



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

OFFICE OF
INSPECTOR GENERAL

June 25, 2014

MEMORANDUM

SUBJECT: Response to Office of Inspector General Report No. 14-B-0246,
EPA OIG Compliance With Retention Incentive Regulations and Policies,
dated May 1, 2014

FROM: Charles Sheehan, Deputy Inspector General *Charles Sheehan*

TO: Kevin Christensen, Acting Assistant Inspector General
Office of Audit

As part of the Office of Inspector General's (OIG's) audit regarding the U.S. Environmental Protection Agency's (EPA's) internal controls over retention incentives, the Office of Audit made separate recommendations to the Deputy Inspector General, addressing the OIG in an auditee role for this audit.

Recommendation

There was only one recommendation:

“We recommend that the EPA OIG Deputy Inspector General determine whether any additional evidence exists to justify retention incentive pay. If unjustified, the EPA OIG Deputy Inspector General should refer the matter to the agency to initiate action to recover the unauthorized retention incentive amounts paid to EPA OIG employees.”

Response

The audit determined that two EPA OIG employees received retention bonuses from 2006 through 2009, but found no documentation of annual recertifications for 2008 and 2009. These are therefore the 2 years at issue.

For these two employees for these 2 years, OIG staff have verified that no official documentation currently exists in the employees' permanent official records. The OIG Human Resources (HR) Director noted that because the document retention period for these records extends only 2 years after the allowance expired, any such documents originally created and made part of the official records have been destroyed. (During all relevant times up to 2009, the EPA OIG did not have its own in-house HR office, but used the agency's Shared Service Center in Las Vegas to provide HR services; hence the agency's Shared Service Center was responsible for maintaining any such records, and destroying them consistent with applicable retention policies.)

Failing to find any official, verifying documentation, OIG staff then pursued the only remaining avenue for evidence pertaining to retention bonuses for the two employees for 2008 and 2009: we contacted the supervisors of the two employees. For the first employee, his then-supervisor (who now works for another federal entity) stated that she recalled preparing one or more recertifications for the employee but did not recall which years. She did recall notifying HR to discontinue the retention bonus at the point the employee was no longer entitled to receive one.

For the second employee (now retired from federal service), former supervisors specifically confirmed their intent to authorize retention bonuses for 2008 and 2009. One supervisor located a draft justification document electronically saved in May 2008, indicating that the document was most likely prepared in connection with the employee's 2008 recertification.

The fact that records no longer exist—because record retention policies called for their destruction—does not weigh against the apparent propriety of retention bonuses for the two employees for 2008 and 2009. Based on additional and confirmatory evidence from former supervisors, I have determined that the retention bonuses for the two employees were properly justified for 2008 and 2009. Accordingly, I have determined that no action to recover retention pay is warranted.