



At a Glance

Catalyst for Improving the Environment

Why We Did This Audit

We performed this audit to determine what costs were included in the Working Capital Fund (WCF) overhead and the value added by the overhead costs, and to identify opportunities for WCF cost savings.

Background

The U.S. Environmental Protection Agency's (EPA's) WCF began in Fiscal Year 1997. The role of the WCF is to provide a centralized source of administrative and support services for EPA. The WCF strives to reduce the costs of services in the Agency through improved efficiencies gained by achieving economies of scale, greater consumer bargaining power, and reduction in overhead.

For further information, contact our Office of Congressional, Public affairs and Management at (202) 566-2391.

To view the full report, click on the following link:
www.epa.gov/oig/reports/2009/20090330-09-P-0129.pdf

EPA Can Improve Managing of Working Capital Fund Overhead Costs

What We Found

While we did not identify any significant cost savings for the WCF, we did identify two areas requiring management attention:

- The WCF staffing process is not fully documented. Office of Technology Operations and Planning (OTOP) management allocates the number of Full-Time Equivalents to WCF cost centers based on discussions during annual budget formulation. Documentation supporting staffing allocations was minimal, and we did not identify any policies documenting the process.
- We identified three issues relating to unreasonable allocation of WCF employee time. Two OTOP employees had travel costs assigned to the WCF but no related payroll costs. Salary costs for 4 managers were allocated entirely to the WCF even though 5 of the 53 employees they supervised did not charge time to the WCF. An OTOP employee went on a detail outside the WCF but the employee's time continued to be charged to the WCF.

What We Recommend

We recommend that the OTOP Director document the WCF staffing process and methodology. We also made recommendations to address the unreasonable allocations noted. In response to the draft report, EPA agreed with our recommendations and its proposed corrective actions should address our recommendations.