



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
WASHINGTON, D.C. 20555-0001

OFFICE OF THE
INSPECTOR GENERAL

December 19, 2013

MEMORANDUM TO: Mark A. Satorius
Executive Director for Operations

J. E. Dyer
Chief Financial Officer

FROM: 
Stephen D. Dingbaum
Assistant Inspector General for Audits

SUBJECT: AUDIT OF NRC'S USE OF THE NEWFLEX PROGRAM
(OIG-A-14-08)

The Office of the Inspector General (OIG) audited the administration of the Nuclear Regulatory Commission's (NRC) Employee Work Schedule Flexibilities (NEWFlex) program to assess (1) NRC's adherence to applicable laws and regulations, (2) the adequacy of NRC's internal controls associated with the program, and (3) whether the program adequately addresses unique situations such as drug testing, official travel, and other events.

Overall, NRC's administration of the NEWFlex program complies with applicable laws and regulations, management applies generally adequate internal controls, and internal procedures adequately address unique situations. However, OIG identified opportunities for the agency to enhance administration of the program. Specifically, the agency has not updated its NEWFlex intranet information, provided adequate NEWFlex training, or established performance standards and metrics to measure program success. OIG makes recommendations to address these issues.

Please provide information on actions taken or planned on each of the recommendations within 30 days of the date of this report. Actions taken or planned are subject to OIG followup as stated in Management Directive 6.1.

BACKGROUND

The U.S. Congress determined “that the use of flexible ... work schedules has the potential to improve productivity in the Federal Government and provide greater service to the public.” Congress and the President signaled their support for flexible work-life programs by passing the Federal Employees Flexible and Compressed Work Schedules Act of 1982. Congress amended the act to incorporate a 1994 presidential memorandum that directed executive agencies to implement work-life balance initiatives, including flexible work schedules. The memorandum stated, “Broad use of flexible work arrangements ... can increase employee effectiveness and job satisfaction, while decreasing turnover rates and absenteeism.”

NRC has implemented increasingly flexible work schedule initiatives over a number of years. The agency began flexible work schedule pilot programs in 1977. In 1989, the agency added the compressed work schedule¹ option to provide additional alternative work schedule choices. In November 2009, NRC implemented NEWFlex, adding more features to provide an “environment rich in work-life balance.” Table 1 summarizes NEWFlex work schedule features.

Table 1: Summary of NEWFlex Features

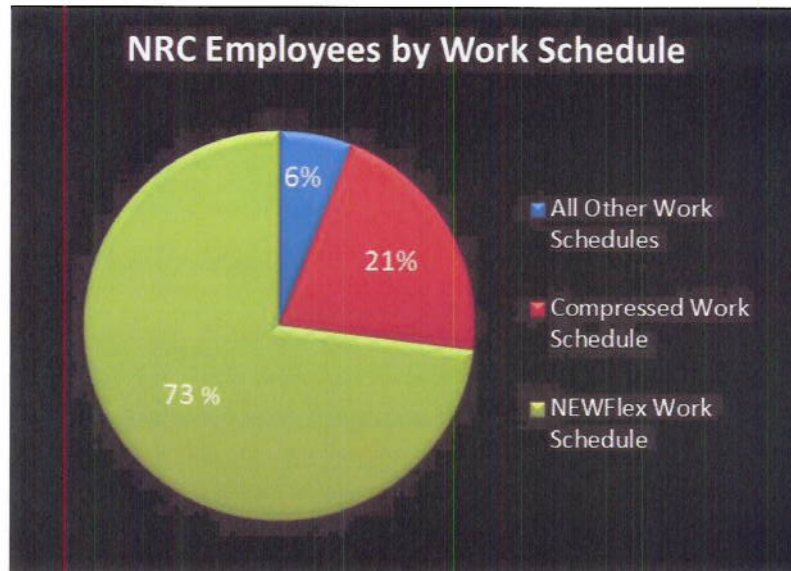
FEATURE	DETAILS
Basic Work Schedule	<ul style="list-style-type: none"> ➤ Normally Monday to Friday over 10 or fewer workdays per pay period ➤ Saturdays as a normal work day by approval ➤ Earliest arrival: 5:00 AM ➤ Latest departure: 8:00 PM (11:00 PM with approval) ➤ Core hours: work day/hour(s) employee must account for each pay period ➤ Account for up to 11.25 hours a day (including regular hours, credit hours earned/used, leave used, etc.) ➤ Vary arrival/departure times and number of hours worked each day
Split Work Schedule	<ul style="list-style-type: none"> ➤ Include non-contiguous hours in work schedules
Gliding	<ul style="list-style-type: none"> ➤ Arrive/depart up to 1 hour before to 1 hour after scheduled arrival/departure time
Credit Hours	<ul style="list-style-type: none"> ➤ Hours worked in excess of a basic schedule to vary the length of a workweek/workday (excludes senior executive service employees) ➤ Maximum credit hour carry over to the next pay period: 24 credit hours for full-time employees, up to 25 percent of scheduled tour of duty for part-time employees

Source: OIG summary of information in the handbook of Management Directive 10.42, *Work Schedules and Premium Pay*.

¹ A 5-4/9 compressed work schedule is a work schedule with a full-time, 80 hour, biweekly basic work requirement that is fixed and scheduled for nine basic workdays, eight of which are 9-hour workdays and one of which is an 8-hour workday.

The agency tracks employee schedules and biweekly time and attendance reporting through the NRC Human Resources Management System.² Calendar year 2012 data from the NRC Human Resources Management System demonstrates that most NRC employees have chosen a NEWFlex schedule (see Figure 1).

Figure 1: Distribution of NRC Employees by Work Schedule for Calendar Year 2012



Source: OIG analysis of NRC Human Resources Management System data.

OBJECTIVES

The audit objectives were to assess (1) NRC's adherence to applicable laws and regulations, (2) the adequacy of NRC's internal controls associated with the program, and (3) whether the program adequately addresses unique situations such as drug testing, official travel, and other events.

RESULTS

OIG compared applicable laws and regulations to NRC Management Directives, tested program internal controls, and reviewed internal procedures related to unique situations. OIG determined that, overall, NRC's administration of NEWFlex complies with applicable laws and regulations, management applies generally adequate internal controls related to NEWFlex time and attendance reporting, and

² NRC Human Resources Management System is the agency's system for capturing time, attendance, and labor data.

internal procedures adequately address unique situations. However, opportunities exist for the agency to improve its administration of NEWFlex.

Opportunities Exist To Improve NRC's Administration of NEWFlex

OIG identified three areas where management could improve administration of the NEWFlex program: (1) NEWFlex information on the intranet site is outdated, (2) NEWFlex training is inadequate, and (3) NEWFlex performance measures are lacking. Federal law and internal control standards require agencies to provide current and accurate program information, provide adequate program training, and monitor program performance for effectiveness. However, the agency has not created an adequate process for updating NEWFlex intranet information and has not established a mandatory training program for NEWFlex. Further, management has not established and monitored performance indicators specific to NEWFlex. As a result, not all employees fully understand basic NEWFlex features because they lack mandatory training, and management is unable to monitor the NEWFlex program effectively.

Program Information, Training, and Monitoring Requirements

Federal laws and internal control standards establish requirements for agencies to provide employees with relevant and reliable communications and adequate training, as well as to monitor agency programs for effectiveness. The Government Accountability Office established internal control standards that require agencies to communicate reliable and timely information to employees who need it. The Federal Employees Flexible and Compressed Work Schedules Act of 1982 requires agencies to provide adequate training to ensure employees understand work-life program features.

Furthermore, Government Accountability Office guidance requires agencies to establish and monitor performance indicators to measure and analyze the effectiveness of their programs.

NEWFlex Administration Needs Improvement

OIG found three areas where the administration of the NEWFlex program could be improved: (1) the agency intranet site for NEWFlex contains inaccurate and outdated information, (2) training for NEWFlex is inadequate, and (3) the agency does not monitor performance measures specific to NEWFlex.

(1) Intranet Information Is Inaccurate and Outdated

OIG reviewed NEWFlex information on NRC's intranet site and determined that some of the information is inaccurate and outdated. For example, during the 2009 implementation of NEWFlex, NRC procedures required employees to submit a paper NRC Form 707 to document their work schedules. NRC subsequently upgraded the NRC Human Resources Management System, and as of October 2011, employees now document their work schedules electronically. While officials in the Office of the Chief Human Capital Officer pointed to the intranet site as a resource for NEWFlex information, the site did not reflect the current work schedule documentation requirement.

The NEWFlex intranet site also provided office and regional contact information for employees. However, of 42 individuals listed as points of contact, 7 were no longer NRC employees and 8 others were in different offices. Subsequent to OIG's review, Office of the Chief Human Capital Officer staff stated they had changed and updated the contact information.

(2) NEWFlex Training Is Inadequate

OIG interviewed 25 employees regarding training and understanding of NEWFlex features. Table 2 shows that not all supervisors and staff interviewed have received training. For example, 11 of 25 respondents either did not receive or do not recall receiving formal training related to NEWFlex and 6 of 25 respondents stated that they lack a good understanding of some NEWFlex features.

Table 2: Employee Interview Results

Received Training on NEWFlex?				
	Yes	Self-taught	Unsure	No
Supervisors (n = 8)	5	2	0	1
Staff (n = 17)	9	1	3	4
Understanding of NEWFlex Features?				
	All Features	Some Features		
Supervisors (n = 8)	7	1		
Staff (n = 17)	12	5		
What schedule do you work?				
	Compressed Work Schedule	NEWFlex	Unsure	
Supervisors (n = 8)	5	3	0	
Staff (n = 17)	2	12	3	

Source: OIG interview data.

OIG also examined the training curriculum for new supervisors and found that there was no mandatory training for managing NEWFlex work schedules or NEWFlex time and attendance. Further, staff do not have access to an online training course about NEWFlex. Office of the Chief Human Capital Officer staff stated they recognized that training in this area could be improved and have spent considerable effort planning and conducting general work schedule and associated compensation rules training sessions when requested.

In addition, the online training materials for the NRC Human Resources Management System do not provide complete instructions for employees on how to enter split work schedules. There are cases where employee work schedules entered into the NRC Human Resources Management System do not reflect the actual split work schedule. OIG identified work schedules where the planned start and stop times reflected 9¾- to 12-hour workdays, but employees normally worked 8-hour days. Three employees interviewed stated that they have a split work schedule but they did not know how to enter the split work schedules into the NRC Human Resources Management System.

(3) NEWFlex Performance Measures Lacking

The agency does not have performance indicators specific to NEWFlex to determine if NEWFlex aids in recruitment, retention, and enhancement of work-life balance. The Strategic Human Capital Plan for Fiscal Year 2010–2014 states the strategy for the Office of the Chief Human Capital Officer is to explore and implement possible work-life flexibilities to create a great place to work. The metric that defines success is when the Federal Human Capital Survey results report NRC as a great place to work. Neither the strategy nor the metric are specific to NEWFlex (see Table 3).

Table 3: Excerpt from Strategic Human Capital Plan Fiscal Year 2010-2014

NRC Strategic Plan	Human Capital Goals	Strategies	We'll know we are successful when...
Operational Excellence Strategy Linkages	The NRC envisions...	Office of the Chief Human Capital Officer will...	
Improve support services to make them more efficient and make it easier to accomplish agency goals.	An environment rich in work-life balance making NRC a great place to work.	Explore and implement possible work-life flexibilities to create a great place to work.	Federal Human Capital Survey results report NRC as a great place to work.

Source: OIG summary of NRC's Strategic Human Capital Plan for Fiscal Year 2010-2014.

The Federal Employee Viewpoint Survey (formerly known as Federal Human Capital Survey) is a Governmentwide survey administered by the Office of Personnel Management in compliance with the Chief Human Capital Officers Act of 2002. According to the Office of Personnel Management, this survey is a tool “to measure employees’ perceptions of whether, and to what extent, conditions characterizing successful organizations are present in their agencies.” However, this survey does not contain any questions specific to NEWFlex. As shown in Table 4, the survey addresses “Alternative Work Schedules” in general.

Table 4: Excerpt from NRC Federal Employee Viewpoint Survey Results for 2012

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2012 FEDERAL EMPLOYEE VIEWPOINT SURVEY RESULTS							
Question 74	Yes	No	Not Available to me	Total			
Do you participate in the following Work/Life programs? Alternative Work Schedules (AWS)	1641	899	98	2638			
Question 80	Very Satisfied	Satisfied	Neither Satisfied or Dissatisfied	Dissatisfied	Very Dissatisfied	Do Not Know/No Basis to Judge	Total Responses
How satisfied are you with the following Work/Life programs in your agency? Alternative Work Schedules (AWS)	993	544	54	13	6	21	1631

Source: Excerpt from 2012 Federal Employee Viewpoint Survey, NRC Agency Results.

Moreover, in 2010, one year after NEWFlex implementation, the Office of the Chief Human Capital Officer conducted an informal survey of 120 NRC supervisors to determine if NEWFlex was working. The Chief Human Capital Officer stated that the results of that survey were positive. However, some supervisors were not comfortable with managing the flexible work schedules. No other surveys specific to NEWFlex have been completed since 2010.

Agency Has Not Developed a Process for Updating Information, a Mandatory Training Program, or Metrics to Monitor NEWFlex

The agency has not created a process to review and revise NEWFlex information, resulting in outdated program materials available to employees.

In addition, management has not established a mandatory training program for NEWFlex. NEWFlex training is not provided in the Supervisor Development Program to help supervisors understand and manage NEWFlex features and to effectively counsel staff on work schedule options. Moreover, management has not provided explicit split work schedule procedures for agency employees, resulting in

inconsistent and inaccurate entry of employee split work schedules. The agency official in charge of maintaining NEWFlex intranet information concurred that the information was not routinely updated and NRC does not provide specific training to new supervisors and staff on NEWFlex features.

Additionally, management has not developed independent metrics or established specific performance standards to monitor and analyze NEWFlex. Nonsupervisory staff have never been surveyed regarding NEWFlex.

Inadequate NEWFlex Information, Training, and Monitoring

Without reliable information, some staff lack understanding of certain NEWFlex features and procedures. Without clear NRC Human Resources Management System training, some staff are unsure of the correct format to enter split work schedules.

Furthermore, without up-to-date specific program metrics, the agency cannot determine whether NEWFlex is meeting the goals of enhancing work-life balance and improving recruitment and retention efforts.

RECOMMENDATIONS

OIG recommends that the Executive Director for Operations:

1. Develop and implement a process to provide current and accurate NEWFlex information on the agency's intranet.
2. Modify the Supervisor Development Program to include training for managing NEWFlex work schedules and NEWFlex time and attendance reporting.
3. Make the NEWFlex work schedule and NEWFlex time and attendance training provided in the Supervisor Development Program available online for all employees.

OIG recommends that the Chief Financial Officer:

4. Enhance the NRC Human Resources Management System training module to provide clear step-by-step procedures for entering NEWFlex split work schedules.

OIG recommends that the Executive Director for Operations:

5. Establish an ongoing program to conduct targeted data collection and analysis of specific NEWFlex features to monitor NEWFlex program goals and identify potential problem areas.

AGENCY COMMENTS

An exit conference was held with the agency on November 25, 2013. Agency staff generally agreed with the report finding and recommendations, and provided technical comments on a draft version of the report. OIG has incorporated these comments, as appropriate. NRC management and staff reviewed the revised draft report and agreed with the finding and recommendations. The agency opted not to provide formal comments for inclusion in this final report.

SCOPE AND METHODOLOGY

The audit focused on reviewing the internal controls over administration of NEWFlex during calendar year 2012. We conducted this performance audit at NRC headquarters in Rockville, MD, from March 2013 to August 2013. Throughout the audit, we were aware of the possibility or existence of fraud, waste, or misuse in the program.

To assess NRC's compliance with applicable Federal laws and regulations, OIG compared NRC's Management Directive related to work schedules to the requirements of the Federal Employees Flexible and Compressed Work Schedules Act of 1982, relevant sections of the Code of Federal Regulations, and Office of Personnel Management guidance. OIG found NEWFlex to be compliant with applicable Federal laws and regulations.

OIG also reviewed additional agency guidance, including policies and procedures pertaining to NEWFlex administration, as well as audit reports of other Federal agencies related to this topic.

To assess the adequacy of NRC's controls over employee schedules and time and attendance policy, we analyzed 313,975 timekeeping records for calendar year 2012, as provided to us by the Office of the Chief Financial Officer on April 30, 2013. OIG tested the control to limit the use of credit hours to employees in a NEWFlex schedule who are not members of the Senior Executive Service.

To assess whether NEWFlex adequately addresses unique situations such as drug testing, official travel, and other events, OIG interviewed 13 NRC employees to determine supervisor and staff understanding of NEWFlex features, including issues related to unique situations. OIG also interviewed 12 employees and contractors who participate in administrative activities of NEWFlex.

We conducted this performance audit in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding and conclusion based on our audit objectives.

The audit work was conducted by Eric Rivera, Team Leader; Mary Meier, Audit Manager; Gail F.P. Butler, Senior Auditor; Larry Vaught, Senior Auditor; and George Gusack, Student Analyst.