



Report in Brief

June 3, 2024

Background

The U.S. Office of Personnel Management (OPM) encourages agencies to strategically use workplace flexibilities such as telework and remote work to help attract, recruit, and retain employees. Telework allows employees to work certain days at an alternative worksite instead of the agency worksite. According to U.S. Department of Commerce (Department) policy, the teleworking employee's official worksite, also called the official duty station, is the location of the agency's worksite. Remote work allows an employee to perform regular work at an approved alternative worksite, such as their home, instead of working from an agency worksite on a regular basis. The employee's official duty station is the approved alternative worksite location. Employees are required to record their work time for each pay period according to the Department's policies and procedures. This includes accurately recording time worked as telework, remote work, or regular time (e.g. in-office) on their time sheets.

Most General Schedule (GS) federal employee pay includes a locality payment based on the employee's official duty station. The locality payment may vary significantly depending on the location of the duty station.

In March 2020, the Department implemented mandatory telework for all telework-eligible employees due to the COVID-19 pandemic. The Department gave notice to return to office facilities beginning in April 2022, requiring employees to have signed telework or remote work agreements in place to continue using these flexibilities.

Why We Did This Review

Our audit objective was to determine whether the Department ensures employees are paid the correct locality pay in accordance with applicable regulations and policy.

OFFICE OF THE SECRETARY

The Department Can Improve Processes to Ensure Locality Pay is Accurate

OIG-24-025-A

WHAT WE FOUND

To address our objective, we assessed the Department's controls and monitoring for establishing and updating locality pay; judgmentally selected employees and reviewed documentation supporting their locality rates; and reviewed documentation confirming telework employees complied with their telework agreements.

Overall, we found that while the Department and bureaus have some policies and controls in place to ensure employees are paid the correct locality pay, they do not have sufficient policies and controls in place for timely processing of duty station changes or ensuring employees comply with telework agreements. Specifically, we found the following:

- I. Department personnel did not timely initiate or process changes in employee duty stations.
- II. The Department could not demonstrate that all teleworking employees reported to the office as required by their telework agreements.

WHAT WE RECOMMENDED

We recommended that the Chief Financial Officer and Assistant Secretary for Administration

1. Implement internal controls to ensure that changes in duty stations are initiated and processed timely.
2. Review duty station changes processed since the return to office to determine whether untimely initiation or processing resulted in incorrect employee locality pay. Recover any excess salary amounts paid to employees in accordance with Departmental policy.
3. Regularly track and determine whether all teleworking Department employees are meeting the schedule requirement for 2 days in the office per pay period. For employees failing to meet this requirement, take action to ensure that the agency has assigned the proper locality pay and telework or remote work status to the employees and prevent or address any overpayment of salary amounts paid to the employees in accordance with Departmental policy.
4. Implement internal controls to ensure employees are following the requirements of their telework or remote work agreements and temporary exceptions are properly documented.