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Report to the Ranking Minority Member,
Subcommittee on Federal Services, Post
Office, and Civil Service, Committee on
Governmental Affairs, U.S. Senate

January 1988

FEDERAL PERSONNEL

Documentation for Sick Leave Used by Retiring GSA Employees Not Always Available



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General Government Division

B-222863

January 7, 1988

The Honorable Ted Stevens
Ranking Minority Member
Subcommittee on Federal Services,
Post Office, and Civil Service
Committee on Governmental Affairs
United States Senate

Dear Senator Stevens:

This is the fifth in a series of reports in response to your letter of April 30, 1985, requesting information on several federal personnel management issues, including leave matters. As agreed with your office, this report addresses the use of sick leave by employees of the General Services Administration (GSA) during their last year of work before retirement.

By law (5 U.S.C. 6307) federal employees accrue 13 days of sick leave annually and may accumulate any unused sick leave from year to year. Employees are entitled to use their accumulated sick leave whenever they are incapacitated for duty. Retiring employees covered by the civil service retirement system receive additional service credit for any unused sick leave, which increases their retirement annuities. However, employees eligible to retire also have an incentive to use all of their sick leave before retirement because they receive full pay while on leave, which is greater than their retirement annuity would be for the period, as well as receive service credit for the sick leave used. Moreover, employees hired after December 31, 1983, are covered by the federal employees' retirement system which does not grant service credit for unused sick leave. Therefore, they will have a greater incentive to use their sick leave before retiring.

We selected GSA for review because according to Office of Personnel Management (OPM) data, GSA employees had one of the highest rates of sick leave usage of all federal agencies in 1985 and GSA had the largest portion of retirees in that year with low or no sick leave balances. Leave year 1985 was the latest year for which such statistics were available when we began our review in May 1986.

In summary, we found that the required medical and approval documentation was not on hand to show whether the sick leave was properly authorized for about half of the instances of leave used by GSA employees in our sample. We sampled 115 of the 308 GSA employees who retired

in 1985 and who, beginning in 1984 until the time they retired, used sick leave at a rate of 20 days or more annually.¹ When documentation was on hand, it generally met basic GSA requirements. Our review also showed that GSA's internal controls did not ensure that sick leave was supported by the required medical and approval documentation or that its sick leave regulations were being followed. As a result of our review, GSA officials took actions to better assure that the required documentation is retained.

Background

An OPM report² showed that federal employees used over 23 million days of sick leave in 1985, or an average of 8.6 days per employee. OPM calculated the sick leave cost to be \$2.2 billion. OPM and individual agency regulations specify the documentation that is to be obtained from employees and kept on file as justification for the use of sick leave.

OPM is responsible for prescribing regulations on the administration of sick leave. OPM's regulations (5 CFR 630.401) say that sick leave may be used when an employee is incapacitated to do his or her job, or for related reasons, such as dental or medical examinations or treatment. The regulations also say that agencies may grant sick leave only when supported by administratively acceptable evidence, and may require a medical certificate or other administratively acceptable evidence for each sick leave absence over 3 consecutive work days, or for a lesser period, when determined necessary. OPM's regulations allow agencies to determine what kind of medical evidence is administratively acceptable to support sick leave used.

GSA regulations specifically provide that:

- Persons on sick leave must be incapacitated to perform their job duties or be absent for other related reasons, such as a dental, optical, or medical examination or treatment.
- A medical certificate normally is required to support each sick leave absence over 3 days. Whenever it is unreasonable to require a medical certificate because of a shortage of physicians, remoteness of locality, or because of the circumstances surrounding the illness, an employee's personal statement may be accepted in lieu of a medical certificate. This

¹Our review excluded employees who retired because of medical disabilities.

²Federal Civilian Workforce Statistics, Work Years and Personnel Costs, Executive Branch, United States Government, Office of Personnel Management, Fiscal Year 1986.

statement must be in writing and must indicate the nature of the illness and the reason(s) why a medical certificate was not furnished.

- A Standard Form 71, Application for Leave, is normally required for sick leave absences of over 3 days. This form requires that the period of the incapacitation be shown. This is also required if a separate medical certificate is used.
- Medical certificates and SF-71s will be retained 3 years.

GSA records showed that 714 employees took nondisability retirement in 1985. From 1984 until the time they retired, these employees used an average of about 30 days of sick leave annually, more than three times as much as the average federal employee. This was also more than twice the average 11.2 days used by all GSA employees and the average 14 days used by GSA employees who were in the same age range (age 55 or over) but who did not retire.

Objective, Scope, and Methodology

Our objective was to determine whether the sick leave used by GSA employees nearing retirement was properly authorized, i.e., supported by proper medical and approval documentation. To accomplish our objective, we judgmentally selected a sample of 115 GSA employees at the Central Office in Washington, D.C. and four regional offices (Fort Worth, Kansas City, National Capitol and Philadelphia) from the 308 GSA employees who retired in 1985 and who, from 1984 until they retired in 1985, used sick leave at a rate of 20 days or more annually. These 115 employees took an average of 66.2 days of sick leave in their last year before retirement. We reviewed the records supporting the sick leave to determine whether they included proper medical and supervisory approval documentation required by GSA regulations. Our work was done between May 1986 and October 1987 in accordance with generally accepted government auditing standards. (See appendix I for more details on our methodology).

In our review, we considered sick leave instances of more than 3 consecutive days to be properly authorized if GSA had a medical certificate or an employee's statement indicating that the employee had a medical problem and could not work for a stated period of time and a completed SF-71 had been approved.

While the review results are not projectable to all GSA offices or to other federal agencies, they provide insight into the documentation being used to authorize sick leave in GSA, particularly for large amounts used by employees nearing retirement.

Records Not Always Available

All sick leave used by 12 of the 115 employees in our sample was in instances of 3 days or less for which supporting documentation was not provided nor required. As shown in Table 1, medical documentation was not available to support almost half of the instances of sick leave taken by the remaining employees in our sample. Because each instance exceeded 3 consecutive days, GSA regulations required such documentation to be on hand for review. Moreover, approved leave applications were not available for 4,517 days of sick leave taken by 69 employees. See appendix II for more details on our findings in each of the five GSA offices included in our review.

Table 1: Results of Review of Medical Documentation

	No. of employees	No. of sick leave instances	No. of sick leave days
Medical documentation not available	52	89	3,067
Medical documentation on hand	63 ^{ab}	98 ^b	4,973 ^b

^aTwelve of these employees also had instances of sick leave over 3 days where medical documentation was not available.

^bThree employees had 4 instances of sick leave involving 371 days in which the medical certificates were inconclusive in meeting basic GSA regulations primarily because they did not show the employees were incapacitated on the dates the sick leave was used.

To understand why the required medical documentation and leave applications were absent, we talked to 22 supervisors, timekeepers, or management personnel responsible for maintaining the sick leave records for 25 employees without such documentation. Comments made by 20 of these 22 individuals showed a lack of familiarity with or understanding of the GSA records management requirement that the medical documentation and leave applications must be retained for 3 years. In 15 of the 25 cases, the individuals we interviewed said the documentation required by regulations had been thrown away, lost, or destroyed. In four cases they said they believed the documentation had been provided to someone else, such as someone in the personnel office; in three cases they said the employee did not return to work and they did not attempt to get the documentation; and in three cases they said they did not know or did not remember why there was no documentation.

Internal Controls Need Strengthening

GSA could improve internal controls to ensure compliance with sick leave documentation requirements or to alert management that its regulations were not being followed. According to GSA's Time and Leave Administration Handbook, Heads of Offices and Regional Administrators are

responsible for ensuring that leave regulations and procedures are followed. The handbook says they must ensure that supervisors comply with procedures for documenting and approving leave, observing sick leave trends, and instituting safeguards against abuse where needed. GSA officials said that one of the ways managers were expected to carry out this responsibility was through periodic reviews of GSA Forms 873, Annual Attendance Records.

GSA's Payroll Operation Timekeepers Handbook says that supervisors are to review the Annual Attendance Record at least semiannually and not later than May 15 and November 15 of each year to identify employees who have an abnormal pattern of using sick leave. According to the handbook, the supervisor's signature and a notation as to the date of review are to be made on the bottom of the form.

Annual attendance records were on hand for 38 of the 52 employees for whom appropriate medical certificates were not available for instances of sick leave. The attendance records for the other 14 employees could not be found. Our review of these forms showed that the supervisors had reviewed and signed 35 of the 38 forms. While there was no requirement that supervisors specifically review supporting medical and approval documentation, such a review would serve as a needed internal control to ensure that necessary documentation is retained. GSA officials said that reviewing sick leave documentation at the time of the semiannual reviews would result in little or no additional cost and would not be burdensome. The forms in the other three cases showed no indication of review by supervisors.

GSA officials said there were no GSA audits or internal management reviews which addressed sick leave documentation.

Agency Actions

We discussed our findings with GSA personnel officials, who concurred in what we found. In response to our findings they (1) adopted our suggestion to revise the timekeepers handbook requiring that, at the time of semiannual reviews, supervisors also review supporting medical and approval documentation and (2) provided for reviews of sick leave documentation during GSA's evaluations of its personnel management operations. (An Executive Order requires each agency to conduct such evaluations.) In addition, GSA instituted a program designed to encourage employees to conserve their sick leave. The program is to be promoted by informational messages, notices to employees, and articles in agency issuances on the importance of conserving sick leave for major

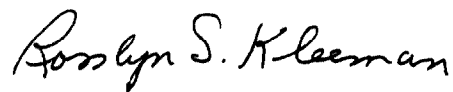
illness or injury. GSA officials said they will also monitor the use of sick leave by various categories of employees, including those nearing retirement, to determine if further corrective action is needed.

Conclusion

We believe that the actions taken by GSA officials, if properly implemented, should provide better assurance that documentation to support sick leave usage is retained as required.

As arranged with your office, copies of this report are being sent to the Administrator of General Services and to other interested parties upon request.

Sincerely yours,



Rosslyn S. Kleeman
Senior Associate Director

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Abbreviations

GSA	General Services Administration
OPM	Office of Personnel Management

Additional Details on Our Methodology

For purposes of our review, we focused on nondisability retirees who used 20 or more days of sick leave in the year before retirement. While 20 days is a judgmental standard, we believe it is a reasonable indicator of "high" sick leave usage because it is over twice the 8.6 day average usage by all federal employees in the Executive Branch in 1985 and about double the amount used by GSA employees who did not retire.

We had to estimate the actual number of sick leave days used by GSA retirees in the year before their retirement in 1985 because GSA payroll data was cumulative for the entire year of 1984 and that portion of 1985 to the date of each individual's retirement. Employees retired at various dates throughout 1985. To estimate the annual amount of sick leave used by retirees as they neared retirement, we computed an equivalent annual average of sick leave used in 1984 and that portion of 1985 that the retiree worked before retirement. We then used the equivalent annual average to represent the estimated annual usage prior to retirement. Specifically, it is the total sick leave used in 1984 and 1985, divided by the number of days worked by the employee in 1984 and 1985, multiplied by 251 (total work days in a year), as shown by the following formula:

$$\frac{\text{Sick leave days used 1984, 1985} \times 251}{\text{worked 1984, 1985 average sick leave used}} = \text{Equivalent annual Days}$$

We determined that 308 of the 714 retirees had 20 or more days of equivalent annual average sick leave.

We judgmentally selected a sample of 115 of the 308 retirees. They were selected from five GSA offices which had a high proportion of the retirees with over 20 days sick leave in their last year before retirement, and were located so that our travel costs would be minimized. The 115 sampled retirees used an average of 66.2 days of sick leave in the year before retirement. The five offices were the Central Office and the National Capital regional office in Washington, D.C.; the Region Three office in Philadelphia, Pennsylvania; the Region Six office in Kansas City, Missouri; and the Region Seven office in Fort Worth, Texas.

We requested records supporting sick leave used by the 115 retirees and reviewed the records provided to determine whether they included proper medical and approval documentation to show that the leave was properly authorized. We also reviewed sick leave records that had been transferred to the National Personnel Records Center in St. Louis, Missouri. The documentation reviewed included the SF-71 forms used to

support approval of leave, medical certificates in the form of doctors statements provided in correspondence or on the SF-71s, GSA Form 873 Annual Attendance Records, and time and attendance records, which GSA uses to record and support sick leave granted. We requested documentation supporting the sick leave used in 1985 prior to the employees' retirement and in 1984 for employees who retired before the end of 1985 or if the sick leave used in 1985 was continuous from 1984. Records on 1984 sick leave usage were not available for all retirees, but our review covered 87 percent of the total sick leave used by the 115 retirees during leave years 1984 and 1985. The periods of sick leave reviewed varied for each employee because of the various dates they retired throughout 1985 and because our review of 1984 records was limited in some cases. The average period reviewed for each of the 115 retirees was, however, about 1 year.

We discussed the individual cases with selected supervisors, timekeepers, and other personnel to obtain their comments about the lack of documentation and to ascertain their familiarity with agency records management requirements.

Medical documentation was not required for 12 employees because each period of sick leave they used was 3 days or less. We reviewed the medical documentation available for each instance of sick leave over 3 days. We classified each sick leave instance according to whether medical documentation was or was not on hand to support the sick leave. Those instances where medical documentation was on hand were further classified as either meeting or being inconclusive to meet basic GSA requirements for evidence that the employee had a medical problem and should not have worked for a specific period of time.

In addition to our analyses of medical documentation, we also determined the number of employees without an approved SF-71, Application for Leave, for one or more periods of sick leave and the number of sick leave days involved in 1985. The number of sick leave instances for these employees could not be determined because individual instances of sick leave often would involve multiple SF-71s where the sick leave instance extended over several pay periods.

Data on Medical and Approval Documentation

Table II.1: Results of Review of Medical Documentation by GSA Office

Office	Cases reviewed		
	No. of employees	No. of sick leave instances	No. of sick leave days
Philadelphia	22	57	1,092
Kansas City	13	22	548
Fort Worth	12	23	604
Central Office	7	18	570
National Capital	49	67	5,226
Totals	103	187	8,040
Without medical documentation			
Philadelphia	13	33	306
Kansas City	7	11	175
Fort Worth	3	6	51
Central Office	2	2	378
National Capital	27	37	2,157
Totals	52	89	3,067

Table II.2: Results of Review of Request and Approval Documentation by GSA Office

Office	Without application/ approval documentation	
	No. of employees	No. of sick leave days
Philadelphia	12	498
Kansas City	6	213
Fort Worth	7	132
Central Office	4	241
National Capital	40	3,433
Totals	69	4,517

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