

AUDIT REPORT

Audit of NRC's Full-Time Telework Program

OIG-14-A-05 December 11, 2013



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UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

**OFFICE OF THE
INSPECTOR GENERAL**

December 11, 2013

MEMORANDUM TO: Mark A. Satorius
Executive Director for Operations

FROM: Stephen D. Dingbaum */RA/*
Assistant Inspector General for Audits

SUBJECT: AUDIT OF NRC'S FULL-TIME TELEWORK PROGRAM
(OIG-14-A-05)

Attached is the Office of the Inspector General's (OIG) audit report titled *Audit of NRC's Full-Time Telework Program*.

The report presents the results of the subject audit. Agency comments provided at the November 22, 2013, exit conference have been incorporated, as appropriate, into this report.

Please provide information on actions taken or planned on each of the recommendations within 30 days of the date of this memorandum. Actions taken or planned are subject to OIG followup as stated in Management Directive 6.1.

We appreciate the cooperation extended to us by members of your staff during the audit. If you have any questions or comments about our report, please contact me at 415-5915 or Eric Rivera, Team Leader, Financial and Administrative Audit Team, at 415-7032.

Attachment: As stated

cc: R. Mitchell, OEDO
K. Brock, OEDO
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EXECUTIVE SUMMARY

BACKGROUND

The Telework Enhancement Act of 2010

The Telework Enhancement Act of 2010 (the Telework Act),¹ was enacted into law with the goal of ensuring that Federal agencies more effectively integrate telework into their management plans and agency cultures. The Telework Act defines telework as a work-flexibility arrangement under which an employee performs the duties and responsibilities of his or her position from an approved worksite other than the location from which the employee would otherwise work. A full-time teleworker is an employee who works 90 percent² or more of the time from an alternate worksite, generally their personal residence.

The Telework Act requires the head of each executive agency to ensure that employees eligible to telework and managers of teleworking employees receive training on telework before the employee enters into a written telework agreement. However, an employee may be exempted from the training requirement by the agency head.

Program Responsibilities

The Work Life and Benefits Branch within the Nuclear Regulatory Commission's (NRC) Office of the Chief Human Capital Officer (OCHCO) develops, coordinates, and implements work-life and benefits policies, including full-time telework. Annual full-time equivalent usage associated with the administration of the agency's full-time telework program for fiscal years 2013-2014 is less than one full-time equivalent (.26) per year. As of May 9, 2013, NRC had 3,832 total staff with 45 employees engaged in full-time telework.

¹ Enacted as Public Law 111-292; signed into law on December 9, 2010.

² Based on an 80-hour biweekly pay period.

OBJECTIVES

The audit objectives were to determine (1) if NRC's full-time telework program complies with applicable laws and regulations, and (2) the adequacy of internal controls over the program.

RESULTS IN BRIEF

While NRC's full-time telework program provides a benefit to the agency and its employees, the Office of the Inspector General (OIG) identified an area of non-compliance with the Telework Act and an internal control weakness. Specifically:

- The agency is not fully compliant with training requirements.
- Recordkeeping internal controls need improvement.

OIG's findings and recommendations aim to improve the agency's compliance and internal controls over the full-time telework program.

RECOMMENDATIONS

This report makes recommendations to improve the compliance and internal controls over the full-time telework program. A list of these recommendations appears on page 14 of this report.

AGENCY COMMENTS

OIG met with NRC management officials and staff at a November 22, 2013, exit conference, at which time the agency provided informal comments to the draft report. The informal comments were incorporated into the report as appropriate. Agency management stated their agreement with the findings and recommendations and opted not to provide formal comments for inclusion in this final report.

ABBREVIATIONS AND ACRONYMS

GAO	Government Accountability Office
NRC	Nuclear Regulatory Commission
OCHCO	Office of the Chief Human Capital Officer
OIG	Office of the Inspector General
OPM	Office of Personnel Management

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I. BACKGROUND

The Telework Enhancement Act of 2010

The Telework Enhancement Act of 2010 (the Telework Act),³ was enacted into law with the goal of ensuring that Federal agencies more effectively integrate telework into their management plans and agency cultures. The Telework Act defines telework as a work-flexibility arrangement under which an employee performs the duties and responsibilities of his or her position from an approved worksite other than the location from which the employee would otherwise work. A full-time teleworker is an employee who works 90 percent⁴ or more of the time from an alternate worksite, generally their personal residence.

Figure 1: NRC Full-Time Teleworkers' Residential Work Sites



Source: OIG photographs taken during site visits.

³ Enacted as Public Law 111-292; signed into law on December 9, 2010.

⁴ Based on an 80-hour biweekly pay period.

Full-time teleworkers are required to change their official worksite to the telework location. The Office of Personnel Management *Guide to Telework in the Federal Government* recommends that agencies provide a self-certification safety checklist to telework employees as a guide when preparing the alternate worksite for telework.

The Telework Act establishes requirements for agencies when implementing their telework policies. The head of each executive agency needs to establish and implement a policy under which employees shall be authorized to telework. Also, employees must enter into written agreements with their agencies before participating in telework. Moreover, the head of each executive agency must ensure that employees eligible to telework and managers of teleworking employees receive training on telework before the employee enters into a written telework agreement. However, an employee may be exempted from the training requirement by the agency head.

With regard to program implementation, each agency's policies should identify whether full-time telework arrangements are allowable in the agency and, if so, what aspects of the employment arrangement could potentially change if an employee teleworks full-time (e.g., consequences to locality pay, benefits, and travel).

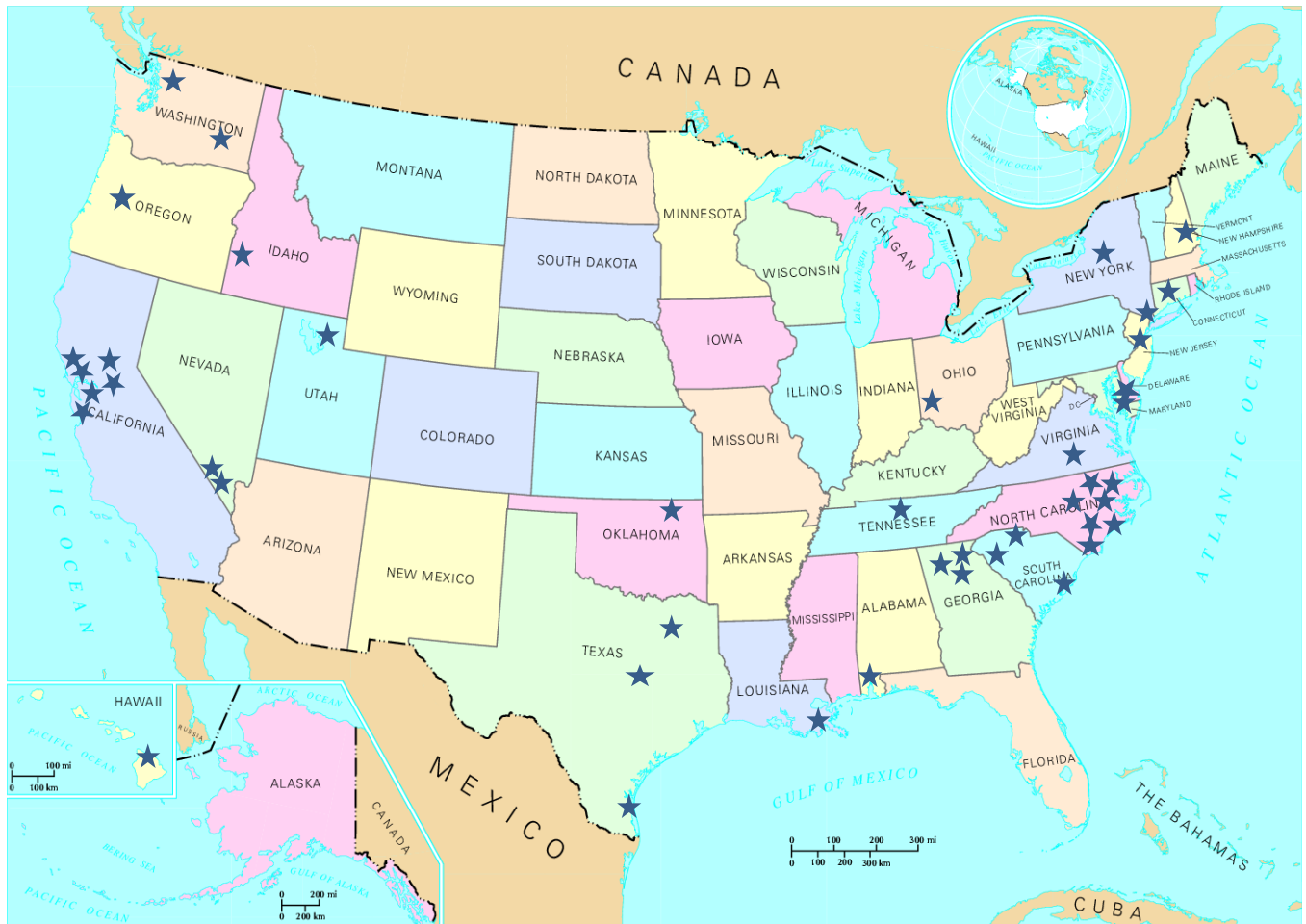
Program Responsibilities

The Work Life and Benefits Branch within the Nuclear Regulatory Commission's (NRC) Office of the Chief Human Capital Officer (OCHCO) develops, coordinates, and implements work-life and benefits policies, including full-time telework, and is responsible for some of the following related activities: (1) retaining a record of all agency full-time teleworkers; (2) disseminating full-time telework information to office directors, regional administrators, and staff; (3) providing day-to-day guidance for employees about full-time telework policies; (4) reviewing draft full-time telework documents and providing guidance and edits to staff prior to formal concurrence; and (5) coordinating with other offices to obtain concurrence on full-time telework agreements.

Also, there is an agency telework coordinator in OCHCO who (1) serves as agency liaison with the Office of Personnel Management and other Federal agencies on the full-time telework program, (2) administers the program through the NRC office/regional telework coordinators, (3) advises management and participants about the full-time telework program, (4) monitors the overall progress of the full-time telework program, and (5) develops and updates training for the full-time telework program.

Annual full-time equivalent usage associated with the administration of the agency's full-time telework program for fiscal years 2013-2014 is less than one full-time equivalent (.26) per year. As of May 9, 2013, NRC had 3,832 total staff with 45 employees engaged in full-time telework. There were 41 managers who supervised the full-time teleworkers.⁵ The full-time teleworker locations are shown in Figure 2.

⁵ There are four managers who each supervise two full-time teleworkers.

Figure 2: NRC Full-Time Teleworker Locations⁶

Source: OIG generated.

II. OBJECTIVES

The audit objectives were to determine (1) if NRC's full-time telework program complies with applicable laws and regulations, and (2) the adequacy of internal controls over the program. The report appendix contains information on the audit scope and methodology.

⁶ NRC also has one full-time teleworker in Oxford, England, and another full-time teleworker in San Juan, Puerto Rico.

III. FINDINGS

While NRC's full-time telework program provides a benefit to the agency and its employees, the Office of the Inspector General (OIG) identified an area of non-compliance with the Telework Act and an internal control weakness. Specifically:

- The agency is not fully compliant with training requirements.
- Recordkeeping internal controls need improvement.

OIG's findings and recommendations aim to improve the agency's compliance and internal controls over the full-time telework program.

A. Agency Is Not Fully Compliant With Training Requirements

According to the Telework Act, teleworking employees and their managers must be trained before telework begins unless there is an exemption from the head of the agency. However, NRC is not in full compliance with training requirements in the Telework Act because (1) full-time teleworkers and their managers were not required by the agency to complete mandatory training, (2) the head of the agency did not issue training exemptions, and (3) the agency does not have adequate policy and procedures related to telework training. As a result, staff may not fully understand the telework program and, subsequently, there may be an increased potential for fraud, waste, and abuse.

Training Requirements Under the Telework Act

According to the Telework Act,⁷ the head of each executive agency shall ensure that a telework training program is provided to (1) employees eligible to participate in the agency's telework program and (2) all managers of teleworkers. In addition, the Telework Act⁸ provides that the head of each executive agency shall ensure that an eligible employee has successfully completed the telework training before that employee enters

⁷ § 6503(a)(1)(A)(B).

⁸ § 6503(a)(2).

into a written telework agreement. Finally, an employee may be exempted from the training requirement upon the agency head's determination that training is unnecessary because the employee is already teleworking under an arrangement in effect before the date of enactment of the Telework Act.⁹

Agency Not Fully Compliant With Training Requirements

The agency did not fully comply with the training requirements of the Telework Act. OIG obtained a list from NRC's *iLearn* Learning Management System of all employees who completed telework training, and compared it to the list of full-time teleworkers as of May 9, 2013. OIG's analysis (illustrated in the following table) determined that a significant majority of full-time teleworkers and managers of full-time teleworkers had not completed the required training.

OIG Analysis of Completed Telework Training

	Training Completed	Training Not Completed	Total	Percentage Not Trained
Full-Time Teleworkers	12	33	45	73%
Managers of Full-Time Teleworkers	8	33	41	80%

Source: OIG analysis of agency training data.

In addition, 10 of 15 employees who had a full-time telework agreement in effect before the enactment of the Telework Act,¹⁰ and 10 of 15 managers of these full-time teleworkers,¹¹ did not take the required training and did not obtain an exemption from the head of the agency.

⁹ § 6503(a)(4)(b).

¹⁰ The Telework Enhancement Act of 2010 was enacted on December 9, 2010.

¹¹ Managers on record in the agency's full-time telework files OIG reviewed.

Lack of Agency Action To Comply With Training Requirements

NRC is not fully compliant because (1) full-time teleworkers and their managers were not required by the agency to complete mandatory training, (2) NRC did not request a training exemption from the head of the agency, and (3) the agency does not have adequate procedures to track telework training.

NRC did not require telework training for full-time teleworkers and their managers as is specified by the Telework Act. Rather, agency guidance¹² only states “it is strongly recommended” that the employee and supervisor take telework training. The agency does not have any other guidance on telework training. OCHCO officials confirmed that currently NRC does not require telework training, but assured OIG that in the future it will be made mandatory for all full-time teleworkers and their managers.

NRC did not request a training exemption from the head of the agency for those full-time teleworkers and their managers who had an agreement in place prior to the enactment of the Telework Act. OCHCO did not provide an explanation of why they did not seek an exemption, but agreed to (1) train all full-time teleworkers and their managers or (2) obtain an exemption from the head of the agency.

Furthermore, the agency does not have adequate procedures to track telework training. Telework training completion is tracked in the agency's *iLearn* Learning Management System and OCHCO's Telework Data Collection SharePoint Site. However, OCHCO is not effectively using these tools to routinely track telework training completions.

Staff May Not Fully Understand the Program

Because NRC is not fully compliant with training requirements, staff may not fully understand their responsibilities or the benefits of the full-time telework program. The telework training provides information related to the full-time teleworkers' and managers' responsibilities and limitations. Without a proper understanding of the program, there may be an increased potential for fraud, waste, and abuse.

¹² OCHCO telework brochure titled *The Telework Program – Be There From Anywhere*.

Recommendations:

OIG recommends that the Executive Director for Operations:

1. Develop and implement a mandatory policy for full-time telework training in accordance with requirements in the Telework Enhancement Act of 2010.
2. Require telework training for full-time teleworkers and their managers, including those who had telework agreements prior to the enactment of the Telework Enhancement Act of 2010, or obtain an exemption from the head of the agency.
3. Develop procedures to track telework training on a continual basis.

B. Recordkeeping Internal Controls Need Improvement

NRC's full-time telework records are inconsistent and not maintained in accordance with Federal Government standards or existing agency policies and procedures. Federal Government standards state that agencies should create and maintain records that provide evidence of execution of activities and those records should be readily available for examination. In addition, the agency has guidelines for developing a full-time telework package. However, full-time telework records are inconsistent because agency desk procedures are inadequate and the electronic filing system is not fully implemented. As a result, there is increased potential for fraud, waste, and abuse regarding improper execution of full-time telework agreements.

Federal Government Standards and Agency Policy

The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government¹³ states that agencies should create and maintain records that provide evidence of execution of activities. It also states these records should be readily available for examination.

OCHCO developed a template to inform managers and potential full-time teleworkers of the information needed to have a full-time telework agreement approved. Along with the telework agreement, potential full-time teleworkers are required to submit to OCHCO the following forms:

- NRC Form 621, *Employee Request to Participate in the Telework Program*.
- NRC Form 622, *Evaluation of Employee Request to Participate in the Telework Program*.
- NRC Form 624, *U.S. Nuclear Regulatory Commission Telework Program Participation Agreement*.
- NRC Form 625, *Telework Program Employee Self-Certification Safety Checklist*.

¹³ GAO/AIMD-00-21.3.1, November 1999.

Also, a potential full-time teleworker must obtain approval from the Office of Information Services regarding computer security, the Computer Security Office regarding information security, and the Office of Administration regarding drug testing.

NRC's Collective Bargaining Agreement, Article 7, *Telework*, provides that any fixed schedule telework proposal for more than 3 days per week requires approval from the Chief Human Capital Officer.¹⁴

OCHCO officials stated that full-time telework records are maintained by the agency telework coordinator. Currently, the agency is in the process of transitioning from hard copy to electronic files using OCHCO's Telework Data Collection SharePoint Site.

NRC Records Are Inconsistent and Do Not Meet Standards

NRC's full-time telework records are inconsistent and not maintained in accordance with Federal standards and existing agency policies. Specifically, there are:

- Missing full-time telework agreements.
- Full-time telework agreements missing approval from the Chief Human Capital Officer.
- Full-time telework agreements that are not current.
- Full-time telework files missing one or more required items.

Moreover, agency full-time teleworkers and their managers do not have access to OCHCO's Telework Data Collection SharePoint Site.

Missing Full-Time Telework Agreements

There are full-time telework agreements missing from the agency's official records. OIG reviewed 44 full-time teleworker files¹⁵ obtained from OCHCO official records. OIG also contacted all agency office directors

¹⁴ Previously, the Director, Office of Human Resources.

¹⁵ As of May 9, 2013.

and regional administrators to request the names and locations of all full-time teleworkers in their respective offices. This exercise resulted in disclosing that one full-time telework agreement was missing. Neither the full-time teleworker, nor his supervisor, nor OCHCO could produce a copy of the approved telework agreement.

In addition, OIG identified two other files without a formal full-time telework agreement. These two files contained only a memorandum with the subject, "Request for Flexiplace Exception." These documents do not represent a complete full-time telework agreement because they are missing essential elements such as a description of the work to be performed and drug testing requirements.

Missing Chief Human Capital Officer Approval

Many full-time teleworker agreements are missing proper approvals. Of the 44 telework agreements reviewed, 57 percent did not contain approval from the Chief Human Capital Officer or a designee. One full-time teleworker did not have a written agreement and, therefore, did not have any approvals.

Full-time Telework Agreements Not Current

Some full-time telework agreements were out-of-date and did not contain current information. For example, OIG site visits to 14 full-time teleworkers revealed:

- Three instances where a supervisor change was not reflected in the current full-time telework agreement.
- Two instances where job responsibility and duty changes were not reflected in the current full-time telework agreement.
- One instance where a job title change was not reflected in the current full-time telework agreement.
- Two instances where an address change was not reflected in the current full-time telework agreement.

Missing One or More Required Items

OIG's review of agency full-time telework records revealed that approximately 23 percent of the full-time teleworker files are missing one or more required forms or approvals. OIG also identified one full-time teleworker who did not have any of the required documentation.

Limited Access to OCHCO's Telework Data Collection SharePoint Site

The agency developed a SharePoint Site to aid in managing its telework programs. Agency full-time teleworkers and their managers do not have access to OCHCO's Telework Data Collection SharePoint Site. The agency telework coordinator and backup and an OCHCO information technology representative are the only individuals with access to the SharePoint full-time telework files. Consequently, if a manager wants to review a copy of the telework agreement, the current process is to contact the agency telework coordinator and request a copy.

Procedures Inadequate and Electronic Files Not Fully Implemented

OCHCO does not have adequate desk procedures detailing (1) the specific documentation that should be included in the telework file, (2) storage (hardcopy or SharePoint), and (3) how to create, maintain, or monitor SharePoint files. OCHCO provided a copy of its desk procedures to OIG, but the procedures did not include sufficient information regarding full-time telework file recordkeeping.

Additionally, the agency has not completed the implementation of an electronic filing system for full-time telework files using SharePoint. Currently, not all full-time teleworker information and documentation is in this electronic system. For example, some full-time teleworkers' names do not appear in SharePoint, while others have information such as their name and approval date, but no attached approved telework agreement and relevant documentation. OCHCO officials stated that they are in the process of completing the transition from hard copy documentation to electronic records in SharePoint. Furthermore, OCHCO is working to provide appropriate SharePoint access to designated individuals within program offices. OIG agrees that these efforts when completed will greatly benefit the full-time telework program.

Increased Potential for Fraud, Waste, and Abuse

The lack of adequately documented full-time telework agreements increases the potential for staff to work outside of their authority, thereby potentially leading to fraud, waste, and abuse. Recordkeeping is a fundamental internal control for ensuring that only authorized individuals are approved to engage in full-time telework. By enhancing NRC's recordkeeping process, NRC will have more effective internal controls over the full-time telework program.

Recommendations:

OIG recommends that the Executive Director for Operations:

4. Develop and implement desk procedures for proper recordkeeping of full-time telework agreements and related documentation.
5. Complete the transition from hard copy to electronic files for full-time teleworkers. These files should include (i) a complete list of current full-time teleworkers and (ii) electronic records of all full-time telework agreements and related documentation.
6. Develop and implement a process to update the OCHCO Telework Data Collection SharePoint Site including, but not limited to, creating, maintaining, reviewing, and updating files.
7. Provide OCHCO Telework Data Collection SharePoint Site access to full-time teleworkers and their managers as appropriate.

IV. CONSOLIDATED LIST OF RECOMMENDATIONS

OIG recommends that the Executive Director for Operations:

1. Develop and implement a mandatory policy for full-time telework training in accordance with requirements in the Telework Enhancement Act of 2010.
2. Require telework training for full-time teleworkers and their managers, including those who had telework agreements prior to the enactment of the Telework Enhancement Act of 2010, or obtain an exemption from the head of the agency.
3. Develop procedures to track telework training on a continual basis.
4. Develop and implement desk procedures for proper recordkeeping of full-time telework agreements and related documentation.
5. Complete the transition from hard copy to electronic files for full-time teleworkers. These files should include (i) a complete list of current full-time teleworkers and (ii) electronic records of all full-time telework agreements and related documentation.
6. Develop and implement a process to update the OCHCO Telework Data Collection SharePoint Site including, but not limited to, creating, maintaining, reviewing, and updating files.
7. Provide OCHCO Telework Data Collection SharePoint Site access to full-time teleworkers and their managers as appropriate.

V. AGENCY COMMENTS

OIG met with NRC management officials and staff at a November 22, 2013, exit conference, at which time the agency provided informal comments to the draft report. The informal comments were incorporated into the report as appropriate. Agency management stated their agreement with the findings and recommendations and opted not to provide formal comments for inclusion in this final report.

OBJECTIVES, SCOPE, AND METHODOLOGY

OBJECTIVES

The audit objectives were to determine (1) if NRC's full-time telework program complies with applicable laws and regulations, and (2) the adequacy of internal controls over the program.

SCOPE

This audit focused on reviewing internal controls over the agency's full-time telework program. Specifically, OIG focused on compliance with training requirements and recordkeeping internal controls associated with the agency's 45 full-time teleworkers as of May 9, 2013. We conducted this performance audit at NRC headquarters in Rockville, MD, and 14 telework sites across the United States, from April 2013 through September 2013. Internal controls related to the audit objectives were reviewed and analyzed. Throughout the audit, auditors were aware of the possibility or existence of fraud, waste, or misuse in the program under review.

METHODOLOGY

To accomplish the audit objectives, OIG reviewed relevant laws, regulations, and guidance, including the Telework Enhancement Act of 2010, the Office of Personnel Management's (OPM) *Guide to Telework in the Federal Government*, NRC's input into OPM's *2012 Call for Telework Data*, OPM's Web site: telework.gov, and an OIG staff member's test completion of OPM's *On-line Telework Training for Employees and Managers*. We also reviewed Office of Management and Budget Circular A-123, *Management's Responsibility for Internal Control*; the Government Accountability Office *Standards for Internal Control in the Federal Government*; Article 7, *Telework*, in the Collective Bargaining Agreement between NRC and the National Treasury Employees Union; and a prior OIG report titled *Audit of NRC's Telework Program*, issued June 2010, for relevance to this audit.

OIG also reviewed agency guidance and documents, including *NRC Operating Procedure for Telework*, effective February 11, 2013; NRC's Telework Program Brochure, *Be There From Anywhere*, October 2009;

an undated and unsigned document titled *Considerations in Approving Full-time Telework*, which includes current authority for approving telework for more than 3 days per week; NRC's Drug Free Workplace Plan, dated August 2007; and required forms to become a full-time teleworker at NRC.

OIG interviewed NRC staff at headquarters to obtain insights on the agency's full-time telework program. In addition, OIG made site visits to Maryland, Idaho, Georgia, North Carolina, and California to interview 14 of the agency's 45 full-time teleworkers. OIG also interviewed 5 of the managers responsible for the 14 full-time teleworkers. The purpose of the site visits was to assess the teleworkers' compliance with applicable laws and regulations, determine challenges and whether the 14 full-time teleworkers still maintain office space at the agency, and to personally observe their work area. Finally, OIG interviewed staff at three Federal agencies to review best practices.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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 obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit work was conducted by Eric Rivera, Team Leader; Terri Cooper, Audit Manager; Michael Steinberg, Senior Auditor; Larry Weglicki, Senior Auditor; and George Gusack, Student Intern.