

Audit of the EPA's Telework and Remote Work Program Locality Pay

May 21, 2025 | Report No. 25-P-0031



Report Contributors

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Abbreviations

EPA	U.S. Environmental Protection Agency
IP	Internet Protocol
OIG	Office of Inspector General
PIV	Personal Identity Verification

Key Definition

IP Address The unique identifying number assigned to every device connected to the internet.

Cover Image

The U.S. map depicts telework and remote worksite locations and the locality pay element plotted in each regional city. (EPA OIG image)

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OFFICE OF INSPECTOR GENERAL
U.S. ENVIRONMENTAL PROTECTION AGENCY

May 21, 2025

MEMORANDUM

SUBJECT: Audit of the EPA's Telework and Remote Work Program Locality
Pay Report No. 25-P-0031

FROM: Nicole N. Murley, Acting Inspector General *Nicole N. Murley*

TO: Michael Molina, Principal Deputy Assistant Administrator
Office of Mission Support

Gregg Treml, Acting Chief Financial Officer

This is our report on the subject audit conducted by the U.S. Environmental Protection Agency Office of Inspector General. The project number for this audit was OA-FY24-0119. This report contains findings that describe the problems the OIG has identified and corrective actions the OIG recommends. Final determinations on matters in this report will be made by EPA managers in accordance with established audit resolution procedures.

The Office of Mission Support and the Office of the Chief Financial Officer are responsible for the issues discussed in this report.

In accordance with EPA Manual 2750, your office provided acceptable planned corrective actions and estimated milestone dates in response to OIG recommendations. All recommendations are resolved, and no final response to this report is required. If you submit a response, however, it will be posted on the OIG's website, along with our memorandum commenting on your response. Your response should be provided as an Adobe PDF file that complies with the requirements of section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that you do not want to be released to the public; if your response contains such data, you should identify the data for redaction or removal along with corresponding justification.

We will post this report to our website at www.epaoig.gov.

Background

We initiated this audit in September 2024 when the EPA's telework and remote work program and policies were different. On January 20, 2025, the president issued a presidential memorandum titled

“Return to In-person Work,” which directed agencies to take actions to terminate remote work agreements. On February 12, 2025, the EPA rescinded all regular telework and remote work agreements with specific exclusions and required all employees to report full-time to Agency worksites beginning on specific dates outlined in an email. As a result, there may be employees who change their worksite location to meet the requirement. Although the majority of EPA employees have returned to in-person work, military spouses are exempt from this requirement, telework may still be granted as a reasonable accommodation, and medical telework may be authorized.

The Telework Enhancement Act of 2010 required the Office of Personnel Management to provide policy and guidance for telework in the areas of pay and leave. The Office of Personnel Management’s regulation 5 C.F.R. § 531.605(a)(1), “Determining an employee’s official worksite,” states that the official worksite is the location where the employee regularly performs his or her duties. Regulation 5 C.F.R § 531.605(d)(1) states that for an employee covered by a telework agreement, if the employee is scheduled to work at least twice each pay period on a regular basis at a regular worksite, that worksite is the employee’s official worksite. Further, 5 C.F.R. § 531.604, “Determining an employee’s locality rate,” states that a locality rate is determined by the locality pay area in which the employee’s official worksite is located.

When hired, federal employees are assigned a locality pay rate based on the geographical location or specific locality pay area of the employee’s official worksite address, commonly known as a duty station. An employee’s duty station may or may not be in the same office, building, or state as the employee’s supervisor. A remote work employee’s locality pay is based on the employee’s remote worksite address, which is generally the employee’s home address. The assigned duty station is recorded in the employee’s personnel file within the Federal Personnel and Payroll System. Federal guidance identifies multiple pay localities that cover all 50 states plus Washington, D.C., and the U.S. territories. Federal agencies pay employees a locality rate in addition to their base pay, regardless of whether they report full-time to an agency worksite in-person, telework, or work remotely. Employees enter the address of their alternative work location or duty station into a telework or remote work agreement, as applicable.

The EPA provides employees with a computer and a personal identity verification, or PIV, card. The PIV card is designed to link a person's identity to a credential, which gives the employee the ability to physically access federally controlled buildings and information systems. Telework and remote work employees can connect their computers to the EPA’s network from their worksite location through a virtual private network. The virtual private network allows an employee to communicate and transfer data over the network after it securely authenticates the employee through the credentials provided by the PIV card and a personal identification number created by the employee.

Per the EPA’s *Telework Policy*, EPA Order 3110.32, and its *Remote Work Policy*, EPA Order 3110.32A, both approved on November 17, 2021, which were in effect during the period we audited, supervisors are responsible for overseeing day-to-day telework and remote work operations, as well as modifying telework or remote work agreements when there are changes to employees’ worksite locations. Further,

the supervisor is responsible for initiating a personnel action to change an employee's official duty station when an employee requests a location change. On February 24, 2025, the EPA replaced its telework and remote work policies with one combined policy, *Telework and Remote Work Policy*, EPA Order 3110.32. The updated policy did not change requirements for the areas relevant to our audit.

The Office of Management and Budget Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, provides guidance to federal managers on improving the accountability and effectiveness of federal programs and operations by identifying and managing risks; and establishing requirements to assess, correct, and report on the effectiveness of internal controls. The circular states that management is responsible for establishing and maintaining internal controls to achieve specific objectives related to operations, reporting, and compliance. Also, management has overall responsibility for establishing internal controls to manage the risk of fraud.

Responsible Offices

The EPA Office of Mission Support is responsible for leading the Agency's support functions including human capital, information technology, and information management activities. The Office of Human Resources Strategy within Office of Mission Support is responsible for the Agency's strategic human capital work, consolidating data and analytics, and issuing policies. Also, the Office of Mission Support's Office of Human Capital Operations is responsible for processing changes in the Federal Personnel and Payroll System by using a Standard Form 50 whenever there is an approved duty station change for an Agency employee. The EPA's Office of the Chief Financial Officer is responsible for the management of time and attendance reporting processes and tools, which includes accounting for telework and remote work hours in the EPA's time and attendance system.

Scope and Methodology

We conducted this performance audit from September 2024 through April 2025 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We assessed the internal controls necessary to satisfy our audit objective.¹ Because our audit was limited to the internal control components deemed significant to our audit objective, it may not have disclosed all internal control deficiencies that may have existed at the time of the audit. Any internal control deficiencies we found are discussed in this report.

¹ An entity designs, implements, and operates internal controls to achieve its objectives related to operations, reporting, and compliance. The U.S. Government Accountability Office sets internal control standards for federal entities in GAO-14-704G, *Standards for Internal Control in the Federal Government*, issued September 10, 2014.

To accomplish our work, we reviewed statutes, regulations, policies, and guidance relating to telework, remote work, and locality pay. We requested and the EPA provided data from the EPA's time and attendance system and the Federal Personnel and Payroll System. We analyzed badging data and Internet Protocol, or IP, data for telework and remote work activities from December 31, 2023, through September 21, 2024. We held interviews with the EPA staff governing locality pay, telework, and remote work programs. We identified and reviewed 19 OIG Hotline complaints related to telework and locality pay. Of those, ten complaints alleged telework misuse and nine alleged locality pay violations pertaining to remote work.

For the audit, we used a commercially available IP geolocation software tool to help identify an employee's location based on the IP address that was assigned to that individual's computer by an internet service provider when the employee established a connection to the EPA virtual private network. The IP geolocation tool can help identify potential discrepancies between an employee's documented duty station and actual worksite location. For example, if an employee's Federal Personnel and Payroll System record lists one locality (as established by the Office of Personnel Management's Duty Station Locator System) but his or her IP address assigned by the internet service provider lists another, the discrepancy could indicate either misuse of the telework or remote work program, or time and attendance fraud. However, such an indication requires verification for accuracy, which was outside the scope of this audit.

Results

The EPA cannot ensure that employees are paid the correct locality pay because it does not have comprehensive or reliable data to verify employees' worksite locations. According to the Office of Management and Budget Circular A-123, agency management is responsible for establishing and maintaining internal controls related to operations and managing risk. While locality pay is determined by the location from which employees regularly work, the EPA has not implemented an effective control mechanism to periodically verify that an employee's work location is consistent with his or her assigned locality pay. The EPA relies on supervisors to monitor employees' compliance with the telework and remote work policy and agreement as well as employees' other time and attendance requirements. However, supervisors rely on employees to self-certify their time and attendance and worksite locations. Also, supervisors may or may not be at the same worksite location as their subordinate employees.

We requested agencywide personnel data and PIV card building access data for all EPA locations for December 31, 2023, through September 21, 2024, but encountered problems with the data we received. The Agency provided building location data for 48 buildings, or 18 percent of the EPA's total number of buildings. The EPA Real Property dashboard, which collects data from the Agency Asset Management System, indicates that as of March 13, 2025, there were 262 EPA buildings located across the United States and its territories. According to EPA officials, not all EPA buildings have the infrastructure necessary to collect PIV card building access data. For example, officials stated that Region 2's New York

PIV card building access data were not provided because the building uses an old badging system that stores data for only 90 days before they are written over with new data.

According to Agency officials, the EPA is in a transition period of implementing a new PIV card system in some of its buildings, resulting in those buildings still using the old PIV card system. Consequently, the data we received were not consistent for all Agency locations. Additionally, the data that we received did not include a unique employee identification number for every employee, which prevented us from matching the data with an employee's telework and remote work agreement data from the Federal Personnel and Payroll System. These data issues prevented us from determining whether employees expected to work from an Agency worksite were going to an office, as required.

We also analyzed IP data for December 31, 2023, through September 21, 2024, and obtained data for 16,288 EPA General-Schedule employees. We performed two high-level analyses of the EPA's IP data and found indications of employees working outside of their assigned duty stations. However, we did not perform further analyses to verify the accuracy of what we found. During our audit, the EPA took steps to better manage its remote work program. The EPA created a Remote Work Pay Locality Alignment Review application to identify data discrepancies between home addresses maintained in the Employee Express automated system and duty stations, which should be the basis of any required locality pay adjustments. According to EPA officials, as of January 11, 2025, the EPA found that four employees had been overpaid a total of \$3,590. The system did not allow the Agency to track whether any employees may have been underpaid.

Overall, the EPA does not have any agencywide requirements for monitoring an employee's worksite location and locality pay. Having a control mechanism or analytical tool to verify the locations of employees is critical to ensuring compliance with federal regulations and EPA policies. Without a mechanism to verify an employee's worksite location against his or her locality pay, the Agency remains at risk of overpaying or underpaying employees.

Recommendation

We recommend that the assistant administrator for Mission Support and the chief financial officer:

1. Collaborate to develop a plan to annually verify whether Agency employees are working in locations that are in accordance with their assigned locality pay.

Agency Response and OIG Assessment

The Agency's response to our draft report is attached. The EPA concurred with our recommendation and provided an acceptable planned corrective action and estimated milestone date. We believe that the proposed corrective action will satisfy the intent of the recommendation. Therefore, we consider our recommendation resolved with corrective action pending.

cc: Lee Zeldin, Administrator
Travis Voyles, Assistant Deputy Administrator
Eric Amidon, Chief of Staff, Office of the Administrator
Wesley J. Carpenter, Deputy Chief of Staff for Management, Office of the Administrator
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Laura Poole, Director, Office of Continuous Improvement, Office of the Chief Financial Officer
Michael Benton, Audit Follow-Up Coordinator, Office of the Administrator
Afreeka Wilson, Audit Follow-Up Coordinator, Office of Mission Support

Status of Recommendation

Rec. No.	Page No.	Recommendation	Status*	Action Official	Planned Completion Date
1	5	Develop a plan to annually verify whether Agency employees are working in locations that are in accordance with their assigned locality pay.	R	Assistant Administrator for Mission Support Chief Financial Officer	12/31/25

* C = Corrective action completed.

R = Recommendation resolved with corrective action pending.

U = Recommendation unresolved with resolution efforts in progress.

Agency Response to the Draft Report



WASHINGTON, D.C. 20460

April 28, 2025

MEMORANDUM

SUBJECT: Response to the Office of Inspector General Draft Report, "Audit of the EPA's Telework and Remote Work Program Locality Pay" Project No. OA-FY24-0119, dated April 11, 2025

FROM: Michael Molina, Principal Deputy Assistant Administrator
Office of Mission Support

**MICHAEL
MOLINA** Digitally signed by
MICHAEL MOLINA
Date: 2025.04.28
17:36:59 -04'00'

Gregg Trembl, Acting Chief Financial Officer
Office of the Chief Financial Officer

A handwritten signature in blue ink, appearing to read "Gregg Trembl".

TO: Gloria Taylor-Upshaw, Director
Business Operations Directorate
Office of Audit

Thank you for the opportunity to respond to the issues and one recommendation in the subject draft audit report. The following is a summary of the U.S. Environmental Protection Agency's overall position, along with its position on the report's recommendation. We have provided a high-level corrective action and estimated completion date.

AGENCY'S OVERALL POSITION

The EPA concurs with recommendation #1.

AGENCY'S RESPONSE TO DRAFT AUDIT RECOMMENDATIONS

Agreements

No.	Recommendation	High-Level Corrective Action(s)	Est. Completion Date
1	We recommend that the principal deputy assistant administrator for Mission Support and the acting chief financial officer collaborate to develop a plan to annually verify whether agency employees are working in locations that are in accordance with their assigned locality pay.	The OMS will develop a plan to annually verify whether agency employees are working in locations that are in accordance with their assigned locality pay. As part of the development and execution of the annual verification, the OCFO can provide assistance if necessary.	December 31, 2025

CONTACT INFORMATION

Thank you for the opportunity to review the report. If you have any questions regarding this response, please contact Afreeka Wilson, Audit Follow-up Coordinator, of the Office of Resources and Business Operations, (202) 564-0867 or wilson.afreeka@epa.gov.

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U.S. Environmental Protection Agency

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