appointment</td>
<td>5</td>
<td>21.20</td>
</tr>
<tr>
<td>780 – Name Change From</td>
<td>2</td>
<td>19.50</td>
</tr>
<tr>
<td>847 – Group Time-off Award</td>
<td>2</td>
<td>17.00</td>
</tr>
<tr>
<td>892 – Quality Step Increase</td>
<td>6</td>
<td>10.33</td>
</tr>
<tr>
<td>846 – Individual Time-Off Award</td>
<td>13</td>
<td>9.54</td>
</tr>
<tr>
<td>773 – Extension of Leave Without Pay NTE</td>
<td>1</td>
<td>8.00</td>
</tr>
<tr>
<td>303 – Retirement – Special Option</td>
<td>1</td>
<td>7.00</td>
</tr>
<tr>
<td>840 – Individual Cash Award</td>
<td>20</td>
<td>6.75</td>
</tr>
<tr>
<td>302 – Retirement – Voluntary</td>
<td>2</td>
<td>6.00</td>
</tr>
<tr>
<td>101 – Career-Conditional Appointment</td>
<td>1</td>
<td>6.00</td>
</tr>
<tr>
<td>760 – Extension of Appointment</td>
<td>2</td>
<td>5.50</td>
</tr>
<tr>
<td>841 – Group Cash Award</td>
<td>1</td>
<td>4.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>78</strong></td>
<td><strong>21.68</strong></td>
</tr>
</tbody>
</table>

Nine personnel action types on average took 22 days or more to complete. In some situations, a very early initiation by the requesting office contributed to long processing times. Five of the nine personnel action types were on average initiated more than 3 weeks before the effective date of the personnel action. One action was initiated 137 days before the effective date.

The average time to process the personnel actions for each of the steps also met the guidelines distributed by Human Resources.
Average Days for Processing Personnel Actions
Initiated by Requester

<table>
<thead>
<tr>
<th>Office</th>
<th>Average Days</th>
<th>Timeframe Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time in Requesting Office</td>
<td>5.44</td>
<td>2 – 6</td>
</tr>
<tr>
<td>Time in Budget and Security</td>
<td>1.27</td>
<td>1 – 2</td>
</tr>
<tr>
<td>Time in Human Resources</td>
<td>14.97</td>
<td>14</td>
</tr>
<tr>
<td>Total Time</td>
<td>21.68</td>
<td>17 – 22</td>
</tr>
</tbody>
</table>

Fifteen personnel actions in the sample were subsequently corrected. None of these corrections was the result of personnel actions that negatively affected an employee’s pay.

Receipt of Personnel Actions

The requesting offices were not following the FPPS Quick Start Guide distributed by Human Resources in the majority of cases. This guidance states that the requesting office should allow 2 weeks before the effective date to provide Human Resources time to complete a personnel action. Operations-Management Memorandum 02-41, Timely Submissions of Requests for Personnel Actions (SF-52), dated March 1, 2002, applies this guidance to Regional Office personnel actions.

For the 78 personnel actions initiated by the requesting offices, Human Resources received only 11 of these (14.1 percent) more than 2 weeks before the effective date. Human Resources received 45 personnel actions (57.7 percent) after the effective date. Time-off awards and cash awards accounted for 26 personnel actions received after the effective date. Staff in Human Resources stated that award actions are usually made effective on the date the award is initiated, so receiving award actions after the effective date seems likely. Other types of personnel actions, such as promotions or quality step increases, should be received earlier, because untimely receipt increases the probability that a personnel action would not be completed before it adversely affects employee pay.
Approval of Personnel Actions

Human Resources did not approve personnel actions before the effective date in many cases. Chapter 3 of the Guide states

Except as explained in Table 3A, no personnel action can be made effective prior to the date on which the appointing officer approved the action. That approval is documented by the appointing officer’s pen and ink signature or by an electronic authentication in block 50 of the Standard Form 50.

In 65 of the 78 personnel actions reviewed, approval was not obtained by the effective date. Staff in Human Resources noted that approval of the personnel action occurs right before the action is completed. The staff also stated that personnel specialists time their work to complete an action so that the employee receives the benefit of the action, such as a promotion, on the first pay date after the effective date.

The staff added that even though they attempt to complete personnel actions before the effective date, personnel actions could still be timely even when they are completed after the effective date. They also said that other reasons for delaying approving an action might exist, such as a performance appraisal not being received for a promotion.

Table 3A of the Guide lists the personnel actions that do not need to be completed by the effective date. None of the 65 personnel actions were exceptions stated in Table 3A of the Guide.
Timely Completion of Personnel Actions

Personnel actions that affected pay were not being completed on a timely basis. Staff in Human Resources defined timely completion of a personnel action as being completed in time to be reflected on an employee's pay.

Of the 78 personnel actions in our sample, 18 personnel actions (23 percent) affected pay and were not completed in a timely manner.

Comparison of Effective Date and Human Resources Receipt

<table>
<thead>
<tr>
<th>Received by Human Resources</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 2 weeks before effective date</td>
<td>2</td>
</tr>
<tr>
<td>Up to 2 weeks before effective date</td>
<td>3</td>
</tr>
<tr>
<td>After effective date, before last date to timely complete an action</td>
<td>4</td>
</tr>
<tr>
<td>After last date an action can be completed timely</td>
<td>9</td>
</tr>
</tbody>
</table>

Of the 18 personnel actions, 11 directly affected pay, including 5 promotions, 3 quality step increases, and 3 individual cash awards. Staff in Human Resources stated that the employee would receive the pay on a retroactive basis. Nevertheless, employees are adversely affected by the delay caused by the untimely completion.

The remaining 7 untimely personnel actions did not directly affect pay because the pay for those cases was driven by the time and attendance, such as leave without pay and suspensions. However, staff also stated that the lack of a personnel action creates a fatal error when the pay calculation is done, necessitating the time and attendance to be forced by the National Business Center. Completing the personnel action timely serves as a check to ensure that the time and attendance is correct. Without a corresponding personnel action, a time and attendance entry may be missing and the omission may not be detected.

Actions Generated by FPPS and Human Resources

Time to Complete

For the 78 personnel actions generated by FPPS and Human Resources, the average time from initiation of the personnel action to completion was approximately 3 days. About 59 percent of personnel actions were completed on the date of initiation or generation. Personnel actions that affected pay were completed on a timely basis.
The average time to process the personnel actions in the sample varied by type of personnel action.

**Average Days to Complete Personnel Actions**
*Initiated by Human Resources or Generated by FPPS*
*By Action Type*

<table>
<thead>
<tr>
<th>Type of Action</th>
<th>Actions</th>
<th>Average Days to Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>881 – FEGLI Change</td>
<td>1</td>
<td>18</td>
</tr>
<tr>
<td>880 – Change in Tenure Group</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>893 – Within-Grade Increase</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>895 – Locality Payment</td>
<td>30</td>
<td>4</td>
</tr>
<tr>
<td>894 – Pay Adjustment</td>
<td>35</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>78</strong></td>
<td><strong>3</strong></td>
</tr>
</tbody>
</table>

Seven personnel actions in the sample were subsequently corrected. Five personnel actions were to correct personnel actions that occurred between the effective date of the locality pay adjustment and the date the locality pay adjustment was generated.

**Recruitment Actions**

During FY 2003, the Agency met the timeframes for the most significant portion of OPM’s 45-day hiring model that OPM will use to rate agency performance beginning in the fourth quarter of FY 2004.
For the 11 hiring actions in our sample that had complete information for analysis, the average time from closing of the vacancy announcement to the date the selecting official chose an employee was 43 days. OPM’s hiring model allows for 42 days from the closing date of the vacancy announcement to the date the selection is made. Because information was unavailable for when the Agency made an offer, we were not able to evaluate Agency performance against the full 45-day model.

A disproportionate amount of time was spent to screen applications and to convene a panel to rate candidates. This took, on average, 22 days as opposed to the 10 days allotted in the 45-day hiring model.

Staff in Human Resources stated that whether the closing date was a postmarked date or an “in-hand” date affected the amount of time to complete a hiring action. All the hiring actions in the sample allowed applications to be postmarked by the closing date. The staff stated that they generally allow 5 business days for the receipt of postmarked applications, although they prefer that the closing date be the date of receipt. Therefore, the Agency appeared to meet the prospective OPM criteria during FY 2003.

Only 6 of 31 vacancy announcements in the FY 2004 posting file maintained by Human Resources did not use a postmarked date. Human Resources did not direct the personnel specialists to encourage the use of "received by" dates in vacancy announcements.

We were unable to determine the date of selection for 5 of the 17 hiring actions we examined because no certificate of eligibles signed and dated by the selection official was found in the merit vacancy file. Appendix C of OPM's *Delegated Examining Operations Handbook*, Records Retention and Disposition Schedule, states that the certificate files should contain the annotated certificate of eligibles from the selecting official.

**BUDGET AND SECURITY CONCURRENCE**

Four personnel actions initiated by the requesting office did not have a concurrence from Budget, and one of these also did not have a concurrence from Security. The FPPS Quick Start Guide distributed by Human Resources staff states that personnel actions must go through Budget and that all personnel actions except for awards must go through Security for concurrence.

Staff in Budget stated that they concur on personnel actions to ensure that the personnel action is acceptable and that they are not surprised by changes in salaries. Staff in Security stated that they concur on personnel actions to ensure that they received the appropriate forms and that the forms are
complete. If Budget and Security do not receive the personnel actions for concurrence, they are unable to perform their functions.

**PROCESSING OF REGIONAL OFFICE PERSONNEL ACTIONS**

Regional Office staff initiated or authorized actions that should have been processed by Headquarters staff according to protocols issued by Operations-Management.

Of the 51 Regional Office personnel actions in the sample of actions initiated by the requesting office, 7 had initiators and 2 had authorizers different from the protocols. For most of these, a Regional Office employee performed at task designated for a Headquarters employee, and in one instance FPPS identified that a different Regional Office employee performed the task.

Staff in Operations-Management stated that in five instances, the protocols were temporarily amended in response to a quick deadline imposed by Human Resources for award personnel actions in August 2003. In one instance in which a different Regional Office employee performed the task, Operations-Management stated that the correct employee actually performed the task, but was improperly logged into the system as someone else. The staff acknowledged that three actions were not initiated or authorized in accordance with the protocols.

**INITIALS ON THE SF 50**

SF 50s did not contain the specialist's initials in accordance with Human Resources' business process documentation in some cases. This documentation states the Human Resource Specialist should initial by the Human Resources Director's signature on the SF 50.

Six personnel actions (7.69 percent) in the sample of personnel actions initiated by the requesting office and five personnel actions (6.41 percent) in the sample of personnel actions initiated by Human Resources or generated by FPPS did not have the Human Resources Specialist's initials on the SF 50 in the employee's OPF. Staff in Human Resources stated that the purpose of the specialist's initials on the SF 50 is to verify that a final check is performed to ensure that the SF 50 is correct. Without the initials on the SF 50, no evidence that this check was performed exists.
PERSONNEL ACTIONS WITH AN NTE DATE

The action terminating the personnel action with an NTE date, usually temporary promotions and hiring summer students, was not completed on a timely basis in 4 of the 24 personnel actions tested. In two cases, the untimeliness of the completion caused an overpayment to the employee because FPPS maintains the previous salary information until the promotion is terminated. Of these two, one personnel action was initiated after the effective date, but the other was initiated more than 2 weeks before the effective date. One employee repaid the overpayment in the following pay period, and the other has set up an installment plan.

If a person incorrectly received additional pay because of a personnel action not being completed, the payment would need to be recouped by the Agency. Staff in Human Resources stated that at the beginning of a temporary personnel action, the employee receives paperwork specifying the temporary nature of the promotion, so the employee should be aware that the action ended. The staff also stated that the action terminating temporary personnel actions such as a promotion NTE should be submitted at the same time as the NTE action. The protocols from Operations-Management, however, state that the terminating action does not need to be initiated at the time that the NTE action is initiated, because FPPS would generate the transaction. Human Resources, as the entity responsible for processing personnel actions, should be the final control to prevent items such as the above from happening.

HIRING FLEXIBILITIES

The General Accounting Office (GAO) Report Additional Collaboration between OPM and Agencies Is Key to Improved Federal Hiring states that agencies are making limited use of hiring flexibilities created by Congress in 2002 and implemented by OPM in 2003 to expedite the hiring process. Examples of special hiring authorities include category rating, which allows agencies to select any candidate who ranks as best-qualified instead of being limited to three candidates, and direct hire authority, which allows managers to bypass normal job competition when a severe shortage of candidates or a critical hiring need exists.

Staff in Human Resources stated that they are aware of the new hiring authorities, including category rating and direct hire authority, and are utilizing the authorities as appropriate. The staff stated categorical hiring has been the standard operating procedure for evaluating employee applications when the vacancy is open to all sources for about 1 year. They noted that the Agency has had no need for direct hire authority, but would use the authority if the appropriate opportunity arose.
MANAGEMENT'S COMMENTS AND OIG RESPONSE

The Director of Administration provided the official response and generally agreed with the findings and five of the six recommendations. She disagreed with our recommendation that Human Resources coordinate with management to develop controls to ensure that personnel actions follow the proper protocols before they are completed. The Director noted that since the protocols identified are internal and in addition to those in FPPS, each Division or Office is in a better position to monitor and ensure adherence to those controls. We agree, and since managers accepted the risk of providing access to other personnel to process these transactions, we removed the recommendation. Management's comments are presented in their entirety as an appendix to this report.

RECOMMENDATIONS

We recommend that the Director, Human Resources:

1. Develop procedures to ensure that personnel actions are executed on or before the effective date;

2. Remind Human Resources employees of the need to keep the proper documentation such as an annotated certificate of eligibles in the merit vacancy files;

3. Remind personnel specialists to encourage the use of a "received by" date in vacancy announcements;

4. Remind Personnel Specialists to initial the SF-50 to denote evidence of their review of personnel actions;

5. Develop a control to ensure that the termination of an NTE action is processed timely.
This is in response to your memorandum dated July 15, 2004, in which you requested comments on the draft audit report on the timeliness of personnel actions. In your memo, you requested that we also indicate our agreement or disagreement with each of the report’s findings and recommendations.

I would like to note that, in general, the Inspector General’s audit reflects positively on the Human Resources Branch’s (HRB) timeliness in processing personnel and payroll actions. The audit findings revealed that HRB processed the vast majority of these actions in an efficient and timely manner and, by utilizing the FPPS system’s ability to track requests for a personnel action (SF-52), it has resulted in prompt and better communications to our customers and a very low error rate.

We have reviewed the report and have the following comments with respect to the findings of the report:

**Page 4, Timeliness of Personnel Actions**

While some adjustments were made to the language in the report based on feedback provided by staff of HRB at the exit conference, the report still gives the appearance that the agency’s “goal” is to process personnel actions within 22 days. The goal is actually to process them “timely” which means before the effective date, or at a minimum, before the payroll calculation is done for the pay period in which the action is effective. Twenty-two days is the normal timeframe that it should take to achieve this goal if everyone involved completes his or her portion of the process in a timely manner.

Our comments regarding the report’s recommendations are as follows:
1. Develop procedures to ensure that personnel actions are executed on or before the effective date.

HRB agrees with this recommendation and has done everything within its control to gain compliance from requesting offices. As noted in our processing timelines, procedures are already in place requiring that requesting offices submit personnel actions to HRB two weeks before the effective date in order to process personnel actions before or on the effective date.

HRB will consider more serious options for enforcing this requirement and will enlist the support of the Division Directors and Office Heads.

2. Inform employees of the need to keep the proper documentation such as an annotated certificate of eligibles in the merit vacancy files.

We agree with this recommendation with one modification. This is HRB’s current policy and currently a checklist is used to ensure that all documentation is contained in each file. As noted in the report, all documentation was maintained in 70% of the cases sampled. Staff will be reminded to ensure that all documentation is included in the files. We would recommend changing the recommendation to say “remind Human Resources” employees rather than “inform” them since they have been informed and there is a policy and procedure in place.

3. Coordinate with management in program offices, Budget, and Security to develop controls to ensure that personnel actions follow the proper protocols before they are completed.

We disagree with this recommendation and recommend that it be restated. We believe appropriate controls have already been developed to make sure that concurrence is obtained from the Budget and Security branches. As noted in the report’s findings, only 5 of the 8,686 personnel actions processed between October 1, 2002 and September 30, 2003 did not have the required concurrences from Budget and/or Security before being processed. This is only a fraction of one percent and not a significantly meaningful deviation. It is indicative of human error rather than of any systemic problem. Therefore, we believe that adequate policies, procedures, and controls have already been developed to ensure that Budget and Security concur in a personnel action and we recommend that “Budget” and “Security” be dropped from this recommendation.

Regarding the “program offices,” we recommend that the term be replaced with “Operations Management” since there is no evidence in the report to suggest a problem exists except with those actions received from the Regional Offices. The report’s
findings cite that 9 of the 51 Regional Office personnel actions sampled were not approved by the appropriate initiators or authorizers, meaning that 82 percent of the sampled actions did follow established protocols.

Access in the FPPS system to “initiate” or “approve” personnel actions is provided through HRB to the individuals in each Division and Office delegated those authorities. Any initiator or authorizer can initiate or approve a personnel action for the employees for whom they have been delegated that authority in the FPPS system and the system recognizes those individuals as initiators or authorizers. However, each Division and Office has the discretion to establish additional internal procedures that are more restrictive than the FPPS system access. For example, a Regional Director may be required to clear certain personnel actions with an Assistant General Counsel in Operations Management even though both are listed as authorizers in the FPPS system. Since these controls are internal and in addition to the FPPS system controls, each Division or Office is in the best position to monitor and ensure adherence to those controls internally. Therefore, HRB will send a memorandum to Operations Management sharing the Inspector General’s findings and recommend that they take appropriate action to ensure that their internal requirements for approval of Field personnel actions are properly communicated and enforced.

4. Direct personnel specialists to encourage the use of a “received by” date in vacancy announcements

We would recommend that the word “Direct” be changed to “remind Human Resources Specialists” or “continue to encourage the use of” since it is already HRB’s policy to encourage our customers to require in their vacancy announcements that application materials be received in HRB by the closing date of a vacancy announcement. We will continue to advise our customers that requiring receipt of applications by the closing date of a job announcement will expedite the hiring process.

5. Develop controls to ensure that the approval of personnel actions is appropriately documented in the OPF.

The wording of this recommendation implies that approval is not currently documented in the OPF. We disagree with this statement since the signature of the Director of Human Resources on an SF-50, Notification of Personnel Action, denotes documented approval of a personnel action. None of the personnel actions processed by HRB lacks documentation of approval, therefore no action is required.
We believe this recommendation refers to the initials of a Human Resources Specialist on an SF-50, Notification of Personnel Action, denoting that a Specialist has reviewed a personnel action before the Director’s signature is affixed. This is an internal procedure that HRB developed and voluntarily chose to use to document the review process. The absence of the Specialist’s initials in no way compromises the documentation of approval of the SF-50. However, since we believe this internal review process is a valuable tool, HRB will remind its Specialists of the policy to initial the SF-50 to denote evidence of the Specialists’ review.

6. Develop a control to ensure that the termination of an NTE action is processed timely.

The Human Resources Branch agrees with this recommendation and will implement a procedure to ensure this.

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

cc: The Board
    General Counsel
    Catherine McCoy, Director of Human Resources