



At a Glance

Why We Did This Review

On August 27, 2013, a member of the U.S. Senate Committee on Environment and Public Works requested that the U.S. Environmental Protection Agency (EPA), Office of Inspector General (OIG), initiate work in connection with a fraud committed by John C. Beale, a former Senior Policy Advisor with the EPA's Office of Air and Radiation. In particular, the committee member asked the OIG to determine EPA policies and processes that "facilitated" Beale's fraud. Although the EPA authorized retention incentive pay to Beale until 2003, the agency continued to make retention incentive payments to him until 2013.

This report addresses the following EPA theme:

- *Embracing EPA as a high performing organization.*

For further information, contact our public affairs office at (202) 566-2391.

The full report is at:
www.epa.gov/oig/reports/2014/20140502-14-P-0245.pdf

EPA Compliance With Retention Incentive Regulations and Policies

What We Found

The EPA did not comply with Office of Personnel Management regulations or agency policies on retention incentive pay. From 2006 through 2013, retention incentives were paid to 13 EPA employees totaling \$667,376. Eleven employees received retention incentive pay totaling \$481,819.

For 10 of the employees, no documentation of the required annual recertification was available. One employee received retention incentive pay for 4 years beyond the date of a promotion.

EPA did not comply with Office of Personnel Management regulations or agency policies on retention incentive pay.

EPA employees received unauthorized retention pay due to:

- Agency and management confusion over the requirement for annual recertification of retention incentive pay.
- The agency's human resource system lacking internal controls to track, notify and automatically discontinue retention incentive pay if not properly authorized.
- Lack of follow-up by the EPA's Office of Human Resources regarding coding errors for terminated retention incentives.
- Lack of follow-up by EPA managers and employees regarding the status of outstanding actions being processed by the EPA's Office of Human Resources.

Recommendations and Agency Corrective Actions

We recommend that the Assistant Administrator for Administration and Resources Management and the Chief Financial Officer:

- Determine if any additional evidence exists to justify a retention incentive. If unjustified, pursue action to recover retention incentive payments made to EPA employees.
- Pursue action to recover the unauthorized retention incentive amounts paid to the EPA employees who received retention incentive pay beyond their promotion date or authorized end date.

The agency agreed with the recommendations. The agency is working to find additional evidence to determine if retention incentive payments were justified, and has initiated the collection processes for the two overpayment cases.