



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

Hotline Report: Spending Taxpayers Dollars

Management of Overtime Improved at EPA's Immediate Office of Air and Radiation

Report No. 16-P-0111

March 24, 2016

The U.S. Environmental Protection Agency Office of Inspector General recently issued several reports related to administrative leave and overtime, which contributed to our deciding to initiate this audit related to a hotline complaint received. The prior audit reports were:

- *Early Warning Report: Some EPA Employees Found to Be on Paid Administrative Leave for Years*, Report No. [15-N-0025](#), issued November 19, 2014.
- *EPA OIG Not Fully Compliant With Overtime Policies*, Report No. [15-B-0075](#), issued February 4, 2015.
- *EPA Not Fully Compliant With Overtime Policies*, Report No. [15-P-0293](#), issued September 22, 2015.

Report Contributors:

Jean Bloom
Safiya Chambers

Abbreviations

CFR	Code of Federal Regulations
EPA	U.S. Environmental Protection Agency
OAR	Office of Air and Radiation
OIG	Office of Inspector General

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At a Glance

Why We Did This Audit

The U.S. Environmental Protection Agency (EPA) Office of Inspector General (OIG) recently issued several reports focusing on the use of administrative leave and overtime. We also received a hotline complaint that alleged possible time and attendance irregularities related to overtime pay and administrative leave for an employee within the Office of Air and Radiation's (OAR's) Immediate Office. Due to the high interest in those prior audits on administrative leave and overtime, we initiated this audit looking into the hotline allegations regarding OAR. Our objective was to determine whether the allegations were valid.

This report addresses the following EPA goal or cross-agency strategy:

- *Embracing EPA as a high-performing organization.*

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Listing of [OIG reports](#).

Management of Overtime Improved at EPA's Immediate Office of Air and Radiation

What We Found

The allegations associated with the misuse of overtime by an employee in OAR's Immediate Office were unsubstantiated. However, we identified weaknesses in the approval and management of overtime. We found that both the employee and the approver pre-signed several incomplete *Request for Overtime Authorization* forms (EPA Form 2560-7).

The incomplete pre-signed forms did not contain a justification or reason for the overtime, or dates and hours the estimated overtime was expected to be worked. The pre-signing of incomplete overtime request forms does not meet the intent of EPA policies and procedures.

For the period March 2013 through March 2015, the OAR employee in question recorded 262 hours of overtime and was compensated approximately \$12,948 for those hours. OAR management informed us they were attentive to the number of overtime hours the employee worked, and plan to monitor it more closely and attempt to reduce overtime hours incurred by the employee. No overtime has been reported by the employee since early August 2015.

The allegation of misuse of administrative leave to attend a funeral, by the same employee, was valid. Under the EPA's leave policy, administrative leave can be granted under certain conditions to attend a funeral or memorial service (such as a funeral for an Armed Forces service member who died in a combat zone). The employee and OAR agreed those circumstances did not apply. Subsequently, the administrative leave charges were removed and replaced with sick leave.

An OAR employee may have incurred unnecessary overtime costs, and incurred improper administrative leave charges.

Recommendation and Agency Corrective Actions

We recommend that the Deputy Administrator require OAR to conduct an assessment to identify and establish procedures to hold overtime charges to a minimum within its Immediate Office. OAR completed corrective actions to address this recommendation.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

THE INSPECTOR GENERAL

March 24, 2016

MEMORANDUM

SUBJECT: Management of Overtime Improved at EPA's Immediate Office of Air and Radiation
Report No. 16-P-0111

FROM: Arthur A. Elkins Jr.

A handwritten signature in black ink, appearing to read "Arthur A. Elkins Jr.", is written over the printed name.

TO: A. Stanley Meiburg, Acting Deputy Administrator

This is our report on the subject audit conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). This report was conducted in response to a hotline complaint. The report contains findings that describe the problems the OIG has identified and the corrective action the OIG recommends. This report represents the opinion of the OIG and does not necessarily represent the final EPA position.

Since the allegations made are associated with an employee in the Office of Air and Radiation's Immediate Office, and the overtime approval request forms and leave slips are reviewed and approved by senior leadership in the Office of Air and Radiation's Immediate Office, our recommendation was addressed to the agency's Deputy Administrator.

Action Required

The agency provided corrective actions for addressing the recommendation and has completed the actions. Therefore, a response to the final report is not required. Should you choose to provide a final response, we will post your response on the OIG's public website, along with our memorandum commenting on your response. Your response should be provided as an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that you do not want to be released to the public; if your response contains such data, you should identify the data for redaction or removal along with corresponding justification.

We will post this report to our website at www.epa.gov/oig.

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Purpose

The U.S. Environmental Protection Agency (EPA) Office of Inspector General (OIG) recently issued several reports focusing on the use of administrative leave and overtime. We also received a hotline complaint that alleged possible time and attendance irregularities related to overtime and administrative leave by an employee within the Immediate Office of the Office of Air and Radiation (OAR). Due to the high interest in those prior audits on administrative leave and overtime, we initiated this audit looking into the hotline allegations regarding OAR. Our objective was to determine the validity of the allegations.

Background

On April 21, 2015, the OIG received an anonymous hotline complaint alleging time and attendance irregularities. The caller alleged an employee in the OAR Immediate Office is allowed to earn overtime pay without working the required 8 duty hours, and asserted that the employee's "pay is being increased by this unnecessary overtime." The caller maintained that a number of employees were available to help to avoid the overtime costs. Also, the caller alleged that the same employee misused administrative leave to attend a funeral during the week of March 16, 2015.

The Code of Federal Regulations (CFR), at 5 CFR § 550.111, defines overtime as "work in excess of 8 hours in a day or in excess of 40 hours in an administrative work week." The regulation also provides that overtime must be officially ordered or approved only in writing by an officer or employee to whom this authority has been specifically delegated.

EPA Pay Administration Manual 3155, Chapter 4, "Overtime Pay and Compensatory Time" (May 17, 1990), Section 5, states:

Full-time employees normally should not be required to work in excess of the regularly scheduled tour of duty. Good management and overtime costs make it essential that all overtime, both irregular and regularly scheduled, be held to a minimum.

When overtime is necessary, Section 5D provides that "overtime should be equitably distributed among employees in the organizational unit consistent with management needs."

EPA Pay Administration Manual 3155, Chapter 4, Section 5E, provides that overtime for employees not covered by the provision of the Fair Labor Standards Act "must be officially authorized and approved in writing on EPA Form 2560-7, *Request for Overtime Authorization*, before the employee can be compensated for it." The form requires a justification or reason for the overtime request; the

employee's name, hours and dates of proposed overtime; and the signature of the requester and approver. Also, overtime should be approved in advance; retroactive approval may be permitted when operational emergencies make it impractical to obtain prior approval. Section 6 provides agency officials the authorization to approve overtime and provides that this authority may be re-delegated to a level that will assure compliance with legal and regulatory requirements.

Responsible Offices

Since the allegations made are associated with an employee in OAR's Immediate Office, and the overtime approval request forms and leave slips are reviewed and approved by senior leadership in OAR's Immediate Office, our recommendation was addressed to the agency's Deputy Administrator.

Scope and Methodology

We conducted this audit from July 7, 2015, to February 26, 2016, in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

To determine the validity of the allegations made regarding overtime and administrative leave, we performed the following steps:

- Obtained an understanding of the EPA's and OAR's Immediate Office processes used to authorize and approve overtime and the use of administrative leave for attending a funeral.
- Interviewed the employee against whom the allegations were made, the employee's manager, and the approvers of the overtime request form and administrative leave.
- Reviewed overtime and administrative leave data for the employee against whom the allegations were made from March 2013 to March 2015 using the EPA's accounting system (Compass Data Warehouse).
- Obtained and reviewed selected overtime forms and the leave slips associated with the allegations made.
- Reviewed the results of prior audits conducted on overtime and administrative leave.

Other OIG Reports

The OIG recently issued the following three audit reports related to overtime and administrative leave. These reports are discussed in Appendix A.

- *Early Warning Report: Some EPA Employees Found to Be on Paid Administrative Leave for Years*, Report No. [15-N-0025](#), issued November 19, 2014.
- *EPA OIG Not Fully Compliant With Overtime Policies*, Report No. [15-B-0075](#), issued February 4, 2015.
- *EPA Not Fully Compliant With Overtime Policies*, Report No. [15-P-0293](#), issued September 22, 2015.

Results of Audit Regarding Hotline Allegations

We determined the allegations associated with the misuse of overtime in OAR's Immediate Office to be unsubstantiated. However, we identified weaknesses in the approval and management of overtime. We determined the allegation of misuse of administrative leave to attend a funeral to be valid.

Overtime

We found no instances where the OAR Immediate Office employee in question was allowed to work overtime without first working the required duty hours. Our analysis of time charges for the period March 2013 to March 2015 disclosed the employee charged approximately 262 hours to overtime and was compensated approximately \$12,948 for the overtime hours. The overtime hours recorded represented time beyond the employee's normal 8-hour-day and 40-hour-work-week requirement. We found no evidence to substantiate the complainant's statement that other employees were available to help with the work to avoid the overtime costs.

Administrative Leave

As alleged, the employee in question inappropriately charged administrative leave during the week of March 16, 2015, to attend a funeral. Administrative leave can be granted under certain conditions to attend the funeral or memorial service of an immediate family member under EPA's leave policy. *EPA Leave Manual 3165*, Chapter 5, "Funeral Leave," states:

Funeral leave is granted to enable an employee to make arrangements for, or to attend the funeral or memorial service for an immediate relative whose death resulted from wounds or disease, or injury incurred while serving a member of the Armed Forces in a combat zone.

Based on our interview of the employee against whom the allegation was made, the funeral attended did not meet the specific requirement cited above. The employee charged administrative leave because the employee assumed employees are allowed 3 days of bereavement (funeral) leave and was not aware that funeral leave was not for a universal purpose. The employee and OAR's Immediate Office management agreed charging administrative leave for the funeral in question was inappropriate.

We interviewed the individuals who approved the leave slip and associated payroll to determine how the misuse of administrative leave went undetected. The leave slip approver believed it was an oversight. The payroll approver believed the error went undetected because payroll was approved without comparing leave charges in the payroll system to the supporting leave slip documentation. See subsequent section on "Agency Actions Prompted by OIG Work and OIG Evaluation" for actions taken by the EPA.

Issues Regarding Approval and Management of Overtime

During our audit, we identified weaknesses in the approval and management of overtime in the OAR Immediate Office that need improvement. These weaknesses should be addressed to ensure compliance with EPA policies and procedures for overtime.

Request and Overtime Approval Process

Our review of the overtime approval process in the OAR Immediate Office disclosed that both the employee and approver had pre-signed several incomplete *Request for Overtime Authorization* forms (EPA Form 2560-7). The pre-signed forms did not contain a justification or reason for the overtime, or estimated dates and hours on which the overtime was expected to be worked. The approver informed us the forms were pre-signed to meet the EPA's advance approval requirement for overtime as required by *EPA Pay Manual 3155*. This was adopted based on the practice of the former approver. The request forms are then completed during the pay period by the employee to record the actual overtime hours worked. However, this pre-signing of incomplete overtime request forms does not meet the intent of the EPA's policies and procedures. We discussed the pre-signing of incomplete forms with OAR's Immediate Office management and they agreed the practice must stop. Also, the current approver stated that, moving forward, the overtime request forms will include an estimate of the number of hours and dates for overtime that is anticipated, and a justification or reason for the overtime.

Management of Overtime Hours

During the period March 2013 through March 2015, the employee recorded approximately 262 hour of overtime and was compensated roughly \$12,948 for

those hours. Only one other staff member in the Immediate Office worked overtime, for a total of 2.25 hours. Based on interviews of OAR Immediate Office staff, the overtime hours were considered mission critical and resulted primarily from staff resource shortfalls and the chronic unpredictable schedule of OAR's acting Assistant Administrator. We were informed that Senior Environmental Employment program participants were used to assist with the shortfalls, but restrictions exist on the type of tasks that can be performed because Senior Environmental Employment program participants are not federal employees. OAR's Immediate Office management informed us that they were attentive to documenting overtime each pay period and that the hours reported each pay period were low. Recognizing that a significant amount of overtime accrued over the 2-year period in question, they plan to monitor overtime more closely and look for alternative ways to reduce overtime.

As a result of the issues noted, the EPA may have incurred overtime charges without proper authorization, as well as unnecessary overtime. Without adequate controls and oversight, there is limited assurance that overtime charges are properly authorized and needed.

OIG Report No. [15-P-0293](#), dated September 22, 2015, audited the EPA's authorization and approval of overtime payments and found that the EPA did not always follow the policy requiring the advance authorization and approval of overtime. OAR's Office of Transportation and Air Quality did not universally use or mandate the use of the overtime request form. We had included in the prior report a recommendation to the Deputy Administrator to ensure that management and employees comply with EPA overtime policies, including the requirement to use EPA Form 2560-7. Since the prior report had already included a recommendation to the agency on overtime approval, no additional recommendation for overtime approval is included in this report. See Appendix A for details on the recommendation and corrective actions taken by the agency.

Recommendation

We recommend that the Deputy Administrator:

1. Require OAR to conduct an assessment to identify and establish procedures to hold overtime charges to a minimum within the OAR's Immediate Office.

Agency Actions Prompted by OIG Work and OIG Evaluation

The OAR's Immediate Office agreed administrative leave should not have been charged to attend the funeral in question and took corrective action. A timesheet correction card was prepared by the employee on August 4, 2015, and processed

to remove the administrative leave charges and instead charge sick leave.¹ We verified the correction in the agency's system, and no additional adjustment action is required.

Further, OAR's Immediate Office issued several emails to appropriate supervisors providing guidance and reminders on timekeeping approval and overtime. On September 14, 2015, the OAR Deputy Assistant Administrator issued a memorandum to the acting Assistant Administrator for OAR to memorialize the procedures agreed upon for approval of overtime.

On September 2, 2015, OAR's Director of Human Resources sent the Immediate Office supervisors a memorandum with guidance on timekeeping and overtime. Next, on September 10, 2015, OAR's Director of Human Resources sent a memorandum to all Immediate Office personnel outlining timekeeping procedures and forms, including those concerning overtime. On September 14, 2015, the OAR Deputy Assistant Administrator issued a memorandum to the OAR acting Assistant Administrator to memorialize the procedures agreed upon for approval of overtime for the position that was the subject of the hotline allegations.

In addition, OAR's Immediate Office conducted an assessment of staffing needs and the overall use of overtime and compensatory time. The assessment of overtime charges disclosed that the subject of the hotline has not reported overtime since early August 2015. The reduction in overtime was the result of the hiring of a new staff assistant in September 2015 and the interim redirection of some tasks to reduce the necessity to work overtime. OAR has also recently initiated a recruitment action to fill a new position in the Immediate Office to coordinate work flow on a daily basis.

The corrective actions taken by OAR's Immediate Office, to address the weaknesses identified in the approval and management of overtime in the OAR Immediate Office, satisfy the intent of our recommendation. As a result, the recommendation is closed and no further action is necessary.

¹ Per EPA Leave Handbook, Chapter 2, and Glossary definition of family member.

Status of Recommendations and Potential Monetary Benefits

RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status ¹	Action Official	Planned Completion Date	Claimed Amount	Agreed-To Amount
1	5	Require OAR to conduct an assessment to identify and establish procedures to hold overtime charges to a minimum within the OAR's Immediate Office.	C	Deputy Administrator	2/24/16		

¹ O = Recommendation is open with agreed-to corrective actions pending.
 C = Recommendation is closed with all agreed-to actions completed.
 U = Recommendation is unresolved with resolution efforts in progress.

Prior OIG Audit Reports Related to Overtime and Administrative Leave

The OIG recently issued three other reports related to overtime and administrative leave, as follows.

Early Warning Report: Some EPA Employees Found to Be on Paid Administrative Leave for Years ([15-N-0025](#)), issued November 19, 2014

This review identified eight employees who had recorded significant amounts of administrative leave. We issued the report to provide the information to the EPA Administrator. No recommendations were made.

EPA OIG Not Fully Compliant With Overtime Policies ([15-B-0075](#)), issued February 4, 2015

The audit disclosed that the OIG did not always use EPA Form 2560-7 for overtime requests and authorization as required by *EPA Pay Administration Manual 3155*. Also, the OIG did not always comply with its own policy on the use of the planned timesheet for advance approval of overtime. This occurred because OIG management did not provide sufficient oversight, and OIG policies were not clear. We also noted the OIG did not retain EPA authorization forms supporting overtime requests. We recommended that the Deputy Inspector General revise OIG policy as needed and emphasize EPA policy to staff. The Deputy Inspector General agreed with our recommendations and has completed corrective actions. The recommendations are closed.

EPA Not Fully Compliant With Overtime Policies ([15-P-0293](#)), issued September 22, 2015

The audit disclosed that the EPA did not always use EPA Form 2560-7 for overtime requests and authorization as required by the *EPA Pay Administration Manual 3155*. We also noted the EPA did not always maintain the forms in accordance with EPA records management requirements. This occurred because management did not provide sufficient oversight to ensure compliance with EPA policies pertaining to overtime and records management. We recommended that the Deputy Administrator ensure managers and employees comply with EPA overtime policies, use EPA Form 2560-7, obtain advance approval for overtime hours, and follow EPA records management policies. The agency agreed with our recommendations and provided acceptable corrective actions with estimated completion dates. Corrective actions were completed and recommendations closed.

Source: OIG analysis.

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