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MEMORANDUM REPORT ON LOST ANNUAL LEAVE IN CALENDAR YEAR 1983

AUDIT REPORT NO. 84-33

August 9, 1984

Over the past 5 years AID employees have lost considerable amounts of annual leave. Responses to questionnaires sent to employees who lost 40 hours or more of annual leave in 1983 indicated the forfeitures were caused by a number of factors including scheduling of leave late in the calendar year, heavy workloads and understaffing. AID needs to address the annual leave issues raised by employees if the loss of annual leave is to be curtailed.

MEMORANDUM REPORT ON LOST ANNUAL LEAVE IN CALENDAR YEAR 1983

SUMMARY

During calendar year 1983, AID employees forfeited about 32,000 hours of their annual leave; the equivalent of about 16 years of full-time employment or about $640,000 based on an average value of $20 per leave hour. This condition has existed since at least 1979 despite the concerns raised by the current Administrator who has urged that employees take the leave to which they are entitled. In the 5-year period 1979 to 1983, AID employees lost about 90 years of annual leave.

We addressed these concerns through the use of questionnaires sent to all employees who lost 40 hours or more of annual leave in 1983. Our purpose was to ascertain the reasons why leave was lost, and to offer management suggestions for improvements in administering annual leave. Although the responses to our questionnaire were wide-ranging, our analysis of the answers led us to conclude that the majority of the forfeitures resulted from scheduling problems which were due, in part, to a combination of heavy workload and understaffing.

The Director, Office of Personnel Management agreed that scheduling was a primary cause of lost leave in the Agency and proposed that supervisors annually certify by April 1 that any leave subject to forfeiture during the year has been scheduled for use. The Director's comments are presented as Attachment A.

We are recommending that the Director, Office of Personnel Management address the employee concerns set forth in the text of this report. Detailed summations of employee responses to each survey question are presented on pages 3-5 in this report. Our conclusions, matters for consideration, and recommendation are presented on pages 6 and 7.

BACKGROUND

In February 1984, we made a survey of AID/Washington Payroll Operations at the Financial Management, Employee Services Division and the Personnel Management, Policy Development & Evaluation Division. We found that payroll operations were mechanically correct and that internal controls were satisfactory. We did not identify issues which warranted a more detailed audit, but we did learn of Agency-management interest about why AID employees forgo using significant amounts of annual leave. On the basis of that interest we decided to inquire into this question.

Concern over lost leave has been expressed by the Administrator on several occasions. On June 2, 1982, the Administrator issued a memorandum to his executive staff titled "Annual Leave". In it he said,

"The fact that AID employees forfeited a total of 35,686 hours, or in excess of 17 work years, of annual leave at the end of the 1981 leave year suggests that managers and supervisors are not assuming responsibility for the proper administration of leave schedules. There is no justification for requiring an employee to forfeit leave except for reasons beyond the control of the Agency, such as an evacuation or relief work related to a bona fide emergency."

The Administrator added that:

"... the amount of leave forfeited by AID employees in 1981 is clear evidence that Agency guidelines are not being taken seriously and indicates a lack of management concern for the proper use of leave."

Since then numerous memorandums and AID General Notices have been issued on this same subject as essentially the same conditions have prevailed through calendar year 1983.

The gist of these memorandums and notices, and that of Chapter 3 of AID Handbook 27, is that supervisors and employees have a mutual responsibility for the planning and effective scheduling of annual leave throughout the leave year to avoid forfeiture. The employee has the responsibility to request leave sufficiently in advance to preclude losing it. Employees who choose not to request leave or to use approved leave are not entitled to restoration of forfeited leave.

Presented here are the total hours of annual leave forfeited by AID employees over each of the past 5 years. These statistics show a downward trend from 1979 through 1982 in the total hours forfeited, and then an upward move from 1982 to 1983.

Calendar Year	Number of AID Employees	Total Hours Forfeited
1979	1,055	46,069
1980	971	43,262
1981	871	35,686
1982	806	29,523
1983	790	31,829

Supervisors are responsible for scheduling leave to ensure that the work flow is maintained, and that each employee is given an opportunity to avoid forfeiture of leave. If the employee's request for leave cannot be accommodated, an alternative period should be mutually agreed upon. Once annual leave which is subject to forfeiture is approved for use, however, the supervisor cannot cancel such leave without a written certification of an appropriate Decision Officer that there is an exigency of public business and that there is no alternative to cancellation of the scheduled leave.

Scope

Our review focused on calendar year 1983 data. During 1983, a total of 790 AID employees forfeited 31,829 hours of annual leave. We sent questionnaires to everyone that the records showed had lost 40 hours or more of annual leave, or a total of 266 employees, to ascertain the reasons why Agency employees forfeit substantial amounts of annual leave. (See Exhibit A for questionnaire.) Responses were received from 187 employees (about 70 percent). We then catalogued the responses for each question asked and considered the comments offered by employees. We did not validate the responses with employees or supervisors.

Our work was done in Washington, D.C. during the period from March to June 1984. Mailings were made to AID employees in the United States and abroad.

DISCUSSION OF RESPONSES

Most of the 187 responses were complete and, we believe, present a candid picture of how AID employees feel about forfeiting annual leave. In some instances, responses to individual questions were omitted; however, for the most part, the respondents at least answered yes or no; and in some cases, replies were quite detailed. The most common theme was that scheduling problems caused by some combination of workload and understaffing caused a majority of the forfeitures. The responses in questionnaire sequence are summarized below.

Is the Amount of Lost Leave for Calendar Year 1983 Correct?

Of the 187 respondents, 154 employees said that the amount of leave lost in 1983 was correct; 33 employees said that the amount reported lost was incorrect. The majority of reasons given for incorrect amounts were related to the taking of annual leave in conjunction with home leave. Sixteen individuals reported taking annual leave that was not charged, usually because their home leave travel voucher was submitted too late to be included in 1983 business; four individuals reported that the annual leave taken was mistakenly charged to home leave and corrections have been requested. Five people reported differences that were or will be adjusted by leave audits they have requested; three people reported errors caused by improper reductions of their annual leave ceilings; and five persons gave no explanation.

Was the Lost Leave a Result of Problems in Scheduling and/or Obtaining Supervisory Approval for Leave?

A total of 172 people answered the question; 67 people said yes, and 105 people said no. Sixty-three of the people answering yes gave scheduling as the problem. Most of these people connected scheduling problems with workload and/or understaffing as causative factors. Four people cited difficulty in obtaining supervisory approval as the problem.

Does the Loss of Leave Negatively Impact on Your Job Performance?

There were 169 responses: 35 yes and 134 no. Of those answering yes, the central theme was that, in general, the loss of leave reduces performance effectiveness; that people need a break to reflect and put things in perspective; and that after taking leave, people return to work in a more productive mood.

Please Indicate the Approximate Percentage of the Year's Annual Leave That You Normally Take in Each of the Calendar Quarters

There were 138 people who responded to this request. The great majority, or a total of 116 people, showed the highest percentages of leave-taking planned for the last half of the year. Sixty-three people declared that they normally take more leave in the last quarter of the year.

Do You Routinely Lose Leave Each Calendar Year?

We had 172 responses to this question. Of these, 98 answered yes and 74 no. This would tend to indicate that a significant percentage of the same Agency people are regular, large forfeiters of annual leave.

Are There AID Policies, Procedures, or Practices Which Inhibit Your Taking of Leave?

A total of 167 people responded. Affirmatively responding were 56 people, and negatively responding were 111 people. Review of the yes answers showed that 34 employees said there was understaffing, or lack of sufficient staff, in relation to the workload; some of these 34 also mentioned vacant positions.

Six people declared that the "do more with less" policy resulted in dedicated staff contributing their own time to the Agency. Furthermore, that Agency management continues to add more paperwork and steps to the implementation process.

Six people cited program requirements, mostly conflicts between job requirements and the taking of scheduled leave. Four people said that the home leave limitation of 45 workdays away from post was a problem; three people mentioned having to use or lose annual leave in a year in which one takes home leave.

Three people cited the AID Handbook 27 regulation on restoring leave as being too strict. It was suggested that a proven case of inadequate staffing versus workload should be acceptable justification for restoration of lost annual leave. Another suggestion put forth was that AID should have a more liberal policy for accumulating and using annual leave by foreign service employees in the years in which they take home leave.

Does Your Supervisor Encourage You to Take Leave Early in the Calendar Year?

A total of 160 employees answered this question; 62 said yes and 98 said no. We conclude from this that more encouragement should be given supervisors to promote the scheduling of leave by subordinates.

Are Observed Foreign Holidays or Taking Home Leave Contributing to Your Not Taking Annual Leave?

There were 161 respondents; 59 said yes and 102 said no. In general, the reason given by those saying yes is that in home leave years it is difficult to use all your annual leave, especially if you have accumulated a large home leave balance and are away from post for the allowable maximum of 45 workdays.

Has the Lost Leave Been Reinstated Either Formally or Informally for Use in Succeeding Years?

A total of 169 people responded; 17 said yes and 152 said no. Of the affirmative replies; nine persons indicated that it was done informally and eight persons described formal requests which they expected would result in reinstatement of annual leave sometime in calendar year 1984. Several of these requests were based on unexpected sickness or accidents which resulted in medical problems during the scheduled annual leave period.

Was Concern With Going Below the Leave Ceiling a Factor in Not Using Leave in the Leave Year?

There were a total of 170 people who responded; 16 said yes and 154 said no. Various personal reasons were given by those responding yes.

Why Did You Choose to Lose Leave Instead of Taking It?

Many of the reasons have already been given in answers to the preceding questions. Most people also gave more than one reason for forfeiting leave. We summarized the responses into major categories as follows:

Category	Number of Responses
Workload (including job responsibilities)	106
Scheduling Problems	41
Understaffing	34
Home Leave, Holidays, & Training	30
Personal Reasons	24
Learning New Job	7
Medical	4
Travel Too Expensive	3

CONCLUSIONS, MATTERS FOR MANAGEMENT CONSIDERATION AND RECOMMENDATION

We believe that the responses we received are a candid reflection of the feelings of Agency employees who lost significant amounts of annual leave in 1983. Furthermore, the answer to question 5 shows that a significant number of these people are regular, large forfeiters of annual leave. Overall the responses indicate that lost annual leave has impacted on job performance, and in numerous specific cases it impacted on the morale and attitude of the individual employee. These employees attribute the majority of annual leave forfeitures to scheduling problems caused by a combination of workload and understaffing. Thus, AID management should review Agency procedures and practices in the scheduling of annual leave.

Related to the preceding area are the responses to number 4 of the questionnaire. They show that most leave is scheduled in the last part of the year, in particular in the fourth quarter. Evidently, this, in conjunction with workload and understaffing problems, caused problems for both supervisors and employees in attempting to reschedule leave close to the end of the leave year. AID management should examine this situation and possibly issue instructions for smoothing out the scheduling of annual leave throughout the leave year. Obviously, if employees scheduled more leave earlier in the year, unforeseen circumstances (such as unanticipated workload at year-end) would be lessened as a causative factor.

The responses further indicated that the taking of home leave by foreign service employees was a major contributing factor to the forfeiture of annual leave. Most of those responding yes to question 8 did so because of home leave rather than observed foreign holidays. We believe that AID management should examine employee concerns in this area. In particular, the employee suggestion that AID should have a more liberal policy for accumulating and using annual leave in home leave years appears to have merit.

We noted that 20 employees, or nearly 11 percent of 187 respondents, reported that the amount of annual leave forfeited in 1983 was incorrect and related to the taking of annual leave in conjunction with home leave. Two problem areas were cited and both were concerned with travel vouchers. Either the vouchers were filed too late for inclusion in 1983 business, or errors were made in charging annual leave and home leave. AID management should review the controls over voucher processing for charging annual leave when employees take home leave.

Of the yes responses to question 9, there were nine reported cases of informal reinstatement of annual leave. AID management should stress to both supervisors and employees that AID regulations do not provide for the informal reinstatement of forfeited annual leave.

Management Comments

The Director, Office of Personnel Management agreed that scheduling is a primary cause of lost leave. He proposed that supervisors be required to certify by April 1 annually that all employees in their work units have scheduled for use any leave subject to forfeiture during the rest of the leave year.

Concerning the use of annual leave in a home leave year, the Director said that AID is without authority to make changes in the 45 days ceiling on annual leave accumulation. It might be possible under special circumstances, however, for employees in a "lose or use" category to be granted additional annual leave in connection with home leave.

The Director advised us that voucher processing is the responsibility of the Office of Financial Management. We, therefore, sent a copy of this report under separate cover to the Controller and requested he examine the controls over voucher processing as a basis for charging annual leave during home leave periods.

Regarding the informal reinstatement of forfeited annual leave, the Director said AID has no such provision. He said that administrative leave can be used to accommodate employees who lose their scheduled annual leave because of work requirements.

The full text of the Director's response is provided as Attachment A.

Recommendation No. 1

The Director, Office of Personnel Management, should consider the results of this review and formally address the matters set forth for consideration by management in the text of this report. Specifically,

-- Agency procedures and practices in scheduling annual leave, particularly with respect to workloads and staffing, and the times during the year when leave is planned,

-- the policy for accumulating and using annual leave in home leave years,

-- the controls over voucher processing as a basis for charging annual leave when employees take home leave,

-- the practice of informal reinstatement of forfeited annual leave.

MEMORANDUM REPORT ON
LOST ANNUAL LEAVE
IN CALENDAR YEAR 1983

LIST OF REPORT RECIPIENTS

Assistant to the Administrator for Management, AA/M	2
Director, Office of Personnel Management, M/PM	5
Assistant to the Administrator for External Affairs, AA/XA	1
Office of Media, Bureau for External Affairs, XA/PA/M	2
Office of Legislative Affairs, LEG	1
Office of General Counsel, GC	1
Office of Financial Management, M/FM/ASD	2
Bureau For Program and Policy Coordination, PPC/EA	1
Center for Development Information and Evaluation, PPC/CDIE	2
Office of Inspector General, IG	1
RIG/A/Nairobi	1
RIG/A/Manila	1
RIG/A/Cairo	1
RIG/A/Karachi	1
RIG/A/Dakar	1
RIG/A/LA	1
AIG/A	1
IG/PPP	1
IG/II	1
IG/EMS/C&R	16

REGIONAL INSPECTOR GENERAL FOR AUDIT, WASHINGTON

SURVEY QUESTIONNAIRE ON LOST ANNUAL LEAVE

	Yes	No
1. Is the amount of lost leave for Calendar Year 1983 correct (hours)?	☐	☐
2. Was the lost leave a result of problems in scheduling and/or obtaining supervisory approval for leave? If yes, explain.	☐	☐
3. Does the loss of leave negatively impact on your job performance?	☐	☐

How?

4. Please indicate the approximate percentage of the year's annual leave that you normally take in each of the calendar quarters:

☐% Jan-Mar ☐% Apr-Jun ☐% Jul-Sep ☐% Oct-Dec

5. Do you routinely lose leave each Calendar Year?	☐	☐
6. Are there AID policies, procedures, or practices which inhibit your taking of leave?	☐	☐

Identify.

7. Does your supervisor encourage you to take leave early in the calendar year?	☐	☐
8. Are observed foreign holidays or taking home leave contributing to your not taking annual leave? If yes, explain.	☐	☐
9. Has the lost leave been reinstated either formally or informally for use in succeeding years?	☐	☐
10. Was concern with going below the leave ceiling a factor in not using leave late in the leave year?	☐	☐

11. Why did you choose to lose leave instead of taking it?

ATTACHMENT A

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

Memorandum for RIG/A/W, E. John Eckman

From: M/PM/OD, William A. Sigler

Subject: Draft Memorandum Report on Lost Annual Leave in Calendar Year 1983

We have reviewed subject report and have the following comments with respect to the four areas listed under Recommendation No. 1, page 12:

1. For the past several years this office has prepared several memoranda and an annual AID General Notice on "Annual Leave," in which managers and employees were urged to schedule leave early in the leave year for use throughout the year. We are in agreement with the conclusion in the draft report that scheduling remains a primary cause of lost leave. To bring this issue to everyone's attention, we will propose that supervisors be required to certify to their EMS offices by April 1 annually that all employees in their work unit(s) have scheduled for use any leave which will be subject to forfeiture during the rest of the leave year.

2. Since the ceiling on annual leave accumulation for both domestic and overseas employees is statutory, the Agency is without authority to make changes in this area. The foreign affairs agencies have agreed upon a maximum of 45 days leave, including annual leave, in connection with home leave travel. Additional leave may be granted under special circumstances and when staffing permits extended absences, it might be possible for those employees in a "use or lose" category to use additional annual leave in connection with home leave.

3. Voucher processing is the responsibility of M/FM.

4. The Agency has no provision for the informal reinstatement of forfeited annual leave. Reinstatement of leave requires the establishment of a separate leave account by M/FM. Administrative leave which is for use at the discretion of the Agency can be used to accommodate employees who are scheduled to be on leave, but are required to work during short periods of extreme staff shortages or work requirements. Administrative leave is not regulated by OPM and while the Agency has general guidelines (HB 27, Ch. 6), its effective use is a proper judgment for good management.

Aside from the fact that the scheduling of leave is a major problem vis-a-vis forfeiture, it is apparent that P.L. 93-181 which provides the authority for restoration has made the administration of leave very complex. Since the statutory provisions are extremely restrictive (e.g.,

scheduling in advance and not later than the beginning of the third pay period before the end of the leave year, the placing of the Decision Officer's authority not lower that two levels below the head of the agency, cancellation limited to illness or exigencies of the public business), there is not the flexibility needed for good management. Therefore, you may wish to recommend to OPM that they evaluate the ten years of experience with P.L. 83-181 to determine its effectiveness. Amendments may be needed.