



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

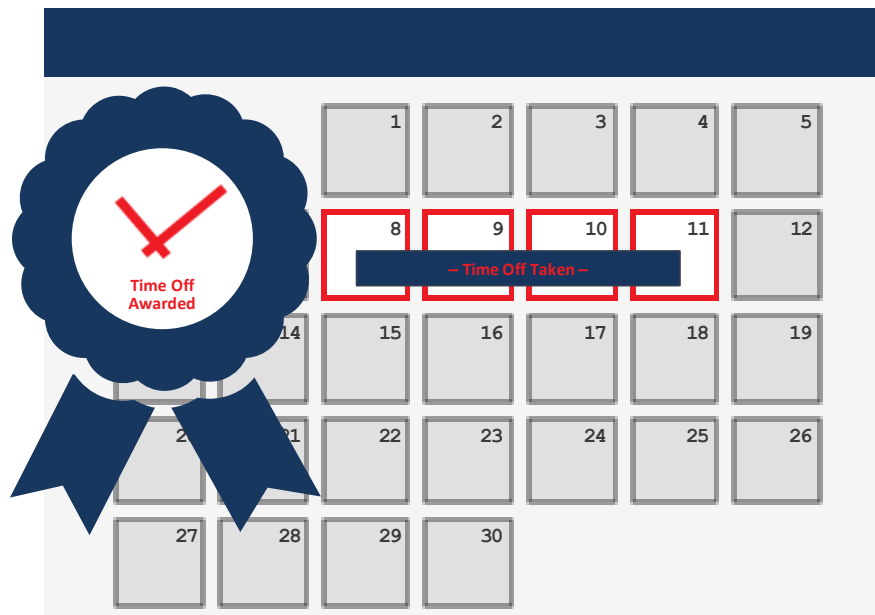


Operating efficiently and effectively

EPA Needs to Improve Management and Monitoring of Time-Off Awards

Report No. 20-P-0065

December 30, 2019



Report Contributors:

John Trefry
Leah Nikaidoh
Phil Cleveland

Abbreviations

CFR	Code of Federal Regulations
EPA	U.S. Environmental Protection Agency
GS	General Schedule
OIG	Office of Inspector General
OPM	U.S. Office of Personnel Management
U.S.C.	United States Code

Cover Image: From calendar years 2015 through 2017, the agency awarded 355,511 hours of time off. (EPA OIG image)

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 determine whether the agency is appropriately using split and combined time-off and monetary awards. A *split award* is a monetary award that has been separated into two or more smaller awards. A *combined award* includes both time-off and monetary awards.

In response to an OIG audit completed in 2015 (EPA OIG Report No. [16-P-0048](#), issued November 30, 2015), the EPA adopted an interim policy related to the approval of awards. This interim policy requires a higher-level review and approval of individual employee monetary awards that total more than \$5,000 for any one employee in a fiscal year.

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.](#)

EPA Needs to Improve Management and Monitoring of Time-Off Awards

What We Found

The EPA successfully implemented interim policies and procedures for reviewing and approving monetary awards that total more than \$5,000 in a fiscal year for any one employee. However, the agency does not follow U.S. Office of Personnel Management guidance for valuing time-off awards. Specifically, the EPA does not assess a value for time-off awards as part of its awards program. The agency, therefore, cannot determine whether its time-off awards are consistently assessed, approved at the appropriate level when combined with monetary awards, and commensurate with employee achievements.

The EPA's time-off awards program needs to be held to the same standard as the agency's monetary awards program, both in execution and resource management.

We also found that the agency does not monitor time-off awards as a resource. From calendar years 2015 through 2017, the agency awarded 355,511 hours—a total of over 170 full-time positions—in time-off awards. However, these awards are not managed or monitored in regard to agency productivity or workload management. A large number of time-off hours awarded results in lost productivity, which can adversely impact the agency's mission.

Recommendations and Planned Agency Corrective Actions

We recommend that the Assistant Administrator for Mission Support (1) revise EPA Manual 3130 A2, *Recognition Policy and Procedures Manual*, to establish a methodology to determine the equivalent value of time-off awards; (2) update its 2016 interim policy to include the combined value of all awards—both monetary and time-off—when determining the appropriate level of review and approval, and incorporate this update into EPA Manual 3130 A2; and (3) establish internal control procedures to monitor time-off awards as part of EPA resource management.

The EPA did not agree with Recommendations 1 and 2. The agency agreed with Recommendation 3 but did not provide acceptable planned corrective actions. We consider all three recommendations unresolved.

Noteworthy Achievement

In 2019, the EPA streamlined its processing of monetary and time-off awards. According to the agency, this streamlined process reduced the overall costs of processing awards by 31.3 percent or \$1.33 million annually.



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

OFFICE OF
INSPECTOR GENERAL

December 30, 2019

MEMORANDUM

SUBJECT: EPA Needs to Improve Management and Monitoring of Time-Off Awards
Report No. 20-P-0065

FROM: Charles J. Sheehan, Acting Inspector General

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

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

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-FY18-0090. This report contains findings that describe the problems the OIG has identified and improvements 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

This report contains three unresolved recommendations. In accordance with EPA Manual 2750, the resolution process begins immediately with the issuance of the report. We are requesting a meeting within 30 days between the Assistant Administrator for Mission Support and the OIG's Assistant Inspector General for Audit and Evaluation. If resolution is still not reached, the Office of Mission Support is required to complete and submit a dispute resolution request to the Chief Financial Officer.

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
	Scope and Methodology	3
	Prior Audit Report	3
	Noteworthy Achievement.....	4
2	EPA Needs Methodology to Determine the Equivalent Value of Time-Off Awards	5
	Valuation of Combined Awards.....	5
	Conclusions	7
	Recommendations.....	7
	Agency Response and OIG Evaluation.....	7
3	EPA Needs to Monitor Time-Off Awards	9
	OPM Provides Time-Off Award Guidance	9
	Significant Inconsistencies Shown in Time-Off Awards Management.....	9
	Conclusions	12
	Recommendation.....	12
	Agency Response and OIG Evaluation.....	12
	Status of Recommendations and Potential Monetary Benefits	14

Appendices

A	Office of Mission Support Response to Draft Report	15
B	Distribution	19

Chapter 1

Introduction

Purpose

The U.S. Environmental Protection Agency's (EPA's) Office of Inspector General (OIG) conducted this audit to determine whether the agency is appropriately using split and combined time-off and monetary awards. In response to an OIG audit completed in 2015 (EPA OIG Report No. [16-P-0048](#), issued November 30, 2015), the agency implemented new controls to require a higher level of review for individual employee monetary awards that total more than \$5,000 in a fiscal year. We considered these new controls in our analysis.

Background

In accordance with 5 U.S.C. Chapter 45, *Incentive Awards*, and 5 CFR Part 451, Subpart A, *Agency Awards*, federal agencies are authorized to pay monetary awards and grant time off to their employees as warranted. These authorities also establish requirements for agency awards programs.

Split Awards

A split award is a monetary award for one achievement that has been deliberately separated (i.e., *split*) into two or more smaller awards so that each individual award does not exceed the threshold that requires a higher level of review. Per the EPA's *Interim Policy Change to the Monetary Awards Approval Process*, dated May 18, 2016, this threshold is \$5,000. Award officials should never split monetary awards.

Combined Awards

Under EPA Manual 3130 A2, *Recognition Policy and Procedures Manual*, agency employees can be granted a combined award—a time-off award in conjunction with a monetary award—to recognize a single achievement.

The U.S. Office of Personnel Management's (OPM's) *Time-Off Awards* guidance states that agencies decide when and how to use time-off awards to enhance their overall awards program. Agencies do not have to provide additional funding for these awards because they are “time off from duty” and do not have an “explicit cash value.” The OPM also states, “Agencies may grant time-off awards along with other forms of awards as long as the total value of the awards given is commensurate with the contribution being recognized.”

Award Approval Process

In accordance with EPA Manual 3130 A2, an employee award nomination is prepared by the recommending official (usually the employee's immediate supervisor) and approved by another supervisor in the employee's office. If the individual monetary award is greater than \$5,000, then the award must be approved by the Administrator or delegated/redelegated senior officials, including Assistant Administrators, Regional Administrators, Associate Administrators and regional office Directors.

In addition, as a result of a previous OIG audit, the EPA adopted the *Interim Policy Change to the Monetary Awards Approval Process* on May 18, 2016. This interim policy requires a higher-level award approval when an employee is nominated and approved for a total of more than \$5,000 in monetary awards in 1 fiscal year.

There are no specific or additional review requirements for combined awards. Table 1 outlines the EPA's award approval process.

Table 1: Award approval process

Award type/amount	Recommending official	Approving official
Monetary award up to \$2,000	Supervisor	Supervisor
Monetary award \$2,001 to \$5,000	Supervisor*	Another supervisor
Individual monetary award \$5,001 to \$10,000	Supervisor	Executive-level official (Assistant Administrators, Regional Administrators, General Counsels, etc.)
Cumulative monetary awards (per employee) greater than \$5,000 in 1 fiscal year	Supervisor	Executive-level official
Individual time-off award 1 day or less	Supervisor	Supervisor
Individual time-off award more than 1 day	Supervisor	Another supervisor

Source: EPA Manual 3130 A2 and EPA's *Interim Policy Change to the Monetary Awards Approval Process*.

*These awards may also be approved by an executive-level official without a supervisor recommendation.

Responsible Offices

The Office of Mission Support leads the agency's core mission support functions. Key functions of this office include facilities and critical asset protection, acquisition activities, grants management, human capital, information technology, and information management activities.

The Office of Human Resources, within the Office of Mission Support, is responsible for providing policy and guidance on employment, pay, leave and employee conduct.

Scope and Methodology

We conducted this audit from December 2017 to June 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 the audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions presented in this report.

To determine whether the EPA split monetary awards, we performed the following activities:

- Reviewed OPM and agency policy regarding monetary awards.
- Obtained award information for calendar years 2015 through 2017.
- Reviewed award data to determine the basis for the awards provided to individual employees in a given fiscal year.
- Selected a judgmental sample of 23 multiple-award recipients to determine whether individual awards were split to avoid a higher level of management review.

To determine whether the EPA appropriately awarded combined time-off and monetary awards, we performed the following activities:

- Reviewed OPM and agency policy regarding monetary and time-off awards.
- Interviewed agency officials regarding annual award processes.
- Reviewed award data for fiscal years 2015 through 2017 and selected a judgmental sample of multiple individual awards for testing based upon the dates, justifications, amounts and types of awards given to the same employee.
- Tested supporting documentation for compliance with federal regulations and agency policy.

Prior Audit Report

EPA OIG Report No. [16-P-0048](#), *Awards Made by EPA's Office of the Chief Financial Officer Raise Questions*, issued November 30, 2015, found that an agency employee received two \$4,500 monetary awards within 3 months of the

employee's start date. The amounts and timing of the awards gave the appearance that the awards may have been improperly split to avoid a higher level of review. We recommended, and the agency agreed, that a higher level of management review be established for individuals who receive multiple monetary awards totaling more than \$5,000 in a given fiscal year. The agency completed its corrective actions to implement this recommendation on May 18, 2016.

Noteworthy Achievement

During this audit, we learned that the Office of Human Resources adopted new operating procedures in March 2019 for processing awards. To reduce the volume of documents that program and regional offices must submit for employee awards, the Office of Human Resources began using a mass-approval process that agency offices must only periodically complete. The Office of Human Resources' Shared Service Centers review these mass submissions for compliance with agency awards policies. Once the awards are reviewed and approved, the Office of Human Resources transmits the information to the EPA's payroll provider. The payroll provider then processes the awards, generates individual employee personnel actions and uploads these actions to the employees' electronic official personnel files. These procedures substantially reduced the manual processing of awards. According to the agency, this streamlined process reduced the overall costs of processing awards by 31.3 percent, or \$1.33 million annually.

The agency subsequently issued an interim policy for awards records retention: *Interim Policy Change for Document Retention of Time-Off and Monetary Award Forms*, dated May 10, 2019. This interim policy requires that supporting documentation for mass-processed, nonperformance-based awards be retained by each regional Human Resources Officer or Program Management Officer, in accordance with the EPA records schedule. Documentation for individually processed awards will continue to be submitted to the Shared Service Centers and maintained in the Federal Personnel and Payroll System.

Chapter 2

EPA Needs Methodology to Determine the Equivalent Value of Time-Off Awards

The EPA successfully implemented its interim policy for reviewing monetary awards greater than \$5,000. We found that monetary awards were not being split to avoid additional levels of approval. However, the agency cannot assess the equivalent value of time-off awards because it has not formalized a methodology for performing the assessment. Therefore, the agency cannot determine the total value of a combined award, nor can the EPA confirm that the total value of the combined award is equivalent to the contribution made by the award recipient, as prescribed under OPM guidance. Further, the agency cannot determine whether the combined award is being appropriately approved.

Valuation of Combined Awards

We sampled 50 individual awards made to 23 employees from fiscal years 2015 through 2017. Awards made to 13 of the 23 employees had both monetary and time-off components. The monetary amounts of these combined awards ranged from \$1,190 to \$5,000, and the total time-off portions ranged from 20 to 80 hours,¹ as shown in Table 2.

Table 2: Assessment of 13 employees with combined awards

Employee	Award effective date	Monetary award	Time-off award (hours)	Equivalent value of time-off awards *	Combined value **
1	7/21/16	\$4,000	20	\$1,514	\$5,514
2	5/9/17	\$2,000	-	-	\$6,423
	6/6/17	\$2,000	-	-	
	6/15/17	-	40	\$2,423	
3	5/16/16	\$4,999	-	-	\$7,203
	5/17/16	-	30	\$2,204	
4	7/3/17	-	40	\$3,103	\$8,102
	7/10/17	\$4,999	-	-	
5	7/19/17	-	40	\$3,074	\$7,974
	7/20/17	\$4,900	-	-	
6	6/6/16	\$4,000	40	\$2,964	\$6,946
7	5/19/17	-	40	\$3,031	\$9,062
	5/22/17	-	40	\$3,031	
	6/2/17	\$3,000	-	-	
8	8/10/17	\$1,500	20	\$1,350	\$5,700
	8/17/17	\$1,500	20	\$1,350	

¹ As shown in Table 2, Employees 7 and 9 received two 40-hour time-off awards in the same fiscal year, for a total of 80 hours each.

Employee	Award effective date	Monetary award	Time-off award (hours)	Equivalent value of time-off awards *	Combined value **
9	7/19/16	\$1,190	-	-	\$6,060
	7/20/16	-	40	\$2,435	
	7/21/16	-	40	\$2,435	
10	5/19/15	\$4,750	-	-	\$7,792
	5/21/15	-	40	\$3,042	
11	1/2/15	\$5,000	40	\$2,979	\$7,979
12	6/17/15	\$2,000	-	-	\$7,242
	6/19/15	\$2,200	-	-	
	6/24/15	-	40	\$3,042	
13	6/5/15	\$4,600	-	-	\$7,342
	6/8/15	-	40	\$2,742	

Source: OIG analysis of agency award documentation.

* We calculated the equivalent value of the time-off award by multiplying the number of hours awarded by the individual employee's hourly rate at the time of the award.

** Combined value is the monetary awards plus the equivalent value of the time-off awards.

The OPM's *Time-Off Awards* guidance allows agencies to decide when and how to use time-off awards. The OPM guidance also states that agencies:

- “[M]ay grant time-off awards along with other forms of awards as long as the total value of the awards given is commensurate with the contribution being recognized.”
- “[N]eed to remember these are salary dollars being paid for time not worked, so there is a cost involved.”

However, the EPA does not determine the equivalent value for time-off awards because there is no defined methodology or formal guidance documenting how time-off awards should be valued. Without a defined value for time-off awards, the agency cannot determine whether a combined award is commensurate with the employee's achievements. For example, under the EPA's interim policy, the following two awards would be assessed as having the same value, and neither would require higher-level approval:

- A \$5,000 monetary award.
- A \$5,000 monetary award and 40 hours of time off.

Further, a single monetary award of \$5,001 would require a higher-level approval than the combined award of \$5,000 and 40 hours, which would not require any additional review. To improve management oversight, the EPA should assess awards according to their total value of the combined award, not just the value of the monetary award component.

In addition, the agency's lack of a defined methodology to assess the equivalent value of time-off awards results in inconsistencies. Managers are forced to use various methods to attempt to assess the equivalent value of time off when making award decisions. For example, one supervisor we interviewed determines the equivalent value of time-off awards by using the "average" hourly rate for staff reporting to that supervisor. We identified one combined award where the manager increased an employee's monetary amount by \$840 and reduced the time-off amount by 4 hours. This substitution could give the appearance that the manager equated 4 hours of time-off to \$840, resulting in an effective rate of \$210 per hour, which was considerably higher than the employee's hourly rate.

Conclusions

Although the EPA has guidance and a methodology for assessing the equivalent value of an employee's contribution with respect to monetary awards, the agency lacks a comparable process to determine the equivalent value of time-off awards. As a result, we found that, even when monetary and time-off awards were combined to create an award with an equivalent value of more than \$5,000, no additional review and approval from a higher designated official was required or sought. However, there are costs associated with time-off awards, since employees continue to draw their salaries while authorized to be absent. Agency policies, therefore, need to consider the equivalent value of all awards in totality with respect to both the justification and approval of the award and the determination of whether an award is commensurate with the employee's achievements.

Recommendations

We recommend that the Assistant Administrator for Mission Support:

1. Revise EPA Manual 3130 A2, *Recognition Policy and Procedures Manual*, to establish a methodology for determining the equivalent value for time-off awards.
2. Update the EPA's 2016 *Interim Policy Change to the Monetary Awards Approval Process* and incorporate the policy into EPA Manual 3130 A2 to require that the combined value of all awards (both monetary and time-off) be used to determine if the award is commensurate with the employee's achievements and has the appropriate level of review and approval.

Agency Response and OIG Evaluation

The agency disagreed with Recommendations 1 and 2 in its response to the draft report.

For Recommendation 1, the agency stated that there is no regulatory requirement for determining the monetary value of time-off awards, and the recommendation conflicts with OPM guidance. We do not agree with the agency's position. While the OPM's guidance states that time-off awards do not have an explicit monetary value, the OPM also recognizes that there is a cost involved related to salary dollars being paid for time not worked. Additionally, the agency proposed an alternative recommendation to revise its interim policy to ensure the total value of the awards given is commensurate with the contributions being recognized. We believe the total value of the awards given cannot be determined without determining the equivalent value of the time-off awards.

As part of the agency's response, the Office of Mission Support said that it would update its awards manual and enter it into the directives clearance review process by October 31, 2022. However, given the length of time estimated (almost 3 years) for entering an updated manual into the review process and the potential for a lengthy review, we believe the Office of Mission Support should issue an interim policy with a methodology for determining the equivalent value of time-off awards to address our recommendation. We consider Recommendation 1 to be unresolved.

For Recommendation 2, the agency stated that time-off awards do not have an explicit cash value and proposed an alternative recommendation to revise the *Recognition Policy and Procedures Manual*. However, the EPA's proposal does not meet the intent of our recommendation because the proposal does not assess the total value of the combined award, including the appropriate level of review and approval. This recommendation remains unresolved.

The agency's full response to our draft report can be found in Appendix A.

Chapter 3

EPA Needs to Monitor Time-Off Awards

The agency does not monitor time-off awards as a resource because the EPA does not assess any value to time-off awards as part of its awards program. From calendar years 2015 through 2017, the EPA awarded a total of 170.3 full-time positions in time-off awards. By applying salary averages for EPA employees to the number of awarded time-off hours, we estimated the equivalent value to be over \$19.47 million. The number of time-off hours awarded each year results in lost productivity because top performers may not be at work, which can adversely impact the agency's mission.

OPM Provides Time-Off Award Guidance

While the OPM's *Time-Off Awards* guidance allows agencies to decide when and how to use time-off awards, it also states that each federal agency needs to manage its use of time-off awards and consider the following:

- “Whether the organization can afford to do without one of its top performers for this period of time.”
- “Who will do the work while the time-off award recipients are away from the office.”
- “Whether the organization as a whole would suffer because too many top performers are not at work if managers across the organization give time-off awards instead of cash awards because awards funds are low.”

Significant Inconsistencies Shown in Time-Off Awards Management

The EPA does not monitor the impact of time-off awards on productivity and workload management, even though the agency awards a substantial amount of time-off to its employees each year. We estimated that for the 3 calendar years in our audit scope, the cost of time-off awards was approximately \$19.47 million (Table 3).

Table 3: Cost of time-off awards, calendar years 2015–2017

Calendar year	Time-off award hours	Computed full-time positions*	EPA national average salary	Annual equivalent value of time-off awards**
2015	108,965	52.2	\$113,512	\$5,925,326
2016	118,728	56.9	113,820	6,476,358
2017	127,818	61.2	\$115,555	7,071,966
Total	355,511	170.3	–	\$19,473,650

Source: OIG analysis of agency award data and OPM guidance.

* To calculate the number of full-time positions represented by the time-off hours awarded each calendar year, we divided the number of time-off award hours by 2,087 hours. This is the number of hours used by the OPM to convert a federal employee’s annual salary to an hourly rate.

** This is the value computed by multiplying the computed full-time positions and the EPA national average salary. To determine the annual equivalent value for the time-off awards, we multiplied the agency national average salary obtained from the *FederalPay.org* website with the computed number of full-time positions for each applicable year.

We calculated that for the 3 years we reviewed, the average amount of time off awarded to EPA employees was 7.6 hours per person (Table 4).

Table 4: Average time-off award amounts, calendar years 2015–2017

Calendar year	Total number of EPA employees	Total number of hours awarded	Agencywide average hours awarded
2015	15,384	108,965	7.1
2016	15,553	118,728	7.6
2017	15,797	127,818	8.1
	46,734	355,511	7.6

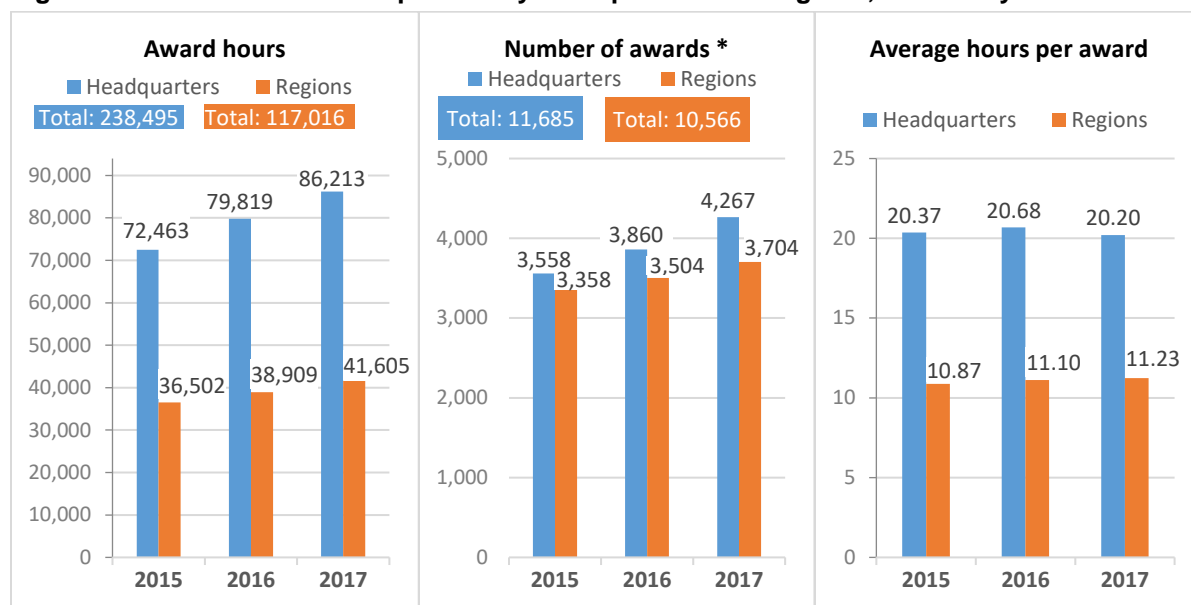
Source: OIG analysis of agency award and OPM employee staffing data.

Upon further analysis, we found that there are differences between the time-off award amounts granted to higher- and lower-graded employees, as well as to regional and headquarters employees.² As Figure 1 shows, while headquarters awarded only a slightly larger number of time-off awards than the regions (11,685 to 10,564, or about a 10 percent difference), headquarters awarded more than twice as many hours as the regions (238,495 to 117,016, or about a 104 percent difference). In addition, the average time-off award amount for headquarters was over 20 hours, which is 45 percent higher than the average of 11 hours for the regions. Therefore, the average headquarters employee receives 9 hours (or the equivalent value of \$495) more than the average regional employee.³

² “Headquarters” means those EPA employees who report to an Assistant Administrator, as opposed to “regional” employees who report to a Regional Administrator.

³ We computed the hourly payroll average by dividing the agency’s total equivalent value of time-off awards for calendar years 2015–2017 (\$19,473,650) by the number of total hours awarded that same time period (355,511 hours): $\$19,473,650 \div 355,511 \text{ hours} = \$55/\text{hour}$. By applying the hourly rate, we computed that the average headquarters employee receives \$495 more in time-off awards than the average regional employee: $9 \text{ hours} \times \$55 = \495 .

Figure 1: Time-off awards comparison by headquarters and regions, calendar years 2015–2017

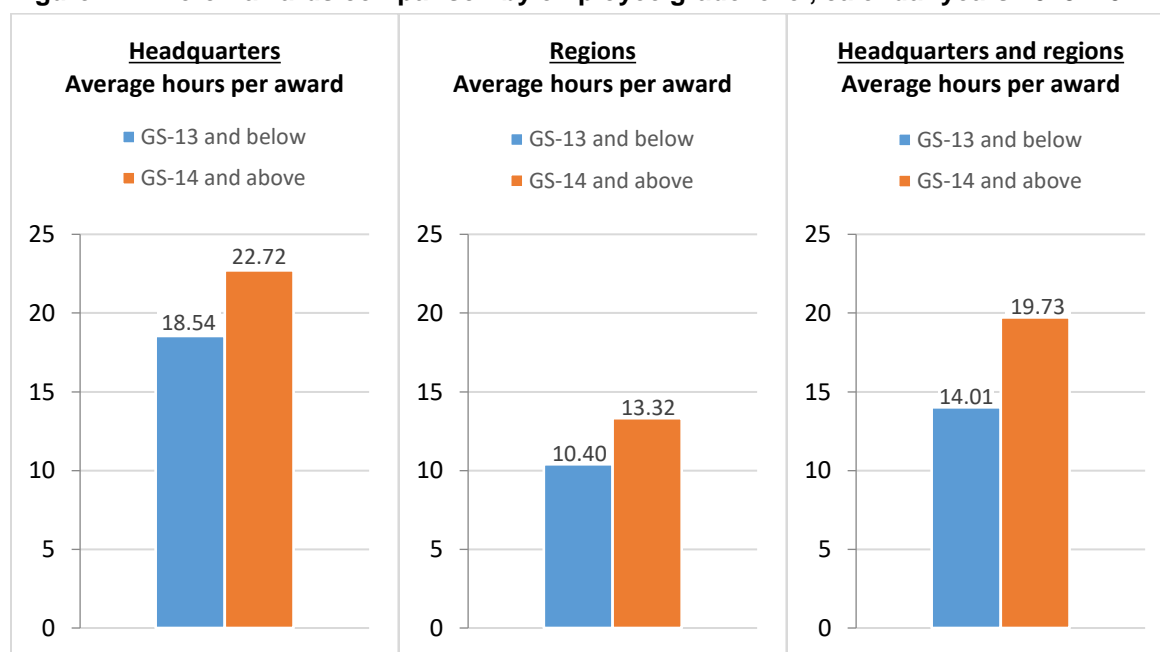


Source: OIG analysis of agency award data.

* The total number of individual awards granted per calendar year, not the number of employees receiving awards. An employee may receive multiple individual awards.

As presented in Figure 2, we also noted similar variances when we assessed the average hours awarded to higher-graded employees—General Schedule (GS)-14 employees and higher—against lower-graded employees—GS-13 employees and below. Higher-graded employees were awarded on average 5 hours more of time off (or about 40 percent more) than lower-graded employees.

Figure 2: Time-off awards comparison by employee grade level, calendar years 2015–2017



Source: OIG-produced images derived from analysis of agency award data.

The EPA does not provide any guidance regarding the budgets or numbers for time-off awards to its offices or regions. This lack of guidance may contribute to the differences between how many time-off awards and how much time off are given, both from location-based and grade-level perspectives. These differences may be warranted based on employee contributions and may not be problematic. However, the agency's lack of controls to monitor these awards prevents an analysis from determining whether these differences are appropriate.

During discussions with select EPA regions and offices, we found that some management teams nonetheless developed and used a budget for time-off awards. For example, in fiscal year 2018, EPA Region 2 budgeted 1.5 full-time positions (3,132 hours) for time-off awards. Region 2 then allocated the time-off hours to each of its divisions based on the staffing level within each division. Region 2 had 756 full-time positions as of October 14, 2017, which would equate to an average of 4.14 hours of time off per employee.⁴ Each division then had the discretion to award time off throughout the year based upon "noteworthy contributions of staff."

Conclusions

The agency's use of time-off awards is a valuable and highly-used tool for management to recognize employee accomplishments, yet that tool comes at a significant cost to the taxpayer. As such, reliable monitoring of time-off awards is necessary to properly manage them in accordance with OPM guidance.

Recommendation

We recommend that the Assistant Administrator for Mission Support:

3. Establish internal control procedures to manage time-off awards as part of EPA resource management.

Agency Response and OIG Evaluation

The agency agreed with our recommendation and provided planned corrective actions and a milestone date. The agency stated that it would conduct evaluations of its usage of time-off awards as part of the agency's human capital accountability responsibilities, in accordance with 5 CFR Part 250.⁵ When asked to provide additional information on its planned corrective actions, the agency stated that it is required to maintain an independent audit program to periodically review all human capital and human resources transactions. The agency said that

⁴ 3,132 hours budgeted ÷ 756 onboard full-time positions = 4.14 hours per employee.

⁵ Per 5 CFR Part 250, *Personnel Management in Agencies*, Subpart B, agencies are required to perform assessments of the management of human capital.

it plans to evaluate time-off awards by December 31, 2021, as part of an overall assessment of the EPA's human capital practices.

However, the proposed corrective action does not meet the intent of our recommendation. The agency has provided a general commitment to review time-off awards but has neither explained what controls it will put in place to manage the awards nor indicated when internal controls will be implemented. We consider Recommendation 3 to be unresolved.

The agency's full response to our draft report can be found 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	7	Revise EPA Manual 3130 A2, <i>Recognition Policy and Procedures Manual</i> , to establish a methodology for determining the equivalent value for time-off awards.	U	Assistant Administrator for Mission Support		
2	7	Update the EPA's 2016 <i>Interim Policy Change to the Monetary Awards Approval Process</i> and incorporate the policy into EPA Manual 3130 A2 to require that the combined value of all awards (both monetary and time-off) be used to determine if the award is commensurate with the employee's achievements and has the appropriate level of review and approval.	U	Assistant Administrator for Mission Support		
3	12	Establish internal control procedures to manage time-off awards as part of EPA resource management.	U	Assistant Administrator for Mission Support		

¹ C = Corrective action completed.
R = Recommendation resolved with corrective action pending.
U = Recommendation unresolved with resolution efforts in progress.

Office of Mission Support Response to Draft Report



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

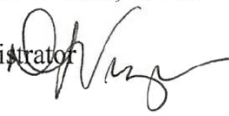
WASHINGTON, D.C. 20460

SEP - 3 2019

OFFICE OF MISSION SUPPORT

MEMORANDUM

SUBJECT: Response to Office of Inspector General Draft Report No. OA-FY18-0090 "EPA Needs to Improve Management and Monitoring of Time-Off Awards," dated August 8, 2019

FROM: 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. Following is a summary of the Office of Mission Support's overall position, along with its position on each of the report recommendations. For the report recommendation with which the agency agrees, we have provided a high-level corrective action and an estimated completion date. For those report recommendations with which the agency does not agree, we have explained our position and have proposed alternative recommendations.

AGENCY OVERALL POSITION

The Office of Mission Support concurs with recommendation number three found within the draft report. We do not concur with recommendations one and two because there is no regulatory requirement to determine the monetary value of time-off awards and the recommendations conflict with the U.S. Office of Personnel Management's [guidance](#) specifically stating time-off awards do not have explicit cash value.

AGENCY RESPONSE TO REPORT RECOMMENDATIONS

Agreements

No.	Recommendation	High-Level Intended Correction Action(s)	Estimated Completion
3	Establish internal control procedures to monitor time-off awards as part of EPA resource management.	Conduct evaluations of the agency's usage of time-off awards as part of the agency's human capital accountability responsibilities in accordance with 5 CFR 250.	December 31, 2021

Disagreements

No.	Recommendation	Agency Explanation/Response	Proposed Alternative	Estimated Completion
1	<p>Revise EPA Manual 3130 A2, <i>Recognition Policy and Procedures Manual</i>, to establish a methodology for determining the monetary value for time-off awards.</p>	<p>OIG’s recommendation conflicts with OPM’s guidance that time-off awards do not have explicit cash value and 5 CFR 451.104(f) prohibits time-off awards from being converted to a cash payment.</p> <p>OPM’s guidance states agencies should ensure the total value of the awards given are “commensurate with the contribution being recognized.” This is not an attribution to the monetary value of the time-off award, but the level of effort involved in the employee’s contribution and the benefit the agency derives from the results.</p> <p>Also, in line with OPM guidance, agencies should not attempt to establish methodologies for determining the monetary value for time-off awards. Per an email on August 23, 2019, OPM confirmed that this statement is “consistent with the requirement found in 5 CFR 451.104(f).”</p>	<p>Revise EPA Manual 3130 A2, <i>Recognition Policy and Procedures Manual</i> to ensure the total value of the awards given are commensurate with the contribution being recognized.</p> <p>The agency will update the manual to provide guidance to supervisors and managers on how to determine the appropriate amount of time-off that should be awarded for a contribution.</p>	<p>Revised manual to be entered into directives clearance review by October 31, 2022</p>

No.	Recommendation	Agency Explanation/Response	Proposed Alternative	Estimated Completion
2	Update the EPA's 2016 <i>Interim Policy Change for Document Retention of Time-Off and Monetary Award Forms</i> and incorporate the policy into EPA Manual 3130 A2 to require that the monetary value of all awards (both monetary and time-off) be used to determine if the award is commensurate with the employee's achievements and the appropriate level of review and approval.	OPM's guidance states time-off awards do not have explicit cash value. The 2016 memo referenced in OIG's report is specific to monetary awards. Monetary awards have a cash value and are paid in addition to the employee's salary. Also, current policy already requires time-off awards in excess of one workday to receive a higher-level approval.	Revise EPA Manual 3130 A2, <i>Recognition Policy and Procedures Manual</i> , to include guidance on how to determine the appropriate amount of time-off that should be awarded for a contribution when given in conjunction with a monetary award.	Revised manual to be entered into directives clearance review by October 31, 2022

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.

cc: John Trefry
Jean Bloom
Angela Bennett
Kevin Collins
David Penman
Sherri Anthony
Annette Morant
Brittany Wilson
Wesley J. Carpenter

Mara J. Kamen
Hitch Peabody
Debbi Hart
Liz Engebretson
Tracye Smith-Starkey
Loretta Hunt
Janice Jablonski
Marilyn Armstrong

Distribution

The Administrator
Assistant Deputy Administrator
Associate Deputy Administrator
Assistant Administrator for Mission Support
Principal Deputy Assistant Administrator for Mission Support
Chief of Staff
Deputy Chief of Staff
Agency Follow-Up Official (the CFO)
Agency Follow-Up Coordinator
General Counsel
Associate Administrator for Congressional and Intergovernmental Relations
Associate Administrator for Public Affairs
Associate Deputy Assistant Administrator for Mission Support
Deputy Assistant Administrator for Administration and Resources Management, Office of
Mission Support
Director, Office of Continuous Improvement, Office of the Administrator
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