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MANAGEMENT OF THE WORKLIFE SERVICES CENTER AT THE LIBRARY OF CONGRESS

HEARING

BEFORE THE

COMMITTEE ON HOUSE ADMINISTRATION HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

HELD IN WASHINGTON, DC, JULY 29, 2009

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MANAGEMENT OF THE WORKLIFE SERVICES CENTER AT THE LIBRARY OF CONGRESS

WEDNESDAY, JULY 29, 2009

HOUSE OF REPRESENTATIVES,
COMMITTEE ON HOUSE ADMINISTRATION,
Washington, D.C.

The committee met, pursuant to call, at 11:09 a.m., in Room 1310, Longworth House Office Building, Hon. Robert A. Brady [chairman of the committee] presiding.

Present: Representatives Brady, Capuano and Harper.

Staff Present: Jamie Fleet, Staff Director; Khalil Abboud, Professional Staff; Matt Pinkus, Professional Staff/Parliamentarian; Kyle Anderson, Press Director; Joe Wallace, Legislative Clerk; Mary Sue Englund, Office Manager for Representative Kevin McCarthy; and Caitlin Ryan, Minority Professional Staff.

The CHAIRMAN. I would like to call the Committee on House Administration to order and welcome our guests here and thank you for being here. And we have Republican Members that are jammed up in Judiciary Committee, but hopefully will be popping in. And we are also joined by my dear colleague and friend Mike Capuano, which makes this a quorum, so we can get started.

Good morning. We are convening here this morning to continue our oversight of the management of the Library of Congress. Today we will focus on the Worklife Services Center of the Library of Congress. The Worklife Services Center, a division of Human Resources Services, is responsible for many critical aspects of employment administration of the Library of Congress. The Center is divided into three departments, each with many key functions: The Technical Services Team processes all personnel requests, such as awards and salary increases; the Employee Services Center, which counsels employees on retirement issues and provides information on benefits. Finally, Leave Administration processes all leave requests and manages the leave bank at the Library of Congress.

On June 30, 2009, the inspector general of the Library of Congress released a report assessing the efficiency and overall quality of the Worklife Service Center. While the report was generally favorable, the inspector general determined several areas that required increased oversight in order to function more efficiently and accurately. For example, management of the leave bank was inaccurate, leading to incorrect leave balances. Further, the investigation determined that the Human Resources Services computer system is also at risk of fraud or abuse.

This hearing will satisfy House Rule 11. This rule was amended by House Resolution 40, introduced by our colleague John Tanner

and passed in the House in January of this year. The goal of H.Res. 40 is to ensure wise spending of tax dollars through oversight hearings aimed at instances of waste, fraud or abuse in government agencies.

It is our aim to eliminate the deficiencies in the Worklife Services Center in order to provide more efficient and accurate means of managing employees at the Library of Congress. This hearing is merely the first step, and I look forward to the testimony of the witnesses.

The CHAIRMAN. And I would like to recognize Mr. Capuano for any opening statement that he may make.

That is scary. Mr. Capuano refuses to talk. Now, now, at the moment.

[The information follows:]

Opening Statement [After Brady's Remarks]

I would like to thank Chairman Brady for calling today's hearing.

I am pleased to see the Library and the Inspector General working cooperatively to implement methods to increase the efficiency and reliability with which the Library of Congress maintains personnel documents. It is critical to the function of any effective organization that personnel files are handled safely, securely, and with a reasonable assurance of accountability to its employees.

I understand that we will learn today of areas within Worklife Services at the Library which require swift attention and remediation to improve the accuracy of compensation and benefits records and to install necessary safeguards against the potential of fraud. However, this audit should not be viewed solely as an indictment of Worklife Services as it reflects meaningful improvement in processing time of personnel

actions. I welcome this success and anticipate that we will see it replicated in the areas addressed today.

It is imperative that the operation of the Library is attentive to both the budgetary costs of inefficiencies and to its responsibility to its employees. We expect adequate measures to combat the potential for fraud and standards by which job performance can be properly evaluated in the Worklife Services Center.

I would like to thank each of our witnesses for joining us today to discuss these important matters and I look forward to your testimony.

The CHAIRMAN. We appreciate our panel, and we thank you for coming over. Mr. Karl Schornagel is the inspector general of the Library of Congress. His distinguished career has taken him to the Commerce and Treasury Departments. And his more than 300 reports have saved the Federal Government nearly $400 million.

Dennis Hanratty is the Human Resources Director for the Library of Congress, where he has worked for 26 years in various capacities. His commitment to the Library and the employees of the Library is without question, and he has earned many awards and distinctions during his career.

We thank you gentlemen for appearing. We would ask you that you limit your testimony to 5 minutes. I am not strict with that but, we should have a relatively short hearing, we don't mind if you go over that.

And I would now like to recognize Mr. Schornagel.

Mr. SCHORNAGEL. Thank you, Chairman Brady.

The CHAIRMAN. Would you pull that mic and push that button?

Mr. SCHORNAGEL. It is pushed. Can you hear me now?

The CHAIRMAN. A little closer.

Mr. SCHORNAGEL. Okay.

The CHAIRMAN. Okay. We got you.

STATEMENTS OF KARL SCHORNAGEL, INSPECTOR GENERAL, THE LIBRARY OF CONGRESS; AND DENNIS HANRATTY, DIRECTOR FOR HUMAN RESOURCES, THE LIBRARY OF CONGRESS

STATEMENT OF KARL SCHORNAGEL

Mr. SCHORNAGEL. I thank you, Chairman Brady.

We audited WSC with the principal objectives of assessing the efficiency and effectiveness of the WCS's activities and services; determining whether there are adequate internal controls to ensure timeliness, quality and an accuracy; and evaluating the WSC's compliance with applicable laws and regulations.

We determined that the WSC had made great strides in improving customer service since we last reviewed it in 2003. We found that personnel actions were being processed in a timely manner. In addition, based on the results of the customer service that we performed, we found that the Library service and infrastructure units were generally satisfied with the level of service provided by the WSC.

However, there is always a catch. Our audit also found that the WSC lacked some important controls to ensure efficient and effective operation in the Library's leave programs and to detect and prevent the occurrence of fraud and errors.

I will highlight our three findings next. First, oversight of leave administration. There was a high volume of unresolved leave errors because error reports from the National Finance Center, the organization that processes our payroll, were not being utilized to make corrections. Timekeepers were not using the reports to resolve leave discrepancies because they had not been adequately trained on how to use these reports. If fully utilized, the approximately $50,000-a-year cost of the reports and unresolved errors could be substantially reduced. Over a 5-year period, up to $250,000 of Li-

brary funds could be put to better use by resolving the leave discrepancies in these error reports.

Neither the WSC nor the Library's timekeepers were effectively monitoring leave bank awards to ensure that recipients receive full leave amounts that were granted; unused awarded leave only for approved medical emergencies; and returned any unused awarded leave to the leave bank. We found 28 percent of leave bank participant balances we tested were inaccurate. We recommended that the WSC adopt a more active oversight role for leave administration.

Our second finding area was controls for access to key human resources IT systems. HRS had not restricted access to its automated systems to the extent necessary or established controls to effectively monitor the activities of employees with wide access privileges. Specifically, master timekeepers had unnecessary access rights to the Library's timekeeping system to view and adjust leave balances of employees outside of their supervision. Some employees had inappropriate access rights to critical HRS IT systems because system responsibilities had not been appropriately separated. And activities of employees who had special access rights to the Library's HR management system were unsupervised. As a result, opportunities existed for fraud or abuse to occur. Due to these missing controls, however, we were unable to test for fraud because there was not an audit trail of the transactions that had been processed.

We recommended that HRS implement safeguards to restrict the access rights of legitimate users to the specific systems and files the users need to perform their work.

The third area is performance standards for the Worklife Services employees. We found that the WSC had not developed adequate performance metrics to objectively and adequately evaluate the performance of its staff. The standards that were used were broad and vague and did not clearly define the quality or quantity of work expected from the WSC's employees. Consequently, the performance evaluations were highly subjective, and it was difficult for HRS supervisors to hold employees accountable for their work.

We recommended that the WSC develop more objective and measurable requirements for its employees' performance standards.

The Library's Director For Human Resources concurred with our recommendations and has also been very responsive in implementing corrective actions. I commend the Director not only for his cooperation during this audit, but also for the many improvements he has fostered in the Library's human resources operation since the beginning of his tenure in 2005.

Our full report is available on our Web site, on our public Web site, as stated in the last paragraph of my written testimony. Thank you.

The CHAIRMAN. I thank you.

[The statement of Mr. Schornagel follows:]

Testimony of Karl W. Schornagel
Inspector General, the Library of Congress
Before the Committee on House Administration
United States House of Representatives
July 29, 2009

Chairman Brady, Mr. Lungren, and members of the committee, thank you for inviting me to speak today about our audit of the Library's Worklife Services Center.

Human Resources Services (HRS) is a key component of the Library of Congress' enabling infrastructure. It works with, and provides management strategies for, the Library's service and infrastructure units to plan for, secure, and manage the human capital that the Library needs to fulfill its mission. The organization includes five offices: Strategic Planning and Automation, Workforce Acquisitions, Workforce Management, Workforce Performance and Development, and the Worklife Services Center (WSC).

We audited WSC with the principal objectives of (1) assessing the efficiency and effectiveness of the WSC's activities and services, (2) determining whether there were adequate internal controls to ensure timeliness, quality, and accuracy, and (3) evaluating the WSC's compliance with applicable laws and regulations.

We determined that the WSC had made great strides in improving customer service since we last reviewed it several years ago. We found that personnel actions were being processed in a timely manner. In addition, based on the results of a customer service survey we performed, we found that the Library's service and infrastructure units were generally satisfied with the level of service provided by the WSC. However, our audit also found that the WSC lacked some important controls to ensure efficient and effective operation of the Library's leave programs and to detect and prevent the occurrence of fraud and errors.

The following highlights our findings and recommendations:

Oversight of Leave Administration— There was a high volume of unresolved leave errors because error reports from the National Finance Center were not being utilized to make corrections. Timekeepers were not using the reports to resolve leave discrepancies because they had not been adequately trained on how to use them. If fully utilized, the approximately $50K a year cost of the reports and unresolved errors could be substantially reduced. Over a five-year period, up to $250,000 of Library funds could be put to better use by resolving the leave discrepancies in the leave error reports.

Neither the WSC nor the Library's timekeepers were effectively monitoring Leave Bank awards to ensure that the recipients (1) received the full leave amounts that were granted, (2) used awarded leave only for approved medical emergencies, and (3) returned any unused awarded leave to the Leave Bank. As a result, 28% of Leave Bank participant balances we tested were inaccurate. We recommended that the WSC adopt a more active oversight role for leave administration.

Controls for Access to Key HRS IT Systems—HRS had not restricted access to its automated systems to the extent necessary or established controls to effectively monitor the activities of employees with wide access privileges. Specifically, (1) Master Timekeepers had unnecessary access rights in the Library's timekeeping system to view and adjust the leave balances of employees outside of their supervision, (2) some employees had inappropriate access rights to critical HRS IT systems because system responsibilities had not been appropriately separated, and (3) activities of employees who had special access rights to the Library's HR management system were unsupervised. As a result, opportunities existed for fraud or abuse to occur. Due to missing controls, we were unable to test for fraud. We recommended that HRS implement safeguards to restrict the access rights of legitimate users to the specific systems and files the users need to perform their work.

Performance Standards for the WSC's Employees—The WSC had not developed adequate performance metrics to objectively and adequately evaluate the performance of its staff. The standards that were in use were broad and vague and did not clearly define the quality or quantity of work expected from the WSC's employees. Consequently, the performance evaluations were highly subjective and it was difficult for HRS supervisors to hold employees accountable for their work. We recommended that the WSC develop more objective and measurable requirements for its employees' performance standards.

The Library's Director for Human Resources concurred with our recommendations and has been very responsive in implementing corrective actions. I commend the Director not only for his cooperation during this audit, but also for the many improvements he has fostered in the Library's human resources operations since the beginning of his tenure in 2005.

Our complete report, Human Resources Services, Worklife Services Center: *Good Overall Service, but Weak Controls Leaves the Worklife Services Center Vulnerable to Abuse and Fraud,* June 2009, with the Library's response to our draft findings and recommendations, can be accessed on our Web site at www.loc.gov/about/oig or from the Library of Congress Web site at www.loc.gov under 'Inspector General.'

Biography of
Karl W. Schornagel, Inspector General
The Library of Congress
July 2009

Mr. Schornagel has directed analyses/audits leading to improved allocation of $370 million in federal funds and numerous qualitative management improvements, and published more than 300 reports covering diverse government operations. As the Inspector General of the Library of Congress, he has saved the Library $28 million in contracting for talking books through improved requirements and cost analysis and negotiation strategies. He also applied systems and management expertise to make recommendations that saved a significant system acquisition from failure.

He has made more than 700 recommendations during his tenure at the Library to improve policy and management of financial operations, performance-based budgeting, contracting, foreign field office operations, security, infrastructure, organizational alignment, information technology, project management, grants management, systems acquisition and implementation, warehousing operations, police operations, emergency preparedness, human resources and workforce diversity activities, succession planning, internal control systems, facilities management, and business process reengineering.

Since taking on the criminal investigations function at the Library in 2005 when he became the Library's first statutory Inspector General, successful criminal investigations have tripled including convictions for identity theft, child pornography, and embezzlement, partly due to proactive efforts.

In his previous position at the U. S. Department of Commerce, he evaluated the development of complex scientific information systems for the modernization and restructuring of the National Weather Service, making recommendations for better use of more than $275 million through improved strategic planning and financial management of weather satellite programs at the National Oceanic and Atmospheric Administration. He also saved the FAA & National Weather Service $42 million by recommending merging their systems acquisition efforts.

He was awarded the Department of Commerce Silver Medal for identifying $150 million in excess funding for satellite acquisitions due to improvements needed in financial controls and budgeting policy. While at Commerce, he also directed financial oversight operations of contracts, grants, cooperative agreements, and revolving loan funds. In addition, he adjudicated audit appeals and led his organization's quality assurance program.

Mr. Schornagel began his career at the Treasury Department's Financial Management Service where he conducted comprehensive analyses of the Treasury's implementation of Direct Deposit/Electronic Funds Transfer. He evaluated financial statements of the nation's largest insurance companies to establish underwriting limitations for surety bonds, and conducted financial audits of the Social Security Trust Funds; which contributed to subsequent congressional reforms. While at Treasury, he also audited asset holdings at all major U.S. gold depositories and audited numerous other financial and banking activities.

The Library of Congress

Office of the Inspector General

Human Resources Services Worklife Services Center

Good Overall Service, but Weak Controls Leaves the Worklife Services Center Vulnerable to Abuse and Fraud

Audit Report No. 2009-PA-101
June 2009

PUBLIC RELEASE

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EXECUTIVE SUMMARY

Human Resources Services (HRS) is a key component of the Library of Congress' enabling infrastructure. It works with, and provides management strategies for, the Library's service and infrastructure units to plan for, secure, and manage the human capital that the Library needs to fulfill its mission. The organization includes five offices: Strategic Planning and Automation, Workforce Acquisitions, Workforce Management, Workforce Performance and Development, and the Worklife Services Center (WSC).

This report provides the results of our audit of the WSC. Principal objectives of this audit included 1) assessing the efficiency and effectiveness of the WSC's activities and services, 2) determining whether there are adequate internal controls to ensure timeliness, quality, and accuracy, and 3) evaluating the office's compliance with applicable laws and regulations.

We determined that the overall service provided by the WSC was satisfactory. We found that personnel action requests were being processed in a timely manner. In addition, based on the results of a customer service survey we performed, we found that service and infrastructure points of contacts were generally satisfied with the level of service provided by the WSC. However, our audit also found that the WSC lacked the controls that were needed to ensure efficient and effective operation of the Library's leave programs and to detect and prevent the occurrence of fraud and erroneous transactions. Following are summaries of significant issues we identified during this audit and key recommendations to improve the WSC's operations:

Oversight of Leave Administration—Neither the WSC's Leave Administration nor the Library's timekeepers were effectively monitoring Leave Bank awards to ensure that the recipients (1) received the full leave amounts that were granted, (2) used awarded leave only for the medical emergencies for which it was approved, and (3) returned any unused awarded leave to the Leave Bank. Additionally, timekeepers were not using leave error reports to resolve leave discrepancies because they had not been adequately trained on how to use the reports' information. As a result, the

balances of a high number of employee leave accounts were inaccurate. Moreover, these leave error reports that are not being utilized cost the Library approximately $50K a year. Over a five-year period, about $250,000 of Library funds could be put to better use by resolving the leave discrepancies in the leave error reports. We recommend that the WSC adopt a more active oversight role for leave administration.

Controls for Access to Key HRS IT Systems—HRS has neither restricted access to its automated systems to the extent necessary nor established controls to effectively monitor the activities of employees with wide access privileges. Specifically, (1) Master Timekeepers had unnecessary access rights in the Library's timekeeping system to view and adjust the leave balances of employees outside of their supervision; (2) some employees had inappropriate access rights to critical HRS IT systems because system responsibilities had not been appropriately separated; and (3) activities of employees who had special access rights to the Library HR management system were unsupervised. As a result, opportunities exist for fraud or abuse to occur. Due to missing controls, we were unable to test for fraud. We recommend that HRS implement safeguards to restrict the access rights of legitimate users to the specific systems and files the users need to perform their work.

Performance Standards for the WSC's Employees—The WSC has not developed adequate performance metrics to objectively and adequately evaluate the performance of its staff. The standards that are in use are broad and vague and do not clearly define the quality or quantity of work expected from the WSC's employees. Consequently, the performance evaluations were highly subjective and it was difficult for HRS supervisors to hold employees accountable for their work. We recommend that the WSC develop more objective and measurable requirements for its employees' performance standards.

HRS concurred with all of our recommendations.

BACKGROUND

The Worklife Services Center (WSC) is one of five offices in the Library of Congress' Human Resources Services (HRS) organization. It is responsible for managing the employee compensation and benefit programs that enable the Library to attract, support, and retain a well-qualified and diverse workforce. The WSC's staff includes 17 full-time employees and five contractors. The office's work is divided among three organizational elements: the Technical Services Team, the Employee Service Center, and Leave Administration.

The Technical Services Team processes personnel action requests (PARs) for Library employees, including awards and quality step increases in salary, as well as benefits elected by new employees and direct deposit forms.

The Employee Service Center is the principal point of contact for Library staff for human resources information. The Center provides counseling and assistance on retirement and information on the employee benefits offered by the Library. The Center also coordinates delivery of benefits for over 3,600 eligible employees and retirees.

Leave Administration manages the Library's leave programs, such as the "Leave Bank" and the "Leave Transfer Program," which allow employees to donate or receive leave for medical emergencies. In addition, Leave Administration oversees leave and payroll errors reported by the National Finance Center (NFC),[1] and assists service and infrastructure units in resolving leave errors in the time and attendance system,

[1] The Library uses the U.S. Department of Agriculture's (USDA) National Finance Center (NFC) to process its payroll and personnel transactions. The NFC provides reliable cost-effective systems and services to Federal organizations. It operates an integrated Payroll/Personnel System and provides all the necessary related support services for the payroll process.

WebTA,[2] and in NFC's Time Inquiry-Leave Update System (TINQ).[3]

Control over leave administration is especially critical given the past history in this area. In March 2003, we found that an HRS employee had fraudulently entered data into the payroll system allowing a relative to receive annual leave. At the time, we made several recommendations to prevent and detect fraudulent activity in the future. Based on this case, we paid particular attention to controls over the leave administration program.

[2] WebTA is a web-based time and attendance (T&A) system developed to interface with the Library's payroll/personnel service provider, NFC. This system allows employees to input their own time and leave data, submit electronic leave requests, and validate their T&As online. Managers certify the T&As online and may also approve leave requests. The approved T&As are then transmitted to the NCF for salary processing.

[3] NFC's Time Inquiry-Leave Update System (TINQ) is an online leave entry and inquiry system used by the Library to add, modify, or query records pertaining to annual leave, sick leave, frozen sick leave, and credit hours.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objectives were to 1) assess the efficiency and effectiveness of the WSC's activities and services, 2) determine whether HRS/WSC management had established adequate internal controls to ensure timeliness, quality, and accuracy, and 3) evaluate the WSC's compliance with applicable laws and regulations.

We interviewed the WSC's management and staff to gain an understanding of its policies, procedures, and other controls. In addition, we interviewed service and infrastructure unit point of contacts (POCs) that have been authorized access to WebTA applications for resolving leave discrepancies and applying Leave Bank awards to recipients' accounts. We also interviewed key personnel from the NFC's Security Office to obtain information regarding user access to NFC's systems and reviewed relevant USDA and NFC regulations to gain an understanding of the various functions of NFC's systems. We reviewed 57 of the 74 applications submitted to the Leave Bank in 2008 to evaluate the administration of the program.

We relied on computer-processed data maintained in TINQ and WebTA to perform part of our work. We compared selected elements of TINQ data to Leave Bank documentation to assess the reliability of TINQ information and relied on assessments that the Kearney & Company accounting firm[4] had performed for assurance on the reliability of WebTA information.

We conducted this performance audit from December 2008 through March 2009 in accordance with generally accepted government auditing standards and LCR 211-6, *Functions, Authority, and Responsibility of the Inspector General*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence we obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

[4] Kearney & Company performed an audit of the Library's 2008 financial statements. To accomplish their audit objectives, they assessed the validity and reliability of the computer-processed data in WebTA.

FINDINGS AND RECOMMENDATIONS

The WSC has made great strides in improving customer service to the Library's service and infrastructure units. The results of a customer service survey we took during the course of our audit found that service and infrastructure points of contacts were generally satisfied with the level of service provided by the WSC. Additionally, we found that on average WSC staff processed PARs within 7 days, exceeding their performance standard of requiring PARs to be processed within 10 days. However, we found that the WSC lacked some controls needed to ensure efficient and effective operation of the Library's leave programs and to detect and prevent the occurrence of fraud, unauthorized activities, and erroneous transactions. Moreover, HRS had neither restricted access to its systems to the extent necessary nor established controls to monitor the activities of employees with wide-access privileges.

I. More Oversight Needed Over Leave Administration

a. Incorrect, Unjustified, and Omitted Leave Bank Adjustments

The Leave Bank Program provides annual leave from a pooled fund to leave bank members who experience a personal or family medical emergency, have exhausted their available paid leave, and face a financial hardship. To become a leave bank member, an employee must donate each year not less than the amount of annual leave he or she accrues in a pay period.

LCR 2015-13.2, *Federal Employee Leave Bank Program*, Section 4 states in part that transferring leave from the Leave Bank to leave recipients is the responsibility of the WSC. In practice, the WSC had delegated this responsibility to POCs in the Library's service and infrastructure units. Accordingly, the POCs had the WSC's authorization to apply Leave Bank awards and make corrections to leave accounts in WebTA for employees under their supervision.

We examined annual leave accounts for 57 employees that were approved for Leave Bank awards in calendar year 2008 and found that 16 of those accounts (28%) had incorrect balances (14 understated and 2 overstated). In addition:

- approved awards were not credited to three accounts,
- full award amounts were not credited to nine accounts,
- unjustified deductions were made to annual leave in two accounts, and
- more leave than had been awarded was credited to two accounts.

These incorrect account balances are largely attributable to lack of supervision by the WSC. The WSC's management did not identify the problems encountered by POCs and missed opportunities to correct the POCs' errors and omissions. The WSC lack of involvement in the POCs' activities was illustrated in comments that POCs provided to us regarding the three cases in which approved awards were not credited to employees' accounts. In two of those cases, the POCs told us that they did not receive any records of the awards. In the third case, the POC stated that the employee's leave "... balances were so incorrect, I was reluctant to put those hours in until an audit could be done to update her balances."

Section 4 of LCR 2015-13.2 makes it clear that the WSC is accountable for transferring leave from the Leave Bank to leave recipients. Accordingly, delegating the Leave Administration's activities to the POCs does not relieve the WSC of its Leave Bank responsibilities. Therefore, procedures should be established to ensure that the WSC actively participates in the Leave Bank's administration activities.

Recommendations

We recommend that the WSC:

1. Establish procedures for the POCs on when and how to make Leave Bank adjustments in WebTA;

2. Review the WebTA accounts of Leave Bank recipients after awards are made to ensure the awards have been properly applied, are being used for the purposes intended, and unused balances, if any, are recovered; and

3. Revise the Leave Bank program's procedures to require that a) the Leave Administration provide e-mail notifications to Leave Bank applicants, the applicants'

timekeepers, and corresponding POCs regarding Leave Bank Board award decisions, and b) receipts of such notifications be confirmed by the applicant's timekeepers and corresponding POCs.

Management Response

Management agreed with our recommendations. HRS will develop procedures on applying, monitoring, and returning unused leave granted through the Leave Bank. In addition, training will be provided to timekeepers on how to properly process leave bank transactions. HRS will also improve current procedures for informing appropriate individuals – the leave bank applicant and the applicant's timekeeper – of the Leave Bank Board's decision.

b. Unused Leave Bank Awards

Neither the WSC's Leave Administration nor the Library's timekeepers were effectively monitoring Leave Bank awards to ensure that awarded leave was used only for the purpose specified in Section 10 of LCR 2015-13.2 (*Federal Employee Leave Bank Program)* and that any unused balance was returned to the Leave Bank. Section 10 of LCR 2015-13.2 states that "[a] leave recipient may use annual leave withdrawn from the Leave Bank only for the purpose of medical emergency for which the leave recipient was approved."

Nine percent of the Leave Bank awards that we reviewed (5 of 57) were not fully utilized during the medical emergency periods for which the leave awards were made (leave for two awards were partially used and leave for three awards were not used at all). The total dollar value of the unused leave was $6,709. Moreover, none of the unused leave that we identified was returned to the Leave Bank.

The WSC Leave Administration is responsible for reviewing and notifying Leave Bank recipients that they must return any unused leave to the Leave Bank. Additionally, Leave Bank procedures state that the WSC staff should "...generate a memo to the employee at least 2 weeks prior to ending date of participation, notifying him/her that additional medical documentation is required to extend participation in the Leave Bank."

The WSC's responsibilities also include using TINQ to remove all unused donated leave from recipients' balances and informing the Leave Bank Board of the total number of hours of donated leave that is being returned to the Leave Bank. Furthermore, Section 11. B. of LCR 2015-13.2 states "[t]he Board shall ensure that annual leave received from the Leave Bank and not used before the termination of a leave recipients medical emergency shall be returned to the Leave Bank."

Nevertheless, despite the responsibilities of the WSC and the Leave Bank Board, Leave Bank awards were not effectively managed or monitored after the Leave Bank Board approved employees' Leave Bank applications. This situation was attributable to the lack of supervision over the Leave Administration by WSC management.

Effective management of Leave Bank awards reduces the likelihood of fraud and abuse. If employees are aware that no reviews of leave awards are conducted, then they could fraudulently claim that their medical emergency leave times were longer than they actually were and use the unused awarded leave for other unapproved purposes. Moreover, in March 2003 the OIG investigated and substantiated allegations that an HRS staffer fraudulently entered data into the payroll system allowing a relative to receive un-entitled annual leave. Therefore, given the history of the program, WSC management should be cognizant of the program's susceptibility to fraud and abuse.

Recommendation

We recommend that the WSC supplement the Leave Bank program's procedures with instructions for timekeepers on monitoring the use of Leave Bank awarded leave, on how to report unused awarded leave to their POCs, and on how to return unused awarded leave to the WSC Leave Administration.

Management Response

Management agreed with our recommendation.

c. High Volume of Unresolved Leave Errors

Section 3.A of LCR 2015 states that "HRS shall be responsible for: 1. Developing, implementing, revising and administering policies and standard operating procedures related to the management of all leave programs and leave entitlements ..."

Furthermore, Section 3.C.5 of LCR 2015 states "[t]he Service and Infrastructure Unit Points of Contact shall be responsible for: Reviewing Leave Error Reports, Net Hours Worked Reports, and leave records, using them as a basis for recognizing errors and initiating audits and/or other corrective action."

The referenced Leave Error Reports[5] are biweekly reports that are generated for the Library by NFC. Because they provide detailed information on errors in employee leave accounts, the reports can serve as a valuable resource for service and infrastructure units in resolving leave discrepancies. When the WSC receives the reports from NFC, the Leave Administration forwards them to the appropriate POCs and Time and Attendance (T&A) timekeepers throughout the Library. The Leave Administration maintain that the timekeepers are responsible for resolving the leave discrepancies identified in the reports.

Notwithstanding the useful information that the reports contain and the LCR requirement to review and use them, the Library's T&A timekeepers were not using them to resolve leave discrepancies. The reports were disregarded because timekeepers had not been adequately trained on how to use them. For the periods ending 10/18/2008 and 10/31/2008, there were 1,689 and 1,594 leave errors, respectively. Many of the same errors were included in both reports. Therefore, a high number of employee leave accounts had inaccurate balances.

Due to the high volume of errors contained in employee leave accounts, the Library is spending a significant amount of money by not taking timely actions to resolve recurring leave errors identified in the Leave Error Reports. The NFC charges

[5] The Leave Error report, formally known as the CULPRPT Report P0152 provides statistical information regarding the number of T&As transmitted, the number of valid T&As, the number of T&As rejected, and the percentage of T&As rejected.

the Library for the biweekly Leave Error Reports. NFC bases the charges on the processing time needed to generate the reports; the greater the number of errors, the greater the amount of time and cost for each report. Therefore, unresolved errors are costly, especially when they are repeatedly identified in a series of reports. The costs for these reports were $50,250 and $49,410 respectively for fiscal years 2007 and 2008. Over a five-year period, about $250,000 of Library funds could be put to better use by resolving these errors.

While timekeepers are responsible for correcting the leave errors, LCR 2015, Section 3.A makes it clear that HRS has overall responsibility for establishing policies and procedures to ensure that the Library's timekeepers properly administer the leave. Accordingly, the WSC should be actively involved with the Library's service and infrastructure units by issuing written procedures and providing training to timekeepers and POCs on how to use the NFC Leave Error report to resolve leave discrepancies.

Recommendations

We recommend that the WSC:

1. Provide training and issue written procedures for the Library's timekeepers on how to resolve leave discrepancies, including how to use the Leave Error report, and

2. Periodically monitor Leave Error reports to determine whether timekeepers are initiating timely actions to resolve errors that are identified in the reports.

Management Response

Management agreed with our recommendations. HRS will establish procedures for identifying, researching, and resolving leave discrepancies. In addition, training will be provided to all timekeepers on the new procedures. Periodic reviews of the WebTA and NFC systems will also be performed to ensure errors are being resolved.

II. Inappropriate and Unregulated Access to Key IT Systems Makes HRS Vulnerable to Fraud

The concept of least privilege is a basic principle for securing computer systems and data. Under this concept, users are granted only those access rights and permissions that they need to perform their official duties. The assignment of rights and permissions must be carefully considered to avoid giving users unintended and unnecessary systems access.

HRS has not restricted access to its systems to the extent necessary. Moreover, it has not established controls to effectively monitor employees who are assigned wide access rights and permissions.

Permitting excessive access to HRS computer systems increases the risk that inappropriate adjustments will be made to employee leave accounts and other records maintained by HRS. While some staff may need "Super User" system access rights, HRS needs to closely monitor their use. Doing so is especially important considering the allegations that we substantiated in March 2003 regarding an HRS staffer who fraudulently entered data into the Library's payroll system that enabled a relative to inappropriately receive annual leave.

a. Lack of Controls over the Master Timekeeper Role

LCR 2015, *Leave Administration*, Section 3, *Assignment of Responsibilities*, states that "[i]t is the policy of the Library of Congress that ... access to [pay & leave] information will be restricted ..."

Notwithstanding this LCR's requirement, HRS had granted access privileges to Master Timekeepers which provided them the unnecessary capability to view and adjust the leave account balances of employees who were outside of their supervision. As of December 2008, there were 19 Library employees spread throughout the Library who had been assigned the Master Timekeeper role for WebTA. Such unnecessary access privileges jeopardize the confidentiality and integrity of sensitive information.

We note that a control feature of WebTA is available which would allow HRS to create an organizational tree in the system that would be similar to the Library's organizational

chart which could restrict the Master Timekeepers' WebTA access.

Recommendation

We recommend that HRS:

1. Restrict Master Timekeepers' access rights to confidential pay and leave information by developing and implementing the organizational tree that is available in WebTA.

Management Response

Management concurred with our recommendation. HRS will clarify the role of the Master Timekeeper and consider the appropriateness of its continued applicability. HRS will also evaluate the feasibility of implementing the organizational tree in WebTA and proceed with implementation if feasible.

b. Inappropriate Access to Key HRS IT Systems.

We identified five employees who have access rights to both WebTA and TINQ. Such rights give them the opportunity to effortlessly process inappropriate leave transactions in both systems without being detected because there was no oversight or audit trail of the systems' transactions. In addition, official job duties for two of the five employees do not include processing transactions in either system. Therefore, neither of those employees should have rights to process transactions in either system.

Furthermore, HRS is not maintaining audit trails for transactions processed by users who had access rights to TINQ and WebTA. As a result, we were unable to review leave adjustments made by the five employees in the two systems to confirm their validity. By not maintaining and reviewing the access records of staff with access to two vulnerable systems, management had neither the means nor the methodology to detect fraudulent activity. In our view, no employee should have access rights which allow an employee to process transactions in both WebTA and TINQ.

Separation of duties is a fundamental principle of internal control. When it is effectively implemented, the principle

prevents any one person from controlling all aspects of a transaction or process. It is a principal element in several of the Library's criteria documents pertaining to the management of information technology (IT) systems. Three such documents are LCR 1620, *Information Technology Security Policy of the Library of Congress*, and the Library of Congress IT Security Plan and General IT Security Directive 01.

Section 7 F.4 of LCR 1620 states, "Service and Infrastructure Units are responsible for ensuring separation of duties and assigning appropriate system permission and responsibilities for Service or Enabling Infrastructure system users."

Section 8.2 of the Library General IT Security Plan (*IT Security Program Requirements PR-79)* states that service and infrastructure support units shall, "... Develop and maintain directives and guidance that ensures separation of duties such that a single individual cannot subvert a critical process."

The separation of duties principle is also referenced in Library General IT Security Directive 01, Directives AC-05.01 and AC-05.02 which states that "[p]ersonnel responsible for reviewing audit logs must not be the personnel administering the system and the IT System must enforce the separation of incompatible duties ... through system access permission."

Nevertheless, despite these requirements, we identified one HRS employee who had extraordinary access rights to HRS' IT systems as well as several incompatible IT security responsibilities. This individual had the following incompatible IT Security roles: Information System Security Officer (ISSO), System Owner, and Information Owner for the WebTA and NFC TINQ systems. Library General IT Security Directive 01 clearly delineates IT security roles that cannot be performed by the same individual. Figure I, which was extracted from Library General IT Security Directive 01, shows the IT security roles that may be combined and performed by a single individual.

Figure 1. Allowable IT Security Role Combinations extracted from the Library of Congress General Information Technology Security Directive 01

	Designated Approving Authority (DAA)	Certifying Official (CO)	Chief Information Security Officer (CISO)	IT Security Program Manager (ITSPM)	Information System Security Officer (ISSO)	System Owner (SO)	Information Owner (IO)	System Administrator (SA)
Designated Approving Authority (DAA)	N/A	NO	NO	NO	NO	YES	YES	NO
Certifying Official (CO)	NO	N/A	YES	YES	YES	NO	NO	NO
Chief Information Security Officer (CISO)	NO	YES	N/A	YES	NO	NO	NO	NO
IT Security Program Manager (ITSPM)	NO	YES	YES	N/A	YES	NO	NO	NO
Information System Security Officer (ISSO)	NO	YES	NO	YES	N/A	NO	NO	NO
System Owner (SO)	YES	NO	NO	NO	NO	N/A	YES	NO
Information Owner (IO)	YES	NO	NO	NO	NO	YES	N/A	NO
System Administrator (SA)	NO	NO	NO	NO	NO	NO	NO	N/A

We attribute this situation to management's failure to take the risks of unusual employee access to vulnerable IT systems into consideration when the employee's access rights were granted and IT security responsibilities were established.

In addition to the lack of separation of duties, HRS management has not developed effective directives and guidance that ensures that (1) access decisions are based on the principle of least privilege, and (2) separation of duties such that a single individual cannot subvert a critical process. Library General IT Security Plan 8.2, *IT Security Program Requirements* requires that service and infrastructure support

units, "...Develop and maintain directives and guidance that ensures that access decisions are based on the principle of least privilege." However, despite this requirement, we found no directives or guidance that delineate incompatible user roles in HRS' various IT systems or that stress the principle of least privilege.

Recommendations

We recommend that HRS:

1. Evaluate the access rights that have been provided to each staff member for key HRS IT systems and determine whether all such rights are needed by the staff member to perform his/her official functions; and

2. Establish a policy that requires the WSC to review the Audit Trail of Leave Updates reports from TINQ to identify invalid transactions and to maintain the reports for a minimum of three years.

Management Response

Management agreed with our recommendations. HRS will work with the Library's Information Technology Services Security Group to ensure sufficient separation of duties among HRS systems or alternative control mechanisms are in place to prevent and detect inappropriate actions. HRS will also begin maintaining the Audit Trail of Leave Updates reports from TINQ and reviewing them for discrepancies and inappropriate transactions.

c. Lack of Supervision over EmpowHR's Privileged Access

PARs provide the means to process personnel actions for Library employees such as monetary awards and quality step increases in salary. PARs are normally processed through EmpowHR's[6] "work-in-progress" process. This process involves PARs and awards being initiated, authorized, and approved by the requesting service unit and then being

[6] EmpowHR is a comprehensive human resource IT system that allows Library-wide secure access to information. It allows service units to create, route, and track all personnel action requests (PARs) and provides instant access to personnel management data (such as job series, grade, step, and service computation date).

forwarded to the budget office for authorization prior to final processing by HRS. According to HRS' EmpowHR manual, "[a] PAR should not be processed or considered an actual event until it has first been authorized and approved by the service unit, and reviewed by selected offices throughout the Library such as Budget and Personnel Security."[7]

Because it was responsible for making any needed corrections to PARs and ensuring the actions were processed efficiently, HRS had given 25 of its staff members special access rights to EmpowHR. Each of these staff members were recognized in the system as having unfettered access in EmpowHR. Accordingly, each had the ability to initiate and process PARs and therefore, bypass the system's "work-in-progress" activities normally performed by the requesting service or infrastructure unit.

We found that there were no controls in place to verify the validity of PARs processed outside the work-in-progress process. Specifically, PARs that had been initiated and/or processed outside the work-in-progress process were not being reviewed by WSC management. The effect is management has no assurance that PARs initiated and/or processed by those staff members were valid. Although we did not identify any invalid PARs that were processed outside the work-in-progess process, this process is presently subject to abuse and needs stronger controls.

Recommendations

We recommend that the WSC:

1. Establish a policy that requires all personnel action requests be processed through EmpowHR's work-in-progress process when possible; and

2. Review the validity of transactions initiated and processed outside the EmpowHR work-in-progess process that result in a change in pay or the disbursement of funds.

[7] HRS' EmpowHR manual, Chapter 4, *Requesting and Approving Personnel Action Requests*, 4-1.

Management Response

Management agreed with our recommendations. HRS now processes all appropriate actions via EmpowHR's work-in-progress process. Actions processed outside of the work-in-progress status will be reviewed by an official not involved in the processing of the action.

III. The WSC's Performance Standards do not Clearly Define the Quality or Quantity of Work Expected

To properly measure and hold accountable employees, performance plans must clearly set forth duties, responsibilities, and expected results. HRS' Office of Workforce Performance and Development has issued guidelines stating that performance standards "should be written in clear language and describe specific behavior and actions required [, and in addition,] use specific terms that are measurable, observable, or verifiable."

Notwithstanding HRS' guidelines, the WSC had not developed adequate performance metrics to objectively and adequately evaluate its staff members' performances. Performance plan standards that we reviewed were broad, vague, and did not clearly define the quality or quantity of work. For example, one of the performance standards for a Human Resource Specialist stated, "[w]ork is done independently, accurate[ly], and completed in a timely manner." This standard was vague because it did not let the employee know the length of time that the supervisor considered to be "timely" (e.g., number of days), nor did it provide a measure of accuracy. The performance standard should describe the desired and appropriate level of work expected of any competent, qualified employee in the position. For clarity, the standard could be expressed in two statements – one providing a measure of time, and the second, a measure of accuracy. For instance, "PARs should be processed within 10 business days, with one or fewer errors per ten PARs processed."

When performance standards are clear and measurable, employees do not have to guess what their supervisor expects from them, or how their performance will be evaluated. Measurable performance standards also reduce the level of subjectivity and bias in the evaluation process.

Recommendation

We recommend that the WSC revise its employees' performance plans to ensure that performance standards are written in objective, understandable, and measurable terms, and provide sufficient detail to hold employees accountable for their work.

Management Response

Management agreed with our recommendation. HRS will work to include productivity and quality standards in staff performance plans and evaluations.

CONCLUSION

As the T&A function has evolved from a manual to an automated process, the importance of well-defined internal controls that ensure T&A transactions are valid and accurate has greatly increased. When developing controls, HRS needs to consider the (1) control environment in which T&A processing occurs, (2) applicable risks, (3) needs of T&A information users, and (4) results of control monitoring and evaluation. We believe HRS needs to set forth more clearly the responsibilities of timekeepers, POCs, and Master Timekeepers for adjusting, recording, examining, approving, and reporting T&A information.

Additionally, HRS must apply available application controls in its automated systems' operations to (1) achieve efficient and effective T&A system processing, and (2) ensure access decisions are based on the principle of least privilege. HRS must also review and test all system procedures and controls for T&A processing with sufficient scope, depth, and frequency to obtain assurance that the systems' operations are effective in meeting legal and other requirements, and in maintaining data integrity. This includes monitoring closely those staff members who hold powerful access rights for making a wide range of system adjustments.

Although this report is critical of the WSC's management of the Leave Administration and controls for HRS' IT systems, we concluded that the overall service provided by the WSC is satisfactory. On average, the WSC's processing time for PARs is only seven days. Moreover, the POCs who responded to our audit survey on the service center's customer service expressed general satisfaction with the services provided by the WSC staff.

Major Contributors to This Report:
Nicholas Christopher, Assistant Inspector General for Audits
Patrick Cunningham, Senior Auditor
Elizabeth Valentin, Auditor

APPENDIX A: ACRONYMS USED IN THIS REPORT

HRS	Human Resources Services
IT	Information Technology
LCR	Library of Congress Regulation
Library	Library of Congress
NFC	National Finance Center
OIG	Office of the Inspector General
PARs	Personnel Action Requests
POCs	Service and Infrastructure Unit Points of Contact
T&A	Time and Attendance
TINQ	Time Inquiry-Leave Update System
USDA	United States Department of Agriculture
WSC	Worklife Services Center

APPENDIX B: MANAGEMENT RESPONSE

United States Government

Human Resources Services
Director for Human Resources

Memorandum

Library of Congress

TO : Karl Schomagel
Inspector General

Date: June 22, 2009

FROM : Dennis M. Hanratty
Director for Human Resources

SUBJECT : Draft Audit Report No. 2009-PA-101

Thank you for the opportunity to comment on Draft Audit Report No. 2009-PA-101. We are pleased the report recognizes the substantial progress that Human Resources Services (HRS) has made in the processing of personnel actions – one of the most critical tasks performed by the HRS' Worklife Services Center. The audit revealed that HRS' average processing time was only seven days, significantly below the ten-day processing time standard established through the Library's Annual Program Performance Plans (AP3) process. In addition, as described below, HRS established an internal review process to help ensure the accuracy of such actions. We are also pleased that the Library's service and support unit personnel responding to your survey expressed general satisfaction with the services provided by the Worklife Services Center staff.

Our detailed comments, relative to the findings of Draft Audit Report No. 2009-PA-101, are as follows:

I. More Oversight Needed Over Leave Administration

a. Incorrect, Unjustified, and Omitted Leave Bank Adjustments

Recommendations

We recommend that the WSC:
1. Establish procedures for the POCs on when and how to make Leave Bank adjustments in WebTA;
2. Review the WebTA accounts of Leave Bank recipients after awards are made to ensure the awards have been properly applied, are being used for the purposes intended, and unused balances, if any, are recovered; and
3. Revise the Voluntary Leave Bank program's procedures to require that a) the Leave Administration provide e-mail notifications to Leave Bank applicants, the applicants' timekeepers, and corresponding POCs regarding Leave Bank Board award decisions, and b) receipts of such notifications be confirmed by the applicant's timekeepers and corresponding POCs.

HRS Response – Concur, with one exception.
1. HRS will develop Standard Operating Procedures relative to the application, monitoring and return of leave granted through the Library's Voluntary Leave Bank Program and will develop mandatory training for timekeepers to ensure that the required processes are understood and adopted.
2. HRS will conduct periodic reviews of the WebTA and National Finance Center (NFC) systems to ensure that donations are being appropriately applied and/or recovered. However, it is important to note that HRS does not monitor leave post-awards for appropriateness of use. That determination is made by the Health Services Office during the application and approval process.
3. HRS will enhance its notification process to include all necessary parties.

b. Unused Leave Bank Awards

Recommendation

We recommend that the WSC supplement the Voluntary Leave Bank program's procedures with instructions for timekeepers on monitoring the use of Leave Bank awarded leave, on how to report unused awarded leave to their POCs, and on how to return unused awarded leave to the WSC Leave Administration.

HRS Response - Concur.
HRS will develop Standard Operating Procedures relative to the application, monitoring and return of leave granted through the Library's Voluntary Leave Bank Program and will develop mandatory training for timekeepers to ensure that the required processes are understood and adopted.

c. High Volume of Unresolved Leave Errors

Recommendations

We recommend that the WSC:
1. Provide training and issue written procedures for the Library's timekeepers on how to resolve leave discrepancies, including how to use the Leave Error report, and
2. Periodically monitor Leave Error reports to determine whether timekeepers are initiating timely actions to resolve errors that are identified in the reports.

HRS Response - Concur.
1. HRS is currently benchmarking best practices in this area, will develop Standard Operating Procedures relative to the identification, research and resolution of leave discrepancies and will develop mandatory training for timekeepers to ensure that the required processes are understood and adopted.
2. HRS will conduct periodic reviews of the WebTA and NFC systems to ensure that errors are being resolved appropriately.

II. Inappropriate and Unregulated Access to Key IT Systems Makes HRS Vulnerable to Fraud

a. Lack of Controls over the Master Timekeeper Role

Recommendation

We recommend that HRS:
1. Restrict Master Timekeepers' access rights to confidential pay and leave information by developing and implementing the organizational tree that is available in WebTA.

HRS Response - Concur.
HRS will evaluate the feasibility of the recommended implementation and proceed if appropriate. Additionally, HRS will more clearly define the Master Timekeeper role and consider the appropriateness of its continued applicability.

b. Inappropriate Access to Key HRS IT Systems

Recommendations

We recommend that HRS:
1. Evaluate the access rights that have been provided to each staff member for key HRS IT systems and determine whether all such rights are needed by the staff member to perform his/her official functions; and
2. Establish a policy that requires the WSC to review the Audit Trail of Leave Updates reports from TINQ to identify invalid transactions and to maintain the reports for a minimum of three years.

HRS Response - Concur.
1. HRS works closely with the Library's Information Technology Services (ITS) Security Group and recognizes that more can be done to separate duties across the variety of HRS systems. HRS will continue to work with the ITS Security Group to develop a method to provide the necessary separation of duties across HRS systems or develop an alternative control mechanism that is acceptable to both the ITS Security Group and HRS.
2. Worklife Services Center staff will produce the audit trail update report at the conclusion of each pay period. The report will be reviewed by HRS management and any discrepancies or unusual activity will be examined and appropriate action taken. Reports and any resulting documentation of action taken will be retained for a period of three years.

c. Lack of Supervision Over EmpowHR's Privileged Access

Recommendations

We recommend that the WSC:
1. Establish a policy that requires all personnel action requests be processed through EmpowHR's work-in-progress process when possible; and

2. Review the validity of transactions initiated and processed outside the EmpowHR work-in-progess process that results in a change in pay or the disbursement of funds.

HRS Response - Concur.
1. HRS now processes all appropriate actions via EmpowHR's work-in-progress process.
2. HRS will implement a practice whereby actions processed outside of the work-in-progress status are reviewed by an official not involved in the processing of the action.

III. The WSC's Performance Standards do not Clearly Define the Quality or Quantity of Work Expected

Recommendation

We recommend that the WSC revise its employees' performance plans to ensure that performance standards are written in objective, understandable, and measurable terms, and provide sufficient detail to hold employees accountable for their work.

HRS Response - Concur.
HRS currently captures and tracks measurable data on a monthly basis. The HRS Internal Review Team (IRT) meets monthly to perform systematic reviews of work produced by HRS staff, including processed personnel actions, data entry of position descriptions, benefit and service calculations, and job postings. The IRT provides a semi-annual report to the HRS Director of its findings. Among the findings and recommendations of the IRT during its most recent report is the establishment of performance/productivity standards for applicable HRS staff. Additionally, Worklife Services Center managers receive monthly reports that track the Technical Services Group's success in meeting the productivity and quality standards in place thorough the Library's AP3. Staff are fully aware of their responsibilities in meeting these goals; however, HRS will work to more clearly represent and track these activities in staff performance plans and evaluations.

The CHAIRMAN. And I would like to welcome Mr. Harper and ask him if there is any statement that he would like to make.

Mr. HARPER. Thank you, Mr. Brady, and I certainly appreciate that, and I appreciate you calling this hearing. I would ask for unanimous consent that an opening statement be entered into the record today.

The CHAIRMAN. Without objection.

Mr. HARPER. I would also like to say I will probably have to leave to go back to the Judiciary Committee markup.

The CHAIRMAN. We understand. We stated that before you got here. We know you are in a pretty important hearing over there.

Mr. Hanratty.

STATEMENT OF DENNIS HANRATTY

Mr. HANRATTY. Yes, Chairman Brady, Ranking Member Lungren and members of the committee. Thank you for this opportunity to discuss the management of the Worklife Services Center at the Library of Congress. I am Dennis Hanratty, Director for Human Resources at the Library of Congress. It is a position I have held since August of 2005.

The Library's Worklife Services Center, created in 2004 as a part of Human Resources Services, has dedicated staff who daily meet the human resources needs of the Library's employees and service units. The Center was created largely in response to a series of inspector general reviews finding that the Library needed to, first of all, strengthen its internal controls related to processing and approving certain personnel actions; and, two, improve the efficiency and effectiveness of our services to the Library's workforce.

The Center provides one-stop shopping for Library employees in areas such as pay and leave administration, personnel benefits, employee assistance services, personnel records and retirement counseling. We continually work to improve our service in these particular areas. In fact, over the last 5 years, Mr. Chairman, we have enhanced virtually every Center activity that serves the employees of the Library of Congress actually from before the first day that a new Library employee reports to duty, through new-employee orientation, through retirement counseling and out-processing.

This year's audit of the Library's Worklife Services Center shows, in my opinion, the positive results that we sought when we established the Center in 2004. Among other findings, the audit revealed that the average processing time for personnel actions was 7 days, and that is a 74 percent improvement over the level that the inspector general found in his 2003 audit.

As part of this year's audit, the inspector general also surveyed the Library's service units regarding the Center's performance, and they found broad satisfaction, with most answers in the 85 to 90 percent satisfaction level. Service unit staff reported to the inspector general that the Center staff are approachable, they are friendly and professional, they are knowledgeable of procedures and regulations, they are able to respond and answer questions, and they are willing to help to direct a question to the appropriate level if they don't know the answer.

These results conform to the broader 2008 Library employee survey, which we conducted in the fall of 2008, which revealed staff satisfaction with both our worklife programs and our benefits options. Most of the levels in the Library-wide employee survey with respect to worklife programs and benefit options exceeded the government average.

As with any organization, there are always opportunities to strengthen and improve our services, and that is the spirit in which we viewed the inspector general's audit. We welcomed that audit, we concurred with the findings, and we appreciated his recommendations.

In response to the specific concerns that the inspector general raised last month, we have already enacted four specific steps. First of all, we have issued comprehensive procedures on the management of the Library's Voluntary Leave Bank Program.

Second, we have promulgated a directive governing the security of personally identifiable information. This is an issue we have been working on very closely with the Library's Office of General Counsel, with the Library's Information Technology Services and the service units in general. We take the issue of protecting employee personal data very seriously.

The third thing we have already done is to separate— based on the recommendation of the inspector general, duties in our human resources systems.

And finally, we have already developed for fiscal year 2010 to put into effect on October 1 performance standards for the Center staff that contains standards of timeliness, accuracy and quality.

Now, in addition to the four things we have already done, we reported to the inspector general that there were a series of other things that we would enact, and we will do each of these and have each of these in place by September 30th. First, we will train the service unit timekeepers in procedures for the Voluntary Leave Bank Program that I mentioned before.

Second, we will conduct periodic reviews of our time and attendance and payroll systems to ensure that leave bank donations are being appropriately recorded, and if there are leave bank donations to be returned back to the bank, that they are done in a timely fashion.

The third thing that we are going to be doing between now and September 30th is to evaluate the master timekeepers' roles and responsibilities, and more clearly define their role. The inspector general had recommended that we consider using an organizational tree feature that is in our time and attendance system, and we have already begun consultations with our information technology experts to see if that can be done.

The final thing that we will do between now and September 30th is to process all appropriate personnel actions through the EmpowHR work-in-progress system and develop procedures for any actions that we believe cannot appropriately be processed through that system.

Now, finally, in my written testimony I also outlined some other significant improvements that we have made, including enhancing an error-free interface with our payroll provider, the National Finance Center; establishing secure digital versions of employee per-

sonnel files; and providing one-stop, on-site and off-site employee assistance services and retirement counseling.

And I would be happy to answer any questions that the committee members my have.

The CHAIRMAN. I thank the gentleman.

[The statement of Mr. Hanratty follows:]

Testimony of Dennis Hanratty,
Director for Human Resources, Library of Congress
Before the Committee on House Administration
July 29, 2009

Chairman Brady, Ranking Member Lungren, and Members of the Committee:

Thank you for this opportunity to discuss the management of the Worklife Services Center at the Library of Congress. I am Dennis Hanratty, the Director for Human Resources at the Library of Congress, a position I have held since August 2005. The Library's Worklife Services Center, part of Human Resources Services (HRS), has dedicated staff who daily meet the human resources needs of the Library's employees and service units.

The Inspector General (IG) found in a 2003 investigation and follow-up performance audit that HRS needed to strengthen our internal controls relating to processing and approving certain personnel actions; and improve the efficiency and effectiveness of our services to the Library's workforce. In part to respond to these IG reviews in 2003, the Library established the Worklife Services Center ("the Center") in 2004 to provide one-stop shopping for Library employees in areas such as pay and leave administration, personnel benefits, employee assistance services, personnel records, and retirement counseling.

For these activities, the Center is the "face" of HRS throughout an employee's career. We have worked very hard to ensure that staff receive the best possible services through the Center and continually improve our service delivery. In fact, over the past five years, we have enhanced virtually every Center activity that impacts an employee, from prior to his or her first day through retirement counseling and out-processing.

2009 Worklife Services Center Audit

We welcomed this year's follow-up audit of the Center and appreciated the Inspector General's findings and recommendations. I believe this audit shows the positive results we sought when we established the Worklife Services Center. Among other findings, the audit revealed that the average processing time for personnel actions is now seven days -- a **74 percent improvement** from the level found by the Inspector General in its 2003 audit.

As part of this year's audit, the Inspector General also surveyed the Library's service units regarding the Center's performance. They found broad satisfaction, with most answers in the **85 to 90 percent satisfaction level**. By a wide margin, the service units reported that the Center's staff are approachable, friendly and professional, knowledgeable of procedures and regulations, able to respond and handle questions, and willing to help or refer questions to the appropriate level. These results conform with the broader 2008 Library employee survey, which revealed staff satisfaction with our worklife programs and benefits options, with most levels exceeding the government-wide average.

As with any organization, there are always opportunities for improvement. It is in that spirit that we appreciate the Inspector General's findings and recommendations, with which we concur.

My office has had a very collaborative relationship with the Inspector General for several years and has implemented many recommendations that have strengthened our service delivery.

Responding to the concerns raised by the Inspector General in his 2009 audit, we have already–

- issued comprehensive Standard Operating Procedures (SOPs) on the management of the Library's Voluntary Leave Bank Program.
- promulgated an HRS directive governing the security of personally identifiable information. This is an issue we have been working on more broadly with the Library's Office of General Counsel, Information Technology Services (ITS) and the service units; we take the issue of protecting personally identifiable information very seriously.
- modified, in partnership with the Security Group of the Library's ITS, separation of duties across HRS systems.
- developed for all Center staff fiscal 2010 performance plans that contain standards of timeliness, quality, and accuracy.

By **September 30, 2009**, we will:

- train service unit timekeepers in the Voluntary Leave Bank Program SOPs.
- initiate periodic reviews of "WebTA" (our web-based internal time and attendance administration system) and National Finance Center (NFC, our federal payroll administrator) systems to ensure that leave bank donations are being appropriately applied and/or recovered, and enhance our notification process to include all necessary parties.
- develop SOPs relative to the identification, research, and resolution of leave discrepancies and train timekeepers in these SOPs.
- evaluate the feasibility of implementing the WebTA organizational tree feature to restrict master timekeepers' access rights and more clearly define their role.
- process all appropriate actions via EmpowHR's work-in-progress process and develop SOPs to address actions handled outside that process.

In response to earlier IG recommendations, we developed an Employee Guide, described more fully below. A companion Supervisors Handbook, also recommended by the Inspector General, has been completed and is awaiting the Inspector General's final review before issuance to all supervisors.

Fundamental Worklife Services

A major focus of HRS in creating and implementing the Center has been to ensure optimal efficiency and effectiveness in providing the basic services necessary to all employees:

– Payroll Processing. The IG has reviewed various payroll functions several times over the last few years, and it is perhaps in this area that HRS has done the most to ensure constant vigilance. Nothing is more basic to our employees than the assurance that they are accurately paid every two weeks, yet most staff are unaware of the level of activity required.

Although the Library, like many other federal agencies, uses the payroll services of NFC, each pay period requires attention and effort to reconcile NFC's services with the pay due to each of the Library's nearly 4,000 employees. During each pay processing week, Center staff provide daily monitoring and reporting of outstanding potential payroll issues which, without action, could prevent a staff member from being paid.

With the Center's inception in 2004, its management instituted a number of initiatives in the payroll arena. The Center:

- separated payroll functions and restructured work distribution and workflow for better accountability of payroll processing (in accordance with IG recommendations);
- set up monthly teleconferences with NFC management to discuss payroll system and processing issues; and
- Made user-friendly enhancements to WebTA to minimize staff input errors.

– Personnel Action Processing: Each year, the Library's service units submit some 3,000 personnel action requests to the Center for review, approval, and processing to NFC. These requests cover the gamut of human resources actions.

In 2003, the Inspector General audited this effort and determined that HRS averaged 26 days to review, approve, and process personnel actions – an unacceptable timeframe to HRS and its customers. In response, the newly-established Center instituted new processes and workflows to correct this deficiency. In its June 2009 audit of the Center, the Inspector General determined that we had reduced average processing time to only **seven days**, significantly below the ten-day processing time standard established through the Library's 10-day target timeframe.

– Official Personnel Folders: By law, the Library is required to maintain, and keep secure, an Official Personnel Folder (OPF) for each employee. An OPF contains all important documents that reflect an employee's work history.

Traditionally, HRS maintained OPFs in paper files. The volume of personnel actions in an agency this size meant that keeping each employee's OPF files current was a significant drain on HRS staff time. In the event of a catastrophe (e.g. fire) where OPFs were destroyed or the storage areas were inaccessible, HRS would have had great difficulty in reconstructing the full contents of the folders or carrying out its full responsibilities toward Library employees.

Working closely with the Office of Personnel Management (OPM) and our own Office of Strategic Planning and Automation, the Center oversaw the creation, in 2008, of an Electronic Official Personnel Folder (eOPF) system. This system allows Library employees to have desktop read-only access to the contents of their OPFs, and ensures that important, paper-based records are not vulnerable to fire or other damage. Through an interface with NFC, a copy of each personnel action is automatically placed in the employee's eOPF, securely housed on an offsite server. The Library was the first legislative branch agency to implement eOPF.

– Employee Assistance: In 2005, the Center redesigned its employee assistance program to provide a comprehensive suite of onsite and offsite services. These include onsite employee assistance counseling, supplemented by 24-hour counseling services provided by experienced

clinicians and referrals to other local resources. Staff also have available to them monthly seminars on diverse topics such as elder and child care, estate planning, and conflict management.

– Benefits and Retirement Counseling: In 2004, the Center engaged an experienced team of benefits and retirement counselors to administer the Library's full range of federal benefits and services to staff. The benefits and retirement teams each average nearly 300 staff consultations per quarter and resolve issues on average in one day. The retirement team also expertly and completely processes optional and disability retirement packages to OPM; the Center's processing speed for retirement packages exceeds the government-wide average.

Other Worklife Services Center Initiatives

As part of our desire to provide more comprehensive and efficient services for Library employees, the Library's Worklife Services Center has carried out a number of other noteworthy inititatives:

- ***New Employee Orientation:*** In 2006 the Center completely redesigned the Library's New Employee Orientation Program that assures that all new employees receive complete, consistent, and accurate information. The information is available even prior to coming on board, when selectees are directed to a Library website containing all forms needed for in-processing and extensive information on Federal benefits. Once arriving on board, new employees receive an orientation guide containing step-by-step instructions to get started with the Library's systems and full descriptions of services available to them, and then participate in a comprehensive orientation workshop.

- ***Employee Guide:*** In 2008, HRS and the Center developed a new Employee Guide, available online for ready reference and updates. This 35-page guide presents general information about the Library, including a statement on the Library's mission; a brief history of the Library, including its congressional authorization; the Library's organizational structure; information sources for the staff; and detailed information about employment, pay, benefits, and other advantages of working at the Library. The guide has helped close a key information gap for staff, and has quickly become one of the five most commonly-downloaded documents from the Library employee intranet.

- ***Benefits Newsletter:*** Beginning in 2007, the Center also developed an online newsletter for staff that focuses on important developments in employee benefits programs.

- ***Retirement Planning Seminars:*** In 2009, the Center completely revamped the Library's retirement planning seminars to provide three distinct seminars, offered at various times during the year: sessions geared toward giving new hires the long view of preparing for retirement; seminars for mid-career staff to provide more extensive financial and retirement planning; and, for staff within five years of retirement, comprehensive financial, retirement and transition planning.

I will be happy to answer any questions Committee members may have.

Bio of Mr. Dennis Hanratty

Dennis Hanratty is Director for Human Resources at the Library of Congress, a position he has held since August 2005. Mr. Hanratty has 26 years of experience at the Library covering a wide range of areas and issues. Mr. Hanratty has worked in Human Resources Services (HRS) since 1993, first as Special Assistant to the Director, helping manage the full range of human resources functions and activities, and then as Director, Strategic Planning and Automation, managing human resources planning and technology to support HRS= customers. Mr. Hanratty has also served as Special Assistant to the Associate Librarian for Management, helping coordinate management and direction of the Library=s infrastructure units, and as Unit Supervisor, Federal Research Division, directing the efforts of several analysts tasked with conducting research on Latin America for Executive Branch agencies. Mr. Hanratty holds a B.A. in Political Science from Fordham University and an M.A. and Ph.D. in Political Science from Duke University. In 2003, Mr. Hanratty was recognized by the International Public Management Association for Human Resources, Federal Section, as Meritorious HR Professional of the Year.

The CHAIRMAN. Mr. Schornagel, what would be the cost, both in dollars and cents and manpower, to implement your recommendations?

Mr. SCHORNAGEL. It would be very minimal, and it would be offset by an extremely large margin by the savings that could be implemented by not receiving the big error reports. The error reports are optional for the Library to receive, and if we could cut down on the errors, those reports would be very, very minimal, and the cost would be almost nothing.

So the only thing we are really talking about here is a little bit more time in supervision from the managers and some training for the employees to process these errors and resolve these erroneous transactions that sometimes stay on the books for quite some time.

The CHAIRMAN. So we might even save some money.

Mr. SCHORNAGEL. Yeah. Oh, yeah.

The CHAIRMAN. Mr. Hanratty, if an employee is found to act fraudulently with respect to documenting their annual leave, what is the punishment? What happens to someone for falsifying annual leave?

Mr. HANRATTY. If an individual falsifies annual leave, he or she could be subject to both administrative penalties at the Library, which could result up to dismissal from the agency. We would also bring those concerns to the inspector general's attention, and he and his staff would make a determination whether to refer those issues further for possible criminal action.

The CHAIRMAN. Is there a first time, second time?

Mr. HANRATTY. Well, a lot depends on the course of action. Yes, I think we probably look at the degree of severity. There are a series of standards that we always use in the course of determining or recommending to a manager the appropriate level of discipline. And so it may depend on the severity of the action; it may depend on whether this is a first-time offense. There is a series of categories we would look at, and then we would make that recommendation.

The CHAIRMAN. I appreciate that.

Mr. Harper, do you have any questions?

Mr. HARPER. Yes. Thank you, Mr. Chairman.

First of all, I would like to say how important the Library of Congress is to me personally and to this country. And we do appreciate the role that you have to fill and continue to do that.

Mr. Hanratty, I would ask you as we look through this, the IG report mentioned the leave administration appeared to be one of the largest areas of concern, and I know that looking at 57 employee accounts that were reviewed, 32 had errors. To what do you attribute those errors, and how do you plan to improve on that or to prevent those in the future?

Mr. HANRATTY. Well, I basically attribute that, Mr. Harper, to the fact that we were so focused on getting the job done and making sure that the appropriate transactions were recorded in the leave systems that that was our principal attention, as opposed to focusing on whether the leave donations that had been given to an employee were returned back to the bank if, in fact, the individual did not need the full spectrum of that award to address the medical deficiency.

We have already identified and put into place a procedure, that we have drafted since the inspector general's report, which makes it very clear as to what needs to happen to not only record the initial contribution for the voluntary leave bank contribution, but also to monitor the action subsequent to that, to make sure that, in fact, it is used for the appropriate purpose. And if there is any leave that is left over, we go ahead and recoup that.

Mr. HARPER. Have you shared that new plan with Mr. Schornagel?

Mr. HANRATTY. I have not, but I would be happy to, yes.

Mr. HARPER. All right.

Mr. HANRATTY. I would like to mention, though, that although clearly the inspector general's report suggested that we needed to put some additional controls on the back end of the leave bank program, which we have done, and which we will train service unit personnel between now and September 30th, we do have a number of controls that have been in place for a long time on the front end of the process. That is, if we receive, for example, a leave bank request, an application from an employee, we will first check the database to make sure that this employee's leave balance has been exhausted; that is, the employee has no annual leave, has no compensatory time, has no credit hours and so forth, so that the individual does, in fact, face a possible financial hardship of leave without pay if a leave bank application is not approved.

Mr. HARPER. Thank you.

Mr. HANRATTY. The second thing we would do then is we would require that individual to provide medical documentation attesting to the medical incapacitation that is contained in the application. We provide that documentation then to our Health Services Office, which reviews it and makes a determination that, in fact, it is appropriate. And so only until we take all of those steps would we, in fact, approve an action.

Mr. HARPER. Yes. Thank you very much, Mr. Hanratty.

Mr. Schornagel, if I may ask how you would you compare the Library's Worklife Services Center with other similar Federal agencies in terms of how efficient it is, effectiveness, the procedures, the accuracy of their information? Would you rate the Library as above or below average? How would you categorize that?

Mr. SCHORNAGEL. We did not do any formal benchmarking in this audit, but from my personal experience of 30 years in the Federal Government, I think right now that we are in good shape, and probably that the Library's human resources program, or at least the portion that we looked at recently, is probably certainly above average.

Mr. HARPER. Thank you very much. I yield back the balance of my time.

The CHAIRMAN. Thank you, Mr. Harper.

Mr. Capuano.

Mr. CAPUANO. Mr. Chairman, I just heard you say—I just want to make sure I hear it right—that you are reasonably satisfied with the progress that has been made?

Mr. SCHORNAGEL. Yes. I think the findings and the recommendations that we made back in 2003, there were some repeated during this audit; for example, the performance plans and the leave errors.

However, I think Dennis Hanratty has made significant progress, and that is certainly borne out in the responses that we received from the customer survey that we did. In 2003, the customer survey responses were not near as good as they are today. And also back in 2003, we found, for example, only 16 percent of the personnel actions processed were timely, and that is dramatically improved today.

Mr. CAPUANO. So they are making progress.

Mr. SCHORNAGEL. They are making good progress.

Mr. CAPUANO. They are making progress, and you are happy, then I am happy.

The CHAIRMAN. Thank you, Mr. Capuano.

Thank you, both of you, for coming today. As stated earlier, the Library of Congress is a wealth of information for all of us. When I first got here, it was whatever you want to know, just call over there. If they don't know it, nobody knows it. If they don't know it, they will find it out. And we do utilize you tremendously. So again, thank you for being here, and thank you for your participation, and thank you for the great job that you do. We appreciate it.

The hearing is now adjourned.

[Whereupon, at 11:35 a.m., the committee was adjourned.]

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