



# At a Glance

## Why We Did This Review

We conducted this audit to determine whether the U.S. Environmental Protection Agency (EPA) had established and implemented internal controls for the Voluntary Leave Bank Program to prevent and detect fraud, waste and abuse in the program.

The EPA established its Voluntary Leave Bank Program, managed by the Office of Administration and Resources Management, in 1988. The leave bank provides assistance to federal employees who would be facing a significant financial hardship due to a medical emergency. Participating employees can receive leave contributions from the leave bank when they have exhausted their accrued leave hours and are experiencing a medical emergency. As of June 30, 2016, the EPA's voluntary leave bank balance was 249,789 hours, which we valued at about \$10.8 million.

### This report addresses the following:

- *Operating efficiently and effectively.*

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## ***EPA Needs to Increase Oversight of Leave Bank Program to Improve Efficiency and Reduce Risk of Misuse***

### What We Found

The EPA did not adequately manage the Voluntary Leave Bank Program to assess the solvency or efficiency of the program, adequately safeguard personal employee information, or minimize the potential for misuse. The EPA did not routinely monitor the bank balance or the bank's solvency. Further, the EPA did not periodically assess whether adjustments were needed to the maximum number of hours that employees could use, or to the minimum number of hours an employee was required to contribute annually. Also, the Leave Bank Board did not routinely assess and verify medical certifications to approve an application and determine how many hours should be provided. Inaccurate timekeeping data incorrectly showed that leave bank recipients used more than the allowed 280 hours per leave year and conflicted with the payroll system.

**The stewardship of leave bank resources is vulnerable to fraud, waste and misuse because the EPA has not implemented adequate internal controls.**

These conditions occurred because the EPA Office of Administration and Resources Management did not develop and implement official policies and procedures to administer the leave bank and govern the actions of the Leave Bank Board. Also, the timekeeping system did not have working controls to prevent employees from entering more than the leave bank hours allowed. As a result, the EPA cannot adequately determine whether the leave bank program is solvent; determine whether the hours in the bank exceed needs; adequately protect against fraud, waste and abuse; or provide supervisors with reliable information to properly verify employees' time.

### Recommendations and Planned Agency Corrective Actions

We recommend that the Assistant Administrator for Administration and Resources Management develop and implement official policies and procedures for administering the program, conduct a risk assessment of the program, and gather and analyze the required Voluntary Leave Bank Program data and provide the results to leave bank managers for use in decision-making. In addition, we recommend that the Assistant Administrator for Administration and Resources Management and the Chief Financial Officer work together to develop and implement a method for supervisors to view real-time data of employee leave bank and leave transfer balances, and issue guidance and train supervisors on the leave bank and leave transfer programs and their roles and responsibilities for approving timesheets of employees using the leave programs.

The agency concurred with our six recommendations. The agency has completed corrective actions for three of the recommendations, and we consider the planned corrective actions for the other three recommendations to be acceptable.