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**United States Department of State
and the Broadcasting Board of Governors
Office of Inspector General**

Office of Audits

**Audit of Overtime Pay for
Locally Employed Staff
Assigned to Embassy Baghdad**

Report Number AUD/CG-11-47, September 2011

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Spotlight: Audit of Overtime Pay for Locally Employed Staff Assigned to Embassy Baghdad

Office of Inspector General
AUD/CG-11-47

Why OIG Conducted This Audit

OIG conducted this audit because OIG's Office of Inspections reported in July 2009 that internal controls for overtime at Embassy Baghdad were weak, leaving the embassy vulnerable to waste, fraud, and mismanagement. In addition, the Office of Audits reported in June 2010 that Americans in Baghdad did not adhere to requirements for supervisory authorization of overtime, supervisory approval of timesheets, or the submission of complete and accurate payroll information for pay.

Objective

The primary objective of this audit was to determine whether Embassy Baghdad supervisors provided adequate internal controls over the authorization and approval of overtime pay for locally employed staff assigned to Iraq.

What OIG Determined

OIG determined that American supervisors at Embassy Baghdad did not consistently authorize overtime for locally employed staff in advance of the work performed, locally employed staff presented incomplete and inaccurate documentation for payment and submitted time and attendance directly to their home posts without supervisory approval or oversight, and timekeepers were not adequately trained.

OIG Recommended

OIG recommended that Embassy Baghdad improve supervisory controls for complying with Departmental regulations, policies, and procedures for authorizing and approving overtime; ensure that current and future policies and procedures are disseminated to posts; ensure that post timekeepers are better trained in payroll procedures; and require that only a timekeeper or a supervisor submit time and attendance information directly to the home post or the Bangkok Post Support Unit. In addition, time and attendance documents should be uniform, complete, and accurate.



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PREFACE

This report was prepared by the Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended, and Section 209 of the Foreign Service Act of 1980, as amended. It is one of a series of audit, inspection, investigative, and special reports prepared by OIG periodically as part of its responsibility to promote effective management, accountability and positive change in the Department of State and the Broadcasting Board of Governors.

This report is the result of an assessment of the strengths and weaknesses of the office, post, or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to the OIG and, as appropriate, have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

I express my appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in black ink, appearing to read "H. W. Geisel".

Harold W. Geisel
Deputy Inspector General

Acronyms

Department	Department of State
FAM	<i>Foreign Affairs Manual</i>
FAH	<i>Foreign Affairs Handbook</i>
NEA	Bureau of Near Eastern Affairs
OIG	Office of Inspector General
T&A	time and attendance

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Executive Summary

In July 2009, the Department of State (Department), Office of Inspector General (OIG), Office of Inspections, reported¹ that internal controls for overtime at Embassy Baghdad were weak, which left the embassy vulnerable to waste, fraud, and mismanagement. In June 2010, OIG's Office of Audits also reported² that the embassy's overtime program for Americans in Baghdad did not adhere to requirements for supervisory authorization of overtime, supervisory approval of timesheets, or the submission of complete and accurate information to Global Financial Services in Charleston, S.C., which makes payments to employees.

The primary objective of this audit was to determine whether Embassy Baghdad supervisors provided adequate internal controls over the authorization and approval of overtime pay for locally employed staff assigned to Iraq. Locally employed staff generally are non-U.S. citizens³ working at a U.S. mission and are under chief-of-mission authority. In addition, OIG determined whether home posts of origin for locally employed staff on temporary duty in Iraq complied with Department time and attendance (T&A) policies and procedures. OIG found that Embassy Baghdad supervisors for locally employed staff did not carry out their duties to authorize overtime in advance, approve overtime, and validate and certify T&A reports.

For 2008 and 2009, OIG determined that 444 locally employed staff assigned to Embassy Baghdad claimed 248,135 overtime hours on their timesheets, totaling about \$3.9 million, for payment. Locally employed staff from 86 (32 percent) of 271 embassies, missions, consulates, and offices were assigned to Iraq during this period. OIG determined that American supervisors at Embassy Baghdad did not consistently authorize overtime for locally employed staff in advance of work performed. In its review of 2,267 overtime records, OIG found that 96 percent (2,174) of the records did not have the appropriate advance authorization for overtime, 84 percent (1,896) had no documentation, and 12 percent (278) had authorization for overtime that was dated after the work was performed. All of these actions were contrary to Department guidance. When documentation for overtime was submitted, the documentation was often incomplete and inaccurate. For example, documentation often did not have supervisor and employee signatures and information such as the number of hours to be worked and the pay period and date in which the work was to be performed.

T&A internal controls were weak because locally employed staff on temporary duty at Embassy Baghdad provided timesheets and supporting documentation directly to their home posts without having the appropriate supervisory approval or oversight. In addition, direct hires⁴ at Embassy Baghdad submitted T&A information directly to the Bangkok Post Support Unit.⁵ When supervisors sign T&A documents and return them to the locally employed staff, the

¹ *Report of Inspection, Embassy Baghdad, Iraq* (ISP-I-09-30A, July 2009).

² *Audit of Embassy Baghdad Internal Controls for Overtime Pay* (AUD/CG-10-25, June 2010).

³ "Locally Employed Staff" is the general term used for Foreign Service Nationals and Ordinary Resident American-Citizen hire employees. [Source: Diplopedia]

⁴ Direct hires at Embassy Baghdad are permanent staff hired directly by the embassy from citizens of Iraq, Egypt, and Jordan.

⁵ The Post Support Unit was created to assist Embassy Baghdad for payroll functions in order to lessen the administrative burden for an embassy operating in a war zone.

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potential exists for an employee to change the number of hours worked without approval. The timekeepers at seven posts OIG reviewed processed overtime payments from T&A data that were incomplete, did not have supervisory and employee signatures, and did not have the required overtime authorization form. Further, 728 (32 percent) of 2,267 of the overtime payroll records did not have timesheets to support the regular duty and overtime hours submitted for payment.

OIG determined that the post timekeepers were not adequately trained in timekeeping duties concerning overtime and the unique demands of payroll benefits, for which locally employed staff were eligible while serving in Iraq. Timekeepers made adjustments to timesheets but were not able to validate reported overtime hours with Embassy Baghdad supervisors. Also, the different procedures led to the use of different types of timesheets and overtime authorization forms at each post. For locally employed staff serving in Iraq, three of seven posts made up their own T&A forms that did not include the supervisory authorization, signature lines for supervisors and employees, and dates.

OIG also determined that the payroll system for employees serving in Iraq was not efficient because payroll data was entered manually into Department payroll systems, which increases the potential for error.

During OIG's January 2011 exit conference, management and financial officials at Embassy Baghdad discussed improvements already underway to strengthen existing policies, procedures, and internal controls for reporting overtime for locally employed staff. One significant change will be to designate a timekeeper at the embassy who will validate the completeness and accuracy of T&A documentation before the documentation is submitted for payroll processing. Embassy Baghdad officials also stated that they would review the costs and benefits of automating the manual payroll system and that they had initiated a review to automate the payroll functions for American staff, as recommended in OIG's June 2010 report.⁶

OIG recommends that Embassy Baghdad improve supervisory controls for complying with Departmental regulations, policies, and procedures for authorizing and approving overtime. Greater coordination between Embassy Baghdad and home posts will be a critical element in improving T&A internal controls, and embassy management officials need to ensure that current and future policies and procedures are disseminated to posts that have locally employed staff assigned to Embassy Baghdad. Use of the Department's SharePoint application would provide a means for the Embassy Baghdad management section to disseminate policies and procedures to the financial centers for distribution to posts that have locally employed staff assigned to Embassy Baghdad. Also, the embassy, in cooperation with the two Global Financial Services centers, needs to ensure that post timekeepers are better trained in payroll procedures and require that only a timekeeper or a supervisor submit T&A information directly to the home post or the Bangkok Post Support Unit. In addition, T&A documents should be uniform, complete, and accurate, and the process of entering data manually for T&A processes used by the embassy, home posts, and the financial centers would be more efficient if they were automated. Posts should make an attempt to recoup overtime overpayments.

⁶ AUD/CG-10-25, June 2010.

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Embassy Baghdad concurred with OIG's recommendations for improving internal controls and complying with Department regulations, policies, and procedures. Embassy Baghdad's corrective actions include the use of an electronic T&A that bypasses the employee and is submitted by the supervisor directly to home posts and the Bangkok Post Support Unit. Only one post agreed to review the amount of overpayments and unearned leave from locally employed staff and seek reimbursement. Other posts indicated that it would not be cost effective to seek reimbursement from employees or that labor laws limit the amount of reimbursement an employer can seek from an employee. Looking forward, OIG believes that Embassy Baghdad's new procedures to use electronic media for processing payrolls will strengthen internal controls and provide greater assurance to the home posts and the Bangkok Post Support Unit concerning the accuracy of overtime and annual leave reported for locally employed staff serving in Iraq.

OIG received responses to its draft report from Embassy Baghdad and the Bureau of Resource Management (Appendices G and H, respectively). OIG also received responses from Embassy Addis Ababa and Embassy Caracas (Appendices I and J, respectively), which provided locally employed staff in Iraq and were visited by OIG. These responses were considered and incorporated into the report as appropriate and are presented in their entirety as indicated.

Background

Locally employed staff generally are non-U.S. citizens employed at a U.S. mission under chief-of-mission authority.⁷ As of June 2010, the Department reported 42,916 locally employed staff assigned to 271 embassies, missions, consulates, and offices around the world. The Department offers locally employed staff worldwide the opportunity to serve the U.S. Mission in Baghdad through long-term temporary duty assignments that allow overtime and other special benefits that are not normally offered at their home posts. Other benefits include night differential pay, meal allowances, and overtime. For locally employed staff on temporary duty, compensation is determined by the staff's home post Local Compensation Plan. Staff hired directly by Embassy Baghdad (direct hires) are compensated through the Iraq Mission Compensation Plan. The Local Compensation Plan consists of salary schedules and salary rates; various types of benefit payments and premium pay rates; and other pertinent facets of local compensation, including health insurance and bonuses. Depending on the country, some locally employed staff receive vacation and holiday bonuses and other miscellaneous benefits.

⁷ Locally employed staff use one of the following types of employment authorities: (1) direct-hire appointment (sec. 303 of the Foreign Service Act and 5 CFR 8.3); (2) Department of State personal services agreement or personal services contract (22 U.S.C. § 2669(c) and (n)); or (3) an employing agency's specific direct-hire, personal services agreement, or personal services contract authority if that agency recognizes individuals hired under its authority as employees.

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T&A records for all locally employed staff should be maintained in accordance with the *Foreign Affairs Manual* (FAM), 4 FAM 500.⁸ The *Foreign Affairs Handbook* (FAH), 4 FAH-3 H-500,⁹ is issued pursuant to policy stated in 4 FAM 500 and contains the regulatory information and procedures applicable to the areas of payroll and tax accounting. The FAH also includes information on maintaining daily attendance and leave records and on computing, vouchering, and paying salaries to U.S. citizen employees, locally employed staff, and personal services contractors.

The Foreign Service National Payroll Operations of Global Financial Services in Charleston processes locally employed staff payroll from 120 foreign countries. Charleston is also responsible for developing and disseminating financial operations policies and procedures.

The Bangkok Foreign Service National Payroll Division processes locally employed staff payroll for 60 countries, including direct hires at Embassy Baghdad. The Bangkok Post Support Unit provides timekeeping functions for direct hires at Embassy Baghdad.

Prior OIG Reports on Embassy Baghdad Payroll and Overtime Issues

In a June 2006 report,¹⁰ OIG's Office of Inspections stated that "inordinate amounts" of overtime were being claimed and recommended that internal controls for processing T&A reports be strengthened. In addition, Charleston approved payments without properly prepared timesheets and authorizations. The Office of Inspections recommended that an audit be conducted of payroll procedures for Department employees in Baghdad.

In response to the report, Global Financial Services in Charleston enhanced its monitoring of Embassy Baghdad overtime, and the Bureau of Resource Management issued Department Notice 2007 04 064, "Reporting Time and Attendance,"¹¹ which reminded timekeepers "to alleviate overpayment situations" and their "critical responsibility."

In the July 2009 report,¹² the Office of Inspections stated that the embassy was not enforcing a January 2008 mission policy on overtime and that Charleston did not adequately verify supervisory approval of overtime worked. The Office of Inspections recommended that Embassy Baghdad review procedures for managing and controlling overtime and review a sample of T&A reports to determine whether an audit of overtime payments was merited. In response to the inspection team's work, Embassy Baghdad issued Mission Policy 050, "Procedures for Reporting Time and Attendance, Leave, and Overtime," on May 15, 2009. The policy significantly strengthened Department payroll procedures for American personnel serving in Iraq.

In a June 2010 report,¹³ OIG's Office of Audits stated that overtime for American staff at Embassy Baghdad "appeared excessive" and internal controls on processing T&A reports

⁸ 4 FAM 500, "Payroll, Time and Attendance and Leave Accounting."

⁹ 4 FAH-3 H-500, "Payroll, Time and Attendance, and Leave Accounting."

¹⁰ *Inspection of Global Financial Services Charleston* (ISP-I-06-33).

¹¹ Department Notice 2007 04 064, April 13, 2007.

¹² ISP-I-09-30A, July 2009.

¹³ AUD/CG-10-25, June 2010.

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“needed to be strengthened.” American staff assigned to Embassy Baghdad during 2008 and 2009 submitted 777,888 hours of overtime, totaling \$36 million. OIG found that T&A internal controls were weak because supervisors did not always authorize overtime in advance and Global Financial Services in Charleston processed payments from T&A data that were incomplete and inaccurate and lacked required signatures and overtime authorization forms. As a result of the audit, Embassy Baghdad revised Mission Policy 050 to cap overtime at 40 hours per pay period unless otherwise authorized. Also, the embassy required standard forms associated with the T&A and overtime pay reporting, monitored the number of overtime hours worked, and requested supervisor explanations for excessive amounts of overtime pay.

Objective

The primary objective of this audit was to determine whether Embassy Baghdad supervisors provided adequate internal controls over the authorization and approval of overtime pay for locally employed staff serving in Iraq and whether home posts of origin for locally employed staff complied with Department T&A policies and procedures. (The audit scope and methodology are detailed in Appendix A.)

Audit Results

Embassy Baghdad’s internal controls for authorizing and approving locally employed staff overtime are weak because supervisors generally are not complying with Department policies and regulations for authorizing, approving, validating, certifying, and submitting T&A reports to payroll offices. Embassy Baghdad supervisors did not always comply with Department payroll regulations¹⁴ to approve T&A based on actual hours worked and authorize overtime in advance. Supervisors did not generally question the validity of T&A documents and their compliance with Department payroll regulations¹⁵ before supervisors certified the documents for payment. OIG also found that supervisors signed T&A documents that were incomplete and inaccurate, which was contrary to Department supervisory requirements.¹⁶ Further, supervisors generally did not follow Department regulations¹⁷ in that they often allowed locally employed staff to transmit their timesheets and other supporting T&A documentation directly to timekeepers at their home posts or to the Bangkok Post Support Unit. According to Departmental regulations,¹⁸ supervisors, not the employee, must ensure that approved T&A reports are submitted to the servicing payroll office.

OIG reviewed payroll processing at seven embassies that provided locally employed staff who served in Iraq during 2008 and 2009. The embassies were Embassy Addis Ababa (Ethiopia), Bangkok (Thailand), Caracas (Venezuela), Mexico City (Mexico), Rome (Italy), Tunis (Tunisia), and Vatican City (Italy). As the main timekeeper for Embassy Baghdad, the

¹⁴ 4 FAH-3 H-525, “Attendance and Leave Function Responsibility,” requires supervisors to approve T&A reports based on actual hours worked, authorize overtime hours in advance of work, ensure the accuracy of T&A reports before certifying them for payment, and submit T&A reports to the servicing payroll office.

¹⁵ 4 FAH-3 H-525.2-2, “Ensuring Accuracy of Time and Attendance Reports.”

¹⁶ 4 FAH-3 H-525.2-3, “Reviewing and Approving of Time and Attendance Reports.”

¹⁷ Ibid.

¹⁸ Ibid.

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Bangkok post support unit processes T&A data for Baghdad direct hires and maintains the required supporting documentation.

OIG discussed policies and procedures with four main timekeepers and 13 section timekeepers at six of the seven embassies. OIG found that overall, timekeepers generally did not validate, reconcile, and process payroll data and were not always properly trained in the complexities of locally employed staff salary and benefits. Section timekeepers performed timekeeping functions as part-time duties and, because of a lack of training, were not aware of the time and attendance guidance for overtime contained in the FAM or the FAH. Section timekeepers generally work in various embassy sections, such as the General Services Office, Information Systems Technology, Office of Business Operations, Consular Affairs, and Human Resources, and they are in positions such as truck driver, secretary, help desk assistant, and analyst. Because timekeeping is assigned as an additional duty, timekeepers did not receive frequent and adequate payroll processing training.¹⁹

Embassy Baghdad Supervisors Did Not Always Properly Authorize Overtime Hours

In its review of the payroll process for locally employed staff serving in Iraq during 2008 and 2009, OIG found that Embassy Baghdad supervisors did not always authorize locally employed staff overtime in advance of being worked, as required by Department regulations such as the FAM and the FAH. In addition, Embassy Baghdad Mission Policy 050 states that overtime must be approved “in advance” of being worked by completing Form DS-3060, Authorization of Premium Compensation. Form DS-3060 is a standard Department form to authorize, in advance, hours to be worked that are covered by overtime compensation but that are not otherwise included in the employee’s permanent administrative workweek. The form should be signed by both the employee and the supervisor and should be submitted with the relevant timesheet to show authorization of the prior pay period’s overtime hours. Form DS-3060 is required by the Department worldwide, and it has been used in its current edition since November 2005.

OIG found that of the 2,267 overtime records reviewed for locally employed staff, 2,174 records (96 percent) lacked the appropriate advance authorization for overtime. More specifically, 1,896 records (84 percent) did not have the required Form DS-3060, and 278 records (12 percent) had the Form DS-3060 but the authorization for overtime was dated after the work was performed. (An example of a post-dated authorization form is in Appendix B.) Moreover, the Forms DS-3060 submitted were often incomplete and inaccurate, and they often lacked supervisor and employee signatures and other pertinent information, such as the number of hours to be worked, the pay period and date in which the work is to be performed, and the signature of the authorizing official.

Embassy Baghdad Mission Policy 050 was issued in May 2009, but it was addressed to “All Department of State American Employees,” which could be misunderstood to mean that it

¹⁹ 4 FAH-3 H-519.3-2, “Training,” states, “Personnel engaged in pay, leave, and allowance activities must be adequately trained in the documented policies and procedures applicable to the area to enable them to perform operations efficiently, effectively, and economically and to identify and resolve inconsistencies in payroll related information that is submitted, processed, and reported.”

did not apply to locally employed staff. In February 2010, Embassy Baghdad officials took additional action in regard to Mission Policy 050 to reiterate the policy to team leaders (supervisors) and make extremely clear their responsibility related to T&A reporting. In response to the 2009 Office of Inspections report,²⁰ Embassy Baghdad established an initiative to identify the potential abuse of overtime hours, but it did not address compliance with supervisory authorization for overtime for either American officers or locally employed staff or the use of Forms DS-3060 included in Mission Policy 050.

Oversight Officials Did Not Always Comply With Time and Attendance Regulations

Embassy Baghdad supervisors, home post timekeepers, and the Bangkok Post Support Unit staff did not always comply with Department T&A regulations. Supervisors did not always approve and certify T&A documents, and timekeepers inappropriately allowed the employee rather than the supervisor to resolve payroll discrepancies and adjust the amounts claimed for overtime. OIG found that about one-third of the 2,267 overtime payroll records reviewed did not have any timesheets to support the regular duty and the overtime hours submitted for pay. Home post timekeepers and the Bangkok Post Support Unit processed T&A information for payment without timesheets, thereby avoiding an important internal control procedure.

Supervisors did not always comply with their responsibilities to ensure the accuracy of T&A reports. Timesheets often lacked supervisor signatures, employee signatures, or date of certification. Department guidance²¹ requires that supervisors review and approve T&A documents. Further, the FAH²² states that “[s]upervisors are accountable for the accuracy of T&A reports” and supervisors “must have a reasonable basis for verifying accuracy and compliance with . . . controls.” In addition, OIG identified timesheets that supervisors had signed in advance of a pay period, which was contrary to FAH guidelines²³ and Embassy Baghdad mission policies. These guidelines consistently assert that supervisory approval is an important part of ensuring the propriety of T&A reports. Such approval indicates that the reports are, to the best of the approving official’s knowledge, properly recorded and in compliance with applicable legal requirements.

Supervisory signatures on timesheets were not always sufficiently legible to allow post timekeepers and the Bangkok Post Support Unit to identify and contact the Embassy Baghdad supervisor to resolve any discrepancies. Moreover, timekeepers did not have a list of embassy supervisors to contact regarding T&A questions. A legible signature or the supervisor’s typed name on the T&A document is necessary to verify the existence of the supervisor for the approval of adjustments. Maintaining an up-to-date record of supervisors is an essential internal control, especially to follow up on payroll problems and adjustments. OIG found that timekeepers inappropriately contacted employees rather than their supervisors to resolve problems or discrepancies and made numerous adjustments to the T&A records without the supervisor’s agreement, written certification, or documented reason for the adjustment. For

²⁰ ISP-I-09-30A, July 2009.

²¹ 4 FAH-3 H-525.2-3.

²² 4 FAH-3 H-525.2-2.

²³ Ibid.

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example, the Earnings and Leave Statement at one post showed that the post timekeeper had made 28 adjustments, totaling over 393 overtime hours, that could not be traced back to the timesheets or the Forms DS-3060. In another instance, the timekeeper, in making an adjustment, overpaid the employee in two pay periods for 47 hours that were not earned or recorded on the timesheet and did not have the approval of the supervisor. OIG provided detailed information to post management on the improper payroll and payment actions, and post management agreed to take actions to correct the situation.

Timekeepers acknowledged that discrepancies and questionable entries occurred during payroll processing but stated that time constraints often made it difficult for them to find the appropriate Baghdad supervisor to resolve the question and make corrections in a timely manner so the employee could be paid. OIG referred timekeepers to the Department guidance,²⁴ stating that changes made to T&A must be approved by an authorizing supervisor and that documentation should be maintained regarding the adjustments or corrections.²⁵

Of 2,267 overtime payroll records, 728 records (32 percent) did not have timesheets to support the regular duty and the overtime hours submitted for pay. Also, three of seven posts made up their own T&A forms, which were incomplete and inaccurate. Furthermore, the different types of timesheets used by locally employed staff and supervisors often lacked key information, such as lines for supervisor or employee signatures and dates of certification (an example is in Appendix C), and at least one employee signed both for himself and his supervisor (an example is in Appendix D). Further, another employee used one timesheet for regular time and one for overtime. OIG also noted that in some cases, employees prepared and submitted duplicate timesheets for the same pay period. For example, on one timesheet, the employee recorded pay periods 11 and 12, the next pay period recorded pay periods 12 and 13, and the next pay period recorded pay periods 13 and 14. As a result, the employee reported overtime twice for pay periods 12 and 13 and received the overtime payments.

Home post timekeepers did not always adhere to internal controls for validating the accuracy and completeness of T&A. OIG interviewed 20 timekeepers at the seven posts visited and reviewed documents there, including 481 timesheets for 12 locally employed staff at four posts. OIG found that 267 timesheets (55.5 percent) did not have the supervisor signature. Other timesheets did not have the employee signature or the signatures of both the employee and the supervisor.

The embassy timekeepers often processed overtime payments from timesheets that were incomplete, lacked supervisor and employee signatures, and did not have the required overtime authorization forms. Inadequate training of timekeepers was the main cause for the internal control weakness. Payroll personnel at six of the seven embassies reviewed had inadequate experience in processing overtime documentation. OIG also found that timekeepers were unaware of Department regulations and instructions from Global Financial Services in Charleston for processing overtime. The lack of guidance resulted in the use of different procedures and different standards for processing overtime for locally employed staff. Home post timekeepers should not have processed payroll information for locally employed staff from

²⁴ 4 FAH-3 H-526.1-3, "Adjustments."

²⁵ 4 FAH-3 H-523.3, "Proper Documentation."

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Embassy Baghdad without appropriate documentation. Such deficiencies have an adverse effect on the Department's efforts to be accountable for funding Embassy Baghdad operations.

The Bangkok Post Support Unit, which serves as the timekeeper for Baghdad direct hires and maintains their T&A documents, inadvertently weakened Department regulations for supervisory approval of T&A reporting. In an effort to standardize overtime reporting, the Post Support Unit, in March 2008, sent an email with links to required T&A forms. However, only the second page of Form DS-3060 was included in the link. The first page is the authorization, and the second page is a device for tracking only regular and overtime hours. Therefore, this omission may have contributed to overtime records that did not have advance authorization for the compensation of overtime. In addition, the same email advised locally employed staff that if they did not have any exceptions, such as overtime and leave approvals, no timesheet was required. OIG found that the lack of a required timesheet caused an overpayment error for a locally employed staff member assigned to Embassy Baghdad. Specifically, the staff member had resigned from the Department, but the Post Support Unit did not receive a notification to that effect. The Post Support Unit automatically entered 160 regular duty hours, totaling more than \$1,758, for two pay periods for the individual, which resulted in actions being taken to collect the overpayment.

At the end of our audit work at the seven embassies included in this audit, we briefed post officials on the details of overtime exceptions, including those at the Bangkok Post Support Unit. Post adjustments, as summarized in Tables 1 and 2 of Appendix F, will result in repayment, if cost effective, from locally employed staff for overtime and annual leave paid inappropriately.

Employees Did Not Always Ensure Time and Attendance Records Were Accurate and Complete

Locally employed staff generally did not comply with the requirements of the FAH,²⁶ which state that “[e]mployees share responsibility with the timekeeper . . . in affirming the accuracy and completeness” of hours reported on their timesheets. In addition to attesting to hours worked, the employees should attest to all leave taken and affirm that “overtime, holiday, and compensatory time reported was authorized and worked.” Of the 2,267 records reviewed, OIG observed one or more of the following errors, omissions, and questionable entries listed below for each T&A record reviewed.

OIG identified errors, omissions, and questionable entries on T&A records, including the following:

- Supervisors did not sign timesheets before locally employed staff sent the timesheets for payroll processing either at their home post or the Bangkok Post Support Unit.
- A locally employed staff member signed for the supervisor on the timesheet.
- Locally employed staff submitted duplicate timesheets, each with modified overtime hours, and requested overtime pay for hours that were not recorded on the timesheets.
- Locally employed staff used overlapping pay periods that did not correspond to the Federal pay periods.

²⁶ 4 FAH-3 H-525.4-1, “Affirming Accuracy and Completeness.”

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- Locally employed staff did not record leave on the timesheets and provide Office of Personnel Management Form 71, Request for Leave or Approved Absence.
- Leave slips were submitted without the name of the employee, and leave was not charged to the employee's leave account balance. (An example of such a request is in Appendix E.)
- Locally employed staff used the incorrect overtime codes, resulting in improper payments.
- A locally employed staff member reported 22 hours of overtime for one day.
- A locally employed staff member submitted timesheets to the home post using two different names.

According to the FAH,²⁷ locally employed staff have the same three primary responsibilities as American employees to certify the accuracy and completeness of their T&A information:

1. Employees are required to submit a leave application form to the supervisor for approval before taking leave.
2. For other than regularly scheduled work, employees are required to sign their timesheets to verify the accuracy of the entries on that document. This verification does not constitute supervisory approval, which is still required.
3. Each employee must review his or her Earnings and Leave Statement and promptly disclose any discrepancies to supervisors.

An Automated Timekeeping System Would Benefit Locally Employed Staff

The current payroll system for all employees assigned to Iraq is weak, and the home post payroll offices do not comply with Department and Embassy Baghdad procedures for authorizing, approving, and processing overtime for locally employed staff. Embassy administrative operations have been limited in consideration of working in a war zone. The manual reentry of payroll data at the home post and at the Bangkok Post Support Unit increases the risk for error. A January 2003 Government Accountability Office report²⁸ stated:

[T]he most significant influence on changes to time and attendance reporting . . . is advancing technology and the accelerated adoption of automation driven largely by the need for increased efficiency, as promoted by the Government Paperwork Elimination Act.

The report also emphasized that in applying available technology to achieve an effective and efficient T&A system, there should first be strong internal controls in accordance with applicable legal and other requirements.

²⁷ Ibid.

²⁸ *Maintaining Effective Control Over Employee Time and Attendance Reporting* (GAO-03-352G, Jan. 2003).

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In its June 2010²⁹ report on overtime pay for Americans serving in Iraq, OIG noted payroll control weaknesses that are similar to those identified in this report. Many of the processes were manual and lacked supervisory authorization and approval. OIG suggested that Embassy Baghdad use a current Department system, the Web-enabled Time and Attendance Electronic Application, or Web.TATEL. The browser-based application enables remote timekeepers to record their data in the Web.TATEL database in Washington, DC, through the Department's OpenNet unclassified Web portal. OIG also identified the benefits from the Windows Time and Attendance application used by posts to report payrolls to Global Financial Services in Charleston and Bangkok. Embassy Baghdad officials agreed to review the use of these automated payroll systems for American staff and stated that, based on this audit, it would be appropriate to include locally employed staff in that analysis.

Conclusions and Recommendations

Officials at both Embassy Baghdad and Global Financial Services in Charleston were, at the time of OIG's audit, strengthening overtime payroll procedures to improve the reliability of T&A information and reduce the potential for fraud and abuse. The substantial number of overtime hours reported as earned for locally employed staff in Iraq warrants full compliance with Department regulations and post policies and procedures.

Supervisors in Iraq perform a vital control function. They are responsible for complete and accurate T&A reporting, and the scope of their responsibilities should extend to the prevention and detection of improper payroll transactions. These supervisors have a more direct knowledge of overtime hours worked by the individuals reporting to them. Similarly, each home post and the Bangkok Post Support Unit need to improve their quality control duties, as outlined in the FAH,³⁰ to ensure that all T&A data received is authorized, approved, and accurate and that all supporting documentation is included with the timesheets. To resolve discrepancies, home post payroll personnel should obtain the Embassy Baghdad supervisor's certification in writing

In addition, manual functions of payroll processing are inefficient and lack sufficient internal controls.

Embassy Baghdad's recent mission guidance can significantly improve internal controls for overtime payroll processing of T&A for locally employed staff serving in Iraq. For example, Mission Policy 050 was revised in November 2010 to further strengthen existing processes and controls for reporting overtime. This revision includes designating an embassy timekeeper to review and attest to the accuracy and completeness of T&A documents and forward the T&A items to the appropriate payroll processing office for payment. Of particular significance is the Embassy Baghdad reduction in the overtime cap from 60 hours to 40 hours per pay period.

In December 2010, Embassy Baghdad published Mission Policy 027, "Locally Employed Staff – Modification to Procedures for Reporting Time and Attendance," for locally employed staff on temporary duty and direct hires. According to Mission Policy 027, supervisors and employees are responsible for ensuring that T&A information is accurate, timekeepers must

²⁹ AUD/CG-10-25, June 2010.

³⁰ 4 FAH-3 H-500.

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ensure that premium time is authorized, and leave entries are based on standard forms required by Department regulations. However, Embassy Baghdad did not include links to the standard T&A reporting forms that are found in Mission Policy 050.

During our January 2011 exit conference, Embassy Baghdad officials stated that additional proposals were being considered to improve coordination with Global Financial Services in Charleston, including creating a more compliant system for processing and reporting overtime for Americans and locally employed staff.

Embassies and the Bangkok Post Support Unit for Baghdad may obtain details on overpayments for overtime and annual leave for locally employed staff from OIG if requested.

Recent changes to Embassy Baghdad mission policies and other proposed internal control enhancements may be significant elements in ensuring compliance with OIG recommendations.

Recommendation 1. OIG recommends that Embassy Baghdad, Management Section, revise Mission Policy 027 to include the standard Department of State forms required for payroll processing, implement the revised Mission Policy 027 to improve supervisory controls for compliance with provisions of the Foreign Affairs Handbook (4 FAH-3 H-500), and highlight this information on the embassy's intranet homepage.

Management Response: The embassy concurred with this recommendation, stating that it "has begun the process of revising Mission Policy 027" to improve supervisory controls. According to the response, the modified policy will include one standard set of time and attendance forms (that is, timesheet, authorized Premium Compensation Form, and a leave form) that will be used by Iraqi locally employed staff, locally employed staff on temporary duty, and Third Country Nationals. The embassy further stated that the Department-required standard forms and electronic signatures "will be used to the extent possible."

OIG Reply: Based on the response, OIG considers the recommendation resolved. OIG will close the recommendation when OIG reviews and accepts documentation from Embassy Baghdad showing that the embassy has finalized and issued the proposed revisions to Mission Policy 027.

Recommendation 2. OIG recommends that Embassy Baghdad, Management Section, use SharePoint to disseminate Mission Policies 027 and 050 and future updates to Global Financial Services in Charleston, SC, and in Bangkok, Thailand, for distribution to each post that has locally employed staff assigned to Embassy Baghdad.

Management Response: The embassy concurred with this recommendation, stating that as of July 31, 2011, Mission Policies 027 and 050 had been added to the HRO (Human Resources Officer) selection of the Embassy Intranet Share Point Site.

OIG Reply: Based on the response, OIG considers the recommendation closed, and no further action is required.

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Recommendation 3. OIG recommends that the Bureau of Resource Management ensure that Global Financial Services in Charleston, SC, and Bangkok, Thailand, take actions to implement procedures that require post timekeepers to be trained in payroll procedures specific for Embassy Baghdad.

Management Response: RM disagreed with the recommendation, stating that it recommends that the Bureau of Human Resources and Embassy Baghdad “be the lead” on training for timekeepers.

OIG Reply: On the basis of RM’s response, OIG considers the recommendation unresolved. However, OIG acknowledges RM’s position, and OIG will contact the Bureau of Human Resources and Embassy Baghdad to implement training for post timekeepers in payroll procedures specific for Embassy Baghdad. OIG requests that RM provide technical assistance in the review of this training. This recommendation can be closed when the timekeeper training is initiated and RM provides technical assistance for the training.

Recommendation 4. OIG recommends that Embassy Baghdad, Management Section, require that only a timekeeper or a supervisor submit time and attendance information for locally employed staff directly to home posts or to the Bangkok Post Support Unit.

Management Response: Embassy Baghdad concurred with this recommendation, stating that it has established new internal control procedures to use electronic media for processing payrolls.

OIG Analysis: Based on the response, OIG considers the recommendation resolved. OIG will close the recommendation when Embassy Baghdad reviews and accepts documentation showing the new internal control procedures to use electronic media for processing payrolls.

Recommendation 5. OIG recommends that Embassy Baghdad, Management Section, review the costs and benefits of automating the embassy’s manual payroll system requirements for locally employed staff so that timesheets and supporting documentation can be more economically and efficiently received and processed through Department of State payroll systems.

Management Response: Embassy Baghdad concurred with this recommendation, stating that it is using new automation and technology for submitting standard payroll forms to the Post Support Unit at Embassy Bangkok.

OIG Reply: Based on the response, OIG considers the recommendation closed, and no further action is required.

Recommendation 6. OIG recommends that the Management Officer for Embassy Addis Ababa (Ethiopia) determine, if cost effective, the amount of locally employed staff overtime and annual leave that was paid inappropriately and seek reimbursement.

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Management Response: Embassy Addis Ababa did not concur with the recommendation, stating that it is “not a cost-effective request” to assign staff to review documentation for five employees—two of whom have since resigned from their positions. Additionally, according to the embassy, Ethiopian local labor law limits the amount of reimbursement an employer can seek from an employee.

OIG Reply: OIG acknowledges the embassy’s position that the recommended action is not cost effective and that the local labor law limits the amount of reimbursement an employer can seek from an employee. Based on the embassy’s response, OIG considers the recommendation closed, and no further action is required.

Recommendation 7. OIG recommends that the Management Officer for Embassy Caracas (Venezuela) determine, if cost effective, the amount of locally employed staff overtime and annual leave that was paid inappropriately and seek reimbursement.

Management Response: Embassy Caracas concurred with this recommendation.

OIG Analysis: Based on the response, OIG considers the recommendation resolved. The recommendation can be closed when OIG reviews and accepts documentation showing the results of the embassy’s determination, including any actions taken for the reimbursement of overtime and annual leave that was inappropriately paid to locally employed staff.

Recommendation 8. OIG recommends that the Management Officer for Embassy Rome (Italy) determine, if cost effective, the amount of locally employed staff overtime and annual leave that was paid inappropriately and seek reimbursement.

Management Response: In its electronic response to OIG, the embassy indicated that, based on its review of applicable earnings and leave statements for the one locally employed staff member cited in the report, the overtime hours were justified.

OIG Reply: Based on the embassy’s results of its review of the overtime hours for the employee cited, OIG considers the recommendation closed, and no further action is required.

Recommendation 9. OIG recommends that the Management Officer for Embassy Tunis (Tunisia) determine, if cost effective, the amount of locally employed staff overtime and annual leave that was paid inappropriately and seek reimbursement.

Management Response: The embassy did not provide a response to the recommendation.

OIG Reply: Because Embassy Tunis did not respond to the recommendation, the recommendation is unresolved. The embassy is requested to provide written comments on the draft report and information on actions taken or planned for the recommendation.

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Recommendation 10. OIG recommends that the Bureau of Resource Management ensure that the Bangkok Post Support Unit for Baghdad determines, if cost effective, the amount of locally employed staff overtime and annual leave that was paid inappropriately and seek reimbursement.

Management Response: RM did not concur with the recommendation “as stated.” RM stated that the Post Support Unit “is not designed or resourced to conduct Post-specific audit reviews” and that OIG “would be better suited to conduct this review.” RM further stated that the recommendations should not have been addressed to Embassy Bangkok because doing so “does not reflect accurately on the management or organization for GFS PSU [Global Financial Services Post Support Unit] processing support.

OIG Reply: OIG acknowledges RM’s position concerning the role of the Post Support Unit and the unit’s ability to conduct a review of locally employed staff overtime and annual leave that may have been paid inappropriately. On the basis of RM’s response, OIG considers the recommendation closed, and no further action is required. Embassy Baghdad’s new procedures to use electronic media for processing payrolls will strengthen internal controls and provide greater assurance to both home posts and the Post Support Unit concerning the accuracy of overtime and annual leave reported for locally employed staff serving in Iraq.

List of Recommendations

Recommendation 1. OIG recommends that Embassy Baghdad, Management Section, revise Mission Policy 027 to include the standard Department of State forms required for payroll processing, implement the revised Mission Policy 027 to improve supervisory controls for compliance with provisions of the Foreign Affairs Handbook (4 FAH-3 H-500), and highlight this information on the embassy's intranet homepage.

Recommendation 2. OIG recommends that Embassy Baghdad, Management Section, use SharePoint to disseminate Mission Policies 027 and 050 and future updates to Global Financial Services in Charleston, SC, and in Bangkok, Thailand, for distribution to each post that has locally employed staff assigned to Embassy Baghdad.

Recommendation 3. OIG recommends that the Bureau of Resource Management ensure that Global Financial Services in Charleston, SC, and Bangkok, Thailand, take actions to implement procedures that require post timekeepers to be trained in payroll procedures specific for Embassy Baghdad.

Recommendation 4. OIG recommends that Embassy Baghdad, Management Section, require that only a timekeeper or a supervisor submit time and attendance information for locally employed staff directly to home posts or to the Bangkok Post Support Unit.

Recommendation 5. OIG recommends that Embassy Baghdad, Management Section, review the costs and benefits of automating the embassy's manual payroll system requirements for locally employed staff so that timesheets and supporting documentation can be more economically and efficiently received and processed through Department of State payroll systems.

Recommendation 6. OIG recommends that the Management Officer for Embassy Addis Ababa (Ethiopia) determine, if cost effective, the amount of locally employed staff overtime and annual leave that was paid inappropriately and seek reimbursement.

Recommendation 7. OIG recommends that the Management Officer for Embassy Caracas (Venezuela) determine, if cost effective, the amount of locally employed staff overtime and annual leave that was paid inappropriately and seek reimbursement.

Recommendation 8. OIG recommends that the Management Officer for Embassy Rome (Italy) determine, if cost effective, the amount of locally employed staff overtime and annual leave that was paid inappropriately and seek reimbursement.

Recommendation 9. OIG recommends that the Management Officer for Embassy Tunis (Tunisia) determine, if cost effective, the amount of locally employed staff overtime and annual leave that was paid inappropriately and seek reimbursement.

Recommendation 10. OIG recommends that the Bureau of Resource Management ensure that the Bangkok Post Support Unit for Baghdad determines, if cost effective, the amount of locally employed staff overtime and annual leave that was paid inappropriately and seek reimbursement.

Scope and Methodology

In following up on issues identified in the July 2009 Office of Inspections report *Report of Inspection, Embassy Baghdad, Iraq* (ISP-I-09-30A), the Office of Inspector General (OIG) conducted an audit of Embassy Baghdad internal controls for overtime for 2008 and 2009 in two phases. During the first phase,¹ from October 2009 to June 2010, OIG reviewed overtime pay for Americans at Embassy Baghdad. During the second phase, OIG conducted the audit of overtime pay for locally employed staff, which resulted in this report. Department of State guidance governing the authorization and approval of overtime is similar for Americans and locally employed staff; however, the payroll processes are different.

To meet the audit objective, which was to determine whether Embassy Baghdad had adequate internal controls over the authorization and approval of overtime for locally employed staff on temporary duty in Iraq, OIG verified compliance with requirements contained in the *Foreign Affairs Handbook* (FAH), 4 FAH-3 H-500, "Payroll, Time and Attendance, and Leave Accounting."

OIG obtained the overtime payroll and time and attendance (T&A) data for the period January 1, 2008, through December 31, 2009, from Global Financial Services in Charleston, SC, and Bangkok, Thailand. From a universe of 248,135 overtime hours incurred during this period, OIG judgmentally selected for review 2,267 overtime records supporting 29,805 (12 percent) overtime hours. The audit sample included \$468,891 in locally employed staff overtime payments, or about 12 percent, of the approximate \$3.9 million earned during this period.

OIG's sample of 2,267 overtime payroll records came from seven overseas posts, representing four Department geographical bureaus. Posts were chosen that had at least five locally employed staff serving in Iraq who had accrued overtime in 2008 and 2009, including staff who had the highest numbers of overtime within a pay period.

OIG compared the sample selection with records in the Foreign Service National payroll system and with employee Earnings and Leave Statements of hours worked and paid. In the review of T&A records, OIG tested internal controls over timesheets and supporting documentation, including compliance with use of Form DS-3060, Authorization of Premium Compensation.

OIG analyzed Department policies and procedures for T&A, including overtime pay; Embassy Baghdad mission policies and procedures; Charleston policies and procedures; and other relevant Federal laws, regulations, and standards. OIG obtained and reviewed payroll records from the two Global Financial Services centers.

OIG conducted fieldwork in Washington, DC, at the Bureaus of Resource Management and Near Eastern Affairs and overseas at Embassies Addis Ababa (Ethiopia), Bangkok (Thailand), Caracas (Venezuela), Mexico City (Mexico), Rome (Italy), Tunis (Tunisia), and Vatican City (Italy) and at the Bangkok Post Support Unit. OIG reviewed the payroll policies

¹ *Audit of Embassy Baghdad Internal Controls for Overtime Pay* (AUD/CG-10-25, June 2010).

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and procedures at the seven embassies and the Post Support Unit from June through September 2010. OIG also interviewed embassy officials responsible for preparing, verifying, and processing overtime pay and maintaining the documentation to support overtime hours reported and paid by the Department. OIG briefed officials on the results of fieldwork. OIG also interviewed four full-time timekeepers and 13 part-time section timekeepers who were assigned timekeeping functions as an additional duty. Throughout the audit, OIG contacted Embassy Baghdad officials for background and other financial and payroll information. The Bangkok Post Support Unit serves as the timekeeper for Baghdad direct hires and maintains their T&A documentation.

OIG conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. OIG obtained sufficient evidence that provides a reasonable basis for the findings and conclusions based on the audit objective. If additional procedures had been performed concerning other pay, benefits, and allowances, other matters may have come to OIG's attention and would have been reported. The audit was performed by OIG's Office of Audits, Contracts and Grants Division, between June 2010 and January 2011.

In December 2010, OIG briefed officials from the Bureau of Near Eastern Affairs and Global Financial Services Center in Charleston on the report's findings and proposed recommendations. OIG provided a similar briefing to officials at Embassy Baghdad in January 2011.

Embassies Baghdad, Addis Abba, Caracas, and Rome and RM responded to the 10 recommendations in OIG's draft report. Based on the responses, OIG considers five recommendations closed upon issuance of this report; three recommendations resolved, pending further action; and two recommendations unresolved. OIG's replies to managements' responses are presented after each recommendation.

Review of Internal Controls and Automated Systems

OIG determined that internal control weaknesses existed because of noncompliance with Department of State regulations. T&A records generally were not properly authorized, approved, and documented. As highlighted in this report, home post timekeepers and the Bangkok Post Support Unit should not have processed T&A information for payment without timesheets.

The audit identified a variety of errors, omissions, and questionable entries on T&A records. In evaluating internal controls, however, OIG limited the audit to the authorization and payment of overtime and the controls over the payroll process. OIG did not attempt to validate the justification for employee overtime or the completion of requirements for overtime pay.

During the audit, OIG's Office of Investigations arrested an Embassy Baghdad locally employed staff member who allegedly had transferred about \$240,000 in U.S. Government funds into his spouse's bank account. OIG noted that the suspect, while working in Baghdad during 2008 and 2009, had reported 2,500 hours of overtime and received \$25,000 in overtime pay,

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which was among the highest amounts of overtime identified in the audit. This information was relayed to the Office of Investigations.

Use of Computer-Processed Data

The audit used computer-generated data from the Global Financial Management System (GFMS). OIG obtained GFMS data from the Global Financial Services centers in Charleston and Bangkok. OIG compared data from the GFMS Foreign Service National payroll systems with information reported on T&A forms for Embassy Baghdad locally employed staff. The audit covered both regular and overtime payroll data. OIG determined, based on the source documents selected in the judgmental sample, that GFMS and the Foreign Service National payroll systems were reliable

Example of Authorization Form Signed After Overtime Work Was Performed

177 25 (Rev.) + 26

Overtime Authorization Form				
		Financial Management Center Italy		ISO 9001 - 2000 Quality Assurance
1. Name (Last, First, Middle) Deleted by OIG			2. Date signed Dec 29, 2008	
3. Office/Unit ISC				
Authorization to work overtime				
Date of overtime	From	To	Purpose	Total Hours
✓ Dec 16, 2008	19:00	23:00	Rec building Transition/Assistance	4
✓ Dec 17, 2008	19:00	23:00	**	4
✓ Dec 18, 2008	19:00	22:00	**	3
✓ Dec 19, 2008	10:00	18:00	**	7
✓ Dec 21, 2008	07:00	22:00	**	14
✓ Dec 22, 2008	18:00	21:00	**	3
✓ Dec 23, 2008	18:00	19:00	**	1
✓ Dec 25, 2008	08:00	21:00	**	12
✓ Dec 27, 2008	13:00	18:00	**	5
✓ Dec 28, 2008	07:00	22:00	**	14
✓ Dec 29, 2008	18:00	19:00	**	1
✓ Dec 30, 2008	18:00	19:00	**	1
✓ Dec 31, 2008	18:00	19:00	**	1
✓ Jan 2, 2009	08:00	18:00	**	9
I hereby request premium compensation for the above overtime in the form of:				Grand total
<input checked="" type="checkbox"/> Payment				79
<input type="checkbox"/> Compensation Time				
4. Employee signature			5. Date signed Dec 29, 2008	
6. Signature of official authorizing overtime			7. Date signed Dec 29, 2008	
8. Remarks Note: OI is calculated on a 40 hr week				
<small>This form shall be approved by the authorizing official in advance of any overtime worked by the employee. It must be submitted to the office timekeeper no later than the T&A report due date (check with your timekeeper). The office timekeeper is responsible for attaching the original authorization form to the T&A report and for delivery to FMC - Payroll Allowances. Any overtime not reviewed by the T&A report due date will be included on the following T&A Report.</small>				
<small>FMC Form PA-07-01 Financial Management Center Italy March 29, 2007</small>				

Signed after work was performed

**Example of Employee-Created Timesheet Without Lines
for Signatures and Dates**

Deleted by OIG											
US Embassy Baghdad, Iraq											
Day	Date	Time In	Time Out	Total Hrs	RD	OT	SPF	OSF	HP	AHL	XA
PP 3											
Sun	1-Feb	07:00	18:00	11				10			
Mon	2-Feb	07:00	20:00	13	8	4					
Tue	3-Feb	07:00	16:00	9	8						
Wed	4-Feb	07:00	16:00	9	8						
Thu	5-Feb	07:00	16:00	9	8						
Fri	6-Feb	07:00	16:00	9	8						
Sat	7-Feb										
SUB TOTAL				60	40	4	0	10	0	0	0
Sun	8-Feb										
Mon	9-Feb										8
Tue	10-Feb										8
Wed	11-Feb										8
Thu	12-Feb										8
Fri	13-Feb										8
Sat	14-Feb										
SUB TOTAL				0	0	0	0	0	0	0	40
Total				60	40	4	0	10	0	0	40



Timesheet has no signature block for supervisor or employee; and no blocks for dates.

Example of Form Employee Signed As Both Employee and Supervisor



Premium Pay Request Form

Employee Name: Deleted by OIG Timekeeper: Deleted by OIG
Pay Period: _____ Title: _____
Agency: State GSO / C&S Date: _____

ALL PREMIUM PAY SHOULD BE APPROVED IN ADVANCE

WORK DATE	Time In	Time Out	Hours	IN	OUT	Notes	Reason
1/04/2010	8:00 am	6:00 pm	1				
1/05/2010	8:00 am	8:00 pm	2				
1/06/2010	8:00 am	6:00 pm	1				
1/07/2010	8:00 am	6:00 pm	1				
1/09/2010	11:00 am	4:00 pm	5				

I certify that the work performed was necessary in the government service and that it could not have been accomplished during normal duty hours.

EMPLOYEE'S SIGNATURE: _____ DATE: JAN 12 2010 AUTHORIZING OFFICER: _____ DATE: _____

SUPERVISOR'S SIGNATURE: _____ DATE: JAN 12 2010

Employee signed as both the employee and the supervisor

Example of Request for Leave Without a Name

Request for Leave or Approved Absence

1. Name (Last, first, middle): <input type="text" value="No Name"/>		2. Employee or Social Security Number	
3. Organization			
4. Type of Leave/Absence			
Check appropriate boxes, and enter date and time (leave)	Date		Time
	From	To	Total Hours
<input checked="" type="checkbox"/> Accrued annual leave	Jun 15, 2009	Jun 23, 2009	8:30:00 AM - 5:30:00 PM = 56
<input type="checkbox"/> Restored annual leave			
<input type="checkbox"/> Advance annual leave			
<input type="checkbox"/> Accrued sick leave			
<input type="checkbox"/> Advance sick leave			
Purpose: <input type="checkbox"/> Illness/injury/incapacitation of requesting employee <input type="checkbox"/> Medical/dental/optical examination of requesting employee <input type="checkbox"/> Care of family member, including medical/dental/optical examination, injury member, or bereavement <input type="checkbox"/> Care of family member with a serious health condition <input type="checkbox"/> _____			
<input type="checkbox"/> Compensatory time off <input type="checkbox"/> Other paid absence (specify in remarks) <input type="checkbox"/> Leave without pay			
5. Family and Medical Leave			
If annual leave, sick leave, or leave without pay will be used under the Family and Medical Leave Act of 1993 (FMLA), please provide the following information: <input type="checkbox"/> I hereby invoke my entitlement to family and medical leave for: <input type="checkbox"/> Birth/Adoption/Foster care <input type="checkbox"/> Serious health condition of spouse, son, daughter, or parent <input type="checkbox"/> Serious health condition of self			
Contact your supervisor and/or your personnel office to obtain additional information about your entitlements and responsibilities under the FMLA. Medical certification of a serious health condition may be required by your agency.			
6. Remarks			
7. Certification: I certify that the leave/absence requested above is for the purpose(s) indicated. I understand that I must comply with my employing agency's procedures for requesting leave/approved absence (and provide additional documentation, including medical certification, if required) and that falsification of information on this form may be grounds for disciplinary action, including removal.			
To: Employee signature		Jun 3, 2009	
8a. Official action on request: <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Disapproved (If disapproved, give reason. If annual leave, initiate action to reschedule.)			
8b. Reason for disapproval			
9c. Signature: _____ June 3, 2009			
Privacy Act Statement Section 6311 of title 5, United States Code, authorizes collection of this information. The primary use of this information is by management and your payroll office to approve and record your use of leave. Additional disclosures of the information may be: To the Department of Labor when processing a claim for compensation regarding a job connected injury or illness; to a State unemployment compensation office regarding a claim; to Federal Life Insurance or Health Benefits carriers regarding a claim; to a Federal, State, or local law enforcement agency when your agency becomes aware of a violation or possible violation of civil or criminal law; to a Federal agency when conducting an investigation for employment or security reasons; to the Office of Personnel Management or the General Accounting Office when the information is required for evaluation of leave administration; or the General Services Administration in connection with its responsibilities for records management. Public Law 104-134 (April 25, 1996) requires that any person doing business with the Federal Government furnish a social security number or tax identification number. This is an amendment to the 31" Section 7701. Furnishing the 500a" security number, as well as other data, is voluntary. Failure to do so may delay or prevent action on the application. If your agency uses the information furnished on this form for purposes other than those indicated above, it may provide you with an additional statement reflecting those purposes.			
Office of Personnel Management 1215-632		GSA Form 71 June 2007 Personnel Services Form 5817	

Overpayments to Locally Employed Staff at Embassy Baghdad

During its audit, the Office of Inspector General determined, for locally employed staff at Embassy Baghdad, the amount of overpayments for overtime (Table 1) and for annual leave (Table 2).

Table 1. Embassy Baghdad Overpayments for Overtime

Post	Total Hours Reviewed	Overtime Hours Overpaid	Percent of Overpayments by Post
Addis Ababa	4,290	441	10.28
Baghdad*	11,637	111	0.95
Caracas	4,342	2	0.05
Mexico City	3,146	1	0.03
Rome	3,935	2	0.05
Tunis	2,326	0	0.00
Vatican City	129	0	0.00
Total	29,805	557 (1.87% of total)	

[Source: OIG review of individual payroll records of locally employed staff, which included timesheets, Forms DS-3060, Forms OPM 71, and Earnings and Leave Statements when available.]

*The Bangkok Post Support Unit serves as the timekeeper for Baghdad direct hires and maintains their T&A documentation.

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Table 2. Embassy Baghdad Overpayments for Annual Leave			
Post	LES* Reviewed by Post	LES With Annual Leave Errors	Annual Leave Hours Overpaid
Addis Ababa	5	0	0
Baghdad **	56	2	48
Caracas	11	0	0
Mexico City	5	0	0
Rome	6	1	56
Tunis	5	1	94
Vatican City	1	0	0
Total	89	4	198

[Source: OIG review of individual payroll records of locally employed staff, which included timesheets, Forms DS-3060, Forms OPM 71, and Earnings and Leave Statements when available.]

*LES: leave and earnings statements.

** The Bangkok Post Support Unit serves as the timekeeper for Baghdad direct hires and maintains their T&A documentation.

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MRN: 11 BAGHDAD 1968
Date/DTG: Aug 12, 2011 / 121129Z AUG 11
From: AMEMBASSY BAGHDAD
Action: WASHDC, SECSTATE *ROUTINE*
E.O.: 13526
TAGS: AFIN, AFSN, APER
Captions: OIG CHANNEL
Subject: Response to OIG Audit Report on T&A for Baghdad

1. Summary. Embassy Baghdad reviewed the draft report on the “Audit of Overtime Pay for Locally Employed Staff Assigned to Embassy Baghdad,” This message contains our responses to recommendations 1, 2, 4, and 5 to correct the noted deficiencies and internal control weaknesses associated with the Mission’s current Locally Employed Staff (LES) Time and Attendance (T&A) process. Any further questions or inquiries to these responses should be sent to post via front channel cable or record email. **End Summary.**

2. Recommendation 1 - OIG recommends that Embassy Baghdad, Management Section, revise Mission Policy 027 to include the standard Department of State forms required for payroll processing, implement the revised Mission Policy 027 to improve supervisory controls for compliance with provisions of the Foreign Affairs Handbook (4 FAM-3 H-500), and highlight this information on the embassy’s internet homepage.

3. Post Response to Recommendation 1 – Post concurs with this recommendation. Post has begun the process of revising Mission Policy 027 to include one standard set of T&A forms that will be used by Iraqi LE Staff, LE Staff TDYers, and Third Country Nationals (TCNs). This includes: a time sheet, an authorized Premium Compensation form to be approved in advance of work being performed, and a Leave form. All forms will include electronic signatures to the extent possible.

4. For improvements in supervisory controls, all Iraqi LE Staff, LE Staff TDYers, and TCNs will be required to use the new standardized forms and submit them electronically to their American-direct hire supervisors for signature. The American direct-hire supervisors will forward the approved forms to the newly created Time and Attendance Coordinators in every embassy section that employs LE Staff, LE Staff TDYers, and TCNs. Each section’s Time and Attendance Coordinator will upload T&A documentation to a newly created SharePoint site that will be reviewed by a newly created Main Time and Attendance Coordinator in the Human Resources Office (HRO). The Main Time and Attendance

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Coordinator will alert FSN Payroll Bangkok when the bi-weekly T&A documents are ready for review and processing. Any discrepancies will be resolved among the Main Time and Attendance Coordinator, the section's Time and Attendance Coordinator, and relevant employees and supervisors before T&A documents are uploaded to the SharePoint site.

5. The actual input of T&A data into approved overseas T&A software will remain offshore and be processed by PSU Bangkok. Once T&A has been input, PSU Bangkok will send post the DS-1734, Time and Attendance Report, for review and signature by section. Once those reports are formally signed by the section's supervisor, the originals will be uploaded to the Share Point site for PSU to have access and each section's Time and Attendance Coordinator will upload a copy with applicable pay period documentation to the Share Point site.

6. We will post all relevant material to the Mission Iraq intranet (not Internet as stated in the recommendation) page. Embassy management will add these new internal controls to Mission Policy 027 and highlight the revised policy under the Embassy Announcements section on the main page of the intranet site.

7. Recommendation 2 – OIG recommends that Embassy Baghdad, Management Section, use SharePoint to disseminate Mission Policies 027 and 050 and future updates to Global Financial Services in Charleston, SC, and Bangkok, Thailand, for distribution to each post that has locally employed staff assigned to Embassy Baghdad.

8. Post Response to Recommendation 2 – Post concurs with this recommendation. Mission Policies 027 and 050 have been added to the HRO section of the Embassy Intranet Site as of July 31, 2011, which is also a SharePoint Site. The Embassy will clear the revised Mission Policy 027 with the Post Support Units in Charleston and Bangkok. As with all Mission Iraq policies, the revised policy will be posted to the Embassy's SharePoint site for easy reference. We will encourage PSU Charleston and Bangkok to reference this site by link when communicating with other embassies that have TDY LE Staff temporarily assigned to Embassy Baghdad. Additionally, the Embassy will work with the Coordinator of the LE Staff TDY Iraq Program in NEA-SCA/EX to incorporate links to the revised Mission Policy 027 in the information passed to posts when their LE Staff are assigned TDY to Mission Iraq.

9. Recommendation 4 – OIG recommends that Embassy Baghdad, Management Section, require that only a timekeeper or a supervisor submit time and attendance information for locally employed staff directly to home posts or the Bangkok Post Support Unit.

10. Post Response to Recommendation 4 – Post concurs with this recommendation. Revised Mission Policy 027 will contain the following revised internal controls: 1) for Baghdad LE Staff and TCNs, the Main Time and Attendance Coordinator in HRO will alert FSN Payroll in Bangkok when all the documentation is uploaded to a newly-designed SharePoint site for review and access; 2) for LE Staff TDYers assigned from other countries, the section Time and Attendance coordinator will electronically pass approved timesheets for LE Staff TDYers to an approved T&A focal point at their home embassy. American supervisors in Baghdad will be copied on any record e-mails to confirm LE Staff TDYer T&A data is being transmitted in accordance with the revised policy.

11. Recommendation 5 – OIG recommends that Embassy Baghdad, Management Section, review the costs and benefits of automating the Embassy's manual payroll system requirements for LE Staff so that

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timesheets and supporting documentation can be more economically and efficiently received and processed through Department of State payroll systems.

12. Post Response to Recommendation 5 – Post concurs with this recommendation with the caveat that T&A processing must remain offshore to minimize the risk and cost associated with adding staff to Mission Iraq to perform transaction work. The addition of electronic signatures to standardized forms may take time to complete. We are aware of several automated applications in use by NEA-SCA/EX that incorporate process flow management, electronic signature and uploaded documentation. We will seek support from our Executive Office as we seek to automate and streamline the T and A process to improve internal controls and cut workload. The response to recommendation 1 further describes the new internal controls to be built into this process and any new automation and technology that will be used to automate this process.

13. Embassy Baghdad invites the Global Financial Services Bangkok (GFSB) FSN Payroll division to visit Embassy Baghdad to assist with the implementation of revised Mission Policy 027 and to conduct T&A training for newly designated timekeepers.

Signature:

Drafted By:	BAGHDAD
Cleared By:	MGT:†
Approved By:	MGT:
Released By:	BAGHDAD
Info:	

Attachments:	Metadata.dat
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United States Department of State
Global Financial Services
P.O. Box 150008
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AUG 03 2011

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MEMORANDUM

TO: RM/EX – (b) (6)

FROM: RM/GFS (b) (6)

SUBJECT: OIG Draft Report on Audit of Overtime Pay for Locally Employed Staff Assigned to Embassy Baghdad

In response to the Office of Inspector General's Draft Report on Audit of Overtime Pay for Locally Employed Staff Assigned to Embassy Baghdad, Global Financial Services (RM/GFS) offers the following responses.

Recommendation #3 states "OIG recommends that the Bureau of Resource Management ensure that Global Financial Services in Charleston, SC, and Bangkok, Thailand, take actions to implement procedures that require post timekeepers to be trained in payroll procedures specific for Embassy Baghdad."

Response: RM/Global Financial Services (RM/GFS) does not concur with the recommendation as stated. RM/GFS recommends that the Bureau of Human Resources (HR) and Embassy Baghdad be the lead in this effort to provide training for time keepers. RM/GFS is willing to work with HR and Embassy Baghdad to assist in theirs, as needed.

Recommendation #10 states "OIG recommends that the Bureau of Resource Management ensure that the Bangkok Post Support Unit for Baghdad determines, if cost effective, the amount of locally employed staff overtime and annual leave that was paid inappropriately and seek reimbursement."

Response: RM/GFS does not concur with the recommendation as stated. RM/GFS PSU is not designed or resourced to conduct Post specific audit reviews, as recommended. The OIG Audit Division would be better suited to conduct this specific review. In addition, the GFS Post Support Unit in a single virtual

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processing unit with locations in Charleston, Bangkok, and Sofia, under the direct management of the RM Bureau. Any recommendations concerning the Post Support Unit should be addressed to RM Global Financial Services. Addressing any recommendations to Bangkok PSU or the Bangkok Embassy does not reflect accurately on the management or organization for GFS PSU processing support.

GFS appreciates the opportunity to comment on the report. The operational point of contact is _____ He may be reached by email at _____

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Response to OIG Formal Recommendations for Embassy Addis

Recommendation 6: OIG recommends that the Management Officer for Embassy Addis Ababa (Ethiopia) determine, if cost effective, the amount of locally employed staff overtime and annual leave that was paid inappropriately and seek reimbursement. (**Action:** *Embassy Addis Ababa*)

Response: Post does not concur. First, this is not a cost-effective request. Post has determined that in light of all the issues with properly reporting overtime hours from Baghdad that it is not cost effective to assign staff to research through three years worth of documentation for the five employees that served in Baghdad. Second, two of the five employees have since resigned from Embassy employment, thus post would not be able to seek reimbursement.

Third, Ethiopian local labor law places limitations on seeking reimbursement from employees for any kind of payment. Part ten, chapter one, paragraph one of the Ethiopian labor law regarding limitation states: “Unless a specific time limit is provided otherwise in this Proclamation or other relevant law, an action arising from an employment relationship shall be barred by limitation after one year from the date on which the claim becomes enforceable”. Additionally, Paragraph four of the Ethiopian labor law also states: “Any claim by a worker or employer for any kind of payment shall be barred by limitation unless an action is brought within six months from the date of termination of the contract of employment (Part 10, chapter 1, paragraph 4). In regards to paragraph four of the Ethiopian labor law, the termination of the employment contract with Baghdad ended more than a year ago for all of the Employees. Thus, due to time limitation, the Embassy is barred from seeking reimbursement from the employees.



Embassy of the United States of America

Caracas, Venezuela

Memorandum

Date: August 17, 2011

From:

To: (b) (6)

Subject: Comments on "Audit of Overtime Pay for Locally Employed Staff Assigned to Baghdad"

Sir,

Post has reviewed subject draft report, and specifically recommendation 7. We concur with the recommended action, and thank your team for the visit.



Embassy of the United States of America

TO: OIG - Mr. Harold W. Geisel, Acting
FROM: Tunis - (b) (6)
DATE: August 24, 2011
SUBJECT: Embassy Tunis Response to Recommendation #9 of "Audit of Overtime Pay for Locally Employed Staff Assigned to Baghdad"

After an investigation into the circumstances surrounding this case, Post management does not concur with the recommendation as it would neither be cost effective nor time effective to further pursue reimbursement.

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