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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

CIVIL DIVISION

JUN 22 1970

Dear Mr. Counts:

We have made an audit of payroll and leave records of the Federal Mediation and Conciliation Service for the period July 4, 1966, through January 12, 1969. Our audit included an examination and verification of payrolls, leave, and personnel matters for selected pay periods and an evaluation of payroll procedures, controls, and administration. Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We found that the administration of payroll, leave, and related functions was performed in a generally satisfactory manner. Certain minor deficiencies which we noted during our review were discussed with members of your staff, who informed us that corrective action would be taken. However, we noted one area in which we believe the administrative procedures and controls require strengthening. This matter, which is discussed below, is being brought to your attention so that you will be aware of the situation and can take appropriate action.

EMPLOYEES NOT CREDITED WITH ACCRUALS
OF LEAVE WHILE ON AUTHORIZED LEAVE

The Civil Service Commission prescribes in the Federal Personnel Manual the regulations to be followed by agencies in administering pay, leave, and other personnel matters. Administrative determinations affecting employees' pay and leave must be made in accordance with these regulations and with applicable decisions of the Comptroller General to assure that employees are paid properly and that they are given credit for the correct amounts of leave earned and are accurately charged for leave used.

Supplement 990-1 of the Federal Personnel Manual provides in part that a full-time employee earns leave during each full biweekly pay period while in a pay status or in a combination of a pay status and a nonpay status (Part 630, section 630.202). Thus, an employee continues to earn leave while on authorized leave. During our review we noted that three employees, who were subsequently separated from the service, were administratively denied accruals of leave while they were on leave. The value of the leave which should have been credited to these employees' leave accounts amounted to about \$3,150. For example, the leave balance of one of these employees as of the pay period beginning March 24, 1968, was 488 hours' annual leave and 1,242 hours' sick leave. Based on a letter from the

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employee's personal physician, which recommended that the employee take a complete rest, the employee was placed on extended sick leave from April 1, 1968, to November 18, 1968, during which time he was charged a total of 1,242 hours' sick leave and 46 hours' annual leave. However, during this period, the employee was administratively denied the accruals of both annual and sick leave to which he was entitled. The employee filed an application for retirement dated November 18, 1968, and was removed from the rolls effective December 20, 1968.

Because the employee was not credited with the accrued leave to which he was entitled for the period March 24, 1968, through the pay period ending November 30, 1968, he forfeited 144 hours' annual leave and 72 hours' sick leave having a total monetary value of about \$2,171.

We discussed the three cases with the Director, Administrative Management, who had made the determination that the employees were not entitled to accrue leave while on leave. After we informed the Director that the denial of accrued leave to these employees was contrary to existing regulations, the leave records of the three employees were corrected.

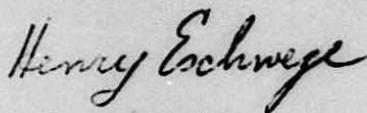
RECOMMENDATION

Because other employees may have been denied accruals of leave to which they may have been entitled, we recommend that the Director, Administrative Management, be directed to have an audit made of all lump-sum payments for those employees separated from the service since July 4, 1966.

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We wish to acknowledge the courtesies and cooperation extended to our representatives during the review. We will appreciate your comments and advice as to any further action taken or planned on the matters discussed in this report.

Sincerely yours,



Henry Eschwege
Associate Director

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The Honorable J. Curtis Counts
Director, Federal Mediation and
Conciliation Service
Washington, D.C. 20427