

Inspector General

United States
Department of Defense



Controls Over Time and Attendance
Reporting at the National
Geospatial-Intelligence Agency

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Acronyms and Abbreviations

DCPS	Defense Civilian Pay System
DFAS	Defense Finance and Accounting Service
DISL	Defense Intelligence Senior Level
NGA	National Geospatial-Intelligence Agency
NI	NGA Instruction



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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February 9, 2009

MEMORANDUM FOR DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE AGENCY

SUBJECT: Controls Over Time and Attendance Reporting at the National Geospatial-Intelligence Agency (Report No. D-2009-051)

We are providing this report for your information and use. We considered management comments on a draft of the report in preparing the final report.

Comments on the draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, we do not require any additional comments.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 601-5868.

Patricia A. Marsh
Patricia A. Marsh, CPA
Assistant Inspector General
Defense Business Operations



Results in Brief: Controls Over Time and Attendance Reporting at the National Geospatial-Intelligence Agency

What We Did

We determined whether the National Geospatial-Intelligence Agency (NGA) procedures and controls for processing and reporting civilian payroll were effective and in accordance with applicable guidelines. We specifically focused on time and attendance reporting and employees working large amounts of overtime.

What We Found

NGA has not established adequate controls related to time and attendance reporting. As a result, NGA has no assurance that payroll expenses and related time and attendance information is reliable, increasing the risk for fraud and abuse. Our review of the time and attendance records for a randomly selected sample of 30 NGA employees identified the following deficiencies:

- 24 employees did not include all required data elements on their time and attendance reports,
- 14 employees had time and attendance reports that were not properly approved by a supervisor, and 11 employees did not attest to the accuracy of the hours reported on their time and attendance reports,
- 16 employees worked overtime or compensatory time without proper supervisory approval, and
- 20 employees had hours on their time and attendance reports that differed from the hours reported in the Defense Civilian Pay System.

In addition, NGA has not established effective controls related to overtime and premium pay, which increased the risk that excessive overtime hours would go undetected and improper

payments will not be prevented. Specifically, NGA did not:

- document employee work schedules to substantiate premium pay entitlements,
- identify improper overtime and premium pay disbursements, including duplicate payments and payments to personnel ineligible for premium payments, and
- regularly monitor the overtime hours reported by deployed NGA employees.

What We Recommend

We recommend that NGA improve controls over the documentation, authorization, and reconciliation of time and attendance reports. Specifically, NGA should ensure that work schedules and timesheets are properly documented, that time and attendance reports are properly approved, and that differences between timesheets and the Defense Civilian Pay System are identified and promptly corrected.

In addition, NGA should establish effective procedures and adequate controls related to overtime and premium pay—to include regularly monitoring overtime hours reported by deployed personnel to prevent improper compensation for overtime and premium pay.

Client Comments and Our Response

The Director, National Geospatial-Intelligence Agency agreed with all of the recommendations. Therefore, no further action is required. Please see the recommendations table on the back of this page.

Recommendations Table

Client	Recommendations Requiring Comment	No Additional Comments Required
Director, National Geospatial- Intelligence Agency		✓

Table of Contents

Results in Brief	i
Introduction	1
Objectives	1
Background	1
Review of Internal Controls	1
Finding A. Time and Attendance Reporting	3
Recommendations, Client Comments, and Our Response	7
Finding B. Overtime and Premium Pay	9
Recommendations, Client Comments, and Our Response	12
Appendix	
A. Scope and Methodology	15
Prior Coverage	16
Client Comments	
National Geospatial-Intelligence Agency	17

Introduction

Objectives

Our audit objective was to determine whether the National Geospatial-Intelligence Agency (NGA) procedures and controls for processing and reporting civilian payroll were effective and in accordance with applicable guidelines. We specifically focused on time and attendance reporting and employees working large amounts of overtime.

Background

National Geospatial-Intelligence Agency

NGA is a DoD combat support agency and a member of the intelligence community. The NGA mission is to provide timely, relevant, and accurate geospatial intelligence in support of national security objectives. NGA geospatial intelligence products serve a variety of military, civil, and international needs. Headquartered in Bethesda, Maryland, NGA operates major facilities in Washington, D.C. and St. Louis, Missouri. NGA also has support and liaison offices worldwide.

Payroll Roles and Responsibilities

NGA payroll transactions are processed by the Defense Finance and Accounting Service using the Defense Civilian Pay System (DCPS). NGA employees prepare individual paper timesheets, and supervisors verify the time and attendance data reported on the employee timesheets. Official timekeepers input time and attendance data into DCPS. The NGA Human Development Directorate utilizes and maintains a PeopleSoft database that contains all employee information. PeopleSoft interfaces directly with DCPS to provide employee data to compute pay amounts.

Payroll Guidance

The Government Accountability Office internal control guidance titled, “Maintaining Effective Control Over Employee Time and Attendance Reporting,” January 2003, defines the internal control objectives for time and attendance systems. DoD Regulation 7000.14-R, volume 8, “Civilian Pay Policies and Procedures,” June 2007, prescribes the policies and procedures for DoD civilian payroll operations, including time and attendance reporting, pay administration, and employee leave. In addition, NGA has issued multiple instructions related to various civilian payroll issues.

Review of Internal Controls

We determined that material internal control weaknesses in the NGA time and attendance reporting process exist as defined by DoD Instruction 5010.40, “Managers’ Internal Control (MIC) Program Procedures,” January 4, 2006. Time and attendance transactions were not properly documented, authorized, or reconciled to the official pay system. In addition, controls were not effective to detect excessive and improper overtime and premium pay charges. Ineffective internal controls over time and attendance reporting results in increased risk of payroll fraud, abuse, and improper payments. Implementing all recommendations in this report will improve controls over time and attendance reporting. We will provide a copy of this report to the NGA official in charge of internal controls.

Finding A. Time and Attendance Reporting

The National Geospatial-Intelligence Agency (NGA) has not established adequate controls related to time and attendance reporting. Our review of the payroll records for a random sample of 30 NGA employees showed deficiencies in the NGA procedures for documenting, authorizing, and reconciling time and attendance reports. Specifically, NGA did not:

- ensure that time and attendance reports contained all required data elements or that employee work schedules were properly documented,
- enforce regulations requiring supervisors to approve time and attendance reports and authorize overtime and compensatory hours worked,
- require employees to attest to the accuracy of the hours and leave charges shown on their time and attendance reports, and
- identify and correct differences between the employee time and attendance reports and DCPS.

In addition, NGA did not ensure that all personnel responsible for approving and processing time and attendance were adequately trained and kept informed about the requirements of laws and regulations. Improved training of NGA timekeepers could have prevented many of the deficiencies identified during this audit. Until these deficiencies are corrected, NGA will have no assurance that payroll expenses and related time and attendance information is reliable, increasing the risk for fraud and abuse.

Documentation, Authorization, and Reconciliation

We randomly selected a sample of 30 employees who were reported in the payroll records on October 31, 2007, to determine whether their time and attendance reports were adequately documented, appropriately authorized, and properly reconciled to DCPS. For the 30 employees in our sample, we reviewed the time and attendance reports for 8 biweekly pay periods, beginning August 4, 2007, and ending November 10, 2007.¹ Our review of the available documentation showed that NGA has not established adequate controls related to time and attendance reporting. NGA must make significant efforts to improve the reliability of time and attendance information and reduce the potential for fraud and abuse.

Work Schedules

NGA Instruction 1422.1R10, "Work Hours and Overtime," May 11, 2005, states that managers and supervisors must establish, in writing, employees' work schedules, including hours of duty, shift tour of duty, alternative work schedules, and overtime. However, NGA could not provide a work schedule for any of the 30 employees in our sample. The lack of an approved work schedule made it impossible to determine whether an employee was entitled to the various premium pay categories. Premium pay includes

¹We received only seven time and attendance reports for one of the employees in our sample. Therefore, we reviewed a total of 239 time and attendance reports.

overtime, Sunday premium, holiday pay, and night differential. (See Finding B for our recommendation related to employee work schedules.)

Information on Timesheets

NGA had not implemented an agency-wide standardized timesheet. As a result, the timesheet formats for the 30 employees in our sample varied from employee to employee. We would not consider the lack of a standardized timesheet to be a deficiency if the various timesheets used throughout NGA had consistently included the minimum information required by DoD Regulation 7000.14-R. However, only 6 of the 30 employees in our sample included all required information on their timesheets. The timesheets for the remaining 24 employees were missing at least one required element. The following table illustrates several elements required by DoD Regulation 7000.14-R, as well as the number of employees in our sample whose timesheets did not contain the required element.

Table 1. Timesheets Missing Required Information

Missing Information	Number of Employees
Employee Name and Social Security Number	9
Number of Hours Worked by Day and Total	12
Supporting Documentation for Absences	10
Handwritten Signature or Automated Approval Code of an Authorizing Official	14

The minimum information required represents the basic requirements necessary for timekeepers to accurately record an employee's time in DCPS and verify that the time and attendance data were properly authorized. NGA is planning on implementing an electronic time and attendance system, which should help ensure that timesheets include all required information. However, NGA does not expect full implementation of the system until March 2009. In the interim, NGA should notify all supervisors and timekeepers of the minimum information required on each timesheet.

Supervisory Review and Approval

NGA has not developed and implemented effective procedures for reviewing and approving time and attendance reports. Supervisory approval is a key part of ensuring the propriety of time and attendance reports. Such approval indicates that time and attendance are, to the best of the approving official's knowledge, properly recorded and in compliance with applicable legal requirements. DoD Regulation 7000.14-R requires that supervisors review and approve time and attendance reports and other supporting documents. However, NGA supervisors did not always approve time and attendance reports for 14 of the 30 employees in our sample (71 of the 239 timesheets we reviewed were not approved).

Employee Attestations

DoD Regulation 7000.14-R requires that timekeepers ensure that employees have manually or electronically attested to the accuracy of hours reported on their timesheets. However, the timekeepers for 11 of the 30 employees (75 of the 239 timesheets reviewed) in our sample did not ensure that proper employee attestations were made before processing the employees' payroll transactions. Proper attestations make employees accountable for the accuracy of hours reported on their time and attendance

reports, thereby increasing assurance that the hours reported reflect the actual work performed.

Overtime and Compensatory Time

NGA supervisors did not properly preauthorize overtime or compensatory time worked by 16 of the 17 employees who worked such hours. In addition, NGA timekeepers did not identify the lack of authorizing documents as a deficiency. DoD Regulation 7000.14-R states that supervisors should approve any overtime or compensatory time before the hours are worked, if feasible. Overtime and compensatory time authorizations must be documented in writing or electronically and kept available for audit. In addition, DoD Regulation 7000.14-R requires that timekeepers ensure that overtime and compensatory time are properly authorized. The prior authorization of overtime and compensatory time allows supervisors to reduce the potential for fraud and abuse by ensuring that work demands warrant employees working additional hours and by limiting the number of hours employees are authorized to work. NGA should develop and implement procedures that make supervisors and timekeepers fully aware of the authorization and documentation requirements for overtime and compensatory time.

Leave Authorizations

NGA did not have effective procedures for employee certification of leave charges. DoD Regulation 7000.14-R requires that employees officially certify charges to their leave balances. However, NGA timekeepers charged the leave balances of 10 of the 30 employees in our sample without any documentation signed by the employee. Proper verification ensures that employees agree with the leave reported on the time and attendance reports and minimizes the risk of future disputes regarding the accuracy of the leave charges. NGA should develop and implement procedures requiring all employees to certify their leave charges.

Timesheet Reconciliations

DoD Regulation 7000.14-R requires that personnel engaged in pay and leave activities identify and resolve inconsistencies in information submitted, processed, and reported during the various pay cycles. However, the hours reported on the timesheets for 20 of the 30 employees in our sample were not consistent with the hours reported in DCPS. Some of the differences may have occurred because timekeepers adjusted the employees' timesheets without returning the timesheets to the employees for correction. However, the number and variety of other differences indicate significant control weaknesses.

Specifically, we identified the following:

- 8 employees reported taking leave without having their leave balances charged,
- 3 employees were charged leave when no leave was reported as taken,
- 1 employee reported earning compensatory hours that were not paid,
- 1 employee received compensatory hours that were not shown as worked,
- 1 employee did not receive overtime pay for overtime hours reported,
- 1 employee received overtime pay for hours that were not reported as overtime worked, and
- 2 employees received Sunday premium pay when their timesheets did not report work on Sunday.

NGA must develop and implement reconciliation procedures to identify these types of errors and ensure that proper corrective action is taken. At a minimum, the reconciliation procedures should describe who is responsible for performing the reconciliations, how

often the reconciliations should be performed, and how the reconciliations will be documented. In addition, NGA should enforce its current instruction that requires employees to verify the accuracy of their leave accounts and report any discrepancies to the timekeepers.

Reconciliation of Personnel Records to DCPS

The administrative officers within the NGA directorates did not always promptly notify human resources personnel of employee separations. As a result, human resources personnel were unable to initiate actions to remove the separated employees from DCPS in a timely manner. NGA payroll personnel provided us with a listing showing that 444 employees left NGA from October 2006 through October 2007. From this listing, we selected a random sample of 10 employees to determine how quickly the employees were removed from DCPS after their separation dates. Of the 10 employees selected for review, 2 employees were in DCPS more than 50 days after separating from NGA, and another 2 employees were in DCPS as NGA employees more than 150 days after separating from the agency. Human resources personnel stated that they were working to improve communication with the other directorates and encouraging the administrative officers to update employee records in a timely manner. We did not identify any payments to the separated employees in our sample. However, until NGA starts removing separated employees from DCPS in a timely manner, there is a risk that the separated employees could erroneously continue to receive pay and benefits.

Adequacy of Timekeeper Training

According to DoD Regulation 7000.14-R, all personnel engaged in pay and leave activities must be adequately trained and kept informed about the requirements of laws and regulations. As of November 5, 2007, there were 381 timekeepers at NGA. We submitted a questionnaire to the 45 timekeepers who provided us with supporting documentation throughout the audit to determine whether NGA had provided them with adequate timekeeper training. Nine timekeepers responded that they had received formal training on their timekeeping responsibilities.² However, only two of the nine timekeepers provided copies of training-completion certificates. Our review of the training-completion certificates showed that the training was limited to DCPS security issues. Improved training of timekeeping personnel could have prevented many of the deficiencies identified throughout this audit. Timekeepers perform a vital control function. While they are responsible for complete and accurate time and attendance reporting, the scope of their responsibility extends to the prevention and detection of improper payroll transactions resulting from fraud and abuse. As such, NGA must provide necessary training to timekeepers to ensure that payroll disbursements are properly authorized, adequately supported, and reasonably free from the risk of fraud and abuse.

Availability of Supporting Documentation

On January 18, 2006, NGA issued a memorandum requiring all of its offices to become familiar with the requirements of the Chief Financial Officers Act of 1990 and their role in assisting NGA in obtaining an audit opinion. Specifically, the memorandum addresses the issue of providing accurate and complete documentation on a timely basis. However, we experienced significant delays when trying to obtain payroll documentation from several NGA timekeepers. On December 18, 2007, we requested that the timekeepers

²We did not receive a response from 17 of the 45 timekeepers who received a questionnaire.

provide the time and attendance records for our sample of 30 NGA employees by January 4, 2008. NGA provided the last of the requested documentation in June 2008. During future audits of the NGA financial statements, external auditors will require timely access to supporting documentation to evaluate the propriety of reported costs. The absence of supporting documentation or delays in receiving requested information prevents auditors from accomplishing their objectives and may result in scope limitations that preclude a favorable audit opinion of the NGA financial statements.

Conclusion

We did not use statistical sampling techniques. Therefore, we are unable to project the results of our analysis to the time and attendance reports for all NGA employees. However, the number of discrepancies that we identified from a random sample of employees indicates that significant and pervasive internal control weaknesses exist in time and attendance reporting at NGA. Developing and implementing new procedures are only the first steps toward strengthening controls over time and attendance reporting. After the procedures are implemented, they will need to be tested to fully measure their success. Until these deficiencies are corrected, NGA will have no assurance that its payroll expenses and related time and attendance information are reliable and reasonably free of potential fraud and abuse.

Recommendations, Client Comments, and Our Response

A. We recommend that the Director, National Geospatial-Intelligence Agency:

- 1. Notify all supervisors and timekeepers of the minimum timesheet data elements and require that they be included on all employee timesheets.**
- 2. Require supervisors to review and approve time and attendance reports and other supporting documents.**
- 3. Require employees to attest to the accuracy of hours reported on their timesheets, including the number of leave hours taken, and enforce the current policy that requires employees to verify the accuracy of their leave account balances.**
- 4. Develop and implement procedures to notify supervisors and timekeepers of the authorization and documentation requirements for overtime and compensatory time.**
- 5. Develop and implement procedures requiring personnel to reconcile employee timesheets to the Defense Civilian Pay System.**

NGA Comments

The Director, NGA agreed with recommendations one through five. He stated that NGA has drafted a document that will be distributed to NGA supervisors and timekeepers to clearly identify the required documents and processes. NGA will also incorporate the document into timekeeper training to ensure that the requirements are fully understood. In addition, NGA will include these recommendations in the pending revisions of NGA

Instruction (NI) 1402.1, “Leave and Other Absences,” and NI 1422.1, “Work Hours and Overtime.”

Our Response

The Director, NGA comments were fully responsive to the recommendations.

6. Establish procedures to ensure that separated employees are promptly removed from the Defense Civilian Pay System.

NGA Comments

The Director, NGA agreed with the recommendation. He stated that NGA will address the subject at the next quarterly meeting between administrative officers and the Human Development Directorate to ensure that procedures are followed.

Our Response

The Director, NGA comments were responsive to the intent of our recommendation.

7. Establish and implement a program to provide necessary training to timekeepers.

NGA Comments

The Director, NGA agreed with the recommendation. He stated that NGA has developed a training package that identifies and describes multiple sources of data that will be beneficial to NGA timekeepers.

Our Response

The Director, NGA comments were fully responsive to the recommendation.

8. Direct the National Geospatial-Intelligence Agency, Office of the Inspector General to test the effectiveness of the procedures developed to correct deficiencies identified in this report.

NGA Comments

The Director, NGA agreed with the recommendation. He stated that he will recommend that the NGA Inspector General include payroll topics in its audit and inspection planning process to test the effectiveness of procedures to correct identified deficiencies.

Our Response

The Director, NGA comments were fully responsive to the recommendation.

Finding B. Overtime and Premium Pay

The National Geospatial-Intelligence Agency (NGA) has not established effective controls related to overtime and premium pay. Our review of the overtime and premium pay records for a judgmental sample of 20 NGA employees with significant amounts of overtime showed that NGA did not:

- document employee regular work schedules to substantiate employee entitlements to Sunday premium and night differential,
- identify improper overtime and premium pay disbursements to NGA employees, including duplicate payments and payments to members of the Defense Intelligence Senior Level,
- implement procedures to restrict employee overtime earnings to the limitations established by public law, and
- formalize procedures for regularly monitoring the overtime hours reported by NGA deployed personnel.

Until these deficiencies are corrected, there is an increased risk that improper payments will not be prevented and excessive overtime hours will not be detected.

Overtime Worked at NGA

From May 2007 through October 2007, 1,788 NGA employees worked a total of 207,133 overtime hours. As a result, NGA incurred an additional \$8.1 million in payroll costs. The following table shows that the majority of NGA employees earned less than \$5,000 in overtime; however, some employees earned significantly more.

**Table 2. Overtime Earnings of NGA Employees
Between May 1, 2007, and October 31, 2007**

Amount Earned	Number of Employees
Between \$0 and \$5,000	1372
Between \$5,001 and \$10,000	181
Between \$10,001 and \$20,000	123
Between \$20,001 and \$30,000	63
Between \$30,001 and \$40,000	34
Between \$40,001 and \$50,000	13
More Than \$50,000	2

As the table shows, several NGA employees earned substantial amounts of overtime.³ However, NGA lacked effective controls related to overtime and other premium pay,

³ The large amounts of overtime were earned primarily by employees deployed to Iraq and Afghanistan.

which increased the risk that improper payments would not be prevented and excessive overtime hours would not be detected.

Controls Related to Premium Pay Entitlements

We judgmentally selected a sample of 20 NGA employees, who collectively received \$202,506.18 in premium payments between May 2007 and October 2007, to evaluate NGA controls over the use of premium pay. Our sample included the 10 NGA employees who earned the highest amounts of premium pay within a pay period. Our sample also included 10 employees who were not compensated for premium pay reported on their time and attendance reports. Most of our sample was made up of personnel deployed to the Middle East, who would reasonably be expected to work large amounts of overtime to meet wartime mission requirements. However, our review of the time and attendance records for these employees revealed the following control weaknesses related to premium pay entitlements.

Employee Work Schedules

We were unable to determine whether 13 employees in our sample who earned Sunday premium and night differential were entitled to those payments, because the employees' regular work schedules were not documented, as required by NGA Instruction 1422.1R10. Employees are entitled to Sunday premium and night differential only if they are regularly scheduled to work during the premium and night differential hours specified in the Code of Federal Regulations. Regularly scheduled overtime hours must also be documented, because they may affect an employee's entitlement to night differential. The employees in our sample were paid for 1,243 hours of Sunday premium, totaling \$18,529.14, and 4,041 hours of night differential, totaling \$22,868.62. In order for NGA to ensure that personnel are being accurately compensated for premium hours worked, NGA must enforce its current policy requiring supervisors to establish and retain, in writing, the employees' regular work schedules, including hours of duty, shift tours of duty, and overtime.

Duplicate Payments

NGA had not established the controls necessary to prevent and detect duplicate payments for premium pay. As a result, one employee in our sample received duplicate payments totaling \$11,777.58 for overtime, holiday premium, and night differential. Initially, NGA personnel stated that a duplicate payment could not have occurred because DCPS controls would have prohibited the timekeeper from processing a duplicate payment. However, at our request the Defense Finance and Accounting Service (DFAS) conducted an audit of the employee's pay history and agreed with our analysis. As of May 2008, NGA had still not determined how the duplicate payment occurred; however, the duplicate payment appears to be the result of an adjustment for work performed in a prior pay period. NGA should develop procedures to ensure that its payroll system is functioning properly and employees are only paid for the hours they work. Specifically, to prevent duplicate payments from occurring, NGA should instruct timekeepers to review previous time and attendance records before processing adjustments. NGA began recovering the duplicate payment in June 2008.

Premium Pay Limitations

Public Law 109-163 prohibits deployed personnel's aggregate basic pay and premium pay from exceeding \$212,100 per year. NGA had not established procedures prohibiting deployed personnel from earning premium pay above the limits established by Public Law 109-163. As a result, NGA could not compensate one employee in our sample for

\$21,530.11 in premium payments that he earned from November 2007 through December 2007. Section 1342, title 31, United States Code, prohibits Government officials from accepting uncompensated services in most cases except emergencies. NGA should establish procedures to ensure that employees can be compensated for all authorized premium pay earned. Specifically, NGA should ensure that employees and supervisors are aware of the premium pay limitations and promptly notify employees when they are approaching the limits.

Premium Pay to Defense Intelligence Senior Level Members

Although NGA Instruction 1404.3R5 prohibits members of the Defense Intelligence Senior Level⁴ (DISL) from being compensated for premium pay, we identified one DISL member who received overtime pay for hours worked. NGA personnel stated that they were aware that the DISL member had inappropriately received the premium payments, and they were working with DFAS debt collection to recover the money. NGA personnel confirmed that at least one other DISL member had also inappropriately received premium pay. NGA personnel stated that they had tried to change the DCPS coding to prohibit timekeepers from inputting premium hours for DISL members; however, the coding change caused other problems within the system. NGA should notify all DISL members and their timekeepers that NGA policy prohibits DISL members from earning premium pay. In addition, NGA should perform periodic reviews of the payroll system to identify any improper payments to DISL members and take action to recover any improper payments identified. In April 2008, the DISL member finalized a payment plan to return \$60,153.41 in overtime pay.

Overtime Earned by Deployed Personnel

NGA controls over time and attendance reporting for deployed personnel may not effectively prevent and detect unreasonable, excessive, and potentially improper overtime hours. Deployed personnel often reported working an average of 13 hours to 15 hours a day, and it was not uncommon for personnel to report working an average of 16 hours to 18 hours a day, including weekends. While some deployed personnel reported the extensive overtime hours for only a few pay periods, others reported extensive hours for longer periods of time. For example, one NGA employee deployed to Iraq reported working 16 hours a day, including weekends, for 7 consecutive pay periods — almost the entire duration of his deployment. The overtime costs for deployed personnel totaled \$4.5 million, which represents 56 percent of the total overtime costs incurred by NGA during the period covered by our review.

Although NGA has implemented some policies and procedures to monitor the amount of overtime worked by deployed personnel, NGA supervisors and oversight officials did not consistently follow the policies and procedures. NGA supervisors must comply with NGA standard operating procedures and properly authorize the overtime hours worked by deployed personnel. In addition, NGA should formalize and consistently enforce its procedures for monitoring the overtime worked by deployed personnel, including how often reviews should be performed and how corrective actions should be documented. We fully recognize that deployed personnel need to work a substantial amount of overtime hours to meet the wartime mission requirements. However, the number of

⁴ NGA defines DISL members as employees above the GS-15 level who have functional expertise in a particular area.

overtime hours must be properly approved and regularly monitored to ensure that the hours and their related costs are reasonable and necessary.

Recommendations, Client Comments, and Our Response

B. We recommend that the Director, National Geospatial-Intelligence Agency:

1. Enforce current policy requiring supervisors to establish and retain, in writing, employee regular work schedules, including hours of duty, shift tours of duty, and overtime.

NGA Comments

The Director, NGA agreed with the recommendation. He stated that NGA will enforce current policy requiring supervisors to establish and retain, in writing, employee regular scheduled hours, including hours of duty, shift tours of duty, and overtime. He also stated that NGA will include this recommendation in the pending revisions of NI 1402.1, "Leave and Other Absences," and NI 1422.1, "Work Hours and Overtime."

Our Response

The Director, NGA comments were fully responsive to the recommendation.

2. Instruct timekeepers to review previous time and attendance records before processing adjustments, to prevent future duplicate payments from occurring.

3. Notify all Defense Intelligence Senior Level members and their timekeepers that NGA policy prohibits Defense Intelligence Senior Level members from earning premium pay.

NGA Comments

The Director, NGA agreed with recommendations two and three. He stated that NGA will communicate the information from the recommendations to all timekeepers in writing and will include it in the timekeeper training package. He also stated that NGA is modifying the 2008 Defense Intelligence Senior Level/Defense Intelligence Senior Executive Service/Senior Executive Service pay chart to add a remark that senior executive employees are excluded from premium pay.

Our Response

The Director, NGA comments were fully responsive to the recommendations.

4. Ensure that employees and supervisors are aware of the premium pay limitations and notify employees when they are approaching the limit.

NGA Comments

The Director, NGA agreed with the recommendation. He stated that NGA has drafted a “Limitations on Pay” document, which is available to employees on the NGA Human Development Web site. He stated that the document is also briefed to employees in preparation for deployment.

Our Response

The Director, NGA comments were fully responsive to the recommendation.

5. Perform periodic reviews of the payroll system to identify any improper payments to Defense Intelligence Senior Level members and take action to recover any improper payments identified.

NGA Comments

The Director, NGA agreed with the recommendation. He stated that NGA will perform semiannual reviews of DISL premium pay and will work with the DFAS payroll office to initiate debt and collection action as necessary.

Our Response

The Director, NGA comments were fully responsive to the recommendation.

6. Formalize procedures for regularly monitoring the overtime hours reported by deployed NGA personnel.

NGA Comments

The Director, NGA agreed with the recommendation. He stated that NGA will include this recommendation in the pending revisions of NI 1402.1, “Leave and Other Absences,” and NI 1422.1, “Work Hours and Overtime.”

Our Response

The Director, NGA comments were fully responsive to the recommendation.

Appendix A. Scope and Methodology

We conducted this financial-related audit from September 2007 through July 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Evidence was obtained through the following tasks.

- We obtained and reviewed DoD, U.S. Treasury, Government Accountability Office, and NGA guidance related to time and attendance reporting.
- We randomly selected a sample of 30 employees who were reported in the payroll records on October 31, 2007, to determine whether their time and attendance reports were adequately documented, appropriately authorized, and properly reconciled to DCPS. For the 30 employees in our sample, we reviewed the time and attendance reports for the 8 biweekly pay periods from August 4, 2007, through November 10, 2007. We obtained and reviewed the following supporting documents for each of the 8 biweekly pay periods:
 - timesheets,
 - leave requests and other approving documents,
 - DCPS time and attendance reports, and
 - leave and earnings records.
- We developed a standardized review sheet that allowed us to determine whether the supporting documentation provided by NGA was complete and in compliance with DoD and NGA guidance. The review sheet also allowed us to determine whether NGA payroll personnel accurately entered the hours reported on the timesheets into DCPS.
- We obtained a listing of all NGA personnel who received overtime between May 1, 2007 and October 31, 2007. From this listing, we judgmentally selected a sample of 20 NGA employees. We reviewed the 20 sample employees' leave and earning records for 8 biweekly pay periods beginning August 4, 2007, through November 10, 2007 to determine whether the employees' overtime and premium pay earnings were within the limits established by the Office of Personnel Management.
- We interviewed NGA payroll personnel and personnel within the NGA Human Development Directorate to gain an understanding of the procedures used to record and process time and attendance information. We also met with NGA Office of Global Support personnel to discuss the time and attendance policies for deployed personnel. Finally, we met with an NGA timekeeper to observe the process for entering an employee's time and attendance information into DCPS.
- We developed a questionnaire that was sent to 45 NGA timekeepers to determine whether NGA had provided adequate training to timekeeping

personnel. The questionnaire also contained questions regarding time and attendance documentation and authorization requirements, as well as reconciliation procedures.

The Government Accountability Office has identified several high-risk areas in DoD. This report provides coverage of the Financial Management high-risk area.

Use of Computer-Processed Data

We obtained listings of NGA personnel from PeopleSoft and their related payroll transactions from DCPS. DoD IG Report No. D-2007-133, "Defense Civilian Pay System Controls Placed in Operation and Tests of Operating Effectiveness for the Period of July 1, 2006 Through June 30, 2007," September 28, 2007, assesses controls over the DCPS processes at the Defense Finance and Accounting Service and the Defense Information Systems Agency. The report provides an opinion on the fairness of presentation, the adequacy of design, and the operating effectiveness of key controls relevant to audits of user organizations' financial statements.

Prior Coverage

No prior coverage has been conducted on payroll and related transactions at NGA during the last 5 years.

National Geospatial-Intelligence Agency Comments

Final Report
Reference

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NATIONAL GEOSPATIAL-INTELLIGENCE AGENCY
4600 Sangamore Road
Bethesda, Maryland 20816-5003

OCT 09 2008

U-2008-3025

MEMORANDUM FOR DEPUTY INSPECTOR GENERAL FOR AUDITING,
INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: (U//~~FOUO~~) Draft Report on Controls Over Time and Attendance
Reporting at the National Geospatial-Intelligence Agency
(Project No. D2007-D000FA-0247.000)

REFERENCE: (U) DoD IG e-mail, 27 August 2008, subject as above

1. (U) The National Geospatial-Intelligence Agency (NGA) has reviewed the subject draft report. We appreciate the opportunity to respond to the findings and recommendations.
2. (U) The enclosure contains NGA's comments on the recommendations. Our response, prepared in conformance with the requirements of DoD Directive 7650.3, includes corrective actions taken and planned. NGA is requesting that the DoD IG review the response and, if sufficient, close the recommendations.
3. (U) Should you or your staff have any questions regarding our response, please direct them to Phyllis B. Shepphard, NGA External Audit Liaison, NGA Office of Inspector General, at 301-227-0710, phyllis.b.shepphard@nga.ic.gov.


ROBERT B. MURRETT
Vice Admiral, U.S. Navy
Director

Enclosure
(U//~~FOUO~~) NGA Response to DoD IG Draft Report,
DoD IG Project No. D2007-D000FA-0247.000

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**Response to Department of Defense (DoD) Inspector General (IG) Draft Report on
Controls Over Time and Attendance Reporting at the National Geospatial-
Intelligence Agency (Project No. D2007-D000FA-0247.000)**

(U) General Comments

(U) In the draft report Appendix A, the auditors state: "No prior coverage has been conducted on payroll and related transactions at NGA during the last 5 years." This is incorrect. The NGA Office of Inspector General (OIG) conducted two projects related to this area where similar deficiencies were found.

(U//~~FOUO~~) On 21 November 2007, the NGA OIG Inspections Division issued a memorandum on their project on the Analysis and Production Directorate's Time and Attendance Administration (memorandum number U-292-07/OIG). The inspection found that requests and supervisory approval for leave, overtime, and compensatory time were not always supported with documentation. The inspection also found that management controls were not adequate to appropriately certify time and attendance (T&A) reports. Specifically, all employees did not sign their time sheets; all approving officials did not approve T&A reports; and all supervisors did not verify employees records in the Defense Civilian Payroll System. In addition, there was no evidence of detailed instructions (at the office level) for reviewing, verifying, and certifying the reports of each assigned employee; the inspection noted examples of 20 different time sheet formats for reporting T&A information. The inspection found that the Financial Management Directorate provided timekeepers with access to employee data in the Defense Civilian Payroll System beyond that required for administering T&A within the timekeepers' assigned T&A group. Allowing broad access to Defense Civilian Payroll System data increases the risk of fraud, waste, and abuse. The memorandum made three suggestions for improving T&A administration. Management has taken corrective action on one suggestion and is addressing the remaining two.

(U//~~FOUO~~) The NGA OIG Audit Division conducted a special review of time and attendance for a division in the Source Operations and Management Directorate. This review revealed that employees did not routinely submit signed time sheets and leave slips for unexpected leave to their supervisors for review and approval. The review also disclosed that supervisors did not sign all time sheets to indicate review and approval of reported T&A information and did not validate and certify the accuracy of data entered into the Defense Civilian Payroll System. The audit also found that the division was not retaining copies of all T&A records. The draft report was published in July 2008 and contained seven recommendations. The auditors are coordinating with management on their response to the report to ensure that their proposed actions are responsive to the subject DoD IG audit and both NGA OIG projects.

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(U) Comments to Recommendations

(U) Recommendations A, Page 8

(U) We recommend that the Director, National Geospatial-Intelligence Agency:

- 1. Notify all supervisors and timekeepers of the minimum timesheet data elements and require that they be included on all employee timesheets.**
- 2. Require supervisors to review and approve time and attendance reports and other supporting documents.**
- 3. Require employees to attest to the accuracy of hours reported on their timesheets, including the number of leave hours taken, and enforce the current policy that requires employees to verify the accuracy of their leave account balances.**
- 4. Develop and implement procedures to notify supervisors and timekeepers of the authorization and documentation requirements for overtime and compensatory time.**
- 5. Develop and implement procedures requiring personnel to reconcile employee timesheets to the Defense Civilian Pay System.**

(U) NGA Comment: Concur. The NGA Financial Management Directorate, Financial Operations Division (FMO) drafted a one-page "easy reader" document that will be distributed to NGA supervisors and timekeepers. This document clearly identifies required documents and processes, and will be incorporated into timekeeper training to ensure these requirements are fully understood. In addition, the NGA Human Development Directorate (HD) will include these recommendations in the pending revisions of NGA Instruction (NI) 1402.1, Leave and Other Absences, and NI 1422.1, Work Hours and Overtime. The estimated completion date for all actions is 31 October 2008.

- 6. (U) Establish procedures to ensure that separated employees are promptly removed from the Defense Civilian Pay System.**

(U) NGA Comment: Concur. According to FMO, separated employees are removed from the Defense Civilian Pay System as a result of an interfaced separation transaction from NGA HD PeopleSoft system. To ensure that established procedures are followed NGA HD will address this subject at the next quarterly meeting between administrative officers and HD, which is scheduled for 19 November 2008.

- 7. (U) Establish and implement a program to provide necessary training to timekeepers.**

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(U) **NGA Comment:** Concur. NGA FMO developed a training package that identifies and describes the following: NGA Instructions that pertain to civilian pay; DoD Financial Management Regulation, volume 8, Civilian Pay Policy and Procedures; DCPS Customer Service Representative User Manual; and DFAS4DOD Defense Civilian Pay System Web site, <https://dfas4dod.dfas.mil/systems/dcps/consolid/cbt/cbttoc.htm>. The estimated completion date for all actions is 31 October 2008.

8. (U) Direct the National Geospatial-Intelligence Agency, Office of the Inspector General to test the effectiveness of the procedures developed to correct deficiencies identified in this report.

(U) **NGA Comment:** Concur. The undersigned will recommend that NGA IG include this topic in its audit and inspection planning process to test the effectiveness of procedures to correct identified deficiencies no earlier than six months after management has implemented the procedures recommended in this report.

(U) **Recommendations B, Page 12**

(U) **We recommend that the Director, National Geospatial-Intelligence Agency:**

1. Enforce current policy requiring supervisors to establish and retain, in writing, employee regular work schedules, including hours of duty, shift tours of duty, and overtime.

(U) **NGA Comment:** Concur. NGA FMO will enforce current policy requiring supervisors to establish and retain, in writing, employee regular work schedules, including hours of duty, shift tours of duty, and overtime. HD will include these recommendations in the pending revisions of NI 1402.1, Leave and Other Absences, and NI 1422.1, Work Hours and Overtime. The estimated completion date for all actions is 31 October 2008.

2. (U) Instruct timekeepers to review previous time and attendance records before processing adjustments, to prevent future duplicate payments from occurring.

3. (U) Notify all Defense Intelligence Senior Level members and their timekeepers that NGA policy prohibits Defense Intelligence Senior Level members from earning premium pay.

(U) **NGA Comment:** Concur. NGA FMO will communicate this information to all timekeepers in writing and will include it in the timekeeper training package. The estimated completion date for the action is 31 October 2008.

(U) HD is modifying the 2008 DISL/DISES/SIS pay chart, which will be posted on the HD Web site, to add a remark that DISL/DISE/SIS members are excluded from premium pay (overtime, compensatory time, Sunday or holiday pay, and night, standby, irregular, and hazardous duty differentials). The HD Web site will also be updated to

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include FAQs (frequently asked questions) that address the prohibition of premium pay for DISL members. The estimated completion date for the action is 31 October 2008. The NI cited in the draft report, NI 1404.3R5, Pay and Leave in the Defense Intelligence Senior Level, 5 January 2004, was superseded by NI 1400.12, Pay and Leave for Senior Executives, 2 March 2006. This instruction includes the prohibition of premium pay for DISL and DISES members (attachment 1).

4. (U) Ensure that employees and supervisors are aware of the premium pay limitations and notify employees when they are approaching the limit.

(U) NGA Comment: Concur. HD and FMO have drafted a "Limitations on Pay" document, which is available to employees on the HD Web site (attachment 2). This document is also briefed to employees in preparation for deployment. There is no automated method of notifying employees when they are approaching the limit, and a manual method would be very labor intensive.

5. (U) Perform periodic reviews of the payroll system to identify any improper payments to Defense Intelligence Senior Level members and take action to recover any improper payments identified.

(U) NGA Comment: Concur. NGA FMO will perform semiannual reviews on DISL premium pay and will work with the DFAS payroll office to initiate debt and collection action as necessary. The estimated completion date for the action is 31 October 2008.

6. (U) Formalize procedures for regularly monitoring the overtime hours reported by deployed NGA personnel.

(U) NGA Comment: Concur. HD will include this recommendation in the pending revisions of NI 1402.1, Leave and Other Absences, and NI 1422.1, Work Hours and Overtime. The estimated completion date for all actions is 31 October 2008.

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Inspector General Department of Defense

