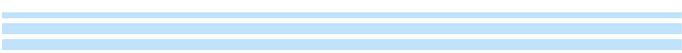




Office of the Public Auditor  
Commonwealth of the Northern Mariana Islands

Audit of CNMI Government  
Employees' Time and Attendance  
July 1995 to June 1997



Audit Report  
AR-98-03

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# EXECUTIVE SUMMARY

**O**ur audit showed that government offices, departments, and agencies committed abuses in timekeeping, and in granting of leave, overtime, and compensatory time (comptime) to employees. Specifically, we found that (1) employee time charges were either falsified or incorrectly summarized, (2) administrative leave was indiscriminately granted, and (3) overtime and comptime were granted in violation of regulations. These exceptions noted during our surprise inspections of time and attendance could have repeatedly occurred year round, resulting in misuse of substantial amounts of public funds for personnel costs. We also found that timekeeping practices employed by government offices, departments, and agencies were inadequate, inconsistent, and subject to errors and manipulations. Specifically, we found that (4) certain offices did not require employees to document their time and attendance, (5) selected officials and employees were exempted (without authority) from reporting their time-in-and-out, (6) employees were allowed to manually fill out their time cards instead of using the time clock, (7) employees' actual time-in-and-out were not reported, and (8) records were not maintained and updated to document whereabouts of employees who leave the office during working hours, calls of employees reporting leave, and other related matters. As a result, government employees can get paid without actually completing regular hours of work.

## Background

Throughout 1995 to 1997, the Office of the Public Auditor (OPA) conducted 41 random inspections of time and attendance of employees of various government offices, departments, and agencies. Subsequent to the inspections, draft memorandums were issued to immediately bring to the attention of the agencies concerned the findings noted and the proposed recommendations. The results of all inspections were consolidated in this report. With the information and responses gathered through the audits, we recommend that timekeeping policies and procedures be improved and uniformly adopted by all government offices, including autonomous agencies. We continue to monitor all open and resolved recommendations addressed to

various agencies in the draft memorandums.

Based on the budget appropriation laws passed for fiscal years 1995, 1996, and 1997, the CNMI Government had budgeted an average of 4,426 Full Time Employees (FTE) a year and had appropriated an average annual personnel cost of \$146 million.

Employees working under the executive branch are governed by the personnel regulations established by the Civil Service Commission and implemented by the Director of Personnel of the Office of Personnel Management (OPM). Positions covered by the Civil Service System are governed by the Personnel Service System Rules and

Regulations (PSSRR) while those excepted from the Civil Service System are governed by the Excepted Service Personnel Regulations (ESPR).

Part IV.B25.B of the PSSRR requires that the Director of Personnel and the Secretary of Finance prescribe the method of recording and certifying time, attendance, and leave. On July 7, 1988, the Director of Personnel and the Secretary of Finance issued a Directive on timekeeping and payroll procedures. Subsequently, in April 1995, a Handbook for Timekeepers was issued, which contains procedures and requirements on timekeeping and provides a course of instruction on how to properly perform the duties of a timekeeper. The Governor and the Director of Personnel have also issued memorandums, directives, and opinions to regulate matters regarding government-recognized holidays, administrative leave, overtime, time and attendance, adverse actions, etc.

Employees working in the municipalities, judicial branch, and autonomous agencies are governed by their respective personnel regulations.

Generally, to document time and attendance, employees are required to punch the time clock or to manually record their time-in-and-out. The time cards (or equivalent records), together with approved overtime requests and applications for leave, are used by the timekeepers as the basis for preparing the Summary Time Sheet (STS) or equivalent records submitted to the Department of Finance (DOF) or the autonomous agencies' accounting offices for payroll processing.

## Objectives and Scope

The objectives of the audit were to determine whether (1) government offices, departments, and agencies properly controlled and managed the time and attendance of their employees in accordance with CNMI personnel timekeeping policies, rules, and regulations, and (2) existing timekeeping policies, rules, and regulations were adequate to prevent abuse of government time.

Between July 12, 1995 and June 26, 1997, OPA conducted 41 random inspections of time and attendance of employees of various government offices, departments and autonomous agencies. 23 inspections were performed for the executive branch offices, 8 for the municipal government offices, 3 for the judicial branch offices, and 7 for the autonomous agencies offices.

We noted employees who did not report for work for that day and the type of leave applied for. We reviewed the time cards and subsequently compared them with the STS to determine whether the number of regular or leave hours charged to the employees corresponded to the information obtained during our inspection. We also interviewed personnel responsible for the accounting of employees' time and attendance.

We recorded major findings on 36 inspections conducted and released 29 draft audit memorandums to immediately bring to the attention of the agencies concerned the findings noted and the proposed recommendations. We received responses to 23 of the 29 audit memorandums. In February 1998, draft copies of the audit report were provided

Government offices committed abuses in timekeeping and in granting of leave, overtime, and comptime resulting in misuse of substantial amounts of public funds for personnel costs.

to the 25 heads of departments, offices, and autonomous agencies so they could provide comments on the findings and recommendations contained in the report. Ten of twenty-five agencies responded to the report. The recommendations addressed to individual agencies totaled 116. Based on the responses we received, we consider 58 recommendations open, 9 resolved, and 49 closed.

### **Abuses in Government Employees' Time and Attendance**

CNMI Personnel Regulations established rules for ensuring that any time-off that reduces a work day to less than eight hours should be charged to a specific type of leave depending on the purpose and the circumstance. The regulations also provide specific requirements before an employee is entitled to overtime payments and comptime. Our audit showed, however, that government offices, departments, and agencies committed abuses in timekeeping and in granting of leave, overtime, and comptime. Specifically, we found that, in 23 of the 41 inspections we conducted, (1) time charges were either falsified or incorrectly summarized, (2) administrative leave was indiscriminately granted, and (3) overtime and comptime were granted in violation of regulations. This occurred because agency heads were lax in the administration and enforcement of regulations, and failed to take disciplinary action against employees abusing government time. As a result, (1) at least 63 employees were paid for hours not worked, and were not charged Absent Without Leave (AWOL) and Leave Without Pay (LWOP), (2) employees were granted administrative leave on 5 occasions not allowable under the

regulations, and (3) overtime or comptime was granted to 4 employees who were exempt from overtime (under the Fair Labor Standards Act) and 16 employees were allowed to earn comptime without any written directives from their superiors. These exceptions noted during our surprise inspections of time and attendance could have repeatedly occurred year round, resulting in misuse of substantial amounts of public funds for personnel costs.

Accordingly, we suggest that the Governor may wish to :

1. Issue a directive reprimanding the heads of departments, offices, and agencies which were found to have allowed their employees to abuse government time. These officials should be reminded that they should strictly comply with CNMI Personnel Regulations on timekeeping, leave, overtime, and comptime. The Governor may also wish to instruct them to issue disciplinary actions against employees who were found abusing government time.
2. Issue a directive to all heads of departments, offices, and agencies requiring them or their designated officials to thoroughly review the time records for accuracy and completeness before signing the documents. The directive should require that evidence of the review be documented, through check marks or other standard means.
3. Issue a directive to all the heads of departments, offices, and agencies requiring them to strictly comply with the regulations before granting

Some government employees get paid without actually completing regular hours of work.

administrative leave to employees. The Governor may also wish to specify that administrative leave should not be granted for parties or celebrations held on regular working days. These includes parties for Christmas, New Year, birthdays, farewells, and other similar occasions not mentioned in the regulations. The Governor may wish to emphasize that administrative leave should not be granted indiscriminately and that the Governor's approval should be obtained before granting administrative leave for any other circumstances not mentioned in the regulations.

#### **Time and Attendance not Properly Monitored and Documented**

Time and attendance of government employees should be monitored and documented to prevent abuse of government time. Our audit showed, however, that timekeeping practices employed by government offices, departments, and agencies were inadequate, inconsistent, and subject to errors and manipulations. Specifically, we found that, in 29 of the 41 inspections we conducted, (1) certain offices did not require employees to document their time and attendance, (2) selected officials and employees were exempted (without authority) from reporting their time-in-and-out, (3) employees were allowed to manually fill out their time cards instead of using the time clock, (4) employees' actual time-in-and-out was not reported, and (5) records were not maintained and updated to document whereabouts of employees who leave the office during working hours, calls of employees reporting leave, and comptime earned and used by employees. This occurred because the timekeeping policies and

procedures employed by the CNMI executive branch and autonomous agencies are not adequate and need to be improved. As a result, government employees can get paid without actually completing regular hours of work.

Accordingly, we suggest that (4) the Governor may wish to instruct the Office of Personnel Management to improve timekeeping policies and procedures to ensure that time and attendance of government employees are accurately reported. These policies and procedures should take into consideration various methods of monitoring time and attendance (e.g. through time cards, use of "flexible time" methods, etc...) and their applicability to a particular agency. The policies and procedures should be specific and detailed enough so that the duties and responsibilities of each employee, timekeeper, and top management are clearly understood. Upon finalization, all government offices, including autonomous agencies should also be required to adopt similar policies and procedures.

#### *Office of the Governor Response*

The Governor generally concurred with the recommendations, and stated that he would issue directives to all departments, offices, and agency heads, and the Director of Personnel to address the recommendations. For Recommendation 1, the Governor stated that since a number of new people have been appointed to head the departments and agencies of the Executive Branch, it would not be productive to reprimand former officials of the previous administration. Instead, he would instruct his cabinet and other officials who report directly to him that they would be held

accountable for their employees' time and attendance, and that he does not want to see anything like the timekeeping and attendance abuses detailed in the audit report happening during this administration.

*OPA Comments*

The response did not provide a time frame for action, and therefore Recommendations 1 to 4 remain open. The additional information or action required to close the recommendations is presented in Appendix G.

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# Introduction

## Background

**T**hroughout 1995 to 1997, the Office of the Public Auditor (OPA) conducted 41 random inspections of time and attendance of employees of various government offices, departments, and agencies. Subsequent to the inspections, draft memorandums were issued to immediately bring to the attention of the agencies concerned the findings noted and the proposed recommendations. The results of all inspections were consolidated in this report. With the information and responses gathered through the audits, we recommend that timekeeping policies and procedures be improved and uniformly adopted by all government offices, including autonomous agencies. We continue to monitor all open and resolved recommendations addressed to various agencies in the draft memorandums.

## CNMI Government Personnel and Timekeeping Regulations

Based on the budget appropriation laws passed for fiscal years 1995, 1996, and 1997, the CNMI Government had budgeted an average of 4,426 Full Time Employees (FTE) a year and had appropriated an average annual personnel cost of \$146 million. See Table 1 for details.

Fiscal Year	Executive			Municipalities			Judicial			Legislative			Government Corp. <sup>1</sup>			Others			Total			Annual
	'95	'96	'97	'95	'96	'97	'95	'96	'97	'95	'96	'97	'95	'96	'97	'95	'96	'97	'95	'96	'97	Average
FTE Civil Service	1,369	1,437	1,624	409	409	453	29	29	35	0	0	0	1,056	1,056	1,127	22	24	55	2,885	2,955	3,294	3,045
FTE Excepted	602	592	767	397	397	487	34	34	40	196	196	196	14	15	37	61	61	19	1,304	1,295	1,546	1,381
Total FTEs	1,971	2,029	2,391	806	806	940	63	63	75	196	196	196	1,070	1,071	1,164	83	85	74	4,189	4,250	4,840	4,426
Personnel (in million \$)	65	67	78	22	22	27	4	4	4	2	2	2	35	35	45	8	8	7	136	138	163	146

<sup>1</sup> Includes the following: (1) Public School System, (2) Civil Service Commission, (3) Board of Education, (4) Northern Marianas College, and (5) Workmen's Compensation Commission.

**Table 1**

Employees working under the executive branch are governed by the personnel regulations established by the Civil Service Commission and implemented by the Director of Personnel of the Office of Personnel Management (OPM). Positions covered by the Civil Service System are governed by the Personnel Service System Rules and Regulations (PSSRR) while those excepted from the Civil Service System are governed by the Excepted Service Personnel Regulations (ESPR).

Part IV.B25.B of the PSSRR requires that the Director of Personnel and the Secretary of Finance prescribe the method of recording and certifying time, attendance, and leave. On July 7, 1988, the Director of Personnel and the Secretary of Finance issued a Directive on timekeeping and payroll procedures. Subsequently, in April 1995, a Handbook for Timekeepers was issued, which contains procedures and requirements on timekeeping and provides a course of instruction on how to properly

perform the duties of a timekeeper. The Governor and the Director of Personnel have also issued memorandums, directives, and opinions to regulate matters regarding government-recognized holidays, administrative leave, overtime, time and attendance, adverse actions, etc.

Employees working in the municipalities, judicial branch, and autonomous agencies are governed by their respective personnel regulations.

### Payroll Processing

Generally, to document time and attendance, employees are required to punch the time clock or to manually record their time-in-and-out. The time cards (or equivalent records), together with approved overtime requests and applications for leave, are used by the timekeepers as the basis for preparing the Summary Time Sheet (STS) or equivalent records submitted to the Department of Finance (DOF) or the autonomous agencies' accounting offices for payroll processing.

Objectives,  
Scope, and  
Methodology

The objectives of the audit were to determine whether (1) government offices, departments, and agencies properly controlled and managed the time and attendance of their employees in accordance with CNMI personnel timekeeping policies, rules, and regulations, and (2) existing timekeeping policies, rules, and regulations were adequate to prevent abuse of government time.

Between July 12, 1995 and June 26, 1997, OPA conducted 41 random inspections of time and attendance of employees of various government offices, departments and autonomous agencies (See Table 2). 23 inspections were performed for the executive branch offices, 8 for the municipal government offices, 3 for the judicial branch offices, and 7 for the autonomous agencies offices (See Appendix A for details).

We noted employees who did not report for work for that day and the type of leave applied for. We reviewed the time cards and subsequently compared them with the STS to determine whether the number of regular or leave hours charged to the employees corresponded to the information obtained during our inspection. We also interviewed personnel responsible for the accounting of employees' time and attendance.

We recorded major findings on 36 inspections conducted and released 29 draft audit memorandums to immediately bring to the attention of the agencies concerned the findings noted and the proposed

Date	No. of Inspections
7/12/95	1
7/24/95	1
8/16/95	1
10/2/95	3
11/1/95	14
11/22/95	1
12/22/95	1
12/29/95	9
1/29/96	2
2/22/96	2
7/5/96	2
10/1/96	1
1/28/97	1
6/25 & 26/97	1
Total	41

**Table 2**

recommendations. We received responses to 23 of the 29 audit memorandums. In February 1998, draft copies of the audit report were provided to the 25 heads of departments, offices, and autonomous agencies so they could provide comments on the findings and recommendations contained in the report. Ten of twenty-five agencies responded to the report. The recommendations addressed to individual agencies totaled 116. Based on the responses we received, we consider 58 recommendations open, 9 resolved, and 49 closed. See Appendix B for the details of findings by agency, including each agency response, and OPA comments. See Appendix C for the additional information or action required to consider the other recommendations closed.

We performed our audit at the various offices in Saipan, Tinian, and Rota. The audit was made, where applicable, in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures as were considered necessary in the circumstances.

As part of our audit, we evaluated the controls to account for employees' time and attendance. We found numerous internal control weaknesses, which are discussed in the Findings and Recommendations section of this report. When implemented, our recommendations should improve accounting for employees' time and attendance.

Prior Audit  
Coverage

**O** PA has conducted several financial and performance audits of various CNMI government agencies, which to a limited extent included the review of employees' time and attendance; however, this is the first comprehensive inspection and audit of the CNMI Government employees' time and attendance.

# Findings and Recommendations

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## A. Abuses in Government Employees' Time and Attendance

Government offices committed abuses in timekeeping and in granting of leave, overtime, and comptime resulting in misuse of substantial amounts of public funds for personnel costs.

**C**NMI Personnel Regulations established rules for ensuring that any time-off that reduces a work day to less than eight hours should be charged to a specific type of leave depending on the purpose and the circumstance. The regulations also provide specific requirements before an employee is entitled to overtime payments and compensatory time (comptime). Our audit showed, however, that government offices, departments, and agencies committed abuses in timekeeping and in granting of leave, overtime, and comptime. Specifically, we found that, in 23 of the 41 inspections we conducted, (1) time charges were either falsified or incorrectly summarized, (2) administrative leave was indiscriminately granted, and (3) overtime and comptime were granted in violation of regulations. This occurred because agency heads were lax in the administration and enforcement of regulations, and failed to take disciplinary action against employees abusing government time. As a result, (1) at least 63 employees were paid for hours not worked, and were not charged Absent Without Leave (AWOL) and Leave Without Pay (LWOP), (2) employees were granted administrative leave on 5 occasions not allowable under the regulations, and (3) overtime or comptime was granted to 4 employees who were exempt from overtime (under the Fair Labor Standards Act) and 16 employees were allowed to earn comptime without any written directives from their superiors. These exceptions noted during our surprise inspections of time and attendance could have repeatedly occurred year round, resulting in misuse of substantial amounts of public funds for personnel costs.

### Leave, Overtime, and Compensatory Time

The CNMI Personnel Regulations grant the following types of leave to government employees.

- Annual Leave - also called vacation, shall be granted for the purpose of rest and relaxation. The rate of leave accrual is stated on the employee's Personnel Action or Contract.
- Sick Leave - shall be allowed whenever the employee is to be absent from duty because of illness or injury or because of quarantine of the family and/or residence.

- **Administrative Leave** - an absence from duty administratively authorized, without loss of pay and without charge to accrued leave. This should be granted for occasions meeting the requirements set forth by the Civil Service Commission and in the Governor's Directive.
- **Leave Without Pay** - may be granted to permanent employees for the purpose of extending annual or sick leave. Also, at the end of each pay period, the timekeeper shall determine the total number of minutes the employee has been late during the pay period, and charge LWOP to the hour amount nearest the total minutes tardy.
- **Absent Without Leave** - absence from duty without appropriate authorization. Employees who are absent from duty without prior approval, except in bona fide emergencies, shall be charged as being AWOL.

The Personnel Regulations also provide that any employee who exceeds 40 hours actually worked in a week shall be paid overtime at the rate of one and a half times the regular rate of pay unless the employee works in an executive, administrative, or professional capacity. If funds are not available for overtime compensation, comptime may be granted.

### **Time Charges were Falsified or Incorrectly Summarized**

Our audit showed that time charges were either falsified or incorrectly summarized, resulting in 63 employees being paid for hours not worked and not being charged AWOL and LWOP. Specifically, we noted that (1) a time card of one employee was falsified to reflect a full eight hours of work on two days although we found him to be working in a private company on those two days; (2) three timekeepers, in summarizing their own time charges, did not report their annual leave and tardiness and improperly used compassionate leave; (3) 12 employees were improperly charged with regular hours, annual or sick leave instead of AWOL for being absent and not notifying their offices; 10 employees were improperly charged with regular hours instead of LWOP, annual, or sick leave; and 3 employees were improperly charged with sick leave instead of annual leave; and (4) 34 employees who timed-in late and did not make up for their late hours were neither charged with leave nor given appropriate disciplinary action. (See Appendix D for details)

#### *Timekeeping Practices and Regulations*

Employees' time and attendance are recorded on the timecards (or equivalent records) and summarized in the STS (or equivalent records), which is the basis for computing payroll. Leave of employees who did not report for work should be reflected on both documents unless overtime or compensatory time (comptime) is used to offset the leave. In such instance, no leave is reflected in the STS and overtime or comptime earned during the pay period is shown net of leave, or if no comptime is earned during the pay period but the employee still has an available balance, comptime is charged for leave taken.

The PSSRR and the ESPR have no provision allowing employees to leave the office before the regular time-off without appropriate charges for leave. Employees who leave the office before the regular time-off should request annual leave, sick leave, or LWOP depending on the circumstance. Section VII.A7 of the PSSRR provides that all employees who are absent from duty without prior approval, except in bona fide emergencies, shall be charged as being AWOL. Employees who are AWOL and in LWOP status are subject to loss of pay and do not accrue annual leave and sick leave. Hours not worked should be charged to the appropriate type of leave because annual leave and sick leave are only accrued if employees are on pay status for the entire pay period. On May 30, 1995, the Director of Personnel issued a memorandum to all Department and Activity Heads to provide guidelines in determining appropriate penalties for government employees guilty of acts of willful misconduct, negligence, or dishonesty. AWOL is one of the offenses which was provided with appropriate penalties as follows: first offense is a letter of reprimand, second offense is a letter of reprimand to 15 days suspension, and third offense is a dismissal of the employee. Penalties are given as a range (e.g., official reprimand to removal) to allow for differences in the seriousness of the offense or extenuating circumstances, and the past record of the employee.

Section VII.A4.F of the PSSRR allows compassionate leave with pay in cases of death in the immediate family of the employee. The term "immediate family" is defined as an employee's mother, father, brother, sister, spouse, immediate offspring (natural and culturally or legally adopted), grandfather, grandmother, grandchild, mother-in-law, or father-in-law, but does not, for instance, include a friend's mother.

Section VII.A5 D of the PSSRR provides that at the end of each pay period tardiness shall be charged to LWOP. The timekeeper shall determine the total number of minutes the employee has been late during the pay period, and charge LWOP to the hour amount nearest the total minutes tardy. In the May 30, 1995 memorandum of the Director of Personnel, habitual tardiness is one of the offenses which was provided with appropriate penalties (the same penalties for AWOL as discussed above).

#### *Time Card of Employee was Falsified*

Our inspection of the employees of the Office of the Mayor of Saipan on June 25 and 26, 1997 showed that one mechanic from the Mechanic Shop did not report for work on these dates. We found that during those days, the mechanic was repairing a dump truck for a private company. The private company's owner informed us that the mechanic was working for them part-time. On June 25, 1997, the supervisor informed us that the mechanic was on sick leave. *Our subsequent review of the mechanic's time card showed, however, time-in-and-out equivalent to a full eight hours of work on each day. Thus, the STS did not reflect any leave charges.* In an interview, the mechanic admitted that on June 25, 1997, he went to the private company and stayed there from 11:00 a.m. to 9:00 p.m. On June 26, 1997, without informing the Mayor's Office that he would be absent, he again went to the private company at 9:30 a.m. and supervised some men changing the oil in one of the dump trucks. He stayed there up to 7:30

p.m. In a separate interview, the mechanic's supervisor stated that it was on June 27, 1997 that the mechanic told him that he (mechanic) was sick on June 25 and 26, 1997. *The supervisor stated that he did not know how the mechanic's time card got filled in to show that the mechanic worked on those days.*

#### *Timekeepers Failed to Report their Own Annual Leave and Tardiness*

Our audit showed that three timekeepers, in summarizing their time charges, did not report their own annual leave and tardiness, and improperly used compassionate leave. The details are as follows.

- Department of Labor and Immigration (11/1/95) - The Division of Employment's Timekeeper was not present during our inspection and the time card showed that she took 5 hours annual leave during that day. The STS, however, showed that the timekeeper did not charge herself any annual leave during the pay period.
- Saipan Municipal Council (12/29/95) - Our review of the timekeeper's time card for the pay period ending January 6, 1996 showed that in all the work days, she timed-in at 8:00 a.m., took one hour lunch, and timed-out at 4:30 p.m. (there was one instance where she timed-out at 4:45 p.m.). Although she did not work for eight hours a day and had accumulated four hours of unreported leave during the pay period a day, she reported eight hours of work daily in the STS. In our discussion with the timekeeper, she acknowledged that she came to work late. She stated, however, that she worked after office hours to make up for the unworked hours. She could not provide documents, however, to show that she worked after office hours (e.g., written authorization and time records).
- Office of Management and Budget (12/29/95) - One of the leave forms showed that the timekeeper was granted 4 hours of compassionate leave instead of annual leave, to attend a funeral prayer for her *friend's mother*. This occurred because the Special Assistant for Management and Budget granted her 4 hours off and charged the leave to compassionate leave with pay although the deceased was not an immediate family member of the employee.

#### *Employees Not Charged with AWOL, LWOP, Annual, or Sick Leave*

Our audit showed that 12 employees were improperly charged with regular hours, annual or sick leave instead of AWOL for being absent and not notifying their offices; 10 employees were improperly charged with regular hours instead of LWOP, annual, or sick leave; and 3 employees were improperly charged with sick leave instead of annual leave (See Appendix D for details).

The time charges shown in the STS did not tie in with those in the time cards and with the information gathered during our inspection. For example, our inspection of the time and attendance of the employees at the Park Rangers' Office of the Tinian Mayor's Office showed that four employees were AWOL. The timekeeper for the

Park Rangers' Office informed us that the four employees did not report for work or inform the office of their absence. One of these employees, according to the timekeeper, was off-island but did not submit a leave form for his absence. Our subsequent examination of the STS showed that the four employees were all paid regular hours and no hours were charged to AWOL.

Our inspection of the employees at the Rota Municipal Council also showed that three employees, who were absent without prior notice or approval, were not charged as AWOL. Based on our discussion with the Chief of Staff during our inspection, the three employees did not report for work or inform the office that they would be taking leave. However, our verification of the time charges reported in the STS for the pay period covering our inspection, showed that the employees were charged with regular hours or annual/sick leave, instead of AWOL.

There were also instances where absent employees who requested to be charged LWOP, annual, or sick leave as indicated in their time cards, were improperly charged with regular hours in the STS.

#### *Employees Neither Charged With Leave Nor Disciplined For Timing Late*

Our review of time cards showed that 34 employees, who timed-in late and did not make up for their late hours, were neither charged with leave nor given appropriate disciplinary action. (See Appendix D for details)

For example, our review showed that in 18 out of a 30-working day period, the Director of the Division of Fish and Wildlife came in late ranging from one to four hours a day. However, in spite of frequent absences and tardiness, he was not even given a warning or reprimand. Such occurrence may lead to problems in the administration of the division's activities and inadequate supervision of staff members.

We also found several offices which allowed employees to work on a flexible time system. Our review of time cards showed, however, that employees timed-in late, did not make up for their late hours, and were granted a full eight hours of work in the STS. Total unreported leave hours of the employees ranged from 50 minutes to 1 hour 45 minutes. OPA does not oppose use of a flexible time system as long as there are detailed guidelines for its use which should include identifying the latest allowed time for employee to report in the morning and the condition that a full work day is 8 hours from the time an employee reports to work.

#### **Administrative Leave Was Indiscriminately Granted**

Our audit showed that government employees were granted administrative leave on 5 occasions which did not fit into any of the leave categories mentioned in the regulations. (See Appendix D for details)

*Allowable Circumstances for Granting Administrative Leave*

In April 1995, the Civil Service Commission (CSC) set forth the five specific circumstances for which administrative leave can be granted to permanent civil service and excepted service employees, as follows:

1. Absence authorized under emergency conditions beyond the control of management, e.g., typhoons, island wide power outages, bomb threats, etc.
2. Participation in civic activities of interest to the government, e.g. state funerals, state commemorations, as determined by the Governor.
3. Extended absence required for medical appointments and care following job-related injuries.
4. Administrative leave related to disciplinary action.
5. Absence needed for employees serving on government boards and commissions.

These circumstances do not include parties for occasions such as Christmas, New Year, birthdays, and farewells.

The Governor, in his Revised Directive 003 dated March 20, 1995, delegated the authority for granting administrative leave to department and activity heads. However, the circumstances justifying the grant of administrative leave are set forth in the PSSRR and the ESPR promulgated by the Civil Service Commission. The Directive provided that the decision to grant administrative leave should be based on the adequacy of the justification, among others. The Directive cautioned department and activity heads to use this discretion wisely and judiciously. And to emphasize the restrictions, the Governor reiterated that even if an employee is attending to a family emergency, paid administrative leave may not be granted but he/she can request "Leave Without Pay" or use annual leave as provided under the PSSRR.

In the Governor's memorandum on government recognized holidays, the Governor stated that government employees have the option to take off on religious holidays that are widely observed in the Commonwealth, such as November 1 (All Saints Day), by using their annual leave.

*Indiscriminate Granting of Administrative Leave*

Our audit showed that several offices, departments, and agencies granted one to four hours of administrative leave to employees on 5 occasions not allowable under the regulations. The offices were either closed or having a party inside the office on these occasions. Our subsequent review of the STS (or equivalent records) showed, however, that employees charged regular work hours. The details are as follows.

- November 1, 1995 - All Saint's Day - one of the 14 agencies inspected, the Commonwealth Development Authority, granted a shortened work day. The remaining employees who did not take leave that day were allowed to leave the office at 3:00 p.m.

- December 22, 1995 - Friday prior to the Christmas holiday which was the next Monday - the one agency inspected, DOF - Procurement & Supply, was closed in the afternoon and was holding a Christmas party at the Civic Center. We also found in our follow-up work that the Northern Marianas College (NMC) allowed employees to leave the office in the afternoon of this day.
- December 29, 1995 - Friday prior to the New Year holiday which was the next Monday - three of the nine agencies inspected granted administrative leave. The Department of Community & Cultural Affairs was closed in the afternoon and was having a party inside the office during our inspection. The Superior and Supreme Courts were also closed in the afternoon for an employees' New Year's party. We also found in our follow-up work that NMC allowed employees to leave the office in the afternoon of this day.
- January 2, 1996 - Birthday Party of the President - We found in our follow-up work that NMC granted four hours administrative leave to those employees who attended the President's birthday party at the beach.
- January 5, 1996 - Farewell Party for the Former Dean of Student Affairs - We found in our follow-up work that NMC granted four hours administrative leave to those employees who attended the Former Dean of Student Affairs' farewell party at the beach park.

The public will be better served, and it will result in fairness and equity for all government employees, if all government offices follow the same guidelines for granting administrative leave. Closing of government offices and granting of administrative leave to employees on the afternoon of All Saint's Day, the last working day before the Christmas and New Year holiday weekends, birthdays and farewell parties, is not a tradition or custom shared by all government offices. Many government offices remained open during those days and although some had parties, certain staff members were designated or staff members took turns attending to the office business.

Government offices serve the general public, and therefore should remain open at all times during official working days/hours. Should they be required to close for valid reasons, there should be an official notice to the public. The notice should also be given days prior to the closure of business so that affected customers/clients can anticipate any problems brought on by such closure of business.

The personnel regulations for the judiciary titled the Personnel Service System Regulations - Judiciary (PSSRJ) were adopted on October 1, 1984 by CSC and have not been revised. They do not show the stricter guidelines for granting administrative leave, *i.e.* it still includes the clause "... for such reasons as the Chief Judge may determine (e.g. early closing on Christmas Eve)."

The Contracts and Conditions of Employment included in the NMC Personnel Regulations provide that Administrative Leave with Pay is granted only in exceptional circumstances by the NMC President. There are no guidelines, however, on what should be considered exceptional circumstances. This is not in conformity with civil service rules and regulations which provide specific guidelines for granting administrative leave and which do not allow for Christmas, New Year, birthdays, and farewell parties.

## Overtime and Comptime Granted Against Regulations

Our audit showed that overtime and comptime were granted against regulations and without complying with required procedures. For example, overtime or comptime was granted to 4 employees who were exempt from overtime (under the Fair Labor Standards Act) and 16 employees were allowed to earn comptime without any written directives from their superiors as required under the regulations. (See Appendix D for details)

### *Regulations for Granting Overtime and Comptime*

The FLSA and Part IV.B16.A of the PSSRR provide that bonafide executive, administrative, and professional employees are exempt from payment of overtime as well as comptime which is granted if funds are not available for overtime compensation. These regulations provide tests to determine whether an employee is exempt or not.<sup>1</sup>

Part IV.B16.G provides that overtime must be approved, in advance, by the appropriate management official on forms prescribed by the Director of Personnel Management such as a Request and Authorization Form. The information in the authorization form includes the following: (a) estimated work hours requested, (b) purpose and justification for the request, (c) names of employees who were directed to work, and (d) beginning and ending dates and time of the work. Authorization forms should be retained by the timekeepers for future reference. Department/Agency Heads should require employees to obtain prior approval before rendering overtime

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<sup>1</sup> Short test for Executive, Administrative, and Professional employees who are exempt from payment of overtime:

Executive

- 1) Compensation : Is paid not less than \$250 per week exclusive of board, lodging, or other facilities.
- 2) Duties : Primarily management of agency, department, or subdivision.
- 3) Supervision : Customarily and regularly directs 2 or more other employees

Administrative

- 1) Compensation : Is paid at least \$250 per week exclusive of board, lodging, or other facilities.
- 2) Duties : Primarily performance of office or non-manual work directly related to management policies or general business operations, or the performance of functions in the administration of an educational establishment, or a department or subdivision thereof, in work directly related to the academic instruction or training.
- 3) Responsibilities : Primary duty includes work requiring the exercise of discretion and independent judgment.

Professional

- 1) Compensation : Is paid not less than \$250 per week exclusive of board, lodging, or other facilities.
- 2) Duties : Primarily consist of performing work requiring advanced learning or work as teacher.
- 3) Responsibilities : Must include work which requires the consistent exercise of discretion and judgment or consist of work requiring invention, imagination, or talent in a recognized field of artistic endeavor.

work. The purpose of overtime should be examined to determine whether the work to be accomplished requires immediate completion. No overtime should be approved to complete any work that could be delayed without undue hardship.

The PSSRJ Section IV.B15 B also provides that intelligent and responsible control of overtime is a continuing management function, and that certain steps are to be taken by all management officials and subordinate supervisors to reduce overtime. PSSRJ Section IV.B15 C states that as a general policy, an employee who has taken annual or sick leave or who plans to take annual or sick leave within the same work week will not be scheduled to work overtime and will be advised that overtime voluntarily performed is not compensable. In an October 20, 1995 memorandum, the Presiding Judge directed that Superior Court employees must first work a forty-hour work week for them to accumulate compensatory time.

#### *Employees Given Overtime and Comptime Against Regulations*

During our inspections, we noted offices, departments, and agencies which allowed four FLSA exempt employees to earn overtime and comptime, and 16 employees to earn comptime, even without a written directive from their superior. The details are as follows.

- The DOF Customs Administrative Officer, an FLSA exempt employee, earned 15 hours of overtime for staying beyond 4:30 p.m. everyday, based on our review of time cards and STS for one pay period.
- Three Marianas Visitors Bureau employees whose positions and responsibilities qualify them as executive employees were allowed to accumulate comptime. These were the Marketing Manager, Field Operations Manager, and Comptroller. During our inspection, the last two employees charged their leave on November 1, 1995 to their comptime balance.
- Superior Court employees earned comptime credits for work in excess of eight hours without authorization. Most of the comptime was earned by employees for reporting early in the morning (between 7 and 8 a.m.) and/or punching out at least 30 minutes after 5:00 p.m. Our inspection also showed that 10 employees received overtime although these employees had taken annual or sick leave within the same work week. Of the 13 employees who took leave during our inspection, 10 used in-house comptime. Subsequently, the Presiding Judge issued a memorandum on January 2, 1996 which stated that in 1996, comptime would only be accumulated upon his approval.
- Our review of comptime earned during the past nine pay periods of the DOF-Revenue & Taxation employees showed that employees earned comptime hours even without supporting authorization forms. According to the Acting Director, the authorization form is usually prepared only if the work is a “big” task, i.e., it involves several employees in one task. However, we noted that not all comptime classified as “big” tasks was supported with authorization forms. Our

inspection on December 29, 1995 showed that six of sixteen Rev&Tax employees who took leave used in-house comptime (monitored within the division) to offset the leave.

## **Personnel Regulations not Enforced**

These conditions occurred because department and activity heads were lax in the administration and enforcement of the regulations, and failed to take disciplinary action against employees who abuse government time. For example, department and activity heads signed the STS without verifying their accuracy and completeness as shown by the many errors we noted. In most instances, no evidence of review was noted such as checkmarks or other means of indicating review. There were also instances where STS were altered by the timekeeper without the knowledge of the department or activity head (only the timekeeper's initial was in the alterations). In other instances, department heads simply allowed the employees to charge leave to regular hours without any justification.

The various exceptions noted during our surprise inspections of time and attendance could have repeatedly occurred year round resulting in misuse of a substantial amount of public funds for personnel costs. Employees who were in AWOL and LWOP status were improperly paid, and the leave credits of the employees who were on annual and sick leave were not charged for the hours not worked. Thus, accumulated leave credits of the employees were overstated because no leave was charged for the hours not worked, and the employees in AWOL and LWOP status should not have earned leave credit for the pay period. Similar situations are likely to recur unless appropriate disciplinary actions are taken. In addition, granting of administrative leave with pay in only a few offices (and not in all government offices) on occasions such as the last working day before Christmas and the New Year holiday weekend, and for birthdays and farewell parties, is not equitable and can lead to low morale.

## **Conclusion and Recommendations**

Government offices, departments, and agencies committed abuses in timekeeping and in granting of leave, overtime, and comptime. Similar situations are likely to occur unless enforcement of the regulations is improved and appropriate disciplinary actions against erring employees are taken. Accordingly, we suggest that the Governor may wish to :

1. Issue a directive reprimanding the heads of departments, offices, and agencies which were found to have allowed their employees to abuse government time. These officials should be reminded that they should strictly comply with CNMI Personnel Regulations on timekeeping, leave, overtime, and comptime. The Governor may also wish to instruct them to issue disciplinary actions against employees who were found abusing government time.

2. Issue a directive to all heads of departments, offices, and agencies requiring them or their designated officials to thoroughly review the time records for accuracy and completeness before signing the documents. The directive should require that evidence of the review be documented, through check marks or other standard means.
3. Issue a directive to all the heads of departments, offices, and agencies requiring them to strictly comply with the regulations before granting administrative leave to employees. The Governor may also wish to specify that administrative leave should not be granted for parties or celebrations held on regular working days. These includes parties for Christmas, New Year, birthdays, farewells, and other similar occasions not mentioned in the regulations. The Governor may wish to emphasize that administrative leave should not be granted indiscriminately and that the Governor's approval should be obtained before granting administrative leave for any other circumstances not mentioned in the regulations.

We have also separately issued detailed recommendations to the departments, offices, and agencies which were included in our findings. These recommendations are included in Appendix C.

#### *Office of the Governor Response*

The Governor concurred with Recommendations 2 to 3, and stated that he would issue directives to all departments, offices, and agency heads within the Executive Branch requiring thorough review of time records and strict compliance with the administrative leave regulations. For Recommendation 1, the Governor stated that since a number of new people have been appointed to head the departments and agencies of the Executive Branch, it would not be productive to reprimand former officials of the previous administration. Instead, he would instruct his cabinet and other officials who report directly to him that they would be held accountable for their employees' time and attendance, and that he does not want to see anything like the timekeeping and attendance abuses detailed in the audit report happening during this administration.

#### *OPA Comments*

The response did not provide a time frame for action, and therefore Recommendations 1 to 3 remain open. We agree that the alternative course of action cited by the Office of the Governor in addressing Recommendation 1 is a reasonable course of action. The additional information or action required to close the recommendations is presented in Appendix G.

## B. Time and Attendance not Properly Monitored and Documented

Some government employees get paid without actually completing regular hours of work.

**T**ime and attendance of government employees should be monitored and documented to prevent abuse of government time. Our audit showed, however, that timekeeping practices employed by government offices, departments, and agencies were inadequate, inconsistent, and subject to errors and manipulations. Specifically, we found that, in 29 of the 41 inspections we conducted, (1) certain offices did not require employees to document their time and attendance, (2) selected officials and employees were exempted (without authority) from reporting their time-in-and-out, (3) employees were allowed to manually fill out their time cards instead of using the time clock, (4) employees' actual time-in-and-out was not reported, and (5) records were not maintained and updated to document whereabouts of employees who leave the office during working hours, calls of employees reporting leave, and comptime earned and used by employees. This occurred because the timekeeping policies and procedures employed by the CNMI executive branch and autonomous agencies are not adequate and need to be improved. As a result, government employees can get paid without actually completing regular hours of work.

### Timekeeping Policies And Procedures

The Handbook for Timekeepers developed by OPM for government agencies under the executive branch contains timekeeping policies and procedures that should be uniformly implemented. The policies and procedures, however, are inadequate and need to be improved. For example, the Handbook does not address alternative methods of timekeeping being employed by some agencies, such as the use of flexible time and Daily Time-In-and-Out log sheets instead of time cards; documentation of employees who leave the office during working hours; and monitoring of leaves and comptime hours. Moreover, autonomous agencies employ their own timekeeping practices which are inadequate and inconsistent with those employed by the CNMI executive branch. Consequently, standard timekeeping policies and procedures need to be developed and uniformly adopted by all government offices, including autonomous agencies.

### Offices Did Not Require Employees To Document Time And Attendance

Our audit showed that four offices did not require all employees to document daily time-in-and-out. These offices did not use time cards or equivalent records to evidence time and attendance of their employees. (See Appendix E for details)

### *Use of Time Cards*

All employees, regardless of employment status, should use time cards or equivalent records so that daily time and attendance can be monitored and the timekeeper will have a basis for the preparation of STS. This helps to effectively and efficiently account for employees' time. There is no assurance that employees actually worked 80 hours in a pay period unless there is a written record which would evidence the number of hours employees actually worked. The following timekeeping practices should be observed when using time cards.

- a. **Time Card Requirement.** Each employee should be required to time-in-and-out in the morning and afternoon including time-out at 11:30 a.m. and time-in at 12:30 p.m. for lunch, unless a different lunch hour is designated by the supervisor or overtime is approved. Exempting an employee from the use of time cards should be done in valid circumstances only and alternative control procedures should be established in place of using time cards, *e.g.*, adoption of another form of documentation such as Bi-weekly Activity Reports. Established procedures should also be used for FLSA exempt employees and on accounting for the time of these employees who had minor tardiness and at the same time had performed additional hours (without overtime compensation).
- b. **Manual Entries Limitation.** For those offices which adopted a practice of using a time clock to "punch in" daily time-in-and-out on their time cards, the CNMI should limit the use of manual entries. Manual entries should be allowed in appropriate cases only, such as when a time clock is not operable, which should be justified and approved by the supervisor in writing.
- c. **Indicating Actual Time-in-and-Out.** The CNMI should require employees to indicate actual time-in-and-out. To have an accurate basis for preparation of STS, employees should be required to log their actual time-in-and-out in the time card. Stricter controls should be established for those offices without a time clock.

### *No Record of Employees' Daily Time-In-and-Out*

The following four offices did not require employees to document their time-in-and-out using time cards (or equivalent records).

- **DOF Secretary's Office** - Our review showed that DOF did not require employees at the Secretary's Office to record their daily time-in-and-out. The timekeeper told us that daily recording of time and attendance was not required since employees at the Secretary's Office charge only regular hours and without overtime. In case an employee takes leave, such employee fills out a leave form which is submitted to the Secretary for approval. The approved leave forms were summarized and posted in the STS. Regular hours were then posted in the STS for the remaining hours after considering leave taken.

- Public Information Office (PIO) - Our audit showed that PIO did not require employees to record their daily time-in-and-out. The timekeeper told us that employees at PIO continued this practice from the previous administration. Although the Special Assistant for Administration issued a memorandum dated January 23, 1996 instructing PIO to use Daily Time & Attendance Sheet (DT&AS - equivalent to time cards), no documentation of daily time-in-and-out was used for employees of PIO.

Subsequent to our inspection, PIO provided us a copy of a Time Log Sheet which was implemented beginning on July 8, 1996 to document the daily time and attendance of PIO employees. The log sheet shows the employees' daily time-in-and-out for both morning and afternoon, including the time spent for lunch break. However, we noted that the Public Information Officer has not documented his own daily time-in-and-out in the newly implemented Time Log Sheet.

- Saipan Municipal Council (SMC) - Employees were required to manually record their daily time and attendance on time cards provided by the timekeeper. During our inspection on December 29, 1995, however, all the time cards we examined were blank, *i.e.*, without time and attendance data recorded on the time cards. The inspection date was the fourth day of the pay period. According to the timekeeper, this occurred because the time cards were not available at the start of the pay period. She stated that she ran out of blank time cards and she made copies on that day. SMC did not have a photocopying machine.
- Commonwealth Development Authority (CDA) - CDA did not require employees to record their daily time-in-and-out. The timekeeper told us that employees monitored their own time and were responsible for the time charged in the Employees' Time and Attendance Record which was used as a basis for payroll processing.

### **Selected Officials And Employees Exempted From Reporting Time-In-And-Out**

Our audit showed 17 offices exempted selected officials and employees from reporting time-in-and-out. (See Appendix E for details)

We noted that employees exempted from the daily time-in-and-out were mostly the following: (1) employees classified as FLSA exempt such as division directors, section managers, and lawyers, (2) employees on "as needed" basis, and (3) employees detailed to other offices. Most of the exemptions from using the time clock (or equivalent records) were based on the verbal instructions of the department heads. Employees monitor their own time. The timekeepers stated that the leave for these employees was determined based on the application for leave submitted. Their regular hours are arrived at by deducting the employee's leave from 80 hours.

*Employees Classified as FLSA Exempt* - The offices which exempt FLSA exempt employees from the daily timing-in-and-out explained that professional employees are expected to work in excess of eight hours per day and often are required to work on weekends and evenings without additional compensation.

For example, the former Public Defender questioned how he could charge leave to an attorney with minor tardiness who at the same time had performed additional hours without overtime compensation. He also stated that if salaried employees are required to time-in, they may lose their status as exempt employees and the government may be liable for their overtime. The new Acting Public Defender stated there is no statute or regulation which requires that excepted service employees should time-in-and-out on the Daily Time and Attendance Report (DTAR - equivalent to time cards). He explained that the ESPR and the Instructional Memorandums issued by the Director of Personnel did not require that exempt employees should time-in-and-out.

For the Northern Marianas College, of the seven departments inspected, only one required its employees to fill out daily time-in-and-out log sheets. The timekeepers from the other six departments inspected told us that although employees were not required to record their time-in-and-out, department heads monitored their time charges. In the NMC President's response to the draft memorandum, she stated that faculty employees have responsibilities, both in and out of the classroom, which more than match the equivalent of 80 hours every pay period. NMC has charged non-faculty employees to fulfill 80 hours of work each pay period. All the employees we inspected, however, were non-faculty employees, and there is no assurance that non-faculty employees worked 80 hours in a pay period unless there is a written record which would evidence the number of hours they actually worked.

OPA believes that exempt workers are required to document their daily time-in-and-out. The Director of Personnel exceeded his authority when he stated in his February 6, 1997 Instructional Memorandum that the matter of exempt employees signing/timing-in-and-out is a policy decision of the appointing authority for the department/activity. The ESPR promulgated by the Civil Service Commission did not give such authority to OPM or each department. Allowing each department to decide will result in unfairness and inequity for all government employees. Exempt workers should be required to document their daily time-in-and-out in the same way as covered workers, because existing federal laws and the March 20, 1997 Instructional Memorandum of the Director of Personnel permit the CNMI Government to deduct absences of less than eight hours from the salaries of FLSA-exempt employees unless the lost time is offset through additional work or charged against accrued annual leave. Determining lost time cannot be efficiently and accurately performed without documentation of the exempt employees' daily-time-in-and-out.

Exempt employees do not lose their exempt status if required to time-in. In the February 6, 1997 Instructional Memorandum of the Director of Personnel titled "Work Schedule/Sign-in Requirements for FLSA Exempt Status Employees", he

stated that an exempt employee can be required to sign/time in/out for record and control purposes. This is not a violation of their exempt status. This is consistent with the August 19, 1992 additional regulations issued by the United States Department of Labor on the salary basis test applicable only to the public sector, which state in part:

“Special provisions applicable to employees of public agencies.

(a) An employee of a public agency who otherwise meets the requirements of §541.118<sup>2</sup> shall not be disqualified from exemption under §§541.1, 541.2, or 541.3<sup>2</sup> on the basis that such employee is paid according to a pay system established by statute, ordinance, or regulation, or by a policy or practice established pursuant to principles of public accountability, under which the employee accrues personal leave and sick leave and which requires the public agency employee’s pay to be reduced or such employee to be placed on leave without pay for absences for personal reasons or because of illness or injury of less than one workday when accrued leave is not used by an employee . . .”

This means that employees on a pay system such that they are required by the Public Defender’s Office to be at work from 7:30 a.m. to 4:30 p.m. do not lose their exempt status as Executive, Professional, or Administrative because they are required to follow the system (*e.g.*, timing-in-and-out).

Although both Public Defenders claimed that the caseload in their office would not permit any attorney to work less than 40 hours in a week, we believe that a written record from 7:30 to 4:30 will allow supervisors, *e.g.*, the Public Defender, to evaluate employees’ time including time used outside these hours. OPA, therefore, finds it necessary for PDO to adopt some form of documentation to account for the attorneys’ time especially since their work hours often differ from the regular government work hours. The Director of Personnel, in his March 20, 1997 Instructional Memorandum, also stated that nonstandard schedules should be documented. However, if use of DTAR is considered impractical, PDO can adopt another form of documentation to achieve the purpose without unreasonably burdening employees. For example, Bi-weekly Activity Reports can be required from attorneys showing the number of hours worked and a brief description of the nature of the work performed daily. This documentation will serve as evidence of work performed and at the same time provide the Public Defender a useful tool to determine the progress of work of its attorneys.

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<sup>2</sup> Relates to employees exempt from the Fair Labor Standards Act as being Executive, Professional, or Administrative.

*Employees on “As Needed” Basis* - Certain offices told us they exempt certain employees from time-in-and-out because they are supposed to be present only when they are needed. For example, our inspection of the Rota Mayor’s Office disclosed that among those employees who did not time-in-and-out on the daily time and attendance record were the legal counsel and the Mayor’s advisor. The two employees were not required to time-in and time-out because they are called only whenever the Mayor requires their services. Our verification of time charges in the STS, however, showed that the two employees were paid for 80 regular hours work like other employees. Therefore, they should also be required to time-in and time-out during regular working hours like all other employees who are required to work 80 hours.

*Employees Detailed To Other Offices* - No records of daily time and attendance were maintained for employees of certain offices who were assigned to report to another office. The practice was that at the end of each pay period, the office where the employee was detailed provided the office which would report and pay the salary a summary showing only the total hours worked by the employee. No record of the daily time and attendance of the employee was provided to the paying office, and thus no review was made prior to payment. This procedure does not insure that the employee actually reported for work 8 hours daily because no document shows evidence that he actually worked during those hours. For example, a Department of Community and Cultural Affairs (DCCA) - Department of Youth Services (DYS) employee was detailed to the Department of Public Safety (DPS). At the end of each pay period, DPS provided DCCA a summary showing the total hours worked by the employee. DCCA was not provided a record of the daily time and attendance of the employee. Although we learned that DPS required the employee to time-in-and-out at DPS, such record of time-in-and-out should be reviewed by DCCA since its account pays the employee’s salary. Also, our inspection of the Rota Mayor’s Office disclosed that 40 of its 73 FTEs were assigned to other government agencies. The timekeeper said that these employees were not required to time-in-and-out at the Rota Mayor’s Office although their time charges were being reported and paid by the Mayor’s Office.

*Other Employees Who Failed To Time-In-and-Out* - There were also instances where employees failed to time-in although present and failed to time-out although having left work. Examples are as follows.

- Our review of the Division of Fish and Wildlife Director’s timecard for one pay period did not show any time-in-and-out. The timecard only contained a handwritten note that the Director worked 72 hours, excluding 8 hours holiday, with the timekeeper's initial. The corresponding STS also showed that the Director worked 72 hours.
- In the inspection conducted at the Retirement Fund at 3:20 p.m., two employees did not time-in on the Daily Time and Attendance Record. When asked about the employees’ whereabouts, the Administrator said that the first employee did not report for work and did not call the office. He added that the employee had health problems which forced her out of work the past few days. The other

employee had an application for eight hours annual leave for that day. Our verification of the summary report showed, however, that the two employees were not charged 8 hours sick or annual leave on November 1, 1995. Instead, the two employees were charged two and five hours annual leave, respectively. The timekeeper stated that the two employees forgot to record their time and attendance but both were present in the office before OPA staff members conducted the inspection.

- Our verification of CUC employees' time and attendance showed that 13 employees took off on the afternoon of November 1 but their time cards indicated no official clock-out for the day. Subsequent examination of records indicated, however, that applications for annual leave were appropriately filed by the employees and approved by division officials. There was no assurance, however, that the number of leave hours reported was accurate.

### **Employees Manually Filled Out the Time Card Instead of Using the Time Clock**

Our inspection showed that at least seven offices allowed employees to manually fill out the time cards although time clocks were available (See Appendix E for details).

For example, our review of the time cards of Customs employees showed that the Administrative Officer manually filled out his time card for more than half of the pay period. During the first week of the pay period ending January 6, 1996, he manually timed-in on each morning at 7:30 a.m. and timed-out at 12:00 noon, and manually timed-in each afternoon at 1:00 p.m. During the second week, about 50 percent of his time entries were also made manually. All the manual time entries, however, were approved by the Customs Director by signing his initials at the side of the manual entries. On all afternoons during that pay period, the employee timed-out between 6:00 and 7:30 p.m. using the time clock. The Director of Customs explained that the employee timed-in manually in the morning because he usually went straight to the offices located at Capitol Hill to do errands (*e.g.*, to pick up mail). The employee has an assigned government car and lives closer to Capitol Hill, and therefore doing errands on his way to the Customs-Airport office resulted in savings of time and gas. Customs, however, did not have procedures to determine the actual time the employee started work. The employee also manually filled out the time-out before lunch and time-in after lunch because he was out of the office before lunch time to do administrative work and returned to the office after lunch time. Customs, however, did not have a procedure to document the whereabouts of employees who leave the office during working hours.

In another example, one employee of the Commerce Division maintained a time card but the records of his time-in-and-out were not punched into the time clock. Instead, the employee manually filled out his time card and the manual record did not reflect actual time. For all of pay period no. 24 (November 12 to 25, 1995), the employee consistently wrote that he timed in at 7:30 a.m. and timed out at 11:30

a.m. in the morning and timed in at 12:30 p.m. and timed out at 4:30 p.m. in the afternoon. The manual time-in-and-out negates the purpose and internal control in using the time clock. This practice allows the employee to be late or to leave the office early without being detected.

### **Employees' Actual Time-In-And-Out Not Reported**

Our inspection showed that four offices without a time clock allowed employees to indicate the normal working hours and not the actual time employees were at work. (See Appendix E for details).

For example, our review of the Zoning Division's Office Daily Time & Attendance Record (equivalent to time cards) for one pay period showed that the employees have identical time entries, *i.e.*, time-in was reported at 7:30 a.m. while time-out was at 4:30 p.m. The Acting Director explained that one staff member usually went straight to other offices to do errands (*e.g.*, to pick up mail); the staff member was using her personal car and therefore doing errands on her way to the office resulted in savings of time and gas. ZDO, however, did not require her to document the actual time she arrived at the office.

### **Timekeeping Records Not Maintained And Updated**

Our audit showed that records were not maintained and updated to document the whereabouts of employees who leave the office during working hours, calls of employees reporting leave, and comptime earned and used by employees. These findings are discussed as follows.

#### *Whereabouts of Employees Out During Office Hours not Documented*

Our inspection showed that 16 offices did not maintain records of employees going out of the office during working hours (See Appendix E for details). During our inspections, the timekeepers told us the whereabouts of employees who were out of the office. When verified, the timekeepers' statements were wrong.

The CNMI should establish procedures to document the whereabouts of employees who leave the office during working hours. A permanent record should be established to support an employee's whereabouts which will be used in determining the employee's time charges. Employees who for valid reasons go directly to other offices before reporting to the office should also be required to call a designated individual who should time-in the employee on the time card and document the whereabouts. The employee, upon arrival at the office, should log in the sign-in-and-out sheet. He should document the actual time he arrives at the office so that the Supervisor can have a basis for determining whether the time spent outside the office was reasonable.

For example, during our inspection of the employees of the Carolinian Affairs Office, five were out and the timekeeper told us that they were out on official business;

however, no document was available to show their actual location. According to the timekeeper, two were at Managaha Island maintaining the graveyard of Carolinian Chief Aghurubw, one was in Chalan Laulau for community work, one was doing errands, and one reportedly had been in the office in the morning but left to fix his personal vehicle's flat tire. To verify this information, at around 3:00 p.m., two OPA staff members went to Chalan Laulau and checked if the CAO employee was at the site, but the OPA staff members did not find him there. At around 4:00 p.m., the two OPA staff members proceeded to Smiling Cove to verify the two CAO employees who were supposedly returning from Managaha Island by that time, but the OPA staff members also did not see the two CAO employees. The following day, the OPA staff members discussed the results of the verification with the timekeeper who retracted some of the things she said during the inspection. She said that the two employees who were supposed to be at Managaha Island and the one employee who had a flat tire were actually at the Whispering Palms Golf course area repairing a rest room for a disabled Carolinian man. According to the CAO Executive Assistant, this was part of the community work performed by CAO. On the other hand, the employee who was to be at Chalan Laulau doing community work insisted that he was at the site. This indicates that the timekeeper was not aware of the whereabouts of employees who were out of the office.

One office stated that employees can easily be located by radio. During our inspection of the Materiel Management Section of the Department of Public Health, we were informed that one radio was available and given to the employee who performs the delivery. We noted, however, that three employees were assigned to deliver to different locations in separate vehicles. Thus, only one was supposedly given a radio. The other two could not easily be located and checked. Further, even with a radio, an employee who gets caught performing unofficial business can easily say that he is on leave. If employees are required to log their destination, erring employees cannot deny the fact that they are abusing government time.

Several offices only have whiteboards where employees write their destination if they go out of the office, but the information was also being erased daily. As a result, there was no written documentation to support employees' whereabouts as a basis for employees' time charges.

#### *Calls of Employees Reporting Leave not Documented*

Our inspection showed that six offices did not maintain records for calls of employees reporting leave. (See Appendix E for details).

Employees who have to take unscheduled leave should be required to call a designated individual at the office who will be responsible for documenting the calls *i.e.*, to indicate leave in the timecard. This will ensure that the leave taken was with prior approval, as is required by the personnel regulations in order for the employee not to be considered AWOL.

In most of the offices inspected, it was their policy to require employees who are taking annual leave to submit leave forms in advance. In emergency cases, however, employees who have to take unscheduled leave will just call the office to report the leave. The timekeeper said, however, that no one maintains official records of the calls. The message is just written on a “post it” note, and later discarded. For example, during our inspection of the employees of the Department of Public Works, 27 employees were charged as AWOL because the timekeeper was not aware of the status of these employees (whether they had called the office to take leave or were AWOL). The timekeeper said that these employees did not call her or submit their approved leave forms. Our follow-up inspection and review of the STS showed that only 11 of the 27 employees were charged as AWOL. According to the timekeeper, the other 16 employees were charged leave with pay because they claimed that they had called their designated offices on that day and had submitted their approved leave forms on the following working day. The timekeeper stated, however, that these offices did not inform her that the employees had called, and that the telephone calls were not documented.

#### *Comptime Records Not Maintained or Updated*

Our inspection showed that three of fifteen offices who used comptime to offset the leave taken by employees did not maintain or update employees’ records of in-house comptime. (See Appendix E for details).

Comptime balances should be monitored by someone other than the employees themselves to prevent unauthorized changes. The comptime earned and used by each employee should be posted in the comptime record on a timely basis. Comptime balances of employees are either monitored by DOF or the autonomous agencies’ accounting office (registered comptime) or monitored within the department (in-house). If monitored by DOF or accounting office, the timekeeper indicates in the STS the comptime earned and used by the employees. If monitored within the department, no comptime transactions are reflected in the STS and balances are monitored by the department timekeeper using the compensatory time-off form.

For example, during our inspection of the Department of Public Works, 3 employees used in-house comptime to offset their eight hour leave on that day. Upon review of the comptime records, we noted that the balances were not updated. For instance, the posting in one employee’s comptime record was made five months prior to inspection and had a negative one (-1) hour balance. The timekeeper explained that the employee earned 20 hours comptime the previous month but the comptime had not yet been posted in the comptime record. Also, the other employee’s comptime balance was last updated nine months prior to inspection and had zero balance, but a note was attached stating that he had earned 134 hours of comptime. In addition, the other employee’s comptime record was last updated three months prior to inspection and showed an available balance of 96 hours. His comptime balance had already been fully applied but such was not reflected in the records.

Also, in our inspection at the Northern Marianas Housing Corporation, two employees used comptime to offset the leave they took, and we could not verify if the employees had any comptime balance available because the last posting was more than a year earlier. The timekeeper told us that she was certain these employees had available comptime hours because they had earned a lot of comptime during the year and to evidence this, we were shown voluminous comptime requests of the employees. The timekeeper told us that the backlog in posting comptime transactions occurred because of inadequate accounting staff. In the former NMHC Comptroller's response to the draft memorandum, he stated that the regulations provide that all comptime must be taken within the next four pay periods or be lost. The posting of other comptime to the records is to keep track only of the hours worked by employees. It is not used for purposes of payment, as any past the four pay periods would be invalid. OPA believes, however, that although comptime is lost if not taken within the next four pay periods, there is no evidence that the employee has available comptime when used if there is no record showing the employee's updated comptime earned and used. The voluminous comptime requests of an employee do not provide assurance that the employee has available comptime hours.

### **Timekeeping Policies And Procedures were Inadequate**

This occurred because the timekeeping policies and procedures employed by the CNMI executive branch and autonomous agencies are not adequate and need to be improved. For example, the timekeeping procedures developed for employees working under the executive branch (thru Handbook for Timekeepers) do not address alternative methods of timekeeping being employed by some agencies such as the use of flexible time and Daily Time-In-and-Out log sheets instead of time cards; documentation of employees who leave the office during working hours; and monitoring of leaves and comptime hours. Moreover, autonomous agencies employ their own timekeeping practices which are also inadequate and inconsistent with those employed by the CNMI executive branch.

As a result, government employees can get paid without actually completing regular hours of work. Under the existing timekeeping practices, there was no assurance that the time charges to regular hours were actually earned by the employees, that employees are correctly reporting hours worked, whether they actually worked at all, or whether time spent out of the office during working hours is job related. Employees can also easily report false time-in-and-out and get paid without actually completing regular hours.

### **Conclusion and Recommendation**

Timekeeping practices employed by government offices, departments, and agencies are inadequate, inconsistent, and subject to errors and manipulations. Government employees can get paid without actually completing regular hours of work. Accordingly, we suggest that (4) the Governor may wish to instruct the Office of Personnel Management to improve timekeeping policies and procedures to ensure

that time and attendance of government employees are accurately reported. These policies and procedures should take into consideration various methods of monitoring time and attendance (e.g. through time cards, use of “flexible time” methods, etc...) and their applicability to a particular agency. The policies and procedures should be specific and detailed enough so that the duties and responsibilities of each employee, timekeeper, and top management are clearly understood. Upon finalization, all government offices, including autonomous agencies should also be required to adopt similar policies and procedures.

We have also separately issued detailed recommendations to the departments, offices, and agencies which were included in our findings. These recommendations are included in Appendix C.

*Office of the Governor Response*

The Governor concurred with Recommendation 4 and stated that he would instruct the Director of Personnel to review existing policies and procedures and make any necessary amendments to ensure that the CNMI’s timekeeping and attendance policies and procedures give proper guidance to the appointing authorities and their designated timekeepers in the accurate reporting of time and attendance.

*OPA Comments*

The response did not provide a time frame for action, and therefore Recommendation 4 remains open. The additional information or action required to close the recommendation is presented in Appendix G.

**APPENDIX A**  
**Page 1 of 3**

**Summary of Offices, Departments, and Agencies Inspected  
 From July 12, 1995 to June 26, 1997**

Name	Abbreviations	Sections/Divisions/Offices Inspected		Date Inspected	Draft Memo Date	Response Date
<b>Executive Branch Offices and Departments</b>						
Department of Labor and Immigration	DLI	Divisions of Labor, Immigration, and Employment	1	11/1/95	12/21/95	12/29/95
Department of Finance	DOF	Division of Procurement and Supply (P&S)	2	12/22/95	1/6/96	9/5/96
		Secretary's Office and Division of Finance and Accounting (Sec/F&A)	3	12/29/95	2/23/96	
		Division of Customs Division of Revenue and Taxation (Cus/Rev&Tax)	4	12/29/95	6/7/96	
Department of Land and Natural Resources	DLNR	Division of Fish and Wildlife (DFW)	5	7/24/95	8/16/95	1/25/96
		Main Office, Zoning Division, Division of Fish and Wildlife, Coastal Resources Management	6	11/1/95	*	n/a
		Division of Plant Industry - Quarantine Section	7	12/29/95	2/14/96 **	n/a
		Coastal Resources Management Office (CRMO)	8	1/29/96	7/11/96	no response
		Zoning Division Office (ZDO)	9	2/22/96	6/7/96	6/11/96
Public Information Office	PIO	Main Office	10	7/5/96	9/23/96	10/17/96
Department of Community and Cultural Affairs	DCCA	Carolinian Affairs Office (CAO)	11	8/16/95	7/1/96	9/30/96
		Carolinian Affairs Office	12	11/1/95	1/16/96**	n/a
		Main Office and Nutrition Assistance Program (Main/NAP)	13	12/29/95	1/26/96	2/27/96
Public Defender's Office	PDO	Main Office	14	11/1/95	2/15/96	3/15/96
Department of Commerce	DOC	Marianas Visitor's Bureau (MVB)	15	11/1/95	2/5/96	3/7/96
		Main Office	16	11/22/95	2/1/96	2/8/96
Office of Management and Budget	OMB	Main Office	17	12/29/95	3/22/96	no response
Civil Service Commission	CSC	Main Office	18	2/22/96	7/11/96	8/7/96

**Summary of Offices, Departments, and Agencies Inspected  
From July 12, 1995 to June 26, 1997**

Name	Abbreviations	Sections/Divisions/Offices Inspected		Date Inspected	Draft Memo Date	Response Date
Department of Public Health	DPH	Materiel Management Section (MMS)	19	7/12/95	8/11/95	8/16/95 9/1/95
		Personnel, Medicaid, Medical Affairs, Housing Dept., Accounting, Housekeeping, Billing Dept., Medical Referral, Respiratory, Business Office, Social Services, Operating Room, Hemodialysis, ICU, Pediatrics, OB/NSY, MSO, Laboratory, Dietary Unit, Physical Therapy/ Radiology, Administration/ Medical Records, Psychiatric, AC2, C&D sides, Dental, Administrative Services, Home Health Care, Maternal Child Clinic, Health Education/Nutrition	20	11/1/95	11/2/95**	n/a
		Sections with collection function including admitting cashiers, dietary cashiers, accounting cashiers, public health, and dental	21	1/28/97	*	n/a
Department of Public Works	DPW	Division of Environmental Quality, Administrative, Operation and Maintenance, and Technical Services	22	11/1/95	*	n/a
		Office of the Secretary, Administrative Services Division, Technical Services Division, Roads and Facilities Division, Operation and Maintenance Division, Building Safety Code, and Transportation/Automotive/Heavy Equipment Division	23	7/5/96	11/13/96	no response
<b>Municipalities</b>						
Northern Islands						
Office of the Mayor	NIMO	Main Office	24	11/1/95	1/4/96	1/30/96
Rota						
Office of the Mayor	RMO	Main Office	25	10/2/95	1/11/96	no response
Rota Municipal Council	RMC	Main Office	26	10/2/95	12/21/95	1/11/96
Saipan						
Saipan Municipal Council	SMC	Main Office	27	12/29/95	*	n/a
Saipan Mayor's Office	SMO	Main Office and Repair Shop	28	12/29/95	*	n/a
		Main Office	29	6/25&26/97	*	n/a
Tinian						
Office of the Mayor	TMO	Main Office	30	10/2/95	2/28/96	3/7/96
Sixth Tinian Municipal Council	TMC	Main Office	31	10/1/96	10/31/96**	n/a

**APPENDIX A**  
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**Summary of Offices, Departments, and Agencies Inspected  
From July 12, 1995 to June 26, 1997**

Name	Abbreviations	Sections/Divisions/Offices Inspected		Date Inspected	Draft Memo Date	Response Date
<b>Judicial Branch</b>						
Superior Court	SPRC	Main Office	32	11/1/95	3/6/96	5/14/96
		Main Office	33	12/29/95	6/7/96	no response
Supreme Court	SPMC	Main Office	34	12/29/95	6/7/96	no response
<b>Autonomous Agencies</b>						
Commonwealth Utilities Corporation	CUC	Main Office	35	11/1/95	12/21/95	1/12/96
Northern Mariana Islands Retirement Fund	NMIRF	Main Office	36	11/1/95	2/15/96	2/22/96
Northern Marianas College	NMC	Administrative Services, Admissions and Records, Business Office, Financial Aid Office, Student Services/Counseling Office, Agriculture and Life Science/Land Grant Office, and President's Office	37	11/1/95	6/14/96	8/15/96
Northern Marianas Housing Corp.	NMHC	Main Office	38	11/1/95	1/18/96	2/5/96
Commonwealth Development Authority	CDA	Main Office	39	11/1/95	1/4/96	1/5/96 2/7/96
Commonwealth Ports Authority	CPA	Administration, Engineering, and Accounting Sections	40	11/1/95	1/19/96 **	n/a
Public School System	PSS	Instruction/Curriculum Office, Personnel Management Office, and Procurement & Supply/Administration Office	41	1/29/96	*	n/a

\* No draft audit memorandum was previously issued. Major findings noted were included, however, in this report and in APPENDIX B.

\*\* Minor findings only were noted and the agency immediately acted to close the findings; thus, only an internal memorandum was prepared and the findings were not included in this report or in APPENDIX B.

n/a Not applicable.

**DETAILS OF FINDINGS NOTED IN THE  
OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED**

Name	Date Inspected	Date Responded to the Draft Report	Page No. of 65
1. DLI	11/1/95		2
2. DOF - P&S	12/22/95		3
3. DOF - Sec/F&A	12/29/95		4
4. DOF -	12/29/95		5
5. DLNR - DFW	7/24/95		8
6. DLNR - Main	11/1/95		10
7. DLNR - CRMO	1/29/96		11
8. DLNR - ZDO	2/22/96		13
9. PIO	7/5/96		15
10. DCCA - CAO	8/16/95		16
11. DCCA -	12/29/95		18
12. PDO	11/1/95	3/30/98	20
13. DOC - MVB	11/1/95		23
14. DOC - Main	11/22/95		24
15. OMB	12/29/95	3/16/98	26
16. CSC	2/22/96	3/20/98	28
17. DPH - MMS	7/12/95		29
18. DPH - Collection	1/28/97		31
19. DPW -	11/1/95		33
20. DPW - Sec/TSD	7/5/96		34
21. NIMO	11/1/95		38
22. RMO	10/2/95	3/3/98	40
23. RMC	10/2/95		42
24. SMC	12/29/95		44
25. SMO	12/29/95	5/4/98	46
26. SMO	6/25&26/97	5/4/98	48
27. TMO	10/2/95	2/24/98	49
28. SPRC	11/1/95		51
29. SPRC	12/29/95		53
30. SPMC	12/29/95		55
31. CUC	11/1/95		56
32. NMIRF	11/1/95	3/4/98	57
33. NMC	11/1/95	3/3/98	58
34. NMHC	11/1/95	3/10/98	61
35. CDA	11/1/95	2/24/98	63
36. PSS	1/29/96		64

Notes:

1. The reference after the finding title pertains to the finding reference number as listed in APPENDIX D and E.
2. The original recommendations were revised and rearranged for uniformity purposes. The essence of the recommendations was not changed, however.
3. Individual responses of the agencies were summarized in this appendix and no longer attached to the report.

## DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED

### 1. DEPARTMENT OF LABOR AND IMMIGRATION (DLI) - Divisions of Labor, Immigration, and Employment - 11/1/95 Inspection

Our audit showed that (1) the Division of Employment's timekeeper did not report the 5 hours annual leave she took on November 1, 1995; (2) this timekeeper made at least nine alterations on the Summary Time Sheet (STS), including her regular hours which she changed from 44 to 48, but all the alterations were initialed only by her; and (3) four employees of the Division of Labor were without time cards.

#### *Timekeeper's Annual leave Improperly Charged to Regular Hours (A.1.2)*

The Division of Employment's Timekeeper was not present when we inspected DLI employees' time and attendance and the time card showed that she took 5 hours annual leave during that day. The STS showed, however, that the timekeeper did not charge herself any annual leave during the pay period.

The Division of Employment's Timekeeper made about nine alterations on the STS (pay period ending 11/11/95), including her regular hours which she changed from 44 to 48. All the alterations were initialed only by the timekeeper in violation of the Timekeeping and Payroll Procedures Directive, Section III B.1 which provides that corrections on the STS must be initialed by both the timekeeper and the department or activity head.

#### *No Record of Employees' Daily Time-In-and-Out (B.2)*

We also found that four employees of the Division of Labor were without time cards. The Division of Labor's Timekeeper said that two of these employees were not required to punch the time clock because they were not paid out of the department's account, but instead under the Office of the Governor and federal accounts, respectively. The two other employees were both exempted from punching the time clock by a memorandum from the Secretary of DLI. She could not provide us a copy of the said memorandum, however. The timekeeper stated that the leave for these employees was determined based on the application for leave submitted.

### **Recommendations**

We recommend that the Secretary of DLI (1) take appropriate disciplinary action against the timekeeper; (2) require the Director of Employment to consistently exercise due care in the review of each STS; (3) require both the Director of Employment and the timekeeper to initial any alteration in the STS; and (4) require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.

### **DLI Response**

The Secretary of DLI concurred with all the recommendations, and provided OPA a copy of the revised assignment of administrative duties and responsibilities which addressed the OPA recommendations. The timekeeper was relieved of her administrative duties and the review of the STS for all divisions was centralized in the Administrative Supervisor. The four employees without time cards were required to use the time clock through a memorandum.

### **OPA Comments**

We consider Recommendations 1 to 4 closed.

## DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED

### 2. DEPARTMENT OF FINANCE (DOF) - Division of Procurement and Supply (P&S) - 12/22/95 Inspection

Our audit showed that the P & S office was closed for an employees' Christmas party at the Civic Center on the afternoon of December 22, 1995, and that employees charged one-half day to administrative leave with pay.

#### *Improper Grant of Administrative Leave to Employees (A.2)*

Our inspection showed that P & S granted administrative leave to its employees for the afternoon of December 22, 1995. According to the P & S Director, they closed business on the afternoon of December 22, 1995 and held a Christmas party at the Civic Center (Susupe). He added that such practice is customary and has always been done in the past. Our review of the corresponding STS showed that the employees did not use annual leave for their Christmas party. The hours spent on the Christmas party were included in their regular hours since the employees were granted administrative leave with pay. According to the P & S Director, the DOF Secretary gave verbal approval for this.

#### **Recommendations**

We recommend that the Secretary of DOF (5) take steps to reverse the administrative leave granted to P & S employees covering one-half-day for December 22, 1995; and (6) refrain from closing its office and granting administrative leave for those occasions not provided in the personnel regulations, such as Christmas/New Year party.

#### **DOF Response**

The Secretary of DOF stated that to address the OPA recommendations in the three audit memorandums issued to DOF, a DOF Time and Attendance Policy was issued. For Recommendation 5, the Secretary stated that the P&S Director would be asked to forward to OPA an amended time sheet showing reversal of the administrative leave.

#### **OPA Comments**

We consider Recommendations 5 and 6 open because of the following :

Recommendation 5 - P&S Director did not provide OPA an amended time sheet. The response did not provide a time frame for action, and therefore the recommendation remains open.

Recommendation 6 - The response and the Policy did not address the recommendation.

The additional information needed to close the recommendations is presented in APPENDIX C.

## DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED

### 3. DOF - Secretary's Office and Division of Finance and Accounting - 12/29/95 Inspection

Our audit showed that the (1) employees of the Secretary's Office did not use the time clock or maintain other documents to record their daily time and attendance; and (2) employees of the Division of Finance and Accounting used the time clock but certain employees were allowed to manually fill in the time cards.

#### *No Record of Employees' Daily Time-In-and-Out (B.1)*

Our review showed that DOF did not require employees at the Secretary's Office to record their daily time-in-and-out. The timekeeper told us that daily recording of time and attendance was not required since employees at the Secretary's Office charge only regular hours and without overtime. In case an employee takes leave, such employee fills out a leave form which is submitted to the Secretary for approval. The approved leave forms were summarized and posted in the STS. Regular hours were then posted in the STS for the remaining hours after considering leave.

#### *Manually Filled Out the Time Card Instead of Using the Time Clock (B.3)*

Our review of the time cards of the Division of Finance and Accounting showed that two employees had manually filled out their time-in-and-out on December 29, 1995. Instead of using the time clock, one employee had manually filled out his time-out in the morning as well as his time-in-and-out in the afternoon. The other employee had manually filled out her time-in on the morning of December 29, 1995. The timekeeper told us that the two employees might have missed punching the time clock because they held a party in the office on the afternoon of December 29, 1995. Although the manual entries were initialed by the supervisors, the timekeeper's explanation on the employees' failure to use the time clock was not reasonable. DOF employees should only be allowed to manually fill out the time cards in appropriate cases, such as when the time clock is not operable.

### **Recommendations**

We recommend that the Secretary of DOF issue a memorandum requiring (7) employees at the Secretary's Office to punch the time clock or maintain a document which can monitor daily time and attendance; and (8) all employees of the Division of Finance and Accounting to stop manually timing-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager.

### **DOF Response**

The Secretary of DOF concurred with the recommendations, and provided OPA a copy of the DOF Time and Attendance Policy which addressed the recommendations in the three OPA audit memorandums issued to DOF.

### **OPA Comments**

We consider Recommendations 7 and 8 closed. Both recommendations were addressed in the Policy.

## DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED

### 4. DOF - Divisions of Customs (Customs) and Revenue & Taxation (Rev&Tax) - 12/29/95 Inspection

Our audit showed that (1) several Rev&Tax employees were allowed to earn in-house compensatory time (comptime) hours without a supporting authorization form; (2) six Rev& Tax officials and two Customs officials were exempted from using the time clock; (3) seven Customs employees manually filled out their time cards to indicate time-out and one employee failed to time-out; our subsequent follow up review further showed that one of the seven Customs employees manually filled out his time card for more than half of the pay period; and (4) the Rev&Tax Timekeeper could not present evidence to document the call of one employee who arrived late every morning and who charged the accumulated eight late hours to sick leave.

#### *No Written Directive from the Employees' Superior to Perform Comptime (A.3)*

Our inspection on December 29, 1995 showed that six of sixteen Rev&Tax employees who took leave used in-house comptime (monitored within the division) to offset the leave. Our review of comptime earned during the past nine pay periods showed that one employee earned 9, 1.5, and 16.5 comptime hours in pay period nos. 19, 20, and 25, respectively, even without supporting authorization forms. According to the Acting Director of Rev&Tax, an authorization form is usually prepared only if the work is a "big" task, i.e., it involves several employees on one task. However, we noted that not all comptime classified as "big" task was supported with authorization forms. For the comptime of the employee in question, no authorization forms were completed because only she was involved in the tasks. She orally requested comptime and the approvals were also given orally.

#### *No Record of Employees' Daily Time-In-and-Out (B.2)*

We noted six Rev&Tax officials and two Customs officials who were exempted from using the time clock. The Acting Director of Rev&Tax said that the six Rev&Tax officials were exempted from punching the time clock based on verbal instructions of the Secretary of Finance.

#### *Exempt Employee Improperly Earned Overtime (A.3)*

#### *Manually Filled Out the Time Card Instead of Using the Time Clock (B.3)*

#### *Whereabouts of Employees Out During Office Hours not Documented (B.5.a)*

Our review of the time cards of Customs employees showed that for the afternoon of December 29, 1995, seven employees manually filled out their time cards to indicate time-out and one employee failed to time-out. Only three of the eight employees had their supervisor's initials on their time cards. The timekeeper explained that the employees might have missed punching the time clock because they held a party near the office on the afternoon of December 29, 1995. They could have gone straight to the party from their duty post and forgot to stop by the office to time-out.

Our subsequent follow-up review showed that the Administrative Officer (one of the seven Customs employees) manually filled out his time card for more than half of the pay period. During the first week of the pay period ending January 6, 1996, he manually timed-in each morning at 7:30 a.m. and timed-out at 12:00 noon, and manually timed-in each afternoon at 1:00 p.m. During the second week, about 50 percent of his time entries

## DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED

were also made manually. All the manual time entries, however, were approved by the Customs Director by signing his initials at the side of the manual entries. On all afternoons during that pay period, the employee timed-out between 6:00 and 7:30 p.m. using the time clock.

The Director of Customs explained that the employee timed-in manually in the morning because he usually went straight to the offices located at Capitol Hill to do errands (e.g., to pick up mail). The employee has an assigned government car and lives closer to Capitol Hill so that doing errands on his way to the Customs-Airport office would result in savings of time and gas. Customs, however, did not have procedures to determine the actual time the employee started work. The employee also manually filled out the time-out before lunch and time-in after lunch because he was out of the office before lunch time to do administrative work and returned to the office after lunch time. Customs, however, did not have a procedure to document the whereabouts of employees who leave the office during working hours.

The STS showed that aside from the regular 80 hours, the Customs Administrative Officer earned an additional 15 hours for staying beyond 4:30 everyday although exempted from overtime under the Fair Labor Standards Act (FLSA).

### *Calls of Employees Reporting Leave not Documented (B.5.b)*

Our review of time cards showed that one Rev&Tax employee accumulated eight hours of tardiness for the pay period ending January 6, 1996. STS showed that the tardiness was charged to sick leave. In the Application for Leave, both the annual and sick leave were checked as "Type of Leave" and in the remarks, "Tardy" is written. The Rev and Tax timekeeper told us that this employee was allowed to charge 8 hours SL because the employee has just returned from compassionate leave and he had a headache every morning during that pay period. The timekeeper added that the employee called his supervisor every morning during those days to report that he was not feeling well. When asked, however, for the evidence to document the calls of the employee, the timekeeper said she could not show one because she was not consistent in writing the message in the message book and there were instances when the message was not relayed to her.

## Recommendations

We recommend that the Secretary of Finance issue a memorandum to the Customs and Rev&Tax Directors (Acting) to (9) instruct all employees to have their comptime requested and approved in advance through a Request and Authorization Form; the branch manager should certify to the timekeeper all comptime work performed and the timekeeper should credit the employee only for comptime hours supported by an authorization form; (10) establish alternative procedures which will document emergency comptime approval; (11) require all employees to punch the time clock or maintain a document which can monitor daily time and attendance; (12) stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager; (13) establish procedures for monitoring time of employees who for valid reasons go directly to other offices before reporting to the main office; (14) establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours; (15) comply

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with the FLSA requirement regarding overtime; and (16) establish procedures for documenting the calls of employees reporting leave.

**DOF Response**

The Secretary of DOF concurred with the recommendations, and provided OPA a copy of the DOF Time and Attendance Policy which addressed the recommendations in the three OPA audit memorandums issued to DOF.

**OPA Comments**

We consider Recommendations 9 to 16 closed. All the recommendations were addressed in the Policy.

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### 5. DEPARTMENT OF LANDS AND NATURAL RESOURCES (DLNR) - Division of Fish and Wildlife (DFW) - 7/24/95 Inspection

Our audit showed that the DFW Director (1) was Absent Without Leave on June 29 and 30, 1995 but these absences were improperly charged to annual leave; (2) came in late on 18 occasions out of the 30 working days, ranging from one to four hours a day, but was not given appropriate disciplinary action; and (3) did not time-in-and-out for the pay period ending June 10, 1995. Further, our inspection on July 24, 1995 showed that (4) two employees were reportedly on sick leave for the day but there was no documentation to show that the employee called in to take sick leave; and (5) four employees who were not at the Lower Base office at the time of the inspection did not log-out.

#### *Employee Absent Without Leave Improperly Charged with Annual Leave (A.1.3)*

Our review of the time card of the DFW Director for the pay period ending July 8, 1995 revealed that he was Absent Without Leave (AWOL) on June 29 and 30, 1995. Our review of STS showed, however, that the AWOL hours were charged to annual leave. This occurred because the Secretary of DLNR approved the use of annual leave instead of charging it to AWOL.

#### *Employee's Frequent Absences and Tardiness (A.1.4)*

Our review showed that from June 11 to July 22, 1995, representing three pay periods with 30 working days, the DFW Director came in late on 18 occasions ranging from one to four hours late. The lost hours were always charged to annual leave. During our actual inspection on July 24, 1995, we noted that the Director came in at 9:54 a.m. but neither timed-in nor timed-out in the afternoon. For the next two days (July 25 and 26), the Director's time card did not show any time-in-and-out. We learned later that the Director took sick leave during these days.

However, in spite of frequent absences and tardiness, he was not even given a warning or reprimand. Our review of the Director's files at the CNMI Personnel Office showed no written warning or reprimand regarding his frequent absences and tardiness.

#### *No Record of Employee's Daily Time-In-and-Out (B.2)*

Our review of the DFW Director's time card for the pay period ending June 10, 1995 did not show any time-in-and-out. The time card contains only a handwritten note that the Director worked 72 hours, excluding 8 hours holiday, with the timekeeper's initials. The corresponding STS also showed that the Director worked 72 hours. The STS was approved by the DLNR Secretary.

#### *Whereabouts of Employees Out During Office Hours not Documented (B.5.a)*

Four employees who were not at the Lower Base office at the time of the inspection did not log-out. These employees were purportedly doing site inspection and patrol at designated beach areas. Although we saw these employees at the Marina and Lower Base offices at the end of the day, we were not able to locate these employees when we were conducting the actual inspection. DFW has a whiteboard where DFW employees indicate their

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destination when they leave the office. However, there was no written policy to enforce such procedure, and information in the whiteboard was not something retained and available for subsequent review.

### *Calls of Employees Reporting Leave not Documented (B.5.b)*

Our inspection on July 24, 1995 showed that two employees did not time-in because they were reportedly on sick leave. However, there was no documentation to show that the employees called in to take sick leave. According to the timekeeper, the sick leave hours were normally noted in the time card but there was no notations made on the employees' time cards at the time we were conducting the inspection. Sick leave forms were filled out when the employee reported back for work. In addition, the time cards of the two other employees did not show a time-in on July 24, 1995. The employees claimed that there was no time card yet when they arrived in the office at 7:00 to 7:15 am.

### **Recommendations**

We recommend that the Secretary of DLNR (17) require the DFW Director to time-in-and-out. In case the Director fails to time-in or out, the timekeeper should charge the corresponding hours to Leave Without Pay (LWOP) or AWOL, as applicable; (18) admonish the DFW Director for repeated lateness and absences; (19) stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager; (20) establish procedures for documenting the calls of employees reporting leave; (21) require the timekeeper to ensure that time cards are available at the start of each pay period; and (22) establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours.

### **DLNR Response**

The Secretary of DLNR stated that he would take immediate action on all the audit recommendations, and provided OPA a copy of the Acting DFW Director's memorandum to all staff members to comply with certain OPA recommendations and with personnel regulations.

### **OPA Comments**

We consider Recommendations 17, 20, and 22 closed. Recommendations 18, 19, and 21 are considered open because the recommendations were not addressed in the Acting DFW Director's memorandum. The additional information needed to close the recommendations is presented in APPENDIX C.

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### **6. DLNR - Main Office - 11/1/95 Inspection**

Our audit showed that the employees did not consistently log-in the sign-in-and-out sheet whenever they left the office during working hours.

#### *Whereabouts of Employees Out During Office Hours not Documented (B.5.a)*

The audit showed that employees did not consistently log-in the sign-in-and-out sheet. Of the 54 entries in the sign-in-and-out sheets (covering the period from October 23 to November 23, 1995), only 32 indicated that they returned to the office.

According to the Timekeeper, DLNR was not strict in enforcing the use of sign-in-and-out sheet. Thus, employees did not consistently use the sheets.

#### **Recommendation**

We recommend that the Secretary of DLNR (23) issue a memorandum requiring all employees who leave the office during working hours to personally log their destination (including purpose, time of leaving, and time returned) in sign-in-and-out sheets.

#### **DLNR Response**

No response was received from the DLNR Secretary.

#### **OPA Comments**

We consider Recommendation 23 open. The additional information needed to close the recommendation is presented in APPENDIX C.

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### 7. DLNR - Coastal Resources Management Office (CRMO) - 1/29/96 Inspection

Our audit showed that (1) the CRMO employees did not indicate their actual time-in-and-out; and (2) six employees were reportedly out in the field for the day with no documentation to show where they went, their purpose in leaving the office, and the time they left the office.

#### *Did not Indicate Actual Time-in-and-Out (B.4)*

Our subsequent review showed that the time recorded on the Daily Time Sheet (equivalent to time cards) was the employees' normal working hours and not the actual time employees were at work. Our review of the Daily Time Sheet for the pay period ending 2/3/96 showed that almost all employees had identical time entries, i.e., time-in was reported at 7:30 a.m. while time-out was at 4:30 p.m. Also, we noted that in several time entries, the handwriting looks the same. It appears that only one person timed-in-and-out for several employees. The timekeeper agreed with the finding but does not want to identify the employee who did it.

Also, we noted that the two employees assigned in Rota and the one in Tinian did not submit to the CRMO main office documents which show their daily time-in-and-out. They submitted Weekly Time Sheet but these show the employee's daily and weekly charges only and not the actual time-in-and-out. Thus, in preparing the STS, the timekeeper used the information indicated in the Weekly Time Sheets to account for the employees' daily time and attendance at work.

#### *Whereabouts of Employees Out During Office Hours not Documented (B.5.a)*

During our inspection, seven employees were out of the office; the timekeeper told us that six were out on official business and one was on leave. According to the timekeeper, the Director and the Permit Manager were out on a meeting at the DLNR Secretary's Office, two were out in the field doing inspections, and two were out doing errands. CRMO provided us a record called Monitoring Schedule- Major Sitting Projects which shows the schedules of several employees, particularly field inspectors. The Monitoring Schedules showed that the two employees doing field inspections had various field inspection schedules that afternoon. For the two employees doing errands, their location on the afternoon of January 29, 1996 could not be determined from the Monitoring Schedule because there were only statements in the schedule saying that one was on "other duties assigned" and the other was doing "update permit condition tracking". The Monitoring Schedule also did not mention anything about the location of the Director and the Permit Manager and no other document showed their actual location. To verify the timekeeper's statement that the two employees were at the DLNR Secretary's Office, the OPA staff members immediately called the Secretary's Office. A staff member, however, told us that there was no such meeting at DLNR and the two employees were not seen at their office. The following day, the Permit Manager told us that he was doing site visits during our inspection.

Also, during the inspection, four employees did not time-in on the morning, time-out before lunch, and time-in after lunch in the Daily Time Sheet. The timekeeper told us that the two employees (Director and Permit Manager) went straight to the DLNR Secretary's Office to attend a meeting and had not come back to CRMO. The other two went straight to the Northern Marianas College and arrived at the CRMO during our inspection. The timekeeper said that the four employees called the office in the morning and informed her on their whereabouts; however, she forgot to time them in.

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### **Recommendations**

We recommend that the CRMO Director (24) issue a memorandum requiring all employees to personally record their actual time-in-and-out in the Daily Time Sheet. Rota and Tinian employees should also provide the CRMO timekeeper with their copies of the Daily Time Sheet; (25) establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours; and (26) establish a procedure for monitoring time of employees who for valid reasons go directly to other offices before reporting to the main office.

### **CRMO Response**

No response was received from the CRMO Director.

### **OPA Comments**

We consider Recommendations 24 to 26 open. The additional information needed to close the recommendations is presented in APPENDIX C.

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### 8. DLNR - Zoning Division Office (ZDO) - 2/22/96 Inspection

Our audit showed that the ZDO employees did not (1) indicate their actual time-in-and-out in the Daily Time & Attendance Record; and (2) consistently sign-out in the Time Log Record whenever they left the office during working hours.

#### *Did not Indicate Actual Time-in-and-Out (B.4)*

Our subsequent review showed that the time recorded on the Daily Time & Attendance Record was the employees' normal working hours and not the actual time employees were at work. Our review of the Daily Time & Attendance Record (equivalent to time cards) for the pay period ending 2/17/96 showed that the employees had identical time entries, i.e., time-in was reported at 7:30 a.m. while time-out was at 4:30 p.m. The Acting Director explained that one staff member usually went straight to other offices to do errands (e.g., to pick up mail); the staff member was using her personal car and therefore doing errands on her way to the office resulted in savings of time and gas. ZDO, however, did not require her to document the actual time she arrived at the office.

The Daily Time & Attendance Record for the period covered by the inspection (obtained during the inspection) showed that employees did not consistently log-in-and-out. On February 20, 1996, two employees, and on February 21, one employee, had not timed-in-and-out. No notation was indicated that the employees were on leave.

#### *Whereabouts of Employees Out During Office Hours not Documented (B.5.a)*

The audit showed that employees did not consistently log- in the Time Log Record (equivalent to sign-in-and-out sheets). During our inspection, we noted that the last entry in the Time Log Record was on February 16, 1996. Of the nine entries of log-outs, only two indicated the time they returned to the office.

According to the Acting Director, ZDO was not strict in enforcing timekeeping procedures because it had only three employees. The Acting Director told us that each one of them knew the whereabouts of each other and he was certain that proper time charges were made to employees

### Recommendations

We recommend that the Acting Director of ZDO issue a memorandum requiring all employees to (27) personally record their actual time-in-and-out in the Daily Time & Attendance Record. Procedures should be established for monitoring time of employees who for valid reasons go directly to other offices before reporting to the main office; and (28) personally log their destination (including purpose, time of leaving, and time returned) in the Time Log Record whenever they are out of the office during working hours.

### ZDO Response

The Acting Director of ZDO concurred with both recommendations, and provided OPA a copy of his June 11, 1996 memorandum to the staff members emphasizing the need for compliance with the personnel regulations

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regarding time and attendance records and with the in-house time log policy of signing-in-and-out each time they leave the office.

**OPA Comments**

We consider Recommendations 27 and 28 closed.

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### 9. PUBLIC INFORMATION OFFICE (PIO) - 7/5/96 Inspection

Our audit showed that (1) employees at PIO did not maintain any document to record their daily time-in-and-out; and (2) PIO did not maintain a sign-in-and-out sheet which documented employees' whereabouts when going out of the office during working hours.

#### *No record of Employees' Daily Time-In-and-Out (B.1)*

Our audit showed that PIO did not require employees to record their daily time-in-and-out. The timekeeper told us that employees at PIO continued this practice from the previous administration. Although the Special Assistant for Administration issued a memorandum dated January 23, 1996 instructing PIO to use Daily Time & Attendance Sheet (DT&AS - equivalent to time cards), no documentation of daily time-in-and-out was used for employees of PIO.

Subsequent to our inspection, PIO provided us a copy of a Time Log Sheet which was implemented beginning on July 8, 1996 to document the daily time and attendance of PIO employees. The log sheet shows the employees' daily time-in-and-out for both morning and afternoon, including the time spent for lunch break. However, we noted that the Public Information Officer has not documented his own daily time-in-and-out in the newly implemented Time Log Sheet.

#### *Whereabouts of Employees Out During Office Hours not Documented (B.5.a)*

Our audit showed that the whereabouts of the employees who were out for official or personal reasons were not documented. For instance, our inspection on July 5, 1996 showed that one employee was reportedly out of the office for 30 minutes after lunch break with no documentation to show the destination of the employee and the purpose. When we asked the timekeeper where this employee was, she could not tell us the whereabouts, and was not sure whether the employee was out on official or personal business.

### Recommendations

We recommend that the Special Assistant for Administration (29) require all employees to punch the time clock or maintain a document which can monitor daily time and attendance; and (30) establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours.

### PIO Response

The Special Assistant for Administration concurred with the recommendations, and provided OPA a copy of the Minutes of Timekeepers Meeting held on September 30, 1996 when he emphasized to all the timekeepers, including PIO's, the need to observe the rules and regulations in regards to keeping proper time and attendance for all employees. In the meeting, he stressed the importance of completing the daily time sheets and the in/out logbook to properly monitor where an employee is at all times. He also said that in regards to those employees who may not adhere to the regulations, he should be informed immediately so that the matter will be addressed promptly.

### OPA Comments

We consider Recommendations 29 and 30 closed.

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OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED****10. DEPARTMENT OF COMMUNITY AND CULTURAL AFFAIRS (DCCA) - Carolinian Affairs  
Office (CAO) - 8/16/95 Inspection**

Our audit showed that CAO (1) allowed employees to work on a flexible time system; however, we found that employees who timed in late did not make up for their late hours, and were granted a full eight hours of work in the STS; (2) did not require employees who left the office during office hours to log in the sign-in-and-out sheets; and (3) did not record the calls of employees reporting sick leave.

*No Leave Charged for Employees' Accumulated Tardiness and Early Time-Off (A.1.4)*

For the pay period ending August 5, 1995, our review of records showed that CAO allowed employees to work on a flexible time system; however, we found that six employees timed-in late, did not make up for their late hours, and were granted a full eight hours of work in the STS. Total unreported leave hours of the employees ranged from 50 minutes to 1 hour 45 minutes.

By a memo dated May 29, 1996, the CAO Executive Assistant informed all staff members that those who are late in the morning after 8 a.m. will not be given flexible time to make up but employees may take annual leave, comptime or sick leave if they happened to be sick on that day. The memo stated that this action was in recognition of OPA comments that there should be a fixed time line in the flexible time system. OPA, however, does not oppose use of a flexible time system as long as there are detailed guidelines in its use, which should include identifying the latest allowed time for employees to report in the morning and the condition that a full work day is 8 hours from the time an employee reports to work.

*Whereabouts of Employees Out During Office Hours not Documented (B.5.a)*

CAO did not require employees who left the office during working hours to log in the sign-in-and-out sheets. During our inspection, five employees were out of the office and the timekeeper told us that they were out on official business; however, no document was available to show their actual location. According to the timekeeper, two were at Managaha Island maintaining the graveyard of Carolinian Chief Aghurubw, one was in Chalan Laulau for community work, one was doing errands, and one reportedly had been in the office in the morning but left to fix his personal vehicle's flat tire. To verify this information, at around 3:00 p.m., two OPA staff members went to Chalan Laulau and checked if the CAO employee was at the site but they did not find him there. At around 4:00 p.m., the two OPA staff members proceeded to Smiling Cove to verify the two CAO employees who were supposedly returning from Managaha Island at that time but again did not see the two CAO employees.

The following day, the OPA staff members discussed the results of the verification with the timekeeper who retracted some of the things she said during the inspection. She said that the two employees who were supposed to be at Managaha Island and one employee who had a flat tire were actually at the Whispering Palms Golf course area repairing a rest room for a disabled Carolinian man. According to the CAO Executive Assistant, this was part of the community work performed by CAO. On the other hand, the employee who should have been at Chalan Laulau doing community work insisted that he was at the site.

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Subsequent to our inspection, CAO maintained a whiteboard where employees write their destination if they go out of the office, but the information was also being erased daily. Thus, there was no permanent written documentation of employees' whereabouts to support their time charges.

### *Calls of Employees Reporting Leave not Documented (B.5.b)*

According to the timekeeper, it was CAO's policy to require employees who take annual leave to submit leave forms in advance. In emergency cases, however, employees who have to take unscheduled leave would just call the office to report the leave. The timekeeper said, however, that no one maintains official records of the calls. The message was just written on a "post it" note, and later discarded.

### **Recommendations**

We recommend that the CAO Executive Assistant (31) discontinue the practice of not charging the appropriate type of leave in any time-off that reduces a work day to less than eight hours; (32) take steps to charge appropriate leave for the employees' unworked hours; (33) develop and implement written policies and procedures in the use of the flexible time system if CAO decides to continue its use; (34) establish procedures for documenting the calls of employees reporting leave; and (35) establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours.

### **CAO Response**

The CAO Executive Assistant concurred with all the recommendations. He stated that CAO is implementing the sign-in-and-out sheet and has purchased a timeclock.

### **OPA Comments**

We consider Recommendation 31 closed and Recommendations 32 to 35 open. The CAO Executive assistant did not provide documents to evidence enforcement of the recommendations. The additional information needed to close the recommendations is presented in APPENDIX C.

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### 11. DCCA - Main Office and Nutrition Assistance Program (NAP) - 12/29/95 Inspection

Our audit showed that (1) on the afternoon of December 29, 1995, the DCCA main office was closed and employees were granted administrative leave, and the NAP office remained open but three employees were granted administrative leave; (2) four employees of the DCCA main office had not maintained a record of their daily time-in-and-out and one employee detailed to another agency had not provided DCCA a record of his daily time and attendance; and (3) several employees of the DCCA main office had manually filled out the time cards instead of using the time clock.

#### *Improper Grant of Administrative Leave to Employees (A.2)*

Our inspection showed that DCCA granted administrative leave to its employees for the afternoon of December 29, 1995 based on a memorandum issued by the DCCA Secretary. The memorandum stated that according to information received from the Executive Branch, each Department Secretary may authorize four hours of administrative leave for the afternoon of December 29, 1995.

When we visited the DCCA main office at 1:45 p.m. on December 29, 1995, we observed that some staff members were having a party inside the office. We were able to interview a staff member from the Indigenous Affairs Office who told us that the offices of Indigenous Affairs, Veterans' Affairs, and Youth Services were already closed. The staff member also told us that they were having a short party inside the office and they would be leaving the office soon. We also asked for the DCCA Secretary; the staff member informed us that the Secretary had already left and had given instructions that DCCA staff members may take administrative leave for the afternoon. We were told by some DCCA staff members that the Secretary and some DCCA staff members were at a local hotel/restaurant for a lunch party when we visited the DCCA main office.

Based on our review of the time and attendance records at DCCA, we determined that there were 25 employees stationed at the DCCA main office (excluding the Secretary and Division Heads). On the afternoon of December 29, 1995, of the 25 employees, 19 took four hours each of administrative leave, three were absent but their absences were properly charged to either sick leave or annual leave, two reported for work, and one was on an official off-island trip. The DCCA timekeeper told us that the administrative leave of the 19 employees was charged to regular hours in the STS for the period December 24, 1995 to January 6, 1996, which was approved by the DCCA Secretary.

We visited the NAP office at 3:45 p.m. on December 29, 1995, and observed staff members working although they were aware of the memorandum issued by the DCCA Secretary. Three staff members, however, took administrative leave on the afternoon of December 29, 1995 and were no longer at NAP when we conducted the inspection. The time cards and STS of the three employees showed that two charged four hours each administrative leave and one charged one hour administrative leave. Four other employees were absent on December 29, 1995; however, their absences were properly charged to either annual leave or LWOP.

#### *No Record of Employees' Daily Time-In-and-Out (B.2)*

Our review showed that four employees of the DCCA main office had not maintained a record of their daily time-in-and-out. All three employees of the Indigenous Affairs Office (IAO) did not use the time clock or

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maintain any document to record their daily time-in-and-out. At the end of each pay period, the timekeeper for the IAO summarized the number of regular and leave hours of the IAO employees and provided the department timekeeper a summary. However, there was no supporting document at IAO, such as a daily time card or log sheet, to show that the regular hours paid by DCCA were actually worked by the employees. In addition, we noted that the time card of an employee of the Division of Youth Services (DYS) showed only the dates of the applicable pay period without any record of the employee's time-in-and-out.

Also, we noted that a DYS employee detailed to the Department of Public Safety (DPS) since November 1995 had not provided DCCA a record of his daily time and attendance. At the end of each pay period, DPS provided DCCA a summary showing the total hours worked by the employee. However, DCCA was not provided a record of the daily time and attendance of the employee. Although we learned that DPS required the employee to time-in-and-out, such record of time-in-and-out should be reviewed by DCCA since its account pays the employee's salary.

### *Manually Filled Out the Time Card Instead of Using the Time Clock (B.3)*

Our review of the time cards showed that employees of the DCCA main office had not properly used the time clock for their daily time-in-and-out. On December 29, 1995, 11 employees of the DCCA main office had manually filled out the time cards instead of using the time clock for their time-out on the afternoon of December 29, 1995. Of the 11 employees, four employees also manually filled out the time cards for their time-in on the morning of December 29, 1995.

### **Recommendations**

We recommend that the Secretary of DCCA (36) take steps to reverse the administrative leave granted to DCCA employees covering the half-day of December 29, 1995; (37) refrain from closing its office and granting administrative leave for those occasions not provided in the personnel regulations, such as Christmas/New Year party; (38) require all employees to punch the time clock or maintain a document which can monitor daily time and attendance; and (39) stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager.

### **DCCA Response**

The Secretary of DCCA concurred with Recommendations 37 to 39, and stated that these recommendations would be complied with. With regard to Recommendation 36, he stated that since it was the Executive Branch which gave authority to the Secretary of DCCA to grant administrative leave, it would have to be the Executive Branch's decision to reverse that leave.

### **OPA Comments**

We consider Recommendation 36 open, Recommendations 38 and 39 resolved, and Recommendation 37 closed. The Secretary of DCCA should take steps to reverse the administrative leave granted to DCCA employees because holding of a New Year's party and similar festivities were not among the administrative leave categories mentioned in either the PSSRR and ESPR. The additional information needed to close the recommendations is presented in APPENDIX C

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### 12. PUBLIC DEFENDER'S OFFICE (PDO) - 11/1/95 Inspection

Our audit showed that four lawyers were exempted from recording their time and attendance on the Daily Time and Attendance Report.

#### *No Record of Employees' Daily Time-In-and-Out (B.2)*

Our inspection showed that four lawyers employed by the PDO did not record their time and attendance on the Daily Time and Attendance Report (DTAR - equivalent to time cards). According to the timekeeper, the lawyers were exempted by the Public Defender from timing-in-and-out on the DTAR. If the timekeeper determined that a lawyer performed eight hours of work in a day, she indicated 7:30 a.m. in the lawyer's time-in and 4:30 p.m. in the time-out. Her determination was based on the attendance of the lawyers in the office and on information provided by the Public Defender as to their whereabouts.

According to the Public Defender, the exemption of the lawyers was based on the FLSA. FLSA regulations provide, however, that nothing in it shall excuse any party from complying with any recordkeeping or reporting requirements imposed by local law. Non-compliance may lead to inaccurate data regarding time and attendance of employees.

#### **Recommendation**

We recommend that the Public Defender (40) require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.

#### **PDO Response**

The former Public Defender disagreed with the recommendation, and (1) he questioned how, in good conscience, he would watch an attorney perform 50 to 60 hours (or more) of work a week and then dock him/her for coming in a half hour late or taking a long lunch; also, the recommendation would hamper the PDO in attending night trials, responding to weekend calls in the jail, and conducting investigations which require the cooperation of people who work during the day (*i.e.*, those unavailable between 7:30 a.m. and 4:30 p.m.); (2) stated that if salaried employees are required to time-in, they may lose their status as exempt employees and the government may be liable for their overtime; and (3) stated that there is no statute or regulation which requires that excepted service employees should time-in-and-out on the DTAR.

Subsequently, the new Acting Public Defender responded to the draft audit report where he generally shared the same opinion with the former Public Defender. He (1) reiterated that there is no Commonwealth statute or regulation which requires that excepted service employees should time-in-and-out on the DTAR; and (2) stated that there is no administrative benefit to be gained by requiring the lawyers to time-in-and-out. He explained that the ESPR and the Instructional Memorandums issued by the Director of Personnel did not require that exempt employees should time-in-and-out. PDO's heavy caseload and dearth of attorneys will not allow PDO to work less than the required 80 hours in a pay period. Also, the work that they do as attorneys is not always conducive to a 7:30 a.m. to 4:30 p.m. schedule and would be time consuming and overly burdensome to attempt to document. Given the dedication and professionalism of the lawyers in the PDO, imposing a requirement

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that they time-in-and-out on the DTAR is an unnecessary administrative regulation which will not increase productivity, but could cause resentment.

### OPA Comments

We consider Recommendation 40 open. PDO should reconsider and implement the recommendation. Our comments to the former and the new Acting Public Defenders' responses are as follows:

8. OPA believes that exempt workers are required to document their daily time-in-and-out. The Director of Personnel exceeded his authority when he stated in his February 6, 1997 Instructional Memorandum that the matter of exempt employees signing/timing-in-and-out is a policy decision of the appointing authority for the department/activity. The ESPR promulgated by the Civil Service Commission did not give such authority to OPM or each department. Allowing each department to decide will result in unfairness and inequity for all government employees. Exempt workers should be required to document their daily time-in-and-out in the same way as covered workers, because existing federal laws and the March 20, 1997 Instructional Memorandum of the Director of Personnel permit the CNMI Government to deduct absences of less than eight hours from the salaries of FLSA-exempt employees unless the lost time is offset through additional work or charged against accrued annual leave. Determining lost time cannot be efficiently and accurately performed without documentation of the exempt employees' daily-time-in-and-out.
9. Exempt employees do not lose their exempt status if required to time-in. In the February 6, 1997 Instructional Memorandum of the Director of Personnel titled "Work Schedule/Sign-in Requirements for FLSA Exempt Status Employees", he stated that an exempt employee can be required to sign/time in/out for record and control purposes. This is not a violation of their exempt status. This is consistent with the August 19, 1992 additional regulations issued by the United States Department of Labor on the salary basis test applicable only to the public sector, which state in part:

"Special provisions applicable to employees of public agencies.

(a) An employee of a public agency who otherwise meets the requirements of §541.118<sup>3</sup> shall not be disqualified from exemption under §§541.1, 541.2, or 541.3<sup>2</sup> on the basis that such employee is paid according to a pay system established by statute, ordinance, or regulation, or by a policy or practice established pursuant to principles of public accountability, under which the employee accrues personal leave and sick leave and which requires the public agency employee's pay to be reduced or such employee to be placed on leave without pay for absences for personal reasons or because of illness or injury of less than one workday when accrued leave is not used by an employee . . ."

This means that employees on a pay system such that they are required by the Public Defender's Office to be at work from 7:30 a.m. to 4:30 p.m. do not lose their exempt status as Executive, Professional, or Administrative because they are required to follow the system (e.g., timing-in-and-out).

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<sup>3</sup> Relates to employees exempt from the Fair Labor Standards Act as being Executive, Professional, or Administrative.

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10. Although both Public Defenders claimed that the caseload in their office would not permit any attorney to work less than 40 hours in a week, we believe that a written record from 7:30 to 4:30 will allow supervisors, e.g., the Public Defender, to evaluate employees' time including time used outside these hours. OPA, therefore, finds it necessary for PDO to adopt some form of documentation to account for the attorneys' time especially since their work hours often differ from the regular government work hours. The Director of Personnel, in his March 20, 1997 Instructional Memorandum, also stated that nonstandard schedules should be documented. However, if use of DTAR is considered impractical, PDO can adopt another form of documentation to achieve the purpose without unreasonably burdening employees. For example, Bi-weekly Activity Reports can be required from attorneys showing the number of hours worked and a brief description of the nature of the work performed daily. This documentation will serve as evidence of work performed and at the same time provide the Public Defender a useful tool to determine the progress of work of its attorneys.

The additional information needed to close the recommendation is presented in APPENDIX C.

## DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED

### 13. DEPARTMENT OF COMMERCE (DOC) - Marianas Visitors Bureau (MVB) - 11/1/95 Inspection

Our audit showed that three MVB employees whose positions and responsibilities qualify them as executive employees were allowed to accumulate comptime. During our inspection, two of the three managers charged their leave on November 1, 1995 to their comptime balance.

#### *Exempt Employees Improperly Earned Comptime (A.3)*

Our review of timekeeping records disclosed that three employees whose positions and responsibilities qualify them as executive employees were allowed to accumulate comptime. Based on the Computation of Time Sheet (CTS) record, the Marketing Manager has accumulated comptime of 189.5 hours; the Comptroller has a comptime balance of 79.25 hours; and the Field Operations Manager has a comptime balance of 115.25 hours. During our inspection on November 1, 1995, the last two employees used comptime.

Based on the FLSA and Excepted Service Personnel Regulations, the duties and responsibilities of these employees classify them as executive personnel. The Comptroller supervised 2 accounting staff members and was responsible for the overall organization and supervision of the financial operation of MVB. The Field Operations Manager supervised 38 field operation employees on Saipan, Tinian and Rota, and was responsible for planning the functions and carrying out the responsibilities within Field Operations. The Marketing Manager supervised 2 Marketing Assistants and was responsible for monitoring the agency's advertising and promotional projects. He was also assigned to manage the Research Section and the Public Relations and Community Programs Section of MVB which had 7 personnel.

#### **Recommendation**

We recommend that (41) the MVB Managing Director comply with the FLSA and the CNMI Excepted Service Personnel Regulations by disallowing the accumulation and use of comptime by executive, professional and administrative employees.

#### **MVB Response**

The MVB Managing Director concurred with the recommendation, and stated that as of December 31, 1995, MVB no longer allowed its managers to accrue comptime. MVB stated that it sought direction from the Personnel Office and OPA on what to do with/how to dispose of the accrued comptime that was recorded in the books prior to audit. It was concluded that the accrued comptime could either be used up by, paid to, or converted to the annual leave of, the employees. The affected employees opted to convert their comptime accruals into annual leave.

#### **OPA Comments**

We consider Recommendation 41 closed because MVB complied with the FLSA and ESRP by disallowing its managers to accrue comptime effective December 31, 1995. However, we no longer questioned MVB's recognition of accrued comptime that was recorded in the books prior to audit because even if the regulations on overtime exemption under the FLSA were promulgated by the Office of Personnel Management in May 1995, these were not fully implemented until January 1997.

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### 14. DOC - Main Office - 11/22/95 Inspection

Our audit showed that (1) three employees of the DOC main office had not maintained a record of their daily time-in-and-out; (2) one employee of the DOC main office had manually filled out his daily time-in-and-out; and (3) DOC had no record, such as a log-out sheet, to show the destination of the employee, and the purpose and duration of the job.

#### *No Record of Employees' Daily Time-In-and-Out (B.2)*

Our review of the time cards showed that three employees of the Commerce Division of DOC were not using the time clock to record their daily time-in-and-out. At the end of each pay period, the DOC timekeeper recorded hours worked on the STS based on time cards manually filled out by the three employees. Only the daily totals of regular and leave hours were shown on the time cards. Without a record of their time-in-and-out, there was no assurance that the time charged was actually worked by the three employees. The Commerce Executive Assistant told us that the Secretary issued a verbal instruction that all his management staff members were not required to time-in-and-out. The Director of Economic Development confirmed in a memorandum dated December 7, 1995 that the Secretary instructed Division Heads to use their discretion in the use of the time clock, so that management staff members were exempted from clocking-in-and-out.

#### *Manually Filled Out the Time Card Instead of Using the Time Clock (B.3)*

One employee of the Commerce Division maintained a time card but the records of his time-in-and-out were not punched into the time clock. Instead, the employee manually filled out his time card and the manual record did not reflect actual time. For all of pay period no. 24 (November 12 to 25, 1995), the employee consistently wrote that he timed in at 7:30 a.m. and timed out at 11:30 a.m. in the morning and timed in at 12:30 p.m. and timed out at 4:30 p.m. in the afternoon. The manual time-in-and-out negates the purpose and internal control for using the time clock. This practice allows the employee to be late or to leave the office early without being detected.

#### *Whereabouts of Employees Out During Office Hours not Documented (B.5.a)*

Two employees were not in the DOC building when we conducted the inspection and we were told that the employees were out on official business. However, DOC had no record, such as a log-out sheet, to show the destination of the employees and the purpose and duration of the job. Without a log-out sheet, employees going out of the office cannot be monitored by DOC. There was no record to determine whether time spent out of the office was for official business.

### **Recommendations**

We recommend that the Secretary of DOC (42) issue a memorandum requiring all employees to use the time clock for their daily time-in-and-out and to maintain a document, such as a log sheet, which can monitor daily time and attendance; (43) stop allowing employees to manually time-in-and-out, except in appropriate cases (such as when the time clock is not operable) which should be justified and approved by the division manager; and (44) establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving

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the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours.

### DOC Response

The Secretary of DOC disagreed with Recommendation 42 and stated that he planned to continue exercising his discretion to exempt any employee he chose from the official timekeeping method and require alternative methods such as log sheets (listing the sum total of the hours worked on any given day). Regarding Recommendation 43, he stated that the employees' supervisors would be instructed to continue ensuring the submission of accurate timekeeping records. For Recommendation 44, he stated that a mandatory Sign-out Sheet for all employees not on the clock and leaving the premises would be initiated. The Secretary further stated that there was no absolute rule or regulation in the CNMI government requiring use of time clocks, see PSSRR.

### OPA Comments

We consider Recommendations 42 to 44 open because of the following.

Recommendation 42 - DOC should reconsider and implement Recommendation 42. Allowing certain employees to use log sheets and list the sum total of the hours worked only on any given day does not ensure the accuracy of the employees' time and attendance. An effective control procedure to ensure that time charges are accurate and actually worked by employees is to document the time that they actually arrive and leave the office, and to provide information on additional hours worked, if any.

Recommendation 43 - The response did not address the recommendation to not allow employees to manually time-in-and-out, except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager; thus, the recommendation remains open.

Recommendation 44 - The Secretary of DOC did not provide OPA copies of the Sign-out Sheet and instructions to employees to log in the sheet.

The additional information needed to close the recommendations is presented in APPENDIX C.

PSSRR does not expressly require the use of time clocks. Although no statute or regulation requires the use of time clocks, the Director of Personnel, in the February 6, 1997 Instructional Memorandum, stated that an overtime exempt employee can be required to sign/time-in/out for record and control purposes. A covered employee must time-in-and-out because compensation is based on the hours actually worked. The Director of Personnel acknowledged OPA's recommendation that all employees should sign/time-in/out for accountability purposes. OPA believes that there is no assurance that employees have actually worked 80 hours in a pay period unless there is a written record which would evidence the number of hours they actually worked. Written records, such as daily time-in-and-out and sign-in-and-out sheets, help to effectively and efficiently account for an individual's time. Salaries of employees are paid from government funds and thus should be safeguarded from waste and abuse.

## DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED

### 15. OFFICE OF MANAGEMENT AND BUDGET (OMB) - 12/29/95 Inspection

Our audit showed that for the pay period ended January 6, 1996 (1) the timekeeper was improperly granted 4 hours of compassionate leave on January 2, 1996 to attend a funeral prayer for her friend's mother; (2) five employees who timed-off early and worked for one-half to 2 hours less than the daily required 8 hours of work were not charged with appropriate leave. Also, two employees with tardiness of 476 minutes for the pay period were not charged LWOP but instead were granted full 8-hour credit in the STS for the working days they were tardy; and (3) seven employees had neither timed-in-or-out in the time clock nor manually timed-out; one employee was exempted from maintaining a time card; and one employee detailed to another agency had not provided OMB a record of daily time and attendance.

#### *Compassionate Leave Improperly Granted (A.1.2)*

One of the leave form showed that the timekeeper was granted 4 hours of compassionate leave instead of annual leave to attend a funeral prayer for her friend's mother. This occurred because the Special Assistant for Management and Budget granted her 4 hours off and charged the leave to compassionate leave with pay although the deceased was not an immediate family member of the employee.

#### *No Leave Charged for Employees' Accumulated Tardiness and Early Time-Off (A.1.4)*

On December 29, 1995, 5 employees were allowed by the Special Assistant for Management and Budget to leave the office before 3:00 p.m., after a New Year's party in the office. Our verification of time cards for other working days also showed that (1) an employee who was being allowed to report to work at 8:30 a.m., provided that she work eight hours, had twice left the office before the required 5:30 time-off, for a total of 1.35 unworked hours (on December 29, 1995 and January 2, 1996 the employee timed-in at 8:25 and 8:19 a.m and timed-out at 4:39 and 4:44 p.m., respectively), and (2) another employee on regular work schedule timed-in at 8:04 a.m and left the office at 4:02 p.m. on January 5, 1996, for 1 unworked hour. Based on the STS, these employees were granted a full eight hours of work instead of being charged paid leave or LWOP.

Also, our review of the STS and time cards showed that 2 OMB employees accumulated 476 minutes of tardiness which were charged to regular hours instead of LWOP. An employee was late for 1 hour and 16 minutes after lunch break on January 5, 1996. Another employee was late 4 times during the pay period, ranging from 52 minutes to 1 hour and 38 minutes late in the morning and 1 hour 9 minutes late after lunch break.

#### *No Record of Employees' Daily Time-In-and-Out (B.2)*

Our review of time cards showed that OMB employees had not properly used the time clock for their daily time-in-and-out. For the pay period ended January 6, 1996, a total of 7 employees had neither timed-in-or-out in the time clock nor manually timed-out. On December 29, 1995, 2 employees had not timed-out and 1 employee had manually timed-out instead of using the time clock. According to the Special Assistant, one of these employees was their administrative officer who usually goes out on official business to other government agencies. He was sure that this employee was working because he received the results of this employee's official business outside the office.

## DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED

Our inspection on December 29, 1995 also showed that the Acting Assistant for Management and Budget was exempted from using the time card. The Special Assistant said that he authorized the exemption because his assistant worked more than the required hours a day. His assistant was on call anytime after office hours without receiving comptime or overtime.

Also, an employee detailed to the Special Assistant for Administration had not provided OMB a record of his daily time and attendance. At the end of each pay period, the Special Assistant for Administration only provided time and attendance reports showing the total hours worked by the employee daily.

### Recommendations

We recommend that the Special Assistant for Management and Budget (45) take steps to charge appropriate leave for the employees' unworked hours; (46) discontinue the practice of not charging the appropriate type of leave in any time-off that reduces a work day to less than eight hours; (47) issue a memorandum to all employees that the Director of Personnel's memorandum dated May 30, 1995 will be followed by taking adverse action for offenses such as habitual tardiness; (48) take action to reverse the timekeeper's compassionate leave and charge him with annual leave; (49) ensure that compassionate leave is granted only in accordance with the provisions of the personnel regulations; and (50) require all employees to punch a time clock or maintain a document which can monitor daily time and attendance.

### OMB Response

No response was received from the former Special Assistant for Management and Budget. The new Acting Special Assistant responded to the draft audit report; she concurred with the recommendations, and provided OPA copies of the related time and attendance policies which addressed the recommendations.

### OPA Comments

We consider Recommendations 46, 47, and 49 closed. Recommendations 45, 48, and 50 are considered resolved because OPA was not provided documents (*e.g.*, copies of application for leave, STS, written instruction to the employees) to evidence enforcement of the recommendations. The additional information needed to close the recommendations is presented in APPENDIX C.

**DETAILS OF FINDINGS NOTED IN THE  
OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED****16. CIVIL SERVICE COMMISSION (CSC) - 2/22/96 Inspection**

Our audit showed that two CSC employees did not indicate their actual time-in-and-out in the time cards.

*Did not Indicate Actual Time-In-and-Out in the Time Cards (B.4)*

Our review showed that the time recorded on the time cards was employees' normal working hours, not the actual time employees were at work. Our review of the Executive Assistant's time card for the pay period covered by inspection showed that he had identical time entries, i.e., time-in was reported at 7:30 a.m. while time-out was at 4:30 p.m. Our review of the other staff member's time card also showed identical time entries, i.e., time-in was reported at 8:00 a.m. while time-out was at 5:00 p.m.

According to the Executive Assistant, documentation of actual time-in-and-out was no longer necessary since he and the other staff member in question were exempted from payment of overtime under the FLSA. The FLSA Regulations provide, however, that nothing in that law shall excuse any party from complying with any recordkeeping or reporting requirements imposed by local law.

**Recommendation**

We recommend that the CSC Chairman (51) issue a memorandum requiring all employees to record their actual time-in-and-out in the time cards.

**CSC Response**

The Acting CSC Chairman stated that CSC had implemented the recommendation beginning July 12, 1996, the date when CSC received the OPA draft audit memorandum.

**OPA Comments**

We consider Recommendation 51 resolved because OPA was not provided documents (*e.g.*, copy of written instruction to the employees) to evidence enforcement of the recommendation. The additional information needed to close the recommendation is presented in APPENDIX C.

## DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED

### 17. DEPARTMENT OF PUBLIC HEALTH (DPH) - Materiel Management Section (MMS) - 7/12/95 Inspection

Our audit showed that (1) two DPH-MMS employees who took a half day off from work without informing the office were charged with annual leave instead of AWOL; (2) DPH-MMS did not require employees who leave the office to deliver materials or supplies to log in the sign-in-and-out sheets; and (3) DPH-MMS did not record the calls of employees reporting leave.

#### *AWOL Employees Improperly Charged with Annual Leave (A.1.3)*

On July 12, 1995 at around 1:00 p.m., our office received information that two DPH-MMS employees were absent from work that afternoon without calling the office. We were informed that the two employees were playing golf at a certain golf course. To verify the information, two OPA staff members left the office at 3:15 p.m. and proceeded to the DPH-MMS office at Lower Base. The OPA staff member talked with the Medical Supply Office (MSO) who told us he was having a problem with two employees who did not report for work in the afternoon without calling the office. OPA staff members noted that the two time cards on the desk of the MSO belonged to the two employees in question.

To determine whether the two employees were charged AWOL, we subsequently examined the STS, time cards, and leave forms for the period covering our inspection date. We found, however, that both employees were reported as being on annual leave instead of being charged AWOL.

#### *Whereabouts of Employees Out During Office Hours not Documented (B.5.a)*

The MSO said that it was DPH-MMS policy to require employees who leave the office to log in the sign-in-and-out sheets. According to the MSO, however, employees who go out to deliver materials or supplies to CHC were not required to log because the delivery job was routine. He also explained that DPH-MMS has three radios, one of which was given to the employee who performed the delivery (the other two radios were assigned to him and his assistant). According to him, he could easily locate by radio the employee who delivered anytime, anywhere. During our inspection, however, we noted that three employees were assigned to deliver to different locations in separate vehicles. Thus, only one was probably given a radio. The other two could not easily be located and checked. Further, even with a radio, an employee who gets caught performing unofficial business can easily say that he is on leave. If employees are required to log their destination, erring employees cannot deny the fact that they are abusing government time.

#### *Calls of Employees Reporting Leave not Documented (B.5.b)*

According to the MSO, it was DPH-MMS policy to require employees taking annual leave to submit leave forms in advance. In emergency cases, however, employees needing to take unscheduled leave would just call the office to report the leave. The MSO said, however, that no one documented the calls of employees reporting leave. As a result, employees who did not report for work without prior approval could easily claim that they were on annual leave or sick leave. DPH-MMS cannot contest their claim because no documentation was maintained to record calls of employees reporting leave.

## **DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED**

### **Recommendations**

We recommend that the MSO (52) take appropriate disciplinary actions against the two AWOL employees; (53) adjust the leave charges of the two employees by charging each of them 4 hours AWOL and crediting each of them 4 hours annual leave; (54) establish procedures for documenting the calls of employees reporting leave; and (55) instruct employees who leave the office during working hours to personally log their destination (including purpose, time of leaving, and time returned) in a sign-in- and-out sheets.

### **DPH Response**

The MSO concurred with Recommendations 54 and 55, and provided documents to evidence that corrective measures were implemented. He expressed disagreement, however, with Recommendations 52 and 53. We requested the Secretary of Public Health to reconsider Recommendations 52 and 53. Subsequently, the Secretary provided OPA copies of the (1) letter instructing the Personnel Division to charge the two employees with four hours of AWOL, and (2) reprimand letters issued to the two employees.

### **OPA Comments**

We consider Recommendations 52 to 55 closed.

**DETAILS OF FINDINGS NOTED IN THE  
OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED****18. DPH - SECTIONS WITH COLLECTION FUNCTION - 1/28/97 Inspection**

Our audit showed that DPH (1) allowed an accountant to work at home and to indicate eight hours daily in the time card; (2) did not require employees to time-out for lunch; (3) allowed a manager to manually fill out her time card for more than half of the week and not have the manual entries immediately approved; and (4) did not require employees who left the office during working hours to log in the sign-in-and-out sheets.

*No Record of Employees' Daily Time-In-and-Out (B.2)*

The Accountant IV from Public Health (Employee No. 71487) was not present when we inspected DPH employees' time and attendance on January 28, 1997. Her time card could not be located either. Our subsequent review showed that she claimed eight regular hours that day. In an interview, she stated that she was supposed to be on leave that day. She showed us a copy of the application for leave form when she applied for leave for two days (January 27 and 28, 1997) from 7:30 a.m. to 1:30 p.m. for a total of 10 hours. The remarks indicated she was to assist at Mt. Carmel for Catholic Schools Week - Community Choir. She stated that she canceled the leave, however, because she needed to perform work on the office budget at home. Her time cards showed that she worked eight hours on each of those two days. Her time card did not reflect daily time-in-and-out. Instead, number "8" was written in each day which meant that she worked eight hours for the day. She stated that she had been exempted from the time-in-and-out requirement by a DPH Official, and that a copy of the memorandum would be provided to us later; however, no copy has been provided to date.

We also noted that not all employees were required to time-out during lunch break. During our inspection, the Accountant III from Accounting Cashiers (Employee No. 40155) was out of the office. We were informed that she was out to pick up her child from school. This has been a practice which was verbally authorized by her Supervisor in lieu of lunch break. We noted, however, that there was no documentation on the number of hours she was out of the office doing personal business. During our inspection, although she was out, her time card did not show any time-out. On the other days during the pay period covered by the inspection, the time card also did not show any time-out on occasions when she left the office during working hours. According to the Supervisor, she did not require employees to time-out-and-in during lunch break. Thus, although the time card showed that there were days when the employee stayed at the office one to two hours beyond the normal working hours, there was still no assurance that she had completed eight hours of work because the number of hours when she was out during working hours for personal purposes was not documented. There was no sign-in-and-out sheet maintained, either.

In the Admitting Cashiers Section, we noted that employees were also not required to time-out during lunch break. In the case of the Manager (Employee No. 77101), she stated that this occurred because she did not go out for lunch. She stated that there were instances where either she or her assistant (Employee No. 70595) went to the bank after lunch to change fund denomination. The practice was that the person left the office at 11:30 a.m. to take lunch and then proceeded directly to the bank. The practice, however, could encourage employees to abuse government time by taking more than one hour lunch break since it may not be detected. For example, during the first week of February, an OPA staff member saw the Manager's assistant driving a white Mazda van in Dandan (the assistant's residence lies in this area) at around 1:30 p.m.. It is possible that she took more than one hour lunch break which was not detected because she was not required to be back at the office by 12:30 p.m.

## **DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED**

### *Manually Filled Out the Time card Instead of Using the Time Clock (B.3)*

CHC employees were required to punch the time clock to record their time and attendance. Our review of time cards showed, however, that a Manager from the Admitting Cashiers Section (Employee No. 77101) had manually timed-in-and-out in several instances. According to the Manager, this occurred because in those instances, she forgot to time-in and instead went directly to the cashiers. We also noted that the manual entries were not immediately initialed by another Supervisor or Manager. During our inspection, the time card showed that the manual entries for days prior to inspection were still without initials. Thus, although the manual entries had been initialed prior to submission to the timekeeper, there was no assurance that the times indicated were correct because the certification of the accuracy of time had not been immediately performed.

### *Whereabouts of Employees Out During Office Hours not Documented (B.5.a)*

Of the five sections inspected, only one (Public Health) maintained a Sign-in-and-out sheet. According to the CHC Timekeeper, there was no requirement established by CHC to maintain a Sign-in-and-out sheet to monitor the whereabouts of employees who leave the office during working hours. Subsequent to our inspection, the Business Office established a sign-in- and-out sheet. However, this does not provide details such as location of the employee, telephone contact no. and purpose for going out.

## **Recommendations**

We recommend that the Secretary of Public Health (56) stop allowing employees to work at home and manually write "8" hours in each day; (57) require all employees to time-out during lunch break; (58) stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager; (59) establish procedures for monitoring time of employees who for valid reasons go directly to other offices before reporting to the main office; and (60) establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and- out sheet when leaving the office during office hours.

## **DPH Response**

No response was received from the DPH Secretary.

## **OPA Comments**

We consider Recommendations 56 to 60 open. The additional information needed to close the recommendations is presented in APPENDIX C.

**DETAILS OF FINDINGS NOTED IN THE  
OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED****19. DEPARTMENT OF PUBLIC WORKS (DPW) - Administrative, Operations and  
Maintenance, and Technical Services - 11/1/95 Inspection**

Our audit showed that the time charges of the four employees in the time cards did not tie in with the information in the STS. One employee who was on eight hours LWOP and two employees who took eight hours and one hour of annual leave, respectively, on November 1, 1995 were improperly charged with regular hours. Also the annual leave charged to one employee in the STS was understated by one hour.

*Employees on Leave Without Pay (LWOP) and Annual Leave Improperly Charged with Regular Hours (A.1.3)*

One employee who was on leave during our inspection, and who did not have any earned leave hours because he was newly hired, should have been charged 8 hours LWOP but instead was given eight regular hours in the STS. Also, two employees (Employee Nos. 71698 and 60576) applied for eight hours and one hour of annual leave on November 1, 1995, respectively, but were improperly charged with regular hours. Another employee (No. 77907) had a total annual leave of 13 hours during that pay period but was charged only 12 hours in the STS.

In an interview, the timekeeper admitted committing errors in posting the correct leave charges of the employees and promised to correct the errors in the following pay period.

**Recommendation**

We recommend that the DPW Secretary (61) adjust the leave charges of the four employees.

**DPW Response**

No response was received from the DPW Secretary.

**OPA Comments**

We consider Recommendation 61 open. The additional information needed to close the recommendation is presented in APPENDIX C.

## DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED

### 20. DPW - Office of the Secretary, Administrative Services Division, Technical Services Division, etc. - 7/5/96 Inspection

Our audit showed that (1) one DPW employee who was AWOL on July 5, 1996 was improperly charged with annual leave; (2) one employee who took annual leave on July 5, 1996 was paid regular hours instead of being charged annual leave; (3) one employee who took early time-off on July 5, 1996 was paid regular hours for the hours not worked; (4) from May 13 to July 5, 1996, an employee under the Administrative Division habitually came in late ranging from one to three hours a day, was charged annual or sick leave, but was not given appropriate disciplinary action; (5) nine DPW employees were not timing-in and timing-out, eight of whom were DPW officials who were exempted by the DPW Secretary; (6) several employees had manually filled out their time-in-and-out without an immediate supervisor's initials; (7) DPW did not document the destination and purpose of employees who left the office during working hours; (8) DPW did not document employees calling the office to take leave during the day; and (9) in-house comptime balances were not updated.

#### *AWOL Employee Improperly Charged with Annual Leave (A. 1.3)*

One employee assigned under the Roads and Facilities Division was charged eight hours AWOL during the inspection but was charged eight hours annual leave in the STS. In an interview, the timekeeper admitted committing errors in posting the correct leave charges of the employee and promised to correct the errors in the following pay period. On July 25, 1996, the timekeeper provided OPA a document charging the employee eight hours AWOL to correct the eight hours annual leave charged to the employee.

#### *Employee on Annual Leave Improperly Charged with Regular Hours (A. 1.3)*

One employee assigned under the Operations and Maintenance Division applied for eight hours annual leave on July 5, 1996 but was given eight regular hours on the STS. This occurred because the timekeeper erroneously posted the employee's leave to another employee. The timekeeper promised to correct the error in the following pay period. On August 16, 1996, the timekeeper provided OPA a document adjusting the posting errors.

#### *No Leave Charged for Employee's Early Time-Off (A. 1.4)*

One employee assigned under the Operations and Maintenance Division was not in the office during the inspection. His immediate supervisor explained that he allowed the employee to go home to take medication at around 9:00 a.m. and to return after lunch break (12:30 p.m.). In addition, the supervisor stated that the employee would be charged regular hours for more than two hours of absence from work.

In a follow-up interview, the supervisor admitted that this was being done almost everyday. We were not able to determine the total number of unworked hours because DPW employees were not timing-in-and-out when they left the office during the day. Our review of the STS showed that the employee was indeed granted eight regular hours on July 5, 1996. On September 16, 1996, the timekeeper sent OPA a copy of a document charging the employee two hours annual leave for the hours he was absent on July 5, 1996. Also, the timekeeper stated that she had advised the supervisor to require all employees under his supervision to apply for appropriate leave for their absences from work.

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### *Employees' Frequent Tardiness (A.1.4)*

Our review of the time and attendance records showed that an employee of the Administrative Services Division came in after 7:30 for seven out of ten days of the pay period ending July 6, 1996. For the hours tardy, the employee applied for annual leave or sick leave. To determine if she was habitually tardy, we reviewed the employee's time and attendance records for the three preceding pay periods (beginning on May 13, 1996). We found that she also came in after 7:30 almost every day, accumulating about 9 hours of annual or sick leave in one pay period.

The timekeeper mentioned that in most cases, the employee did not call the office to report that she would be coming in late. The employee, upon arrival at the office, would apply for annual or sick leave by using a standard leave form. According to the employee's supervisor, he approved the requested leave because he was told that the employee called the office to report the leave. The messages, however, were relayed to him either verbally or written on a piece of paper and discarded later.

We did not find any record showing that the employee was given warnings or reprimands for her frequent tardiness. According to the supervisor, no adverse action was accorded to the employee because he was not aware of the appropriate adverse action. Therefore, the OPA staff member furnished him a copy of the May 30, 1995 memorandum of the Director of Personnel regarding adverse action.

### *No Record of Employees' Daily Time-In-and-Out (B.2)*

During our inspection, we noted eight DPW officials and one employee who were not timing-in-and-out. The timekeeper said that the eight employees were exempted from punching the time clock based on the verbal instructions of the Secretary of DPW. He did not prepare a time card for one employee who was just hired on May 20, 1996 because there was no instruction that the employee be required to time-in-and-out. Accordingly, from May 20 to July 23, 1996, the employee was compensated without any time card. The timekeeper stated, however, that she had seen the employee report for work every day from the time he started working. The regular hours of the nine employees were computed by deducting the employee's leave from 80 hours. After OPA staff member discussed the findings with the DPW timekeeper on July 24, 1996, the timekeeper prepared a time card for the employee. The eight DPW officials, however, were still exempted from timing-in-and-out.

### *Manually Filled Out the Time Card Instead of Using the Time Clock (B.3)*

Our review of the time cards of DPW employees showed that several employees had manually filled out their time-in-and-out in the time cards. The manual entries in the time cards were filled out by the timekeeper; however, the employees' supervisors were not required to initial any of them. According to the timekeeper, she filled out the time-in-and-out of the employees after verifying the situation with the particular employees. The timekeeper cited various reasons for manual time-in-and-out.

### *Whereabouts of Employees Out During Office Hours not Documented (B.5.a)*

DPW did not require employees who left the office during working hours to log in the sign-in-and-out sheets. During our inspection, 30 employees were not in the office and the timekeeper told us that they were out on

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official business. However, there was no record of the employees' destination and purpose. Two departments kept a check-out list form but the employees did not consistently fill in the form when they left the office.

According to the timekeeper, employees were assigned to different locations, but she could not provide us the specific destination of the employees. Accordingly, we had to ask each Division Director for the destination of employees who were out of the office during our inspection. To verify the information given by the Directors, four OPA staff members visited the employees at their field assignments.

### *Calls of Employees Reporting Leave not Documented (B.5.b)*

According to the timekeeper, it was DPW's policy to require employees taking annual leave to submit leave forms in advance. In emergency cases, however, employees who needed to take unscheduled leave would just call the office to report the leave. The timekeeper said that no one maintained official records of the calls. The message was simply written on a notepad and later discarded, or was verbally relayed to the Director or the timekeeper.

During our inspection on July 5, 1996, we noted that 27 employees were charged as AWOL because the timekeeper was not aware of the status of these employees (whether they had called the office to take leave or were AWOL). The timekeeper said that these employees did not call her or submit their approved leave forms. Our follow-up inspection and review of the STS showed that only 11 of the 27 employees were actually charged as AWOL. According to the timekeeper, the other 16 employees were charged leave with pay because they claimed to have called their designated offices on July 5, 1996 and submitted their approved leave forms on the following working day. The timekeeper stated, however, that these offices did not inform her that the employees had called, and that the telephone calls were not documented.

Subsequent to our inspection, the DPW timekeeper established a logbook for documenting calls of employees reporting leave or being late for the day. However, this logbook contained only those telephone calls received by the Administrative Services Division (ASD), whereas other employees called their respective Divisions. There was no policy that required all DPW employees to call the ASD when reporting leave for the day or that all messages be relayed to the ASD.

### *Comptime Records not Updated (B.5.c)*

Three employees assigned under Building Safety Code, Operations and Maintenance, and Technical Services Division, respectively, used in-house comptime (monitored within the department) to offset their eight hours leave on July 5, 1996. Upon review of the comptime records, we noted that the balances were not updated. For instance, one employee's comptime balance was as of February 17, 1996 and had a negative one (-1) hour balance. The timekeeper explained that the employee earned 20 hours comptime in June 1996 but these had not yet been posted in the comptime record. Also, another employee's comptime was last updated on October 27, 1995 and had a zero (0) balance, but a note was attached stating that he had earned 134 hours of comptime. In addition, the other employee's comptime record was last updated on April 27, 1996 and showed an available balance of 96 hours. His comptime balance has already been fully applied but this was not reflected in the records.

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The timekeeper explained that the comptime balances had not been updated because she was busy with her other responsibilities. Accordingly, she delegated the responsibility of updating the in-house comptime records to another employee, who was off-island and therefore unable to update the comptime records.

### Recommendations

We recommend that the DPW Secretary (62) instruct the DPW timekeeper to ensure that the time charges of DPW employees are correctly summarized in the STS. Likewise, all supervisors should be instructed to ensure that employees who are absent from work are properly charged appropriate leave for the hours not worked. Supervisors should stop the practice of granting regular hours for the time not worked by employees. Appropriate disciplinary action should be initiated for supervisors who continue to grant regular hours for employees' absences; (63) require that in-house comptime records be regularly updated; (64) apply appropriate adverse action to the employee for her habitual tardiness. The DPW Secretary should require that employees be charged as AWOL when the employee fails to call the office before a designated time, perhaps 8:00 a.m., to obtain prior approval except in bona fide emergencies; (65) require all employees to punch a time clock or maintain a document which can monitor daily time and attendance; (66) stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager; (67) establish procedures for documenting the calls of employees reporting leave; and (68) establish procedures for monitoring time of employees who for valid reasons go directly to other offices before reporting to the main office.

### DPW Response

No response was received from the DPW Secretary.

### OPA Comments

We consider Recommendations 62 to 68 open. The additional information needed to close the recommendations is presented in APPENDIX C.

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### 21. NORTHERN ISLANDS MAYOR'S OFFICE (NIMO) - 11/1/95 Inspection

Our audit showed that (1) two employees who were absent the entire day to prepare for All Saints Day were charged four hours annual leave in the morning and four hours sick leave in the afternoon. The two employees were allowed to charge sick leave because both of them had only four hours of annual leave remaining; and (2) the Office of the Mayor did not document the whereabouts of employees who left the office during working hours.

#### *Employees on Annual Leave Improperly Charged with Sick Leave (A.1.3)*

Two employees were absent the entire day on November 1, 1995, and were charged four hours annual leave in the morning and four hours sick leave in the afternoon. The remarks in the Application for Leave stated "All Saints Day (Prep.)". The leave application was approved by the Mayor.

The NIMO timekeeper told us that the two employees were allowed to charge four hours sick leave because both of them had only 4 hours of annual leave remaining, which was verified to be true. She said that it had been the practice of the office to allow employees to charge sick leave in case the employees had no more available annual leave. According to her, LWOP was charged only in case an employee had no more available annual and sick leave. She said that this position was based on inquiry to the Office of the Personnel Management (OPM), but she could not remember the OPM personnel who allowed this practice.

#### *Whereabouts of Employees Out During Office Hours not Documented (B.5.a)*

NIMO was closed when we visited it on November 1, 1995 at around 4:00 p.m. Our subsequent review of the time record and STS showed, however, that only ten employees took leave that day. The remaining two employees, although not in the office when we visited, charged eight regular work hours.

The timekeeper told us that the two employees in question worked the whole day on November 1, 1995. They were not at the office when we visited because they were out on official business. This could not be verified, however, because NIMO did not document the whereabouts of employees who left the office during working hours. This occurred because the Office of the Mayor did not establish adequate procedures to monitor employees who are out on official or personal business (such as use of sign-in-and-out sheets).

### Recommendations

We recommend that the Mayor (69) take steps to reverse sick leave granted to the two employees, stop the practice of granting sick leave hours in lieu of charging LWOP, and reconvert all sick leave to annual leave and LWOP from the time this practice began; and (70) establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours.

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### NIMO Response

The Mayor disagreed with Recommendation 69 because he disputed the finding that there was improper use of sick leave. The Mayor stated that he approved four hours annual leave and four hours sick leave for the two employees because the employees informed him that they were sick during the afternoon of November 1, 1995. The error was that the information was not relayed to the timekeeper. He also stated that upon complete review of NIMO's time and attendance records for 1994, 1995, and up to the most recent pay period in 1996, no case was noted where the sick leave was converted to annual leave. Further, it had never been a policy of NIMO to grant sick leave for employees who are not sick.

For Recommendation 70, he stated that NIMO is currently reviewing the feasibility of using the recommended format for monitoring staff members' activities and whereabouts for the hourly employees. He stated that for professional employees, strict adherence to accountability on an hour-to-hour basis is not recommended as professional employees are expected to work in excess of eight hours per day and often are required to work on weekends and evenings without additional compensation.

### OPA Comments

We consider Recommendation 69 closed and Recommendation 70 open because of the following.

Recommendation 69 - During our review, we verified the statement of the timekeeper by examining timekeeping records, and noted that the timekeeper's statement was true. The two employees had only 4 hours of annual leave remaining. OPA accepts, however, the explanation made by the Mayor in the response because there was no evidence to disprove his statement. Recommendation 69 is accordingly closed.

Recommendation 70 - The Mayor did not provide OPA documentation that the recommendation was adopted. We disagreed with the Mayor's response that professional employees need not be accounted on an hour-to-hour basis because although professional employees are expected to work in excess of eight hours per day, there is still no assurance that they actually worked a full eight hours unless there is a written record which would evidence the number of hours they actually worked. Written records, such as daily time-in-and-out, and sign-in-and-out sheets, help to effectively and efficiently account for an individual's time. Salaries of government employees constitute government funds and thus should be safeguarded from waste and abuse.

The additional information needed to close the recommendations is presented in APPENDIX C.

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### 22. ROTA MAYOR'S OFFICE - 10/2/95 Inspection

Our audit showed that (1) 16 of the 33 employees based at the RMO had not timed-in on the Daily Time and Attendance sheet, two of whom had been exempted from timing-in-and-out; (2) the time and attendance of 40 of its 73 Full Time Employee positions who were assigned to other government agencies were not checked by RMO; and (3) 23 employees were out of the office during our inspection with no log sheet or other written record showing their whereabouts or their purpose in leaving the office during regular working hours.

#### *No Record of Employees' Daily Time-In-and-Out (B.2)*

Inspection of the Daily Time and Attendance Sheet (DTA sheet- equivalent to time cards) showed that 16 of the 33 employees based at the RMO had not timed-in, two of whom had been exempted from timing-in-and-out. These were the legal counsel and the Mayor's advisor. According to the Chief Administrative Officer, this occurred because the two employees were called only whenever the Mayor required their services. Our verification of time charges in the STS, however, showed that the two employees were paid for 80 regular hours work like other employees. Therefore, they should also be required to time-in and time-out during regular working hours like all other employees who are required to work 80 hours.

#### *Employees Assigned to Other Government Agencies (B.2)*

Our inspection on October 2, 1995 at the Rota Mayor's Office disclosed that 40 of its 73 Full Time Employees (FTE) were assigned to other government agencies. The timekeeper also said that these employees were not required to time-in-and-out at the Rota Mayor's Office although their time charges were being reported and paid by the Mayor's Office.

#### *Whereabouts of Employees Out During Office Hours not Documented (B.5.a)*

During the inspection, 23 employees were out of the office, 22 of whom the timekeeper said were out participating in an islandwide beautification and sanitation project of the Rota Municipality, and one of whom was out to pick-up a pouch at the post office. There was no document to show that the employees actually reported for work and were only out of the office on official business. The timekeeper said it was only through verbal instruction or permission from the Chief Administrative Officer that an employee was allowed to leave the office. Thirteen of the employees who were out had not timed-in.

Our inspection also showed that the DTA sheet did not include a time-in-and-out columns. Only the signatures of the employees appeared in the AM and PM columns to indicate that they reported for work. The actual times of arrival at and departure from the office were not indicated. The timekeeper explained that this has been the ongoing practice.

By letter to the Office of the Public Auditor dated November 11, 1995, the Chief Administrative Officer stated that he had implemented a policy, through a memorandum to all Rota Mayor's Office employees dated October 6, 1995, of stricter recording of daily time and attendance of employees. In addition, the Rota Mayor's Office had started to use a destination log sheet to indicate the whereabouts of the employees when they left their

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respective duty stations. The daily time and attendance sheet was revised to include columns for date, time-in, time-out, location, and purpose of employees leaving the office.

### Recommendations

We recommend that the Chief Administrative Officer (71) issue a memorandum to the two employees requiring them to time-in-and-out on the DTA sheet; (72) evaluate the work and professional status of the legal counsel and the advisor under the Mayor's Office to determine whether they should be considered regular employees or contractors for professional services. Compel the two to comply with personnel regulations if they are to be in employment status; otherwise, amend the employment contracts to professional service contracts if they are to be considered as providers of professional service; and (73) discuss with the heads of other agencies the possibility of permanent transfer for 40 temporarily assigned employees, while reviewing the Mayor's Office staffing requirements and requesting only the number of FTEs actually needed by the office.

### RMO Response

No response was received from the Chief Administrative Officer. The new Mayor of Rota responded to the draft audit report and concurred with the recommendations. He stated that problems noted in the previous Mayor's Office with regards to time and attendance will not be repeated under his administration.

### OPA Comments

We consider Recommendation 72 closed. Recommendation 71 is considered resolved while Recommendation 73 is considered open because of the following:

Recommendation 71 - OPA was not provided documents (e.g., copy of written instruction issued to employees) to evidence enforcement of the recommendation.

Recommendation 73 - The response did not provide a time frame for action.

The additional information needed to close the recommendations is presented in APPENDIX C.

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### 23. ROTA MUNICIPAL COUNCIL (RMC) - 10/2/95 Inspection

Our audit showed that (1) three employees whom we noted absent without prior notice or approval on October 2, 1995 were not charged as AWOL; (2) the time and attendance of 7 of its 21 employees who were assigned to other government agencies were not checked by RMC; (3) RMC did not require employees to record their actual time-in-and-out on the daily time and attendance sheet; (4) RMC did not maintain a log sheet for employees leaving the office on official business; and (5) RMC did not record telephone calls from employees taking leave.

#### *AWOL Employees Improperly Charged with Annual or Sick Leave, or Regular Hours (A.1.3)*

Our audit showed that three employees, who were absent without prior notice or approval on October 2, 1995 were not charged as AWOL. Based on our discussion with the Chief of Staff, the three employees did not report for work or inform the office that they would be taking leave. However, our verification of the time charges reported in the STS for the pay period covering our inspection, showed that the employees were charged with regular hours or annual/sick leave, instead of AWOL.

#### *Employees Assigned to Other Government Agencies (B.2)*

Our inspection on October 2, 1995 at the Rota Municipal Council disclosed that 7 of its 21 employees were assigned to other government agencies - 2 at the Department of Lands and Natural Resources, 2 at the Rota Head start Program, 1 at the Women's Affairs Office, 1 at the Rota Elementary School, and 1 at the Rota High School. These employees were not required to time-in-and-out at the Council's Office.

#### *Did not Indicate Actual Time-In-and-Out in the Time Cards (B.4)*

Our inspection also showed that the actual time-in-and-out of the employees was not indicated on the daily time and attendance sheet. The time and attendance sheet showed that seven employees had a uniform time-in of 7:30 AM. At the time of our inspection at 2:15 PM, six of the seven employees were already timed-out at 4:30 PM. According to the Chief of Staff, this had been the practice of the employees before he assumed the position. In addition, he said that he randomly checked (through the radio) the locations of the employees who were timed-in and subsequently timed-out during office hours to verify that they were doing official business. However, we believe that radio checks cannot be a reliable procedure to verify whether an employee is at his/her respective duty station and is actually doing official business because the only thing that a radio check indicates that an employee has the radio with him/her but could still be somewhere away from the job or assignment.

#### *Whereabouts of Employees Out During Office Hours not Documented (B.5.a)*

At the time of our inspection at 2:15 PM, we noted that there was no documentation for the three employees on late lunch and the locations of the other six employees. Except for one employee, there was no notation or remarks on the daily time and attendance sheet that these employees were on late lunch or were out on official business. At around 2:35 PM, the Chief of Staff and the other two employees arrived at the office. We then verified from him whether he had been informed by the six employees that they were going to leave the office on official business. According to the Chief of Staff, his permission had been first sought by the employees before leaving the office.

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### *Calls of Employees Reporting Leave not Documented (B.5.b)*

In addition, our inspection showed that employees who took leave for the day were not documented. Based on the daily time and attendance sheet, three employees did not report for work on October 2, 1995. At the time of our inspection, it was not known whether these employees took annual or sick leave as the office received no calls from them. As stated in his memorandum, the Chief of Staff said that staff members who had not timed-in for the day would be charged as LWOP or AWOL, unless the employee could present reasonable cause for him to be granted sick leave or annual leave. The Chief of Staff also said that he had previously instructed the employees to call and inform the office whenever they are taking leave. He added, however, that they had no procedures for documenting calls of employees taking leave.

### **Recommendations**

We recommend that the Chief of Staff (74) take appropriate disciplinary actions against the three employees who were AWOL; (75) adjust the leave charges of the three employees by charging each of them as AWOL and crediting each of them regular hours or annual/sick leave; (76) issue a memorandum requiring all employees to personally record their actual time-in-and-out in the daily time and attendance sheet; (77) establish procedures for documenting the calls of employees reporting leave; (78) instruct employees who leave the office during working hours to personally log their destination (including purpose, time of leaving, and time returned) in a sign-in-and-out sheet; and (79) discuss with the heads of other agencies the possibility of permanent transfer for 7 temporarily assigned employees, review its staffing requirements, and request only the number of FTEs actually needed by the office.

### **RMC Response**

The Chief of Staff stated that the results of the audit were correct, and that the findings noted were inherent and did not develop during his tenure as the chief. He stated that he had imposed strict administrative policies against abusing government hours and on several occasions charged AWOL to those employees who did not report to work. He said, however, that unfortunately he lacked the time to completely rectify the problems because he resigned effective November 11, 1995. He stated that he had spoken with the incoming Chief of Staff and discussed several recommendations, including OPA recommendations.

### **OPA Comments**

We consider Recommendations 74 to 79 open. The response did not specifically address each of the recommendations. The additional information needed to close the recommendations is presented in APPENDIX C.

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### 24. SAIPAN MUNICIPAL COUNCIL (SMC) - 12/29/95 Inspection

Our audit showed that (1) the SMC's timekeeper came in late on all the days during the pay period, did not make up for her late hours, and was granted a full eight hours of work in the STS; (2) sick leave charged to one employee during the pay period was short by 24 hours (improperly charged to regular hours); and (3) during the inspection, no time and attendance data had been recorded on the time cards although the inspection date was already the fourth day of the pay period.

#### *Timekeeper's Tardiness Improperly Charged to Regular Hours (A.1.2)*

Our review of the timekeeper's time card (Employee No. 84178) for the pay period ending January 6, 1996 showed that on all the work days, she timed-in at 8:00 a.m., took one hour lunch, and timed-out at 4:30 p.m (there was one instance where she timed-out at 4:45 p.m.). Although she did not work for eight hours a day, and has accumulated for hours of unreported leave during the pay period, she reported eight hours of work daily in the STS. In our discussion with the timekeeper, she acknowledged that she came to work late. She stated, however, that she worked after office hours to make up for the unworked hours. She could not provide documents, however, to evidence that she worked after office hours (e.g., written authorization and time records).

#### *Employee on Sick Leave Improperly Charged with Regular Hours (A.1.3)*

During our inspection, one employee (Employee No. 49169) was on sick leave. Our subsequent review of his time card showed that he took 40 hours of sick leave during the pay period. The STS showed, however, that he was charged for only 16 hours of sick leave and the difference of 24 hours was charged to regular hours. In our discussion with the timekeeper, she acknowledged the error and stated that correction in the STS will be made.

#### *No Record of Employees' Daily Time-In-and-Out (B.1)*

Employees were required to manually record their daily time and attendance on time cards provided by the timekeeper. During our inspection on December 29, 1995, however, all the time cards we examined were blank, i.e., without time and attendance data recorded on the time cards. The inspection date was already the fourth day of the pay period. According to the timekeeper, this occurred because the time cards were not available at the start of the pay period. She stated that she ran out of blank time cards and she made copies on that day. SMC did not have a photocopying machine.

### **Recommendations**

We recommend that the SMC Executive Director (80) take appropriate disciplinary action against the timekeeper; (81) discontinue the practice of not charging the appropriate type of leave for any time-off that reduces a work day to less than eight hours; (82) adjust the leave charges of the two employees in question; and (83) require the timekeeper to ensure that time cards are available at the start of each pay period.

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**SMC Response**

No response was received from the SMC Executive Director.

**OPA Comments**

We consider Recommendations 80 to 83 open. The additional information needed to close the recommendations is presented in APPENDIX C.

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### 25. SMO - Main Office and Mechanic Shop - 12/29/95 Inspection

We noted that during the pay period ending January 6, 1996, (1) one employee whose time card showed no time-in-and-out on three days was given regular hours in the STS; (2) the sick leave charged to one employee was short by 12 hours (improperly charged to regular hours); (3) the four hours annual leave taken by the employee was improperly charged to sick leave; and (4) at least 20 employees accumulated tardiness from one to four hours in a pay period but were not charged appropriate leave.

#### *AWOL Employees Improperly Charged with Regular Hours (A.1.3)*

During the pay period ending January 6, 1996, our subsequent review of time cards showed that Employee No. 8856 showed no time-in-and-out on three days. The STS showed, however, that she did not take leave during the pay period.

#### *Employee on Sick Leave Improperly Charged with Regular Hours (A.1.3)*

During our inspection on December 29, 1995, one employee (Employee No. 70319) was on sick leave. Our subsequent review of his time card showed that he took 24 hours of sick leave during the pay period. The STS showed, however, that he took only 12 hours of sick leave. The employee's time charges were short by 12 hours. In the following pay period, the difference of 12 hours was charged to regular hours.

#### *Employee on Annual Leave Improperly Charged with Sick Leave (A.1.3)*

The time card of one employee (Employee No. 74708) during the pay period ending January 6, 1996 showed that he took four hours annual leave. The STS showed, however, that the four hours annual leave was improperly charged to sick leave.

#### *No Leave Charged for Employees' Accumulated Tardiness (A.1.4)*

Our subsequent review of the employees' time cards for the pay period ending January 6, 1996 showed that at least 20 employees accumulated tardiness from one to four hours in a pay period but were not charged appropriate leave. These were employees who timed-in after 8:00 a.m. but still timed-out at 4:30 p.m. During our inspection (12/29/95), 16 employees came in late.

### **Recommendations**

We recommend that the Mayor of Saipan (84) require the Administrative Officer or designee to exercise due care in the review of STS; (85) discontinue the practice of not charging the appropriate type of leave for any time-off that reduces a work day to less than eight hours; and (86) adjust the leave charges of the three employees.

### **SMO Response**

The new Mayor of Saipan responded to the draft audit report and concurred with the recommendations. He stated that since he took office, the Mayor's Office had implemented steps necessary to monitor employees'

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time and attendance more closely. SMO is charging employee leave for tardiness if the employee does not work 40 hours per week and making sure that all employees' leave are properly charged. With regards to adjusting the leave charges of the three employees in question, only Employee no. 74708 remains working at SMO, and therefore only that employee's time charges would be adjusted.

**OPA Comments**

We consider Recommendation 85 closed. Recommendations 84 and 86 are considered open because of the following:

Recommendation 84 - The response did not address the recommendation.

Recommendation 86 - The response did not provide a time frame for action.

The additional information needed to close the recommendations is presented in APPENDIX C.

## DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED

### 26. SAIPAN MAYOR'S OFFICE (SMO) - Mechanic Shop - June 25 and 26, 1997 Inspection

Our audit showed that one employee did not report for work on June 25 and 26, 1997 but his time card showed that he worked a full eight hours on those days and was given eight regular hours on the STS.

#### *AWOL Employees Improperly Charged with Regular Hours (A.1.1)*

One mechanic (Employee No. 57342) from the SMO Mechanic Shop was noted to be absent on June 25 and 26, 1997. On those dates, the mechanic was seen repairing a dump truck for a private company. When the company owner was asked what the mechanic was doing, his reply was that the mechanic was working for them part-time. On June 25, 1997, the SMO supervisor was asked the whereabouts of the mechanic. He said that the mechanic was on sick leave.

Our subsequent review of time cards showed that the mechanic had time-in-and-out and worked a full eight hours on those days, and therefore the STS did not reflect any leave charges. In an interview, the mechanic stated that on the night prior to June 25, 1997, while standing around drinking, he told the timekeeper that he would be sick the following day. He stated that the next day (6/25/97), he went to the private company and stayed there from 11:00 a.m. to 9:00 p.m. On the following day (6/26/97), without informing the Mayor's Office that he would be absent, he again went to the private company at 9:30 a.m. and supervised some men changing the oil in one of the dump trucks. He stayed there up to 7:30 p.m. In a separate interview, the timekeeper stated that he did not recall the mechanic reporting in sick to him and instead referred us to the mechanic's supervisor. In a separate interview, the mechanic's supervisor stated that on June 27, 1997, the mechanic told him that he (mechanic) had been sick on June 25 and 26, 1997. The supervisor stated that he did not know how and why the mechanic's time card was filled in to show that the mechanic worked on those days. A typewritten report submitted by the supervisor stated that on June 25, 1997, the mechanic called in sick to work and that the supervisor met the mechanic at the private company to pick up some tools. OPA found the report to be inconsistent with the verbal statements of the supervisor and the mechanic.

#### **Recommendation**

We recommend that the Mayor of Saipan (87) investigate the person responsible for filling out the mechanic's time card and impose appropriate disciplinary action. Any action taken in this regard should be written and documented.

#### **SMO Response**

The new Mayor of Saipan responded to the draft audit report and stated that the person responsible is no longer working at SMO.

#### **OPA Comments**

We consider Recommendation 87 open. Although the person responsible is no longer working at SMO, the Mayor of Saipan should appropriately document the violation committed in the employee's personnel file maintained at the Office of Personnel Management for record purposes. In order to consider the recommendation closed, OPA should be provided a copy of such document. The additional information needed to close the recommendation is presented in APPENDIX C.

## DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED

### 27. TINIAN MAYOR'S OFFICE (TMO) - 10/2/95 Inspection

Our audit showed that (1) four employees who were AWOL on October 2, 1995 were paid regular hours as shown in the STS; (2) the time and attendance of 51 of its 95 FTEs who were assigned to other government agencies were not checked by TMO; and (3) 16 employees were reportedly out in the field for the day with no documentation to show where they went, their purpose in leaving the office, and the time they left the office.

#### *Employees who were AWOL Improperly Charged with Regular Hours (A.1.3)*

Our inspection of the time and attendance of the employees at the Park Rangers' Office on October 2, 1995 showed that four employees were AWOL. The timekeeper for the Park Rangers Office informed us that the four employees did not report for work or inform the office of their absence on October 2, 1995. One of these employees, according to the timekeeper, was off-island but did not submit a leave form for his absence. Our subsequent examination of the STS for the pay period ending October 14, 1995 showed that the four employees were all paid regular hours and no hours were charged as AWOL.

#### *Employees Assigned to Other Government Agencies (B.2)*

Our inspection on October 2, 1995 at TMO disclosed that 51 of its 95 FTEs were assigned to other government agencies. Most of the 51 employees were assigned to the Community and Cultural Affairs Office, Office of Senator King, Park Rangers' Office, Immigration, and Farmers' Market. These employees were not required to time-in-and-out at the Mayor's office; however, they kept daily time and attendance records (normally a time clock card) at the agency where they were assigned. The time charges of these employees were being reported to and paid by the Mayor's office.

#### *Whereabouts of Employees Out During Office Hours not Documented (B.5.a)*

Our inspection on October 2, 1995 showed that at least 16 employees had timed-in but were not present in the office. We were told that these employees were out of the office doing jobs such as lawn mowing, cleaning, inspecting, and operating heavy equipment. However, there was no documentation of the employees' destination and the purpose of the job. No log-out sheet was filled out when employees left the office during work hours. Without a log-out sheet, employees leaving the office cannot be monitored by TMO. There was no record to determine whether time spent out of the office was for official business.

### Recommendations

We recommend that the Mayor of Tinian and Aguiguan (88) take appropriate disciplinary actions against the four employees who were AWOL; (89) adjust the leave charges of these four employees by charging each of them as AWOL and crediting each of them regular hours; (90) instruct employees who leave the office during working hours to personally log their destination (including purpose, time of leaving, and time returned) in a sign-in-and-out sheet; and (91) discuss with the heads of other agencies the possibility of permanent transfer for 51 temporarily assigned employees, review the Tinian Mayor's Office staffing requirements, and request only the number of FTEs actually needed by its office.

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### TMO Response

The former Mayor of Tinian concurred with the recommendations. He explained that the Park Ranger Timekeeper correctly entered the AWOL status for the four employees on October 2, 1995, but in preparing the summary to be sent to the TMO, he erroneously charged the four employees with regular hours. He provided OPA copies of a memorandum requiring (1) the Park Ranger Timekeeper, within 30 days, to recoup from the employees the illegal payment; otherwise, he would be responsible for reimbursing the government; (2) the timekeepers to send to TMO a certified copy of the time sheets of each TMO employee assigned to their departments; and (3) all employees to log-in-and-out when leaving the office. Further, he stated that some of the employees had been assigned to assist the other departments and agencies on Tinian primarily to help those departments and agencies after the issuance of the Governor's directive # 161 which imposed austerity measures in April 1995. All FTEs assigned to TMO were needed to ensure the delivery of public services to the people of Tinian in a timely manner. TMO needed more FTEs in order to effectively and efficiently provide services to the people of Tinian.

Subsequently, the new Mayor of Tinian responded to the draft audit report and concurred with the recommendations. He stated that from the first day of the new administration, he had implemented a strict policy of "**no work . . . no pay**". He had implemented this policy through the strong administrative actions of his Chief Executive Officer and Administrative Division Chief. With regards to the four employees who were AWOL but given regular hours, he stated that he would instruct the Administration Division Chief to investigate the incident and if it were found that a violation actually occurred, he would take immediate disciplinary action against the timekeeper, adjust the employees' annual leave, and thoroughly analyze the current system to develop a control procedure which will prevent the possibility of a repeat violation. Further, he stated that TMO admits that some of the TMO employees may serve a more productive and efficient role if transferred to other government agencies. Therefore, the Mayor's Office intends to develop a long-range plan to gradually transfer personnel to various government departments who may benefit from professional or vocational training.

### OPA Comments

We consider Recommendation 90 closed. Recommendations 88 and 91 are considered open and Recommendation 89 resolved because of the following.

Recommendation 88 - The response did not address the recommendation.

Recommendation 89 - OPA was not provided documents (*e.g.*, copies of application for leave and STS) to evidence enforcement of the recommendation.

Recommendation 91 - The response did not provide a time frame for action.

The additional information needed to close the recommendations is presented in APPENDIX C.

## DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED

### 28. SUPERIOR COURT - 11/1/95 Inspection

Our audit showed that (1) employees were granted in-house comptime for hours worked in excess of eight hours even without written authorization from the Presiding Judge, and an employee on probationary status was granted 23 hours of advance in-house comptime to offset absence due to sickness for which he did not have available sick or annual leave; and (2) Law Clerks and Special Assistants to the Presiding Judge did not use time cards or other records to document their time and attendance.

#### *No Written Directive from the Employees' Superior to Perform Comptime (A.3)*

Our inspection on November 1, 1995, showed that 13 employees took leave. Of these, 10 used in-house comptime. Our review of time cards against STS showed that employees earned comptime credits for work in excess of eight hours without authorization. Most of the comptime was earned by employees for reporting early in the morning (between 7 and 8 a.m.) and/or punching out at least 30 minutes after 5:00 p.m.

Because of the abuses in the accumulation of comptime in 1995, the Presiding Judge issued a memorandum on January 2, 1996 which stated that in 1996, comptime would only be accumulated upon his approval.

Our audit also showed that on November 1, 1995, a probationary employee charged in-house comptime for his absence. Our review of the comptime subsidiary ledger showed, however, that the employee did not have any comptime balance. After the comptime was posted, his balance resulted in a negative 23 hours. The timekeeper informed us that the employee was new and did not have enough sick leave balance to charge his absence of 48 hours due to sickness during the pay period ended November 11, 1995. Because of this, the Presiding Judge approved 23 hours "in-house IOU." However, the employee could have applied for leave to the sick leave bank.

#### *No Record of Employees' Daily Time-In-and-Out (B.2)*

Our inspection showed that Law Clerks and the Special Assistant to the Presiding Judge did not use time cards or other records such as a log sheet to document their time and attendance. The timekeeper stated that leave of these employees were determined based on the application for leave submitted. This procedure, however, did not ensure that employees actually reported for work as required because their time and attendance were not documented.

### Recommendations

We recommend that the Presiding Judge (92) require the employee who was then on probation to apply for sick leave hours from the sick leave bank. However, if the employee is not eligible, the Presiding Judge should direct the timekeeper to charge the 23 hours of advance comptime to LWOP; and (93) require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.

### Superior Court's Response

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The Presiding Judge concurred with both recommendations, and provided OPA copies of the (1) STS showing that the employee was charged 23 hours of annual leave; and (2) daily time-in-and-out sheets adopted by the law clerks.

**OPA Comments**

We consider Recommendations 92 and 93 closed.

## DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED

### 29. SUPERIOR COURT - 12/29/95 Inspection

Our audit showed that the Superior Court office was closed for an employees' New Year's party on the afternoon of December 29, 1995, and that employees charged one-half day to administrative leave with pay.

#### *Improper Grant of Administrative Leave to Employees (A.2)*

When OPA staff members arrived at the Superior Court Office on December 29, 1995 around 2:00 p.m., the Cashier's Office Service Window was closed. A notice was posted on the entrance door informing the general public that the Superior Court closed at 12:00 noon on December 29, 1995 and would resume regular business hours on January 2, 1996 at 8:00 a.m. The notice was unsigned and undated. To get confirmation that the Superior Court was really closed, we proceeded to the office entrance door and knocked. An unidentified man opened the door, confirmed that the Court was closed, and quickly shut the door. We knocked again and an employee informed us that the Court was closed and the employees were on administrative leave. When we asked for the memorandum which authorized the administrative leave, the employee retracted what she said. We looked for the timekeeper and she assisted us in our review of the employees' time cards. When we asked for help in physically identifying each employee, the Presiding Judge came and reiterated that their office was closed. We were shown a memorandum from the Presiding Judge dated December 27, 1995 titled "Notice from the Counsel" stating that the Court would close at 12:00 noon on Friday, December 29, 1995 and would resume regular business on Tuesday, January 2, 1996 at 8:00 a.m. A Supreme Court employee told us that the Courts were closed because staff members were attending a New Year's party at their office.

During our short visit, OPA staff members observed at least four individuals who walked up to the Service Window, read the notice and left. Additionally, in the January 5, 1996 edition of the Pacific Star, a businesswoman claimed that one of her employees had been detained and was unable to post bail. She insinuated that her employee had to spend more time than necessary in jail due to the fact that the Superior Court was closed from Friday noon until the following Tuesday morning.

Our review of the corresponding STS showed that the employees were not charged annual leave although they were not in the office on the afternoon of December 29, 1995. At least 22 employees were without annual or sick leave charges in the STS during that pay period. Apparently, the hours spent at the New Year's party were included in their regular hours since the employees were granted administrative leave with pay. The personnel regulations for the Judiciary titled Personnel Service System Regulations-Judiciary (PSSRJ) were adopted on October 1, 1984 by CSC and have not been revised. They do not show the stricter guidelines for granting administrative leave, i.e., they still included the clause "...for such reasons as the Chief Judge may determine (e.g., early closing on Christmas Eve)."

### Recommendations

We recommend that the Presiding Judge (94) discontinue the practice of closing the Court's office and granting administrative leave for occasions which do not warrant the charging of administrative leave. If it is necessary, however, to close the Court while the other government offices remain open, there should be a public notice issued far enough in advance for the general public to know. The public should not have to come to the Court

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only to learn that it is closed; and (95) initiate the update of the PSSRJ using the CSC's guidelines for granting administrative leave.

**Superior Court's Response**

No response was received from the Presiding Judge.

**OPA Comments**

We consider Recommendations 94 and 95 open. The additional information needed to close the recommendations is presented in APPENDIX C.

## DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED

### 30. Supreme Court - 12/29/95 Inspection

Our audit showed that the Supreme Court office was closed for an employees' New Year's party at the Superior Court's office on the afternoon of December 29, 1995, and that employees charged one-half day to administrative leave with pay.

#### *Improper Grant of Administrative Leave to Employees (A.2)*

When OPA staff members arrived at the Supreme Court Office on December 29, 1995 around 2:30 p.m., the office was closed and only one employee was working inside. A notice was posted on the entrance door informing the general public that the Supreme Court closed at 12:00 noon on December 29, 1995 and would resume regular business hours on January 2, 1996 at 8:00 a.m. The notice dated December 28, 1995 was signed by the Chief Justice. The employee inside the office told us that all the employees (except her) went to the Superior Court's office to attend a New Year's party.

Our review of the corresponding STS showed that the employees were not charged annual leave although they were not at the office on the afternoon of December 29, 1995. At least six employees were without annual or sick leave charges in the STS during that pay period. Apparently, the hours spent at the New Year's party were included in their regular hours since the employees were granted administrative leave with pay.

The personnel regulations for the judiciary titled PSSRJ were adopted on October 1, 1984 by CSC and have not been revised. They do not show the stricter guidelines for granting administrative leave, i.e., they still included the clause "... for such reasons as the Chief Judge may determine (e.g., early closing on Christmas Eve)."

### Recommendations

We recommend that the Chief Justice (96) discontinue the practice of closing the Court's office and granting administrative leave for occasions which do not warrant the charging of administrative leave. If it is necessary, however, to close the Court while the other government offices remain open, there should be a public notice issued far enough in advance for the general public to know. The public should not have to come to the Court only to learn that it is closed by reading a note on the door; and (97) initiate the update of the PSSRJ using the CSC's guidelines for granting administrative leave.

### Supreme Court's Response

No response was received from the Chief Justice.

### OPA Comments

We consider Recommendations 96 and 97 open. The additional information needed to close the recommendations is presented in APPENDIX C.

**DETAILS OF FINDINGS NOTED IN THE  
OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED****31. COMMONWEALTH UTILITIES CORPORATION (CUC) - 11/1/95 Inspection**

Our audit showed that thirteen employees took off on the afternoon of November 1 but their time cards indicated no official clock-out for the day.

*Employees who Took off Failed to Time-Out (B.2)*

Our verification of CUC employees' time and attendance showed that 13 employees took off in the afternoon of November 1 but their time cards indicated no official clock-out for the day. Subsequent examination of records indicated, however, that applications for annual leave were appropriately filed by the employees and approved by division officials. There was no assurance, however, that the number of leave hours reported was accurate.

**Recommendations**

We recommend that the CUC Executive Director direct (98) the division managers and supervisors to directly enforce and monitor the implementation of prescribed timekeeping procedures requiring daily clock-in-and-out; (99) the division managers and supervisors to require written justification from employees who failed to clock-in-and-out; (100) the division managers and supervisors to initial all manual entries in time cards, whether the hours were charged to leave or not; (101) the Office of the Deputy Executive Director to review and initial the written justification for failure to clock-in-and-out; and (102) the Payroll Section to determine compliance with the above recommendations (99, 100, and 101) before processing the employee payroll.

**CUC Response**

The CUC Chief of Administrative Services concurred with the recommendations, and provided OPA a copy of his memorandum to all CUC managers and supervisors implementing Recommendations 98 to 102. In addition, the Chief also issued another memorandum imposing disciplinary actions for employees' failure to comply with the established clocking procedures.

**OPA Comments**

We consider Recommendations 98 to 102 closed.

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### 32. NORTHERN MARIANAS ISLANDS RETIREMENT FUND (NMIRF) - 11/1/95 Inspection

Our audit showed that two employees did not record their attendance in the records during our inspection on November 1, 1995, but were nevertheless charged with regular hours in the summary report. The two employees claimed they were present but forgot to record their attendance on the Daily Time and Attendance Record.

#### *Employees Although Present Failed to Time-In (B.2)*

During our inspection at 3:20 p.m. on November 1, 1995, two employees of NMIRF did not time-in on the Daily Time and Attendance Record (DTAR- equivalent to time cards). One of the two employees had no application for leave. Because the timekeeper was absent, we asked the Administrator the whereabouts of the employee. He said that the first employee did not report for work and did not call the office. He added that the employee had health problems which forced her out of work the past few days. The other employee had an application requesting eight hours annual leave for that day.

Our verification of the summary report showed, however, that the two employees were not charged 8 hours sick or annual leave on November 1, 1995. Instead, the two employees were charged two and five hours annual leave, respectively.

On November 20, 1995, we brought the matter to the attention of the Administrator and the timekeeper. The timekeeper stated that the two employees forgot to record their time and attendance on the DTAR for November 1, 1995, but both employees were present in the office before OPA staff members conducted the inspection. We were provided with a copy of the DTAR for that day which showed that the two employees had timed-in-and-out already and worked six and three hours, respectively. When called by the Administrator, the employees stated the same information given by the timekeeper. In addition, the Administrator retracted his previous statement and said that he might have been referring to other dates.

#### **Recommendation**

We recommend that the Administrator (103) establish procedures that require the timekeeper to ensure that time and attendance of employees on the DTAR is complete. For example, the timekeeper should check the accuracy and completeness of information on the DTAR daily.

#### **NMIRF Response**

The Administrator stated that enforcement of the procedure would be improved in a manner consistent with the Personnel Rules and Regulations and established office policies. He provided OPA a copy of his memorandum issued to all staff members on the new office timekeeping policies where he emphasized strict compliance with the policies and stated that failure to do so would result in disciplinary actions. The memorandum provides that "Failure to time-in-and-out will be charged LWOP for the pay period during which it occurred. This means that you will not be paid for the day or days you did not time-in-or-out. If this event happens for three pay periods during a calendar year, appropriate disciplinary action will be instituted against the offending employee."

#### **OPA Comments**

We consider Recommendation 103 closed.

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### 33. NORTHERN MARIANAS COLLEGE (NMC) - Administrative Services, Admissions and Records, Business Office, etc. - 11/1/95 Inspection

Our audit showed that (1) several NMC offices were closed on the afternoons of December 22 and 29, 1995 (Christmas and New Year, respectively) and January 2 and 5, 1996 (NMC President's birthday and Former Dean of Student Affairs' Farewell parties, respectively), and employees were granted administrative leave; (2) only one of the seven departments inspected (Admissions and Records) required its employees to fill out daily time-in-and-out log sheets; (3) in-house comptime balances of the three employees in Admissions and Records were not monitored by the timekeeper but by the employees themselves; and (4) the Time sheet Summary Reports for the pay period ending December 23, 1995 for the three departments examined showed that the time charges of almost all employees were altered and the person(s) who altered them did not sign or initial.

#### *Improper Grant of Administrative Leave to Employees (A.2)*

While we were doing follow up work relating to the November 1, 1995 inspection, we found that NMC employees were allowed to leave the office on the afternoons of December 22 and 29, 1995 and January 2 and 5, 1996, and were granted administrative leave. Two memorandums dated December 22 and 29, 1995 stated that the President and Vice-Presidents have granted administrative leave beginning 1:00 p.m. on those days (with Christmas and New Year wishes, respectively). We also obtained information that administrative leave was granted on January 2 and 5, 1996 to those employees who attended the NMC President's birthday party at the beach and the former Dean of Student Affairs' farewell party at the beach park, respectively.

We selected three departments for review of the Time Sheet Summary Reports and Employee Time Sheets to determine whether administrative leave was charged on those days. Our review showed that the employees left the office in the afternoon of those days and were granted administrative leave.

The Contracts and Conditions of Employment included in the NMC Personnel Regulations provided that Administrative Leave with Pay is granted only in exceptional circumstances by the NMC President. There were no guidelines, however, on what should be considered exceptional circumstances. This was not in conformity with civil service rules and regulations which provide specific guidelines for granting administrative leave and which do not allow for Christmas, New Year, birthdays, and farewell parties.

#### *No Record of Employees' Daily Time-In-and-Out (B.2)*

Of the seven departments inspected, only Admissions and Records required its employees to fill out daily time-in-and-out log sheets. The timekeepers from the other six departments inspected told us that although employees were not required to record their time-in-and-out, department heads monitored their time charges. Employees taking annual leave were required to submit leave forms in advance. In emergency cases, employees having to take unscheduled leave would just call the office to report the leave. The department head reviewed the Timesheet Summary Report prior to submission to the NMC Business Office for payroll processing.

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### *Comptime Record not Maintained (B.5.c)*

One employee used her in-house comptime to offset the eight hour leave she took on November 1, 1995. When asked for the employee's comptime records, the timekeeper said that the records were being kept by the employee herself who was on leave that day. She told us that she was certain that the employee had available comptime hours because based on the applications for leave submitted to her, the comptime used by the employee had not exceeded over 100 hours in-house comptime available to be used up.

The timekeeper further said that there were two other employees who monitored their own in-house comptime, and that she was informed only of the number of comptime hours used based on the applications for leave submitted to her. During our inspection, only one employee's comptime record was available for examination. Details such as comptime hours used and the covering pay period were indicated in the record; however, the running balances were not indicated. We computed the balance and arrived at 28 hours in-house comptime balance as of November 10, 1995. Subsequently, the timekeeper faxed us the employees' comptime records which showed available balances of 69 and 6 hours, respectively. However, there was no assurance that the comptime hours were accurate because of the lack of control.

Also, the Time Sheet Summary Reports for the pay period ending December 23, 1995 for the three departments examined showed that the time charges of almost all employees were altered and the person(s) who altered did not sign or initial. We were informed that the alterations were made by both the department timekeepers and overall NMC timekeeper. The alterations were mostly to reflect administrative leave charges (previously charged to regular hours).

### **Recommendations**

We recommend that the NMC President (104) require all timekeepers to control in-house comptime records of employees; (105) require both the Department Head and the timekeeper to initial any alteration in the STS; (106) refrain from closing its office and granting administrative leave for those occasions which do not warrant charging administrative leave; (107) initiate the update of the NMC Personnel Regulations using the CSC's guidelines for granting administrative leave; and (108) require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.

### **NMC Response**

In the initial response of the NMC President, she generally concurred with the recommendations except for Recommendation 108, and did not address Recommendation 107. In her subsequent response to the draft audit report, she addressed Recommendation 107 and expressed concurrence. However, she still expressed disagreement with Recommendation 108. In the initial response, the NMC President stated that faculty employees have responsibilities, both in and out of the classroom, which more than match the equivalent of 80 hours every pay period. NMC has charged non-faculty employees to fulfill 80 hours of work each pay period. In her subsequent response, the NMC President explained that the College does not intend to use time clocks because it is an educational institution and not a factory. She also stated that "activities such as planning/preparing for classes or correcting student papers - both of which can be done at home - or conducting laboratories, or advising and counseling students, or attending faculty and committee meetings, or a myriad of other normal NMC duties

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performed by faculty and other professional employees of NMC militate against the suggestion that they be required to punch a time clock”.

### OPA Comments

We consider Recommendation 106 closed. Recommendations 104 and 105 are considered resolved and Recommendations 107 and 108 are considered open because of the following.

Recommendations 104 and 105 - OPA was not provided documents (*e.g.*, copies of written instruction to the employees) to evidence enforcement of the recommendations.

Recommendation 107 - The response did not provide a time frame for action.

Recommendation 108 - NMC should reconsider and implement the recommendation. OPA believes that both faculty and non-faculty employees should be required to document their time and attendance because there is no assurance that they actually worked 80 hours in a pay period unless there is a written record which would evidence the number of hours they actually worked. Without the use of any tool to monitor time and attendance, even NMC itself has no proof that an employee has actually performed the “various activities” full time. This should not be tolerated especially if government funds are involved. The salaries of NMC employees are paid out of government funds for which greater accountability should be observed compared to privately run institutions. It is the responsibility of all government officials, including NMC, to ensure that government funds are safeguarded from waste and abuse.

As OPA has recommended, time monitoring could be done through the use of time clocks or any alternative method. If time clocks are not acceptable, NMC can adopt other reasonable methods for time keeping. For example, Bi-Weekly Activity Reports can be required from faculty employees showing the number of hours worked and a brief description of the nature of the work performed daily. For non-faculty employees, daily time-in and time-out sheets should be required since they are required to report for work at the office from 7:30 a.m. to 4:30 p.m. (or work on a “flexible time” basis). This documentation will serve as evidence that actual work has been performed and at the same time provide NMC officials a tool to determine the progress of work of its employees.

The additional information needed to close the recommendations is presented in APPENDIX C.

**DETAILS OF FINDINGS NOTED IN THE  
OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED****34. NORTHERN MARIANAS HOUSING CORP. (NMHC) - 11/1/95 Inspection**

Our audit showed that (1) the annual leave and comptime charges taken by several employees on November 1, 1995 were not reported in the time sheet; and (2) the last posting in the comptime records of two employees were on April 9 and September 24, 1994, respectively, although there were comptime hours earned and used after those dates.

*Employees on Annual Leave and Comptime Improperly Charged with Regular Hours (A.1.3)*

Our subsequent review of time cards showed that two employees took two hours annual leave on November 1, 1995. The time sheet showed, however, that they did not take annual leave during that day, and instead were charged regular hours. The timekeeper was on vacation when we examined the time cards and time sheet. We brought the matter to the attention of the accountant who acknowledged the error and stated he would make an adjustment in the next pay period's time sheet (ending 11/25/95). We subsequently verified that an adjustment was made.

Another employee was not present when we visited the NMHC office on November 1, 1995. Our subsequent review of time cards showed that he took eight hours leave that day and used comptime to offset the leave. We also noted that he took four hours leave on October 30, 1995 and also used his comptime. The time sheet showed, however, that eight hours comptime was charged on October 30, 1995 and no leave was charged on November 1, 1995.

On December 13, 1995, we brought the matter to the attention of the timekeeper who stated she would adjust the error in the next pay period's time sheet (Ending 12/23/95). The timekeeper told us that the error in reporting comptime charges was due to oversight. The timekeeper also said that time charges in the time sheets were reviewed by the Comptroller and/or the Office Manager; however, we found no evidence of review on the time sheet.

*Comptime Record not Updated (B.5.c)*

We could not verify if the two employees who charged two hours and one hour comptime, respectively, on November 1, 1995 had any available comptime balances. Our examination of their comptime records showed that the latest postings by the timekeeper were made on April 9 and September 24, 1994, respectively. The employees had 187.50 and 37.88 hours remaining balance.

The timekeeper told us that she was certain these employees had available comptime hours. According to her, these employees earned a lot of comptime during 1995 and to evidence this, we were shown voluminous comptime requests of the employees. The timekeeper told us that the backlog in posting comptime transactions occurred because of inadequate accounting staff. She added that NMHC did not give priority to the timely posting of comptime transactions.

## **DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED**

### **Recommendations**

We recommend that the Corporate Director (109) require the Comptroller and/or the Office Manager to review time sheets and document such review by signing or initialing. Entries in the time sheet should be compared to time cards and applications for leave, and there should be documentation (such as signing) to evidence review; (110) recover the four hours comptime taken by one employee by charging four hours against his available comptime balance; and (111) require the timekeeper to keep the comptime transactions posted in the comptime record on a timely basis.

### **NMHC Response**

The former Comptroller agreed with Recommendation 109, did not address Recommendation 110, and disagreed with Recommendation 111. He stated that he reviewed payroll spreadsheets, and that this was usually evidenced by marking each entry on the sheet, but that he erroneously just missed the items in question. He also stated that NMHC's regulations provided that all comptime must be taken within the next four pay periods or be lost. The posting of other comptime to the records was to keep track only of the hours worked by employees and was not used for purposes of payment since any prior to the next four pay periods would be invalid. Subsequently, the NMHC Corporate Director responded to the draft audit report and concurred with Recommendations 110 and 111; she also provided OPA copies of documents to evidence enforcement of the recommendations.

### **OPA Comments**

We consider Recommendations 109 to 111 closed.

## DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED

### 35. COMMONWEALTH DEVELOPMENT AUTHORITY - 11/1/95 Inspection

Our audit showed that (1) CDA employees left the office by 3:00 p.m. on November 1, 1995 and were subsequently allowed to charge administrative leave; and (2) CDA did not require employees to record their daily time-in-and-out.

#### *Improper Grant of Administrative Leave to Employees (A.2)*

The CDA office was closed when we visited it on November 1, 1995 around 3:30 p.m. A subsequent review of the Employees' Time and Attendance Record (ET&AR - summarized daily time charges) showed, however, that only seven employees took leave that day. The remaining eight employees, although not in the office when we visited, did not report leave and instead charged eight regular work hours.

In his letter dated November 20, 1995 to the Public Auditor, the CDA Executive Director explained that on Nov. 1, he informed the remaining eight employees who did not take leave that the office would close at 3:00 p.m. These employees were subsequently allowed to charge administrative leave. The Executive Director said his action was based upon the instruction of the CDA Board Chairman who called him to close the office by 3:00 p.m.

#### *No Record of Employees' Daily Time-In-and-Out (B.1)*

CDA did not require employees to record their daily time-in-and-out. The timekeeper told us that employees monitored their own time and were responsible for the time charged in the ET&AR which was used as basis for payroll processing.

### **Recommendations**

We recommend that the Executive Director (112) take steps to reverse the administrative leave granted to CDA employees covering two hours on November 1, 1995; and (113) require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.

### **CDA Response**

The former Executive Director agreed with Recommendation 112 and disagreed with Recommendation 113. He provided OPA a copy of his memorandum to the CDA-Finance & Accounting Division to charge 1 hour annual leave to employees who left the office at 3:30 p.m. as instructed by the CDA Management. He stated, however, that he finds it very unprofessional for OPA to insinuate that CDA does not control the time and attendance of employees, and that the use of time cards to control employee time charges will be less accurate because of power outages.

Subsequently, the CDA Acting Executive Director responded to the draft audit report and concurred with Recommendation 113. She also provided OPA copies of documents (e.g., copies of written instructions to the employees and Daily Time and Attendance Record) to evidence enforcement of the recommendation.

### **OPA Comments**

We consider Recommendations 112 and 113 closed.

## DETAILS OF FINDINGS NOTED IN THE OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED

### 36. PUBLIC SCHOOL SYSTEM (PSS) - Instruction/Curriculum Office, Personnel Management Office, and Procurement & Supply/Administration Office - 1/29/96 Inspection

Our audit showed that (1) 16 employees did not time-out on January 29, 1996 and were given eight regular hours on the STS; (2) 8 employees manually filled out their time cards to indicate time-in-and-out instead of using the time clock; and (3) employees did not consistently log in the Log-In-and-Out Sheet whenever they left the office during working hours.

#### *No Record of Employees' Time-Out (B.2)*

Our review of the time cards for the pay period ending February 3, 1996 showed that 16 employees did not time-out on the afternoon of January 29, 1996. Examination of time records indicated, however, that employees were given eight regular hours that day.

#### *Manually Filled Out the Time card Instead of Using the Time Clock (B.3)*

Our review of the time cards for the pay period ending February 3, 1996 showed that on January 29, 1996, eight employees manually filled out their time cards to indicate time-in-or-out. Only one of the eight employees had supervisor's initial on the time cards. The Deputy Commissioner for Instruction explained that most of the employees in his office were assigned to different CNMI public schools and not all were using time clocks; thus, some employees either manually filled out their time cards or prepared a schedule of daily activities. These were submitted to the time keeper at the end of each pay period as justification of their time charges. Our review showed, however, that only three of the eight employees were assigned to schools. The Deputy Commissioner for Instruction explained that others manually filled out timecards because they might have failed to punch the time clock.

#### *Whereabouts of Employees Out During Office Hours not Documented (B.5.a)*

Our audit showed that employees did not consistently log in the Log-In-and-Out Sheet (equivalent to sign-in-and-out sheets). At the time of our inspection, two employees who were out on official business did not fill out the Log-In-and-Out Sheet. Our subsequent review of the Log-In-and-Out Sheet showed that on January 29, 1996, 3 employees who logged-out failed to indicate the times they left and returned to the office, and eight indicated only the time they left the office.

### **Recommendations**

We recommend that the PSS Commissioner issue a memorandum requiring all employees to (114) consistently punch the time clock; (115) stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable or when the employee is assigned to a location where no time clock is available), which should be justified and approved by the division manager; and (116) instruct employees who leave the office during working hours to personally log their destination (including purpose, time of leaving, and time returned) in the Log-In-and-Out Sheets.

**DETAILS OF FINDINGS NOTED IN THE  
OFFICES, DEPARTMENTS, AND AGENCIES INSPECTED**

**PSS Response**

No response was received from the PSS Commissioner.

**OPA Comments**

We consider Recommendations 114 to 116 open. The additional information needed to close the recommendations is presented in APPENDIX C.

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**STATUS OF RECOMMENDATIONS (to individual agencies)**

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
1. Take appropriate disciplinary action against the timekeeper.	DLI	Closed	The Secretary of DLI concurred with all the recommendations, and provided OPA a copy of the revised assignment of administrative duties and responsibilities which addressed the OPA recommendations. The timekeeper was relieved of her administrative duties and the review of STS for all divisions was centralized in the Administrative Supervisor. The four employees without time cards were required to use the time clock through a memorandum.
2. Require the Director of Employment to consistently exercise due care in the review of STS.	DLI	Closed	
3. Require both the Director of Employment and the timekeeper to initial any alteration in the STS.	DLI	Closed	
4. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.	DLI	Closed	
5. Take steps to reverse the administrative leave granted to P & S employees covering one-half-day for December 22, 1995.	DOF	Open	The Secretary of DOF stated that to address the OPA recommendations in the three audit memorandums issued to DOF, a DOF Time and Attendance Policy was issued. For Recommendation 5, the Secretary stated that the P&S Director would be asked to forward to OPA an amended STS showing reversal of the administrative leave.
6. Refrain from closing its office and granting administrative leave for those occasions not provided in the personnel regulations, such as Christmas/New Year party.	DOF	Open	Further Actions Needed  Recommendation 5 - The P&S Director should provide OPA a copy of the amended STS.  Recommendation 6 - The Secretary of DOF should provide OPA a policy which is geared toward addressing this issue.
7. Require employees at the Secretary's Office to punch the time clock or maintain a document which can monitor daily time and attendance; and	DOF	Closed	
8. Require all employees of the Division of Finance and Accounting to stop manually timing-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager.	DOF	Closed	
9. Instruct all employees to have their comptime requested and approved in advance through a Request and Authorization Form; the branch manager should certify to the time-	DOF	Closed	

**STATUS OF RECOMMENDATIONS (to individual agencies)**

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
keeper all comptime work performed and the timekeeper should credit the employee only for comptime hours supported by an authorization form.			
10. Establish alternative procedures which will document emergency comptime approval.	DOF	Closed	
11. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.	DOF	Closed	
12. Stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager.	DOF	Closed	
13. Establish procedures for monitoring time of employees who for valid reasons go directly to other offices before reporting to the main office.	DOF	Closed	
14. Establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours.	DOF	Closed	
15. Comply with the FLSA requirement regarding overtime.	DOF	Closed	
16. Establish procedures for documenting the calls of employees reporting leave.	DOF	Closed	

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**STATUS OF RECOMMENDATIONS (to individual agencies)**

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
17. Require the DFW Director to time-in-and-out. In case the Director fails to time-in or out, the timekeeper should charge the corresponding hours to Leave Without Pay (LWOP) or AWOL, as applicable.	DLNR	Closed	The Secretary of DLNR responded that he would take immediate action on all the audit recommendations, and provided OPA a copy of the Acting DFW Director's memorandum to all staff members to comply with certain OPA recommendations and with personnel regulations.
18. Admonish the DFW Director for repeated lateness and absences.	DLNR	Open	Further Actions Needed
19. Stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager.	DLNR	Open	Recommendation 18 - The Secretary of DLNR should provide OPA a copy of the memorandum admonishing the DFW Director.
20. Establish procedures for documenting the calls of employees reporting leave.	DLNR	Closed	Recommendation 19 -The Secretary of DLNR should provide OPA a copy of the written instruction to the employees.
21. Require the timekeeper to ensure that time cards are available at the start of each pay period.	DLNR	Open	Recommendation 21 - The Secretary of DLNR should provide OPA a copy of the written instruction to the timekeeper.
22. Establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours.	DLNR	Closed	
23. Issue a memorandum requiring all employees who leave the office during working hours to personally log their destination (including purpose, time of leaving, and time returned) in a sign-in-and-out sheet.	DLNR	Open	No response was received.  Further Action Needed  Recommendations 23 - The Secretary of DLNR should provide OPA a copy of the written instruction to the employees.

**STATUS OF RECOMMENDATIONS (to individual agencies)**

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
24. Issue a memorandum requiring all employees to personally record their actual time-in-and-out in the Daily Time Sheet. Rota and Tinian employees should also provide the CRMO timekeeper with their copies of Daily Time Sheet.	DLNR - CRMO	Open	No response was received.  Further Actions Needed  Recommendations 24 - The Secretary of DLNR should provide OPA a copy of the written instruction to the employees.
25. Establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours.	DLNR - CRMO	Open	Recommendation 25 - The Secretary of DLNR should provide OPA copies of the established sign-in-and-out sheet and the written instruction to the employees.  Recommendation 26 - The Secretary of DLNR should provide OPA a copy of the developed written policies and procedures.
26. Establish a procedure for monitoring time of employees who for valid reasons go directly to other offices before reporting to the main office.	DLNR - CRMO	Open	
27. Require employees to personally record their actual time-in-and-out in the Daily Time & Attendance Record. Procedures should be established for monitoring time of employees who for valid reasons go directly to other offices before reporting to the main office.	DLNR - ZDO	Closed	The Acting Director of ZDO concurred with the recommendations and provided OPA a copy of his June 11, 1996 memorandum to the staff members emphasizing the need for compliance with the personnel regulations regarding time and attendance records and with the in-house log policy of signing-in-and-out each time they leave the office.
28. Require employees to personally log their destination (including purpose, time of leaving, and time returned) in the Time Log Record whenever they are out of the office during working hours.	DLNR - ZDO	Closed	

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**STATUS OF RECOMMENDATIONS (to individual agencies)**

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
29. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.	SAA	Closed	The Special Assistant for Administration concurred with the recommendations, and provided OPA a copy of the Minutes of Timekeepers Meeting held on September 30, 1996 when he emphasized to all the timekeepers, including PIO's, to observe the rules and regulations in regards to keeping proper time and attendance for all employees. In the meeting, he stressed the importance of completing the daily time sheets and the in/out logbook to properly monitor where an employee is at all times. He also said that in regards to those employees who may not adhere to the regulations, he should be informed immediately so that the matter will be addressed promptly.
30. Establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours.	SAA	Closed	
31. Discontinue the practice of not charging the appropriate type of leave in any time-off that reduces a work day to less than eight hours.	DCCA - CAO	Closed	The CAO Executive Assistant concurred with all the recommendations. He stated that CAO is implementing the sign-in-and-out sheet and has purchased a timeclock.
32. Take steps to charge appropriate leave for the employees' unworked hours.	DCCA - CAO	Open	Further Actions Needed  Recommendation 32 - The CAO Executive should provide OPA copies of application for leave and STS evidencing that the employees were charged leave.
33. Develop and implement written policies and procedures in the use of the flexible time system, if CAO decides to continue its use.	DCCA - CAO	Open	Recommendation 33 - The CAO Executive should provide OPA a copy of the developed written polices and procedures in the use of the flexible time system.
34. Establish procedures for documenting the calls of employees reporting leave.	DCCA - CAO	Open	Recommendation 34 - The CAO Executive should provide OPA a copy of the developed written policies and procedures.
35. Establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours.	DCCA - CAO	Open	Recommendation 35 - The CAO Executive should provide OPA copies of the established sign-in-and-out sheet and the written instruction to the employees.

**STATUS OF RECOMMENDATIONS (to individual agencies)**

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
36. Take steps to reverse the administrative leave granted to DCCA employees covering half-day for December 29, 1995.	DCCA	Open	The Secretary of DCCA concurred with Recommendations 37 to 39, and stated that these recommendations would be complied with. With regard to Recommendation 36, he stated that since it was the Executive Branch which gave authority to the Secretary of DCCA to grant administrative leave, it would have to be the Executive Branch's decision to reverse that leave.
37. Refrain from closing its office and granting administrative leave for those occasions not provided in the personnel regulations, such as Christmas/New Year party.	DCCA	Closed	Further Actions Needed
38. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.	DCCA	Resolved	Recommendation 36 - The Secretary of DCCA should provide OPA a copy of the documented reversal of the administrative leave such as a memorandum, application for leave and STS.
39. Stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager.	DCCA	Resolved	Recommendations 38 and 39 - The Secretary of DCCA should provide OPA a copy of the written instruction to the employees.
40. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.	PDO	Open	<p>The former Public Defender disagreed with the recommendation, and stated that if exempt employees will be required to document their daily time-in-and-out, the employees would be abused or hampered in working additional hours, and would lose their exempt status. Also, no statute or regulation requires that excepted service employees should time-in-and-out on the Daily Time and Attendance Report. The new Acting Public Defender responded to the draft audit report where he generally shared the same opinion with the former Public Defender.</p> <p>Further Action Needed</p> <p>Recommendation 40 - PDO should reconsider and implement the recommendation by providing OPA a copy of the developed written policies and procedures to document the accounting for the attorneys' time.</p>

**STATUS OF RECOMMENDATIONS (to individual agencies)**

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>41. Comply with the FLSA and the CNMI Ex-cepted Service Personnel Regulations by disallowing the accumulation and use of comptime by executive, professional and administrative employees.</p>	<p>DOC - MVB</p>	<p>Closed</p>	<p>The MVB Managing Director concurred with the recommendation, and stated that as of Decem-ber 31, 1995, MVB no longer allowed its managers to accrue comptime. MVB stated that it sought direction from the Personnel Office and OPA on what to do with/how to dispose of the accrued comptime that was recorded in the books prior to audit. It was concluded that the accrued comptime could either be used up by, paid to, or converted to the annual leave of, the employees. The affected employees opted to convert their comptime accruals into annual leave.</p>
<p>42. Issue a memorandum requiring all employees to use the time clock for their daily time-in-and-out and to maintain a document, such as a log sheet, which can monitor daily time and attendance.</p>	<p>DOC</p>	<p>Open</p>	<p>The Secretary of DOC disagreed with Recom-mendation 42 and stated that he planned to continue exercising his discretion to exempt any employee he chose from the official timekeeping method and require alternative method such as log sheets (listing the sum total of the hours worked on any given day). Regard-ing Recommendation 43, he stated that the employees' supervisors would be instructed to continue ensuring the submission of accurate timekeeping records. For Recommendation 44, he stated that a mandatory Sign-out Sheet for all employees not on the clock and leaving the premises would be initiated. The Secretary further stated that there was no absolute rule or regulation in the CNMI government requiring use of time clocks, see PSSRR.</p>
<p>43. Stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager.</p>	<p>DOC</p>	<p>Open</p>	<p>Further Actions Needed</p> <p>Recommendation 42 and 43 - The Secretary of DOC should provide OPA a copy of the written instruction to the employees.</p> <p>Recommendation 44 - The Secretary of DOC should provide OPA copies of the established sign-in-and-out sheet and the written instruction to the employees.</p>
<p>44. Establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memo-randum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours.</p>	<p>DOC</p>	<p>Open</p>	<p>Further Actions Needed</p> <p>Recommendation 42 and 43 - The Secretary of DOC should provide OPA a copy of the written instruction to the employees.</p> <p>Recommendation 44 - The Secretary of DOC should provide OPA copies of the established sign-in-and-out sheet and the written instruction to the employees.</p>

**STATUS OF RECOMMENDATIONS (to individual agencies)**

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
45. Take steps to charge appropriate leave for the employees' unworked hours.	OMB	Resolved	No response was received from the former Special Assistant for Management and Budget. The new Acting Special Assistant responded to the draft audit report; she concurred with the recommendations, and provided OPA copies of the related time and attendance policies which addressed the recommendations.
46. Discontinue the practice of not charging the appropriate type of leave in any time-off that reduces a work day to less than eight hours.	OMB	Closed	Further Actions Needed  Recommendations 45 and 48 - The Special Assistant for Management and Budget should provide OPA copies of application for leave and STS evidencing that the employees were charged leave.
47. Issue a memorandum to all employees that the Director of Personnel's memorandum dated May 30, 1995 will be followed by taking adverse action for offenses such as habitual tardiness.	OMB	Closed	Recommendation 50 - The Special Assistant for Management and Budget should provide OPA a copy of the written instruction to the employees.
48. Take action to reverse the timekeeper's compassionate leave and charge him with annual leave.	OMB	Resolved	
49. Ensure that compassionate leave is granted in accordance with the provisions of the personnel regulations.	OMB	Closed	
50. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.	OMB	Resolved	
51. Issue a memorandum requiring all employees to record their actual time-in-and-out in the time cards.	CSC	Open	The Acting CSC Chairman stated that CSC had implemented the recommendation beginning July 12, 1996, the date when CSC received the OPA draft audit memorandum.  Further Action Needed  Recommendation 51 - The CSC Chairman should provide OPA a copy of the written instruction to the employees.

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**STATUS OF RECOMMENDATIONS (to individual agencies)**

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
52. Take appropriate disciplinary actions against the two employees who were AWOL.	DPH - MMS	Closed	The MSO concurred with Recommendations 54 and 55, and provided documents to evidence that corrective measures were implemented. He expressed disagreement, however, with Recommendations 52 and 53. We requested the Secretary of Public Health to reconsider Recommendations 52 and 53. Subsequently, the Secretary provided OPA copies of the (1) letter instructing the Personnel Division to charge the two employees with four hours of AWOL, and (2) reprimand letters issued to the two employees.
53. Adjust the leave charges of the two employees by charging each of them 4 hours for being AWOL and crediting each of them 4 hours annual leave.	DPH - MMS	Closed	
54. Establish procedures for documenting the calls of employees reporting leave.	DPH - MMS	Closed	
55. Instruct employees who leave the office during working hours to personally log their destination (including purpose, time of leaving, and time returned) in a sign-in-and-out sheet.	DPH - MMS	Closed	
56. Stop allowing employees to work at home and manually write "8" hours in each day.	DPH	Open	No response was received.
57. Require all employees to time-out during lunch break.	DPH	Open	Further Actions Needed
58. Stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager.	DPH	Open	Recommendations 56, 57 and 58 - The Secretary of DPH should provide OPA copies of the written instructions to the employees.
59. Establish procedures for monitoring time of employees who for valid reasons go directly to other offices before reporting to the main office.	DPH	Open	Recommendation 59 - The Secretary of DPH should provide OPA a copy of the developed written policies and procedures.
60. Establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours.	DPH	Open	Recommendation 60 - The Secretary of DPH should provide OPA copies of the established sign-in-and-out sheet and the written instruction to the employees.
61. Adjust the leave charges of the four employees.	DPW	Open	No response was received.

**STATUS OF RECOMMENDATIONS (to individual agencies)**

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p>Further Action Needed</p> <p>Recommendation 61 - The Secretary of DPW should provide OPA copies of application for leave and STS evidencing that the employees were charged leave.</p>
<p>62. Instruct the DPW timekeeper to ensure that the time charges of DPW employees are correctly summarized in the STS. Likewise, all supervisors should be instructed to ensure that employees who are absent from work are properly charged appropriate leave for the hours not worked. Supervisors should stop the practice of granting regular hours for the time not worked by employees. Appropriate disciplinary action should be initiated for supervisors who continue to grant regular hours for employees' absences.</p>	DPW	Open	<p>No response was received.</p> <p>Further Actions needed</p> <p>Recommendation 62 and 63 - The Secretary of DPW should provide OPA copies of the written instructions to the timekeeper and supervisors.</p> <p>Recommendation 65 and 66- The Secretary of DPW should provide OPA a copy of the written instruction to the employees.</p>
<p>63. Require that in-house comptime records be regularly updated.</p>	DPW	Open	<p>Recommendation 64 - The Secretary of DPW should provide OPA copies of application for leave and STS evidencing that the employee was charged leave, and written instruction to the employees.</p>
<p>64. Apply appropriate adverse action to the employee for her habitual tardiness. The DPW Secretary should require that employees be charged as AWOL when the employee fails to call the office before a designated time, perhaps 8:00 a.m., to obtain prior approval except in bona fide emergencies.</p>	DPW	Open	<p>Recommendation 67 and 68 - The Secretary of DPW should provide OPA copies of the developed written policies and procedures.</p>
<p>65. Require all employees to punch a time clock or maintain a document which can monitor daily time and attendance.</p>	DPW	Open	
<p>66. Stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable), which should be justified and approved by the division manager.</p>	DPW	Open	
<p>67. Establish procedures for documenting the calls of employees reporting leave.</p>	DPW	Open	

**STATUS OF RECOMMENDATIONS (to individual agencies)**

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
68. Establish procedures for monitoring time of employees who for valid reasons go directly to other offices before reporting to the main office.	DPW	Open	
69. Take steps to reverse sick leave granted to the two employees, stop the practice of granting sick leave hours in lieu of charging LWOP, and reconvert all sick leave to annual leave and LWOP from the time this practice began.	NIMO	Closed	The Mayor disagreed with the recommendation because he disputed the finding that there was improper use of sick leave. The Mayor stated that he approved four hours annual leave and four hours sick leave for the two employees because the employees informed him that they were sick during the afternoon of November 1, 1995. The error was that the information was not relayed to the timekeeper. He also stated that upon complete review of NIMO's time and attendance record for 1994, 1995, and up to the most recent pay period in 1996, no case was noted where the sick leave was converted to annual leave. Further, it had never been a policy of the NIMO to grant sick leave for employees who are not sick.
70. Establish a sign-in-and-out sheet which should include the date, name of employee, time of leaving the office, time returned, location, contact tel. no. and purpose. Employees should be required by a memorandum to personally log entries in the sign-in-and-out sheet when leaving the office during office hours.	NIMO	Open	<p>For Recommendation 70, he stated that NIMO is currently reviewing the feasibility of using the recommended format for monitoring staff members' activities and whereabouts for the hourly employees. He stated that for professional employees, strict adherence to accountability on an hour-to-hour basis is not recommended as professional employees are expected to work in excess of eight hours per day and often are required to work on weekends and evenings without additional compensation.</p> <p><b>Further Actions Needed</b></p> <p>Recommendation 70 - The Mayor should provide OPA copies of the established sign-in-and-out sheet and the written instruction to the employees.</p>

**STATUS OF RECOMMENDATIONS (to individual agencies)**

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
71. Issue a memorandum to the two employees requiring them to time-in-and-out on the DTA sheet.	RMO	Resolved	No response was received from the Chief Administrative Officer. The new Mayor of Rota responded to the draft audit report and concurred with the recommendations. He stated that problems noted in the previous Mayor's Office with regards to time and attendance will not be repeated under his administration.
72. Evaluate the work and professional status of the legal counsel and the advisor under the Mayor's Office to determine whether they should be considered regular employees or contractors for professional services. Compel the two to comply with personnel regulations if they are to be in employment status; otherwise, amend the employment contracts to professional service contracts if they are to be considered as providers of professional service.	RMO	Closed	<p>Further Actions Needed</p> <p>Recommendation 71 - The Mayor should provide OPA a copy of the written instruction to employees.</p> <p>Recommendation 73 - The Mayor should provide OPA the result of the discussions with the head of other agencies.</p>
73. Discuss with the head of other agencies the possibility of permanent transfer for 40 temporarily assigned employees while reviewing the Mayor's Office staffing requirements and requesting only the number of FTEs actually needed by the office.	RMO	Open	
74. Take appropriate disciplinary actions against the three employees who were AWOL.	RMC	Open	<p>The Chief of Staff stated that the results of the audit were correct, and that the findings noted were inherent and did not develop during his tenure as the chief. He stated that he had imposed strict administrative policies against abusing government hours and on several occasions charged AWOL to those employees who did not report to work. He said, however, that unfortunately he lacked the time to completely rectify the problems because he resigned effective November 11, 1995. He stated that he had spoken with the incoming Chief of Staff and discussed several recommendations, including OPA recommendations.</p> <p>Further Actions Needed</p> <p>Recommendation 74 - The Chief of Staff should provide OPA a copy of memorandum taking appropriate disciplinary actions against the three employees who were AWOL.</p>

**Appendix C**  
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**STATUS OF RECOMMENDATIONS (to individual agencies)**

<b>Recommendations</b>	<b>Agency to Act</b>	<b>Status</b>	<b>Agency Response/ Additional Information or Action Required</b>
75. Adjust the leave charges of the three employees by charging each of them as AWOL and crediting each of them regular hours or annual/sick leave.	RMC	Open	Recommendation 75 - The Chief of Staff should provide OPA copies of the application for leave and STS evidencing that the employees were charged leave.
76. Issue a memorandum requiring all employees to personally record their actual time-in-and-out in the daily time and attendance sheet.	RMC	Open	Recommendation 76 and 78 - The Chief of Staff should provide OPA a copy of written instruction to the employees.
77. Establish procedures for documenting the calls of employees reporting leave.	RMC	Open	Recommendation 77 - The Chief of Staff should provide OPA a copy of the developed written policies and procedures.
78. Instruct employees who leave the office during working hours to personally log their destination (including purpose, time of leaving, and time returned) in a sign-in-and-out sheet.	RMC	Open	Recommendation 79 - The Chief of Staff should provide OPA a copy of the result of the discussions with the head of other agencies.
79. Discuss with the head of other agencies the possibility of permanent transfer for 7 temporarily assigned employees, review its staffing requirements, and request only the number of FTEs actually needed by the office.	RMC	Open	
80. Take appropriate disciplinary action against the timekeeper.	SMC	Open	No response was received.  Further Actions Needed
81. Discontinue the practice of not charging the appropriate type of leave for any time-off that reduces a work day to less than eight hours.	SMC	Open	Recommendation 80 - The SMC Executive Director should provide OPA a copy of memorandum taking appropriate disciplinary action against the timekeeper.
82. Adjust the leave charges of the two employees in question.	SMC	Open	Recommendation 81 and 83 - The SMC Executive Director should provide OPA a copy of written instruction to the timekeeper.
83. Require the timekeeper to ensure that time cards are available at the start of each pay period.	SMC	Open	Recommendation 82 - The SMC Executive Director should provide OPA copies of application for leave and STS evidencing that the employees were charged leave.

## STATUS OF RECOMMENDATIONS (to individual agencies)

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
84. Require the Administrative Officer or designee to exercise due care in the review of STS.	SMO	Open	The new Mayor of Saipan responded to the draft audit report and concurred with the recommendations. He stated that since he took office, the Mayor's Office had implemented steps necessary to monitor employees' time and attendance more closely. SMO is charging employee leave for tardiness if the employee does not work 40 hours per week and making sure that all employees' leave are properly charged. With regards to adjusting the leave charges of the three employees in question, only Employee no. 74708 remains working at SMO, and therefore only that employee's time charges would be adjusted. With regards to Recommendation 87, the Mayor stated that the person responsible is no longer working at SMO.
85. Discontinue the practice of not charging the appropriate type of leave for any time-off that reduces a work day to less than eight hours.	SMO	Closed	
86. Adjust the leave charges of the three employees.	SMO	Open	Further Actions Needed  Recommendation 84 - The Mayor of Saipan should provide OPA a copy of the written instruction to the Administrative Officer or designee.  Recommendation 86 - The Mayor of Saipan should provide OPA copies of the application for leave and STS evidencing that the employees were appropriately charged leave.
87. Investigate the person responsible for filling out the mechanic's time card and impose appropriate disciplinary action. Any action taken in this regard should be written and documented.	SMO	Open	Recommendation 87 - the Mayor of Saipan should provide OPA a copy of the documentation of the violation committed by the employee.
88. Take appropriate disciplinary actions against the four employees who were AWOL.	TMO	Open	The former Mayor of Tinian concurred with the recommendations. He explained that the Park Ranger Timekeeper correctly entered the AWOL status for the four employees on October 2, 1995, but in preparing the summary to be sent to the TMO, he erroneously charged the four employees with regular hours. He provided OPA copies of a memorandum requiring (1) the Park Ranger Timekeeper, within 30 days, to recoup from the employees the illegal payment; otherwise, he would be responsible for reimbursing the government; (2) the timekeepers to send to TMO a certified copy of the time sheets of each TMO employee assigned to their departments; and (3) all employees to log-in-and-out when leaving the office. Further, he

**Appendix C**  
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**STATUS OF RECOMMENDATIONS (to individual agencies)**

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			<p>stated that some of the employees had been assigned to assist the other departments and agencies on Tinian primarily to help those departments and agencies after the issuance of the Governor's directive #161, which imposed austerity measures in April 1995.</p> <p>Subsequently, the new Mayor of Tinian responded to the draft audit report and concurred with the recommendations. He stated that from the first day of the new administration, he had implemented a strict policy of "no work . . . no pay". With regards to the four employees who were AWOL but given regular hours, he stated that he would instruct the Administration Division Chief to investigate the incident and perform and if it were found that a violation actually occurred, he would take immediate disciplinary action against the timekeeper, adjust the employees' annual leave, and thoroughly analyze the current system to develop a control procedure which will prevent the possibility of a repeat violation. Further, he stated that TMO admits that some of the TMO employees may serve a more productive and efficient role if transferred to other government agencies. Therefore, the Mayor's Office intends to develop a long-range plan to gradually transfer personnel to various government departments who may benefit from professional or vocational training.</p>
<p>89. Adjust the leave charges of the four employees by charging each of them as AWOL and crediting each of them regular hours.</p>	<p>TMO</p>	<p>Resolved</p>	<p>Further Actions Needed</p> <p>Recommendation 88 - The Mayor of Tinian should provide OPA a copy of memorandum taking appropriate disciplinary action against the four employees who were AWOL.</p>
<p>90. Instruct employees who leave the office during working hours to personally log their destination (including purpose, time of leaving, and time returned) in a sign-in-and-out sheet.</p>	<p>TMO</p>	<p>Closed</p>	<p>Recommendation 89 - The Mayor of Tinian should provide OPA copies of application for leave and STS evidencing that the employees were charged leave.</p>
<p>91. Discuss with the heads of other agencies the possibility of permanent transfer for 51 temporarily assigned employees, review the Tinian Mayor's Office staffing requirements, and request only the number of FTEs actually needed by its office.</p>	<p>TMO</p>	<p>Open</p>	<p>Recommendation 91 - The Mayor of Tinian should provide OPA a copy of the result of the discussions with the head of other agencies.</p>

## STATUS OF RECOMMENDATIONS (to individual agencies)

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
92. Require the employee who was then on probation to apply for sick leave hours from the sick leave bank. However, if the employee is not eligible, the Presiding Judge should direct the timekeeper to charge the 23 hours of advance comptime to LWOP.	SPRC	Closed	The Presiding Judge concurred with both recommendations, and provided OPA copies of the (1) STS showing that the employee was charged 23 hours of annual leave; and (2) daily time-in-and-out sheets adopted by the law clerks.
93. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.	SPRC	Closed	
94. Discontinue the practice of closing the Court's office and granting administrative leave for occasions which do not warrant the charging of administrative leave. If it is necessary, however, to close the Court while the other government offices remain open, there should be a public notice issued far enough in advance for the general public to know. The public should not have to come to the Court only to learn that it is closed.	SPRC	Open	No response was received.  Further Actions Needed  Recommendations 94 and 95- The Presiding Judge should provide OPA copies of the directives addressing the issues.
95. Initiate the update of the PSSRJ using the CSC's guidelines for granting administrative leave.	SPRC	Open	
96. Discontinue the practice of closing the Court's office and granting administrative leave for occasions which do not warrant the charging of administrative leave. If it is necessary, however, to close the Court while the other government offices remain open, there should be a public notice issued far enough in advance for the general public to know. The public should not have to come to the Court only to learn that it is closed by reading a note on the door.	SPMC	Open	No response was received.  Further Actions Needed  Recommendations 96 and 97 - The Chief Justice should provide OPA copies of the directives addressing the issues.
97. Initiate the update of the PSSRJ using the CSC's guidelines for granting administrative leave.	SPMC	Open	

**Appendix C**  
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**STATUS OF RECOMMENDATIONS (to individual agencies)**

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
98. Require the division managers and supervisors to directly enforce and monitor the implementation of prescribed time keeping procedures requiring daily clock-in-and-out.	CUC	Closed	The CUC Chief of Administrative Services concurred with the recommendations, and provided OPA a copy of his memorandum to all CUC managers and supervisors implementing Recommendations 98 to 102. In addition, the Chief also issued another memorandum imposing disciplinary actions for employees' failure to comply with the established clocking procedures.
99. Require the division managers and supervisors to require written justification from employees who failed to clock-in-and-out.	CUC	Closed	
100. Require the division managers and supervisors to initial all manual entries in time cards, whether the hours were charged to leave or not.	CUC	Closed	
101. Require the Office of the Deputy Executive Director to review and initial the written justification for failure to clock-in-and-out; and	CUC	Closed	
102. Require the Payroll Section to determine compliance with recommendations 99, 100, and 101 before processing the employee payroll.	CUC	Closed	
103. Establish procedures that require the timekeeper to ensure that time and attendance of employees on the DTAR is complete. For example, the timekeeper should check the accuracy and completeness of information on the DTAR daily.	NMIRF	Closed	The Administrator stated that enforcement of the procedure would be improved in a manner consistent with the Personnel Rules and Regulations and established office policies. He provided OPA a copy of his memorandum issued to all staff members on the new office timekeeping policies where he emphasized strict compliance with the policies and stated that failure to do so would result in disciplinary actions. The memorandum provides that "Failure to time-in-and-out will be charged LWOP for the pay period during which it occurred. This means that you will not be paid for the day or days you did not time-in-or-out. If this event happens for three pay periods during a calendar year, appropriate disciplinary action will be instituted against the offending employee."
104. Require all timekeepers to control in-house comptime records of employees.	NMC	Resolved	In the initial response of the NMC President, she generally concurred with the recommendations except for Recommendation 108, and did not address Recommendation 107. In her subsequent response to the draft audit report, she addressed Recommendation 107 and expressed concurrence. However, she still expressed

**STATUS OF RECOMMENDATIONS (to individual agencies)**

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
			disagreement with Recommendation 108. In the initial response, the NMC President stated that faculty employees have responsibilities, both in and out of the classroom, which more than match the equivalent of 80 hours every pay period. NMC has charged non-faculty employees to fulfill 80 hours of work each pay period. In her subsequent response, the NMC President explained that the College does not intend to use time clocks because it is an educational institution and not a factory. She also stated that "activities such as planning/preparing for classes or correcting student papers - both of which can be done at home - or conducting laboratories, or advising and counseling students, or attending faculty and committee meetings, or a myriad of other normal NMC duties performed by faculty and other professional employees of NMC militate against the suggestion that they be required to punch a time clock".
105. Require both the Department Head and the timekeeper to initial any alteration in the STS.	NMC	Resolved	Further Actions Needed
106. Refrain from closing its office and granting administrative leave for those occasions which do not warrant charging administrative leave.	NMC	Closed	Recommendation 104, 105, and 108 - The NMC President should provide OPA copies of the written instructions to the timekeepers, Department Heads, and employees.
107. Initiate the update of the NMC Personnel Regulations using the CSC's guidelines for granting administrative leave.	NMC	Open	Recommendation 107 - The NMC President should provide OPA a copy of the updated NMC Personnel Regulations.
108. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.	NMC	Open	

**Appendix C**  
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**STATUS OF RECOMMENDATIONS (to individual agencies)**

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
109. Require the Comptroller and/or the Office Manager to review time sheets and document such review by signing or initialing. Entries in the time sheet should be compared to time cards and applications for leave, and there should be documentation (such as signing) to evidence review.	NHMC	Closed	The former Comptroller agreed with Recommendation 109, did not address Recommendation 110, and disagreed with Recommendation 111. He stated that he reviewed payroll spreadsheets, and that this was usually evidenced by marking each entry on the sheet, but that he erroneously just missed the items in question. He also stated that NHMC's regulations provided that all comptime must be taken within the next four pay periods or be lost. The posting of other comptime to the records was to keep track only of the hours worked by employees and was not used for purposes of payment since any prior to the next four pay periods would be invalid. Subsequently, the NHMC Corporate Director responded to the draft audit report and concurred with Recommendations 110 and 111; she also provided OPA copies of documents to evidence enforcement of the recommendations.
110. Recover the four hours comptime taken by one employee by charging four hours against his available comptime balance.	NHMC	Closed	
111. Require the timekeeper to keep the comptime transactions posted in the comptime record on a timely basis.	NHMC	Closed	
112. Take steps to reverse the administrative leave granted to CDA employees covering two hours on November 1, 1995.	CDA	Closed	<p>The former Executive Director agreed with Recommendation 112 and disagreed with Recommendation 113. He provided OPA a copy of his memorandum to the CDA-Finance &amp; Accounting Division to charge 1 hour annual leave to employees who left the office at 3:30 p.m. as instructed by the CDA Management. He stated, however, that he finds it very unprofessional for OPA to insinuate that CDA does not control the time and attendance of employees, and that the use of time cards to control employee time charges will be less accurate because of power outages.</p> <p>Subsequently, the CDA Acting Executive Director responded to the draft audit report and concurred with Recommendation 113. She also provided OPA copies of documents (e.g., copies of written instruction to the employees and Daily Time and Attendance Record) to evidence enforcement of the recommendation.</p>
113. Require all employees to punch the time clock or maintain a document which can monitor daily time and attendance.	CDA	Closed	

**STATUS OF RECOMMENDATIONS (to individual agencies)**

Recommendations		Agency to Act	Status	Agency Response/ Additional Information or Action Required
114.	Require all employees to consistently punch the time clock	PSS	Open	No response was received.
115.	Stop allowing employees to manually time-in-and-out except in appropriate cases (such as when the time clock is not operable or when the employee is assigned to a location where no time clock is available), which should be justified and approved by the division manager.	PSS	Open	Further Actions Needed  Recommendations 114, 115 and 116 - The PSS Commissioner should provide OPA a copy of the written instruction to the employees.
116.	Instruct employees who leave the office during working hours to personally log their destination (including purpose, time of leaving, and time returned) in the Log-In-and-Out Sheets.	PSS	Open	

**Summary:**

Open	-	58
Resolved	-	9
Closed	-	<u>49</u>
Total	-	<u>116</u>

**Appendix D**  
**Page 1 of 2**

**DETAILS OF FINDING A -**  
**ABUSES IN GOVERNMENT EMPLOYEES' TIME AND ATTENDANCE**

Name	Date Inspected	(1) Erroneous Time Charges - No. of Employees				(2) Improper Admin. Leave	(3) Improper Overtime/Comptime (No. of Employee)	Should be Charged	Time Charged
		1 - Time Card Falsified	2 - Error in Time of Timekeeper	3 - Error in Time of Employees	4 - Tardiness not Accounted				
1. DLI	11/1/95		1					AL	Reg
2. DOF - P&S	12/22/95					X		AL	Admin
3. DOF - Cus/Rev&Tax	12/29/95						1 OT 6 CT	N/A AL	N/A CT
4. DLNR - DFW	7/24/95			1	1			AWOL AL/SL	AL AL/SL*
5. DCCA - CAO	8/16/95				6			LWOP/AL	Reg
6. DCCA - Main/NAP	12/29/95					X		AL	Admin
7. DOC - MVB	11/1/95						1 CT 2 CT	N/A AL	N/A CT
8. OMB	12/29/95		1		5			AL LWOP/AL	CL Reg
9. DPH - MMS	7/12/95			2				AWOL	AL
10. DPW - Admin, etc.	11/1/95			1 3				LWOP AL	Reg Reg
11. DPW - Sec/TSD	7/5/96			2	1 1			AWOL AL AL/SL	AL Reg AL/SL*
12. NIMO	11/1/95			2				AL/LWOP	SL
13. RMC	10/2/95			3				AWOL	Reg/AL/SL
14. SMC	12/29/95		1	1				LWOP/AL SL	Reg Reg
15. SMO	12/29/95			1 1 1	20			AWOL/AL SL AL LWOP/AL	Reg Reg SL Reg
16. SMO	6/25&26/97	1						AWOL	Reg
17. TMO	10/2/95			4				AWOL	Reg
18. SPRC	11/1/95						10	AL	CT
19. SPRC	12/29/95					X		AL	Admin
20. SPMC	12/29/95					X		AL	Admin
21. NMC	11/1/95					X		AL	Admin
22. NMHC	11/1/95			2 1				AL CT	Reg Reg
23. CDA	11/1/95					X		AL	Admin
TOTAL		1	3	25	34	6	20		
TOTAL				63					

\* Leave was recorded; however, no disciplinary action was given.

**Legend:**

Admin - Administrative Leave (equivalent to Regular Hours)  
AL - Annual Leave  
AWOL - Absent Without Leave  
CL - Compassionate Leave  
CT - Comptime (in-house)  
LWOP - Leave Without Pay  
N/A - Not Applicable  
Reg - Regular Hours  
SL - Sick Leave

## Appendix E

**DETAILS OF FINDING B -  
TIME AND ATTENDANCE NOT PROPERLY MONITORED AND DOCUMENTED**

Name	Date Inspected	No Daily Time-In & Out		(3)	(4)	(5) No Record of Emp.'s		
		(1) All Emp.	(2) Selected Emp.	Manual Time Even w/ Timeclock	Not Actual Time	(a) Whereabouts	(b) Calls	(c) Comptime Balance
1. DLI	11/1/95		X					
2. DOF - Sec - F&A	12/29/95	X		X				
3. DOF - Cus/ Rev&Tax	12/29/95		X	X		X	X	
4. DLNR - DFW	7/24/95		X			X	X	
5. DLNR - Main	11/1/95					X		
6. DLNR - CRMO	1/29/96				X	X		
7. DLNR - ZDO	2/22/96				X	X		
8. PIO	7/5/96	X				X		
9. DCCA - CAO	8/16/95					X	X	
10. DCCA - Main	12/29/95		X	X				
11. PDO	11/1/95		X					
12. DOC - Main	11/22/95		X	X		X		
13. OMB	12/29/95		X					
14. CSC	2/22/96				X			
15. DPH - MMS	7/12/95					X	X	
16. DPH - Collection Sections	1/28/97		X	X		X		
17. DPW - Sec/TSD	7/5/96		X	X		X	X	X
18. NIMO	11/1/95					X		
19. RMO	10/2/95		X			X		
20. RMC	10/2/95		X		X	X	X	
21. SMC	12/29/95	X						
22. TMO	10/2/95		X			X		
23. SPRC	11/1/95		X					
24. CUC	11/1/95		X					
25. NMIRF	11/1/95		X					
26. NMC	11/1/95		X					X
27. NMHC	11/1/95							X
28. CDA	11/1/95	X						
29. PSS	1/29/96		X	X		X		
NO. OF INSPECTIONS		4	17	7	4	16	6	3



**COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS**

Pedro P. Tenorio  
Governor  
Jesus R. Sablan  
Lt. Governor

APR 24 1998

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Mr. Leo L. LaMotte  
Public Auditor  
Office of the Public Auditor  
2<sup>nd</sup> Flr., J.E. Tenorio Bldg., Middle Road  
Gualo Rai, Saipan, MP 96950

Dear Mr. LaMotte:

Subject: Draft Report - Audit of CNMI Government Employees' Time and Attendance

This letter responds to your draft audit report concerning the preliminary results of your office's audit of time and attendance of CNMI Government employees. Please be advised that I will:

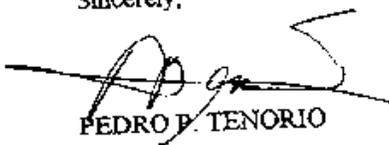
1. Issue a directive to all departments, offices, and agency heads within the Executive Branch requiring them or their designated officials to thoroughly review timekeeping and attendance records for accuracy and completeness before signing those documents;
2. Issue a directive to all departments, offices, and agency heads within the Executive Branch requiring them to strictly comply with the Administrative Leave Regulations and Policies before granting administrative leave to employees; and
3. Instruct the Director of Personnel to review existing policies and procedures and make any necessary amendments to ensure that the CNMI's timekeeping and attendance policies and procedures give proper guidance to the appointing authorities and their designated timekeepers in the accurate reporting of time and attendance

Please be advised that the OPM is routinely conducting workshops on timekeeping. I would like OPM to incorporate the findings, and perhaps some "lessons learned", from your audit into these workshops. Would you please have the auditor who was in charge of this audit schedule a meeting with the Director of Personnel to go over that information.

Mr. Leo L. LaMotte  
Re: Draft Report-Audit of CNMI Government Employees'  
Time and Attendance  
Page 2

I note that your draft report covers a time period that goes back to 1995. I have nominated and appointed a number of new people to head the principal departments and agencies of the Executive Branch and am working on the other appointments that need to be made. With the change in administration, I don't think that it would be productive to reprimand former officials of the previous administration. However, I will instruct my cabinet and the other officials who report directly to me that I will hold them accountable for time and attendance and do not want to see anything like the timekeeping and attendance abuses detailed in your draft audit report happening during this administration.

Sincerely,



PEDRO P. TENORIO

cc: Secretary of Finance  
Acting Director of Personnel

**STATUS OF RECOMMENDATIONS (to the Office of the Governor)**

Recommendations	Agency to Act	Status	Agency Response/ Additional Information or Action Required
<p>1. Issue a directive reprimanding the heads of departments, offices, and agencies which were found to have allowed their employees to abuse government time. These officials should be reminded that they should strictly comply with CNMI Personnel Regulations on timekeeping, leave, overtime, and comptime, and should issue disciplinary actions against employees who were found abusing government time.</p>	<p>Office of the Governor</p>	<p>Open</p>	<p>The Governor generally concurred with the recommendations, and stated that he would issue directives to all departments, offices, and agency heads, and the Director of Personnel to address the recommendations. For Recommendation 1, the Governor stated that since a number of new people have been appointed to head the departments and agencies of the Executive Branch, it would not be productive to reprimand former officials of the previous administration. Instead, he would instruct his cabinet and other officials who report directly to him that they would be held accountable for their employees' time and attendance, and that he does not want to see anything like the timekeeping and attendance abuses detailed in the audit report happening during this administration.</p>
<p>2. Issue a directive to all the heads of departments, offices, and agencies requiring them or their designated officials to thoroughly review the time records for accuracy and completeness before signing the documents. The directive should require that evidence of the review be documented, through check marks or other standard means.</p>	<p>Office of the Governor</p>	<p>Open</p>	
<p>3. Issue a directive to all the heads of departments, offices, and agencies requiring them to strictly comply with the regulations before granting administrative leave to employees. Specify that administrative leave should not be granted for parties or celebrations held on regular working days. Emphasize that administrative leave should not be granted indiscriminately and that the Governor's approval should be obtained before granting administrative leave for any other circumstances not mentioned in the regulations.</p>	<p>Office of the Governor</p>	<p>Open</p>	<p>Further Actions Needed</p> <p>Recommendations 1 to 4 - Provide OPA copies of the written instructions to the heads of the departments, offices, and agencies, and to the Director of Personnel.</p>
<p>4. Instruct the Office of Personnel Management to improve timekeeping policies and procedures to ensure that time and attendance of government employees are accurately reported. These policies and procedures should take into consideration various methods of monitoring time and attendance (e.g. through time cards, use of "flexible time" methods, etc...) and their applicability to a particular agency. The policies and procedures should be specific and detailed enough so that the duties and responsibilities of each employee, timekeeper, and top management are clearly understood. Upon finalization, all government offices, including autonomous agencies should also be required to adopt similar policies and procedures.</p>	<p>Office of the Governor</p>	<p>Open</p>	