



The Library of Congress
Office of the Inspector General



**Human Resources Services
Worklife Services Center**

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

Audit Report No. 2009-PA-101

June 2009



UNITED STATES GOVERNMENT

LIBRARY OF CONGRESS

Memorandum

Office of the Inspector General

TO: James H. Billington
Librarian of Congress

June 30, 2009

FROM: Karl W. Schornagel
Inspector General

A handwritten signature in black ink, appearing to read "Karl W. Schornagel".

SUBJECT: Good Overall Service, but Weak Controls Leaves the
Worklife Services Center Vulnerable to Abuse and Fraud
Audit Report No. 2009-PA-101

This transmits our final audit report on Human Resources Services' Worklife Services Center. The Executive Summary begins on page *i*, and complete findings and recommendations appear on pages 4 to 17. Human Resources Services' response is briefly summarized in the Executive Summary and in more detail after individual recommendations. Its complete response is included as an appendix to the report.

Based on the written comments to the draft report, we consider all of the recommendations resolved. Please provide, within 30 calendar days, an action plan addressing implementation of the recommendations, including implementation dates, in accordance with LCR 211-6, Section 11.A.

We appreciate the cooperation and courtesies extended by HRS during this audit.

cc: Director, Human Resources Services
Chief Operating Officer

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▶▶ EXECUTIVE SUMMARY

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

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

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

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

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

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

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

HRS concurred with all of our recommendations.

▶▶ BACKGROUND

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

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

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

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

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

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

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

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

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

►► OBJECTIVES, SCOPE, AND METHODOLOGY

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

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

We relied on computer-processed data maintained in TINQ and WebTA to perform part of our work. We compared selected elements of TINQ data to Leave Bank documentation to assess the reliability of TINQ information and relied on assessments that the Kearney & Company accounting firm⁴ had performed for assurance on the reliability of WebTA information.

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

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

►► FINDINGS AND RECOMMENDATIONS

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

I. More Oversight Needed Over Leave Administration

a. Incorrect, Unjustified, and Omitted Leave Bank Adjustments

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

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

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

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

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

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

Recommendations

We recommend that the WSC:

1. Establish procedures for the POCs on when and how to make Leave Bank adjustments in WebTA;
2. Review the WebTA accounts of Leave Bank recipients after awards are made to ensure the awards have been properly applied, are being used for the purposes intended, and unused balances, if any, are recovered; and
3. Revise the Leave Bank program's procedures to require that a) the Leave Administration provide e-mail notifications to Leave Bank applicants, the applicants'

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

Management Response

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

b. Unused Leave Bank Awards

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

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

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

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

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

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

Recommendation

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

Management Response

Management agreed with our recommendation.

c. High Volume of Unresolved Leave Errors

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

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

The referenced Leave Error Reports⁵ are biweekly reports that are generated for the Library by NFC. Because they provide detailed information on errors in employee leave accounts, the reports can serve as a valuable resource for service and infrastructure units in resolving leave discrepancies. When the WSC receives the reports from NFC, the Leave Administration forwards them to the appropriate POCs and Time and Attendance (T&A) timekeepers throughout the Library. The Leave Administration maintain that the timekeepers are responsible for resolving the leave discrepancies identified in the reports.

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

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

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

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

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

Recommendations

We recommend that the WSC:

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

Management Response

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

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

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

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

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

a. Lack of Controls over the Master Timekeeper Role

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

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

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

chart which could restrict the Master Timekeepers' WebTA access.

Recommendation

We recommend that HRS:

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

Management Response

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

b. Inappropriate Access to Key HRS IT Systems.

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

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

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

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

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

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

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

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

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

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

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

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

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

Recommendations

We recommend that HRS:

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

Management Response

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

c. Lack of Supervision over EmpowHR's Privileged Access

PARs provide the means to process personnel actions for Library employees such as monetary awards and quality step increases in salary. PARs are normally processed through EmpowHR's⁶ "work-in-progress" process. This process involves PARs and awards being initiated, authorized, and approved by the requesting service unit and then being

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

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

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

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

Recommendations

We recommend that the WSC:

1. Establish a policy that requires all personnel action requests be processed through EmpowHR's work-in-progress process when possible; and
2. Review the validity of transactions initiated and processed outside the EmpowHR work-in-progress process that result in a change in pay or the disbursement of funds.

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

Management Response

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

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

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

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

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

Recommendation

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

Management Response

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

» CONCLUSION

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

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

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

Major Contributors to This Report:

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▶▶ APPENDIX A: ACRONYMS USED IN THIS REPORT

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

▶▶ APPENDIX B: MANAGEMENT RESPONSE

United States Government

Human Resources Services
Director for Human Resources

Memorandum

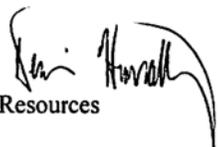
Library of Congress

TO : Karl Schornagel
Inspector General

FROM : Dennis M. Hanratty
Director for Human Resources

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

Date: June 22, 2009



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

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

I. More Oversight Needed Over Leave Administration

a. Incorrect, Unjustified, and Omitted Leave Bank Adjustments

Recommendations

We recommend that the WSC:

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

HRS Response – Concur, with one exception.

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

b. Unused Leave Bank Awards***Recommendation***

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

HRS Response - Concur.

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

c. High Volume of Unresolved Leave Errors***Recommendations***

We recommend that the WSC:

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

HRS Response - Concur.

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

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

a. Lack of Controls over the Master Timekeeper Role

Recommendation

We recommend that HRS:

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

HRS Response - Concur.

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

b. Inappropriate Access to Key HRS IT Systems

Recommendations

We recommend that HRS:

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

HRS Response - Concur.

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

c. Lack of Supervision Over EmpowHR's Privileged Access

Recommendations

We recommend that the WSC:

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

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

HRS Response - Concur.

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

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

Recommendation

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

HRS Response - Concur.

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