U.S. Environmental Protection Agency
Office of Inspector General

16-P-0048
November 30, 2015

At a Glance

Why We Did This Audit

The U.S. Environmental Protection Agency (EPA) Office of Inspector General (OIG) received a hotline complaint alleging that the EPA's Office of the Chief Financial Officer (OCFO) intended to pay a $250,000 bonus to a newly hired employee because it was unable to provide relocation expenses for the employee. The new hire was for the position of Director, Research Triangle Park (RTP) Finance Center, in North Carolina. Our objective was to determine the validity of the allegation and identify the basis for any bonus payments made to the employee.

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

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

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Listing of OIG reports.

Awards Made by EPA's Office of the Chief Financial Officer Raise Questions

What We Found

The EPA's OCFO did not pay the alleged intended $250,000 bonus to the newly hired Director of the RTP Finance Center. However, the Director did receive two individual cash awards of $4,500 each within 3 months of her start date. OCFO justified the awards as follows:

OCFO's unprecedented award of $9,000 in bonuses to a Director less than 3 months after being hired raises questions about the reasonableness of the awards and how the OCFO uses the awards process.

- The justification for the first award, within 6 weeks of the Director's start date, stated that the Director "…took extraordinary initiative to assist the Acting Chief Financial Officer in a final decision to transition the EPA to a fully automated invoice processing system…."
- The justification for the second award, 6 weeks after the first award, stated that "Despite delays of the planned OCFO reorganization, [the Director] has put into place initiatives to reorganize the RTP Finance Center to provide more efficient operations."

The total award amount of $9,000 represented approximately 25 percent of the Director's salary for the 3-month time period. Based on discussions with OCFO management, this was an unprecedented amount by OCFO for such a short period of time after a person being hired. OCFO had considered a third award, but indicated that because of the OIG review the award was never processed.

Although the individual awards were compliant with federal regulations and EPA award policies and procedures, the amounts, justifications and timing raise questions about the reasonableness of the awards, as well as how OCFO used the awards process.

Recommendations and Planned Agency Corrective Actions

We recommend that the Deputy Administrator revisit the awards to determine whether they are reasonable and properly justified and, if needed, take appropriate action. For future awards, we recommend that the agency establish and require a proper level of management review for multiple awards that total in excess of $5,000. The agency concurred with the recommendations. The agency indicated management officials will be required to take mandatory training related to recruitment incentives and monetary recognition for employee performance, and the agency will review the actions of the appropriate management officials in this matter and propose any corrective or disciplinary action if appropriate. The agency did not provide completion dates for all the planned corrective actions.