



At a Glance

Why We Did This Audit

The U.S. Environmental Protection Agency (EPA) Office of Inspector General (OIG) received a hotline complaint alleging mismanagement by EPA Region 10 of its biweekly pay cap waiver process. The OIG initiated an audit to determine whether Region 10's process meets federal requirements and complies with established agency policies and procedures. The purpose of this report is to alert the agency on issues identified during our work. The issues identified pertain not only to Region 10 but also to EPA headquarters offices involved in the waiver process. Audit work is continuing.

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

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

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Management Alert: Concerns Over Compliance, Accountability and Consistency Identified With EPA's Biweekly Pay Cap Waiver Process

What We Found

The OIG identified concerns over compliance, accountability and consistency with EPA Region 10's and headquarters' biweekly pay cap waiver process.

EPA Region 10 provided waiver requests for some but not most instances where employees exceeded the biweekly pay cap during fiscal years 2015, 2016 and 2017 (through January 7, 2017). In addition, 11 of 15 requests provided by Region 10 lacked adequate information to determine whether there was an emergency with a threat to life and property, or whether that work was critical to the mission of the agency. While all requests were approved by the Region 10 Regional Administrator as required, only one request was approved by the Region 10 Human Resources Officer as required by EPA policy. This occurred because the region did not have an internal policy or process in place to address review by the regional Human Resources Officer, the need for sufficient justification, or the retention of supporting documents. As a result, the potential exists that Region 10 employees could be overpaid or be paid for work that does not meet the intent of premium pay requirements in 5 U.S.C. § 5547.

We identified issues with documentation of biweekly pay cap waivers at Region 10, as well as matters that pertained to EPA headquarters offices. This management alert is for consideration by the agency as it updates policies and procedures.

We also identified inconsistencies and a lack of accountability over the processing of Region 10's waivers within the EPA's Office of Administration and Resources Management (OARM) and Office of the Chief Financial Officer (OCFO). Based on interviews with officials and personnel, we learned that there is no clear line of responsibility to maintain documentation for waiver requests or to track requests and approvals between the region, OARM and OCFO. Neither OARM nor OCFO could provide a list of waivers for the period requested or supporting documentation. Both offices denied responsibility for tracking the waivers and maintaining the supporting documentation.

The agency is updating the biweekly pay cap waiver policies and procedures. We are alerting the EPA to these matters for consideration as it drafts these updates. Due to the potential impact of these matters on the agency's overall biweekly waiver process, the OIG has expanded the scope of this ongoing audit to include other regional and headquarters offices.

Agency Response

We issued a discussion document on June 22, 2017, for the agency's review. The OIG considered suggestions provided by Region 10 and OARM and modified the report accordingly.