



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL



Spending Taxpayer Dollars

EPA Not Fully Compliant With Overtime Policies

Report No. 15-P-0293

September 22, 2015



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Report Contributors:

Angela Bennett
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Abbreviations

CFR	Code of Federal Regulations
EPA	U.S. Environmental Protection Agency
OA	Office of the Administrator
OAR	Office of Air and Radiation
OARM	Office of Administration and Resources Management
OCFO	Office of the Chief Financial Officer
OECA	Office of Enforcement and Compliance Assurance
OEI	Office of Environmental Information
OIG	Office of Inspector General
OTAQ	Office of Transportation and Air Quality
TCTO	Travel Compensatory Time Off

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At a Glance

Why We Did This Review

On April 9, 2014, a U.S. Senator requested the U.S. Environmental Protection Agency (EPA) Office of Inspector General (OIG) to examine whether the agency: (a) properly documents how overtime is distributed and, if so, identify the process that is used; (b) has a specific breakdown of activities for employees who received overtime during the last 2 fiscal years; and (c) has an effective means to ensure employees are not compensated overtime for travel. We conducted an audit to address the Senator's request.

This report addresses the following EPA goal or cross-agency strategy:

- *Embracing EPA as a high-performing organization.*

Send all inquiries to our public affairs office at (202) 566-2391 or visit www.epa.gov/oig.

The full report is at: www.epa.gov/oig/reports/2015/20150922-15-P-0293.pdf

EPA Not Fully Compliant With Overtime Policies

What We Found

The EPA has established policies that identify the requirements and general process for the authorization and approval of overtime compensation. However, based on our limited sample, the EPA did not always use the EPA Form 2560-7, *Request for Overtime Authorization*, for overtime requests and authorization as required by *EPA Pay Administration Manual 3155*. Even when the EPA Form 2560-7 was prepared, overtime hours were not always approved in advance and some overtime hours exceeded the authorized amounts. Also, the EPA did not always maintain the forms in accordance with EPA records management requirements. This occurred because management did not provide sufficient oversight to ensure compliance with EPA policies pertaining to overtime and records management.

The EPA may have incurred overtime charges without proper authorization and advance approval, and did not maintain overtime request forms as required.

EPA has established specific policies that address overtime during travel. Employees can only be authorized overtime during travel when officially ordered and approved, and our analysis did not disclose any instances where employees requested compensation for overtime during travel.

Recommendation and Planned Corrective Actions

We recommend that the Deputy Administrator ensure management and employees comply with EPA overtime policies, use EPA Form 2560-7, obtain advance approval for overtime hours, and follow EPA records management policies. The agency agreed with our recommendation and provided acceptable corrective actions with estimated completion dates.



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

THE INSPECTOR GENERAL

September 23, 2015

MEMORANDUM

SUBJECT: EPA Not Fully Compliant With Overtime Policies
Report No. 15-P-0293

FROM: Arthur A. Elkins Jr.

A handwritten signature in black ink, appearing to read "Arthur A. Elkins Jr.", is written over the printed name.

TO: A. Stanley Meiburg, Acting Deputy Administrator

This is our report on the subject audit conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). 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.

The EPA's Office of the Chief Financial Officer is responsible for formulating and providing time and attendance reporting policies, as well as managing the PeoplePlus payroll and time and attendance system. The EPA's Office of Human Resources, within the Office of Administration and Resources Management, is responsible for agency policy and guidance relevant to time and attendance, including overtime and compensatory time.

Action Required

In response to our discussion document, the agency provided an intended corrective actions plan that addresses the recommendation and establishes planned completion dates. Therefore, a response to the final report is not required. The agency should track unimplemented corrective actions in the Management Audit Tracking System.

We will post this report to our website at <http://www.epa.gov/oig>.

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Purpose

We conducted this audit to address a congressional request. On April 9, 2014, a U.S. Senator requested that the Office of Inspector General (OIG) examine whether the U.S. Environmental Protection Agency (EPA): (a) properly documents how overtime is distributed and, if so, identify the process that is used; (b) has a specific breakdown of activities for employees who received overtime during the last 2 fiscal years; and (c) has an effective means for ensuring employees are not compensated overtime for travel.

Background

As shown in Table 1, the EPA reported 163,483 hours of overtime at a cost of \$8,058,913 for fiscal years 2012 through 2013.

Table 1: Overtime hours and costs reported

Fiscal year	No. of employees ¹	Overtime hours	Overtime costs ²
2012	2,219	92,929	\$4,569,651
2013	2,014	70,554	3,489,262
Total		163,483	\$8,058,913

Source: OIG-generated table.

The overtime hours were reported by employees located in 22 Responsible Program Implementation Offices—the 10 regions and 12 program offices at headquarters. Appendix A includes a breakdown of overtime hours and costs reported by each program office/region.

Requirements for Overtime Authorization and Approval

The EPA must adhere to applicable federal regulations and internal policies related to the authorization and approval of overtime.

The Code of Federal Regulations (CFR), at 5 CFR § 550.111, defines overtime as work in excess of 8 hours in a day or in excess of 40 hours in an administrative work week. The regulation also provides that overtime must be officially ordered or approved only in writing by an officer or employee to whom this authority has been specifically delegated.

EPA Pay Administration Manual 3155, Chapter 4, “Overtime Pay and Compensatory Time” (May 17, 1990), Section 5E, provides that overtime must be officially authorized and approved in writing on EPA Form 2560-7, *Request for Overtime Authorization*, before the employee can be compensated for it. Thus, EPA Form 2560-7 is required for the authorization of overtime and compensatory time off in

¹ Excludes OIG employees as they were included in a prior report, discussed in “Other OIG Audit” section below.

² In some instances, while employees incurred overtime hours, due to statutory pay limits, the employee may not have received payment for or received limited payment for the hours reported.

lieu of payment for overtime. Also, overtime and compensatory time should be approved in advance; retroactive approval may be permitted when operational emergencies make it impractical to obtain prior approval. Section 6 provides agency officials the authorization to approve overtime in accordance with governing laws, regulations, and EPA rules and procedures. This section also provides that this authority may be re-delegated to a level that will assure compliance with legal and regulatory requirements.

EPA Form 2560-7 requires, among other things: a justification or reason for the overtime request; the employee's name, hours and dates of proposed overtime; and the signature of the requester and approver. The request form is available in WebForms—a Web-based application designed to permit EPA staff to electronically prepare, submit, route and approve selected agency forms. Because WebForms does not qualify as an electronic recordkeeping system, the record copy of forms must be printed and filed in the appropriate file or captured in EPA's electronic recordkeeping system to comply with federal and agency requirements.

Requirements for Overtime During Travel

The EPA has established policies that address compensation for overtime during travel and other non-overtime-related travel. The EPA policy for overtime during travel is addressed in the *EPA Pay Administration Manual 3155*, Chapter 8, "Premium Pay During Travel and Training." This chapter provides that, to the maximum extent practicable, managers should plan activities and schedule travel so that an employee performs necessary travel away from his or her duty station during his or her regularly scheduled tour of duty. Travel time is not compensable as overtime unless the travel outside the regularly scheduled duty hours is officially ordered or approved. Travel scheduled outside the scheduled tour of duty must be properly authorized on the EPA overtime request form, as provided in Chapter 4 of the manual, before it can be paid.

The EPA policy that addresses travel time that is not compensable as overtime is included in the *EPA Pay Administration Manual*, Chapter 18, "Travel Compensatory Time Off" (TCTO). This policy constitutes the agency's policy on the administration of TCTO, including requesting, approving, earning, crediting and tracking TCTO. The policy allows for TCTO to be authorized for covered employees who perform official travel satisfying all of the following conditions:

- For officially authorized travel outside of an employee's regularly scheduled tour of duty—that is, travel for work purposes.
- For officially authorized travel away from an employee's duty station (generally outside of a 50-mile radius).
- For officially authorized travel that is NOT compensable under any other authority (e.g., overtime pay, regularly scheduled standby duty pay, administratively uncontrollable overtime pay, and law enforcement availability pay).

Requirements for Timekeeping

The PeoplePlus system is the EPA's official payroll and time and attendance system. Employees are responsible for entering hours worked on a bi-weekly basis. PeoplePlus is not an activity-based timekeeping system; rather, it tracks hours by accounting codes. These codes may be a fixed-account number, based on the employee's profile and organizational code, or a non-fixed-account number established for cost recovery purposes pertaining to Superfund sites, oil spills, and/or information technology project codes. While PeoplePlus can provide a general idea of an employees' area of work or site-related work by the accounting codes charged, the system cannot identify specific duties or activities performed. As a result, we were unable to determine the specific breakdown of activities for employees who received overtime during the last 2 fiscal years.

Managers are responsible for approving employee information in PeoplePlus—including employee work schedule changes, overtime and compensatory time—and ensuring that supporting documentation is retained by timekeepers.

Requirements for Records Management

The EPA is responsible for maintaining all records pertaining to the approval of overtime in accordance with EPA records management policies. EPA Resource Management Directive Systems 2540-08-P1, *Payroll: Time and Attendance Reporting*, dated September 5, 2014, requires timekeepers to maintain supporting documentation for approved leave, overtime, compensatory time, and other time and attendance reports in accordance with EPA records management requirements. EPA records management requirements applicable to time and attendance source records are covered in *EPA Records Schedule 0300* and *1005*.

EPA Records Schedule 0300 (December 31, 2013) provides that the agency's PeoplePlus time and attendance data may be closed and destroyed after an audit by the U.S. Government Accountability Office or when the data are 6 years old, whichever is sooner. *EPA Records Schedule 1005* (December 31, 2013) pertains to financial management records and provides that time and attendance source records may be closed and destroyed after a U.S. Government Accountability Office audit or when the records are 6 years old, whichever is sooner.

Responsible Offices

The EPA's Office of the Chief Financial Officer is responsible for formulating and providing time and attendance reporting policies. In addition, the office is responsible for the PeoplePlus system, including:

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

- Providing systems administration.
- Coordinating training.

The EPA's Office of Human Resources, within the Office of Administration and Resources Management, is responsible for agency policy and guidance relevant to time and attendance, including overtime and compensatory time.

Other OIG Audit

On February 4, 2015, the OIG issued a report on how the OIG managed overtime. The report, [*EPA OIG Not Fully Compliant With Overtime Policies*](#) (15-B-0075), disclosed that the OIG did not always use EPA Form 2560-7 for overtime requests and authorization as required by *EPA Pay Administration Manual 3155*. Also, the OIG did not always comply with its own policy on the use of the planned timesheet for advance approval of overtime. This occurred because OIG management did not provide sufficient oversight, and OIG policies were not clear. We also noted the OIG did not retain EPA request forms supporting overtime requests. We recommended that the Deputy Inspector General revise OIG policy as needed and emphasize EPA policy to staff. The Deputy Inspector General agreed with our recommendations and provided milestones for planned corrective actions. On June 2, 2015, the OIG Chief of Staff issued guidance to supervisors in regard to approving and documenting OIG employee overtime work. The recommendations remain open pending full completion of the corrective actions.

Scope and Methodology

We conducted our audit from May 14, 2014, through June 23, 2015, in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States. 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.

Based on the request from the Senator, we limited the scope of our audit to overtime charges³ over a 2-year period (October 2011 through September 2013—fiscal years 2012 and 2013). We held an entrance conference with the agency on May 14, 2014, at the EPA's headquarters in Washington, D.C. We made return site visits to headquarters in 2014 to perform fieldwork during the weeks of June 2, July 7, and August 4.

To determine whether the EPA properly documents how overtime is distributed and the process used, we reviewed agency overtime policies and discussed controls for

³ Overtime charges included some compensatory time that was converted to paid overtime. Our audit did not include unconverted compensatory time.

overtime authorization and approval with agency officials. Based on our review and discussion, we determined that controls for overtime authorization and approval vary depending on the approver. The approvers are usually at the supervisor or manager level and have at least one alternate approver and a timekeeper. The EPA estimated that it has more than 3,300 supervisors, managers and timekeepers. Because of the large number of control points and lack of consistency among overtime approvers, testing of individual control points would be cost prohibitive and ineffective for projecting results. As a result, we looked at overtime usage and not controls over the payment of overtime through the agency’s timekeeping and payroll system. We based our conclusions on substantive testing rather than trying to test the varying internal controls; we designed a substantive test to cover the maximum assumed control risk. We shared our methodology with the agency. The agency expressed no concerns and stated that our approach sounded reasonable.

For our testing, we obtained overtime data from the Compass Data Warehouse—EPA’s accounting system—for the period October 2011 through September 2013. The first step in our sample selection process included the removal of employees with 24 hours or less of overtime, which we considered to be insignificant for review purposes. As shown in Table 2, employees with 24 or less hours represented 13 percent of the total overtime hours reported. Later in this report, Table 5 includes a further breakdown by the range of hours.

Table 2: Employees with 24 or less overtime hours

Fiscal year	No. of employees	Overtime hours	Overtime costs
2012	1,439	11,133	\$607,754
2013	1,384	10,121	535,879
Total		21,254	\$1,143,633
% of Total		13%	14%

Source: OIG-generated table.

For the hours greater than 24, we analyzed the data using a multistep process to select a judgmental sample of employees for testing. The process considered various attributes, including: office, position, grade, hours reported and pattern of overtime. The resulting sample represents eight of 22, or 36 percent, of the program offices/regions that reported overtime. The sample includes employees located in the following program offices/regions:

- Office of the Administrator (OA)
- Office of Administration and Resources Management (OARM)
- Office of the Chief Financial Officer (OCFO)
- Office of Environmental Information (OEI)
- Office of Air and Radiation (OAR)
- Office of Enforcement and Compliance Assurance (OECA)
- Region 2
- Region 3

Table 3 shows the number of employees reviewed in our sample by program office/region, the associated overtime hours, and costs reported. The sample hours and related costs represent 17 percent of the total overtime hours and costs reported from fiscal years 2012 through 2013 (as noted in Table 1).

Table 3: Overtime hours and costs reported

EPA office	No. of employees	Overtime hours reported	Overtime costs reported
OA	5	947	\$43,912
OARM	1	124	5,715
OCFO	6	1,664	72,397
OEI	2	528	37,141
OAR	22	6,782	316,805
OECA	8	5,384	236,781
Region 2	15	9,090	458,911
Region 3	12	4,271	216,745
Total	71	28,791	\$1,388,407

Source: OIG-generated table.

We met with approving officials from each office in our sample to gain an understanding of the process used to authorize and approve overtime. For each employee, we obtained and reviewed PeoplePlus timesheets and the EPA’s overtime request forms to determine whether overtime was authorized and approved in advance, and included a justification or reason for the overtime. In some instances, offices provided email and other correspondence in lieu of the overtime request forms to support approval of overtime; we did not evaluate the emails or correspondence to determine whether the overtime had been authorized and approved. Our analysis focused on compliance with the requirements for the use of the overtime request form as set forth in EPA Manual 3155.

To determine whether the EPA has an effective means for ensuring employees are not compensated overtime for travel, we reviewed agency policy on overtime compensation during travel and TCTO. We met with agency officials to discuss internal controls for overtime during travel and TCTO. Based on these discussions, we learned that, similar to overtime compensation, the authorization and approval for travel-related compensation may vary by office or approver. Based on the EPA policy, in some instances overtime compensation for travel is considered “overtime” and, as such, should follow the requirements for overtime authorization and approval. TCTO is different from regular compensatory time in that it is not converted to overtime if not used within the applicable period. TCTO is forfeited if not used within 26 pay periods after the pay period in which it is credited. Forfeited TCTO has no cash conversion; therefore, under no circumstances may an employee be paid cash for unused TCTO.

Because our overtime data obtained from the Compass Data Warehouse did not distinguish between overtime for travel and regular overtime, we could not

identify the extent to which overtime for travel occurred. However, since approved overtime for travel would follow the same authorization/approval process as regular overtime, the potential existed that overtime for travel could show up in our sample for testing. We did not conduct any substantive testing for TCTO since the focus of the audit was paid overtime compensation.

Results of Review

The EPA has established policies that identify the requirements and general process for the authorization and approval of overtime compensation. However, based on our limited sample, the EPA did not always follow the policy in EPA Manual 3155 requiring the advance authorization and approval of overtime through EPA Form 2560-7. While all offices in our sample acknowledged the overtime request form, it was not consistently used. In many instances, the offices used verbal or other written methods for the advance approval of overtime. Further, when offices did use the request form, officials did not always approve the request form in advance. In addition, employees recorded hours in excess of the authorized amounts, and responsible staff did not always retain the request forms as required by records management policies.

This occurred because management did not provide oversight to ensure compliance with EPA policies pertaining to overtime and records management. As a result of the issues noted, the EPA may have incurred overtime charges without proper authorization, may have made after-the-fact approvals that did not relate to an operational emergency, and did not comply with records management requirements. Without adequate controls and oversight, there is limited assurance that overtime charges are properly authorized or approved in advance or that supporting records are appropriately retained.

The EPA had established specific policies that address overtime during travel. Employees can only be compensated for overtime during travel when officially ordered and approved. For other circumstances, employees are entitled to receive TCTO. Our analysis of the justifications or reasons for overtime on overtime request forms provided by the various EPA offices did not identify any instances of overtime requested during travel.

Overtime Request Form Not Always Prepared or Retained, and Hours Were Incurred in Advance of Approval and in Excess of Authorized Amounts

EPA policy requires the completion of EPA Form 2560-7 for overtime requests and authorization. EPA Resource Management Directive System 2540-08-P1, *Payroll: Time and Attendance Reporting*, requires timekeepers to maintain supporting documentation for approved leave, overtime, compensatory time, and other time and attendance reports in accordance with EPA records management requirements. As shown in Table 4, our sample identified that EPA:

- Did not provide overtime request forms to support 14,494⁴ of the 27,817 overtime hours recorded in PeoplePlus.
- Did not authorize and approve in advance 3,193 of the 13,324 hours included on the overtime request forms provided to the OIG.

Table 4: Results of analysis of sampled overtime hours recorded in PeoplePlus

EPA office/ region	Hours recorded in PeoplePlus	Hours not supported by request form	Hours supported by request form	Hours supported by request form that were not approved in advance
OA	905	905	0	NA
OARM	124	0	124	30
OCFO	1,875	1,117	758	285
OEI	450	310	140	123
OECA	5,250	1,838	3,412	280
OAR	6,355	5,147	1,209	469
Region 2	8,016	3,772	4,244	1,167
Region 3	4,842	1,405	3,437	839
Total	27,817⁵	14,494	13,324	3,193

Source: OIG-generated table.

Based on our interviews with management officials, most offices acknowledged the requirement to use the request form. However, as discussed in the results by program offices and regions below, not all offices/regions consistently used the request form, for various reasons.

OA Results

The OA sample included four employees in administrative positions and one driver within the executive office. OA officials informed the OIG that it completes the request form via WebForms and in hardcopy, and that the OA timekeeper retains the request forms. However, the timekeeper could not locate the request forms to support any of the 905 overtime hours recorded in PeoplePlus. OA management said that while they were unable to locate the request forms, they do believe the employees had permission and the work was performed as indicated on the timecards. Because OA did not provide the request forms, we could not identify a justification or reason for the overtime charges.

⁴ This amount includes hours with no supporting forms due to compensatory time converted to overtime and hours in excess of hours approved on the forms.

⁵ Overtime hours were obtained from PeoplePlus timesheets and may include various forms of overtime (such as overtime, overtime in schedule, holiday work or compensatory time earned). Hours do not include differential pay. Hours recorded in PeoplePlus did not always equal the hours reported in the Compass Data Warehouse due to payment of unused compensatory time and differential pay.

OA management also discussed and provided a copy of an internal memorandum issued to the immediate office employees and staff office directors on March 13, 2014. The memorandum emphasized that requests for overtime/compensatory time authorization (EPA Form 2560-7) must be approved by a supervisor prior to working extra hours. It also stated that overtime or compensatory time would not be approved in PeoplePlus if the timekeepers did not have a supervisor-approved form.

OARM Results

The OARM sample included one employee—a security specialist. OARM officials informed the OIG that the office completes the request form via WebForms. Our analysis of the 124 hours of overtime recorded in PeoplePlus showed that OARM completed the request form for all of the hours, but only 94 of the 124 hours were approved in advance. We could not determine from the request forms why the remaining 30 hours were not approved in advance. OARM cited some of the after-the-fact approvals as due to emergency call-in situations, which is allowable per EPA policy. The hours recorded exceeded the authorized hours on the request form by four. All request forms included a justification or reason, including: public address system testing, addressing emergency system issues, and serving as duty officer during Hurricane Sandy.

OCFO Results

The OCFO sample included six program analysts (lead and supervisory). OCFO officials informed the OIG that the office completes the request form via WebForms, may utilize email, or obtain verbal approval for the authorization and approval of overtime hours. Our analysis of the 1,875 overtime hours recorded in PeoplePlus showed that OCFO completed the request form for 758, or 40 percent, of the total hours. Of those 758 hours, only 473 were authorized in advance. We could not determine from the request form why 285 hours were not approved in advance. Also, the hours recorded exceeded the hours authorized on the request form by 179. The request forms included a justification or reason for the hours that pertained to budget and operation planning and analysis.

OEI Results

The OEI sample included two information technology specialists. OEI officials informed the OIG that the office completes the request form via WebForms. The request forms are routed to the supervisor for approval and a copy is sent to the timekeeper. OEI indicated that, due to the nature of its work, there were times when verbal or after-the-fact approval was given. Our analysis of the 450 overtime hours recorded in PeoplePlus showed that OEI completed the request form for 140, or 31 percent, of the hours. Of those 140 hours, only 17 were approved in advance. We could not determine from the

request forms why the remaining 123 hours were not approved in advance. However, given the nature of the work performed, the potential existed that the hours were incurred due to an operational emergency, which is allowable per EPA policy. The hours recorded did not exceed the authorized hours. A justification or reason for the hours primarily pertained to addressing EPA computer center and network issues.

OECA Results

The OECA sample included seven criminal investigators and one operations support specialist within OECA's Office of Criminal Enforcement, Forensics and Training. OECA officials informed the OIG that overtime is approved in advance based on the protection service detail schedule. The special agent in charge completes and approves the request form for employees with scheduled overtime, and the form is forwarded to the Office of Criminal Enforcement, Forensics and Training program analyst to retain. Our analysis of the 5,250 overtime hours recorded in PeoplePlus showed that OECA completed the request form for 3,412, or 65 percent, of the hours. However, only 3,132 hours were approved in advance. We could not determine from the request form why the remaining 280 hours were not approved in advance. The hours recorded exceeded the authorized hours by 212. Most of the request forms included a justification or reason for the hours that pertained to a detail for the protection of the EPA Administrator.

OAR Results

The OAR sample included 13 engineers and specialists within the Office of Transportation and Air Quality (OTAQ), at the Ann Arbor Laboratory. OTAQ officials informed the OIG that, prior to March 2013, each of the four divisions within OTAQ followed different processes for authorization and approval of overtime. These processes included email, verbal communications, and in some instances use of the request form. OTAQ officials said they did not universally use or mandate the use of the request form/process in WebForms. Rather, each division and their sub-units established their own protocols and processes for tracking and documenting the use of overtime.

Beginning in March 2013, OTAQ officials said that their immediate office used an additional authorization level that requires each division to obtain approval from the immediate office to assign and authorize overtime to any employee. Officials stated that the approvals are typically made via email or verbally. Each division then uses the email, conversation or request form, and reconciles/documents the approval by approving the employee's PeoplePlus timesheet. Officials stated that PeoplePlus is the official record of the authorization/approval of the hours worked.

Our analysis of the 6,355 overtime hours recorded in PeoplePlus showed that OTAQ completed the request form for 1,209, or 19 percent, of the overtime hours. Only 739 of those hours were approved in advance. We could not determine from the request forms why the remaining 469 hours were not approved in advance. The hours recorded exceeded the authorized hours by 65. A justification or reason for the hours was included on most of the request forms. The hours primarily pertained to work in the metrology laboratory and with the central gas system.

Region 2 Results

The Region 2 sample included 15 on-scene coordinators within the Emergency and Remedial Response Division. Division officials informed the OIG that due to the nature of the work in emergency and disaster responses, the first-line supervisor notifies the Branch Chief of employees' overtime needs verbally or via email. Once the Branch Chief has agreed with the request, the information is sent to administrative staff, who prepare the request form. The request form is submitted to the Division Director for approval. Approved forms are forwarded to the administrative staff to retain.

Our analysis of the 8,016 overtime hours recorded in PeoplePlus showed that the Emergency and Remedial Response Division completed the request form for 4,033, or 50 percent, of the hours. However, only 3,076 of the hours were approved in advance. We could not determine from the request forms why the remaining 1,167 hours were not approved in advance. However, given the nature of the work performed by the division, the hours could potentially relate to operational emergency situations, which is allowed per EPA policy. The hours recorded exceeded the authorized hours by 1,594. All forms included a justification or reason for the requested hours. The hours primarily pertained to work with natural disasters, including Hurricane Sandy.

Region 3 Results

The Region 3 sample included 12 on-scene coordinators and financial specialists within the Hazardous Site Cleanup Division. Division officials informed the OIG that the employees complete the request form for the authorization and approval of overtime hours. In the event the employee is unable to complete the request form, the administrative assistant or first-line supervisor will submit the request on their behalf. The request form is submitted to the first-line supervisor, second-line supervisor, and Division Director for signature. Approved request forms are forwarded to the timekeeper to retain.

Our analysis of 4,842 overtime hours showed that the Hazardous Site Cleanup Division completed the request form for 3,437, or 71 percent, of the hours recorded in PeoplePlus. However, only 2,598 of the hours were approved in

advance. We could not determine why the remaining 839 hours were not approved in advance. Given the nature of the work performed by the division, the hours could potentially relate to operational emergency situations, which is allowed per EPA policy. The hours recorded exceeded the authorized hours by 316. All of the request forms included a justification or reason for the overtime request. The request forms showed that the hours primarily pertained to removal activities at hazardous sites.

OIG Observation

As shown above in Table 1, data from EPA’s Compass Data Warehouse showed 163,483 overtime hours at a cost of \$8,058,913 for FYs 2012 and 2013. Individual employee overtime charges ranged from 0.01 (1 minute) to 2,398 hours, with costs ranging from \$0.1 to \$40,167.⁶ The OIG’s analysis of this data showed a significant number of instances where employees reported less than 24 hours of overtime, as shown in Table 5.

Table 5: Employees with 24 or less overtime hours for fiscal years 2012 and 2013

Fiscal Year 2012			
Range of hours	No. of employees	Overtime hours	Overtime costs
.01 to .99	164	53	\$3,832
≥1 to 4	384	955	53,048
> 4 to 8	353	2,300	125,394
> 8 to 16	351	4,084	215,462
> 16 to 24	186	3,741	210,017
Total		11,133	\$607,753
Fiscal Year 2013			
Range of hours	No. of employees	Overtime hours	Overtime costs
.01 to .99	192	64	\$3,858
≥ 1 to 4	375	896	47,139
>4 to 8	330	2,110	116,352
>8 to 16	316	3,678	192,089
>16 to 24	170	3,374	176,441
Total		10,122	\$535,879
Total FY 2012 & 2013		21,253	\$1,143,632

Source: OIG-generated table.

In comparison, employees⁷ over the 2-year period accumulating less than 24 hours a year represent over two-thirds, or 67 percent, of all employees earning overtime. However, overtime charges for these employees represented only 13 percent of the total hours and only 14 percent of the total costs.

⁶ There is not necessarily a correlation between the overtime hours reported and the overtime costs incurred due to statutory pay limitations. As demonstrated by the overtime data, one employee who charged 2,398 overtime hours received only \$28,719, whereas, another employee who charged 784 overtime hours received \$32,011.

⁷ In many instances, employees earned overtime in both fiscal years.

When broken down further, employees accumulating less than 8 hours of overtime charges a year represent 42 percent of the total overtime charges for the 2 years, but only 4 percent of the total hours and costs. An inordinate amount of administrative cost is being incurred for a small percentage of total hours and total overtime charges. While some instances may have been unavoidable, better time management could eliminate numerous other instances, reducing not only the overtime costs but the administrative costs associated with the approval, management and documentation of overtime.

Recommendation

We recommend that the Deputy Administrator:

1. Ensure management and employees comply with EPA overtime policies, including the requirement to use EPA Form 2560-7 to document overtime authorization; obtain advance approval for overtime hours; and follow EPA records management policies.

Agency Comments and OIG Evaluation

A discussion document was provided to the agency for comment on June 23, 2015. The agency provided us its formal response on July 17, 2015, and we held a final exit conference with agency officials on August 4, 2015.

The agency concurred with our recommendation and the acting Deputy Administrator issued a mass mailer on June 24, 2015, to all EPA employees reminding them to comply with EPA overtime policies, use EPA Form 2560-7, obtain advance approval for overtime hours, and follow EPA records management policies to correct the timekeeping errors identified. The agency plans to send an email to supervisors by the end of fourth quarter 2015 reminding them that overtime approval authority resides at the Division Director level unless re-delegated.

The agency's full response to our discussion draft is in Appendix B of this report.

Status of Recommendations and Potential Monetary Benefits

RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status ¹	Action Official	Planned Completion Date	Claimed Amount	Agreed-To Amount
1	13	Ensure management and employees comply with EPA overtime policies, including the requirement to use EPA Form 2560-7 to document overtime authorization; obtain advance approval for overtime hours; and follow EPA records management policies.	O	Deputy Administrator	9/30/15		

¹ O = Recommendation is open with agreed-to corrective actions pending.

C = Recommendation is closed with all agreed-to actions completed.

U = Recommendation is unresolved with resolution efforts in progress.

Fiscal Years 2012 and 2013 Overtime Hours and Costs Reported by Program Office/Region

Responsible program office	Description of program office/region	Overtime hours	Overtime costs
1	Region 1	6,540	\$344,958
2	Region 2	33,006	1,698,040
3	Region 3	11,130	463,549
4	Region 4	10,459	499,473
5	Region 5	16,072	772,780
6	Region 6	6,727	333,271
7	Region 7	3,893	189,205
8	Region 8	5,804	306,124
9	Region 9	3,874	237,953
10	Region 10	2,563	142,979
11	Office of the Administrator	3,154	152,565
13	Office of International and Tribal Affairs	102	6,362
16	Office of Administration and Resources Management	3,865	164,190
17	Office of the Chief Financial Officer	16,536	689,417
18	Office of Environmental Information	1,442	94,760
20	Office of Chemical Safety and Pollution Prevention	425	23,198
26	Office of Research and Development	6,949	319,935
27	Office of Air and Radiation	15,255	778,426
30	Office of Water	1,287	76,769
39	Office of General Counsel	272	17,708
75	Office of Solid Waste and Emergency Response	6,036	287,959
77	Office of Enforcement and Compliance Assurance	8,092	459,292
	Total	163,483	\$8,058,913

Source: OIG-generated table.

Agency Response to Discussion Draft

MEMORANDUM

SUBJECT: EPA Comments on Discussion Document, *EPA Not Fully Compliant with Overtime Policies*, Project No. OA-FY14-0245, dated June 23, 2015

FROM: Karl Brooks, Acting Assistant Administrator

TO: Robert Adachi, Director
Forensics Audits

Thank you for the opportunity to review the discussion document. Below is the agency's response to the report recommendation.

Background:

On April 9, 2014, a U.S. Senator requested that the EPA Office of Inspector General review the process the agency uses to determine and track overtime compensation for EPA employees. The OIG examined whether the agency: (a) properly documented how overtime hours were distributed across the agency and identified the process used for overtime authorization and approvals, (b) had a breakdown of activities for employees who received overtime during the last two fiscal years, and (c) had an effective means for ensuring that employees are not compensated overtime for travel.

Agency Response to Recommendation:

The agency concurs with the discussion document recommendation and provides the following corrective actions and estimated completion dates.

No.	Recommendation	High-Level Intended Corrective Action(s)	Estimated Completion by Quarter and FY
1	We recommend that the [Acting] Deputy Administrator ensure management and employees comply with EPA overtime policies including the requirement to use EPA Form 2560-7 to document overtime authorization; obtain advance approval for overtime hours; and follow EPA records management policies.	The Acting Deputy Administrator issued a mass mailer to all EPA employees reminding them to comply with EPA overtime policies, use EPA Form 2560-7, obtain advance approval for overtime hours, and follow EPA records management policies.	Completed, June 24, 2015.

		<p>The Office of Human Resources Director will send an email to supervisors/managers reminding them that overtime approval authority resides at the division director level unless redelegated. Questions regarding overtime approval authority can be directed to each organization's HR officer.</p>	<p>Q4, FY15.</p>
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OARM believes the agency has met the intent of the OIG recommendation and no additional follow-up actions are required.

Please contact Susan Kantrowitz, director, Office of Human Resources, should you have any questions regarding this response. She can be reached at (202) 564-4606.

- cc: Donna Vizian
Marian Cooper
Susan Kantrowitz
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