



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

THE INSPECTOR GENERAL

DEC 06 2017

MEMORANDUM

SUBJECT: Action Plan for Office of Inspector General Report No. 17-P-0410,
*Management Alert: Controls Failed to Prevent Employee from Receiving
Payment in Excess of Statutory Limit*, issued September 27, 2017

FROM: Arthur A. Elkins Jr. *Arthur A. Elkins Jr.*

TO: David A. Bloom, Acting Chief Financial Officer

Thank you for your memorandum of November 6, 2017, in response to the recommendations made in the subject report. For the reasons noted below, we conclude your responses do not satisfy the intent of the recommendations.

Recommendation No. 1: Design and implement new controls to prevent the reoccurrence of unauthorized payments that will put an employee above the annual statutory pay cap.

The agency's response states there was no need to design or implement new controls because the manual override process that caused the overpayment was eliminated in February 2017. However, the agency has not demonstrated that a manual override caused the unauthorized payment. Thus, the agency's position that removing the manual override process alone satisfies the intent of the recommendation is unsupported. Further, the agency has not identified any of its internal controls that would prevent an unauthorized payment from occurring other than those controls provided by its payroll provider.

Recommendation No. 2: Determine whether similar unauthorized payments above the annual statutory pay cap have been made to other EPA employees.

The agency's response asserts that an analysis was conducted and two additional employees received pay in excess of the statutory limit. The agency's response neither identified the scope of its analysis nor identified the cause(s) for the instances it identified. Without adequate details concerning the scope of the agency's review, we consider the response to be incomplete.

Recommendation No. 3: Recover any overpayments above the annual statutory pay cap.

The agency's response asserts that its payroll provider determined the validity of the three debts identified in Recommendation 2, and the debts are moving through the collection process. However, based on the agency's response, we are unable to determine whether there were only three instances where the annual statutory pay cap was exceeded. Further, the recommendation cannot be considered complete until all overpayments have been collected. Again, we consider the agency's response to be incomplete.

Please provide additional documentation by December 15, 2017. After the documentation is received, if a resolution cannot be achieved, the dispute resolution process will be used in accordance with EPA Manual 2750. We are happy to meet with you to discuss the items noted above.

If you or your staff have any questions, please contact Kevin Christensen, Assistant Inspector General for Audit, at (202) 566-1007 or christensen.kevin@epa.gov; or John Trefry, Director, Forensic Audits, at (202) 566-2474 or trefry.john@epa.gov.

cc: Bobbie Trent, Audit Follow-Up Coordinator, Office of the Chief Financial Officer
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