
TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION
Office of Inspections and Evaluations



*To Prevent the Possible Widespread Abuse of
Religious Compensatory Time, Additional
Controls Are Needed*

February 27, 2009

Reference Number: 2009-IE-R002

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

February 27, 2009

MEMORANDUM FOR DEPUTY COMMISSIONER, OPERATIONS SUPPORT

FROM: R. David Holmgren
Deputy Inspector General for Inspections and Evaluations

SUBJECT: Final Inspection Report – To Prevent the Possible Widespread Abuse of Religious Compensatory Time, Additional Controls Are Needed (2009-IE-R002)

This report presents the results of our inspection to determine whether employees have accrued large religious compensatory time (RCT) balances or received large advances of RCT beyond the intended legal purpose.

Impact on the Taxpayer

Taxpayers' confidence in the integrity of the Internal Revenue Service (IRS) could be jeopardized if IRS employees abuse the RCT provisions for personal gain. Additionally, if the IRS does not properly control the accrual and use of RCT, the IRS has to compensate separated employees with a RCT balance. The funds to compensate them for the RCT come from program operating budgets.

Synopsis

During the past several years, various Federal agencies have encountered some employees who have abused RCT. The IRS noted in March 2006 that some of its employees were carrying large amounts of RCT. TIGTA initiated this inspection to determine if actions have been taken to address the issues identified in March 2006. We found that 42 percent of the employees the IRS identified in March 2006 still had excessive balances as of February 2008. Additionally, we found that about 2.6 percent of all IRS employees had either a positive or negative RCT balance, including 86 employees that had balances we considered to be excessive.



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While the issue of excessive balances is not widespread within the IRS, the accumulation of excessive RCT balances increases the risk that it may be used for unintended purposes. This includes earning the RCT and not routinely using it in order to receive a lump sum payment upon separation or retirement, using RCT instead of sick leave, or possibly using RCT to avoid pay limitations.

The IRS has taken some steps to improve controls applicable to RCT. The IRS formed a task force in March 2008 to study the issues and publicized requirements and issued managerial guidance in June and September 2008. We believe, however, some additional actions would further strengthen the controls to deter and prevent abuse.

Recommendations

We recommend that the IRS Human Capital Officer revise RCT procedures to require all requests for RCT be submitted in writing, take steps to ensure that advance RCT is repaid in a timely manner, and ensure that both employees and managers receive training on the proper use of RCT and the potential for abuse. We further recommend that the IRS Human Capital Officer work with the Chief, Agency-Wide Shared Services (AWSS) to create a process to generate a semiannual report of employees with excessive RCT balances and require that IRS operating divisions and business units document the actions they will take to address the excessive balances.

Response

IRS management agreed with our recommendations in principle, although they proposed slightly different corrective actions to two of our recommendations. We accept those actions as being reasonable alternatives.

The IRS Human Capital Officer plans to revise IRS policies related to the use and management of RCT. The IRS will work to develop a multi-prong approach to RCT, leave, and hours of duty by revising its internal manual; and developing web-based training and guidance consistent with the revised RCT policies. AWSS will prepare a semiannual report that lists employees with excessive RCT balances; and the senior executive for each operating division and business unit will be responsible for ensuring adequate controls are in place to address excessive balances. Management's complete response to the draft report is included in Appendix IV.

If you have any questions related to this report, please contact me at (202) 927-7048 or Phil Shropshire, Director, Inspections and Evaluations, (202) 622-5951.



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Abbreviations

AWSS	Agency-Wide Shared Services
IRS	Internal Revenue Service
OPM	Office of Personnel Management
RCT	Religious Compensatory Time
TIGTA	Treasury Inspector General for Tax Administration



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Background

In 1978, Public Law 95-390¹ was enacted, allowing Federal employees to modify their work schedules to work compensatory time in order to take time off for religious observances without being forced to lose pay or use annual leave. The time off from work is referred to as religious compensatory time (RCT). Employees may work the RCT before or after the religious observance.

Although RCT is to be used only for religious observances, some Federal employees have abused RCT by using it for nonreligious purposes. In 2002, the Naval Inspector General reported that two top level executives at the Naval Undersea Warfare Center used hundreds of hours of RCT for nonreligious purposes, such as for a vacation to go sightseeing in Germany and time off to attend a golf tournament. Both employees routinely used RCT instead of their annual leave. It is reported that by doing so over several years, their annual leave balances grew to several thousand hours which, upon their retirement, could have been worth \$195,000 to one of them and \$250,000 to the other. Similar abuse was identified in 2007 when congressional investigators reported that numerous Food and Drug Administration employees were allowed to accumulate excessive RCT balances and many were paid for the unused RCT when they retired or changed jobs.

In 2006, the IRS Agency-Wide Shared Services (AWSS) staff (responsible for the IRS's timekeeping system) identified 43 IRS employees who had balances of 100 or more hours of RCT. Memorandums identifying the employees and their balances were sent to the heads of the affected operating divisions and business units. The memorandums listed the number of hours credited to the employees and how much RCT they had used in the past year. They also reiterated the IRS policies that RCT was intended for religious observances only, and was not to be accrued until retirement and then converted to a lump sum payment.

Our inspection was performed to determine if IRS employees still carried excessive RCT balances that could be used for unintended purposes. This inspection was performed in the offices of the IRS Human Capital Officer (responsible for IRS-wide employee pay and benefits policies) and AWSS at the IRS National Headquarters in Washington, D.C. and in the AWSS office in Memphis, TN, during the period May 2008 through November 2008. This review was performed in accordance with the President's Council on Integrity and Efficiency Quality Standards for Inspections. Detailed information on our inspection objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

¹ Federal Employees Flexible and Compressed Work Schedules Act of 1978, September 29, 1978, 92 Stat. 755, 762



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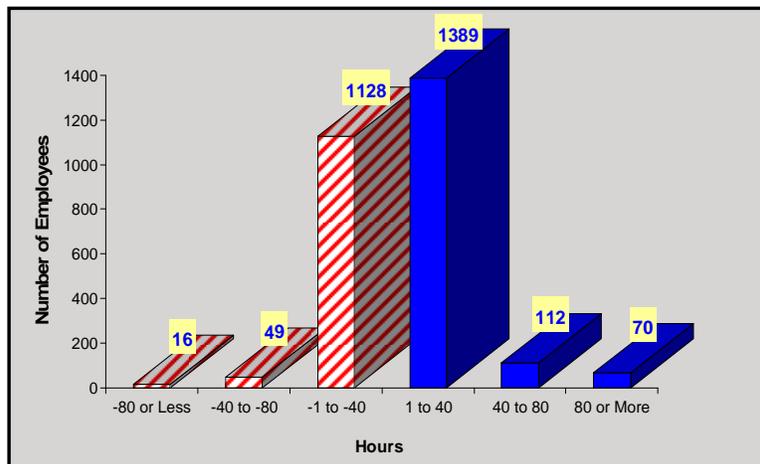
Results of Review

Possible Abuse of Religious Compensatory Time Appears to be Limited

Religious compensatory time (RCT) should only be earned and used for planned religious observances. A RCT balance can be either negative or positive. A negative balance occurs when an employee takes time off from work for a religious observance before working the extra hours required to make up for time away from work. A positive balance occurs when an employee works extra hours before taking time off for a religious observance. Federal regulations and other guidance have been issued to help ensure employees only use RCT for intended purposes.

As of February 2008, only 2,764 employees had an RCT balance. This is approximately 2.6 percent of the IRS workforce, which numbered approximately 104,864 employees at that time. While the percentage of IRS employees with RCT balances is fairly low, it is higher than that of other bureaus within the Department of the Treasury. The percentages at other bureaus in the Treasury ranged from 0 to 1.3 percent. Figure 1 illustrates the distribution of RCT balances within the IRS.

Figure 1: Distribution of Religious Compensatory Time Balances



Source: TIGTA analysis of time and attendance records, as of February 2008.



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The vast majority of IRS employees have reasonable RCT balances. In fact, 91 percent of the employees have balances between -40 and 40 hours. Interestingly, we found that the states of New York and Pennsylvania account for approximately 56 percent of all employees with RCT balances.

Further, about 83 percent of the employees with the highest RCT balances (a positive or negative balance of 80 hours or more) are located in New York and Pennsylvania. We also found numerous units in these two states where at least half of the employees had RCT balances and in many cases the unit managers also had RCT balances. While we believe the majority of the employees used RCT in accordance with the established regulations and guidance, our review indicates a small number of IRS employees may be using RCT for unintended purposes.

Some Employees Have Accumulated Excessive Positive and Negative Religious Compensatory Time Balances, Increasing the Risk of Abuse

Both the Office of Personnel Management (OPM) and the IRS have issued guidance on the accumulation and use of RCT. OPM stipulates that employees should be allowed to accumulate only the number of hours needed to make up for previous or anticipated absences from work for religious observances. IRS guidance further states that employees should not accumulate more RCT than they would be expected to use within 120 days. However, neither the OPM nor the IRS established a definition for an amount to be deemed excessive. For the purposes of this review, we define an excessive balance as 80 hours or more, which is a 2-week period, or one pay period.

As mentioned previously, the IRS has been aware that some employees might have accumulated RCT and not used it as intended. In March 2006, 42 employees were identified with RCT balances between 101 and 305 hours, and 1 employee had a negative balance of 170.75 hours. We found that 42 percent of these employees still had excessive balances as of February 2008. In fact, for 28 percent of these employees, their RCT balances remained the same or actually increased.

From the total of 2,764 employees with a RCT balance as of February 2008, we considered 86 employees to have had excessive RCT balances. Many of these balances had been outstanding nearly 2 years, and in two cases the balances had been outstanding over 6 years.

We selected 25 of the 86 employees with the most excessive balances for detailed review. The 25 consisted of 15 employees with positive RCT balances that ranged from 137 to 537.5 hours, and 10 employees with negative RCT balances that ranged from 98 to 224 hours. We believe that many of these employees may be using RCT to receive large lump sum payments upon retirement or separation from the IRS, or as a substitute for sick leave. Additionally, IRS employees in the AWSS informed us that some employees may be using RCT to circumvent statutory pay limitations.



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Positive religious compensatory time may have been earned to be used for large lump sum payments

We believe that 13 of 15 employees with the highest positive RCT balances could be accumulating those balances for large lump sum payments. The IRS must pay employees for unused RCT at the rate of pay in effect when the employee earned the RCT. If the 13 employees separated or retired, the IRS would have to pay them a total of approximately \$124,921.² Figure 2 shows the amount each of them would have received.

Figure 2 Distribution of Religious Compensatory Time Balances

Case Number	Possible Payment	Ending Balance in Hours (July 2008)	Number of Days Outstanding
1	\$21,285	537.5	374 days
6	\$13,465	242	At least 6 years
4	\$13,164	244	At least 6 years
2	\$10,825	485	139 days
9	\$10,556	199.5	727 days
5	\$10,266	218	559 days
11	\$9,557	146	727 days
8	\$8,264	181	727 days
3	\$6,763	303	139 days
10	\$6,098	154	364 days
15	\$5,779	137	727 days
13	\$5,055	153	727 days
12	\$3,844	163.5	727 days
Total Possible Payout	\$124,921		

Source: TIGTA analysis detailed time and attendance records.

While the amount shown in Figure 2 is what the IRS might have to pay, the IRS did owe approximately \$127,300 to 116 employees who separated from the IRS with a combined total of 3,024 hours of unused RCT over a 2-year period ending June 2008.

² The possible lump sum payments are calculated based on each employee's pay grade and step 5 as of calendar year 2008.



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These balances accumulated because, unlike some other agencies, the IRS did not limit how far in advance of a religious observation the compensatory time could be earned. Several Federal agencies limit how far in advance the RCT can be earned, thereby limiting the total amount accrued.

This also occurred because there seems to have been little effort by a few second level managers to question these large balances and to hold first level managers accountable for effectively managing the use of RCT. We base our opinion on the mixed response to the March 2006 notice of possible misuse and because IRS supervisors and managers are required to complete a self-assessment annually as part of the IRS's effort to comply with the Federal Managers' Financial Integrity Act.³ Among other things, the Act requires agencies to attest that they have adequate controls to reasonably ensure that "... funds, property, and other assets are safeguarded against waste, loss, unauthorized use or misappropriation..." If such controls had been in place, it is unlikely employees would have built up such large balances.

Negative religious compensatory balances have not been timely resolved, and some may have been used as a substitute for sick leave

IRS policies require employees to repay advanced RCT within a reasonable period of time (generally 120 days) and, if it is not repaid in that period, the leave will be converted to annual leave or leave without pay. An official in the Human Capital Office acknowledged that organizationally they have not routinely enforced this requirement but plan to do so in the future. A very probable effect of not enforcing this requirement is that some employees have been allowed to receive paid overtime, regular compensatory time, and credit hours while still owing large advanced RTC balances. Employees generally receive 1.5 times their basic hourly pay rate for each overtime hour worked, while they may earn regular compensatory time in lieu of paid overtime on an hour for hour basis. Credit hours allow employees under flexible work schedules to be absent for an equal number of hours worked. In our review of the 10 employees with excessive negative RCT balances we determined:

- One employee worked 588 credit hours during the 2-year period we reviewed and still owed the IRS 100 hours of advanced RCT.
- A second employee received overtime pay for 462 extra hours worked during the same period and owed 145.2 hours of RCT.
- A third employee worked 262 credit hours during the same period and owed 81 hours of RCT.
- Finally, a fourth employee received 33 hours of regular compensatory time for extra hours worked and owed the IRS 105 hours of RCT at the end of the 2-year period.

³ Federal Managers' Financial Integrity Act of 1982, 31 U.S.C. §§ 1105, 1113, 3512 (2000).



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The IRS does not have specific policies to prevent employees from applying extra hours worked to overtime, regular compensatory time, or credit hours, instead of paying back advanced RCT.

At the same time, some employees appear to be using RCT as a substitute for sick leave. We reviewed the time and attendance records for the 10 IRS employees with the highest advanced RCT balances. We found that IRS managers authorized advanced RCT for 9 of 10 employees who had little to no sick leave balances. Because of the correlation between the low sick leave balances and the authorization of advanced RCT, we concluded the employees used RCT in lieu of sick leave. In two cases, employees received advanced RCT after using nearly all of their sick leave and being on leave without pay for 27 hours and 80 hours, respectively. Neither employee had repaid any of the RCT advanced to them as of July 2008.⁴

We believe the managers authorized advanced religious compensatory to these employees in order to provide some relief for employees suffering from long-term medical problems. Nevertheless, other administrative options are available for employees in such situations, and RCT should not be used for this purpose.

A possible unintended consequence of this is that employees who use advanced RCT in place of sick leave can accumulate large negative balances in a short period of time. In one case, an employee accumulated 224 hours in 7 weeks. Another employee accumulated an advanced RCT balance of 120 hours in 4 weeks. Accumulating such high balances in a short period of time increases the likelihood that the advanced balances will not be repaid.

A prior TIGTA audit of IRS employees' use of sick leave⁵ determined that some managers were not aware of all the regulations concerning the proper use of leave. In that audit, TIGTA recommended that managers receive training on leave policies to ensure proper sick leave administration and to increase awareness of possible abuse.

Religious compensatory time may have been used to circumvent pay restrictions

Employees from the IRS Payroll Center reported that some employees may use RCT to circumvent policies that limit pay. With few exceptions, an employee may not be paid premium pay (overtime or regular compensatory time) if the payment will cause the total of his or her basic pay and premium pay to exceed the maximum rate for a GS-15 Step 10 during any pay period.

In one case in our sample, an IRS executive charged 19.5 hours to regular compensatory time for the first four pay periods of employment with the IRS in 2006. However, the pay plan for the employee did not allow the employee to earn regular compensatory time. After the error was noted by the National Finance Center, the time charged to regular compensatory time was changed to RCT. The employee continued to earn RCT in subsequent pay periods. During the

⁴ As of pay period 13 in 2008.

⁵ Lack of Compensation for Unused Sick Leave at Retirement Has Contributed to Higher Use by Employees in the Federal Employees Retirement System (Reference: Number 2008-30-093, dated April 24, 2008).



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2-year period of our review, the employee earned 148 hours of RCT, but only used 84 hours. In fact the employee did not use any RCT between December 2007 and July 2008 (approximately seven months).⁶

While the initial charges to regular compensatory time may have been posted in error, it seems that changing the compensatory time to RCT and the subsequent continued practice of earning RCT and taking very little time off may have been an effort to circumvent the pay limitations. IRS employees in the payroll center agreed with our conclusion, and noted the existence of other cases with similar characteristics. The IRS cannot effectively control the salaries of senior officials and executives if some employees circumvent pay limitations by erroneously recording premium pay as RCT.

***Internal Revenue Service Staff are Acting to Address These Issues,
But More Actions Should be Considered***

In March 2008, the IRS formed a task force to develop guidance related to managerial responsibilities for the administration of RCT. The task force met throughout the year and has developed and issued some revised procedures to address many of the RCT issues we have highlighted in this report.

In June 2008, the group issued requirements that state that an employee and his or her manager must establish a plan (generally for 120 calendar days) that documents the RCT that will either be worked in advance of the requested time off for the religious observance, or worked after the time off is taken for the religious observance. The plan should show the dates and times the employee is requesting to be absent for the religious observance(s) and the dates and times the employee will work to repay the RCT used. Further, an employee will be permitted to accumulate only the hours of work needed for anticipated absences from work for religious observances that are planned in the near future (normally within 120 days). While we believe these procedures will provide added control, we believe any request for RCT should be formally documented and other control procedures require some additional strengthening.

Recommendations

The IRS Human Capital Office is responsible for IRS-wide policies related to employee pay and benefits. Therefore, the IRS Human Capital Officer should:

Recommendation 1: Ensure that all IRS managers and employees receive training on IRS time and attendance policies related to all types of leave to increase awareness of possible abuse and ensure proper administration of not only RCT, but all other types of leave and hours of duty.

⁶ We reviewed time reports through July 2008.



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This training should also reference supervisors' and managers' Federal Managers' Financial Integrity Act responsibilities.

Management's Response: IRS management agreed with the recommendation and will revise its policies related to the use of RCT, leave, hours of duty and managers' Federal Managers' Financial Integrity Act responsibilities as it relates to these issues. The IRS will develop a multi-prong approach expected to include developing web-based guidance and training to ensure managers, employees and timekeepers understand the revised policies.

Office of Inspections and Evaluations Comment: Although the IRS does not propose formal classroom training, we believe the multi-pronged approach to include web-based guidance and training is a reasonable alternate approach.

Recommendation 2: Modify IRS RCT procedures to require that all requests for RCT be submitted in writing before any RCT is earned or taken. The request should include:

1. the dates and number of hours requested
2. a brief explanation of the personal belief that requires the employee to abstain from work at the time requested
3. the dates and times the employee will repay the hours used

Management's Response: IRS management agreed with the recommendation and will require employees to submit written requests for RCT with the pertinent information.

In September 2008, the group issued managerial guidance that states that, if an employee has a positive RCT balance, the employee's manager should not approve additional RCT until the positive balance is used or scheduled for use. Additionally, employees should preferably use positive RCT balances within 120 days. If the balance cannot be used within 120 days, every effort should be made to use the balance within 1 year. Again, while we believe these are steps in the right direction, we believe more should be done.

We further recommend that the IRS Human Capital Officer:

Recommendation 3: Strengthen the procedures to require that managers not allow employees with existing positive RCT balances to accumulate additional RCT, unless they provide the required written request and then allow them to earn enough time only to cover the specific observance in the request.

Management's Response: IRS management agreed with the recommendation and will revise its policies to emphasize additional RCT may not be approved if existing RCT balances have not been used, repaid, or scheduled for use or repayment.



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Recommendation 4: Modify the IRS RCT procedures to require that advanced RCT balances must be repaid before approving employees' voluntary requests to earn overtime, compensatory time, or credit hours.

Management's Response: IRS management agreed with the recommendation and will also incorporate this requirement in the Internal Revenue Manual.

Finally, we recommend that the IRS Human Capital Officer and the Chief, AWSS:

Recommendation 5: Formalize a procedure to have the AWSS staff produce a semiannual listing of employees with RCT balances that are excessive or have not decreased within that 6 month review period. The list should be provided to the senior executive of each operating division and business unit. Within 60 days of receiving the list, each senior executive will provide a report to the IRS Human Capital Officer on steps to be taken to ensure that managers prepare plans to address the excessive balances.

Management's Response: IRS management agreed with the recommendation. AWSS staff will prepare a semiannual listing in accordance with the recommendation. The senior executive of each operating division and business unit will retain oversight and ensure adequate controls are in place to address excessive RCT balances. However, the senior executives will not report corrective actions to the IRS Human Capital Officer.

Office of Inspections and Evaluations Comment: Although the IRS does not plan to require senior executives to report corrective actions to the IRS Human Capital Officer, we believe that if senior executives provide the expected oversight by ensuring the revised policies are followed and if they ensure actions are taken to address large balances, those actions should address the issues we identified.



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Appendix I

Detailed Objective, Scope, and Methodology

The overall objective was to determine whether employees have accrued large religious compensatory time (RCT) balances or received large advances of RCT beyond the intended legal purpose. To accomplish this objective we:

- I. Determined whether the IRS had adequate policies and procedures in place to ensure that employees do not accumulate excessive RCT balances.
 - A. Reviewed IRS policies and procedures related to earning and using RCT to determine whether the policies provide sufficient guidance for IRS employees and managers.
 - B. Interviewed officials from the IRS Human Capital Office and determined whether the IRS had adequate procedures in place to ensure that employees who retire or separate from the government with positive RCT balances are paid based on the pay grade applicable when the compensatory time was earned.
- II. Determined whether IRS employees with excessive RCT balances appear to be using RCT for unintended purposes.
 - A. Determined how many IRS employees had excessive RCT balances.
 - B. Determined whether employees with excessive RCT balances appeared to be using RCT for unintended purposes. We identified 86 employees with excessive RCT balances. From this population, we selected the 15 employees with the highest positive RCT balances and the 10 employees with the lowest negative RCT balances. We reviewed the detailed time and attendance records for all 25 employees through July 2008.
 - C. Determined the financial impact of IRS employees who retired or left with excessive religious compensatory balances.



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Appendix II

Major Contributors to This Report

Philip Shropshire, Director, Office of Inspections and Evaluations
Kevin P. Riley, Assistant Director, Office of Inspections and Evaluations
James A. Douglas, Senior Auditor



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Appendix III

Report Distribution List

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Office of Internal Control OS:CFO:CPIC:IC



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Appendix IV

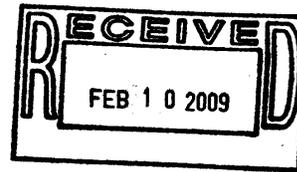
Management's Response to the Draft Report



DEPUTY COMMISSIONER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

January 30, 2009



MEMORANDUM FOR PHILIP SHROPSHIRE
DIRECTOR, INSPECTIONS AND EVALUATIONS

FROM: Mark A. Ernst 
Deputy Commissioner for Operations Support

SUBJECT: Draft Inspection Report -To Prevent the Possible Widespread
Abuse of Religious Compensatory Time, Additional Controls Are
Needed (Audit # 200810IE003) (I-trak 2009-49460)

Thank you for the opportunity to comment on the subject draft report. We appreciate your recognition of the fact that the vast majority of IRS employees have reasonable religious compensatory time balances. However, we realize that controls must be in place to monitor the earning and use of religious compensatory time to ensure it is used for its intended purpose.

As you acknowledge in the report, we have undertaken a number of actions during the past year to address religious compensatory issues. Accomplishments include issuing periodic reports to business units that provide a listing of employees with religious compensatory balances and usage; posting religious compensatory time requirements on the Employee Resource Center; and development of managerial guidance. The *Administrative Procedures for Managers* website was updated with a Frequently Asked Questions (FAQ) document on religious compensatory time entitled "20 Questions for Managers," and a chart that addresses specific situations regarding religious compensatory time balances. We are currently revising the Internal Revenue Manual chapter on religious compensatory time to strengthen and clarify the requirements. Upon publication of this document, web-based training will be available for managers to ensure an understanding of religious compensatory time policy and the procedures for requesting, earning, and using such time.

With the exception of identifying a different approach to address the intent of recommendations 1 and 5 in the report, we agree with your recommendations and will continue to address areas noted in your review. Attached are our responses and corrective actions that pertain to each recommendation.

If you have any questions, please contact Robert Buggs, IRS Human Capital Officer, at (202) 622-5296, or Rich Cronin, Director, Workforce Progression and Management Division, Human Capital Office, at (202) 622-4341.

Attachment



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Attachment

**Draft Inspection Report -To Prevent the Possible Widespread Abuse of Religious
Compensatory Time (RCT), Additional Controls Are Needed (Audit # 200810IE003)
(i-trak 2009-49460)**

RECOMMENDATION 1: Ensure that all IRS managers and employees receive training on IRS time and attendance policies related to all types of leave to increase awareness of possible abuse and ensure proper administration of not only RCT, but all other types of leave and hours of duty. This training should also reference supervisors' and managers' Federal Managers' Financial Integrity Act responsibilities.

CORRECTIVE ACTION: We agree with the intent of this recommendation; however, we believe there is a more efficient way to educate managers and employees on RCT, leave, and hours of duty by using a multi-prong approach. The Internal Revenue Manual (IRM) chapters that contain these topics are currently being revised and updated. To accompany these documents, we are developing web-based guidance that can be accessed by managers and employees on an on-going basis for easy reference. In addition, we are developing self-directed, web-based training for managers and timekeepers on pertinent leave and hours of duty topics. The Federal Managers' Financial Integrity Act and its relationship to managerial oversight of leave and hours of duty will be included in the IRM and managerial guidance.

IMPLEMENTATION DATE: December 31, 2009

RESPONSIBLE OFFICIAL: Director, Workforce Progression and Management
Division, Human Capital Office

RECOMMENDATION 2: Modify IRS RCT procedures to require that all requests for RCT be submitted in writing before any RCT is earned or taken. The request should include:

1. The dates and number of hours requested;
2. A brief explanation of the personal belief that requires the employee to abstain from work at the time requested; and,
3. The dates and times the employee will repay the hours used.

CORRECTIVE ACTION: We agree with this recommendation and strongly concur that mandatory, written requests for RCT that document repayment schedules will improve managerial oversight. The revised IRM will include the requirement that RCT requests be submitted in writing, with pertinent information regarding the purpose of the request, dates and hours for the time off requested, and dates and hours that will be worked to make up the time noted.



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Implementation Date: October 30, 2009

Responsible Official: Director, Workforce Progression and Management Division,
Human Capital Office

RECOMMENDATION 3: Strengthen the procedures to require that managers not allow employees with existing positive RCT balances to accumulate additional RCT, unless they provide the required written request, and then allow them to earn enough time only to cover the specific observance in the request.

CORRECTIVE ACTION: We agree with this recommendation and, with the exception of mandating that requests must be in writing, have included this requirement in managerial guidance that was issued on September 29, 2008. The upcoming IRM revision will also emphasize that additional RCT may not be approved if existing RCT hours have not been used, repaid, or scheduled for use or repayment.

IMPLEMENTATION DATE: December 31, 2009

RESPONSIBLE OFFICIAL: Director, Workforce Progression and Management
Division, Human Capital Office

RECOMMENDATION 4: Modify the IRS RCT procedures to require that advanced RCT balances must be repaid before approving employees' voluntary requests to earn overtime, compensatory time, or credit hours.

CORRECTIVE ACTION: We agree with this recommendation and will also incorporate this requirement in the IRM.

IMPLEMENTATION DATE: December 31, 2009

RESPONSIBLE OFFICIAL: Director, Workforce Progression and Management
Division, Human Capital Office

RECOMMENDATION 5: Formalize a procedure to have the Agency-Wide Shared Services (AWSS) staff produce a semiannual listing of employees with RCT balances that are excessive or have not decreased within that 6-month review period. The list should be provided to the senior executive of each operating division and business unit. Within 60 days of receiving the list, each senior executive will provide a report to the IRS Human Capital Officer on steps to be taken to ensure that managers prepare plans to address the excessive balances.



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CORRECTIVE ACTION: We agree with the recommendation to provide a semiannual listing as stated. However, since the findings show that, as of February 2008, only approximately 2.6 percent of the IRS workforce had an RCT balance, we do not believe it is necessary for senior executives to report to the IRS Human Capital Officer. The senior executive of each operating division and business unit will retain oversight and ensure adequate controls are in place to address excessive balances.

Implementation Date: July 1, 2009

Responsible Official: Director, Employee Support Services, AWSS