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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D C 20548

LOGISTICS AND COMMUNICATIONS
DIVISION

SEP 19 1973

Mr. James W. Hardgrove
Director of Personnel
General Services Administration

Dear Mr Hardgrove

We have completed our review of the Central Office's Incentive Awards Program as part of our Government-wide review We have several specific suggestions which will not be included in our overall report to the Congress but which we feel offer opportunity for improvement in your Central Office Awards Program To the extent that our suggestions apply to the operations at other General Services Administration (GSA) offices, we hope that any corrective actions taken will include them also

We advised Mr Thurman, Chief, Employee Relations Branch, of our suggestions upon completion of our review. We thought, however, that it would be helpful to present a summation of all items.

Opportunities to improve employees' attitudes toward performance awards

To maximize the benefits of performance awards, employees must be motivated toward increasing the economy and efficiency of Government operations. Because only a small percentage of employees are given cash performance awards during the year, it is imperative that these awards be given objectively and equitably to deserving employees and that all employees be made aware of the specific reasons why individual awards are granted.

Based on our discussions with Central Office employees and their supervisors and on the results of 240 questionnaire responses, we believe that a significant majority of GSA employees have lost confidence in the fairness of performance awards. For example, over 76 percent of those responding with a definite "yes" or "no" to our employee questionnaire felt that performance awards were not going to employees who deserved them most and over 78 percent felt there was favoritism shown in the granting of these awards In addition, over 60 percent of the respondents said that their offices did not make known the specific reasons individual awards

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were given. We noted the following circumstances during our review which might have contributed to the low regard which employees seemed to have for performance awards.

Award choices unclear--It is generally accepted that quality salary increases are more costly than special achievement awards and are more highly regarded by employees. We reviewed 45 quality increases granted to Central Office employees and found that these awards had averaged about \$1,450 over a 4-year period. (This is about equal to the 4-year cost of 89 other quality increases we examined in the Washington area) The \$1,450 average cost for quality increases compared to the average Central Office lump-sum special achievement award of just under \$240 in fiscal year 1972.

Despite this large cost difference, we found that the Central Office criteria do not make a clear distinction as to when each type of award should be granted nor do the criteria make quality increases harder to obtain. (During fiscal year 1972 three times as many quality increases were awarded to Central Office employees than were special achievement awards.) This could result in recognizing similar employee performance with awards of much different value. Indeed, our review of the justifications for 22 special achievement awards indicated that 9 of these awards could have been granted as quality increases. Also, in many cases the justifications for quality increases were very weakly worded and did not relate the specific facts and reasons why the performance was deserving of an award.

Because of the large cost difference between quality increase and special achievement awards, we believe that GSA should clearly distinguish in its criteria the differences in the conditions that warrant granting these awards. Also, to improve the overall employee image of performance awards, we believe that considerable additional attention on the part of program administrators and approving officials should be given to ensure that performance awards are clearly justified and that the specific reasons for granting individual awards are made known.

Variations in distribution--During fiscal year 1972, 51 special achievement awards and 150 quality salary increases were granted to General Schedule employees. It should be noted that, although employees in grade GS-14 and above comprised 15 percent of the work force, they received 25 percent of the higher valued quality increases, shown as follows.

<u>GS grades</u>	<u>Percent of employees</u>	<u>Percent of awards</u>	
		<u>Special achievement</u>	<u>Quality increases</u>
1-6	30	49	25
7-11	31	29	25
12-13	24	12	25
14-18	15	10	25

Discussions with Central Office employees indicated to us that many believed the higher valued awards were too often given to higher grade individuals. We believe that, to avoid such feelings, documentation in support of these awards should contain specific facts about the beneficial nature of each employee's contribution which can be understood by all employees as meriting recognition.

We also believe the program administrator should periodically schedule the distribution of awards, by grade and by organization, to determine if the awards are being granted in areas where superior achievement is occurring. This information should be made available to managers for their consideration when recommending or approving individual awards.

Variations in amounts--We noted that 7 of the 51 special achievement awards exceeded or were less than the normal award scale. Award documentation did not provide adequate reasons for these variations in awarded amounts. In order to avoid the possibility of having the reasons for differing award amounts misinterpreted by employees, we suggest that all exceptions to the normal award scales be fully explained.

We believe the awards program administrator should pay additional attention to ensure that awarded amounts are uniform and that the reasons for specific variations in award amounts are made known to employees.

Opportunity to improve program administration

As you know, the Chief, Employee Relations Branch, Office of Personnel, is responsible for the administration of the Central Office Incentive Awards Program. The branch chief had delegated the day-to-day record-keeping and program administration authority to various branch employees. During fiscal year 1972 a number of employees of the branch spent time on the awards program--amounting to over 1 man-year according to the branch chief. We believe that, had a full-time administrator been designated, having complete authority and responsibility for both program administration and recordkeeping, the following problems in the program could have been prevented or lessened.

Excessive suggestion processing times--In order to obtain the maximum benefits from the suggestion program, employees must be convinced of management's interest in their ideas. Lengthy processing times can indicate to employees a lack of management interest in their ideas and therefore decrease employee participation in the suggestion programs.

Civil Service Commission (CSC) guidelines suggest that each agency establish time goals for processing suggestions and a system to measure progress toward achieving these goals. CSC guidance states that suggestions needing approval at the installation level should require less than 30 days to process. GSA criteria state that 45 days should be the maximum time for acting on all suggestions except those that involve extensive research or negotiation with other organizational elements.

We reviewed 10 Central Office suggestions approved during fiscal year 1972 and found that the average processing time from submission to approval was 108 days. An additional 76 days were required, on the average, from approval to the date of cash award--or an average total processing time of about half a year. We also sampled 14 disapproved suggestions and determined that it took an average of 69 days from date of submission until the employee was notified of the idea's rejection.

We determined that the excessive processing times resulted primarily from lengthy delays in having suggestions evaluated because of other duties of the evaluators. These delays were allowed to continue because of the lack of an effective system to monitor the suggestion processing cycle and to take timely followup action when delays were identified.

Inadequate documentation--The GSA Incentive Awards Handbook provides that awards be adequately documented and that recommendations for cash performance awards cite specific facts or incidents to show how and to what extent actual performance exceeded normal job requirements. Also, the handbook states that, if intangible benefits are claimed, the award justification must indicate the specific extent of application and value of the benefits to support the proper award amount.

We found that several special achievement awards were not adequately documented in that justifications did not clearly show the performance exceeded normal job requirements to a degree that justified an award. In addition, justifications for these awards did not indicate the extent of application and value of benefits expected to accrue as a result of the employees' actions and therefore did not support the awarded amounts. Because these awards lacked adequate documentation, we question whether they should have been approved. Again, because several different people were reviewing award justifications during the year, little substantive review work or monitoring was being done. Instead, it appeared that incentive awards personnel were simply checking the forms to see that all required signatures were indicated and that accounting data were correct.

We believe that if a full-time incentive awards administrator were designated within the Employee Relations Branch more attention would be given toward improving the effectiveness of the program. A full-time program administrator could, for example, establish a system to monitor the suggestion processing cycle which would identify the causes of processing delays so that necessary corrective action could be taken. Moreover, a full-time administrator would be better able to make value judgments on the adequacy of award documentation and could insist that award justifications meet GSA and CSC requirements

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We would like to extend our appreciation to Mr. Thurman and to Mr. Cammarata of his staff for the cooperation given us during our review. We hope we have been of assistance in achieving increased effectiveness in the Incentive Awards Program. Please keep us informed of any action you decide to take to strengthen your awards program.

We are also sending copies of this letter to the Director of Audits

Sincerely yours,



Vernon Hill
Assistant Director