

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

**AUDIT OF ADMINISTRATIVELY UNCONTROLLABLE
OVERTIME**

Report No. 97-085

January 28, 1997

Department of Defense

Additional Copies

To obtain additional copies of this report, contact the Secondary Reports Distribution Unit of the Analysis, Planning, and Technical Support Directorate at (703) 604-8937 (DSN 664-8937) or FAX (703) 604-8932.

Suggestions for Future Audits

To suggest ideas or to request future audits, contact the Planning and Coordination Branch of the Analysis, Planning, and Technical Support Directorate at (703) 604-8939 (DSN 664-8939) or FAX (703) 604-8932. Ideas and requests can also be mailed to:

OAIG-AUD (ATTN: APTS Audit Suggestions)
Inspector General, Department of Defense
400 Army Navy Drive (Room 801)
Arlington, VA 22202-2884

Defense Hotline

To report fraud, waste, or abuse, contact the Defense Hotline by calling (800) 424-9098; by sending an electronic message to Hotline@DoDIG.OSD.MIL; or by writing the Defense Hotline, The Pentagon, Washington, DC 20301-1900. The identity of each writer and caller is fully protected.

Acronym

AUO

Administratively Uncontrollable Overtime



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884



Report No. 97-085

January 28, 1997

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
UNDER SECRETARY OF DEFENSE (PERSONNEL AND
READINESS)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT AND COMPTROLLER)
ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)
AUDITOR GENERAL, DEPARTMENT OF THE ARMY
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING
SERVICE

SUBJECT: Audit of Administratively Uncontrollable Overtime
(Project No. 7FH-5010)

Introduction

We are providing this report for your information and use. This audit was required by Public Law 104-208, which directs the Inspector General of each Federal department or agency to conduct an audit of administratively uncontrollable overtime (AUO). Administratively uncontrollable overtime is a type of premium pay designed to compensate employees whose jobs require working unscheduled overtime on a frequent, unplanned basis. Because of alleged abuses of AUO, the Congress initiated action to investigate the matter and report the results to the Office of Personnel Management. In addition, the Congress directed the Office of Personnel Management to issue new guidance to all Federal departments and agencies to limit the use of AUO.

Audit Results

The use of AUO in DoD generally complies with Federal statutes and regulations. The payment of AUO in DoD was limited to 167 employees in FY 1996, and in most instances was closely monitored by supervisors. However, a review of justifications for 138 of 167 employees receiving AUO showed that about 28 employees may qualify for another type of premium pay that would be more appropriate than AUO. The amount paid to DoD employees for AUO in FY 1996 was about \$1.6 million.

Audit Objectives

The audit objective was to determine whether the use of administratively uncontrollable overtime pay complies with Federal statutes and regulations. In addition, we reviewed policies, costs, and the extent and use of this overtime pay in DoD.

Scope and Methodology

Scope and Methodology. Our review focused on 167 employees receiving AUO in FY 1996. We used a database maintained by the Defense Manpower Data Center to develop a universe of employees who received AUO in FY 1996. The database identified 1,536 employees receiving AUO whose personnel records were located at 43 different human resources offices. However, the database could not distinguish between employees receiving AUO and those receiving Law Enforcement Availability Pay, another type of premium pay. After screening the database, we determined that only 167 employees received AUO. The remaining 1,369 employees were receiving Law Enforcement Availability Pay, which was not included in the scope of this audit.

We judgmentally selected 14 of the 43 human resources offices for review. We visited or contacted the 14 offices, which maintained records for 138 of the 167 employees identified as receiving AUO. At the 14 human resources offices, we reviewed the personnel files of employees receiving AUO to determine whether adequate justification for paying AUO existed. We also compared the information in the database with information from the personnel files of the employees receiving AUO. The information from this database was generally reliable. We also interviewed personnel managers and the supervisors of employees receiving AUO.

Management Control Program. We did not identify any material management control weaknesses; therefore, we did not review the self-evaluation or reporting aspects of the DoD internal management control program for administering AUO.

Audit Period and Standards. This program results audit was performed from October to November 1996 in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD.

Contacts During the Audit. We visited or contacted individuals and organizations within the DoD. Further details are available on request.

Prior Audits and Other Reviews

Inspector General, DoD, Report No. 96-054, "Management and Administration of the United States Military Academy," January 5, 1996, noted that the United States Military Academy did not adequately review or document the justification of premium pay for personnel within the Academy's Directorate of Intercollegiate Athletics. Specifically, documentation was not available to show how overtime hours worked by three head coaches were determined and how they met conditions for AUO. The coaches received 25 percent AUO throughout the year, although the sports they coached were seasonal. The auditors determined that AUO for the entire year was not warranted. The report recommended an overall management review of the premium pay program within the Directorate of Intercollegiate Athletics. Management at the Academy concurred with the recommendation.

Audit Background

AUO is a type of premium pay that is used primarily to compensate Federal employees for unscheduled overtime work. AUO is authorized at the employing agency's discretion. To be eligible, an employee must be in a position in which the hours of duty cannot be controlled administratively and which requires substantial amounts of irregular or occasional overtime work. The employee is responsible for recognizing, without supervision, circumstances that require him or her to remain on duty. Title 5, Code of Federal Regulations, sections 550.151 through 550.164, explains the rules of AUO. AUO pay is based on the number of hours actually worked over a period of time. The level of AUO pay may vary from 10 to 25 percent of basic pay, depending on the average number of AUO hours worked per week. The head of each agency (or an official with delegated authority) is responsible for authorizing AUO, determining the number of hours the employee needs to work to qualify for AUO, periodically reviewing the employee's entitlement to receive AUO, and revising AUO rates when necessary. Title 5, Code of Federal Regulations, does not specify which job series qualify for AUO. Our review identified a limited number of occupations that received AUO. Employees receiving AUO were generally in occupations such as nuclear engineering, law enforcement, language interpretation, and property management.

Discussion

The use of AUO in DoD generally complies with Federal statutes and regulations. During FY 1996, 167 DoD employees received about \$1.6 million of AUO payments.

We reviewed the personnel files of 138 of the 167 employees receiving AUO and interviewed personnel associated with approving AUO requests. We determined that for 28 employees, another type of premium pay may be more appropriate than AUO. Sixteen of those employees are firefighters at the Letterkenny Army Depot, Pennsylvania, and did not qualify for this type of premium pay. They should have received standby pay, which is another type of premium pay. Managers at Letterkenny Army Depot are correcting the firefighters' personnel and payroll records to pay standby premium pay instead of AUO. The firefighters will receive the same amount of standby premium pay that they received in AUO premium pay.

Additionally, eight detectives assigned to the Norfolk Naval Base (the Naval Base) Security Department are receiving AUO payments to which they are not entitled. This determination is based on a study by the Security Department at the Naval Base that assessed the numbers of hours the detectives worked. The study specifically evaluated whether the detectives receiving AUO payments merited those payments, based on the hours they worked. The study revealed that most were not entitled to any amount of AUO pay. Moreover, most of the detectives failed to work the hours required to qualify for the minimum percentage of AUO. However, they may qualify for another type of premium pay such as overtime pay.

Officials at the Naval Base's Human Resource Office and Security Department are aware that the detectives are receiving AUO pay without working the required number of hours. They are attempting to stop the payments by working with the union that represents the detectives. Officials at the Human Resource Office stated that the detectives will continue to receive AUO payments until the union agrees to some method of diminishing or eliminating the AUO payments. We have issued a memorandum to the Commander, Norfolk Naval Base, suggesting that AUO payments be stopped immediately.

We also noted that four other employees at the United States Air Force Academy may not meet the requirements of the Code of Federal Regulations for AUO. Instead, based on their work schedules and the circumstances of their work environment, they may qualify for another type of premium pay. Those employees worked in physical therapy, parachute training, recreation facility management, and public affairs. We have issued a memorandum to the Air Force Deputy Chief of Staff, Personnel, questioning the appropriateness of paying those employees AUO premium pay. We will follow up on actions taken by the Air Force.

In addition, we followed up on the Inspector General, DoD, Report No. 96-054, which noted inadequate justification for payment of AUO to three head coaches at the United States Military Academy. Officials there had not yet begun reviewing the management of the premium pay program. During this

audit, they advised us that they will perform a review. We will continue to monitor the action taken by officials at the United States Military Academy.

Overall, AUO may have been incorrectly paid to about 28 employees. We do not believe that any fraud occurred in the payment of AUO. Our review of personnel files showed that most employees who received AUO may be entitled to some type of premium pay. Moreover, when information in the Defense Manpower Data Center database was compared to information from the personnel files of employees receiving AUO, only minor inconsistencies were found. Overall, we did not identify any large or systemic abuse of AUO in DoD.

Management Comments

We provided a draft of this report on December 13, 1996. Because the report contains no findings or recommendations, comments were not required, and none were received. Therefore, we are publishing this report in final form.

We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. Raymond D. Kidd, Audit Program Director, at (703) 604-9110 (DSN 664-9110) or Mr. John M. Seeba, Audit Project Manager, at (703) 604-9134 (DSN 664-9134). The Enclosure lists the distribution of this report. The audit team members are listed inside the back cover.



David K. Steensma
Deputy Assistant Inspector General
for Auditing

Enclosure

Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller)
Deputy Chief Financial Officer
Deputy Comptroller (Program/Budget)
Under Secretary of Defense (Personnel and Readiness)
General Counsel of the Department of Defense
Assistant to the Secretary of Defense (Public Affairs)
Director, Defense Logistics Studies Information Exchange

Department of the Army

Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Auditor General, Department of the Navy
Dudley Knox Library, Naval Postgraduate School

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force

Other Defense Organizations

Director, Defense Finance and Accounting Service
Director, Defense Contract Audit Agency
Director, Defense Information Systems Agency
Director, Defense Logistics Agency
Director, National Security Agency
Inspector General, National Security Agency
Inspector General, Defense Intelligence Agency
Inspector General, National Imagery and Mapping Agency

Report Distribution

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
Office of Personnel Management
Technical Information Center, National Security and International Affairs Division,
General Accounting Office

Chairman and ranking minority member of each of the following congressional committees and subcommittees:

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal
Justice, Committee on Government Reform and Oversight
House Committee on National Security

Honorable John McCain, United States Senate

Audit Team Members

This report was prepared by the Finance and Accounting Directorate, Office of the Assistant Inspector General for Auditing, DoD.

F. Jay Lane
Raymond D. Kidd
John M. Seeba
Riccardo R. Buglisi
David W. Alekson
Rodney E. Lynn
Kristin L. Borushko
Jewell F. Levy
Susanne B. Allen