



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

THE INSPECTOR GENERAL

MAR 29 2018

MEMORANDUM

SUBJECT: Action Plan for Office of Inspector General Report No. 17-P-0410,
*Management Alert: Controls Failed to Prevent Employee from Receiving
Payment in Excess of Statutory Limit*, issued September 27, 2017

FROM: Arthur A. Elkins Jr. 

TO: David A. Bloom, Deputy Chief Financial Officer

Thank you for your memorandum of January 17, 2018, which included the agency's revised explanation and corrective actions plan for the subject report. Upon review we do not consider the completed corrective actions acceptable for the recommendations, and a further response is required. An explanation of our concerns for each recommendation follows:

Recommendation 1: Design and implement new controls to prevent the reoccurrence of unauthorized payments that will put an employee above the annual statutory pay cap.

The agency's response stated there was no need to design or implement new controls because the manual override process that caused the overpayment was eliminated in February 2017. We confirmed that the manual override contributed to the overpayment of the employee and another override contributed to the employee being overpaid in calendar year 2017. However, the agency has not demonstrated that any additional internal controls have been made that would prevent an unauthorized payment from occurring other than those controls provided by its payroll provider.

Recommendation 2: Determine whether similar unauthorized payments above the annual statutory pay cap have been made to other EPA employees.

The agency's response asserts that an analysis was conducted and two additional employees received pay in excess of the statutory limit, and stated that "No other employees meeting similar criteria were identified." The agency's response neither identified the scope of its analysis nor identified the cause(s) for the instances it identified. Without adequate details concerning the scope of the agency's review, we consider the corrective action to be incomplete.

Recommendation 3: Recover any overpayments above the annual statutory pay cap.

The agency's response asserts the debt was established for one employee whose request for a waiver was subsequently denied. However, the Office of General Counsel (OGC), while denying the waiver, terminated the debt on the grounds that it would be costly and time consuming for the agency to pursue and it would not yield any recoverable amounts. The Office of the Chief Financial Officer terminated the lesser debts for the two other employees based on the OGC decision. The

agency has not provided documentation to support the OGC basis for termination of the debt nor that the debt was recouped to prevent exceeding the statutory pay cap in calendar year 2017. Without adequate details concerning the basis and methodology of the OGC's decision and verification that the pay cap was not exceeded for calendar year 2017, we continue to consider the response incomplete.

In accordance with EPA Manual 2750, we request that you resubmit new planned corrective actions, including requested supporting data, within 30 days of the date of this memorandum.

If you or your staff have any questions, please contact Kevin Christensen, Assistant Inspector General for Audit and Evaluation, at (202) 566-1007 or christensen.kevin@epa.gov; or John Trefry, Director, Forensic Audits, at (202) 566-2474 or trefry.john@epa.gov.

cc: Bobbie Trent, Audit Follow-Up Coordinator, Office of the Chief Financial Officer
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