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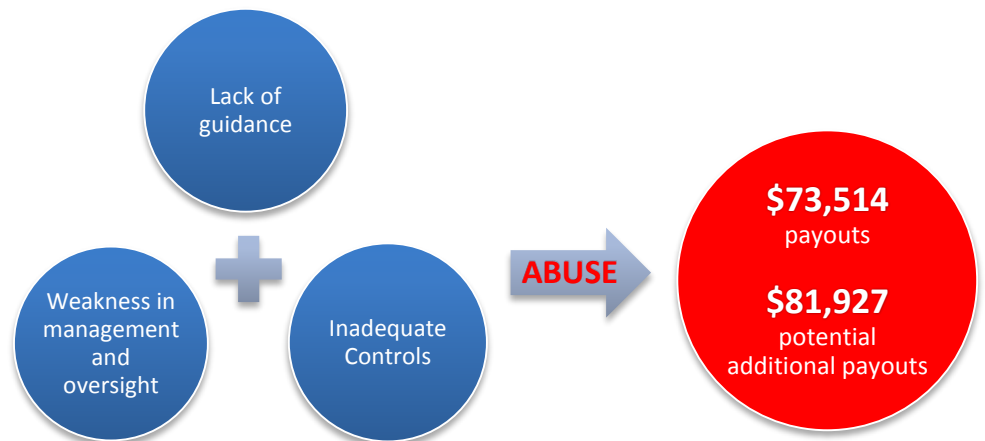
OFFICE OF INSPECTOR GENERAL

Hotline Report: Spending Taxpayer Dollars

Enhanced Controls Needed to Prevent Further Abuse of Religious Compensatory Time

Report No. 16-P-0333

September 27, 2016



Report Contributors:

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Kevin Collins

Abbreviations

CFR	Code of Federal Regulations
EPA	U.S. Environmental Protection Agency
FY	Fiscal Year
GS	General Schedule
OCSPP	Office of Chemical Safety and Pollution Prevention
OIG	Office of Inspector General
OPM	U.S. Office of Personnel Management
RCT	Religious Compensatory Time

Cover image: Figure illustrating weaknesses in agency's controls for religious compensatory time that resulted in payouts to employees and may lead to additional payouts. (EPA OIG graphic)

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At a Glance

Why We Did This Audit

The U.S. Environmental Protection Agency Office of Inspector General received a hotline complaint about the earning and accumulation of Religious Compensatory Time hours. Based on the hotline complaint, we initiated an audit on the sufficiency of the EPA's policies and procedures governing Religious Compensatory Time. The hotline complaint involved a retired Office of Chemical Safety and Pollution Prevention (OCSPP) employee.

Federal law allows employees the opportunity to adjust their work schedules to earn time off for religious purposes. This compensatory time can be earned in advance or be repaid after the religious observance.

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

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

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Enhanced Controls Needed to Prevent Further Abuse of Religious Compensatory Time

What We Found

Based on our analysis, time and attendance records support that the retired OCSPP employee earned the accumulated Religious Compensatory Time hours. However, we identified concerns with the EPA's internal controls that allowed the excessive accumulation of Religious Compensatory hours by agency employees, and the OCSPP employee received a payout of \$32,469 for unused Religious Compensatory Time upon retirement.

Inadequate controls for Religious Compensatory Time resulted in payouts to employees of \$73,514, and may result in additional payouts of up to \$81,927.

EPA policy and procedures on accumulation and use of Religious Compensatory Time meet the requirements of federal laws and regulations, but are not specific enough to prevent abuse. The agency's controls do not enforce the requirement for employees to link the earning of Religious Compensatory Time to specific religious observances. The EPA lacks detailed controls covering the accumulation, use and monitoring of Religious Compensatory Time, resulting in practices being noncompliant with the intent of federal law and regulations, and not being consistent with U.S. Office of Personnel Management best practices.

Inadequate controls allowed several agency employees to maintain significant positive Religious Compensatory Time balances for extended periods of time without intended use plans. Also, significant negative balances were retained without a plan to repay the hours. The agency has not provided staff with training or established adequate guidance to effectively manage and monitor Religious Compensatory Time. As a result, in addition to the OCSPP employee, the EPA paid 13 other employees \$41,045 for unused Religious Compensatory Time upon separation. Further, if no action is taken to reduce additional employees' high balances, future payments totaling up to \$81,927 could be made.

Recommendations and Planned Agency Corrective Actions

We recommend that the Assistant Administrator for Administration and Resources Management enhance internal controls over Religious Compensatory Time by revising its policies and procedures, requiring documentation of intended use plans, prohibiting the earning of additional religious compensatory hours in excess of the maximum established balance, and developing training on proper use of Religious Compensatory Time. Further we recommend that the Chief Financial Officer modify the EPA's payroll and time and attendance system to prevent employees from accumulating excessive Religious Compensatory Time. The Office of Administration and Resources Management concurred, and provided estimated completion dates for Recommendations 1 through 3; those recommendations are open with corrective actions in process. The Office of the Chief Financial Officer concurred with Recommendation 4. However, the proposed corrective actions do not fully meet the intent of Recommendation 4; therefore, the recommendation is unresolved.



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

THE INSPECTOR GENERAL

September 27, 2016

MEMORANDUM

SUBJECT: Enhanced Controls Needed to Prevent Further Abuse of
Religious Compensatory Time
Report No 16-P-0333

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

Donna J. Vizian, Acting Assistant Administrator
Office of Administration and Resources Management

David Bloom, Deputy Chief Financial Officer
Office of the Chief Financial Officer

This is our report on the subject audit conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). The project number for this audit was OA-FY15-0180. This report contains findings that describe the problems the OIG has identified and corrective actions the OIG recommends. This report represents the opinion of the OIG and does not necessarily represent the final EPA position.

The EPA offices responsible for the recommendations in this report are the Office of Human Resources, within the EPA's Office of Administration and Resources Management, and the EPA Office of the Chief Financial Officer.

Action Required

The Office of Administration and Resources Management provided sufficient corrective actions plans for addressing Recommendations 1, 2 and 3, with estimated completion dates. No further response from that office is required, although one can be provided. Recommendation 4, addressed to the Office of the Chief Financial Officer, is unresolved with resolution efforts in progress. The proposed corrective action is incomplete and a milestone completion date is needed. Therefore, in accordance with EPA Manual 2750, the Office of the Chief Financial Officer is required to provide a written response within 60 calendar days. The response should include planned correctives and completion dates for Recommendation 4.

The OIG may make periodic inquiries on progress in implementing corrective actions for all the recommendations. Please update the EPA's Management Audit Tracking System as you complete

planned corrective actions. Final responses from the agency will be posted on the OIG's public website, along with our memorandum commenting on each response. A 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.

This report will be available at www.epa.gov/oig.

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Chapter 1

Introduction

Purpose

The U.S. Environmental Protection Agency (EPA) Office of Inspector General (OIG) received a hotline complaint about the earning and accumulation of Religious Compensatory Time (RCT) hours. Based on the hotline complaint, we initiated an audit to determine the sufficiency of the EPA's policies and procedures governing RCT.

Background

On January 14, 2015, the OIG received a hotline complaint from the EPA Office of Administration and Resources Management's Human Resources Management Division about a retiring Office of Chemical Safety and Pollution Prevention (OCSPP) employee who accumulated a balance of 495.75 RCT hours. The complainant alleged that the employee, who is now retired, may not have worked the hours accumulated, and may have been using RCT as a leave bank.

Purpose of Religious Compensatory Time

RCT allows employees to be on approved absence from their regular work schedule for religious reasons, without a charge to leave or loss of pay, by working additional hours at another time. Employees may earn RCT in advance of or after a religious observance. RCT is a rearrangement in an employee's work schedule and entails no entitlement whatsoever to premium pay.

Federal Law and Regulations Related to RCT

Compensatory time off for religious observances was authorized as part of the *Federal Employees Flexible and Compressed Work Schedules Act of 1978*, Public Law 95-390, on September 29, 1978, and codified in 5 U.S. Code § 5550a. The law states:

... an employee whose personal religious beliefs require the abstention from working during certain periods of time may elect to engage in overtime work for time lost for meeting those religious requirements. Any employee who so elects such overtime work shall be granted equal compensatory time off from his scheduled tour of duty (in lieu of overtime pay) for such religious reasons, notwithstanding any other provision of law.

In addition, a Comptroller General Decision of 1983¹ stated:

Section 5550a is specifically concerned with the amount of freedom enjoyed by federal employees in exercising their religious beliefs. The free exercise of such beliefs is a fundamental right guaranteed under the First Amendment of the United States Constitution.

The Comptroller General Decision further opined that federal employees are provided the opportunity to “worship ... freely, without losing their pay or accumulated leave,” and are afforded the opportunity to engage in overtime work and receive equal compensatory time off for the time used for personal religious observance.

The U.S. Office of Personnel Management (OPM) promulgated regulations implementing 5 U.S. Code 5550a in the Code of Federal Regulations (CFR) at 5 CFR §§550.1001 and 550.1002. Section 550.1002 provides that agencies may:

... grant compensatory time off to an employee requesting such time off for religious observances when the employee’s personal religious beliefs require that the employee abstain from work....

... the employee may work such compensatory overtime before or after the grant of compensatory time off. A grant of advanced compensatory time off should be repaid by the appropriate amount of compensatory overtime work within a reasonable amount of time. Compensatory overtime shall be credited to an employee on an hour for hour basis or authorized fractions thereof. Appropriate records will be kept of compensatory overtime earned and used.

The regulation stipulates that RCT granted in advance should be repaid within a “reasonable amount of time.” Further, the regulation links the employees’ requested time off for religious observances, hour for hour, to the compensatory overtime worked. In addition, the regulation requires retaining appropriate records for compensatory overtime earned and used.

OPM Fact Sheet Related to RCT

OPM also issued a fact sheet that provides additional information and controls on the approval and documentation of RCT. We consider these additional controls to be best practices. OPM’s fact sheet states:

¹ Comptroller General of the United States, 62 Comp. Gen. 589, Decision B-209327 (July 26, 1983).

Agencies should require employees to submit a written request for an adjusted work schedule in advance. An employee should specifically state that his or her request for an adjusted work schedule is for religious purposes and should provide acceptable documentation of the need to abstain from work.

If an employee's request is approved, a supervisor may determine whether the alternative work hours will be scheduled before or after the religious observance.

An employee's request for time off should not be granted without simultaneously scheduling the hours during which the employee will work to make up the time. This provides a clear record of the employee's adjusted work schedule. An employee should be allowed to accumulate only the number of hours of work needed to make up for previous or anticipated absences from work for religious observances.

In addition, the fact sheet states that an employee must be paid for any unused RCT balance upon separation or transfer.

OPM Proposed Regulations on RCT

OPM originally proposed a new rule on January 5, 2005, and received comments. However, the rule was never finalized. Based on comments received, OPM reissued a new proposed rule on August 30, 2013, which also has not been finalized. The intent of the new proposal would provide additional controls to help agencies more effectively manage RCT by clarifying employee and agency responsibilities, and providing timeframes for earning and using RCT. One item highlighted in the proposed rule by OPM was:

A key difference between using and earning religious compensatory time off is that using religious compensatory time off is tied to a specific religious observance on a fixed date, whereas greater flexibility exists regarding when religious compensatory time off may be earned.

This would reinforce the linkage between the earning of RCT to a specific religious observance. The proposed rule would provide specific request requirements:

An employee is required to provide his or her supervisor with a request for religious compensatory time off in advance of the religious observance. Under paragraph (b) of this section, at the time the religious compensatory time off is requested, the employee must provide the agency with (1) the name and/or

description of the particular religious observance for which the employee's absence is required; (2) the date(s) and time(s) the employee plans to be absent for religious observances; and (3) the date(s) and time(s) the employee plans to perform overtime work to earn religious compensatory time off to make up for the absence. This information provides appropriate documentation to enable the agency to consider the request.

In addition, the proposed rule would place limits on the accumulation and use of RCT. Specifically, an employee would be able to earn RCT up to 26 pay periods in advance of the targeted religious observances, meaning that those employees using RCT in advance must fulfill their obligation within 26 pay periods. OPM believes that providing 26 pay periods (essentially, a year) before and after a religious observance is a sufficient timeframe for an employee to earn RCT, and is consistent with the 26-pay-period rule for using compensatory time off in lieu of overtime pay after it is earned.

The language above would clarify that the request and documentation requirement for religious compensatory time should be tied to a religious observance. The language would also clarify that RCT is different than other forms of compensatory time off because it is only for adjusting an employee's work to substitute for time off taken in correlation to a religious observance.

EPA's Policy Related to RCT

The EPA does not maintain a stand-alone policy for RCT. Instead, the agency's policy and procedures for *Compensatory Time for Religious Beliefs* are maintained within its Pay Administration Manual. The policy and procedures are discussed in detail in Chapter 3 of this report. In addition, the EPA's practice is to pay for any unused RCT upon separation or transfer from the agency.

Responsible Offices

The EPA Office of Human Resources within the EPA's Office of Administration and Resources Management is responsible for policies, procedures, program development and implementation of the full spectrum of the EPA's human resources functions and programs, and employee services.

The EPA Office of the Chief Financial Officer develops and manages agencywide financial management functions, including the controls and systems for payroll.

Scope and Methodology

We conducted this audit from June 10, 2015, to August 23, 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 the audit objective.

To address the hotline allegations, we reviewed the OCSPP employee's labor hours recorded in the EPA's time and attendance system from December 27, 2004, to January 8, 2015, and interviewed the complainant.

To determine whether the EPA's policies and procedures provide sufficient guidance to govern the use of RCT, we obtained an understanding of the EPA's policies and procedures for RCT, and applicable laws, regulations and best practices. We also analyzed RCT information from the EPA's accounting and payroll systems.

We analyzed the data and selected employees with an RCT balance of 40 or more positive or negative hours as of May 19, 2015, for additional review. We used 40 hours as our cutoff point because we considered balances equal to or greater than that amount to be indicators of potential misuse. We analyzed these employees' use of RCT from 2005 through 2015, to determine whether the earning and usage of RCT appeared to be in compliance with federal law, regulations and best practices. We interviewed these employees to obtain an understanding of their knowledge about policies and procedures and their usage of RCT. We also interviewed selected supervisors to obtain an understanding of the approval and monitoring process, as well as their knowledge of RCT policies and procedures.

The OCSPP employee identified in the hotline complaint was retired as of the date of our analysis, and thus was not included in our sample. We analyzed the retired employee's accumulation and usage of RCT hours, and reviewed the employee's intended use plans and other information regarding the agency's decision to pay the retired OCSPP employee the value of the unused RCT.

To determine the financial impact of RCT balances to the agency, we evaluated all payments made to employees upon separation or transfer, according to the agency, between January 2013 and October 2015.

Chapter 2

Regarding Hotline Allegations, OCSPP Employee Was Paid for Unused RCT

Based on our analysis, time and attendance records support that the retired OCSPP employee earned the accumulated RCT hours. However, regarding the allegation that the employee used RCT as a leave bank, we found that the agency paid \$32,469 to the employee for her balance of 495.75 RCT hours after she retired.

Time and Attendance Records Support Hours Earned

The hotline complaint alleged that a retiring OCSPP employee may not have worked the hours accumulated. Based on the evidence obtained, there was no support for the allegation. Our review of agency time and attendance records between December 27, 2004, and January 8, 2015, showed the OCSPP employee attested to hours worked, and those hours were approved by various managers in the EPA's time and attendance systems. The evidence received also suggests the OCSPP employee used RCT hours for religious purposes; and the use of those hours were requested in advance, were approved, and corresponded to timeframes typically associated with religious observances.

OCSPP Employee Banked RCT Hours

Our hotline analysis found that the retired OCSPP employee was allowed to "bank" RCT hours. The EPA's policy and procedures require that an employee request, through their supervisor, an adjustment of their work schedule to accommodate time off for a specific religious observance. If approved, the employee must work comparable additional non-overtime hours (hour for hour) to make up for the time off. However, we found no evidence supporting that the OCSPP employee ever requested an adjustment of her work schedule to work specific hours to accommodate time off for a specific religious observance. As a result, the OCSPP employee was allowed to work and maintain a large balance of RCT hours (banking) without linking, hour for hour, the time off needed for specific religious observances. Further, we found no documentation suggesting that management was monitoring the OCSPP employee's RCT balance.

Evidence shows that the OCSPP employee regularly submitted plans to her supervisors documenting the intended use of portions of her RCT balance. However, the employee was allowed to work RCT hours without limiting the additional hours to specific religious observances. If the agency's guidance was followed, the OCSPP employee's accumulation of RCT hours would have been limited, hour for hour, to the number of hours required to be off work for specific

religious observances. Further, the OCSPP’s RCT balance would have been limited to minor timing differences, preventing the banking of RCT hours for future use. Prior to 2010, the OCSPP employee accumulated and used RCT in a manner consistent with federal regulations and EPA policy. However, between leave year 2010 and the end of leave year 2014, the OCSPP employee was allowed to accumulate and maintain RCT hours without identifying any specific religious observance. Table 1 provides a cumulative summary of the RCT hours earned, used and banked, while Appendix A provides details by pay period for each year.

Table 1: RCT hours earned, used and banked

Leave Year	Earned	Used	Banked	Balance
2009				19.00
2010	379.75	170.00	209.75	228.75
2011	230.50	221.00	9.50	238.25
2012	236.75	187.00	49.75	288.00
2013	318.50	221.00	97.50	385.50
2014	260.25	150.00	110.25	495.75

Source: OIG analysis of agency RCT balances.

Thus, between 2010 and 2014, the OCSPP employee earned 1,425.75 RCT hours (approximately 178 days), but only used 949.0 hours (approximately 119 days). As of January 2015, the agency’s time and attendance records showed the former OCSPP employee maintained a balance of 495.75 hours (approximately 62 days) of unused RCT.

As shown in Appendix A, approximately 77 percent of RCT hours earned were recorded on the same day that the OCSPP employee charged telework. Additionally, there were several pay periods—often the same day—where the OCSPP employee took leave and also recorded RCT hours earned. These labor charging practices bring into question the sufficiency of management’s monitoring of RCT hours worked by the OCSPP employee.

We found no evidence that the OCSPP employee requested, or managers approved, any modifications to the employee’s work schedule to work additional hours to offset specific hours lost for specific religious observances. Additionally, we found no documentation suggesting that managers were monitoring the OCSPP employee’s accumulation of excessive RCT hours.

The OCSPP employee retired in January 2015. In August 2015, the agency paid \$32,469 for the unused RCT hours, even though the hour-for-hour requirement of 5 CFR § 550.1002 was not enforced. Nonetheless, in consultation with its payroll provider and based on the OPM fact sheet, the agency concluded that employees must be paid for any unused RCT upon separation or transfer from the agency at the employee’s rate of pay in effect when the extra hours were worked. If the agency had followed its policy of linking hour for hour RCT earned and used, payment for unused RCT would have been avoided or been minimal.

Chapter 3

EPA Needs to Improve Controls to Prevent Further Abuse of RCT

Although the EPA's policy and procedures governing RCT meet the requirements of federal law and regulations, agency controls are insufficient to prevent abuse. Analysis of RCT balances for current agency employees found some employees have been allowed to maintain significant RCT balances for years. Neither 5 U.S. Code § 5550a nor agency policy and procedures allow employees to accumulate and maintain (bank) RCT hours in excess of their religious observances. Agency controls over RCT are not sufficient because they do not require the working of RCT hours to be linked to specific religious observances, thus allowing employees to bank RCT balances for years. This occurred because managers do not monitor the accumulation and use of RCT, the agency does not provide training on the proper use of RCT, and the agency's time and attendance system does not have adequate controls to prevent abuse. Failure to address these issues resulted in 13 employees (in addition to the OCSPP employee discussed in Chapter 2) receiving \$41,045 in payouts for unused RCT upon separation. In addition this may result in an unplanned liability of \$81,927 that will be required to be paid when other employees retire or separate from the agency.

EPA's Policy and Procedures for RCT

The EPA does not have a stand-alone policy for RCT. Instead, EPA Manual 3155, *Pay Administration Manual*, contains basic legal requirements and agency policy and procedures on pay administration. Chapter 4, Section 8F, "Compensatory Time for Religious Beliefs" (April 18, 2006), states RCT "... is actually a rearrangement in the employee's work schedule and entails no entitlement to premium pay." Further, this section states:

- (1) "This authority allows employees to be on approved absence from their regularly scheduled tour of duty without charge to leave or loss of pay by working comparable additional non-overtime hours.
- (2) "Supervisors should approve an employee's request for time off for such purposes unless modifications in the work schedule to accommodate the employee would unduly interfere with the accomplishment of the agency's mission.
- (3) "If the request is denied, the supervisor shall inform the employee of the decision in writing.

(4) “The term ‘personal religious belief’ is to be interpreted broadly. An employee’s personal belief does not have to be a recognized requirement of an established religion. It only has to be a personal belief that is religious in nature and that requires the employee to abstain from work during a period for which the employee is scheduled to work.

(5) “Employees must work compensatory time (hour for hour) to make up for time off. The compensatory time may be worked either before or after the requested time requested to be taken off for religious observance. Any overtime worked subsequent to an employee’s absence for religious reasons shall be reduced by the number of hours of absence before any entitlement to overtime compensation accrues.

(6) “If an employee has been advanced RCT and has a negative annual leave balance and no other category of approved absence credit (sick leave to the employee’s credit cannot be used for this purpose), at the time of separation or transfer, a monetary debt is to be established. This indebtedness will be satisfied by a charge to leave without pay prior to separation.”

In the EPA’s payroll and time and attendance system, employees record RCT Earned as “RELOB” and RCT Used as “RELOE.” Supervisors are responsible to review and approve an employee’s time and attendance entries. There are no limits on the amount of RCT hours an employee can earn or use in the agency’s time and attendance system.

While the agency’s policy allows “approved absences” and “working comparable additional non-overtime hours,” it does not describe how these are interrelated. The policy requires that an employee only be allowed to accrue the number of hours of work needed to make up for previous or anticipated absences from work for religious observances (hour for hour). There are no provisions in the policy that allow the banking of RCT hours.

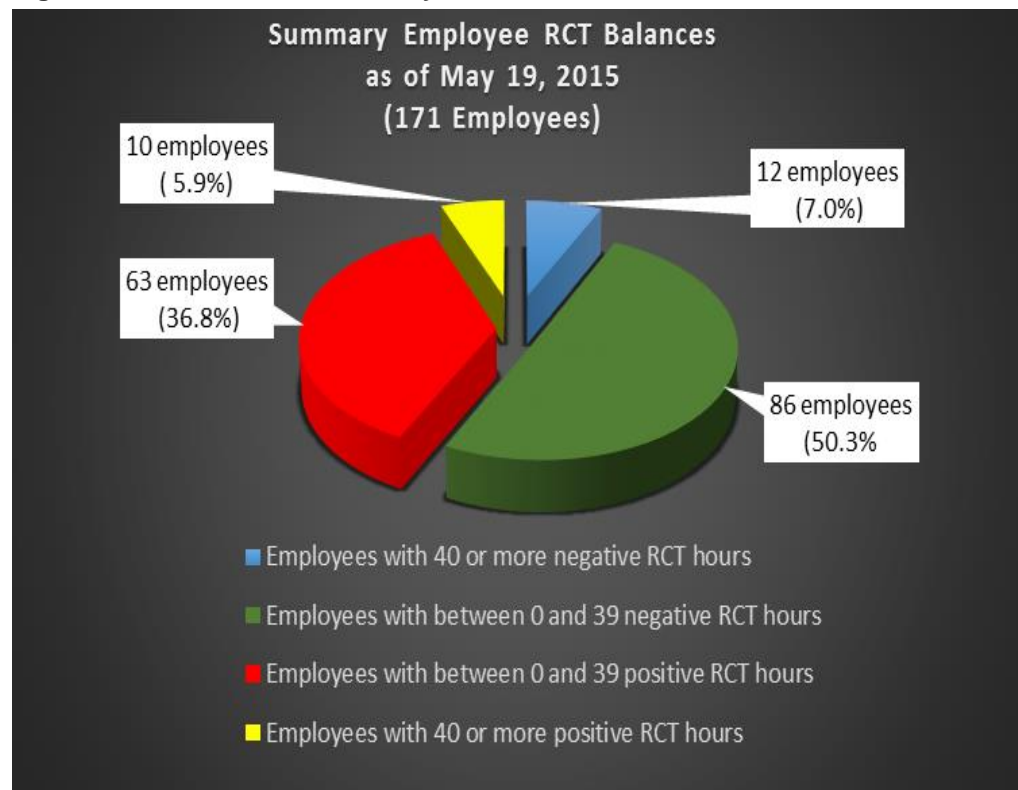
OPM’s fact sheet states that “agencies should require employees to submit a written request for an adjusted work schedule in advance” (specifically stating his or her request is for religious purposes) and “should provide acceptable documentation of the need to abstain from work.” Further, if the request is approved, a supervisor may determine whether the RCT hours will be scheduled before or after the religious observance. OPM’s fact sheet further states:

An employee’s request for time off should not be granted without simultaneously scheduling the hours during which the employee will work to make up the time. This provides a clear record of the employee’s adjusted work schedule.

Current Employees' Use of RCT

As of May 19, 2015, 171 current agency employees had a balance of RCT. We identified 22 employees² with RCT balances of 40 or more hours (positive or negative). We used 40 hours as our cutoff point, as we considered balances equal to or greater than this amount to be indicators of potential misuse. Figure 1 provides a summary of employees' RCT balances as of May 19, 2015.

Figure 1: RCT balances as of May 19, 2015



Source: OIG analysis of agency RCT balances.

We analyzed agency-provided information on RCT hours earned and used for the 6-year period 2010 to 2015. Our analysis showed 329 employees used or earned RCT during this time. Of these 329 RCT users, 118 did not have an outstanding balance as of December 31, 2015, indicating that they may be earning and using RCT as intended by the law.

Current Employees Are Banking RCT Hours

As of May 19, 2015, we found that 171 current EPA employees maintained a balance of RCT hours based on the EPA's time and attendance system. At that time, we found that 10 of those 171 employees maintained a balance of 40 hours

² The OCSPP employee identified in Chapter 2 of this report was retired as of the date of our analysis and was not included in our sample.

or more of RCT. We compared this data to the RCT balance report of December 31, 2015, and found that almost all of these employees continued to bank over 40 hours.

This data further indicates, as noted in Chapter 2, that the EPA's policy and procedures requiring that an employee request through their supervisor an adjustment of their work schedule to accommodate time off for a specific religious observance are not being followed. Managers are not requiring their employees to link the earning of RCT hours to a specific religious observance, hour for hour.

As previously highlighted, federal regulations, the OPM fact sheet best practices, and agency policy and procedures draw a correlation between the earning and use of RCT hours. Federal regulations on RCT state: "Compensatory overtime shall be credited to an employee on an hour for hour basis." OPM's fact sheet states: "An employee should be allowed to accumulate only the number of hours of work needed to make up for previous or anticipated absences from work for religious observances." The EPA's policy requires the employee to work comparable additional non-overtime hours (hour for hour) to make up for the time off.

For the 10 employees cited above that had an RCT balance of 40 hours or more, analysis of the RCT charges (earned and used) recorded in the EPA's payroll and time and attendance systems disclosed patterns where RCT hours were banked. In some instances, employees were allowed to continually bank RCT with minimal to no activity for religious observances. This creates the appearance that employees may be banking the RCT hours for future payout upon separation or transfer from the agency. Based on the RCT balances as of December 26, 2015, the EPA has an unplanned liability of up to \$81,927,³ unless the balances of these 10 employees is reduced.

We interviewed all 10 of the employees with RCT balances of over 40 hours, and reviewed each employee's earning and usage patterns between fiscal years (FYs) 2005 and 2015. Based on our interviews, we determined that EPA management allowed, and in some instances directed, employees to record what would have been Compensatory Time and/or Overtime hours as RCT. This recording of RCT was done without an established link to a religious observance, which is clearly outside the intent of the law, regulations and agency policy. Details on all 10 employees are in Appendix B.

The agency has not established adequate internal controls and exercised management oversight responsibilities to effectively manage and monitor the earning and usage of RCT. In addition, the EPA has not provided staff with training on RCT.

³ OIG-estimated amount based on the 10 employees' RCT balances as of December 26, 2015, multiplied by their 2016 General Schedule (GS) hourly rate.

In accordance with the controls specified in OPM’s proposed regulations, an employee should provide his or her supervisor with a request for religious compensatory time off in advance of a religious observance. The request and documentation requirement for the accumulation of RCT hours must be tied to a specific religious observance. This request should include:

- The name and/or description of the religious observance for which the employee’s absence is required.
- The date(s) and time(s) the employee plans to be absent to participate in the religious observance.
- The date(s) and time(s) the employee plans to perform overtime work to earn religious compensatory time off to make up for the absence.

This information would provide appropriate documentation to enable the agency to consider the request.

EPA Lump Sum Payments Made for Banked RCT Hours

Even though the hour-for-hour requirement of 5 CFR § 550.1002 was not enforced, from January 2013 to October 15, 2015, the EPA paid 14 employees \$73,514 for banked RCT hours (including the \$32,469 for the OCSPP employee as discussed in Chapter 2). The majority of employees received a lump sum payment less than \$2,000, which could be considered immaterial. However, five employees received a payment over \$2,000 for banked RCT, with three receiving payments in excess of \$14,000 each. Figure 2 below shows the amount paid to each of the five employees.

Figure 2: EPA’s RCT payouts from January 2013 through October 2015



Source: OIG-generated based on information from Interior Business Center payroll system for the period June 2014 to October 2015, and Defense Finance and Accounting Service payroll information from January 2013 to June 2014.

The EPA practice, as reinforced by consultation with its payroll provider, is to pay for any unused RCT upon separation or transfer from the agency. The payments were made at the employee's rate of basic pay in effect when the extra hours were worked. These payments clearly show that management oversight over the use of RCT is weak and internal controls are not sufficient to prevent abuse. If requests for RCT were approved and monitored properly, RCT balances and the need for future payments would be minimal or eliminated.

Employees Also Had Negative RCT Balances

Our analysis also identified 12 employees who maintained a negative balance of 40 or more RCT hours. Our analysis also identified that seven of the 12 employees maintained this balance for more than 2 years. A negative balance, or advanced RCT, exists when an employee uses RCT for a religious observance prior to actually earning the time. To avoid carrying negative balances, the OPM best practices fact sheet states, "Employees should not be granted time off for religious observances without simultaneously scheduling the hours the employees will work to make up the time."

Based on our employee interviews, large negative RCT balances have occurred in some instances because EPA managers approved the employee's use of RCT hours without simultaneously scheduling the additional non-overtime hours to be worked. One employee told us their supervisors will not allow them to work the additional non-overtime hours to pay back their RCT balances because the additional hours do not meet the definition of a mission-critical need. This does not comply with the intent of the law or regulations. The employee also said they believe negative RCT hours do not have to be settled quickly because the hours will be settled at the time of separation or transfer from the EPA.

Our audit also identified three employees who were paid for overtime hours during a time period the employees maintained a negative RCT balance. In accordance with EPA policy, any overtime worked subsequent to an employee's absence for religious reasons shall be reduced by the number of hours of absence before any entitlement to overtime compensation accrues. These examples indicate the lack of proper training on the proper use and management of RCT. Further, the long period of time these negative hours were maintained clearly shows that management oversight over the use of RCT is weak and internal controls are not sufficient to prevent abuse.

Conclusion

While the EPA's policy and procedures governing RCT meet the requirements of federal law and regulations, its controls are insufficient to prevent abuse. Agency controls over RCT are not sufficient because they do not require the working of RCT hours to be linked, hour for hour, to specific religious observances, allowing

employees to bank RCT balances for years. This occurred because agency managers do not monitor the accumulation and use of RCT, the agency does not provide training on the proper use of RCT, and the agency's time and attendance system does not have adequate controls to prevent abuse.

Recommendations

We recommend that the Assistant Administrator for Administration and Resources Management:

1. Enhance internal controls over Religious Compensatory Time by revising EPA Manual 3155, *Pay Administration Manual*, Chapter 4, Section 8F, "Compensatory Time for Religious Beliefs," by establishing:
 - a. A maximum balance of accumulated or advanced Religious Compensatory Time hours that can be maintained.
 - b. A requirement that all employees earning and using Religious Compensatory Time submit an intended use plan to their immediate supervisor. The plan should identify the specific dates(s) and hour(s) when the employee plans to be absent for a religious observance, and the date(s) and hour(s) the employee will earn/repay the corresponding time off.
 - c. A reasonable timeframe when negative balances will be paid back.
2. Prohibit employees with a Religious Compensatory Time balance in excess of the amount established by Recommendation 1 from earning any additional hours until the balance is exhausted, and require an intended use plan for any new hours.
3. Develop training on the proper use of Religious Compensatory Time and require all managers approving, and employees using, Religious Compensatory Time to complete the course.

We recommend that the Chief Financial Officer:

4. Modify the EPA's payroll and time and attendance system to include the enhanced internal controls, preventing employees from accumulating Religious Compensatory Time hours inconsistent with revised policies and procedures.

Summary of Agency Responses and OIG Evaluation

The Office of Administration and Resources Management concurred with Recommendations 1 through 3, and provided proposed corrective actions. When

implemented, we believe the proposed actions will meet the intent of our recommendations. The recommendations will remain open with corrective actions pending. The Office of Administration and Resources Management's complete response to the draft report is in Appendix C.

The Office of the Chief Financial Officer concurred in principle with Recommendation 4, and indicated it intends to coordinate with the agency's payroll provider on the feasibility of modifying the payroll system. The Office of the Chief Financial Officer indicated it will submit a change request to the provider for review and approval. Once payroll changes are determined feasible, the Office of the Chief Financial Officer indicated it will make the necessary changes to the time and attendance system. The Office of the Chief Financial Officer's proposed corrective actions do not fully meet the intent of the recommendation, because they do not indicate what actions will be taken if the payroll system changes are not feasible. Further, an estimated completion date was not provided. Therefore, Recommendation 4 is unresolved. The Office of the Chief Financial Officer's complete response to the draft report is in Appendix D.

Status of Recommendations and Potential Monetary Benefits

RECOMMENDATIONS

Rec. No.	Page No.	Subject	Status ¹	Action Official	Planned Completion Date	Potential Monetary Benefits (in \$000s)
1	14	Enhance internal controls over Religious Compensatory Time by revising EPA Manual 3155, <i>Pay Administration Manual</i> , Chapter 4, Section 8F, "Compensatory Time for Religious Beliefs," by establishing: <ul style="list-style-type: none"> a. A maximum balance of accumulated or advanced Religious Compensatory Time hours that can be maintained. b. A requirement that all employees earning and using Religious Compensatory Time submit an intended use plan to their immediate supervisor. The plan should identify the specific date(s) and hour(s) when the employee plans to be absent for a religious observance, and the date(s) and hour(s) the employee will earn/repay the corresponding time off. c. A reasonable timeframe when negative balances will be paid back. 	O	Assistant Administrator for Administration and Resources Management	12/31/16	
2	14	Prohibit employees with a Religious Compensatory Time balance in excess of the amount established by Recommendation 1 from earning any additional hours until the balance is exhausted, and require an intended use plan for any new hours.	O	Assistant Administrator for Administration and Resources Management	9/30/16	
3	14	Develop training on the proper use of Religious Compensatory Time and require all managers approving, and employees using, Religious Compensatory Time to complete the course.	O	Assistant Administrator for Administration and Resources Management	3/31/17	
4	14	Modify the EPA's payroll and time and attendance system to include the enhanced internal controls, preventing employees from accumulating Religious Compensatory Time hours inconsistent with revised policies and procedures.	U	Chief Financial Officer		

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.

Details of OCSPP Employee Labor Charges by Pay Period Between January 2010 and December 2014

Leave Year 2010 for OCSPP Employee

Pay period	Annual leave	Holiday/ other	Regular hours	Sick leave	Telework hours	RCT earned	RCT used	Total
01	6.00			3.00	71.00	21.00		101.00
02	2.50	9.00			68.50	13.50		93.50
03	7.25	36.00	18.00		18.75	8.75		88.75
04		9.00	45.00		26.00	21.00		101.00
05			45.00		35.00	17.50		97.50
06	4.75	2.50	34.50		40.75	7.00		87.00
07			18.00		17.00	14.00	45.00	94.00
08	2.50		45.00	8.50	24.00	10.00		90.00
09			9.00	71.00				80.00
10				9.00	71.00	15.00		95.00
11		9.00		4.00	67.00	23.75		103.75
12			18.00	9.00	53.00	19.50		99.50
13	5.00		33.75	2.25	39.00	5.00		85.00
14	2.00	9.00	35.00		34.00	18.00		98.00
15	30.50		18.00	3.00	28.50	18.50		98.50
16	45.00		17.00		18.00	9.00		89.00
17	53.00		9.00		18.00	5.25		85.25
18		9.00	18.00		26.00	8.75	27.00	88.75
19	2.00		18.00		25.00	11.25	35.00	91.25
20		4.00	18.00		62.00	19.00		99.00
21		9.00	18.00		53.00	27.50		107.50
22		3.50	36.00		44.00	28.00		108.00
23	2.50	9.00	42.50		26.00	24.50		104.50
24	17.00	12.50	23.50		3.50	7.50	27.00	87.50
25		2.5	27.00		17.00	13.50	36.00	93.50
26	29.50	20.00	9.00		24.50	13.00		93.00
Total	209.50	144.00	555.25	109.75	891.50	379.75	170.00	2,459.75

During Leave Year 2010, there was a total of 255.5 hours of RCT earned on the same day telework was charged.

Leave Year 2011 for OCSP Employee

Pay period	Annual leave	Holiday/ other	Regular hours	Sick leave	Telework hours	RCT earned	RCT used	Total
01			45.00		35.00	11.50		91.50
02	7.00	9.00	20.00		44.00	14.00		94.00
03			45.00		35.00	5.25		85.25
04		9.00	45.00		26.00	14.25		94.25
05	2.00		52.00		26.00	12.50		92.50
06			54.00		26.00	5.00		85.00
07		1.50	43.50		35.00	7.75		87.75
08			27.00		9.00			80.00
09			36.00		26.00	11.25	44.00	91.25
10	2.75		50.25	1.00	26.00	12.50	18.00	92.50
11		9.00	45.00		26.00	9.50		89.50
12			52.50	1.50	26.00	10.50		90.50
13	11.50		42.25	5.25	21.00	9.50		89.50
14	10.50	9.00	34.50	3.50	22.50	13.50		93.50
15	18.00		36.00		26.00	13.00		93.00
16	18.00		27.00	9.00	26.00	13.25		93.25
17	80.00							80.00
18	9.00	9.00	36.00		26.00	7.50		87.50
19	0		54.00		26.00	13.50		93.50
20			27.00		18.00	13.00	35.00	93.00
21		9.00					71.00	80.00
22			50.50	3.50	26.00	5.50		85.50
23		8.00	45.00		27.00	8.25		88.25
24	27.00	9.00	26.00	1.00	17.00	5.75		85.75
25			52.50	4.00	23.50	13.75		93.75
26	18.00	9.00					53.00	80.00
Total	203.75	81.50	946.00	28.75	599.00	230.50	221.00	2,310.50

During Leave Year 2011, there was a total of 162.0 hours of RCT earned on the same day telework was charged.

Leave Year 2012 for OCSP Employee

Pay period	Annual leave	Holiday/ other	Regular hours	Sick leave	Telework hours	RCT earned	RCT used	Total
01		9.00	45.00		26.00	15.25		95.25
02		9.00	45.00		26.00	8.00		88.00
03			54.00		26.00	13.25		93.25
04	2.50	9.00	45.00		23.50	13.50		93.50
05			45.00	9.00	26.00	13.00		93.00
06			54.00		26.00	8.00		88.00
07	2.50		45.00		23.50	18.75	9.00	98.75
08			18.00		18.00	10.00	44.00	90.00
09			54.00		26.00	6.00		86.00
10	2.00		54.00		24.00	5.50		85.50
11	4.50	9.00	42.00	3.00	21.50	4.75		84.75
12			54.00		26.00	10.75		90.75
13	2.50		51.50		26.00	8.50		88.50
14	8.00	9.00	34.00	2.00	27.00	7.50		87.50
15	4.00		42.00	3.00	31.00	8.50		88.50
16	4.00		36.00	3.00	37.00	2.50		82.50
17	80.00							80.00
18	9.00	9.00	27.00	9.00	26.00	14.75		94.75
19	9.00		36.00		17.00	8.00	18.00	88.00
20			17.00				63.00	80.00
21		9.00	36.00		26.00	12.50	9.00	92.50
22		9.00	45.00		26.00	4.00		84.00
23		9.00	36.00	4.00	31.00	10.50		90.50
24	26.25	9.00	26.75	3.50	14.50	8.00		88.00
25			18.00		18.00	4.00	44.00	84.00
26	20.50	18.00	24.50		17.00	10.50		90.50
27	35.00	9.00	18.00		18.00	10.75		90.75
Total	209.75	117.00	1,002.75	36.50	607.00	236.75	187.00	2,396.75

During Leave Year 2012, there was a total of 186.5 hours of RCT earned on the same day telework was charged.

Leave Year 2013 for OCSP Employee

Pay period	Annual leave	Holiday/ other	Regular hours	Sick leave	Telework hours	RCT earned	RCT used	Total
01		9.00	36.00		35.00	20.00		100.00
02			54.00		26.00	18.75		98.75
03		9.00	45.00		26.00	19.50		99.50
04	2.50		18.00		59.50	33.75		113.75
05	4.25		27.00		48.75	34.50		114.50
06			9.00		9.00	6.25	62.00	86.25
07	2.50		36.00		41.50	18.00		98.00
08			45.00		35.00	14.00		94.00
09		3.00	42.00		35.00	20.50		100.50
10	2.50	20.00	27.00		30.50	10.25		90.25
11		18.00	27.00	2.50	32.50	10.00		90.00
12	21.00		24.00		35.00	15.50		95.50
13	13.50	24.00	27.00		15.50			80.00
14	19.00		18.00	2.00	41.00	12.75		92.75
15	9.00		36.00	9.00	26.00	14.00		94.00
16	80.00							80.00
17	9.00	9.00	18.00		17.00	10.75	27.00	90.75
18			36.00		9.00		35.00	80.00
19		23.00	13.00				44.00	80.00
20		71.00	9.00					80.00
21			45.00		35.00	18.00		98.00
22		9.00	25.00	2.00	44.00	18.50		98.50
23		9.00	27.00		35.00	15.00	9.00	95.00
24			9.00	7.50	19.50	3.50	44.00	93.50
25	9.00	9.00	18.00	3.25	40.75	5.00		85.00
26	35.75	9.00	17.25		18.00			80.00
Total	293.00	222.00	688.25	26.25	714.50	318.50	221.00	2,398.50

During Leave Year 2013, there was a total of 270.0 hours of RCT earned on the same day telework was charged.

Leave Year 2014 for OCSP Employee

Pay period	Annual leave	Holiday/ other	Regular hours	Sick leave	Telework hours	RCT earned	RCT used	Total
01		9.00	27.00		44.00	11.50		91.50
02			45.00		35.00	17.00		97.00
03		9.00	36.00		35.00	17.00		97.00
04	3.00		36.00		41.00	14.50		94.50
05	12.00		15.00	9.00	44.00	11.50		91.50
06			54.00		26.00	10.50		90.50
07			27.00		17.00	13.75	36.00	93.75
08			18.00	9.00	35.00	13.75	18.00	93.75
09	3.00		45.00		32.00	10.50		90.50
10		9.00	45.00		26.00	18.50		98.50
11	2.50		36.00	3.00	38.50	15.00		95.00
12	3.00		27.00		50.00	18.50		98.50
13	5.00	8.00	21.50	10.50	35.00	10.50		90.50
14	1.00		27.00		52.00	18.50		98.50
15	45.00		18.00		17.00	8.00		88.00
16	45.00		18.00		17.00	8.00		88.00
17	9.00	9.00	36.00		26.00	13.50		93.50
18	5.00		49.00		26.00	15.25		95.25
19			27.00		27.00	14.50	26.00	94.50
20		9.00	18.00		9.00		44.00	80.00
21			54.00		26.00			80.00
22	7.50	9.00	36.00		27.50			80.00
23	18.00	9.00	27.00		26.00			80.00
24	11.50		43.00	16.50	9.00			80.00
25	2.50	18.00	24.50		9.00		26.00	80.00
26	35.00	9.00	25.50	10.50				80.00
Total	208.00	98.00	835.50	58.50	730.00	260.25	150.00	2,340.25

During Leave Year 2014, there was a total of 231.0 hours of RCT earned on the same day telework was charged.

RCT Details for Sampled Employees

The tables below are OIG-generated based on information from the EPA's payroll and time and attendance systems. Employee comments are based on OIG interviews with those employees.

Employee No. 1				
FY	RCT hours		Cumulative balance	Employee comments
	Earned	Used		
2005	-	-	0	According to the employee, he is currently a GS-15, Step 10, and was not eligible to earn overtime or compensatory time. He first heard about RCT in 2007, when he was working a lot of 50-hour work weeks and was informed by someone in the Superfund Program that he could charge his extra hours to RCT. He has received no training on RCT, and recorded all extra hours worked because he wanted his time to be recognized. He said he has only used his RCT for religious observances, and has no current plan in place to use his outstanding RCT balance.
2006	-	-	0	
2007	63	-	63	
2008	69.5	37	95.5	
2009	129	12.5	212	
2010	162	8	366	
2011	23	-	389	
2012	-	-	389	
2013	-	-	389	
2014	-	-	389	
2015	-	-	389	
Total	446.5	57.5		

Employee No. 2				
FY	RCT hours		Cumulative balance	Employee comments
	Earned	Used		
2006	-	-	0	According to the employee, he is currently a GS-15, Step 10, and is not eligible to earn overtime or compensatory time. He first heard about RCT from his timekeeper when he wanted to charge leave to attend religious services and was informed he could charge RCT instead. He was working a lot of 12-hour days and working on his day off, so he decided to charge his extra time to RCT. He has received no training on RCT. He said he has only used his RCT for religious observances, and has no current plan in place to use his outstanding RCT balance.
2007	9	8	1	
2008	-	-	1	
2009	22.5	8	15.5	
2010	94	-	109.5	
2011	125.5	-	235	
2012	-	-	235	
2013	-	-	235	
2014	-	-	235	
2015	-	-	235	
Total	251	16		

Employee No. 3			
FY	RCT hours		Cumulative balance
	Earned	Used	
2006	-	-	0
2007	-	-	0
2008	-	-	0
2009	-	-	0
2010	-	-	0
2011	-	-	0
2012	-	-	0
2013	-	-	0
2014	160	-	160
2015	16	64	112
Total	176	64	

Employee comments
According to the employee, he is currently a GS-14, Step 10, and is eligible to earn some overtime and compensatory time. He originally charged his time to compensatory time and overtime and found his salary was reduced. He believed this practice to be unacceptable. He was informed by his supervisor that he could charge his extra time to RCT. He believed he had to show all his hours worked for liability reasons. He has received no training on RCT. He has no current plan in place to use his outstanding RCT balance. The employee said he believed RCT was the only way to avoid potential legal issues for working hours above the 80-hour work week in the event of an injury on the job. Our comparison of the employee's RCT balance on May 19, 2015, and December 26, 2015, disclosed the employee used 48 hours. According to the employee, he was not required to, and did not submit, a plan for his usage.

Employee No. 4			
FY	RCT hours		Cumulative balance
	Earned	Used	
2005	-	-	0
2006	-	-	0
2007	12	-	12
2008	19.5	12	19.5
2009	35.75	8	47.25
2010	72.75	8	112
2011	9	9	112
2012	-	-	112
2013	-	-	112
2014	-	-	112
2015	-	-	112
Total	149	37	

Employee comments
According to the employee, he is currently a GS-14, Step 5, and is eligible to earn some overtime and compensatory time. He started charging his extra hours to RCT in 2007, when he worked a lot of hours at the end of the year and would reach his maximum for overtime and compensatory time. His supervisor suggested that he record his additional hours as RCT earned. He has received no training on RCT. The employee has no current plan in place to use his outstanding RCT balance. He believed RCT was the only way to be compensated for his hours worked.

Employee No. 5			
FY	RCT hours		Cumulative balance
	Earned	Used	
2006	-	-	0
2007	9	9	0
2008	6	1	5
2009	17.5	-	22.5
2010	7.5	-	30
2011	12	-	42
2012	14	-	56
2013	-	-	56
2014	9	-	65
2015	-	-	65
Total	75	10	

Employee comments
According to the employee, he is currently a GS-15, Step 10, and is not eligible to earn overtime or compensatory time. He started charging his extra hours to RCT in 2007, when he worked his scheduled day off. He said he was informed that he could not work for free and could be compensated for his extra hours through RCT. He has received no guidance or training on RCT. Although the employee said he has only used his RCT for religious observances, he has no current plan in place to use his outstanding RCT balance.

Employee No. 6			
FY	RCT hours		Cumulative balance
	Earned	Used	
2006	-	-	0
2007	-	-	0
2008	-	-	0
2009	10	16	-6
2010	22.5	12	4.5
2011	43	29	18.5
2012	11	17	12.5
2013	47.5	29	31
2014	41.75	42	30.75
2015	46	38.5	38.25
Total	221.75	183.50	

Employee comments
According to the employee, she is currently a GS-14, Step 7, and is eligible to earn overtime or compensatory time. She stated her office manages the RCT earning and usage very closely using the maxiflex record system. She received training on overall leave, but there was no specific section related to RCT. She was also unaware that the RCT hours would have a cash value upon separation. She said it was her belief, through her initial research, that a positive RCT balance would be forfeited after a certain time period if it went unused. It was also her belief that you could not take RCT unless you had earned the time in advance.

Employee No. 7			
FY	RCT hours		Cumulative balance
	Earned	Used	
2006	-	-	0
2007	9	9	0
2008	18	18	0
2009	-	17	-17
2010	35	27	-9
2011	-	-	-9
2012	27	-	18
2013	-	9	9
2014	61.75	-	70.75
2015	-	27	43.75
Total	150.75	107	

Employee comments
According to the employee, he is currently a GS-15, Step 6, and is eligible to earn compensatory time. He has received no formal training on RCT. The reason he is currently carrying a positive balance of 43.75 hours is, in 2014, the employee said his office was very shorthanded, so during the June and July 2014 time period he had a huge amount of work and began charging RCT. He said that once he realized he had a large balance he stopped charging RCT.

Employee No. 8			
FY	RCT hours		Cumulative balance
	Earned	Used	
2005	7	9	-2
2006	7	9	-4
2007	6	-	2
2008	72	27	47
2009	19	9	57
2010	-	18	39
2011	-	-	39
2012	-	-	39
2013	-	-	39
2014	9	-	48
2015	19	8	59
Total	139	80	

Employee comments
According to the employee, he is currently a GS-15, Step 10, and is not eligible to earn overtime or compensatory time. He has received no training or guidance on RCT. He has been using RCT since 1979, when President Carter initiated it through an executive order. He stated that all of his compensation time has been earned for the purpose of using it for religious observance each year. He said he attempts to keep his balance close to a positive 40 hours so he can take the days off when he needs to and he will not go into a negative balance.

Employee No. 9			
FY	RCT hours		Cumulative balance
	Earned	Used	
2005	-	-	0
2006	40	40	0
2007	-	-	0
2008	-	-	0
2009	32	32	0
2010	40	40	0
2011	40	40	0
2012	40	40	0
2013	40	24	16
2014	24	32	8
2015	46	32	22
Total	302	280	

Employee comments
According to the employee, he is currently a GS-14 and is eligible to earn compensatory time. He has received no formal guidance on RCT. His said his procedure for requesting RCT is, each year, he prepares an email memo to his supervisor indicating that he wanted to earn RCT, the total hours he would be taking off for the year, how he would be earning the hours, and the purpose he was earning it for. He generally works RCT between January and March each year, and uses RCT in July. His said his annual use and earning of RCT is for a specific religious purpose—each year, he volunteers at a religious camp for a week. He attempts to have 40 hours each year to work at the camp. Some years, because of the July 4 holiday, he said he only needs 32 hours.

Employee No. 10			
FY	RCT hours		Cumulative balance
	Earned	Used	
2005	-	-	0
2006	-	-	0
2007	-	-	0
2008	11.5	27	-15.5
2009	54	29.5	9
2010	94.5	58	45.5
2011	51	27	69.5
2012	54.5	28	96
2013	40	42	94
2014	10	42	62
2015	27.5	35	54.5
Total	343	288.5	

Employee comments
According to the employee, she is currently a GS-14, Step 2, and is eligible to earn compensatory time. She has not received any training on RCT. She has been using RCT since 2008, when she first started work with the EPA. She said she earns RCT for the purpose of taking off various religious observances each year. She said she attempts to keep her balance close to her annual usage each year. She said that when she wishes to earn RCT, she completes a compensation time form, and has it approved in advance. When she uses RCT, she said she prepares an annual leave form. She said she makes her supervisor aware of when she is going to take RCT, and is pretty consistent in the days she takes off each year.

Office of Administration and Resources Management's Response to Draft Report



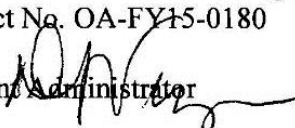
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

SEP - 7 2016

OFFICE OF
ADMINISTRATION
AND RESOURCES
MANAGEMENT

MEMORANDUM

SUBJECT: Response to the Office of Inspector General's Draft Report: Religious Compensatory Time is Subject to Abuse, Project No. OA-FY15-0180

FROM: Donna J. Vizian, Acting Assistant Administrator 

TO: Kevin Christensen, Assistant Inspector General for Audit
Office of Inspector General

The purpose of this memorandum is to provide the Office of Administration and Resources Management's response to the above subject draft report issued by your office on August 23, 2016.

The OARM concurs with all recommendations. The planned corrective actions are as follows:

No.	Recommendation	High-Level Intended Corrective Action(s)	Estimated Completion by Quarter and FY
1	Enhance internal controls over Religious Compensatory Time by revising EPA Manual 3155, Pay Administration Manual, Chapter 4, Section 8F, "Compensatory Time for Religious Beliefs," by establishing: <ul style="list-style-type: none"> a. A maximum balance of accumulated or advanced Religious 	OARM agrees with this recommendation. OARM will issue an interim RCT policy to address the Office of Inspector General's recommendations and will update the manual at a later date. The interim policy will: <ul style="list-style-type: none"> a. Create a maximum earned RCT limitation and maximum advanced limitation of 40 hours. 	Interim policy for non-bargaining unit employees to be signed by 9/30/16. Potential bargaining unit matters to be resolved: Q1, FY17.

	<p>Compensatory Time hours that can be maintained.</p> <p>b. A requirement that all employees earning and using RCT submit an intended use plan to their immediate supervisor. The plan should identify the specific date(s) and hour(s) when the employee plans to be absent for a religious observance, and the date(s) and hour(s) the employee will earn/repay the corresponding time off.</p> <p>c. A reasonable timeframe when negative balances will be paid back.</p>	<p>b. Require employees to submit an intended use plan for RCT to their immediate supervisor for approval.</p> <p>c. Require the repayment of RCT negative balances within 26 pay periods (this provision is subject to collective bargaining).</p>	
2	Prohibit employees with a RCT balance in excess of the amount established by recommendation 1 from earning any additional hours until the balance is exhausted, and require an intended use plan for any new hours.	OARM agrees with this recommendation. The interim policy will prohibit employees with a current excess RCT balance from earning additional hours until their balance falls below 40 hours.	9/30/16
3	Develop training on the proper use of RCT and require all managers approving, and employees using, RCT to complete the course.	OARM agrees with this recommendation.	Q2, FY17

Thank you for your help in improving this agency program. If you or your staff have any additional questions, please have them contact Linda R. Gray, director, Office of Human Resources, at (202) 564-4606 or Gray.Linda@epa.gov.

cc: John Showman
Lynnann Hitchens
Linda R. Gray
Wes Carpenter
David Bloom
Debbi Hart
Cheri Hembrey
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Office of the Chief Financial Officer's Response to Draft Report

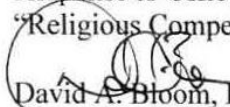


UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

SEP 13 2016

MEMORANDUM

SUBJECT: Response to Office of Inspector General Draft Audit Report No. OA-FY15-0180, "Religious Compensatory Time Is Subject to Abuse," dated August 23, 2016

FROM:  David A. Bloom, Deputy Chief Financial Officer

TO: Kevin Christensen, Assistant Inspector General for Audit
Office of Inspector General

Thank you for the opportunity to respond to the issues and recommendations in the subject draft audit report. The following is the Office of the Chief Financial Officer's response to recommendation 4. The Office of Administration and Resources Management responded to recommendations 1, 2, and 3 under a separate memorandum signed by Donna Vizian, Acting Assistant Administrator, on September 1, 2016.

The OCFO concurs, in principle, with the recommendation to modify the payroll system to enact controls that will be established in revised Religious Compensatory Time policies and procedures. The OCFO will contact the Interior Business Center, the agency's payroll provider, to determine the feasibility of modifying the payroll system. Further, estimated completion dates for modifications to the system cannot be determined until requirements are finalized and a final project schedule is developed.

Agreements

No.	Recommendation	High-Level Intended Corrective Actions	Estimated Completion by Quarter and FY
4	Modify the EPA 's payroll and time and attendance system to include the enhanced internal controls, preventing employees from accumulating Religious Compensatory Time hours inconsistent with revised policies and procedures.	Coordinate with the IBC, a Shared Service provider, concerning the feasibility of modifying the payroll system. Accordingly, once changes are determined, the OCFO will align the time and attendance system to interface with the modified payroll system and provide appropriate training to agency managers and employees	The OCFO will submit a Change Request to IBC for review and approval in September 2016 (the next stakeholder meeting is scheduled for February 2017). If approved, the OCFO will work with the IBC to make the necessary payroll and time and attendance changes to conform to agency policy. In addition, agency managers and employees will receive the appropriate training.

If you have any questions regarding this response, please contact Nic Grzegorzewski at 202-564-2292.

cc: Arthur Elkins
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