

U.S. DEPARTMENT OF COMMERCE
Office of Inspector General



**PUBLIC
RELEASE**

BUREAU OF THE CENSUS

*Columbia Dress Rehearsal
Identifies Needed Improvements
in Personnel Administration*

Audit Report No. ATL-11050-8-0001 / September 1998

Office of Audits, Atlanta Regional Office





UNITED STATES DEPARTMENT OF COMMERCE
The Inspector General
Washington, D.C. 20230

September 30, 1998

MEMORANDUM FOR: James F. Holmes
Acting Director
Bureau of the Census

FROM: Johnnie E. Frazier
Acting Inspector General

SUBJECT: *Columbia Dress Rehearsal Identifies
Needed Improvements in Personnel Administration*
Final Audit Report No. ATL-11050-8-0001
September 1998

Attached is the final report on our review of personnel administration during the Bureau of Census' Columbia Dress Rehearsal. Four copies of the audit report have been sent to the Census audit liaison. Our findings and recommendations are highlighted in the executive summary beginning on page i and our complete recommendations are on pages 4, 7, 9, 11, 14, and 15.

We have reviewed the Bureau's response to the draft report and appreciate the comments provided. Census concurred with most of our recommendations or believed that the issues had been resolved. However, the bureau did not fully address our recommendations pertaining to employee personnel files and supplemental payment problems. The Bureau's response is summarized following each report segment's recommendations. The Bureau's entire response is included as Appendix I.

In accordance with DAO 213-5, you have a maximum of 60 days to submit, for our concurrence, an audit action plan for implementation for each of the report's recommendations. Exhibit 7 of the DAO should be used to format the audit action plan. The plan should include specific details and dates as to how and when each recommendation will be implemented. The plan must also include the rationale and/or legal basis for not implementing any of the recommendations.

Please inform the Office of Inspector General of the names of the key officials responsible for resolution of this audit. If you or those officials have any questions regarding preparation of the audit action plan, please contact William F. Bedwell, Jr., Regional Inspector General for Audits, Atlanta Regional Office, at (404) 730-2780.

We appreciate the cooperation and courtesies extended to us by officials of the Bureau of the Census during our review.

Attachment

cc: Robert J. Shapiro, Under Secretary for Economic Affairs

CONTENTS

	Page
EXECUTIVE SUMMARY	i
INTRODUCTION	1
PURPOSE AND SCOPE	2
FINDINGS AND RECOMMENDATIONS	3
I. HIRING AND PAYROLL PROCEDURES AND PRACTICES WERE GENERALLY EFFECTIVE AND SUCCESSFUL	3
II. MULTIPLE DAILY TIME SHEETS CAUSED INAPPROPRIATE DUPLICATE CLAIMS	3
Recommendations	4
Census Response	5
OIG Comments	5
III. VISA CHECK PROGRAM WAS INADEQUATELY CONTROLLED AND HAS CAUSED PROBLEMS FOR SOME EMPLOYEES	6
Recommendations	7
Census Response	7
OIG Comments	8
IV. ADVANCE APPROVAL REQUIREMENTS FOR OVERTIME WERE IMPRACTICAL	9
Recommendation	9
Census Response	10
OIG Comments	10
V. SECOND WEEKLY PAYROLL PROCESSING RUN SHOULD BE AVOIDED	11
Recommendations	11
Census Response	11
OIG Comments	12

VI. ERRORS AND OMISSIONS IN SEPARATION DOCUMENTATION COULD
LEAD TO UNNECESSARY COST IN UNEMPLOYMENT COMPENSATION 13

Recommendation 14
Census Response 14
OIG Comments 14

VII. COMPUTER SOFTWARE PROBLEMS CAUSE DELAYS
IN SUPPLEMENTAL PAYMENTS 15

Recommendations 15
Census Response 15
OIG Comments 15

APPENDIX I. CENSUS BUREAU'S RESPONSE TO DRAFT AUDIT REPORT

EXECUTIVE SUMMARY

The decennial census is the nation's most comprehensive and expensive statistical data-gathering program. The accuracy of the data collected is critical since the information, among other things, is used to reapportion seats in the House of Representatives and impacts proportional funding of many federal programs. The Census Bureau designed 1998 dress rehearsals for three sites in order to test nearly all the various operations and procedures planned for the 2000 Decennial Census. The sites are the City of Sacramento, California, 11 counties around Columbia, South Carolina, and the Menominee Indian Reservation in Wisconsin.

We audited the personnel administration for the Columbia dress rehearsal to determine if local Census officials had hired an adequate number of qualified temporary employees for the rehearsal, and paid and reimbursed them promptly and accurately. Our audit determined that Columbia's hiring and payroll procedures and practices were generally effective and successful, but that the office experienced timekeeping and payroll problems and did not adequately document reasons for employee separations. Specifically, we found that:

- Census needed to hire more than 2,300 qualified temporary employees for the Columbia rehearsal's non-response follow-up operation. Meeting the hiring goal was anticipated to be a difficult task. Nonetheless, our examination of the hiring procedures and practices revealed that Columbia management not only successfully and timely hired the large number of people needed, but also brought on personnel competent to perform the various clerical and enumeration tasks required. In general, they also paid and reimbursed employees promptly and accurately; however, several aspects of the payroll process needed improvement. (See page 3.)
- The Census automated pay system permits enumerators to submit multiple daily time sheets to claim work done in each assignment area during a day in order to meet the bureau's need to separately account for the work. However, this practice permitted employees to inappropriately claim the same time period worked for more than one assignment area. As a result, in at least a few instances, the government paid employees twice for the same time worked. With an estimated 475 local offices to be operated during the 2000 decennial, the cost of duplicate time claims could be quite significant if the problem is not corrected. Moreover, an increased possibility for fraud exists if the Census automated pay system cannot detect duplicate time claims. (See page 3.)
- The VISA "convenience check" program, which enables the local Census offices to advance pay to newly hired employees, was designed to enhance the bureau's ability to attract and retain competent temporary personnel. However, when it became apparent that the first payroll for the non-response follow-up operation would be delayed due to problems with the automated pay system, the Charlotte Regional Director authorized the use of VISA checks to advance onboard employees \$100 toward their pay. While the program was not intended to be used for this purpose, a more serious problem was that the distribution of the checks was not adequately controlled. For example, 109 of 135 checks were signed and issued without including payee names, a situation that amounted to issuing blank checks that anyone could use. (See page 6.)

- Census regulations require that overtime hours be approved in advance for each employee. However, Census managers, as a matter of practice, either gave employees blanket advance approval for overtime or did not require approval before they worked overtime. Columbia management paid an estimated \$160,000 in overtime during the rehearsal. According to the Columbia local office manager, obtaining advance approval for field staff was impractical because the need for the overtime work could not be anticipated. (See page 9.)
- Ideally, the Census weekly payroll process should only need to be run once for each pay week. However, because Friday and Saturday time sheets for enumerators from outlying rural areas often are not submitted and processed in time for the main payroll run on Tuesday, a second payroll run must be made for each week in order to capture the two days, increasing the workload for payroll processing personnel. (See page 11.)
- Census procedures require that supervisors document the reasons employees separate or are terminated from employment. There are a number of reasons for having accurate and complete information on why employees leave. One important reason is to be able to adequately handle unemployment claims. Our review of employee personnel records revealed several instances where supervisors made errors, omitted important information, or used the wrong form in documenting the reasons employees were separated. A 1994 OIG inspection found that inadequate or incomplete documentation was a common problem in the 1990 Decennial Census, after which the Bureau received more than 100,000 requests for wage and separation information, and the government paid \$64 million in decennial-related unemployment compensation. The report concluded that millions of dollars in savings would result from having better management control in this area. We believe the same holds true for the 2000 decennial. (See page 13.)
- The automated pay system was designed to make weekly and end-of-operation supplemental payments to enumerators and other field personnel qualifying for such payments. However, due to computer software problems, the pay system did not identify all the employees eligible for the supplemental payments and did not always generate the proper payment amounts. As a result, supplemental payments to employees have been significantly delayed by as much as two months while Census headquarters personnel correct the software problems. (See page 15.)

We are recommending certain actions that will maintain the integrity of internal controls, yet provide Census managers the flexibility to respond to specific operational problems that occurred during the rehearsal and may recur during the 2000 Census. Our recommendations are on pages 4, 7, 9, 11, 14, and 15.

In response to the draft audit report, Census officials concurred with most of our recommendations and stated that the bureau had already taken action to resolve many of them. However, the bureau did not concur with our recommendation to test procedures that could avoid a second payroll run. In addition, the bureau did not fully address our recommendations pertaining to employee personnel files and supplemental payment problems.

After careful review and consideration of the bureau's response, we did not modify any of the draft report's findings or recommendations. Except for the nonconcurrence with the recommendation pertaining to the second payroll run and not fully addressing our recommendations pertaining to employee personnel files and supplemental payment problems, we agree with the actions taken, in process, or planned by the bureau.

We have summarized the bureau's responses and have provided our comments after the appropriate sections of this report. We have included the complete bureau's response as Appendix I.

INTRODUCTION

The decennial census is the nation's most comprehensive and expensive statistical data-gathering program. The accuracy of the data collected is critical since the information, among other things, is used to reapportion seats in the House of Representatives and impacts proportional funding of many federal programs. The 1990 Census received much criticism for undercounting millions of Americans, despite being the most costly census in history. Congress has not yet endorsed the Census Bureau's plan for the 2000 Decennial Census because of concerns over statistical sampling and estimation procedures.

The bureau designed 1998 dress rehearsals for three sites in order to test nearly all the various operations and procedures planned for the 2000 decennial. The sites are the City of Sacramento, California, 11 counties around Columbia, South Carolina, and the Menominee Indian Reservation in Wisconsin.

Each dress rehearsal's most labor intensive phase occurred during the non-response follow-up operation. Basically, this operation consisted of physically gathering information from households and individuals not responding to a questionnaire that had been mailed earlier. For the Columbia site, the follow-up operation was conducted from May 10, 1998 through July 4, 1998. As shown below, in eight weeks Census dress rehearsal employees worked almost 238,000 total hours, including more than 10,000 hours of overtime, and processed about 50,000 daily time sheets.

COLUMBIA LOCAL CENSUS OFFICE NON-RESPONSE FOLLOW-UP LEVEL OF EFFORT				
<u>Pay Period</u>	<u>Dates</u>	<u>Hours Worked</u>	<u>Overtime Hours</u>	<u>308 Forms Processed</u>
PP 19	5/10-5/16/98	54,440	3,011	9,726
PP 20	5/17-5/23/98	36,587	2,166	7,283
PP 21	5/24-5/30/98	31,909	1,286	6,927
PP 22	5/31-6/06/98	40,731	1,313	9,681
PP 23	6/07-6/13/98	26,191	735	6,104
PP 24	6/14-6/20/98	20,332	651	4,408
PP 25	6/21-6/27/98	18,638	1,074	4,029
PP 26	6/28-7/04/98	9,040	361	1,970
TOTALS		237,868	10,597	50,128

PURPOSE AND SCOPE

The OIG's Atlanta Regional Office conducted an audit of Census' personnel administration for the Columbia dress rehearsal. Our audit objective was to determine if the Census Bureau (1) hired an adequate number of qualified temporary employees for the dress rehearsal, and (2) paid and reimbursed the employees promptly and accurately. We did not evaluate the recruitment and training of those employees; those aspects were included in concurrent audit work conducted by the OIG's Economics and Statistics Audits Division. We performed the audit during June and July 1998 at the Charlotte Regional Census Center and the Columbia Local Census Office. Our audit covered the dress rehearsal's non-response follow-up operation.

We randomly selected for detailed review 30 employee records of the more than 2,300 employees hired for this operation. For the 30 employees, we compared information in their official personnel folders with that recorded in the automated Pre-Appointment Management System and Automated Decennial Administrative Management System (PAMS/ADAMS). We also compared information recorded on the employees' daily work records (Form D-308) with payroll data generated through the PAMS/ADAMS system. In addition, we supplemented our basic sample of 30 employees with other special purpose samples as needed.

We reviewed the management and internal control systems applicable to the Columbia dress rehearsal. Except as disclosed herein, we determined that the systems were basically reliable, and therefore structured our detailed testing of transactions accordingly. We also relied on the computer processed data used in the dress rehearsal. We tested the data's accuracy by tracing the data to source documents and by comparing it to the same data in other documents. Based on our tests, except as disclosed herein, we concluded that we could rely on the data in meeting our objectives.

Since our audit objective was to perform an administrative evaluation of the Columbia dress rehearsal, we did not assess compliance with federal laws. We tested certain transactions regarding the hiring and paying of dress rehearsal employees. Except as disclosed in this report, the results of our tests indicate that, with respect to the items tested, Columbia dress rehearsal management complied in all material respects with dress rehearsal administrative regulations, most notably Chapters 5 and 6 of the Bureau's *PAMS/ADAMS Operating Guide*. With respect to items not tested, nothing came to our attention that caused us to believe that Columbia dress rehearsal management had not complied in all material respects with the appropriate regulations.

In August 1998, we issued a draft report to Census for its review and comments. We have summarized the bureau's response after the appropriate sections of this report and have included the complete response as Appendix I.

We conducted the audit in accordance with generally accepted government auditing standards, and performed it under the authority of the Inspector General Act of 1978, as amended, and Department Organization Order 10-13, dated May 22, 1980, as amended.

FINDINGS AND RECOMMENDATIONS

I. HIRING AND PAYROLL PROCEDURES AND PRACTICES WERE GENERALLY EFFECTIVE AND SUCCESSFUL

Census needed to hire more than 2,300 qualified temporary employees for the Columbia rehearsal's non-response follow-up operation. Meeting the hiring goal was anticipated to be a difficult task. Nonetheless, our examination of the hiring procedures and practices revealed that Columbia management not only successfully and timely hired the large number of people needed, but also brought on personnel who were proving to be competent to perform the various clerical and enumeration tasks required. As a result, we have no specific recommendations for improving hiring procedures and practices.

In general, Columbia management also paid and reimbursed its employees promptly and accurately. However, several aspects of the payroll process needed improvement, as discussed in detail in the following sections. We are recommending certain actions that will maintain the integrity of internal controls, yet provide Census managers the flexibility to respond to specific operational problems that occurred during the rehearsal and may recur during the 2000 Census.

II. MULTIPLE DAILY TIME SHEETS CAUSED INAPPROPRIATE DUPLICATE CLAIMS

The Census automated pay system permits enumerators to submit multiple daily time sheets to claim work done in each assignment area during a day in order to meet the bureau's need to separately account for the work. However, this practice permits employees to inappropriately claim the same time period worked for more than one assignment area. As a result, in a few instances in our sample, the government paid employees twice for the same time worked. With an estimated 475 local offices to be operated during the 2000 decennial, the cost of duplicate time claims could be quite significant if the problem is not corrected. Moreover, an increased possibility for fraud exists if the Census automated pay system cannot detect duplicate time claims.

Many enumerators routinely submitted more than one daily time sheet (Form D-308) for each day worked during the non-response follow-up operation. This occurred because enumerators who worked in more than one assignment area during a day provided a separate time sheet accounting for work done in each area. Our judgmental sample of 17 enumerators who worked consistently during this operation revealed 21 duplicate claims resulting from multiple time sheets, ranging from 15 minutes to four hours. For example, an enumerator's time sheet claimed work from 3:00 - 6:00 PM on May 22, 1998, in one assignment area, while a second sheet for that day reflected 4:00 - 4:30 PM in a different area. In another instance, an enumerator's time sheet claimed work from 3:30 - 4:45 PM on June 1, 1998, in one assignment area; a second sheet for that day reflected 4:00 - 4:15 PM in another area; and a third sheet for the day showed 4:15 - 4:30 PM in a third area.

As shown below, 20 of the 21 duplicate claims were made by the five enumerators who submitted multiple time sheets for the most days.

<u>Enumerator</u>	<u>Multiple Time Sheet Days</u>	<u>Duplicate Time Claims</u>	<u>Pct. of Duplicate Claims to Multiple Time Sheet Days</u>
1	25	5	20
2	22	7	32
3	20	4	20
4	19	2	11
5	<u>10</u>	<u>2</u>	<u>20</u>
Totals	<u>96</u>	<u>20</u>	<u>21</u>

Although the sampled time sheets revealed duplicate claims totaling only 16 hours at a direct labor cost of about \$168, we emphasize that our sample included only 17 enumerators. However, as shown in the chart, the number of duplicate claims was generally proportionate to the number of days an enumerator submitted multiple time sheets. Therefore, an accurate determination of the total cost of duplicate claims would entail reviewing time sheets for all Columbia enumerators who regularly worked in more than one assignment area per day. With an estimated 475 local offices to be operated during the 2000 decennial, the cost of duplicate time claims could be quite significant if the problem is not corrected.

On June 10, 1998, Census headquarters discontinued the requirement for enumerators to submit a separate time sheet for each assignment area worked during a day. However, the revised time sheet procedure does not permit recording multiple assignment areas worked. As a result, not only does the procedure/form preclude the bureau from being able to track each assignment area's work, more importantly it does not prevent intentional duplicate submissions. In addition to the cost of unintentionally duplicated claims, the possibility for fraud exists because the Census automated pay system fails to detect duplicate time claims. Moreover, manual detection is difficult, especially when enumerators do not submit all multiple time sheets to their crew leaders at the same time. While our audit procedures did not detect any intentional duplicate claims from our limited sample, the opportunity clearly existed.

Recommendations

We recommend that the Acting Director of the Census Bureau ensure that:

1. The daily time sheet (Form D-308) be modified so that time worked by an employee in multiple assignment areas on a single day can be recorded on one form.
2. The automated pay system (ADAMS) be modified so that multiple daily time sheets for an employee are flagged on an exception report for review and validation by an appropriate official.

Census Response

1. *Ensure that the daily time sheet (Form D-308) is modified so that time worked by an employee in multiple assignment areas on a single day can be recorded on one form.*

Problem resolved: The Census Bureau has lifted the requirement that enumerators submit multiple time sheets for multiple assignments. In Census 2000, enumerators will submit one time sheet for the entire workday

2. *Ensure that the automated pay system (ADAMS) is modified so that multiple daily time sheets for an employee are flagged on an exception report for review and validation by an appropriate official.*

The Bureau concurs: The Census Bureau will review current procedures and system requirements needed to develop an edit that will identify multiple and/or duplicate time sheets submitted for the same day and generate an exception list for review by appropriate payroll/personnel staff.

OIG Comments

Implementing our first recommendation would enable the bureau to continue its previous method of tracking each assignment area's work. However, we defer to Census officials' judgment in lifting the requirement for enumerators to submit multiple time sheets for multiple assignments. Therefore, it will not be necessary for the bureau's audit action plan prepared in response to this final report to address this recommendation.

The bureau's planned actions will adequately address our second recommendation.

III. VISA CHECK PROGRAM WAS INADEQUATELY CONTROLLED AND HAS CAUSED PROBLEMS FOR SOME EMPLOYEES

The VISA convenience check program, which enables the local Census offices to advance pay to newly hired employees, was designed to enhance the bureau's ability to attract and retain competent temporary personnel. However, when it became apparent in late May 1998 that the first payroll for the non-response follow-up operation would be delayed several days due to problems with the automated pay system, the Charlotte Regional Director authorized the use of VISA checks as a payroll advance. The checks could be drawn for \$100 and issued to onboard employees who were to receive a paper payroll check, as opposed to direct electronic deposit of funds. While the program was not intended to be used for this purpose, a more serious problem was that the distribution of 135 checks was not adequately controlled. For example, 109 checks were signed and issued without including payee names, a situation that amounted to issuing blank checks that anyone could use.

The VISA convenience check program was designed for the limited purpose of enabling local Census offices to provide funds to new dress rehearsal employees needing a small advance before receiving their first regular pay check. In fact, until the non-response follow-up operation, the Columbia manager had issued only seven VISA checks for initial advances, and the automated pay system deducted appropriate amounts from employees' first pay checks. However, when the payroll problem arose at the beginning of the follow-up operation, Columbia officials canvassed its field personnel and determined that 135 VISA checks would be needed as advances against the delayed payroll.

To expedite delivery of the checks, the Columbia manager signed 109 of the checks with payee names left blank and distributed the checks to field personnel. Crew leaders ultimately entered the employee's name on each check and obtained an acknowledgment from each employee receiving a check. Columbia officials then used information on the acknowledgment to account for each check. Although Columbia personnel ultimately achieved full accountability for all checks, this distribution procedure caused \$10,900 in blank VISA checks to be circulated, and no check register was established to account for any of the 135 checks disbursed.

Also, many employees encountered problems with the checks. Financial institutions and check cashing establishments often refused to cash the checks. They thought the documents were "two-party" checks because they were imprinted with the Columbia manager's name and signed by the manager. In addition, the checks did not reflect the VISA logo and contained a disclosure reading "Not for cash." As a result, 43 of the 135 checks were returned to the Columbia office, where they were voided. Charlotte Regional Office officials believe that these problems have been remedied through a change in contractors from VISA to American Express.

Finally, in a few cases, the automated payroll system deducted more than the \$100 advance from subsequent employee pay checks. This occurred because the deduction was reflected once in the initial payroll run for a week and again in a later run for that same week. As a result, some employees had as much as \$200 deducted from pay checks. As of early August 1998, Charlotte Regional Office officials had not yet processed the transactions necessary to correct this problem.

In the “worst case scenario,” an employee who received the \$100 payroll advance returned the VISA check to the Columbia office because it could not be cashed. However, Columbia payroll personnel had already processed a \$100 deduction transaction into the automated pay system. Then, when the duplicate payroll run was made, \$100 was deducted a second time. Plus, more than two months later, the employee still had not been reimbursed for the \$200 deduction covering the \$100 payroll advance never actually received.

The above problems are counterproductive to the bureau’s objective of attracting and retaining competent temporary personnel. The problem with employees being able to cash the checks may have been resolved by changing contractors. The duplicate deductions problem will be resolved when, as discussed on pages 9 and 10, running the weekly payroll twice is corrected.

Recommendations

We recommend that the Acting Director of the Census Bureau ensure that:

1. Specific procedures be published to require that all parts of a check be completed when issued, and that distribution of the checks be adequately controlled and safeguarded, which includes maintaining a check register.
2. Procedures be established to monitor the convenience check program to better ensure that employees have no difficulties in cashing or depositing the checks.

Census Response

1. *Ensure that specific procedures are published to require that all parts of a check are completed when issued, and that distribution of the checks are adequately controlled and safeguarded, which includes maintaining a check register.*

Problem Resolved: For Census 2000, the Census Bureau has canceled the use of the VISA check program and replaced the VISA checks with American Express Travelers Checks.

The Census Bureau has issued revised program guidance and implementation instructions in a Regional Census Center Administrative Memorandum to all Regional Directors. Administrative control procedures are in place that include safeguarding checks in a locked safe with controlled and limited access, control registers that identify Travelers Checks serial numbers, date of issuance, and signature of employee (certifying the receipt of the check). The Field Division’s Decennial Personnel/Payroll staff at headquarters, along with the Finance Division, are monitoring the issuance of the checks as well as reviewing weekly payroll deduction registers produced by the automated pay system (ADAMS), to ensure the deductions are being made by Regional Census Center administrative staff.

In addition, the problems regarding the automated payroll deductions at the Charlotte Dress Rehearsal site have been resolved, and employees have received reimbursements for erroneous deductions.

2. ***Ensure that procedures are established to monitor the convenience check program to better ensure that employees have no difficulties in cashing or depositing the checks.***

Problem Resolved: For Census 2000, the Census Bureau has canceled the use of the VISA check program because of the difficulties employees experienced cashing or depositing these checks (which resembled third-party checks). The VISA check program has been replaced with internationally recognized American Express Travelers Checks, which are far more widely accepted and recognized as legal tender. The widespread problems experienced by the Bureau under the VISA check program have been eliminated as a result of the switch.

OIG Comments

We commend the Bureau for initiating actions to address our recommendations. The actions proposed will adequately address the recommendations.

IV. ADVANCE APPROVAL REQUIREMENTS FOR OVERTIME WERE IMPRACTICAL

Census regulations require that overtime hours be approved in advance for each employee. However, Census managers, as a matter of practice, either gave employees blanket advance approval for overtime or did not require approval before they worked overtime. At the time of our review, Columbia management had paid an estimated \$160,000 in overtime during the rehearsal. According to the Columbia local office manager, obtaining advance approval for field staff was impractical because the need for the overtime work could not be anticipated.

Columbia records indicate that 10,597 hours of overtime were used for the non-response follow-up operation. Based on this, we estimate the direct labor overtime cost to be about \$160,000. However, Columbia staff did not compile overtime usage by office and field personnel. Therefore, it was not possible to determine the extent of overtime used by either office or field personnel.

The Columbia local office manager advised us that the Charlotte Regional Director orally approved blanket overtime use for Columbia office staff throughout the follow-up operation. The official stated that the Regional Director authorized blanket overtime because Columbia payroll personnel required extra time to process the unexpected volume of daily time sheets and to contend with the resulting problems.

In addition, Columbia management did not require field personnel to have an overtime authorization (Form CD-81) approved before performing overtime work. The Columbia manager stated that it was impractical for field personnel, whose overtime use was minimal, to use the form. He said that they occasionally required small amounts of unanticipated overtime to complete work in an assignment area and return home, and it would have been impractical to have the authorization approved before the overtime was performed. He further stated that field personnel were counseled as needed about overtime use and terminated if overtime was abused.

Nevertheless, to demonstrate the need for overtime work, field personnel should be required to document why the overtime was necessary and an efficient use of government funds for accomplishing the work assigned. This could be done through a simple explanation on the employee's daily time sheet for which he or she claims overtime.

Recommendation

We recommend that the Acting Director of the Census Bureau ensure that:

1. Procedures be modified so that managers have an option to either give advance written approval for overtime or approve a limited amount of overtime, after the fact, when an employee can adequately document that advance approval was not practical and that the overtime was necessary and the most efficient use of government funds for accomplishing an assigned task.

Census Response

1. *Ensure that procedures are modified so that managers have an option to either give advance written approval for overtime or approve a limited amount of overtime, after the fact, when an employee can adequately document that advance approval was not practical and that the overtime was necessary and the most efficient use of government funds for accomplishing an assigned task.*

The Bureau concurs: The Census Bureau will send a Regional Census Center Administrative Management Memorandum to the Regional Directors documenting existing overtime procedures. Overtime can be approved verbally in advance by the Area Managers and followed up with written approval on *Form CD-81, Request for Authorization of Overtime and Compensatory Hours*, by the Regional Director or the Assistant Regional Census Manager (ARCM). The Census Bureau will provide enough flexibility at the regional level to approve a limited amount of overtime after the fact, as justified, on a case-by-case basis. However, the Census Bureau is not inclined to establish a broad policy on this issue due to the large number of employees expected to be hired for Census 2000 and the opportunities such a policy would create for fraud and abuse.

OIG Comments

We commend the Bureau for initiating actions to address our recommendation. The actions proposed will adequately address the recommendation.

V. SECOND WEEKLY PAYROLL PROCESSING RUN SHOULD BE AVOIDED

The Census weekly payroll process should only need to be run once for each pay week. However, because Friday and Saturday time sheets for enumerators from outlying rural areas often are not submitted and processed in time for the main payroll run on Tuesday, a second payroll run must be made for each week in order to capture the two days, thereby increasing the workload for payroll processing personnel.

During the non-response follow-up operation, crew leaders and field operation supervisors were required to submit enumerator daily time sheets for Fridays and Saturdays, the last two days of the pay week, to the Columbia office by Monday, in order that payroll personnel could process them by Tuesday. However, those time sheets often were not submitted to the Columbia office in time for the Tuesday payroll run, especially by enumerators from outlying rural areas. As a result, payment for those time sheets was made through a separate payroll run and included on the next week's pay check. The second payroll run could be avoided by extending the local office time sheet cutoff from Monday to Tuesday, or by allowing time sheets to be submitted electronically in special instances.

The second weekly payroll processing run also contributed to some of the problems discussed in other sections. (See page 7.) Specifically, the second run made it harder to detect duplicate claims resulting from multiple daily time sheets, caused VISA check payroll deductions to be made twice, and could be affecting calculation problems regarding supplemental payments.

Recommendation

We recommend that the Acting Director of the Census Bureau ensure that:

1. Procedures be tested that would enable all time sheets to be submitted and processed in one payroll run, such as extending the local office time sheet cutoff date and allowing electronic time sheet submission when necessary.

Census Response

1. *Ensure that procedures are tested that would enable all time sheets to be submitted and processed in one payroll run, such as extending the local office time sheet cutoff date and allowing electronic time sheet submission when necessary.*

The Bureau does not concur: The PAMS/ADAMS system is designed to provide a second payroll cycle to accommodate those Local Census Offices (LCOs) located in rural areas. The Census Bureau recognizes that many field employees who work in outlying areas cannot meet daily with supervisors to submit time sheets. When time sheets arrive in the office after the scheduled close-out, the second payroll cycle allows for the time sheets from these offices to be included before LCO payroll close-out. Eliminating this flexibility would impede our ability to pay these employees in a timely manner, which could affect employee turnover and retention rates. As a result, the Census Bureau is not inclined to implement this recommendation.

OIG Comments

As detailed above, employees whose time sheets for Fridays and Saturdays are not received by the established deadline, are not paid for those days until the following week. We believe that the alternative actions we are recommending should at least be tested to determine their viability. Accordingly, we reaffirm our recommendation.

VI. ERRORS AND OMISSIONS IN SEPARATION DOCUMENTATION COULD LEAD TO UNNECESSARY COST IN UNEMPLOYMENT COMPENSATION

Census procedures require that supervisors document the reasons employees separate or are terminated from employment. There are a number of reasons for having accurate and complete information on why employees leave. One important reason is to be able to adequately handle, and where appropriate, refute, unemployment claims. Our review of employee personnel records revealed several instances where supervisors made errors, omitted important information, or used the wrong form to document the reasons employees were separated. A 1994 OIG inspection found that inadequate or incomplete documentation was a common problem in the 1990 Decennial Census, after which the bureau received more than 100,000 requests for wage and separation information, and the government paid \$64 million in decennial-related unemployment compensation. The report concluded that millions of dollars in savings would result from having better management control in this area. We believe the same holds true for the 2000 decennial.

We determined that 269 employees had separated from the Columbia office as of June 15, 1998. Among a random sample of 30 personnel files of the separated employees, 14 employees were reported as resigning for personal reasons, 9 were reported as terminated for poor performance or conduct, and 4 were reported separated due to a lack of work. However, our review of the records revealed many errors, omissions of important information, or use of the wrong form by supervisors. The following documentation problems occurred for 14 of the 30 files reviewed:

- Four of the 30 personnel files could not be located.
- No separation form was found in six personnel files.
- No documentation was in the file for an employee separated for poor performance.
- No documentation was in the file for two employees separated for unauthorized absence.
- The *non-adverse* separation form was used instead of the *adverse* form in one instance.

The 1994 OIG inspection (*Unemployment Compensation and the 2000 Decennial Census*, Final Report IRM-4593), concluded that invalid unemployment compensation claims were paid due to improper personnel management procedures and practices. The report noted that:

“Census supervisors did not document personnel removal actions for decennial temporary employees who were separated for cause, quit voluntarily, or were unavailable for work. Census managers reportedly were too busy with the day-to-day work of the Census to focus on these administrative issues. However, separation for such reasons disqualifies individuals from receiving unemployment benefits. Without proper documentation, however, Commerce has no basis to challenge claims should these individuals apply for unemployment.”

In response to that report, the bureau agreed to review its policies and procedures for the management of unemployment compensation for the 2000 decennial. Although the policies and procedures ultimately established by the bureau appear adequate, our observation of the Columbia office's personnel files suggests that additional management attention is warranted in order to better comply with the policies and procedures.

Recommendation

We recommend that the Acting Director of the Census Bureau ensure that:

1. Employee personnel files contain accurate and complete separation information, and procedures be established for Census regional personnel to periodically review files for such documentation.

Census Response

1. *Ensure that employee personnel files contain accurate and complete separation information, and procedures are established for Census regional personnel to periodically review files for such documentation.*

The Bureau concurs: Regional Census Centers and each LCO were provided instructions on completing evaluations for employees who have performance problems. This issue was reinforced in written form and verbally, including placement of these instructions in Field Supervisors' Handbooks. In Census 2000, the Bureau will provide better coverage of this issue in administrative manuals and training materials.

OIG Comments

The Census response addresses only the evaluation of employees who have performance problems. It is important to note that we are not recommending that Census implement any additional systems for performance evaluations of temporary workers. We are recommending that Census utilize an existing data field in Census form D-291 to document evaluation comments for all employees. We believe that the benefits, namely identification of good and poor performing workers and information critical to unemployment compensation determinations, are significantly greater than the cost of entering the data in the ADAMS system. Therefore, the bureau's audit action plan prepared in response to this final report should encompass the actions to be taken regarding all employees who separate during Census 2000.

VII. COMPUTER SOFTWARE PROBLEMS CAUSE DELAYS IN SUPPLEMENTAL PAYMENTS

The automated pay system (ADAMS) was designed to make weekly and end-of-operation supplemental payments to enumerators and other field personnel qualifying for such payments. However, due to computer software problems, the pay system did not identify all the employees eligible for the supplemental payments and did not always generate the proper payment amounts. As a result, supplemental payments to employees have been significantly delayed by as much as two months while Census headquarters personnel correct the software problems.

There are two types of supplemental payments applicable to the non-response follow-up operation. First, piece rate payments are payable on a weekly basis to enumerators meeting certain criteria. Secondly, an end-of-operation payment is payable at the end of the follow-up operation to field personnel who meet various criteria.

Columbia office personnel made some weekly supplemental payments to enumerators, which we verified for accuracy. However, Columbia officials stated that their time sheet reviews indicated that more evaluators were eligible for such payments than reflected by the automated pay system. They also stated that the pay system did not always reflect proper amounts to be paid. Accordingly, as of early August 1998, the Columbia officials awaited system software changes from Census headquarters before completing the weekly payments and beginning the end-of-operation payments.

Recommendation

We recommend that the Acting Director of the Census Bureau ensure that:

1. The automated pay system (ADAMS) be modified so that all supplemental payments can be made accurately and timely.

Census Response

1. *Ensure that the automated pay system (ADAMS) is modified so that all supplemental payments can be made accurately and timely.*

The Bureau concurs: The Census Bureau will establish a "Supplemental Pay Work Group," consisting of Dress Rehearsal administrative and operations staff, regional directors, and headquarters staff, to review all issues related to supplemental pay, policies, and procedures and develop recommendations regarding the future of the Census 2000 Supplemental Pay program.

OIG Comments

Although the Census response states the actions to be taken for Census 2000, it does not mention any efforts already in place by the bureau to address the specific problems, as described above, encountered during the dress rehearsal. These efforts should be detailed in the bureau's audit action plan prepared in response to this final report.

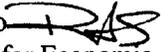


APPENDIX I
UNITED STATES DEPARTMENT OF COMMERCE
Bureau of the Census
Washington, DC 20233-0001

OFFICE OF THE DIRECTOR

SEP 30 1998

MEMORANDUM FOR George E. Ross
Assistant Inspector General for Auditing

Through: Robert J. Shapiro 
Under Secretary for Economic Affairs

From: James F. Holmes 
Acting Director

Subject: Columbia Dress Rehearsal Identifies Needed Improvements
in Personnel Administration
Draft Audit Report No. ATL-11050-8-XXXX

This is in response to your memorandum dated August 31, 1998, transmitting the above referenced draft audit report regarding the Columbia Dress Rehearsal. The purpose of the Dress Rehearsal is to identify any technical and operational difficulties in the Census 2000 plan with the full expectation that there will be some difficulties. The success of the Dress Rehearsal can be gauged by its ability to provide the Bureau with information about what worked well and what areas need improvement. A successful Dress Rehearsal will also provide the Bureau with ideas with how to improve operations that did not function as well as expected. On this measure, the Dress Rehearsal has been a success, not only because the Census Bureau was able to hire sufficient staff, achieve targeted mail response rates, and complete operations on schedule, but also because we did learn about areas where we need make improvements, some of which have already been addressed. Indeed, the Office of Inspector General (OIG) has been very helpful in working with the Bureau to identify these areas of concern, and the Bureau is appreciative of the OIG's input.

Your report includes the following recommendations:

- II. 1) Ensure that the daily time sheet (Form D-308), is modified so that time worked by an employee in multiple assignment areas on a single day can be recorded on one form.*

Problem resolved: The Census Bureau has lifted the requirement that enumerators submit multiple time sheets for multiple assignments. In Census 2000, enumerators will submit one time sheet for the entire workday.

- II. 2) Ensure that the automated pay systems (ADAMS), are modified so that multiple daily time sheets for an employee are flagged on an exception report for review and validation by an appropriate official.*

The Bureau concurs: The Census Bureau will review current procedures and system requirements needed to develop an edit that will identify multiple and/or duplicate time sheets submitted for the same day and generate an exception list for review by appropriate payroll/personnel staff.

III. 1) *Ensure that specific procedures be published to require that all parts of a check be completed when issued, and that distribution of the checks be adequately controlled and safeguarded, which includes maintaining a check register.*

Problem resolved: For Census 2000, the Census Bureau has canceled the use of the VISA check program and replaced the VISA checks with American Express Travelers Checks.

The Census Bureau has issued revised program guidance and implementation instructions in a Regional Census Center Administrative Memorandum to all Regional Directors. Administrative control procedures are in place that include safeguarding checks in a locked safe with controlled and limited access, control registers that identify Travelers Checks serial numbers, date of issuance, and signature of employee (certifying the receipt of the check). The Field Division's Decennial Personnel/Payroll staff at headquarters, along with the Finance Division, are monitoring the issuance of the checks as well as reviewing weekly payroll deduction registers produced by the automated pay system (ADAMS), to ensure the deductions are being made by Regional Census Center administrative staff.

In addition, the problems regarding the automated payroll deductions at the Charlotte Dress Rehearsal site have been resolved, and employees have received reimbursements for erroneous deductions.

III. 2) *Procedures be established to monitor the convenience check program to better ensure that employees have no difficulties in cashing or depositing the checks.*

Problem resolved: For Census 2000, the Census Bureau has canceled the use of the VISA check program because of the difficulties employees experienced cashing or depositing these checks (which resembled third-party checks). The VISA check program has been replaced with internationally recognized American Express Travelers Checks, which are far more widely accepted and recognized as legal tender. The widespread problems experienced by the Bureau under the VISA check program have been eliminated as a result of the switch.

- IV. 1) *Ensure that procedures are modified so that managers have an option to either give advanced written approval for overtime or approve a limited amount of overtime, after the fact, when an employee can adequately document that advance approval was not practical and that the overtime was necessary and the most efficient use of government funds for accomplishing an assigned task.***

The Bureau concurs: The Census Bureau will send a Regional Census Center Administrative Management Memorandum to the Regional Directors documenting existing overtime procedures. Overtime can be approved verbally in advance by the Area Managers and followed up with written approval on *Form CD-81, Request for Authorization of Overtime and Compensatory Hours*, by the Regional Director or the Assistant Regional Census Manager (ARCM). The Census Bureau will provide enough flexibility at the regional level to approve a limited amount of overtime after the fact, as justified, on a case-by-case basis. However, the Census Bureau is not inclined to establish a broad policy on this issue due to the large number of employees expected to be hired for Census 2000 and the opportunities such a policy would create for fraud and abuse.

- V. 1) *Ensure that procedures be tested that would enable all time sheets to be submitted and processed in one payroll run, such as extending the local office time sheet cutoff date and allowing electronic time sheet submission when necessary.***

The Bureau does not concur: The PAMS/ADAMS system is designed to provide a second payroll cycle to accommodate those Local Census Offices (LCOs) located in rural areas. The Census Bureau recognizes that many field employees who work in outlying areas cannot meet daily with supervisors to submit time sheets. When time sheets arrive in the office after the scheduled close-out, the second payroll cycle allows for the time sheets from these offices to be included before LCO payroll close-out. Eliminating this flexibility would impede our ability to pay these employees in a timely manner, which could affect employee turnover and retention rates. As a result, the Census Bureau is not inclined to implement this recommendation.

- VI. 1) *Ensure that employee personnel files contain accurate and complete separation information and procedures be established for Census regional personnel to periodically review files for such documentation.***

The Bureau concurs: Regional Census Centers and each LCO were provided instructions on completing evaluations for employees who have performance problems. This issue was reinforced in written form and verbally, including placement of these instructions in Field Supervisors' Handbooks. In Census 2000, the Bureau will provide better coverage of this issue in administrative manuals and training materials.

VII. 1) Ensure that the automated pay system (ADAMS), be modified so that all supplemental payments can be made accurately and timely.

The Bureau concurs: The Census Bureau will establish a "Supplemental Pay Work Group," consisting of Dress Rehearsal administrative and operations staff, regional directors, and headquarters staff, to review all issues related to supplemental pay, policies, and procedures and develop recommendations regarding the future of the Census 2000 Supplemental Pay program.