



# Audit of the U.S. Nuclear Regulatory Commission's Awards and Recognition Program

OIG-NRC-25-A-12  
September 23, 2025



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## **MEMORANDUM**

**DATE:** September 23, 2025

**TO:** Michael F. King  
Acting Executive Director for Operations

**FROM:** Hruta Virkar, CPA /**RA**/  
Assistant Inspector General for Audits & Evaluations

**SUBJECT:** AUDIT OF THE U.S. NUCLEAR REGULATORY  
COMMISSION'S AWARDS AND RECOGNITION  
PROGRAM (OIG-NRC-25-A-12)

Attached is the Office of the Inspector General's (OIG) audit report titled: *Audit of the U.S. Nuclear Regulatory Commission's Awards and Recognition Program*.

The report presents the results of the subject audit. Following the September 8, 2025, exit conference, agency staff indicated that they had no formal comments for inclusion in this report.

Please provide information on actions taken or planned on each of the recommendations within 30 days of the date of this memorandum.

We appreciate the cooperation extended to us by members of your staff during the audit. If you have any questions or comments about our report, please contact me at 301.415.1982 or Danielle Mahal, Team Leader, at 301.415.5965.

Attachment:  
As stated

cc: J. Martin, ADO  
D. Lewis, DADO  
E. Deeds, OEDO



# Results in Brief

## Why We Did This Review

The U.S. Nuclear Regulatory Commission's Awards and Recognition Program is designed to reward employees for excellence in job performance, outstanding contributions to agency goals, and exceptional improvements in the quality, productivity, and economy of NRC operations.

NRC policies define award criteria, approval thresholds, and required documentation to ensure compliance with applicable laws and regulations. Adherence to these policies is essential to ensure accountability and to prevent the misuse of funds.

The audit objective was to assess the NRC's administration of its awards and recognition program and the agency's effectiveness in acknowledging and rewarding employee performance and contributions.

## ***Audit of the U.S. Nuclear Regulatory Commission's Awards and Recognition Program***

OIG-NRC-25-A-12

September 23, 2025

### What We Found

The Office of the Inspector General (OIG) found that the U.S. Nuclear Regulatory Commission (NRC) generally administered performance awards effectively; however, the OIG identified deficiencies in administering special act awards that require improvement. Specifically, the NRC granted special act awards frequently, often without sufficient justification, raising concerns about compliance with the policy criteria intended to recognize exceptional or superior achievements or contributions. In some cases, award justifications appeared to be duplicated, and some awards were miscoded in employee records, further highlighting weaknesses in award processing and documentation practices.

The NRC can improve the accuracy and consistency of its performance award determinations. The issues identified by the OIG included overlapping appraisal periods and failure to prorate awards for some part-time employees, resulting in noncompliance with award limits. In addition, time off was granted in excess of the NRC policy limits, underscoring the need to enhance oversight of time-off awards to prevent future occurrences.

### What We Recommend

The report makes nine recommendations to strengthen the documentation, justification, and oversight of awards to ensure compliance with applicable rules and agency policy.

# TABLE OF CONTENTS

<a href="#"><u>ABBREVIATIONS AND ACRONYMS</u></a> .....	iii
I. <a href="#"><u>BACKGROUND</u></a> .....	1
II. <a href="#"><u>OBJECTIVE</u></a> .....	3
III. <a href="#"><u>FINDINGS</u></a> .....	4
1. Frequent Special Act Awards with Insufficient Justification .....	4
2. Special Act Awards Granted for the Same Contribution .....	8
3. Inaccurate Award Processing Codes in Personnel Records .....	10
4. Overlapping Appraisal Periods for Performance Award .....	12
5. Performance Awards Exceeded Policy-Defined Limits .....	14
6. Time-off Award Granted in Excess of the Leave Year Limit.....	17
IV. <a href="#"><u>OTHER MATTER</u></a> .....	20
V. <a href="#"><u>CONSOLIDATED LIST OF RECOMMENDATIONS</u></a> .....	21
VI. <a href="#"><u>NRC COMMENTS</u></a> .....	22
 <a href="#"><u>OBJECTIVE, SCOPE, AND METHODOLOGY</u></a> .....	 23
 <a href="#"><u>TO REPORT FRAUD, WASTE, OR ABUSE</u></a> .....	 25
 <a href="#"><u>COMMENTS AND SUGGESTIONS</u></a> .....	 25
 <a href="#"><u>NOTICE TO NON-GOVERNMENTAL ORGANIZATIONS AND BUSINESS ENTITIES SPECIFICALLY MENTIONED IN THIS REPORT</u></a> .....	 25



## ABBREVIATIONS AND ACRONYMS

C.F.R.	Code of Federal Regulations
EDO	Executive Director for Operations
FPPS	Federal Personnel and Payroll System
HQI	High Quality Increase
HR	Human Resources
MD	Management Directive
NRC	U.S. Nuclear Regulatory Commission
OCHCO	Office of the Chief Human Capital Officer
OEDO	Office of the Executive Director for Operations
OIG	Office of the Inspector General
OPM	Office of Personnel Management
SF	Standard Form
U.S.C.	United States Code

## I. BACKGROUND

The NRC's Awards and Recognition program is designed to reward employees for excellence in job performance, outstanding contributions to agency goals, and exceptional improvements in the quality, productivity, and economy of NRC operations. According to NRC's Management Directive (MD) 10.72, *Awards and Recognition*, and consistent with applicable laws and regulations, the NRC may grant to an employee a cash, honorary, or informal recognition award, or a time-off award, without charge to leave or loss of pay.

The NRC's awards program has two categories, rating-based and non-rating-based awards. Rating-based awards, also referred to as performance awards, recognize high-quality performance during a one-year appraisal period, as reflected in the employee's rating of record for the current appraisal period. Non-rating-based awards, also referred to as special act awards, are granted for specific contributions or achievements that are not tied to an employee's rating of record. These awards require documented justification to support the recognition.

During performance periods 2023 and 2024, the NRC's cash award expenditures totaled \$14.07 million and \$15.01 million, respectively.<sup>1</sup> Figure 1 summarizes the NRC's award expenditures for performance periods 2023 and 2024.

**Figure 1: NRC Award Expenditures, 2023 and 2024 Performance Periods**

Award Type	Award Category	2023 Expenditures (in millions)	2024 Expenditures (in millions)
General Grade Performance	Rating Based	8.01	8.53
Senior Executive Service Performance	Rating Based	2.01	2.12
Senior Level System Performance	Rating Based	0.27	0.29
Special Act	Non-Rating Based	3.39	3.56
Other <sup>1</sup>	Non-Rating Based	0.39	0.51
<b>Total Cash Awards</b>		<b>14.07</b>	<b>15.01</b>
Time-Off Awards <sup>2</sup>		0.83	0.95

<sup>1</sup> *Other* includes Distinguished and Meritorious, Presidential Rank, and Suggestion Awards.  
<sup>2</sup> Estimated cash value was calculated by dividing the employee's annual salary by the OPM 2,087-hour divisor to determine an hourly rate, then multiplying the hourly rate by the number of hours awarded.

Source: OIG generated; excludes OIG awards. Figures are rounded to two decimal places.

<sup>1</sup> The performance period aligns with the fiscal year of the award allocation; however, cash awards based on performance are paid after the end of the fiscal year.

## **Applicable Laws and Regulations**

Federal agencies are authorized under Title 5 of the United States Code (U.S.C.), Chapter 45, to pay cash and grant time-off as awards to, and incur necessary expenses for the honorary recognition of, an employee or a group of employees. When a recommended award granted to an employee exceeds \$10,000, the agency shall submit the recommendation to the Office of Personnel Management (OPM) for approval. Performance awards are generally limited to 10 percent of the employee's annual rate of basic pay, unless exceptional performance justifies a higher award; however, in no case may a rating-based award exceed 20 percent of the employee's annual rate of basic pay. Title 5 of the Code of Federal Regulations (C.F.R.) Part 451 further establishes the eligibility criteria and approval requirements that agencies must follow when granting awards.

MD 10.72 and related procedures define award criteria, approval thresholds, and required documentation to ensure compliance with applicable laws and regulations. Specifically, office directors and regional administrators can approve cash awards up to \$7,000, the Chairman can approve cash awards up to \$10,000, and any cash award exceeding \$10,000 requires concurrence from OPM. In addition, NRC policy defines cash award percentage ranges that correspond to each rating of record, consistent with the federal requirements. All award recommendations must be supported by appropriate documentation, including a current rating of record for performance awards and a written justification for special act awards.

## **Roles and Responsibilities**

The Office of the Chief Human Capital Officer (OCHCO) manages the agency's awards and recognition program, provides technical advice related to awards, and reviews proposed awards.<sup>2</sup> OCHCO provides NRC offices with a performance award tool intended to help offices calculate and track their annual performance awards. The performance award tool is pre-populated with an office roster at the end of the appraisal period that includes each employee's name, grade, salary, and rating of record from the Talent Management System.<sup>3</sup>

NRC office directors and regional administrators are responsible for managing the distribution of their budgeted awards. For performance awards, they are responsible for inputting the award determinations in the performance award tool and

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<sup>2</sup> OCHCO does not review or administer awards for the OIG.

<sup>3</sup> The NRC's system for the management and storage of employee performance appraisals.

submitting the completed documentation to OCHCO. In addition, they are required to submit a Standard Form (SF) 52, *Request for Personnel Action*, with a statement certifying the availability of funding. OCHCO conducts a quality control review of the submitted awards for accuracy and completeness and sends two batch files containing the rating of record and award determinations to the NRC's payroll service provider<sup>4</sup> for processing in the Federal Personnel and Payroll System (FPPS).

While performance awards are typically cash awards, employees who receive an "Outstanding" performance rating may be granted a High Quality Increase (HQI) instead. An HQI is an employee's base pay increase within their grade. Both cash awards and HQIs are included in the office performance tool for tracking purposes; however, HQIs require the office to submit a separate personnel action to FPPS to initiate the pay adjustment.

NRC office directors and regional administrators have the discretion to grant individual or group special act awards, within their award allocations. An SF-52, *Request for Personnel Action*, must be initiated in the payroll system and include the justification for the award. This request is forwarded to the human resources (HR) specialist, who reviews, approves as warranted, and releases the action. The approval of the award directs the obligation and payment of the award, and the award is documented in an SF-50, *Notification of Personnel Action*, in accordance with the requirements of OPM Operating Manual, *The Guide to Processing Personnel Actions*.

OCHCO also manages a separate budget allocation for agency group special act awards, intended to recognize groups of individuals from across the agency who achieved an exemplary result. Individual offices and regions submit nominations to the Human Capital Counsel subcommittee, which evaluates and decides on the award recipients.

## II. OBJECTIVE

To assess the NRC's administration of the Awards and Recognition Program and its effectiveness in acknowledging and rewarding employee performance and contributions.

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<sup>4</sup> The Department of Interior, Interior Business Center is the payroll service provider for the NRC.



### III. FINDINGS

The OIG found that the NRC generally administered performance awards effectively; however, the OIG identified deficiencies in administering special act awards that require improvement. Specifically, the NRC granted special act awards frequently, but often without sufficient justification, raising concerns about compliance with the policy criteria intended to recognize exceptional or superior achievements or contributions. In some cases, award justifications appeared to be duplicated, and some awards were miscoded in employee records, further highlighting weaknesses in award processing and documentation practices.

The NRC can improve the accuracy and consistency of its performance award determinations. The issues identified by the OIG included overlapping appraisal periods and failure to prorate awards for some part-time employees, resulting in noncompliance with award limits. In addition, time off was granted in excess of the NRC policy limits, underscoring the need to enhance oversight of time-off awards to prevent future occurrences.

#### **1. Frequent Special Act Awards with Insufficient Justification**

Special act awards provide a form of recognition for specific achievements that contribute to the economy and efficiency of government operations or directly increase effectiveness in carrying out government programs or missions. The OIG's review of special act awards for the 2024 performance period found that approximately 63 percent of recipients received multiple awards, ranging from 2 to 13, within the 12-month performance period.

While MD 10.72 establishes a dollar threshold for approval of individual cash awards, it does not set a limit on the number of awards or total amount an employee may receive. The multiple awards to the same recipients raise concerns regarding over-recognition of certain recipients and the potential for diminishing the program's objective. The OIG's review of the supporting documentation for these awards found that many lacked sufficient justifications and did not contain specific statements describing the employee's contribution or achievement. This limits the NRC's ability to demonstrate that the special act awards were granted in compliance with the policy criteria.

## What Is Required

### **Award Documentation Must Include Specific Achievement or Contribution**

MD 10.72 states that special act awards are appropriate when employees or groups perform substantially beyond expectations on a specific assignment or function. The policy provides the following criteria for determining when special act awards are appropriate:

1. Performance substantially beyond expectations on a specific assignment or aspect of an assignment or function;
2. A single scientific achievement, invention, act of heroism, or similar one-time special service;
3. An achievement of a nonrecurring nature, either within or outside of job responsibilities; or,
4. Performance of knowledge management activities beyond expectations that advance a knowledge-sharing culture and contribute to the efficiency, effectiveness, or improvement of agency operations, programs, or functions.

The MD provides examples of specific achievements such as producing exceptionally high quality work under tight deadlines; performing added or emergency assignments in addition to regular duties; exercising extraordinary initiative and creativity to address a critical need or a difficult problem or improve a product, activity, program, or service; and, demonstrating special initiative and skill in carrying out a project or completing an assignment before deadline.

Federal regulations require agencies to establish procedures for documenting the justification for awards, particularly those that are not based on a rating of record.<sup>5</sup> OCHCO award procedures require each office to submit an SF-52, *Request for Personnel Action*, specifying the amount of cash or time-off proposed to be awarded, along with a specific statement describing the achievement or contribution on which the special act award is based.<sup>6</sup>

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<sup>5</sup> Title 5 C.F.R., section 451.103.

<sup>6</sup> OCHCO HR Programs and Services Catalog, Awards & Incentives SharePoint, accessed on March 10, 2025.

## What We Found

### Frequent Special Act Awards with Insufficient Justification

The OIG's review of special act awards for the 2024 performance period found that the agency recognized 1,989 recipients for the performance period. However, 1,252 recipients (approximately 63 percent) received multiple awards, ranging from 2 to 13, in the 12-month performance period. For example, one individual received 11 special act awards from February 2024 through July 2024, totaling \$8,600 and 32 hours of time-off, in addition to an HQI performance award covering the same period. Figure 2 summarizes the number of special act awards granted per recipient for the performance period 2024.

**Figure 2: Number of Special Act Awards per Recipient, 2024 Performance Period**

# of Special Act Awards	Number of Employees
1	737
2-3	925
4-5	254
6-7	56
>8	17
Total	1,989

Source: OIG generated from the FPPS

Applying a risk-based approach, the OIG requested source documentation for the 17 individuals who received 8 or more special act awards to review whether the awards complied with requirements. Of the 149 awards reviewed, 79 (53 percent) had insufficient justifications. The justification remarks were often vague or generalized and did not include specific statements describing the contributions or achievements. For example, the justification for a group award granted to 30 recipients, totaling \$26,700 and 88 hours of time-off, was insufficient, as it only cited the office name, without detailing the specific group accomplishment.

In addition, the OIG found that the OCHCO documentation requirements for special act awards have not been effectively enforced. Although the guidance requires justifications to be saved in a central repository, the OIG found this practice was not

adhered to, limiting the ability of some offices to provide additional support when requested by the OIG.<sup>7</sup>

However, our review identified a good practice in Region II, which provided the OIG with award nomination forms for our sample that included adequate details describing the contributions or achievements on which the awards were based. Region II's approach demonstrates the feasibility of each NRC office maintaining award justifications that comply with the agency's applicable guidance.

### **Why This Occurred**

#### **Lack of Controls over Special Act Award Value and Frequency**

The NRC has not established limits on the number or value of special act awards an employee may receive within a performance period. Without defined thresholds, we found no internal control to prevent overuse of award authority. Additionally, because the NRC has not enforced the award-documentation requirements in agency policy, the OIG could not assess the appropriateness of these awards.

### **Why This Is Important**

#### **Noncompliance with the Policy Criteria**

Without adherence to applicable internal controls, the NRC cannot demonstrate that special act awards are being granted in compliance with the agency policy. Furthermore, the absence of internal controls over the value and frequency of special act awards could diminish the program's objective of recognizing exceptional or superior achievements.

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<sup>7</sup> The FPPS Standard Operating Procedure for HR Specialists states, "office/region justifications for non-rating-based awards must be retained for reconstruction purposes and full award justifications must be saved in the appropriate OCHCO network secured drive by fiscal year and nominating office/region."



## **Recommendations:**

The OIG recommends that the Executive Director for Operations (EDO):

- 1.1. Establish thresholds for special act awards based on award value and frequency;
- 1.2. Enforce documentation requirements for special act awards to ensure the awards are properly justified and comply with agency policy; and,
- 1.3. Enforce retention guidelines for award justifications to support third-party reviews and for reconstruction purposes.

## **2. Special Act Awards Granted for the Same Contribution**

The NRC's special act award criteria state that the amount of cash or time-off awarded must be commensurate with the tangible or intangible benefits of the employee's or group's contribution or achievement. The OIG found 7 of the 149 special act awards reviewed (approximately 5 percent), totaling \$11,800 and 144 time-off hours, appeared to be based on the same contribution or achievement. The NRC does not have a formal process to validate whether an employee has already received an award for a specific contribution or achievement, creating the risk of duplicate award recognition. Failure to ensure that awards are commensurate with employee contributions undermines the program's effectiveness.

### **What Is Required**

#### **Award should be Commensurate with the Employee's Contribution**

OPM award guidance states that agencies may use any combination of award types to reward a specific contribution. For example, an employee might receive both a certificate and a cash award as recognition for a single contribution. However, the overall combined value of the awards should not exceed the value to the organization of the contribution recognized. Thus, the award should be commensurate with the employee's contribution.

MD 10.72 states that the amount of cash or time-off awarded for special acts must be commensurate with the tangible or intangible benefits of the employee's or group's contribution or achievement. The OCHCO annual agency group award guidance directs the offices and regions to coordinate with the employee's home office prior to

submitting a nomination for an employee assigned to another office to ensure alignment and avoid duplication of award recognition.

## **What We Found**

### **Special Act Awards Granted for the Same Contribution**

The OIG reviewed 149 special act awards to determine whether other awards to the employees were issued for the same contribution or achievement. The OIG found that 7 of the 149 awards (approximately 5 percent) appeared to be based on the same contribution or achievement. This issue was primarily attributed to the agency and office-level group awards, where it was not evident that NRC offices engaged in coordination or other actions to prevent duplicate recognition. In these cases, we could not determine whether the combined value of the awards was commensurate with employee contributions.

## **Why This Occurred**

### **Lack of a Formal Process to Ensure Coordination**

The NRC does not have a formal process for validating whether an employee has already received an award for a specific contribution or achievement. Although OCHCO's agency group award guidance requires the nominating office to coordinate with the employee's home office, it does not establish how the value of the contribution should be evaluated or how the coordination should be documented.

## **Why This Is Important**

### **Risk of Excess Award Recognition**

Inadequate coordination between offices creates the risk of excess award recognition. For example, the agency group awards documented both the employees' contribution levels and the corresponding award amount. When combined with office group awards for the same contributions, these recognitions raised concerns about duplication. Failure to ensure that awards are commensurate with employee contributions undermines the Awards and Recognition Program's effectiveness.

## Recommendation

The OIG recommends that the EDO:

- 2.1. Develop a formal process to prevent the duplication of awards for the same contribution or achievement.

### 3. Inaccurate Award Processing Codes in Personnel Records

Federal regulations require agencies to document award actions in compliance with the OPM Operating Manual. However, the OIG found that the NRC did not accurately record some award transactions in employee personnel records. Specifically, the OIG identified 16 awards totaling \$10,950 that the NRC coded in error as performance or suggestion awards<sup>8</sup> when in fact they were special act awards. Special act awards are entered manually in the NRC payroll system, and the accuracy of the data depends on each office or region entering the data correctly. Undetected errors at the data-entry stage can lead to challenges in monitoring award limitations and spending.

#### What Is Required

#### Awards must be Documented in Employee Personnel Records

Title 5 of the C.F.R., section 451.107, requires that agencies document awards in compliance with instructions in the OPM Operating Manual, *The Guide to Processing Personnel Actions*. OPM's guide provides instructions for federal agencies on preparing and processing personnel actions for federal employees. It outlines the necessary documentation, processing codes, and procedures for actions like employee awards, promotions, and terminations. Each action has a unique numerical code that identifies the nature of the action for statistical and data processing purposes, and which is entered on the SF-50, *Notification of Personnel Action*.

The OCHCO annual award guidance states that each office and region is responsible for entering the award information in the NRC's payroll system. The OCHCO

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<sup>8</sup> A suggestion award rewards employees for ideas that directly enhance productivity, promote economy and efficiency, or improve the effectiveness in carrying out NRC or government programs. Employees may be eligible for this award if the suggestion is adopted in whole, in part, or in modified form.

guidance recommends that each office request and review a monthly report to verify the accuracy of the award submissions.

## **What We Found**

### **Inaccurate Award Processing Codes in Personnel Records**

The OIG identified 16 awards totaling \$10,950 that were coded in error as performance or suggestion awards but, in fact, were special act awards. The OIG's initial analysis of performance awards for performance periods 2023 and 2024 revealed that 11 performance awards totaling \$7,950 were potential duplicate performance awards. However, further review of supporting documentation showed the awards were not duplicates but had been miscoded in employee personnel records.

In addition, the OIG compared the SF-50 remarks to the nature of action codes for additional awards and found five special act awards totaling \$3,000 that were incorrectly coded as suggestion awards. These errors demonstrate a lack of oversight at the office level to ensure the accuracy of the employee records. Furthermore, the OIG noted inconsistent reconciliation practices, where the NRC had identified some of these discrepancies but had taken no further steps to investigate or resolve them.

## **Why This Occurred**

### **Lack of Procedures to Validate the Accuracy of Award Processing**

Special act awards are entered manually in the NRC payroll system, and the accuracy of the data depends on each office and region correctly submitting the award actions. This creates the potential for human error to affect the data set. In addition, HR Specialists do not perform additional validation checks during processing, which contributes to inaccurate records and the appearance of duplicate awards.

## **Why This Is Important**

### **Data Errors Impact Program Transparency**

Undetected errors in award processing could cause award submissions to exceed policy limits and lead to challenges in attaining accurate reporting when monitoring



award spending. Additionally, to protect the interests of both employees and the government, it is critical that actions are documented correctly in personnel records.

## **Recommendation**

The OIG recommends that the EDO:

- 3.1. Establish procedures to validate the accuracy of award processing and ensure compliance with the OPM Operating Manual.

## **4. Overlapping Appraisal Periods for Performance Award**

MD 10.72 requires that an employee's rating of record be used as the justification for granting a performance award. To support this process, OCHCO provides a performance award tool intended to assist offices in calculating and tracking annual performance awards. The performance award tool ensures that only one office can process an award for an employee, even when the employee is on a temporary or rotational assignment. The OIG identified one employee on a temporary assignment who received performance awards for two separate appraisal periods that partially overlapped. This issue occurred because the Commissioners' offices do not use the performance award tool and maintain a different appraisal period. In any event, the failure to prevent or detect duplicate appraisal periods could lead to inaccurate award determinations.

### **What Is Required**

#### **Performance Awards must be Based on Rating of Record**

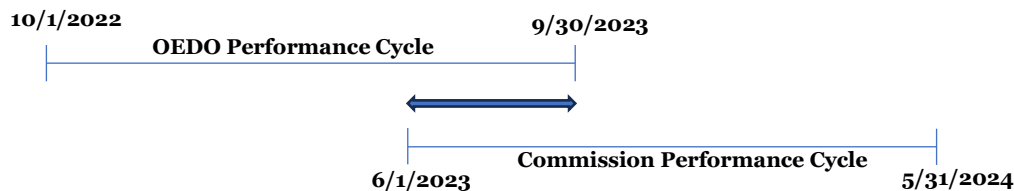
Title 5 of the C.F.R., section 451.104, permits federal agencies to grant awards on the basis of performance as reflected in the employee's most recent rating of record, provided that the rating of record is "Fully Successful" or higher. MD 10.72 requires that an employee's rating of record be used as the justification for granting a performance award. OCHCO provides a performance award tool intended to assist offices in calculating and tracking annual performance awards. The performance award tool is pre-populated with an office roster that includes each employee's name, grade, salary from the payroll system, and their annual appraisal rating from the Talent Management System. To prevent duplicate awards for an employee on temporary assignment, offices must coordinate on the employee's performance appraisal rating; however, the office that has the employee listed on their performance tool is authorized to process the award payment.

## What We Found

### Overlapping Appraisal Periods for Performance Award

During the OIG's review of potential duplicate performance awards, we identified one employee on a temporary assignment who received performance awards for two separate appraisal periods that partially overlapped. Specifically, the Office for the Executive Director (OEDO) had a full year fiscal year appraisal period for the employee in the performance award tool, while a Commissioner's office, where the employee was on temporary assignment, maintained a different appraisal period and did not use the performance award tool.<sup>9</sup> Figure 3 illustrates the overlapping appraisal periods for the employee between the OEDO and the Commissioner's office.

**Figure 3: Overlapping Appraisal Periods**



Source: OIG generated from review of SF-50s and supporting documentation provided by the awarding offices

The employees' award documentation reflected a four-month period during which both offices recorded appraisal coverage for the employee, demonstrating an internal control gap that can lead to an overstated award determination.

## Why This Occurred

### Inadequate Coordination between Awarding Offices

The overlap of the appraisal periods resulted from a lack of coordination between the two NRC offices and the absence of validation procedures when an employee serves on a temporary or rotational assignment. This issue is further compounded by the fact that the Commissioners' offices do not use the performance award tool which is

<sup>9</sup> The NRC's Commissioners appoint and supervise the employees in their offices. Each Commissioner sets the appraisal period for his or her employees, and these periods typically align with the employees' term appointment dates.

designed to track and coordinate employee performance awards across all offices. We did not find any additional validations being performed for the employees who were receiving awards computed outside of the performance award tools. Without visibility into awards granted by other offices, the NRC cannot detect that an employee has already received a performance award for a portion of the same appraisal period.

### Why This Is Important

#### **Risk of Inaccurate Award Determinations**

The internal controls to prevent duplicate awards are weakened when exceptions to the standard processes do not have compensating measures. Failure to prevent or detect duplicate appraisal periods could lead to inaccurate award determinations and excess recognition.

#### **Recommendation**

The OIG recommends that the EDO:

- 4.1. Implement reconciliation and validation procedures for any office not using the performance award tool to prevent duplicate awards or overlapping appraisal periods.

## **5. Performance Awards Exceeded Policy-Defined Limits**

MD 10.72 defines cash award percentages corresponding to each rating of record, aligned with the award limits specified in the United States Code. The OIG reviewed the NRC's 2023 and 2024 performance awards for compliance with these policy limits and identified five part-time employees who received non-prorated awards exceeding the allowable cash award range for their rating of record. NRC offices and regions did not consistently update the proration percentages in the performance award tool, resulting in some part-time employees receiving awards equivalent to those of full-time employees. Awards not properly prorated based on the employee's work schedule may exceed defined cash award limits, resulting in noncompliance with federal requirements and NRC policy.

## What Is Required

### Performance Award Limits Based on Percentage of Pay

According to 5 U.S.C., Section 4505, a performance cash award may not exceed 10 percent of the employee's annual rate of basic pay. The agency head may approve an award exceeding this amount for exceptional performance; however, in no case may an award under this section exceed 20 percent of the employee's annual rate of basic pay.

MD 10.72 defines cash award percentage ranges that correspond to each rating of record, consistent with the federal requirements. Figure 4 illustrates the cash award limits for the General Grade performance awards as defined by the NRC.

**Figure 4: Performance Rating Scale for General Grade Performance Awards**

Performance Appraisal Summary Rating	Amount of Cash Award
Outstanding	Up to 15% of base salary
Excellent	Up to 10% of base salary
Fully Successful	Up to 5% of base salary

Source: NRC Directive Handbook 10.72, *Awards and Recognition*, Exhibit 2

Performance award percentages are calculated based on the employee's rate of basic pay, including locality payments or special law enforcement pay, as applicable. The NRC policy requires that the Chairman approve any exceptions to these award scales.

## What We Found

### Performance Awards Exceeded Policy-Defined Limits

The OIG reviewed the 2023 and 2024 performance awards for compliance with the rating of record award percentage limits and identified five part-time employees who received non-prorated awards that exceeded the allowable cash award range for their rating of record. Figure 5 shows the percentage of the base salary awarded to these five employees.



**Figure 5: Cash Awards for Part-Time Employees Exceeding Rating Limits**

No.	Performance Year	Grade	Rating of Record	Base Salary	Award Amount	% of Base Salary
1	2023	6	Excellent	\$12,256	\$1,394	11.37%
2	2023	6	Excellent	\$13,306	\$1,394	10.48%
3	2023	6	Excellent	\$15,531	\$1,600	10.30%
4	2023	6	Excellent	\$15,728	\$1,600	10.17%
5	2024	6	Excellent	\$16,357	\$1,700	10.39%

Source: OIG generated from NRC's 2023 and 2024 performance award tools

In these cases, employees rated as *Excellent* received awards exceeding the 10 percent base salary limit established in the policy. Although the performance tool provided the functionality to prorate awards based on the employee's work schedule or duration of employment during the appraisal period, these employees were awarded the full calculated amount for their grade level without adjustment.

### Why This Occurred

#### Insufficient Controls to Verify Performance Award Limits

The performance award limits were exceeded because the performance award tool requires manual input to prorate awards based on an employee's work schedule. NRC offices and regions did not consistently update these proration percentages, resulting in some part-time employees receiving awards equivalent to those for a full-time employee. In addition, the OIG observed that the OCHCO performance tool lacks validation controls to flag award calculations that exceed the policy-defined limits for each rating level.

### Why This Is Important

#### Risk of Noncompliance and Inequity in Award Recognition

Awards that are not properly prorated based on the employee's work schedule and duration of employment risk noncompliance with policy-defined limits. This issue resulted in an inequitable distribution of awards, where part-time employees with lower ratings received a higher payment than some full-time employees with higher ratings. For example, in performance period 2024, a full-time Grade 6 employee

with an *Outstanding* rating received an award of \$1,520, while a part-time Grade 6 employee with an *Excellent* rating received \$1,700.<sup>10</sup>

## **Recommendations**

The OIG recommends that the EDO:

- 5.1. Provide guidance for prorating awards based on an employee's work schedule and duration of employment during the appraisal period; and,
- 5.2. Implement validation controls within the performance award tool to ensure that cash awards fall within the policy-defined limits for each performance rating.

## **6. Time-off Award Granted in Excess of the Leave Year Limit**

OPM guidance requires agencies to establish guidelines governing time-off awards to prevent misuse and maintain the integrity of the program. The OIG found that the NRC appropriately documented time-off awards in employee personnel records; however, there was no evidence the agency reviewed or tracked time-off awards to ensure compliance with the NRC policy limit of 80 hours each leave year. The OIG identified one instance where an employee received time-off awards that exceeded this limit, demonstrating a failure to apply the office-level policy limits and underscoring the need to enhance controls to prevent future occurrences. Failure to enforce policy limits on time-off awards increases the risk of misuse and can lead to loss of productivity.

### **What Is Required**

#### **Agencies must Establish Guidelines and Limitations for Time-Off Awards**

According to Title 5 of the C.F.R., section 451.104, federal agencies are permitted to grant time-off awards to employees without charge to leave or loss of pay. OPM guidance does not impose government-wide limits on the amount of time an employee may be awarded; however, it requires agencies to establish guidelines governing the appropriate amount of time off based on the nature and value of the

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<sup>10</sup> Cash award pools differ across the NRC offices and regions. This example is intended to illustrate the potential for inequitable outcomes, even though budget allocations may account for some of the variation.

employee's contribution and the timeframes for using the time-off award. In addition, the OPM guidance requires agencies to implement measures to prevent misuse and maintain the integrity of the program.

MD 10.72 specifies the following limitations and requirements for granting time-off awards:

1. Time-off awards are not to be used to circumvent statutory limitations placed on the granting of performance awards for SES members.
2. An employee may generally not receive more than 80 hours of time-off from duty for a single contribution, including outstanding performance. The total amount of time that should be granted to an employee during any leave year is 80 hours.
3. When an employee receives a combination of time off and cash, the overall value of the award in its combined form should not exceed the value to the organization of the contribution recognized.

The NRC policy also states that time-off awards cannot be converted to cash or transferred, and have no time limit for when they must be used.

Office directors and regional administrators are responsible for managing the distribution of time-off awards. For each time-off award, the office or region must initiate an SF-52, *Request for Personnel Action*, in the payroll system that includes the justification for the award. The office or regions forwards the request to an HR Specialist in OCHCO, who reviews and, if warranted, approves and releases the action. This process ensures that the time-off award is documented as an SF-50, *Notification of Personnel Action*, in the employee's personnel record in compliance with the requirements of the OPM Operating Manual, *The Guide to Processing Personnel Actions*.

## What We Found

### **Time-off Award Granted in Excess of the Leave Year Limitation**

The NRC appropriately documents time-off awards in personnel files; however, the OIG found no evidence that the NRC reviews or tracks time-off awards to ensure compliance with the agency policy limit of 80 hours each leave year.

The OIG assessed time-off awards for the 2023 and 2024 performance periods, reflecting a total of 23,754 time-off hours awarded. The OIG identified one instance where an employee received time-off awards totaling 120 hours, exceeding the 80-hour per leave year limit. Figure 7 summarizes the awards granted to an employee in the 2024 performance period.

**Figure 7: Summary of Awards Received by An Employee, 2024 Performance Period**

Date Effective	Award Type	Cash Award Amount	Time-Off Award Hours
5/28/2024	Special Act - Individual	6,000.00	80
7/31/2024	Special Act - Group	1,600.00	
9/7/2024	Performance Award	8,000.00	40

Source: OIG generated from the FPPS

This instance of noncompliance demonstrates that the agency has failed to adhere to office-level policy limits, and it underscores the need to enhance controls to prevent future instances of noncompliance.

### Why This Occurred

#### Insufficient Validation and Monitoring of Time-Off Awards

The NRC does not have formal procedures to validate that time-off awards remain within the established policy limits. Although personnel records capture the time-off awards data by individuals, we found there is no process to track cumulative hours awarded to each employee within a leave year. While the NRC has implemented dashboards to assist its offices with managing cash awards and their associated budgets, we found no comparable monitoring tools in place for time-off awards.

### Why This Is Important

#### Excess Time-Off Awards could Impact Productivity

The absence of monitoring time-off awards poses both financial and operational risks, as agencies need to consider the cost of paying salaries for time not worked. Based on OIG calculations, the estimated cash value of time-off awards for

performance periods 2023 and 2024 totaled approximately \$1.8 million.<sup>11</sup> Failure to enforce policy limits on time-off awards increases the risk of misuse and can lead to loss of productivity.

## **Recommendation**

The OIG recommends that the EDO:

- 6.1. Track time-off awards to maintain compliance with the leave year limit and monitor their impact on productivity.

## **IV. OTHER MATTER**

On June 17, 2025, OPM issued the *Performance Management for Federal Employees* memorandum, reforming employee performance management across the federal government and making changes to employee awards and recognition programs. OPM plans to issue award and recognition guidance before the end of the fiscal year that includes tools for rewarding outstanding performance as well as appropriate monetary compensation guidelines. Since the OPM memorandum includes a table of award offerings consistent with those from the prior period, the findings in this report remain relevant regardless of potential changes to performance management or monetary thresholds.

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<sup>11</sup> The OIG estimated the cash value of time-off awards by dividing the employee's annual salary by the OPM 2,087-hour divisor to determine an hourly rate, then multiplying the hourly rate by the number of hours awarded.

## V. CONSOLIDATED LIST OF RECOMMENDATIONS

The OIG recommends that the Executive Director for Operations:

- 1.1. Establish thresholds for special act awards based on award value and frequency;
- 1.2. Enforce documentation requirements for special act awards to ensure the awards are properly justified and comply with agency policy;
- 1.3. Enforce retention guidelines for award justifications to support third-party reviews and for reconstruction purposes;
- 2.1. Develop a formal process to prevent the duplication of awards for the same contribution or achievement;
- 3.1. Establish procedures to validate the accuracy of award processing and ensure compliance with the OPM Operating Manual;
- 4.1. Implement reconciliation and validation procedures for any office not using the performance award tool to prevent duplicate awards or overlapping appraisal periods;
- 5.1. Provide guidance for prorating awards based on an employee's work schedule and duration of employment during the appraisal period;
- 5.2. Implement validation controls within the performance award tool to ensure that cash awards fall within the policy-defined limits for each performance rating; and,
- 6.1. Track time-off awards to maintain compliance with the leave year limit and monitor their impact on productivity.

## VI. NRC COMMENTS

The OIG held an exit conference with the agency on September 8, 2025. Before the exit conference, agency management reviewed the discussion draft version of this report and did not have comments.



## OBJECTIVE, SCOPE, AND METHODOLOGY

### Objective

The audit objective is to assess the NRC's administration of the Awards and Recognition Program and its effectiveness in acknowledging and rewarding employee performance and contributions.

### Scope

The audit covered the NRC award expenditures for the 2023 and 2024 performance periods. We conducted this performance audit at NRC headquarters in Rockville, Maryland, from January 2025 to June 2025.

Internal controls related to the audit objectives were reviewed and analyzed. Specifically, the OIG reviewed the components of the control environment, risk assessments, control activities, information and communication, and monitoring. Within those components, the OIG reviewed the principles of oversight of the entity's internal control system, evaluation of performance, consideration of fraud risks, design of control activities, communication of quality information, and operation of monitoring activities.

### Methodology

The OIG reviewed relevant criteria for this audit, including, but not limited to:

- Title 5 of the United States Code (U.S.C.), Chapter 45 Part III Subpart C, *Incentive Awards*, Sections 4501-4509;
- Title 5 of the Code of Federal Regulations (C.F.R.), Part 451, *Awards*;
- Office of Personnel Management's (OPM) Operating Manual, Chapter 1, *The Guide to Processing Personnel Actions*; and,
- NRC's Management Directive (MD) 10.72, *Awards and Recognition*, dated August 31, 2021.

The OIG interviewed staff from the Office of the Chief Human Capital Officer responsible for managing the awards program and staff from the Office of the Chief Financial Officer responsible for allocating award funding. Our analysis included reviewing employee awards for compliance with federal regulations and NRC policy,

evaluating the adequacy of the performance tool data, and assessing controls over award justification and award limits.

We obtained computer-generated data from the Federal Personnel and Payroll System and the Financial Accounting and Integrated Management Information System. To validate the data's reliability, we reconciled the budgetary allocations to the recorded obligations and expenditures to the employee personnel actions.

We conducted this performance audit 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 objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Throughout the audit, auditors considered the possibility of fraud, waste, and abuse in the program.

The audit was conducted by Danielle Mahal, Team Leader; Alecia Hylton, Audit Manager; Celia Flores-Garcia, Senior Auditor; and, Ashley Bonano, Auditor.

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## COMMENTS AND SUGGESTIONS

If you wish to provide comments on this report, please email the OIG using this [link](#).

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