



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

Operating efficiently and effectively

Outdated EPA Leave Manual and Control Weaknesses Caused Irregularities in the Office of Air and Radiation's Timekeeping Practices

Report No. 20-P-0063

December 19, 2019



Report Contributors:

John Trefry
Jean Bloom
Angela Bennett
Kevin Collins
David Penman

Abbreviations

CFR	Code of Federal Regulations
EPA	U.S. Environmental Protection Agency
FMLA	Family and Medical Leave Act of 1993
LWOP	Leave Without Pay
OAR	Office of Air and Radiation
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMS	Office of Mission Support
OPM	U.S. Office of Personnel Management
RMDS	Resource Management Directives System
TCTO	Travel Compensatory Time Off
U.S.C.	United States Code

Cover Image: Policies provide critical direction and information regarding the requirements, values and expectations of an organization, as well as the responsibilities of its employees. (EPA OIG graphic)

Are you aware of fraud, waste or abuse in an EPA program?

EPA Inspector General Hotline

1200 Pennsylvania Avenue, NW (2431T)
Washington, D.C. 20460
(888) 546-8740
(202) 566-2599 (fax)

OIG_Hotline@epa.gov

Learn more about our [OIG Hotline](#).

EPA Office of Inspector General

1200 Pennsylvania Avenue, NW (2410T)
Washington, D.C. 20460
(202) 566-2391
www.epa.gov/oig

Subscribe to our [Email Updates](#)
Follow us on Twitter [@EPAoig](#)
Send us your [Project Suggestions](#)



At a Glance

Why We Did This Project

The U.S. Environmental Protection Agency's (EPA's) Office of Inspector General (OIG) conducted this audit to address concerns about time and attendance irregularities within the Office of Air and Radiation. These concerns were identified in a prior OIG audit. Our objectives for this audit were to identify and analyze risks in the Office of Air and Radiation's timekeeping practices.

The U.S. Office of Personnel Management develops and maintains governmentwide regulations and policies on federal agencies' administration of leave for their employees. According to the U.S. Government Accountability Office, the primary objectives of internal controls in a time and attendance system are to obtain compliance with applicable legal requirements, support the reporting of reliable financial information, and operate effectively and efficiently.

This report addresses the following:

- *Operating efficiently and effectively.*

Address inquiries to our public affairs office at (202) 566-2391 or OIG_WEBCOMMENTS@epa.gov.

List of [OIG reports](#).

Outdated EPA Leave Manual and Control Weaknesses Caused Irregularities in the Office of Air and Radiation's Timekeeping Practices

What We Found

Entitlements under the Family and Medical Leave Act of 1993 are not formalized in the EPA's *Leave Manual*. Without a policy that is updated to reflect current law, staff and supervisors may not be aware of or fully understand leave entitlements under the act, which may result in decisions about leave that are contrary to public law. Furthermore, our analysis of time and attendance records identified untimely prior pay period adjustments, which resulted in salary overpayments. We also identified the improper approval of Travel Compensatory Time Off—time off earned for time spent in a travel status away from the employee's official duty station that is not otherwise compensable.

These conditions occurred due to a lack of three things:

- An up-to-date policy and understanding of leave entitlements under the Family and Medical Leave Act of 1993.
- Controls over pay period adjustments.
- Supervisory enforcement of established time frames for submittal of Travel Compensatory Time Off.

Without additional internal controls, employees can make after-the-fact timekeeping adjustments to create salary overpayments and/or improperly restore leave balances. Employees may also receive Travel Compensatory Time Off that is not in compliance with the EPA's *Pay Administration Manual*.

The Office of Air and Radiation needs policies to increase awareness of and controls to strengthen timekeeping practices.

Recommendations and Planned Agency Corrective Actions

We made various recommendations to the agency for improving its timekeeping practices, including updating the leave policy to reflect current law and regulations pertaining to the Family and Medical Leave Act of 1993, establishing time frames and controls for prior pay period adjustments, and enforcing compliance with the required time frames for the submittal and approval of Travel Compensatory Time Off. The EPA should also determine whether employees should forfeit improperly credited Travel Compensatory Time Off hours, as required by the EPA's *Pay Administration Manual*, and whether the agency should recover the value of awarded and used time off as needed. Of the report's five recommendations, we consider Recommendations 1, 2 and 3 to be unresolved; Recommendation 4 to be completed; and Recommendation 5 to be resolved with corrective action pending.



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

OFFICE OF
INSPECTOR GENERAL

December 19, 2019

MEMORANDUM

SUBJECT: Outdated EPA Leave Manual and Control Weaknesses Caused Irregularities
in the Office of Air and Radiation's Timekeeping Practices
Report No. 20-P-0063

FROM: Charles J. Sheehan, Acting Inspector General

A handwritten signature in blue ink that reads "Charles J. Sheehan".

TO: Donna Vizian, Principal Deputy Assistant Administrator
Office of Mission Support

David Bloom, Acting Chief Financial Officer

Anne Idsal, Acting Assistant Administrator
Office of Air and Radiation

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-FY17-0090. 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. Final determinations on matters in this report will be made by EPA managers in accordance with established audit resolution procedures.

Action Required

Of our five recommendations, we consider Recommendations 1, 2 and 3 to be unresolved; Recommendation 4 to be completed; and Recommendation 5 to be resolved with corrective action pending. In accordance with EPA Manual 2750, the resolution process for Recommendations 1, 2 and 3 begins immediately with the issuance of the report. We are requesting meetings within 30 days of final report issuance about Recommendations 1 and 2 between the Assistant Administrator for Mission Support and the OIG's Assistant Inspector General for Audit and Evaluation and about Recommendation 3 between the Chief Financial Officer and the OIG's Assistant Inspector General for Audit and Evaluation. If resolution is still not reached, the agency is required to complete and submit a dispute resolution request to the appropriate official to continue resolution.

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

Table of Contents

Chapters

1	Introduction	1
	Purpose	1
	Background.....	1
	Responsible Offices	2
	Prior Audit Report	3
	Scope and Methodology	3
2	OAR Unpaid Leave Shows EPA Lacks Formal Policy for FMLA	5
	Lack of Policy to Address FMLA Entitlements	5
	Recommendations	6
	Agency Comments and OIG Evaluation.....	6
3	OAR Prior Pay Period Adjustments Cause Salary Overpayments	8
	Federal and EPA Guidance for Making Prior Pay Period Adjustments	8
	Prior Pay Period Adjustments Made Well After Payroll Processed.....	8
	Conclusion	10
	Recommendation.....	10
	Agency Comments and OIG Evaluation.....	10
4	TCTO Requested and Approved Beyond Required Time Frames	12
	TCTO Laws and EPA's Pay Administration Manual	12
	Significant Delays in TCTO Requests	13
	Conclusion	13
	Recommendations	14
	Agency Comments and OIG Evaluation.....	14
	Status of Recommendations and Potential Monetary Benefits	15

Appendices

A	OMS Response to Draft Report	16
B	OCFO Response to Draft Report	19
C	OAR Response to Draft Report	22
D	Distribution	24

Chapter 1

Introduction

Purpose

The U.S. Environmental Protection Agency's (EPA's) Office of Inspector General (OIG) conducted this audit to identify and analyze risks in the Office of Air and Radiation's (OAR's) timekeeping practices.

Background

The U.S. Office of Personnel Management (OPM) develops and maintains governmentwide regulations and policies on federal agencies' administration of leave for their employees, including annual and sick leave; leave under the Family and Medical Leave Act of 1993 (FMLA); and time off for other circumstances, such as Travel Compensatory Time Off (TCTO).¹ Agencies are responsible for complying with applicable laws and OPM regulations when administering leave policies for their employees.

EPA Time and Attendance Policy and Guidance

The EPA's *Leave Manual*, dated September 1995, and *Leave Handbook*, undated, detail the agency's policy and guidance for leave. The *Leave Manual* provides the agency's policy for the administration of leave benefits developed within legal and regulatory requirements. The *Leave Handbook* is based on applicable federal law and regulation, as well as the *Leave Manual*, and provides basic information about leave for EPA employees and supervisors.

The EPA also has a policy and procedure related to time and attendance reporting. The EPA's Resource Management Directives System (RMDS) No. 2540-08, *Payroll*, dated February 23, 2009, sets forth the policies for payroll payments. Procedure 1 under the payroll policy—RMDS No. 2540-08-P1, *Payroll: Time and Attendance Reporting*, dated September 5, 2014—provides guidance on entering time and attendance information, approving and correcting timecards, and reporting labor distribution information.

EPA's Time and Attendance Process

The EPA uses PeoplePlus as its time and attendance reporting system. PeoplePlus integrates human resources, benefits, payroll, and time and attendance reporting into a single management system. It consists of a time and attendance reporting

¹ TCTO is time off earned for time spent in a travel status away from the employee's official duty station that is not otherwise compensable.

module to record hours worked, employee absences and labor charges each pay period.

Within the PeoplePlus system, time and attendance information is entered, corrected and approved online. Employees are responsible for entering their time on a biweekly basis by charging hours to time reporting codes in PeoplePlus. Time reporting codes are used to report the type of time worked (e.g., regular, overtime or compensatory time) or the type of leave taken (e.g., sick leave, annual leave, leave bank or leave without pay [LWOP]). Employees attest that the time entered on their timecards is accurate. After each employee attests to the hours worked, the employee's approving official reviews and approves those hours.

Approved timecards from PeoplePlus interface with the Federal Personnel Payroll System, which then processes the employees' time and attendance data for payment. The Federal Personnel Payroll System is a mainframe-based, portable, integrated, online and real-time personnel and payroll system. The system provides personnel and payroll support to numerous agencies and is maintained by the U.S. Department of the Interior's Interior Business Center.

Standards for Internal Control

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*, GAO-14-704G, issued September 2014, discusses the importance of updating policies over time to reflect changing statutes or conditions, as well as communicating these updates to staff who implement the policies. An internal control is a major part of managing an organization. According to the Government Accountability Office, an internal control "comprises the plans, methods, policies and procedures used to fulfill the mission, strategic plan, goals, and objectives of the entity."² Internal controls also serve as the first line of defense in safeguarding assets. Furthermore, internal controls provide reasonable assurance that the objectives of the agency are being achieved in the following categories:

- *Operations*—Effectiveness and efficiency of operations.
- *Reporting*—Reliability of reporting for internal and external use.
- *Compliance*—Compliance with applicable laws and regulations.

Responsible Offices

The Office of Mission Support (OMS) leads the agency's core mission support functions to improve efficiency, coordination and the customer experience for internal customers, stakeholders and the public. The Office of Human Resources within the OMS is responsible for the management of human resources functions, including agencywide policy development.

² *Standards for Internal Control in the Federal Government*, Section OV1.03.

The OAR develops national programs, policies and regulations for controlling air pollution and radiation exposure.

The Office of the Chief Financial Officer (OCFO) is responsible for formulating and providing time and attendance reporting policies. The OCFO is also responsible for the PeoplePlus system, including the following actions:

- Enforcing internal control policies and standards.
- Monitoring records to confirm that appropriate individuals are entering, attesting, submitting, verifying and approving time worked.
- Providing system administration.
- Coordinating training.

Prior Audit Report

EPA OIG Report No. [15-P-0167](#), *Time and Attendance Fraud Not Identified for Employees on Extended Absence, But Matters of Concern Brought to EPA's Attention*, issued June 15, 2015, did not identify any instances of time and attendance fraud for employees receiving salary payments while absent from their duty stations for an extended period of time. However, the report identified three instances when incorrect timecards were prepared for employees who were on extended leave, resulting in overstatements of the employees' leave balances. We made one recommendation: that the agency address concerns pertaining to the accuracy of time charges in PeoplePlus, the use of a personal computer to conduct official work and the safety of workspace for employees on reasonable accommodation telework. The agency concurred, corrected the timekeeping errors, and agreed to update its policies and procedures to address the remaining matters. The agency reported that corrective actions for the recommendation were completed as of June 6, 2016.

Scope and Methodology

We conducted this audit from January 2017 through August 2019 in accordance with generally accepted government auditing standards. 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 our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To gain an understanding of the EPA's policy and guidance covering leave benefits and time and attendance, we reviewed the following documents:

- EPA, *Leave Manual*, September 1995.
- EPA, *Leave Handbook*, undated.

- EPA, *Pay Administration Manual*, Chapter 18, “Travel Compensatory Time Off,” undated.
- EPA RMDS No. 2540-08, *Payroll*, February 23, 2009.
- EPA RMDS No. 2540-08-P1, *Payroll: Time and Attendance Reporting*, September 5, 2014.

To determine whether the EPA’s leave policy and guidance comply with applicable regulations, we compared the *Leave Manual* to federal regulations. We obtained the OAR’s time and attendance data for fiscal year 2016 and developed a sampling plan to identify and review time reporting codes for vulnerabilities. To select our sample, we identified OAR staff who used over 400 hours of LWOP. We used 400 hours (50 days) to ensure all sample employees had well over 240 hours (or 30 days) which requires documentation in an employee’s Official Personnel Folder. We identified nine staff who used over 400 hours and reviewed their time and attendance records for anomalies, such as prior pay period adjustments.

We met with key officials from the OAR, OCFO and Office of Human Resources to identify the processes and procedures in place for attesting and approving time and attendance data. We also interviewed staff and their supervisors regarding time and attendance records, procedures used for submitting and approving time and attendance data, the *Leave Manual*, and the *Leave Handbook*.

Chapter 2

OAR Unpaid Leave Shows EPA Lacks Formal Policy for FMLA

Based on our review of unpaid leave in OAR, leave entitlements under the FMLA are not formalized in the agency's leave policy contained in the *Leave Manual*. Rather, they are discussed, albeit incompletely, in the *Leave Handbook*, which is the agency's leave guidance document. The lack of formalized FMLA policy occurred because the agency drafted, but never finalized, updates to the manual. Without a policy that is updated to reflect current law, staff and supervisors may not be aware of or fully understand the leave entitlements under the FMLA, resulting in decisions about leave that are contrary to public law.

Lack of Policy to Address FMLA Entitlements

As discussed in the handbook, the FMLA provides covered employees with an entitlement of 12 workweeks of unpaid leave (i.e., LWOP) during any 12-month period for the following reasons:

- Birth of a child and care of the newborn.
- Placement of a child with an employee via adoption or foster care.
- Care of a spouse, child or parent with a serious health condition.
- Serious health condition that makes an employee unable to perform an essential duty function.

Under 5 U.S.C. § 6382(a)(1)(E), covered employees are also entitled to unpaid leave under the FMLA:

Because of any qualifying exigency arising out of the fact that the spouse, or a son, daughter, or parent of the employee is on covered active duty (or has been notified of an impending call or order to covered active duty) in the Armed Forces.

However, this FMLA entitlement for the Armed Forces is not addressed in the *Leave Handbook*.

Although the agency last updated the *Leave Manual* in 1995, it did not include the FMLA entitlements that were enacted in 1993. According to staff in the OMS' Office of Human Resources, revisions to the manual had been sent to management several times since the 1995 update, but the revisions were never approved and finalized. Office of Human Resources staff said that, as of August 2017, they were in the process of updating the manual but that the process was difficult. In September 2017, the agency provided the OIG with a copy of an

incomplete “draft” version of the manual. The “draft” version included a chapter pertaining to the FMLA, but it has not been finalized.

Recommendations

We recommend that the Assistant Administrator for Mission Support:

1. Update the *Leave Manual* and *Leave Handbook* to reflect laws and regulations implemented since 1995 for leave taken under the Family and Medical Leave Act of 1993.
2. Develop a process and establish time frames to regularly review and update the *Leave Manual* and *Leave Handbook* to incorporate new laws and regulations.

Agency Comments and OIG Evaluation

The OMS agreed with Recommendation 1 and is updating the *Leave Manual* to reflect current laws and regulations. The new policy, once approved, will supersede the out-of-date *Leave Manual* and *Leave Handbook*. The OMS stated that it would enter the revised *Leave Manual* into directive clearance review by June 30, 2021. The agency said that the *Leave Handbook* was initially developed as a supplemental document until the *Leave Manual* could be updated. Per the agency, the issuance of a new policy will render the *Leave Handbook* inapplicable and unnecessary.

We agree with the proposed action to update the *Leave Manual* and to enter the revised manual into the review process. However, a delay until June 30, 2021, is unacceptable and excessive; it has already been more than 25 years since the FMLA became law. Also, the EPA has not committed to a deadline to issue the manual to EPA employees. In the interim, the OMS should issue a human resources bulletin or other guidance (as it suggested in response to Recommendation 2) to expeditiously and completely address all the entitlements of the FMLA statute. We consider Recommendation 1 unresolved with resolution efforts in progress.

The OMS disagreed with Recommendation 2 and said that it has an established process in place to identify future policy priorities and updates. The OMS stated that priorities are established based on a variety of factors, including senior management decisions, OPM guidance, changes in regulations or laws, presidential executive orders, EPA deadlines to address audit findings, and agency customer requests. Further, the OMS tracks the progress of these policies in the Office of Human Resources’ policy tracker.

In lieu of Recommendation 2, the OMS proposed that updates to the new *Leave Manual* (once issued) be made as soon as possible to reflect changes to the law or

regulations. The OMS added that to effect a change quickly, it may issue a human resources bulletin or guidance to ensure the agency has a policy in place. In its response to the OIG's draft report, the OMS identified its corrective action as "completed" as of the September 4, 2019, update to the Office of Human Resources' policy tracker.

We disagree with the OMS' assessment that the corrective action is complete. The OIG acknowledges that the OMS has a policy tracker to track updated policies while they are in the review process; however, the OMS did not provide details of its established process for how updates are identified or how priorities are established before a policy is entered into the policy tracker. Tracking policy updates does not provide direction or policy guidance to EPA personnel. We therefore consider Recommendation 2 unresolved with resolution efforts in progress.

The full response provided by the OMS is in Appendix A.

Chapter 3

OAR Prior Pay Period Adjustments Cause Salary Overpayments

Our analysis of time and attendance records for nine OAR staff in fiscal year 2016 showed that two employees made 16 prior pay period adjustments that resulted in salary overpayments. Some of these adjustments were made up to 330 days after the original workdays, and some resulted in debt notices being issued to the employees. These adjustments occurred because the EPA has limited controls in place to preclude employees from modifying previously attested and approved time and attendance records. Although the EPA's RMDS No. 2540-08-P1, *Payroll: Time and Attendance Reporting*, states that corrections are to be made in a timely manner, the process for prior pay period adjustments lacks specificity in terms of time frames. Without additional controls, employees can manipulate time reporting codes to create salary overpayments and/or restore leave balances.

Federal and EPA Guidance for Making Prior Pay Period Adjustments

The EPA's RMDS No. 2540-08-P1, Section III, Part G, addresses prior pay period adjustments and corrections. It outlines employees' responsibilities for timely identification of prior pay period corrections, which include adjustments to hours charged to a time reporting code and adjustments to hours allocated to account/project codes. All adjustments must be either attested to by the employee or entered and verified on behalf of the employee. The adjustments must then be approved by the appropriate supervisor. The procedure does not include time frames for making adjustments.

Part I of the Government Accountability Office's *Maintaining Effective Control over Employee Time and Attendance Reporting*, GAO-03-352G, issued January 2003, states that time and attendance adjustments or corrections required because of changes after approval should be processed promptly and be traceable to the pay period for which the correction applies. The document highlights the importance of implementing and maintaining well-defined internal control activities.

Prior Pay Period Adjustments Made Well After Payroll Processed

Our analysis of the nine employees' time and attendance records for the period identified two employees who made a combined total of 16 prior pay period adjustments. Adjustments for the two employees included changing the employees' original duty status from an official work status to LWOP or annual leave. The adjustments to LWOP resulted in salary overpayments and the subsequent issuance of debt memorandums to the employees. In addition, we

found that 14 of the 16 adjustments were made more than 60 days after the original workdays. In some cases, the adjustments were made well over 100 days after the original workdays.

Tables 1 and 2 summarize the prior pay period adjustments for the two employees who made the 16 prior pay period adjustments in fiscal year 2016. The tables show how many days elapsed between the original work date and the date on which adjusted time was approved.

Table 1: Employee A prior pay period adjustments in fiscal year 2016

Transaction	Original time recorded	Adjusted time approved	Days lapsed
1	8 hours regular time	8 hours LWOP	70
2	8 hours regular time	8 hours LWOP	104
3	8 hours regular time	8 hours LWOP	81
4	8 hours regular time	8 hours LWOP	39

Source: OIG analysis of EPA time and attendance data.

Table 2: Employee B prior pay period adjustments in fiscal year 2016

Transaction	Original time recorded	Adjusted time approved	Days lapsed
1	9 hours annual leave	9 hours LWOP	330
2	9 hours annual leave	9 hours LWOP	329
3	9 hours regular time	1 hour LWOP 8 hours annual leave	265
4	9 hours regular time	9 hours LWOP	223
5	3 hours regular time	3 hours annual leave	195
6	9 hours regular time	9 hours LWOP	183
7	8 hours regular time	8 hours LWOP	182
8	9 hours regular time	9 hours LWOP	181
9	9 hours telework	9 hours LWOP	110
10	9 hours regular time	6 hours annual leave 3 hours LWOP	69
11	9 hours regular time	9 hours LWOP	68
12	9 hours telework	9 hours LWOP	13

Source: OIG analysis of EPA time and attendance data.

During interviews with the OIG:

- Employee A said that timecard adjustments were needed because the original work status recorded was approved and processed in advance of an upcoming workday. The employee subsequently did not report to duty and forgot to adjust the timecard after returning to work to reflect the appropriate nonworking status.
- Employee B could not recall the exact circumstances surrounding the timecard adjustments made; however, of the 12 adjustments made, 10 changed the employee’s status from an official work status to LWOP or annual leave.

Untimely adjustments force supervisors to recall an employee's work status months after the original timecard was processed, which can be a difficult task.

Conclusion

While the EPA's RMDS No. 2540-08-P1 outlines the responsibilities for the submission and approval of adjustments and corrections, the procedure does not include time frames for these adjustments and corrections. By setting time frames and establishing system controls to prevent adjustments from being processed months after the original timecards are approved, the EPA could minimize the potential for unwarranted or improper adjustments. Without additional controls, employees could manipulate time reporting codes to create salary overpayments and restore leave balances.

Recommendation

We recommend that the Chief Financial Officer:

3. Implement a policy that defines time frames for time and attendance adjustments, and implement controls in PeoplePlus to prevent adjustments, without prior approval, after the established time frames.

Agency Comments and OIG Evaluation

The OCFO disagreed with Recommendation 3 and said that adequate policies and procedures are in place to address prior period pay adjustments. The OCFO said that the agency's current payroll provider allows prior pay period adjustments up to 52 pay periods (or 2 years) after the original entry and believes that limiting time frames to make prior pay period adjustments may be burdensome and may negatively impact the EPA's programs. Also, the OCFO said that the PeoplePlus system, a commercial off-the-shelf product, does not impose time limitations and cannot monitor prior pay period timecard adjustments against set time frames.

The OCFO said that it recognizes the need to continuously review and strengthen controls over its processes, and it issued timecard reconciliation instructions to the agency's PeoplePlus Coordinators on August 22, 2019. In addition, the OCFO will provide a program/region-specific timecard reconciliation report to the agency PeoplePlus Coordinators. This report will help the coordinators identify discrepancies between employee leave requests and timecards. Effective immediately, the OCFO said it would institute a process to regularly remind supervisors and PeoplePlus Coordinators to run the reconciliation report as part of their biweekly time and attendance duties.

We acknowledge the limitations with the PeoplePlus system and that the agency has policy and procedures in place that address prior pay period adjustments, including a statement that employees are responsible for the “timely” identification of prior period adjustments/corrections. However, the policy does not define “timely.” In addition, the allowed time frame of 52 pay periods for adjustments seems contrary to the intent of “timely.” The agency should establish a reasonable time frame for making adjustments that meets the intent of “timely” and fits the needs of its program offices.

We consider Recommendation 3 unresolved with resolution efforts in progress.

The full response provided by the OCFO is in Appendix B.

Chapter 4

TCTO Requested and Approved Beyond Required Time Frames

We identified two OAR employees who received unallowable TCTO in fiscal year 2016. The TCTO requests were not submitted and approved within the required time frames established in the EPA's *Pay Administration Manual*. However, the employees received TCTO because the approving officials did not enforce the established time frames for the submittal of TCTO. As a result, staff received TCTO contrary to the EPA's *Pay Administration Manual*.

TCTO Laws and EPA's Pay Administration Manual

Compensatory time off for travel is authorized in Section 203 of the Federal Workforce Flexibility Act of 2004 (Public Law 108-411), which is codified at 5 U.S.C. § 5550b. Section 5550b provides for the following:

[E]ach hour spent by an employee in travel status away from the official duty station of the employee, that is not otherwise compensable, shall be treated as an hour of work or employment for purposes of calculating compensatory time off.

The OPM promulgated regulations implementing 5 U.S.C. § 5550b at 5 CFR Part 550, Subpart N. Among these regulations, 5 CFR § 550.1405(b) includes the following requirement:

An employee must comply with his or her agency's procedures for requesting credit of compensatory time off under this section. Employees must file such requests within the time period required by the agency. An employee's request for credit of compensatory time off for travel may be denied if the request is not filed within the time period required by the agency.

The EPA's *Pay Administration Manual* contains basic legal requirements, as well as agency policy and procedures, regarding pay administration for EPA employees. Chapter 18, "Travel Compensatory Time Off," constitutes the agency's policy on the administration of TCTO, including requesting, approving, earning, crediting, tracking and forfeiting expired TCTO. In accordance with Section VII(b)(1) of this policy, employees must submit, and supervisors must approve, a preliminary request for projected TCTO earnings per trip. Section VII(d) requires that after an employee completes official travel and submits the subsequent travel voucher, any employee who wishes to claim credit for TCTO must submit a final request within 30 calendar days of completing

travel. Section VII(e) also includes the following requirements regarding extensions to that 30-day time frame:

In cases in which there are issues requiring resolution or an employee needs additional time to obtain materials to corroborate the employee’s final request, the employee may request an extension of the final submission deadline from the supervisor. In the latter case, the employee must explain to his or her supervisor the reasons that more time is needed. It is a matter of supervisory discretion whether or not to grant additional time to the employee beyond the 30-calendar-day deadline.

Failure to submit a final TCTO request within 60 days after travel completion will result in forfeiture of all potential TCTO credit for the period of travel.

Significant Delays in TCTO Requests

To test compliance with the agency’s TCTO policy, we selected a judgmental sample of fiscal year 2016 travel records for three OAR employees. One of the three employees requested TCTO within the required time frame. However, as shown in Table 3, two of these employees submitted a total of five requests anywhere from 60 to 167 days after travel was completed, for a total of 107 TCTO hours.

Table 3: Total hours requested and number of days to submittal

Employee	Request	TCTO hours	Days after travel completion that TCTO request was submitted
Employee A	1	31.50	103
	2	25.50	60
Employee B	1	16.00	167
	2	19.25	157
	3	14.75	125
Total	5	107.00	

Source: OIG analysis of EPA travel records.

Except for the one 60-day request submitted by Employee A, the remaining four requests exceeded the 60-day maximum submittal period specified in the TCTO policy. In addition, we found no evidence in the travel records indicating that the employees requested additional time to submit the requests.

Conclusion

The EPA’s lack of enforcement of the TCTO policy enabled employees to receive TCTO that otherwise should have been forfeited. In addition, the requests for some TCTO credit violated EPA policy. Without enforcement, there is potential for future violations.

Recommendations

We recommend that the Assistant Administrator for Air and Radiation:

4. Implement controls to enforce compliance with the requirements associated with requesting and approving Travel Compensatory Time Off, including established time frames.

We recommend that the Assistant Administrator for Mission Support:

5. Evaluate and determine whether the improperly credited Travel Compensatory Time Off should have been forfeited as required by the EPA's *Pay Administration Manual* and, if so, whether the time off or value of any time off used should be recovered.

Agency Comments and OIG Evaluation

The OAR agreed with Recommendation 4. On August 21, 2019, the OAR issued a memorandum to its Directors explaining the requirements and associated time frames for requesting and approving TCTO. In addition, the OAR will include TCTO within annual management reviews of each office conducted by the Deputy Assistant Administrator. For these reviews, Deputy Assistant Administrator staff will prepare an analysis of the TCTO earned and used and then will review that analysis against supporting documentation to verify compliance. We agree with the OAR's corrective actions and consider Recommendation 4 to be complete. The OAR's full response is in Appendix C.

The OMS agreed with Recommendation 5, will review the cited TCTO cases and will issue a determination on the findings. If recovery of the time off or the value of the time off is warranted, the OMS will notify the OAR and the OCFO so that the recovery process may be initiated. We accept the agency's corrective action and the proposed completion date. We consider Recommendation 5 to be resolved with corrective actions pending. The OMS' full response is in Appendix A.

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	6	Update the <i>Leave Manual</i> and <i>Leave Handbook</i> to reflect laws and regulations implemented since 1995 for leave taken under the Family and Medical Leave Act of 1993.	U	Assistant Administrator for Mission Support		
2	6	Develop a process and establish time frames to regularly review and update the <i>Leave Manual</i> and <i>Leave Handbook</i> to incorporate new laws and regulations.	U	Assistant Administrator for Mission Support		
3	10	Implement a policy that defines time frames for time and attendance adjustments, and implement controls in PeoplePlus to prevent adjustments, without prior approval, after the established time frames.	U	Chief Financial Officer		
4	14	Implement controls to enforce compliance with the requirements associated with requesting and approving Travel Compensatory Time Off, including established time frames.	C	Assistant Administrator for Air and Radiation	8/21/19	
5	14	Evaluate and determine whether the improperly credited Travel Compensatory Time Off should have been forfeited as required by the EPA's <i>Pay Administration Manual</i> and, if so, whether the time off or value of any time off used should be recovered.	R	Assistant Administrator for Mission Support	1/31/21	

¹ C = Corrective action completed.

R = Recommendation resolved with corrective action pending.

U = Recommendation unresolved with resolution efforts in progress.

OMS Response to Draft Report



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

SEP 10 2019

OFFICE OF MISSION SUPPORT

MEMORANDUM

SUBJECT: Response to Office of Inspector General Draft Report No. OA-FY17-0090 “Outdated EPA Leave Manual and Control Weaknesses Caused Irregularities in Office of Air and Radiation’s Timekeeping Practices,” dated August 7, 2019

FROM: *Wesley J. Carpenter*
for Donna J. Vizian, Principal Deputy Assistant Administrator

TO: Charles J. Sheehan, Acting Inspector General
Office of Inspector General

Thank you for the opportunity to respond to the issues and recommendations in the subject audit report. The Office of the Chief Financial Officer provided its response to the audit report on September 5, 2019, addressing recommendation three. The Office of Air and Radiation will be addressing recommendation four. The following is a summary of the Office of Mission Support’s overall position, along with its response to recommendations one, two and five.

AGENCY'S OVERALL POSITION

OMS concurs with recommendations one and five and has provided corrective actions as well as estimated completion dates for both; however, we disagree with recommendation two and proposed an alternative recommendation.

AGENCY'S RESPONSE TO REPORT RECOMMENDATIONS

Agreements

No.	Recommendation	High-Level Intended Correction Action(s)	Estimated Completion
1.	Update the <i>Leave Manual</i> to reflect laws and regulations implemented since 1995 pertaining to leave taken under the Family and Medical	OMS is updating the <i>Leave Manual</i> to reflect current laws and regulations. The new policy, once approved, will supersede the out-of-date <i>Leave Manual</i> and <i>Leave Handbook</i> . The <i>Leave Handbook</i> was originally developed as a supplemental document until the <i>Leave Manual</i> could	OMS will enter the revised <i>Leave Manual</i> into directives clearance review by June 30, 2021.

	Leave Act and update the <i>Leave Handbook</i> to be consistent with the manual.	be updated. With the issuance of the new policy, the <i>Leave Handbook</i> will no longer be applicable or necessary.	
--	----------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------	--

No.	Recommendation	High-Level Intended Correction Action(s)	Estimated Completion
5.	Evaluate and determine whether the improperly credited Travel Compensatory Time Off should have been forfeited as required by the EPA's <i>Pay Administration Manual</i> and, if so, whether the time off or value of any time off used should be recovered.	OMS will review the travel compensatory time off cases and issue a determination on the findings. If recovery is warranted, OMS will notify the Office of Air and Radiation and the Office of the Chief Financial Officer so the process may be initiated.	January 31, 2021

Disagreement

No.	Recommendation	Agency Explanation/Response	Proposed Alternative	Estimated Completion
2.	Develop a process and establish time frames to review and update the <i>Leave Manual</i> and <i>Leave Handbook</i> to incorporate new laws and regulations on a regular basis.	OMS already has an established process in place to identify policy priorities and updates. The priorities are established based on senior management decisions, Office of Personnel Management guidance, changes in regulation, law, executive order, Office of Inspector General commitments, and customer requests. The progress of these policies are tracked monthly in the Office of Human Resources' policy tracker.	Updates to the new <i>Leave Manual</i> will be made as soon as possible to reflect changes to the law or regulations. In order to affect a change quickly, an HR bulletin or guidance may be issued to ensure the agency has a policy in place.	Completed; the most recent update to the OHR policy tracker was September 4, 2019

CONTACT INFORMATION

If you have questions on this response, please contact Debbi Hart, director, Policy, Planning and Training Division, at (202) 564-2011 or Loretta Hunt, chief, Policy and Accountability Branch, at (202) 564-6963.

Attachments

cc: John Trefry
Jean Bloom
Angela Bennett
Kevin Collins
David Penman
Sherri Anthony
Annette Morant
Brittany Wilson
David Bloom
Carol Terris
Diane Kelty
Betsy Shaw
Scott Monroe
Wesley J. Carpenter
Mara J. Kamen
Hitch Peabody
Debbi Hart
Liz Engebretson
Tracye Smith-Starkey
Loretta Hunt
Janice Jablonski
Marilyn Armstrong

OCFO Response to Draft Report



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

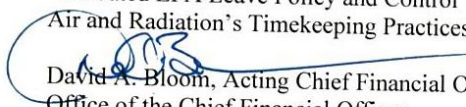
WASHINGTON, D.C. 20460

SEP 05 2019

OFFICE OF THE
CHIEF FINANCIAL OFFICER

MEMORANDUM

SUBJECT: Response to the Office of Inspector General's Draft Report, "Outdated EPA Leave Policy and Control Weaknesses Caused Irregularities in Office of Air and Radiation's Timekeeping Practices" dated August 7, 2019

FROM:  David A. Bloom, Acting Chief Financial Officer
Office of the Chief Financial Officer

TO: John Trefry, Director, Forensic Audits
Office of Inspector General

Thank you for the opportunity to respond to the issues and recommendations presented in the Office of Inspector General Draft Report, Project No. OA-FY17-0090 pertaining to the Office of Air and Radiation's time and attendance practices. The draft report includes five recommendations, two of which are directed to the Office of the Chief Financial Officer. Note that the Office of Mission Support and the OCFO have agreed that the OMS will respond to the OIG's Recommendation No. 5 regarding Travel Compensatory Time Off. For the remaining recommendation directed to the OCFO, the U.S. Environmental Protection Agency does not agree. We explain our position and provide alternatives to this recommendation below.

RESPONSE TO RECOMMENDATION:

RECOMMENDATION 3: *We recommend that the Chief Financial Officer implement a policy that defines time frames for time and attendance adjustments and implement controls in PeoplePlus to prevent adjustments, without prior approval to make changes, after the established time frames.*

- The EPA disagrees with this recommendation as adequate policies and procedures are currently in place to address prior period pay adjustments. The Interior Business Center, the agency's payroll provider, allows prior period timecard adjustments and corrections to be processed up to 52 pay periods after the original entry. All employee prior pay period adjustments referenced in Table 1 and Table 2 of the draft report fall within the IBC 52-pay period window for adjustments. Additionally, the Resource Management Directive System No. 2540-08-P1, Payroll, Time and Attendance Reporting, dated September 5, 2014, sets forth specific responsibilities for employees

and supervisors in the biweekly time and attendance process and reaffirms their responsibility for timely submission of accurate time and attendance.

- The agency believes that instituting time limitations or set timeframes to make prior pay period adjustments may be burdensome and may negatively impact the EPA's programs. For example, the Superfund Program necessitates the need for prior-period timecard adjustments to ensure proper accounting for cost recovery. Also, the PeoplePlus system, a Commercial Off the Shelf product, does not impose time limitations and does not have the ability to monitor prior pay period timecard adjustments against set timeframes.
- The agency recognizes the need to continuously review and strengthen controls over its processes. The OCFO issued timecard reconciliation instructions to the agency's PeoplePlus Coordinators on August 22, 2019. In addition, the OCFO will provide a Program/Region-specific reconciliation report to the agency PeoplePlus Coordinators identifying their organization's timecard reconciliation anomalies. The report will help identify discrepancies between an employee's timecard and leave requests submitted using the leave management module in PeoplePlus. Effective immediately, the OCFO will institute a process to regularly remind supervisors and PeoplePlus Coordinators to run the reconciliation report as part of their biweekly time and attendance duties.

CONTACT INFORMATION

If you have any questions regarding this response, please contact Ebonie Smith, Agency Audit Follow Up Coordinator, at (919) 541-4387 or smith.ebonie@epa.gov.

cc: Carol Terris
Jeanne Conklin
Richard Gray
Meshell Jones-Peeler
Paige Hanson
Eva Ripollone
Kevin Christensen
Aileen Atcherson
Sherri' Anthony
Angela Bennett
Ebonie Smith
Heidi Gross
Larisha McKnight
Nikki Wood-Newton
Diane Kelty
Anne L. Idsal
Clint Woods
Scott Monroe
Ann Campbell

Donna J. Vizia
David Zeckman
Marilyn Armstrong
Wes Carpenter
Mara Kamen
Hitch Peabody

OAR Response to Draft Report



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

WASHINGTON, D.C. 20460

August 21, 2019

OFFICE OF
AIR AND RADIATION

MEMORANDUM

SUBJECT: Response to Office of Inspector General's Draft Report, *Outdated EPA Leave Manual and Control Weaknesses Caused Irregularities in Office of Air and Radiation's Timekeeping Practices (OA-FY17-0090)*

FROM: Anne L. Idsal
Acting Assistant Administrator

A handwritten signature in blue ink that reads "Anne L. Idsal".

TO: John Trefry, Director, Forensic Audits
Office of Audit and Evaluation
Office of the Inspector General

The Office of Air and Radiation (OAR) welcomes the opportunity to review and respond to the Office of Inspector General's (OIG) draft report, *Outdated EPA Leave Manual and Control Weaknesses Caused Irregularities in Office of Air and Radiation's Timekeeping Practices (OA-FY17-0090)*.

In this and prior audits of OAR's time and attendance practices, we appreciated the audit teams' thoroughness and responsiveness in sharing their findings. OAR endeavors to comply with the Environmental Protection Agency's policies for time and attendance and leave. While we believe we have made great progress in promoting a culture of efficiency and accountability in this respect, we also recognize that employees sometimes make mistakes in reporting and approving time. OIG's recommendations help OAR understand where to direct our focus in providing both direction and support to the workforce.

The draft report directed one of its five recommendations to OAR. OAR's response is below.

Recommendation 4: Implement controls to enforce compliance with the requirements associated with requesting and approving Travel Compensatory Time Off, including established time frames.

Response: OAR agrees with this recommendation. In response, OAR's Program Management Official issued a memorandum to OAR Office Directors on August 21, 2019, explaining the requirements and associated time frames for requesting and approving travel compensatory time off (TCTO). A copy of the memorandum is attached.

For purposes of implementing controls, OAR will include TCTO as a standing topic for annual management reviews with each OAR office. The Deputy Assistant Administrator (DAA) conducts the reviews with the director of each of OAR's four primary program offices. Management reviews address key administrative areas such as status of funds, FTE and onboard ceilings, travel, and invoice approval, as well as other topics that may vary from year to year.

The DAA's staff prepare analyses in advance of each management review in order to assess current status as well as compliance, where appropriate. Staff will determine who reported earned and used TCTO and will review supporting documentation for a sample of instances across offices to verify compliance. As an illustration, we found that, across all FY2016 pay periods, over 240 employees in all four program offices earned TCTO. (OIG's draft report focused on a judgmental sample of three OAR employees who reported TCTO in FY2016.)

Planned Completion: Completed with the issuance of the OAR memorandum referenced above that explained procedures to ensure compliance with the requirements associated with requesting and approving Travel Compensatory Time Off, including established time frames. OAR's controls will be ongoing.

Again, OAR thanks the OIG for your thorough attention to our operations and for your recommendation on how we may improve our management controls for TCTO. If you have questions regarding this response, please contact Scott Monroe at (202) 564-1271 or monroe.scott@epa.gov.

Distribution

The Administrator
Assistant Deputy Administrator
Associate Deputy Administrator
Chief of Staff
Deputy Chief of Staff
Assistant Administrator for Mission Support
Chief Financial Officer
Assistant Administrator for Air and Radiation
Agency Follow-Up Coordinator
General Counsel
Associate Administrator for Congressional and Intergovernmental Relations
Associate Administrator for Public Affairs
Principal Deputy Assistant Administrator for Mission Support
Associate Deputy Assistant Administrator for Mission Support
Deputy Assistant Administrator for Administration and Resources Management,
Office of Mission Support
Associate Chief Financial Officer
Associate Chief Financial Officer for Policy
Deputy Assistant Administrator for Air and Radiation
Senior Advisor to the Assistant Administrator, Office of Air and Radiation
Director, Office of Continuous Improvement, Office of the Administrator
Director, Office of Resources and Business Operations, Office of Mission Support
Director, Office of Human Resources, Office of Mission Support
Audit Follow-Up Coordinator, Office of the Administrator
Audit Follow-Up Coordinator, Office of Mission Support
Audit Follow-Up Coordinator, Office of the Chief Financial Officer
Audit Follow-Up Coordinator, Office of Air and Radiation