



A Report on  
State Agency Administration of  
Emergency and Administrative Leave

November 2, 2016

Members of the Legislative Audit Committee:

The State Auditor's Office surveyed 86 state agencies<sup>1</sup> to identify the leave accounting systems they use and to determine how they administer and report emergency and administrative leave. The State Auditor's Office could not determine the total amount of emergency and administrative leave that surveyed state agencies used during the time period covered by the survey because some state agencies could not determine the total amount of emergency and administrative leave used and the number of employees who used the leave. In addition, state agencies used inconsistent categories to record that leave. However, results of the survey highlighted several important aspects of state agencies' administration of employee emergency and administrative leave. Specifically:

- State agencies use inconsistent leave accounting codes, which hinders statewide analysis of leave data.
- State agencies use multiple leave accounting systems to account for emergency and administrative leave, which limits reporting into a statewide leave accounting system maintained by the Office of the Comptroller of Public Accounts (Comptroller's Office).
- State agencies have made varying interpretations of statutory authority for granting emergency leave for good cause.
- State agencies have granted administrative leave for reasons other than outstanding performance.
- State agencies have made varying interpretations of the administrative leave balances that employees can accumulate and retain.

Background Information

The State Auditor's Office surveyed 86 state agencies regarding their administration and use of emergency and administrative leave in accordance with Texas Government Code, Sections 661.902 and 661.911. Auditors reviewed the survey data to determine how the use of the leave aligned with statute.

It is important to note that state agencies self-reported the information in this report, and the State Auditor's Office did not audit the accuracy of that information.

**State Agencies Use Inconsistent Leave Accounting Codes, Which Hinders Statewide Analysis of Leave Data**

State agencies use inconsistent leave accounting codes to record the use of employee leave, which hinders statewide analysis of the types of leave that state agency employees used in any given fiscal year. Specifically:

- The leave accounting codes in the Uniform Statewide Payroll/Personnel System (USPS) differ from the leave accounting codes in the Centralized Accounting and Payroll/Personnel System (CAPPS)

<sup>1</sup> The information in this report does not cover legislative agencies, the office of the governor, quasi-governmental agencies, the courts, and higher education institutions.

SAO Report No. 17-702

HR/Payroll. For example, CAPPs HR/Payroll has a leave accounting code for time off to vote; however, USPS does not. Some state agencies that report leave through USPS stated that they used emergency leave and administrative leave to record leave for voting.

- The Comptroller's Office established standardized leave accounting codes for CAPPs HR/Payroll; however, Hub agencies<sup>2</sup> can modify and add new leave accounting codes in their versions of CAPPs HR/Payroll. In a few cases, Hub agencies that use CAPPs HR/Payroll coded certain employee leave as emergency leave even though that leave was authorized elsewhere in the Texas Government Code and, therefore, could have been coded differently.
- Leave accounting codes can vary among the state agencies that use their own internal leave accounting systems. One state agency reported that it did not have the ability to distinguish between emergency leave for death of a family member and emergency leave for other reasons; therefore, the agency's practice has been to record all reasons for emergency leave under Texas Government Code, Section 661.902(a), which is limited to the use of leave for the death of an employee's family member.

As a result of the inconsistencies discussed above, it is difficult to obtain statewide information on emergency and administrative leave that state agencies have granted and employees have used. Therefore, the State Auditor's Office was unable to determine all hours employees used for certain leave types.

According to the Comptroller's Office, all state agencies will eventually use CAPPs HR/Payroll. That will enhance the consistency in tracking the administration and use of employee leave because state agencies will be using the same leave accounting codes. However, as noted above, Hub agencies that use CAPPs HR/Payroll currently are allowed to modify the standardized leave accounting codes.

Although having all state agencies using CAPPs HR/Payroll will create more consistency across state agencies, it would be beneficial for leave accounting and reporting to have more standardized leave accounting codes corresponding to the individual reasons for emergency leave. The Comptroller's Office has indicated that it is in the process of creating a code for inclement weather. Without standardized leave accounting codes for the specific use of emergency leave, it will continue to be difficult to determine the reasons employees used emergency leave.

### **State Agencies Use Multiple Leave Accounting Systems to Account for Emergency and Administrative Leave, Which Limits Reporting into a Statewide Leave Accounting System**

State agencies use different leave accounting systems to track leave granted and used. Responses to the State Auditor's Office's survey indicated the following:

- Sixty state agencies<sup>3</sup> reported that they use the leave accounting component of USPS for leave accounting and reporting. Therefore, those 60 state agencies report leave through a statewide leave accounting system. Those 60 agencies comprised approximately 16 percent of the workforce of the 86 agencies surveyed for fiscal year 2015.

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<sup>2</sup> Hub agencies are large, complex agencies or agencies with established PeopleSoft-based systems.

<sup>3</sup> Some of the state agencies that reported using USPS at the time of the survey subsequently converted to CAPPs HR/Payroll in August 2016.

- Four state agencies reported that they use the leave accounting component of CAPPs HR/Payroll. Therefore, those four state agencies report leave through a statewide leave accounting system. Those four agencies comprised approximately 1 percent of the workforce of the 86 agencies surveyed for fiscal year 2015.
- Seven state agencies<sup>4</sup> reported that they use the CAPPs HR/Payroll as Hub agencies. Hub agencies include most of the largest state agencies and account for a large portion of the State's workforce. The seven CAPPs Hub agencies do not report leave through a statewide leave accounting system. However, leave accounting data is available to the Comptroller's Office upon request. Those seven agencies comprised approximately 46 percent of the workforce of the 86 agencies surveyed for fiscal year 2015.
- Fifteen state agencies reported that they use only their own internal leave accounting systems to record information on emergency and administrative leave granted and used. Therefore, those 15 state agencies do not report leave through a statewide leave accounting system. Those 15 agencies comprised approximately 37 percent of the workforce of the 86 agencies surveyed for fiscal year 2015.

The information presented above demonstrates that 22 agencies, comprising 83 percent of the fiscal year 2015 workforce at the state agencies surveyed, do not report leave through a statewide leave accounting system. However, leave accounting data for the seven Hub agencies noted above is available to the Comptroller's Office upon request.

Table 3 in the attachment to this letter presents the leave accounting systems discussed above that state agencies reported they used, those state agencies' full-time equivalent employees for fiscal year 2015, and the percentage of the State's workforce those state agencies represent.

### **State Agencies Have Made Varying Interpretations of Statutory Authority for Granting Emergency Leave for Good Cause**

Texas Government Code, Section 661.902(a), specifies that a state agency employee is entitled to emergency leave without a deduction in salary due to the death of certain members of the employee's family.

However, Texas Government Code, Section 661.902(b), allows for discretionary granting of emergency leave and allows the administrative head of a state agency to grant emergency leave for "good cause." State agencies' interpretations of "good cause" vary widely. The responses to the State Auditor's Office survey indicated that the top three reasons for providing emergency leave for "good cause" were as follows:

- Fifty-nine state agencies granted additional leave for inclement weather or a natural disaster (for example, weather conditions in which it is considered potentially dangerous to travel the roadways). More state agencies reported granting leave for that reason than for any other reason under Texas Government Code, Section 661.902(b).

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<sup>4</sup> The Department of Assistive and Rehabilitative Services was surveyed, but that state agency was subsequently abolished on September 1, 2016. Its programs and services were transferred to the Texas Workforce Commission and the Health and Human Services Commission.

- Twenty-seven state agencies reported that they granted additional agency holiday leave, which was generally near the time of official state or federal holidays.
- Twenty state agencies reported that they granted leave for employee investigations or employee disciplinary actions.

Figure 1 in the attachment to this letter lists the top 10 reasons agencies reported granting employees emergency leave in fiscal year 2015.

Table 1 summarizes emergency leave that state employees took under Texas Government Code, Sections 661.902(a) and 661.902(b), in fiscal year 2015. Based on the available information from the survey of state agencies, the largest number of emergency leave hours was granted for additional agency holiday leave. The State Auditor’s Office could not determine the total amount of emergency leave that employees at state agencies used during the time period covered by the survey because some state agencies could not determine the total amount of emergency leave used and the number of employees who used the leave. In addition, as discussed above, state agencies used inconsistent categories to report the leave. It is important to note that the leave in Table 1 represented 1.3 percent of the total number of available work hours of the 86 state agencies surveyed for fiscal year 2015.

Table 1

Available Information Regarding the Use of Emergency Leave in Fiscal Year 2015			
Reason	Number of State Agencies that Granted Emergency Leave	Number of Employees Who Took Emergency Leave	Number of Emergency Leave Hours Taken
Death of a family member (Texas Government Code, Section 661.902(a)) <sup>a</sup>	73	14,734 <sup>b</sup>	347,134 <sup>b</sup>
Other reasons (good cause) (Texas Government Code, Section 661.902(b))	66	159,796 <sup>c</sup>	3,417,818 <sup>c</sup>
	Totals	174,530	3,764,952
<sup>a</sup> On average, most state agencies surveyed granted 24 hours per employee for the death of a family member. <sup>b</sup> One state agency reported that it did not have the ability to distinguish between emergency leave for the death of a family member and emergency leave for other reasons; therefore, all of that state <b>agency’s emergency</b> leave taken is included <b>under “Death of a family member.”</b> That agency is included in the count of the 66 agencies that granted leave for “other reasons.” <sup>c</sup> Six state agencies reported granting <b>emergency leave for “other reasons”</b> but were not able to provide the number of employees and hours taken during the fiscal year. Those six agencies had 21,498 full-time equivalents (FTE), or 15 percent of the total FTEs in fiscal year 2015 for <b>the state agencies included in the State Auditor’s Office survey.</b>			

Source: Unaudited information from the State Auditor’s Office’s survey.

In some cases the state agencies coded leave in their leave accounting systems as “emergency leave” when a more specific leave accounting code could be used or should be added in order to track leave authorized elsewhere in statute. The State Auditor’s Office has asked those state agencies to review their leave accounting codes and determine whether an accounting code is available but not being used appropriately and/or determine whether new codes need to be added to their respective leave accounting systems.

**State Agencies Have Granted Administrative Leave for Reasons Other than Outstanding Performance**

Using the phrase “administrative leave” to describe leave granted for reasons other than outstanding employee performance has been a longstanding practice prevalent among state agencies. That may account for state agencies misclassifying administrative leave. For example, in responding to the State Auditor’s Office survey, 20 state agencies reported that they granted “administrative leave” for other reasons such as inclement weather, volunteer work, and teambuilding. Those types of leave appear to be more appropriately coded as emergency leave for “good cause” because they are not authorized elsewhere in statute and are reasons left to the discretion of the head of a state agency.

Table 2 summarizes administrative leave that state agencies granted and that employees used in fiscal year 2015, according to the responses to the State Auditor’s Office’s survey. The hours for reasons other than outstanding performance should not have been categorized as administrative leave. It is important to note that the leave in Table 2 represented 0.2 percent of the total number of available work hours of the 86 state agencies surveyed for fiscal year 2015.

Table 2

Available Information Regarding the Use of Administrative Leave in Fiscal Year 2015				
Reason	Number of State Agencies that Granted Administrative Leave	Number of Employees Who Were Granted Administrative Leave	Number of Administrative Leave Hours Granted	Number of Administrative Leave Hours Taken <sup>a</sup>
Outstanding performance (Texas Government Code, Section 661.911)	56	68,651 <sup>b</sup>	1,199,088 <sup>b</sup>	473,682 <sup>b</sup>
Other reasons	20	70,338 <sup>c</sup>	319,156 <sup>c</sup>	224,671 <sup>c</sup>
Totals		138,989	1,518,244	698,353
<sup>a</sup> Hours may have been granted in a previous fiscal year and taken in fiscal year 2015. In addition, hours granted in fiscal year 2015 might not be taken by an employee until a future fiscal year. <sup>b</sup> <b>Two agencies reported providing administrative leave for “outstanding performance” but were not able to provide the total amount taken during the fiscal year.</b> <sup>c</sup> Six state agencies reported granting administrative leave for “other reasons” but were not able to provide the number of employees and hours taken during the fiscal year for certain types of leave. Those 6 agencies had 12,293 full-time equivalent (FTE) employees, or 8.6 percent of the total FTEs in fiscal year 2015 at the state agencies included in the State Auditor’s Office survey.				

Source: Unaudited information from the State Auditor’s Office’s survey.

The State Auditor’s Office has asked state agencies that coded leave for reasons other than outstanding performance as “administrative leave” to review the leave accounting codes in their leave accounting systems to ensure that they are able to accurately record the type of leave in the future. The State Auditor’s Office also asked those state agencies to work with their general counsels to ensure that their policies and procedures regarding administrative leave comply with statute.

## **State Agencies Have Made Varying Interpretations of the Administrative Leave Balances That Employees Can Accumulate and Retain**

Texas Government Code, Section 661.911, allows the head of a state agency to grant administrative leave as a reward for outstanding performance as documented by the state agency. The total amount of leave granted may not exceed 32 hours per employee during a fiscal year. There is no language in Texas Government Code, Section 661.911, that addresses the accumulation of more than 32 hours of administrative leave, if the leave was granted in different fiscal years, or whether an employee must use administrative leave within a set period of time. Additionally, the statute does not address whether a state agency may allow an employee to remain on the payroll to exhaust administrative leave when the employee separates from employment with the State.

As a result, inconsistency exists in how state agencies interpret the amount of administrative leave that an employee can accumulate and how that leave can be carried forward. Unlike statutes such as Texas Government Code, Sections 659.015(g) and 659.016(c),<sup>5</sup> which provides specific time parameters for using compensatory leave, the statute for administrative leave does not specify when an employee must use administrative leave before the administrative leave expires. We noted that some state agencies' policies require employees to use administrative leave for outstanding performance during a specified time period; however, other state agencies policies do not have that requirement.

### **Recommendations**

The Legislature may wish to consider:

- Clarifying statutory provisions related to the use of emergency and administrative leave.
- Requiring state agencies (including CAPPs HR/Payroll Hub agencies) to use standardized reasons for leave accounting, and adding leave accounting codes for the use of emergency leave for the specific reasons determined to be for "good cause."
- Adding a statewide reporting requirement that could include (1) use of certain types of employee leave and (2) reporting leave that exceeds a specified number of hours.

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<sup>5</sup> In accordance to Texas Government Code, Sections 659.015 and 659.016, an employee may be allowed compensatory time off during the 12-month period following the end of the work week in which the time was earned; after that time period, the compensatory time lapses.

Members of the Legislative Audit Committee

November 2, 2016

Page 7

The State Auditor's Office is available to provide the Legislature with further assistance regarding state employee emergency and administrative leave. If you have any questions, please contact John Young, Audit Manager, or me at (512) 936-9500.

Sincerely,

Lisa R. Collier, CPA, CFE, CIDA  
First Assistant State Auditor

Attachment

cc: The Honorable Greg Abbott, Governor



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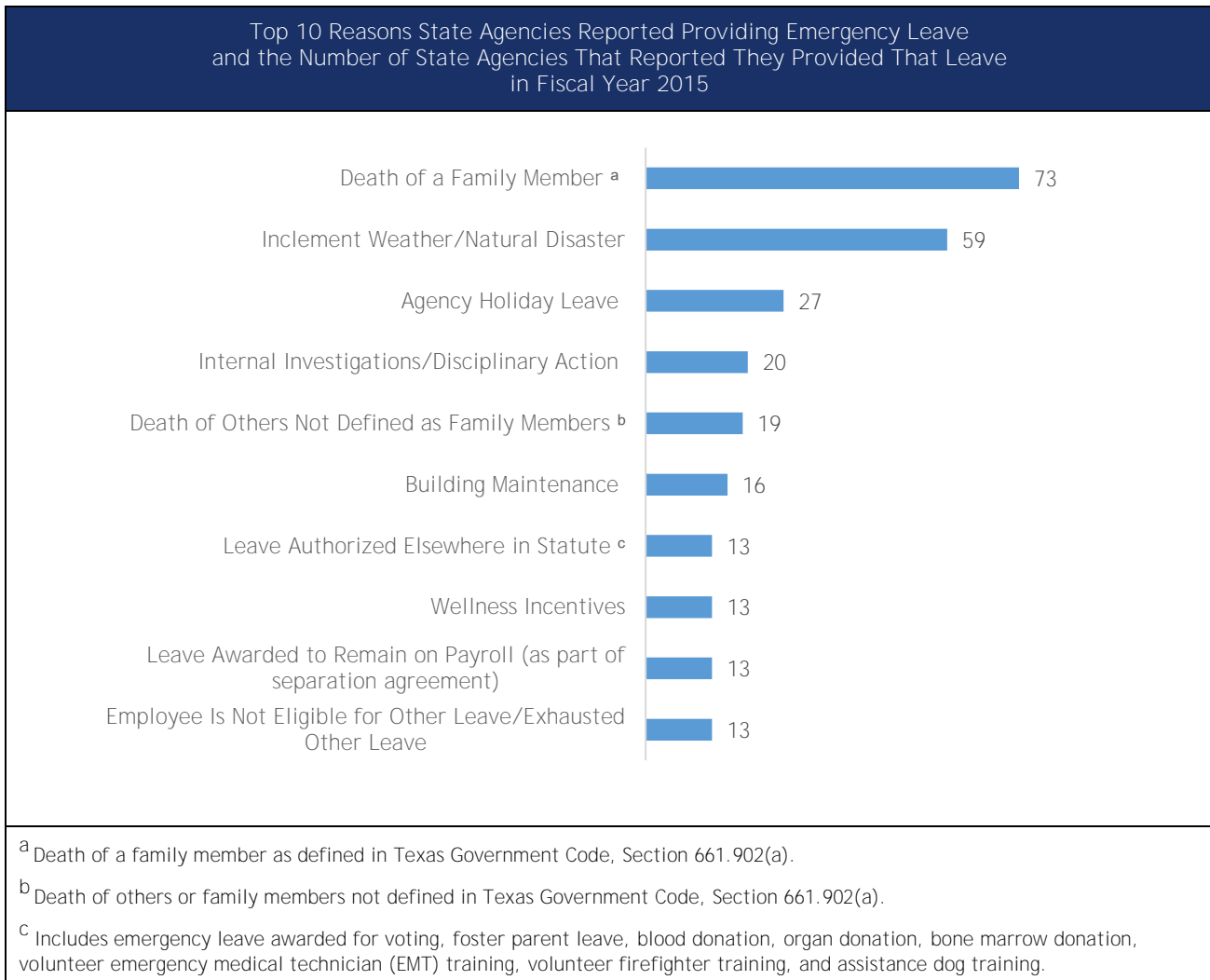
# Attachment

Section 1

## Number of State Agencies That Reported Providing Emergency Leave

Figure 1 lists the top 10 reasons that state agencies reported they provided emergency leave to their employees in fiscal year 2015 and the number of state agencies that reported they provided that leave.

Figure 1



Source: Unaudited information from the State Auditor's Office's survey.

## Leave Accounting Systems That State Agencies Reported They Used

Table 3 lists the number of state agencies (and their numbers of full-time equivalent employees) that reported using various leave accounting systems. Twenty-two state agencies, which comprise 83 percent of the full-time equivalent employees at the state agencies surveyed, do not report leave into a statewide leave accounting system. However, leave accounting data for the seven Hub agencies is available to the Comptroller's Office upon request. Those 22 state agencies include (1) Centralized Accounting and Payroll/Personnel System (CAPPS) Hub agencies and (2) state agencies that use their own internal systems (displayed in Table 3 as "other systems").

Table 3

Leave Accounting Systems That State Agencies Reported They Used and Numbers of Full-time Equivalent Employees			
System	Number of State Agencies That Reported They Used the System (as of July 2016)	Number of Full-time Equivalent (FTE) Employees at the State Agencies Included in the Survey for Fiscal Year 2015 <sup>a</sup>	Percent of Full-time Equivalent Employees at the State Agencies Surveyed
Uniform Statewide Payroll/Personnel System (USPS) <sup>b</sup>	60	22,977.3	16%
Centralized Accounting and Payroll/Personnel System (CAPPS) (non-Hub agencies)	4	1,122.5	1%
CAPPS (Hub agencies) <sup>c</sup>	7	65,573.5	46%
Other systems	15	53,291.5	37%
Totals	86	142,964.8	100%

<sup>a</sup> The numbers of FTEs shown in this table are only for the state agencies included in the State Auditor's Office's survey and may vary from prior State Auditor's Office's FTE reports due to corrections that state agencies have made to their FTE data.

<sup>b</sup> Some state agencies reported using USPS as their leave accounting system but then converted to CAPPS in August 2016.

<sup>c</sup> Includes the Department of Assistive and Rehabilitative Services, which was abolished effective September 1, 2016, when its programs and services were transferred to the Texas Workforce Commission and the Health and Human Services Commission.

Sources: **Unaudited information from the State Auditor's Office's survey** and the State Auditor's Office's Full-time Equivalent (FTE) System.