



Office of Audits
Office of Inspector General
U.S. General Services Administration

IMPLEMENTATION REVIEW OF ACTION PLAN

GSA's Program for Managing Virtual Employees and Teleworkers Needs Improvement Report Number A130019/C/6/F15001 January 16, 2015

Assignment Number A170090
October 18, 2017

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Introduction

We completed an implementation review of the management actions taken in response to the recommendations contained in our audit report, *GSA's Program for Managing Virtual Employees and Teleworkers Needs Improvement*, Report Number A130019/C/6/F15001 (see **Appendix A**).

Objective

The objective of our review was to determine whether the Office of Human Resources Management (OHRM) has taken the corrective actions as outlined in the action plan for our audit report. To accomplish our objective we:

- Reviewed the background and history of GSA's program for managing virtual employees and teleworkers;
- Analyzed the prior GSA Office of Inspector General audit report;
- Examined and evaluated the documentation OHRM submitted to support that it completed the corrective action plan;
- Compiled and analyzed collection and remittance of incorrect locality pay from OHRM and the Office of the Chief Financial Officer; and
- Interviewed OHRM officials responsible for GSA's telework program.

Background

Telework is an arrangement whereby employees perform their duties from an approved worksite that differs from the agency worksite. Full-time teleworkers are referred to as virtual employees, and their alternate worksite becomes their official duty station for purposes of locality pay and travel reimbursement.

Telework was authorized in 2000 by Public Law 106-346 which provides that agency employees may participate in telecommuting to the maximum extent possible without diminished employee performance. Public Law 111-292 (*Telework Enhancement Act of 2010*) required executive agencies to have a written agreement with each teleworking employee, a Telework Managing Officer and an annual report on telework.

GSA's October 2011 Mobility and Telework Policy states that GSA supports the broadest possible use of telework, including full-time telework, by eligible Agency employees. In August 2012, GSA's Chief People Officer issued Instructional Letter *Virtual and Satellite Work Arrangements* (CPO IL-12-04), to provide improved controls over approval of virtual arrangements.

Over 10,000 GSA employees (78 percent) charged time to telework from August 2012 to July 2013. As of June 2017, 86 percent of GSA employees had approved telework agreements. Of those, less than 5 percent were full-time teleworkers.

On January 16, 2015, we issued an audit report, *GSA's Program for Managing Virtual Employees and Teleworkers Needs Improvement* to OHRM. The objective of the audit

was to determine whether GSA had sufficient controls over its program for virtual employees and teleworkers to ensure compliance with laws, regulations, policies, and procedures.

Our audit found:

1. GSA does not know the number of virtual employees it has, and some virtual employee work arrangements were not fully approved.
2. Travel costs related to virtual work arrangements were not assessed annually.
3. Official duty stations were incorrect for some virtual employees.
4. Virtual employee hours were not accurately reported.
5. GSA needs to improve controls over transit subsidies.
6. Many GSA teleworkers have not taken the required training.

To address the findings identified in the audit report, we recommended that the Chief Human Capital Officer:

1. Implement controls to ensure compliance with GSA Chief People Officer (CPO) Instructional Letter (IL) 12-04; specifically:
 - a. Ensure all virtual employees have properly approved arrangements.
 - b. Ensure all virtual arrangements are reviewed annually by appropriate levels of management. The review should include comparison of actual to estimated travel costs and evaluation of whether current travel policies and budgets can adequately support the virtual arrangement.
 - c. Establish controls to maintain an accurate list of virtual employees.
2. Verify official duty stations for all virtual employees and correct any errors, including collection of amounts owed or payment of amounts due.
3. Enhance controls over timekeeping, specifically:
 - a. Ensure that GSA employees and timekeepers correctly record telework time.
 - b. Consider establishing a separate time and attendance code for virtual employees.
4. Enhance controls over transit subsidies; specifically:
 - a. Review approved transit subsidy recipients to ensure that virtual employees are not receiving transit benefits and collect any overpayments from the employees.
 - b. Remind GSA employees that regularly scheduled telework days are to be deducted when computing requested subsidy amounts and that they are to notify their regional telework coordinator if their telework status changes.
5. Ensure that GSA employees complete required telework training in accordance with GSA policy prior to beginning or continuing to telework. Employees failing to complete all required telework training within a reasonable time should be removed from telework.
6. Incorporate the requirements of CPO IL-12-04 into required telework training courses.

The Chief Human Capital Officer agreed with the recommendations in our report.

Results

Our implementation review determined that OHRM did not fully implement the following corrective actions:

1. Partner with the Office of the Chief Information Officer to build additional capability in the future state Human Resources Information Technology (HRIT) software solution for better internal controls and reporting;
2. Update CPO IL-12-04 to more closely fit Agency needs when Agency telework policy update is finalized; and
3. Update telework training to incorporate the enhancements in timekeeping.

Finding 1 – GSA has not implemented the new HRIT software system, resulting in continued internal control deficiencies.

Our original audit found that GSA did not know the number of virtual employees it had and that official duty stations were incorrect for a number of such employees (resulting in incorrect pay for these employees.) In its action plan, GSA proposed the implementation of the new HRIT system to improve internal controls and reporting. The new HRIT system would enable OHRM to electronically verify duty stations and locality pay for all virtual employees. GSA stated in its action plan that the HRIT would be operational in fiscal year 2017; however, full implementation of the HRIT is currently estimated for completion in December 2018. As a result, GSA has been manually reviewing virtual employees' duty stations and collecting or remitting amounts owed. The manual review is tedious and only performed every 2 years.

The new automated system would combine several human resources and timekeeping systems, allowing instant verification of duty station location and pay. This would prevent OHRM and the Office of the Chief Financial Officer from having to collect or remit any incorrect payments. In response to the audit report, GSA performed analysis of all virtual employees' duty location and corresponding locality pay information and identified ten employees with incorrect locality information. Of those ten, six employees' duty station changes affected their salaries. One of those employees faces a debt of over \$50,000, while another had to repay GSA almost \$20,000. Had the HRIT been in place, the error could have been identified immediately and this employee would not have incurred such a debt.

Finding 2 – GSA has not issued the updated instructional letter on virtual employees.

Our original audit found that the agency was not complying with Instructional Letter *Virtual and Satellite Work Arrangements* (CPO IL-12-04). The instructional letter requires GSA to maintain tracking of all virtual and satellite employees, including actual direct costs associated with virtual and satellite employee travel. The employing office is to document and track the rationale and effective date for approved virtual and satellite work arrangements, approved virtual travel budgets, and travel expenses. Virtual and satellite agreements are then supposed to be "reviewed by management

annually to determine if the arrangement is still warranted based on cost/savings and organizational/business benefit.”

However, our audit found the instructional letter was not being followed. There was no evidence of a completed GSA Form 3703, *Virtual and Satellite Work Arrangement Analysis Tool*, for 19 of the 76 virtual employees identified, as required by the instructional letter. This form documents estimated costs associated with the proposed arrangement and required approvals. Furthermore, while GSA Form 3703 had been prepared for the remaining 57 virtual employees, documentation indicated that the forms were not fully approved as required by the instructional letter. Our audit report also found that actual travel costs exceeded estimated travel costs for 29 of 57 virtual employees sampled.

Our audit recommended OHRM implement controls to ensure compliance with GSA’s instructional letter on virtual employees; specifically:

- a) Ensure all virtual employees have properly approved arrangements.
- b) Ensure all virtual arrangements are reviewed annually by appropriate levels of management. The review should include comparison of actual to estimated travel costs and evaluation of whether current travel policies and budgets can adequately support the virtual arrangement.
- c) Establish controls to maintain an accurate list of virtual employees.

In its action plan, OHRM proposed to update instructional letter CPO IL-12-04 to improve the submission, evaluation, and approval process; enhance review and GSA value/cost assessment process; enhance internal controls; and improve reporting capabilities.

Although GSA has drafted an updated instructional letter to replace CPO IL-12-04, the letter has not been finalized and issued because GSA is waiting on the implementation of the HRIT system. The instructional letter has since expired in February 2017¹, nullifying GSA’s policy to improve controls over approval of virtual agreements. As the updated guidance has not been issued in final and previous guidance has expired, GSA is at risk for incurring continued excessive travel costs for virtual employees.

Finding 3 – GSA did not update telework training to incorporate the enhancements in timekeeping.

Our original audit found that some virtual employees were not using the correct telework codes to record their hours worked. We also found that many GSA employees and supervisors had not taken two telework training courses required by GSA, nor had GSA updated its telework training to reflect important telework policy changes.

In response to our recommendations to: (1) enhance controls over timekeeping by establishing a new time code for virtual employees, and (2) incorporate the

¹ We performed our analysis of the instructional letter as of July 24, 2017. At that time, the instructional letter had expired. On October 13, 2017 we were informed that the instructional letter was extended as of September 18, 2017 for six months, through March 19, 2018.

requirements of the instructional letter on virtual employees into required telework training, OHRM planned to update its training and provide its GAO/IG Audit Management Division a link to the updated GSA OnLine University training by September 30, 2015.

OHRM provided us with a draft of the updated training that includes designating telework time by the proper payroll code, and the requirements of the instructional letter on virtual employees. However, as noted above, GSA is waiting on the implementation of the new HRIT system to issue the updated instructional letter in final; therefore, implementation of the updated training is on hold. Without updated training, GSA cannot ensure that teleworkers are aware of important policy changes, such as revised timekeeping code requirements.

Conclusion

Our implementation review determined that OHRM did not fully implement the corrective actions for audit recommendations 1, 2, 3, and 6, to verify official duty stations of virtual employees, enhance controls over timekeeping, and incorporate Agency requirements into telework training.

As a result, a revised action plan addressing these open recommendations must be submitted within 30 days to this office and the GAO/IG Audit Management Division (H1G).

Audit Team

This review was managed out of the Great Lakes Region Audit Office and conducted by the individuals listed below:

Adam Gooch	Regional Inspector General for Auditing
Franklin Moy	Audit Manager
Rachel Story	Auditor-In-Charge
Terri-Gayl Hoshell	Auditor

Appendix A – Action Plan for Report Number A130019/C/6/F15001

Action Plan Audit Report # A130019/C/6/F15001

Date: March 17, 2015
Updated: April 28, 2015
Updated: May 30, 2015
Updated: August 11, 2015

Action Report Number and Title	Recommendation Number	Proposed Recommendation Completion Date
Report Number: A130019/C/6/F15001 GSA's Program for Managing Virtual Employees and Teleworkers Needs Improvement	001	September 30, 2015

Recommendation: Implement controls to ensure compliance with GSA Chief People Officer (CPO) Instructional Letter (IL) 12-04; specifically:

- a. Ensure all virtual employees have properly approved arrangements.
- b. Ensure all virtual arrangements are reviewed annually by appropriate levels of management. The review should include comparison of actual to estimated travel costs and evaluation of whether current travel policies and budgets can adequately support the virtual arrangement.
- c. Establish controls to maintain an accurate list of virtual employees.

Action to be Taken Step by Step	Supporting Documentation To be sent to H1C	Documentation Will be Sent Last Day of
1. Implemented a tracking tool to accurately identify and track agreements	Sample data from tracking tool, dated May 14, 2015 shows all data currently being tracked. Attachment 1A reflects current arrangements; Attachment 1B reflects arrangements no longer in place; Attachment 1C reflects recruit actions. Attachments previously provided	May 30, 2015
2. Updated GSA Mobility and Telework policy. Draft policy update is currently being vetted by Services and Staff Offices prior to signature. Changes include:	Draft GSA Mobility and Telework Policy	April 30, 2015 May 30, 2015 Date changed to accommodate incorporation of additional policy updates

Appendix A – Action Plan for Report Number A130019/C/6/F15001 (cont.)

- Require new employees to complete training and telework agreement approved within 90 days - Require annual telework agreement review and approval - Clarify requirement to telework in response to emergency situations - Require annual training - Clarify supervisory responsibility to review and approve agreements - Reinforce requirement to enter telework in ETAMS, and - Reinforce employee responsibilities in regard to GSA Transit Subsidy Program		
3. Update CPO IL-12-04 to more closely fit agency needs when agency telework policy update is finalized. Focus of that update will include: - Improve the submission, evaluation, and approval process - Enhance review and GSA value/cost assessment process - Enhance internal controls, and - Improve reporting capabilities	Final policy upon completion	September 30, 2015
4. Initiate a review of all agreements in our tracking tool in order to support accuracy of data in the tool, and make any corrections necessary.	Summary analysis when completed.	September 30, 2015

Action Report Number and Title	Recommendation Number	Proposed Recommendation Completion Date
Report Number: A130019/C/6/F15001 GSA's Program for Managing Virtual Employees and Teleworkers Needs Improvement	002	September 30, 2015

Recommendation: Verify official duty stations for all virtual employees and correct any errors, including collection of amounts owed or payment of amounts due.

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation</u> To be sent to H1C	<u>Documentation Will be</u> <u>Sent Last Day of</u>
1. Verified and corrected as appropriate locality pay for virtual and satellite workers	Email entitled "<i>One last update – OIG requests update today</i>," dated August 3, 2015, transmits updated Standard Operating Procedures. (Attachment 1) Guidance entitled "<i>OHRM Review Process for Virtual and Satellite Work Arrangement Analysis Tool</i>," updated July 30, 2015 and sent as an attachment to the email referenced above, updates references in the document and incorporates Step 6: When the servicing HR office has received the completed Virtual and Satellite Work Arrangement Analysis Tool and the completed Virtual and Satellite Work Arrangement Agreement, that office will ensure that a change in	August 7, 2015

Appendix A – Action Plan for Report Number A130019/C/6/F15001 (cont.)

	duty station is processed, as appropriate." (Attachment 2)	
2. Partnering with the Office of the Chief Information Officer to build additional capability in the future state Human Resources Information Technology (HRIT) solution for better internal controls and reporting. New HRIT solution is scheduled for implementation in fiscal year 2017.	HRIT business requirements	September 30, 2015

Action Report Number and Title	Recommendation Number	Proposed Recommendation Completion Date
Report Number: A130019/C/6/F15001 GSA's Program for Managing Virtual Employees and Teleworkers Needs Improvement	003	September 30, 2015

Recommendation: Enhance controls over timekeeping; specifically:

- a. Ensure that GSA employees and timekeepers correctly record telework time.
- b. Consider establishing a separate time and attendance code for virtual employees.

<u>Action to be Taken Step by Step</u>	<u>Supporting Documentation To be sent to H1C</u>	<u>Documentation Will be Sent Last Day of</u>
1. Updated communication regarding capture of telework participation through ETAMS	Email entitled "Telework Reminder and Updated ETAMS Telework Codes," to All GSA Employees from GSA Chief Human Capital Officer, dated July 30, 2015. (Attachment 3)	August 7, 2015
2. Partner with the Office of the Chief Financial Officer to explore the development of payroll codes for full time telework to better track and verify time reporting accuracy. Assessment to be completed by second quarter fiscal year 2015	Email entitled "Re: Action Requested – Need NPB to submit SCR for ETAMS telework code change," dated March 27, 2015 (Attachment 7) previously provided Email entitled "ETAMS SCR – New Telework Code and Reporting" dated March 30, 2015 transmitting System Change Request (Attachment 8)	April 30, 2015

	previously provided System Change Request (SCR) (Attachment 9) previously provided	
3. Update telework training highlighting full time telework/satellite agreements	Telework training draft script Link to OnLine University (OLU) training when completed	June 30, 2015 September 30, 2015

Appendix A – Action Plan for Report Number A130019/C/6/F15001 (cont.)

Action Report Number and Title	Recommendation Number	Proposed Recommendation Completion Date
Report Number: A130019/C/6/F15001 GSA's Program for Managing Virtual Employees and Teleworkers Needs Improvement	004	August 7, 2015

Recommendation: Enhance controls over transit subsidies; specifically:

- a. Review approved transit subsidy recipients to ensure that virtual employees are not receiving transit benefits and collect any overpayments from the employees.
- b. Remind GSA employees that regularly scheduled telework days are to be deducted when computing requested subsidy amounts and that they are to notify their regional telework coordinator if their telework status changes.

Action to be Taken Step by Step	Supporting Documentation To be sent to H1C	Documentation Will be Sent Last Day of
1. Review approved transit subsidy recipients to ensure that virtual employees are not receiving transit benefits	Summary Analysis when completed	July 31, 2015
2. Develop communication reminding all employees of requirements regarding computation of actual commuting costs on transit subsidy application form	Email entitled "Telework Reminder and Updated ETAMS Telework Codes," to All GSA Employees from GSA Chief Human Capital Officer, dated July 30, 2015.	August 7, 2015
3. Exploring movement to automated Department of Transportation transit subsidy application and administration system to save money, reduce GSA resources supporting the program, and	Email entitled "Electronic Transit Benefit Application System (WebApp)" dated September 8, 2014 (Attachment 10) previously provided	April 30, 2015
improve internal controls and reporting. Assessment to be completed by second quarter fiscal year 2015	Email entitled "Helpful Documents" dated January 14, 2015 and attachment (Attachment 11) previously provided Briefing paper outlining analysis and requirements when completed	June 30, 2015

Appendix A – Action Plan for Report Number A130019/C/6/F15001 (cont.)

Action Report Number and Title	Recommendation Number	Proposed Recommendation Completion Date
Report Number: A130019/C/6/F15001 GSA's Program for Managing Virtual Employees and Teleworkers Needs Improvement	005	May 30, 2015

Recommendation: Ensure that GSA employees complete required telework training in accordance with GSA policy prior to beginning or continuing to telework. Employees failing to complete all required telework training within a reasonable time should be removed from telework.

Action to be Taken Step by Step	Supporting Documentation To be sent to H1C	Documentation Will be Sent Last Day of
1. Conducted an agency review to ensure compliance with GSA Mobility and Telework policy requirements for training completion and telework agreement approvals for all employees. Review resulted in approximately 90 percent completion for telework agreements and approximately 96 percent completion for training.	Telework Review as of October 2, 2014 (Attachment 12) previously provided	April 30, 2015
2. Developed reports for tracking telework participation and training completion.	Email entitled "Up To Date With Telework Next Steps" dated September 2, 2014 (Attachment 13) previously provided Email entitled "C Telework Data" dated September 2, 2014 (Attachment 14) previously provided	April 30, 2015
3. Updated draft policy to require annual training, as well as annual review of telework and full time telework agreements	Draft GSA Mobility and Telework Policy (Attachment 2) previously provided	April 30, 2015
4. Updated draft policy requiring new hires complete telework training and have a telework agreement in place within 90 days of onboarding	Draft GSA Mobility and Telework Policy (Attachment 2) previously provided	May 30, 2015 Date changed to accommodate incorporation of additional policy updates April 30, 2015 May 30, 2015 Date changed to accommodate incorporation of additional policy updates

Action Report Number and Title	Recommendation Number	Proposed Recommendation Completion Date
Report Number: A130019/C/6/F15001 GSA's Program for Managing Virtual Employees and Teleworkers Needs Improvement	006	September 30, 2015

Recommendation: Incorporate the requirements of CPO IL-12-04 into required telework training courses.

Action to be Taken Step by Step	Supporting Documentation To be sent to H1C	Documentation Will be Sent Last Day of
1. Issue updated telework training.	Telework training draft script Link to OnLine University (OLU) training when completed	June 30, 2015 September 30, 2015

Appendix B – Report Distribution

Chief Human Capital Officer (C)

Audit Liaison, Office of the Chief Human Capital Officer (CD)

Branch Chief, GAO/IG Audit Response Division (H1G)

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