



OFFICE OF
INSPECTOR GENERAL

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

MEMORANDUM

March 25, 2013

TO: Lacey Dingman
Director, Office of Human Resources

FROM: Carl W. Hoecker 
Inspector General

SUBJECT: Investigative Memorandum IM-13-001; Long-Distance Telework Agreements

The Office of Inspector General (OIG) recently conducted two investigations in response to complaints relating to the pay and travel of Securities and Exchange Commission (SEC) employees participating in full-time, long-distance telework arrangements. In the course of these investigations, the OIG found that the Office of Human Resources (OHR) does not have any written policies and procedures governing long-distance telework agreements and that employees participating in such arrangements have not been paid in a consistent manner.

According to Office of Personnel Management (OPM) regulations, an agency determines an employee's locality rate by determining the employee's official worksite, determining the locality pay area in which the employee's official worksite is located, and identifying the locality pay percentage in effect in the applicable locality pay area. 5 C.F.R. § 531.604. OPM defines an employee's official worksite as the location of an employee's position of record where the employee regularly performs his or her duties. 5 C.F.R. § 531.605. OPM regulations also state that the official worksite for an employee covered by a telework agreement is the location of the employee's telework site if the employee is not required to report to the regular worksite at least twice per pay period. 5 C.F.R. § 605(d)(3).¹

OHR staff informed the OIG that an employee who lives in and teleworks from a county or city outside of one of the regional office areas should be paid at the "Rest of U.S." rate, which is equivalent to the locality pay for the Salt Lake City Regional Office (SLRO). According to one OHR employee, an area is considered to be "outside of one of the regional office areas" if the city or county falls outside one of the 11 regional office

¹ Article 11, Section 13.E.7. of the Collective Bargaining Agreement between the SEC and the National Treasury Employees Union (rev. 2007) states that a "5-day telework employee's official duty station will be his or her home office or remote location."

geographic locality areas as defined by OPM.² However, OHR does not have written policies and procedures to clearly define what is considered “outside a regional office area.”

An OHR employee informed the OIG that, as of December 20, 2012, ten SEC employees participated in 5-day telework, at least three of whom teleworked from a long-distance location. The investigations conducted by the OIG found that the locality pay for three employees with long-distance telework arrangements was not being determined in a consistent manner.³ For example, one SEC employee lives in and teleworks from a location that is approximately 300 miles from the nearest SEC regional office. The employee is not required to report to either Washington, D.C., or the nearest regional office at least twice per pay period. The employee’s official duty station is the nearest regional office and the employee receives the locality pay rate for that regional office. However, because the employee’s telework location is outside a regional office area as OHR’s policy was described to us, the employee should be paid at the “Rest of U.S.” rate. Consequently, the employee receives a higher locality pay as a result of the official duty station being inaccurately set as the nearest regional office.

In contrast, another SEC employee lives in and teleworks from a location that is approximately 250 miles from the nearest SEC regional office. The employee is not required to report to either Washington, D.C., or the nearest regional office at least twice per pay period. The employee’s official duty station is the telework location and the corresponding locality pay is set at the “Rest of U.S.” rate, which we understand is consistent with OHR’s policy.

In yet another example, an SEC employee lives in and teleworks from a location that is approximately 400 miles from the nearest SEC regional office. The employee is not required to report to either Washington, D.C., or the nearest regional office at least twice per pay period. The employee’s official duty station was previously the nearest regional office and the employee received the locality pay rate for that regional office. However, OHR subsequently changed the employee’s duty station to the telework location and the employee’s locality pay was changed to the “Rest of U.S.” rate. Prior to this change, the employee inaccurately received the locality pay for the nearest regional office instead of the “Rest of U.S.” rate.

In light of the foregoing, the OIG is making the following recommendations to OHR. Within the next 45 days, please provide the OIG with a written corrective action plan (CAP) that addresses each recommendation. The CAP should include information such as the name of the designated responsible official or point of contact for the recommendations, estimated timeframes for completing required actions, and milestones identifying how each recommendation will be addressed.

² See http://archive.opm.gov/oca/compmemo/2011/2012PAY_Attach2.asp and <http://archive.opm.gov/oca/12tables/locdef.asp>. Although OHR referenced only regional office areas, the same rule would apply to employees working outside the SEC headquarters area.

³ The three employees reviewed were non-bargaining unit employees.

Recommendation 1

OHR should institute effective written policies and procedures to ensure that bargaining unit and non-bargaining unit employees who participate in full-time, long-distance telework are paid properly and in a consistent manner.

Recommendation 2

OHR should review the telework arrangements for all employees who participate in full-time, long-distance telework and make changes as necessary to ensure that the official duty station and locality pay are set appropriately and consistently for those employees.

cc: Elisse B. Walter, Chairman
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