



At a Glance

Why We Did This Project

The U.S. Environmental Protection Agency's Office of Inspector General conducted this audit to determine (1) whether the Agency is properly forgiving debts owed by its employees through its waiver or compromise process and (2) the activities that are causing salary overpayments.

Federal law, 5 U.S.C. § 5584, allows an agency to waive, in whole or in part, claims against a person arising out of an erroneous payment of pay. The agency claims officer is responsible for reviewing waiver requests and may approve, in whole or in part, or deny the requests.

This report addresses the following:

- *Operating efficiently and effectively.*

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EPA's Office of the Chief Financial Officer Lacks Authority to Make Decisions on Employee-Debt Waiver Requests

What We Found

We found that the Office of the Chief Financial Officer improperly made decisions on 15 employee-debt waiver requests totaling \$53,539. As set forth in 5 U.S.C. § 5584, erroneous overpayments for salary, travel, transportation, or relocation expenses or allowances to employees may be waived if it "would be against equity and good conscience and not in the best interests of the United States." The agency claims officer—who is located in the Office of General Counsel, not in the OCFO—has the authority up to \$100,000 to waive employee debts for erroneous payments of pay and other allowances. Because the OCFO does not have authority to approve employee-debt waiver requests, it should have instead referred these 15 requests to the agency claims officer to issue the decisions.

The OCFO made unauthorized decisions for employee-debt waiver requests totaling \$53,539.

Recommendations and Planned Agency Corrective Actions

We recommend that the chief financial officer (1) update policies and procedures to require employee-debt waiver requests be submitted to the agency claims officer for review; (2) submit any employee-debt waiver requests currently under review by the EPA Finance Center directors to the agency claims officer for processing; and (3) update policies and procedures to state that the EPA will process debt compromise requests in compliance with 31 U.S.C. § 3711 and Resource Management Directive System 2540-9-P2, as well as will maintain required supporting documentation. We also recommend that the general counsel direct the agency claims officer to review and render employee-debt waiver decisions on the 15 debt waiver requests in question.

The EPA agreed with our recommendations. Recommendation 3 is resolved with corrective action pending. Planned corrective actions for Recommendations 1, 2, and 4 were not acceptable, and these recommendations are unresolved with resolution efforts in progress.