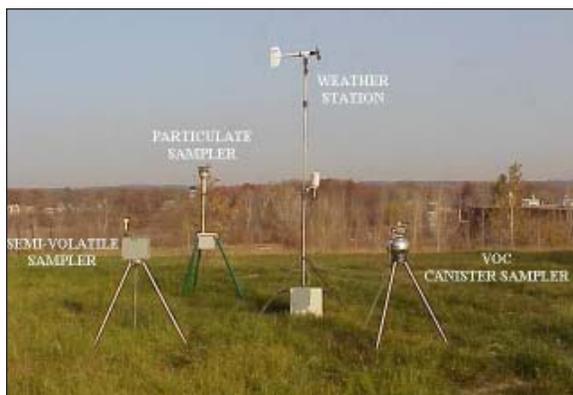




Semiannual Report to Congress

October 1, 2004 - March 31, 2005



EPA Inspector General

The Inspector General Act of 1978, as amended, requires the Inspector General to: (1) conduct and supervise audits and investigations relating to programs and operations of the Agency; (2) provide leadership and coordination, and make recommendations designed to (a) promote economy, efficiency, and effectiveness, and (b) prevent and detect fraud and abuse in Agency programs and operations; and (3) fully and currently inform the Administrator and the Congress about problems and deficiencies identified by the Office of Inspector General relating to the administration of Agency programs and operations.

Vision

We are catalysts for improving the quality of the environment and Government through problem prevention and identification, and cooperative solutions.

Mission

Add value by promoting economy, efficiency, and effectiveness within EPA and the delivery of environmental programs. Inspire public confidence by preventing and detecting fraud, waste, and abuse in Agency operations and protecting the integrity of EPA programs.

**To find out more about the U.S. Environmental Protection Agency's
Office of Inspector General and its activities, visit our Web site at**

<http://www.epa.gov/oig>

Cover photos: *From top left:* Air toxics monitoring samplers (courtesy EPA Web site); a coal-fired electric utility (courtesy State of New York Web site); reservoir at Beaver Lake, Nebraska (courtesy EPA OIG).





UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

INSPECTOR GENERAL

April 28, 2005

SUBJECT: Office of Inspector General Semiannual Report to Congress

TO: Stephen L. Johnson
Acting Administrator

I am pleased to provide you with the Inspector General *Semiannual Report to Congress* for the 6-month period ending March 31, 2005. Many of the reviews that we conducted during the semiannual period provided recommendations to help the Agency achieve its mission of protecting human health and the environment. This report summarizes the areas we reviewed, progress the Agency has made, and our recommendations to help the Agency improve.

The Inspector General Act of 1978, as amended, requires that you forward this report within 30 days of receipt to the appropriate congressional committees. In transmitting the report to Congress, the Act allows you to enclose separately whatever additional comments you deem necessary, and specifies certain information that should be included (see 5 USC App. 5(b)).

I will be happy to discuss, or provide additional information on, any of the items in this report.

A handwritten signature in black ink, which appears to read "Nikki L. Tinsley". The signature is written in a cursive, flowing style.

Nikki L. Tinsley

Message to Congress

During this semiannual reporting period, two of our more important activities focused on the efforts of the Environmental Protection Agency (EPA) to make air safe and healthy to breathe, and to help improve homeland security.

We found that EPA senior management instructed Agency staff to develop a standard for mercury that would result in a specific emission total for all coal-fired utilities, instead of basing the standard on an unbiased determination. Regulating airborne mercury is critical, because it ultimately can contaminate fish that we consume. We recommended that EPA develop a new standard based on Clean Air Act requirements.

EPA needs to make additional efforts to identify areas of unhealthy air toxics concentration. While EPA has made progress in establishing a monitoring network to help develop control strategies for dealing with fine particulate matter, it still needs to ensure that it implements controls at locations where it identifies the greatest health risks. Our key concerns regarding Clean Air Act Title V operating permits are that EPA needs to reduce factors that negatively affect permit clarity, as well as improve Title V guidance and the Agency's overall oversight strategy.

Our Nation needs to remain ever vigilant in protecting its resources against terrorist attacks. Our review of the BioWatch program indicates that EPA needs to increase its oversight of sampling operations for detecting the release of biological agents. States continue to complete source water assessments, analyzing existing and potential threats to public drinking water, but several obstacles hinder their efforts. We found that water utilities may require additional assistance in securing data from remote locations.

As a result of our investigative efforts, the president of a testing laboratory received 16 months in prison related to creating and submitting false and fraudulent environmental test results, and an EPA environmental scientist was given an 18-month jail term after pleading guilty to charges of accepting a bribe, conspiracy, and making a false statement. One contractor entered into a \$6.5 million settlement related to overbilling, and another agreed to pay more than \$400,000 to settle overbilling allegations.

EPA earned an unqualified opinion on its fiscal 2004 financial statements, and we did not note any material weaknesses in internal controls and compliance. We noted multiple reportable conditions that should be corrected, but we do not believe they represent material weaknesses that would prevent the fair presentation of reliable statements.

Details on these and other issues are in this semiannual report, including the "Scoreboard" on our own performance. We look forward to continuing to work with the Agency and Congress, serving as a catalyst for improving the environment.


Nikki L. Tinsley
Inspector General

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Highlights

Mercury Rule Needs Additional Analysis

EPA management instructed staff to develop a mercury standard based on a specific emission total for coal-fired electric utilities rather than an unbiased determination (page 3).

EPA Financial Statements Earn Unqualified Opinion

EPA earned an unqualified opinion on its fiscal 2004 financial statements, and no material weaknesses were noted (page 18).

Obstacles Remain for Source Water Programs

Several obstacles continue to hinder EPA and State efforts regarding source water assessments and strategies (page 9).

BioWatch Oversight Needs Improvement

EPA should increase oversight of its BioWatch sampling responsibilities to ensure adherence to guidance on detecting release of biological agents (page 10).

EPA Can Enhance Air Toxics Monitoring

Despite significant efforts, EPA can do more to identify unhealthy air toxics concentrations, identify trends, and assess strategies (page 4).

Remote Access Security Needs Improvement

EPA's Web-Mail and BlackBerry servers need to be better configured to provide secure remote access to the Agency's network (page 20).

Lab President Sentenced to Prison

The president of a laboratory was sentenced to 16 months in prison for charges related to creating and submitting false and fraudulent environmental test reports (page 22).

EPA OIG Leading Joint Effort on Grants

The EPA Inspector General is leading a Domestic Working Group of Federal, State, and local auditors to develop a guide to improve grants accountability (page 29).

Contractor Enters Into \$6.5 Million Settlement

A contractor entered into a \$6.5 million settlement agreement related to overbilling on Superfund and engineering contracts (page 25).

EPA Needs to Compete More Grants

EPA needs to enhance its policy to increase competition for assistance agreements (page 13).

Two Suspended for Accessing Internet Porn

Two EPA employees received a 30-day suspension for using Government computers to access pornographic Web sites (page 23).

Response Action Contracts Can Be Improved

EPA can improve the structure of Response Action Contracts, used to obtain professional services related to Superfund cleanup (page 16).

Profile of Activities and Results

Audit Operations Office of Inspector General Reviews	
October 1, 2004 to March 31, 2005 (dollars in millions)	
Questioned Costs *	
■ Total	\$4.3
■ Federal	\$4.2
Recommended Efficiencies *	
■ Federal	\$2.0
Costs Disallowed to be Recovered	
■ Federal	\$0.8
Costs Disallowed as Cost Efficiency	
■ Federal	\$0.02
Reports Issued - Office of Inspector General Reviews	30
Reports Resolved	
(Agreement by Agency officials to take satisfactory corrective actions) ***	108

Audit Operations Other Reviews (Reviews Performed by Another Federal Agency or Single Audit Act Auditors)	
October 1, 2004 to March 31, 2005 (dollars in millions)	
Questioned Costs *	
■ Total	\$15.8
■ Federal	\$5.4
Recommended Efficiencies *	
■ Federal	\$1.1
Costs Disallowed to be Recovered	
■ Federal	\$0.9
Costs Disallowed as Cost Efficiency	
■ Federal	\$0.0
Reports Issued - Other	
■ EPA Reviews Performed by Another Federal Agency	152
■ Single Audit Act Reviews	133
Total	<u>285</u>
Agency Recoveries	
Recoveries from Audit Resolutions of Current and Prior Periods (cash collections or offsets to future payments) **	\$0.4

Investigative Operations	
October 1, 2004 to March 31, 2005 (dollars in millions)	
Fines and Recoveries (including civil) ****	\$7.0
Cases Opened During Period	99
Cases Closed During Period	79
Indictments/Criminal Informations/Complaints	10
Convictions	7
Civil Judgments/Settlements/Filings	2
Administrative Actions Against EPA Employees/Firms	50

* Questioned Costs and Recommended Efficiencies subject to change pending further review in audit resolution process.

** Information on recoveries from audit resolution is provided by EPA Financial Management Division and is unaudited.

*** Reports Resolved subject to change pending further review.

**** Total includes actions resulting from joint investigations.

Significant OIG Activity

Air

Helping to make air safe and healthy to breathe.

Mercury Rule for Utilities Needs Additional Analyses

Evidence indicated that EPA senior management instructed EPA staff to develop a Maximum Achievable Control Technology standard for mercury that would result in a specific emission total for all coal-fired electric utilities, instead of basing the standard on an unbiased determination.

Coal-fired electric utilities represent the largest source of airborne mercury emissions in the United States. Once airborne, mercury can be deposited in water and result in fish contamination. Human consumption of fish is the primary method of exposure to mercury, which has been shown to cause neurological and fetal developmental problems.

Members of the Senate Environment and Public Works Committee requested that we review EPA's development of its mercury rule. In January 2004, EPA proposed two options for controlling mercury emissions: a control technology standard and a performance-based cap-and-trade program.



Virginia Electric Power Company's coal-fired plant at Mt. Storm, West Virginia. Source: State of New York Web site.

EPA proposed a 34-tons-per-year target standard based on the amount of mercury reductions expected to be achieved from implementing nitrogen oxide and sulfur dioxide controls under a separately proposed but related air rule. According to EPA officials, the 34-ton target represented the most realistic and achievable standard for utilities.

However, the 34-ton target was prescribed by EPA senior management, and prior estimates were lower. Consequently, the standard likely understates the average amount of mercury emission reductions achieved by the top performing 12 percent of utilities, the minimum level for the standard as required by the Clean Air Act. Further, this standard, as proposed, did not provide a reasonable basis for determining whether the control technology standard or the cap-and-trade approach provides the better cost benefit.

The Agency's cap-and-trade proposal could have been strengthened to better ensure that anticipated emission reductions would be achieved. Contrary to Agency and Executive Order requirements, the proposal did not adequately address the potential for hot spots, and EPA did not fully analyze the cost-benefit of regulatory alternatives or fully address the rule's impact on children's health.

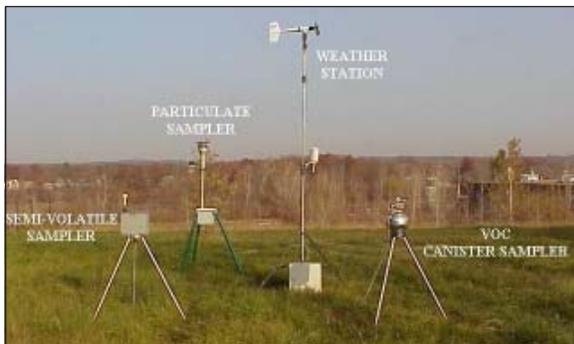
We recommended that EPA re-analyze mercury emissions data collected for the top performing 12 percent of utility units to develop a Maximum Achievable Control Technology floor. We also recommended that the Agency conduct a revised cost-benefit

analysis, and that EPA strengthen its cap-and-trade proposal by more fully addressing the potential for hot spots. Further, we recommended that the Agency conduct more in-depth analyses of the regulatory alternatives and children’s health impacts as required by Executive Orders. The Agency’s response to our report did not specifically address our recommendations, but raised concerns about certain aspects of the report. EPA issued a final rule on March 15, 2005, opting to regulate coal-fired electric utilities under the cap-and-trade option. The final rule addressed some of our concerns with the cap-and-trade proposal by eliminating certain provisions; however, the rule did not include a specific course of action for addressing the potential for hot spots.

(Report No. 2005-P-00003, Additional Analyses of Mercury Emissions Needed Before EPA Finalizes Rules for Coal-Fired Electric Utilities, February 3, 2005)

EPA Can Enhance Air Toxics Monitoring

EPA has significantly increased its ambient (outdoor) air monitoring efforts and funding since 2000, but additional effort can be made to identify areas of unhealthy ambient air toxics concentration, identify national trends, and assess strategy effectiveness.



Photograph of several types of air samplers used in ambient air toxics monitoring. Source: EPA Web site.

The Clean Air Act identifies 188 air toxics. EPA defines air toxics as pollutants “known or suspected to cause cancer or other serious health effects or adverse environmental effects,” and has a goal to reduce unacceptable health risks from air toxics for 95 percent of the population by 2020.

Although the Clean Air Act does not require a national air toxics monitoring network to measure air toxics levels, EPA as well as State and local agencies have recognized the need for such a network. EPA recently established 23 national sites to assess ambient air toxics trends, and State and local agencies have established over 300 fixed

ambient air toxics monitoring stations nationwide. Further, in 2004, EPA began awarding grants to State and local agencies to conduct short-term, local-scale monitoring projects.

Additional efforts and improvements can be made. For example, there was little association between the location of State and local monitors and census tracts (geographic areas within a county) estimated to have high health risks from air toxics exposure. We found that air toxics monitoring was conducted in only 5 of the 50 census tracts with the highest cumulative cancer risk. We also identified inconsistencies in the sampling

Monitors in 50 Census Tracts with the Highest Estimated Cancer Risks

	Census Tracts		Population	
	No.	Percent	No.	Percent
Tracts with monitors	5	10%	10,552	7%
Tracts without monitors	45	90%	145,383	93%
Tracts in sample	50	100%	155,935	100%

frequencies and quality assurance measures for national trend sites. Key barriers to ambient air toxics monitoring included inadequate funding and lack of methods to monitor certain air toxics.

We recommended that EPA develop a strategy for siting monitors in locations estimated to present the greatest health risks. We also recommended actions for improving the programmatic aspects of national trends sites, particularly with respect to quality assurance, quality control, and data completeness. Further, we recommended greater emphasis be placed on methods development for analyzing ambient air toxics concentrations. The Agency generally agreed with our recommendations.

(Report No. 2005-P-00008, Progress Made in Monitoring Ambient Air Toxics, But Further Improvements Can Increase Effectiveness, March 2, 2005)

Title V Air Permitting Program Needs Improvement

We identified concerns with five key aspects of Clean Air Act Title V operating permits: permit clarity, statements of basis, monitoring provisions, annual compliance certifications, and practical enforceability. Collectively, these problems can hamper the ability of EPA, State and local regulators, and the public to understand what requirements sources are subject to, as well as how they will be measured, and to hold sources accountable for meeting applicable air quality requirements.

Primary Benefits Expected From Implementing Title V
<ul style="list-style-type: none"> ■ Improve States' air pollution programs due to better emissions inventories. ■ Provide resources through Title V fees. ■ Provide a vehicle for implementing the air toxics and acid rain programs. ■ Improve enforcement. ■ Achieve faster compliance. ■ Require compliance certifications from facility operators. ■ Include all the applicable regulatory requirements in one document. ■ Provide regulatory certainty for sources. ■ Improve public participation.

In 1990, Congress enacted Federal clean air permitting requirements designed to reduce violations and improve enforcement of air pollution laws for the largest known sources of air pollution. Known as Title V, this provision requires that all major stationary sources of air pollutants obtain a permit to operate. Title V applies to more than 17,000 sources.

Factors such as extensive use of incorporation by reference; failure to fully cite applicable regulations; complex permit format; and lack of detail in source requirements for testing, monitoring, and reporting had a negative impact on permit clarity. Also, vague permit language and insufficient monitoring provisions limited the practical enforceability of some permits. EPA's oversight and guidance of Title V activities have resulted in some improvements, but areas for further improvement remain, such as the need for more prompt issuing of program evaluation reports for permitting authorities.

Despite implementation problems, the Title V program has resulted in some significant benefits. The inclusion of all relevant Clean Air Act requirements in one document has enabled stakeholders to obtain the information needed to understand the applicable requirements for major permitting sources, and to express their concerns. There is also anecdotal evidence that, in some instances, emissions inventories are better, compliance has been achieved more quickly, and emissions have been reduced.

We made recommendations for EPA to, among other things, reduce the factors that negatively impact permit clarity, improve national Title V guidance, actively identify monitoring deficiencies in State implementation plans, and develop a comprehensive Title V oversight strategy. The Agency agreed with some recommendations but disagreed with others.

(Report No. 2005-P-00010, Substantial Changes Needed in Implementation and Oversight of Title V Permits If Program Goals Are To Be Fully Realized, March 9, 2005)

Efforts to Measure Fine Particulate Matter Need Enhancing

EPA has made substantial progress in establishing a speciation monitoring network to help develop fine particulate matter (PM_{2.5}) control strategies, but still faces a number of challenges in ensuring that the controls are implemented at the right sources.

Determining the chemical make-up of a particle – know as speciation – is largely accomplished through data generated by the speciation (ambient air) monitoring network. Airborne particulate matter 2.5 microns or smaller in size (PM_{2.5}) is composed of a complex mixture of particles. Tens of thousands of premature deaths yearly are associated with exposure to excess PM_{2.5} levels, and EPA estimates that by 2010 compliance with PM_{2.5} control strategies will cost industry more than \$37 billion annually.

While the speciation network provides information for understanding the makeup and origin of PM_{2.5}, it does not fully assist in providing the data for EPA and the States to (1) identify or quantify the chemical make-up of PM_{2.5} particles, (2) reliably trace particles back to their source, or (3) account for chemical changes that occur after particles are released into the atmosphere. Using available data, EPA and the States are beginning to develop control strategies, but increased monitoring efforts are needed.

Developing control strategies is best approached through collaborative processes that use emissions inventories, air quality modeling, and ambient air monitoring data. EPA's speciation network will be vital for enabling States with PM_{2.5} nonattainment areas to meet Clean Air Act requirements to develop control strategies and ensure that pollution controls are implemented at the right sources. Otherwise, some facilities may install unneeded controls; some needed controls may go uninstalled; and, ultimately, compliance may be further delayed and more costly.

Only \$0.8 million of the \$43 million that EPA budgeted in 2004 for PM_{2.5} monitoring was used to improve the capability to address uncertainties with PM_{2.5} particle origin. According to some manufacturers and Agency officials, increased partnering between EPA and monitor manufacturers may be needed to ensure air pollution controls are implemented at the right sources.

We recommended that EPA increase its research on technologies that can more fully identify the chemical make-up of PM_{2.5}, account for atmospheric impacts on PM_{2.5}, and assay the resultant changes that occur to the composition of the particle. This includes increasing opportunities for cooperation with the private sector to develop improved

speciation monitors. The Agency disagreed with certain issues in our report, but indicated our recommendations generally aligned with its current improvement efforts.

(Report No. 2005-P-00004, EPA Needs to Direct More Attention, Efforts, and Funding to Enhance Its Speciation Monitoring Program for Measuring Fine Particulate Matter, February 7, 2005)

No Bias Found on World Trade Center Panel

We did not find evidence indicating that a peer review panel on EPA's draft assessment of the health hazards caused by the collapse of the World Trade Center towers was biased. However, we did find a basis for the perception that there might be conflicts of interest and bias.

The seven-member panel selected by EPA included one panelist with an extensive history of providing expert testimony and similar services for defendants in asbestos law suits, and two panelists who had made prior public statements regarding the safety of the air around the World Trade Center site. However, while these circumstances provided a basis for the perception of conflict of interest or bias, we did not find any evidence of bias or that the perceived biases and conflicts were so "direct and substantial" that any of the panelists should have been excluded from the panel.

Nonetheless, EPA should have taken additional measures during the peer review selection process to disclose the information about panel members upon which the allegations of conflict of interest or bias were later made. We made a number of recommendations to ensure that guidance in EPA's Peer Review Handbook will be fully followed. These include EPA providing better oversight of peer review contracts, and the need for supplemental guidance and training of peer review leaders. EPA agreed with our recommendations and has taken or initiated corrective actions for all our recommendations.

(Report No. 2005-S-00003, Review of Conflict of Interest Allegations Pertaining to the Peer Review of EPA's Draft Report, "Exposure and Human Health Evaluation of Airborne Pollution from the World Trade Center Disaster," November 4, 2004)

Atlanta Zoning Change Did Not Require a State Implementation Plan Revision

Our review of a hotline complaint did not find evidence that a zoning condition change for an Atlanta, Georgia, redevelopment project would negatively affect the ability of the State to attain the ambient air quality standards of its current State Implementation Plan.

The Atlantic Steel project is a Brownfields redevelopment effort designated as a transportation control measure in Georgia's State Implementation Plan. It is also a Project XL effort that allows using innovative strategies to achieve environmental goals. A complainant alleged that Atlanta changed provisions of the measure's zoning condition #4 without submitting a State Implementation Plan revision to EPA for approval. The zoning change relates to limiting cut-through traffic in neighborhoods near the site.

We found that the revised zoning condition replaces vague language with specific prescribed actions and timetables, and the changes do not result in the State Implementation Plan being “substantially inadequate” to attain standards. The changes to zoning condition #4 do not appear to result in increased air emissions.

We found that EPA Region 4’s oversight of the changes to the zoning condition were generally adequate, although EPA could take further measures to increase the opportunities for public involvement in the project. We made recommendations that would result in further public involvement and EPA Region 4 agreed with those recommendations.

(Report No. 2005-S-00005, Review of Changes to the Atlantic Steel Transportation Control Measure, February 16, 2005)

Source Water Programs Show Promise But Obstacles Remain

While States continue to make progress on completing source water assessments, and many are developing and implementing source water protection strategies, we identified several obstacles that are hindering efforts.



Beaver Lake, Nebraska, reservoir. Source: EPA OIG.

Through the Source Water Assessment Program, EPA requires States to conduct source water assessments to analyze existing and potential threats to public drinking water quality. The Source Water Protection Program, a voluntary program not mandated by statute, encourages States to develop protection programs after completing the assessment process.

While some States are using assessments to improve overall drinking water protection programs, assessment use at the local level is limited. EPA needs to help States leverage resources to continue source water protection programs.

To improve the success of Federal, State, and local source water protection programs, we recommended that the Assistant Administrator for Water:

- Issue a public statement to re-affirm that the Source Water Assessment and Protection Programs are a priority for EPA.
- Encourage States to target assessments not only to utilities but also to local governments, councils, planners, building and zoning officials, and other stakeholders.
- Provide guidance to States on how to leverage financial and technical resources from other EPA programs, partners, and stakeholders.
- Continue to improve cooperation and coordination between States and EPA assistance contractors.
- Work with regions and States to integrate environmental programs, and determine how best to disseminate locally applicable best practices for contaminant source management and motivation.

EPA generally agreed with our findings and recommendations and in many cases has taken actions to address them.

(Report No. 2005-P-00013, Source Water Assessments and Protection Programs Show Initial Promise, But Obstacles Remain, March 28, 2005)

For additional reports concerning water issues, please refer to:
Page 10: "EPA Needs to Identify Impediments to Water Data Control System Security"
Page 26: "Impact of Increased Emphasis on Wet Weather Discharge Violations Considered"
Page 27: "Region 3 Oversight of Water Permits Reviewed"

EPA Needs to Improve BioWatch Oversight Efforts

EPA should increase oversight of its BioWatch sampling responsibilities to ensure adherence to quality assurance guidance related to detecting the release of biological agents.

BioWatch is an early-warning system designed to detect the release of biological agents in the air. BioWatch is a “detect to treat” network intended to detect certain biological agents within 36 hours of release to allow time for response. The Department of Homeland Security oversees the BioWatch program, but relies on EPA to support a crucial aspect of the program – monitoring through collecting filter samples. EPA awards and manages cooperative agreements to State and local air monitoring agencies that collect the filter samples.

BioWatch Costs (millions)

Fiscal Year	Approximate Sampling Costs	Approximate Total Costs
2003	\$12	\$40
2004	\$13	\$38
2005	\$15 *	\$129

* Does not include funding to support enhancements planned for 2005.

We found that EPA did not provide adequate oversight of the sampling operations to ensure quality assurance guidance was adhered to, potentially affecting the quality of the samples taken. EPA completed a technology assessment of the existing BioWatch monitors, but also needs to be involved in assessing alternative technologies that are more reliable, timely, and less costly.

We also found that State and local consequence management planning was incomplete. Insufficient planning was highlighted when a biological agent was detected in a city in October 2003, although the incident was eventually found to have been caused by naturally occurring circumstances and did not require action.

EPA should ensure that it fulfills all its BioWatch responsibilities, including oversight of quality assurance activities. Further, although not a responsibility designated to EPA, the Agency should work closely with its BioWatch partners to identify and test alternative monitoring technologies that may result in improvements, and ensure local consequence management plans are adequate. EPA agreed with our report.

(Report No. 2005-P-00012, EPA Needs to Fulfill Its Designated Responsibilities to Ensure Effective BioWatch Program, March 23, 2005)

EPA Needs to Identify Impediments to Water Data Control System Security

Water utilities may require assistance in securing Supervisory Control and Data Acquisition (SCADA) systems.

SCADA is a technology commonly used by water utilities that allows a user to collect data from sensors and control equipment, such as pumps, valves, and chemical mixers located at remote locations. SCADA networks were developed with little attention paid to

security. As a result, many SCADA networks may be susceptible to attacks and misuses. Further, studies indicated that some water utilities may have spent little time and money securing their SCADA systems.

Some areas and examples of possible SCADA vulnerabilities include operator errors and corruption, unsecured electronic communications, hardware and software limitations, physical security weaknesses, natural disasters, poorly written software, and poor security administration. Vulnerabilities may allow a person of malicious intent to cause significant harm. For example, in 2000, an engineer used radio telemetry to gain unauthorized access into an Australian waste management system and dump raw sewage into public areas.

We found several possible reasons why utilities have not successfully reduced or mitigated identified vulnerabilities:

- Current technological limitations may impede implementing security measures.
- Companies may not be able to afford or justify the required investment.
- Utilities may not be able to conduct background checks on existing employees.
- Officials may not permit SCADA penetration testing.
- Technical engineers may have difficulty communicating security needs to management.

To better enable water systems to secure their SCADA systems, we suggested that EPA identify impediments preventing water systems from successfully reducing or mitigating SCADA vulnerabilities, and take steps to reduce those impediments. We also suggested that EPA track the effectiveness of SCADA security efforts.

(Report No. 2005-P-00002, EPA Needs to Determine What Barriers Prevent Water Systems from Securing Known Supervisory Control and Data Acquisition (SCADA) Vulnerabilities, January 6, 2005)

Ongoing Management Improvements Vital to EPA Stewardship and Voluntary Programs

EPA should improve stewardship and voluntary program management by identifying motivators and barriers to participation, regularly incorporating stakeholder input into program operations, and effectively integrating these programs into EPA's strategic planning processes.

EPA defines environmental stewardship as “behavior that includes, but also exceeds, required compliance with environmental laws and regulations.” EPA’s stewardship and voluntary programs are intended to motivate people to take beneficial environmental actions that are not required by regulation. When combined with ongoing compliance efforts, stewardship activities provide an additional approach that can achieve environmental results beyond those achieved by compliance activities alone.

EPA has created a strategic goal that uses stewardship programs to achieve environmental outcomes and offers ways for participants to move above and beyond compliance. The Agency has also begun to develop a plan to improve stewardship and voluntary program management. However, EPA needs to improve motivators and reduce

Motivators and Barriers to Stewardship Cited by Stakeholders Interviewed by OIG
Motivators
<ul style="list-style-type: none"> ■ Avoiding negative publicity ■ Cost savings ■ Keeping up with leaders ■ Consumer demands ■ Grants ■ Recognition and/or rewards ■ Strong organizational leadership ■ Avoiding legal threats ■ "Doing the right thing"
Barriers
<ul style="list-style-type: none"> ■ Financial impacts ■ Voluntary standards becoming regulatory requirements ■ Lack of program flexibility

barriers to program participation (see box for information provided by stakeholders), and continue to incorporate stakeholder feedback while planning, designing, and implementing its voluntary programs.

The Agency also needs to fully implement internal recommendations to strategically plan, coordinate, and manage its voluntary programs, and develop a process to determine how these programs will be integrated into EPA's mission, strategic goals, and objectives. Further, EPA needs to determine the best ways to measure program outcomes and impacts, and identify which programs are most effective.

We recommended that EPA develop a statement outlining how voluntary programs are expected to assist EPA, and develop criteria, guidance, and an action plan to assess how voluntary programs will be included in the revised Agency Strategic Plan. EPA generally agreed with our recommendations.

(Report No. 2005-P-00007, Ongoing Management Improvements and Further Evaluation Vital to EPA Stewardship and Voluntary Programs, February 17, 2005)

EPA Needs to Compete More Assistance Agreements

Though EPA took a positive step in promoting competition by issuing Order 5700.5, Policy for Competition in Assistance Agreements, the Agency needs to amend the Order to further increase competition for assistance agreements.

At the recommendation of the Office of Inspector General (OIG), EPA issued Order 5700.5, effective October 1, 2002, establishing criteria to promote competition to the maximum extent practicable, including when competition for grants is needed and the process for grant competition.

However, the Order overemphasized exemptions and justifications for not competing assistance agreements. The Order applied to only \$161 million of more than \$835 million of discretionary grants awarded in 2003. Program offices awarded many assistance agreements noncompetitively, some of which seemed inconsistent with the Order's requirements. As a result, EPA did not ensure that it awarded discretionary grants to the most qualified recipients or for the most innovative projects, thus potentially diminishing the Agency's efforts to accomplish its mission.

We recommended that EPA increase the number of assistance agreements subject to competition by eliminating certain exemptions and a specific justification for certain organizations. In January 2005, EPA replaced the original Order with EPA Order 5700.5A1. The revised order included numerous procedural changes and incorporated many of our recommendations. However, the Agency disagreed with key recommendations directed at increasing the number of assistance agreements subject to competition. The Agency's response to our recommendations is due by June 30, 2005.

(Report No. 2005-P-00014, EPA Needs to Compete More Assistance Agreements, March 31, 2005)

EPA Adequately Competed Brownfields Grants

EPA's competition process for awarding Brownfields grants complied with the requirements of the Small Business Liability Relief and Brownfields Revitalization Act of 2002. However, EPA did not comply with Agency policy for performing cost reviews.

EPA was required to award grants to eligible organizations that have the highest rankings under the 10 criteria established in the Act, and EPA used these criteria to the extent they were applicable.

EPA cost reviews, however, did not comply with Agency policy. EPA only had cost review documentation for 4 of 24 grants we evaluated. In some cases, project officers said the reviews were performed but not documented. For those reviews not performed, the project managers thought someone else was responsible for performing them. As a

result, EPA risked the possibility of reimbursing recipients for costs that were unreasonable or unallowable. The Agency agreed with our recommendation to remind project officers to document cost reviews.

(Report No. 2005-P-00009, Brownfields Competition Process for Awarding Grants Complied With Act, March 7, 2005)

EPA Grant Recipient Lacks Documentation for \$2 Million in Reported Outlays

We questioned \$2,009,473 of a grant recipient's reported outlays because the recipient did not maintain the necessary documentation to fully support the reported costs, as required by Federal regulations.

EPA awarded an \$18,750,000 grant to the Health Effects Institute on November 14, 2000. The recipient is an independent nonprofit corporation, located in Boston, Massachusetts, chartered to conduct and evaluate research and testing related to the health effects of emissions from motor vehicles and other environmental pollutants. This agreement was intended to enable the recipient to identify and help the scientific community plan for new research in air toxics, accountability, and the health effects of emerging fuels and technologies.

The recipient did not maintain required documentation. Employee time sheets were not used as the basis for charging labor and related costs to the grant. The recipient charged travel and other costs to the grant without determining the allocable benefit of such costs.

We recommended that EPA obtain sufficient documentation to support the \$2,009,473 or disallow the costs from Federal grant participation. We also recommended that EPA take steps to ensure the recipient addresses its financial management weaknesses.

The Health Effects Institute did not agree with our conclusions. The Institute stated that it had only one final cost objective and all of its costs were allocable to the EPA grant. This position is inconsistent with the Institute's accounting records, which identified two cost objectives – one for the EPA grant and one for industry. Final determinations on matters in this report will be made by EPA managers in accordance with established audit resolution procedures.

(Report No. 2005-4-00054, Reported Outlays Under EPA Grant R828112-01 Health Effects Institute, March 31, 2005)

EPA Grant Recipient Did Not Comply with \$2 Million Matching Requirement

Based on the results of a National Science Foundation (NSF) OIG audit, we questioned the entire grant amount of \$2 million because the recipient did not meet its 100-percent match requirement, as stipulated in its grant agreement.

The NSF OIG performed an audit of the United States-Mexico Foundation for Science (Foundation). As part of its audit, the NSF OIG reviewed EPA Grant No. XP989490-01.

Region 9 awarded this grant, in the amount of \$2 million, to the Foundation on September 30, 1999.

The NSF OIG identified several significant non-compliance issues regarding grants awarded to the Foundation by four Federal agencies, including EPA. As a result of these findings, we questioned the entire grant amount of \$2 million for the following reasons:

1. *The Foundation did not meet its matching requirement.* The Foundation was supposed to provide \$2 million in matching funds for its grant. The Foundation did not provide any matching for the EPA grant, violating the terms and conditions of the grant. According to EPA grant requirements, EPA had the right to reclaim the grant award if the matching contribution was not made within one year of the U.S. contribution.
2. *The Foundation did not have adequate financial management processes.* The NSF OIG identified numerous issues regarding the Foundation's financial management processes, including a lack of written internal control policies and procedures for its cost accounting system, lack of an adequate labor distribution system, lack of a process to review and reimburse travel expenditures, and non-compliance with the single audit provisions under Office of Management and Budget Circular A-133.

We issued the report to EPA Region 9, and recommended that Region 9 coordinate with EPA's Grants Administration Division to require the Foundation to either meet its match requirements or refund the \$2 million to EPA, provide documentation demonstrating that the Foundation has adequate financial management processes, and award no further grants to the Foundation until these financial management deficiencies are corrected.

(Report No. 2005-P-00005, Audit of the United States-Mexico Foundation for Science, February 4, 2005)

EPA Can Improve Response Action Contracts

EPA can improve the structure of Response Action Contracts to better protect the Government's interests when it contracts for Superfund cleanups.

Response Action Contracts are Cost Plus Award Fee Level of Effort contracts used to obtain professional Architect-Engineer, technical, and management services supporting EPA's Superfund cleanup responsibilities.

EPA's current Response Action Contracts assign to EPA a disproportionate share of the risk of cost overruns; expose EPA to the risk of loss of funds through litigation; limit competition; and forego potential cost savings associated with other approaches to contracting, such as Performance-Based Service Acquisition.

EPA regions do not consistently document the rationale used to decide whether to contract directly or obtain services through an interagency agreement with the U.S. Army Corps of Engineers. The Agency does not have a process to measure and disseminate information on the U.S. Army Corps of Engineers' past performance in support of EPA.

Response Action Contracts Expose EPA to:
<ul style="list-style-type: none">▪ Disproportionate share of risk of cost overruns▪ Loss of funds through litigation▪ Limited competition▪ Loss of potential savings associated with other contracting approaches

Evaluations of contractor performance were not documented timely and consistently, which could prevent EPA and other Federal agencies from considering contractors' past performance. Further, information needed to evaluate results and make decisions was not always readily available in the national automated database – the Remedial Action Contract Management Information System – resulting in underutilization of the system despite EPA spending about \$1.5 million a year on it.

We recommended that EPA develop and implement a plan to increase use of different contract types, require better documentation on all source selection decisions, develop a method for holding contracting officers accountable for conducting past performance evaluations timely and accurately, and conduct a cost-benefit analysis to determine whether the Remedial Action Contract Management Information System should be retained. EPA generally agreed with our recommendations.

(Report No. 2005-P-00001, Response Action Contracts: Structure and Administration Need Improvement, December 6, 2004)

Contracting Systems Can Be Strengthened

EPA's Office of Acquisition Management has taken positive steps to achieve its vision and goals related to contracting for Agency goods and services, but there are opportunities for strengthening its management systems.

High performing organizations are those that have the necessary systems and processes in place to achieve their missions. Positive steps taken by the Office of Acquisition

Office of Acquisition Management's Strategic Goals
<ul style="list-style-type: none"> ■ Investing in our people ■ Providing business leadership ■ Optimizing business processes ■ Strengthening our link to the Agency mission

Management included adequately communicating its vision and strategic goals to employees and customers, focusing on customers' needs, and emphasizing workforce development.

However, the Office needs to develop an action plan with milestones for establishing measures and means of measuring progress against its goals, complete workload and workforce analyses, improve information in its Integrated Contracts Management System regarding the quality and cost of its services, and obtain data for measuring progress toward

achieving its vision of being the preferred business partner for all EPA contracts.

The Agency generally agreed with our recommendations related to establishing measures, completing analyses, and capturing data.

(Report No. 2005-P-00006, Office of Acquisition Management Can Strengthen Its Organization Systems, February 17, 2005)

EPA Earns Unqualified Opinion on Financial Statements

EPA earned an unqualified opinion on its fiscal 2004 financial statements. However, in evaluating EPA's internal controls, we identified a number of reportable conditions.

The Government Management Reform Act of 1994 requires an annual audit of EPA's financial statements to help improve the Agency's financial management practices, systems, and controls so that timely, reliable information is available.

We rendered an unqualified, or clean, opinion on EPA's statements for fiscal 2004, meaning that they were fairly presented and free of material misstatement. However, when evaluating EPA's internal controls, we identified a number of reportable conditions, listed below. Although we do not believe they represent weaknesses that would cause material misstatements of the financial statements' amounts, these reportable conditions represent significant deficiencies in the design or operation of internal controls that, if not addressed, could adversely affect the organization's ability to meet Office of Management and Budget (OMB) objectives for financial reporting.

- EPA's Quality Assurance Guide, which is the framework for implementing the Agency's internal control program, does not reflect developments since 1995.
- Despite improvements, regional calculations related to unearned revenue did not include the proper amounts of cumulative disbursements, resulting in a \$14 million understatement of unearned revenue.
- Finance offices were unable to record accounts receivable transactions promptly in the Agency's accounting system – the Integrated Financial Management System (IFMS) – due to other Agency offices' untimely submission of documentation. Further, we identified \$1,963,980 in unrecorded fines and penalties.
- EPA did not promptly record \$97,434 of marketable securities received from companies in settling debts. Of the four accounting offices receiving debt settlements, only one recorded receipt of these securities.
- The Agency's process for recording contractor-held property acquisitions was inadequate, resulting in acquisition values being understated in the accounting records by \$6.9 million. In addition, the Agency improperly accounted for \$11.6 million of Superfund contractor-held surplus property, resulting in misstatements in depreciation and loss on disposal.
- Obligations, amounting to \$1,036,139, were not recorded in the proper accounting period. At one region and a finance center, 10 out of 16 fiscal 2004 obligations tested were incorrectly recorded in fiscal 2005.

- Agency staff developed and implemented financial applications for recording and tracking grant and interagency agreement disbursements. However, staff did not assess the risks these applications pose to Agency assets, personnel, and operations. Additionally, staff did not ensure management controls were operating effectively by testing security controls for these applications.
- A general breakdown of security controls related to software changes occurred that could undermine the integrity of IFMS software libraries and financial system data.
- Because the Office of the Chief Financial Officer lacks updated systems documentation, we continued to be unable to assess the adequacy of the application control structure for automated input, processing, and output controls for IFMS.

The results of our tests did not disclose any instances where the Agency's financial management systems did not substantially comply with the applicable Federal accounting standard. However, we did identify instances of non-compliance that do not meet OMB's definition of substantial non-compliance. Specifically, EPA did not comply with accounting standards requiring it to provide full costs per output to management in a timely fashion, continued to experience difficulties in reconciling intragovernmental transactions due to some Federal entities not providing needed information, and still needed to establish a background check program for non-Federal personnel accessing the accounting system. We also found an instance of non-compliance related to reconciling EPA's Fund Balances with Treasury.

During our audit, we found that the Hazardous Substance Superfund Trust Fund, managed by the U.S. Treasury Bureau of Public Debt, transferred funds to EPA in excess of the assets available to be transferred by \$7.6 million in fiscal 2004. EPA's view is that the shortfall will be covered by collecting cost recoveries and receiving interest income over time. In our opinion, because cost recoveries have declined and the investment principal upon which the interest is earned has steadily decreased, for the Superfund Trust Fund to continue operations, any deficit and future financing will have to be covered almost entirely by appropriations from the Treasury's general fund.

In its response to our draft report, the Agency generally concurred with our recommendations and noted completing or planning a number of corrective actions.

(Report No. 2005-1-00021, Audit of EPA's Fiscal 2004 and 2003 Financial Statements, November 15, 2004)

Remote Access Security Needs Improvement

EPA's Web-Mail and BlackBerry® servers are not configured appropriately to provide secure remote access to the Agency's network.

Remote access means connecting to EPA's data communications network from alternate locations not directly connected to the network. Two key methods of attaining remote access are through an Internet browser via Web-Mail or through a BlackBerry, which is a wireless handheld device.



A BlackBerry wireless handheld device.
Source: EPAOIG.

We found that 59 percent of the Web-Mail and BlackBerry servers were not adequately configured or updated to mitigate vulnerabilities. Also, several of the Agency's BlackBerry devices were not adequately secured or monitored. We found devices that did not have a password enabled, or had functionality that would allow users to disable passwords. We also observed devices left unattended in workstation cubicles. Consequently, confidentiality and integrity of EPA data are at risk.

We made various recommendations to EPA. These included establishing a requirement for all remote access systems to have security monitoring and network vulnerability scanning, developing standards that define authorized open ports and services for the Web-Mail and BlackBerry servers' Operating System, and conducting a risk assessment and establishing a process to consistently configure all devices. EPA generally agreed to take sufficient corrective actions.

(Report No. 2005-P-00011, Security Configuration and Monitoring of EPA's Remote Access Methods Needs Improvement, March 22, 2005)

Reviews of 11 Cases Completed

During the semiannual reporting period, the Public Liaison staff completed reviews of 11 cases submitted to the Ombudsman and the OIG Hotline. The subject matter of the allegations addressed included:

- Air radiation standards and health effects at a Yucca Mountain, Nevada, storage and disposal site;
- Equitability of settlements in conjunction with the Casamalia Landfill, Santa Barbara County, California;
- Contamination of drinking water wells at Camp Lejeune, North Carolina;
- Clean Air Act violations, EPA oversight of the Oklahoma Corporation Commission, and an EPA employee conflict of interest;
- Water pollution from a concentrated animal feeding operation in Gibson County, Indiana;
- Permitting of wastewater dumping into the Gulf of Mexico;
- Diploma mills/unaccredited degrees;
- Improper cleanup at underground storage tanks, Uniontown, Ohio;
- Intimidation of an EPA employee assigned to Lindsay Light/DuSable Park Superfund sites;
- Misuse of training funds by regional personnel; and
- Misuse of travel funds by headquarters personnel.

Hotline Activity

The following EPA OIG Hotline activity regarding complaints of fraud, waste, and abuse in EPA programs and operations occurred during the past semiannual period:

	Semiannual Period (October 1, 2004 - March 31, 2005)
Inquiries and Complaints Received During Period	189
Issues Handled by EPA OIG	
Complaints Open - Beginning of Period	17
Inquiries Addressed	74
Complaints Opened	8
Complaints Closed	13
Complaints Open - End of Period	15
Issues Referred to Others	
EPA Program Offices	42
EPA Criminal Investigation Division	9
Other Federal Agencies	18
State/Local Agencies	35

Laboratory Fraud

Laboratory President Sentenced to Prison Term

On March 15, 2005, Edward V. Kellogg, President, owner, and Quality Control Officer of Johnson Laboratories, Inc., New Cumberland, Pennsylvania, was sentenced in U.S. District Court, Eastern District of Pennsylvania, to 16 months in prison, followed by 36 months of probation, and ordered to perform 80 hours of community service. Kellogg was also ordered to pay restitution of \$7,181 and a \$3,400 special assessment.

On August 17, 2004, following a jury trial, Kellogg was found guilty of 34 counts of mail fraud. A May 2003 indictment charged that from May 1998 through July 2000, Kellogg engaged in a scheme to defraud customers of Johnson Laboratories by creating and billing customers for false and fraudulent environmental test reports.

Johnson Laboratories provided analytical testing of environmental samples, including water and wastewater, to municipalities and commercial clients required to comply with environmental laws and regulations administered by EPA. Among the tests prepared by Johnson Laboratories were tests for volatile organic compounds (VOCs), a contaminant whose presence in water is regulated by EPA. VOCs can contaminate drinking water, and VOCs in wastewater may be discharged into rivers and streams, potentially affecting fish, wildlife, and drinking water sources.

As the head of the business, Kellogg allowed environmental test results to be fraudulently prepared and billed to customers. These test reports purported to contain the results of VOC testing performed in accordance with EPA method 601/602, when in fact Kellogg knew that this testing method had not been used. Instead, VOC testing had been performed under the lesser inclusive EPA method 624. Johnson Laboratories did not have the necessary laboratory instruments in operating condition to perform the tests in accordance with EPA method 601/602 as reported to customers.

This investigation was conducted jointly with the EPA Criminal Investigation Division, the Pennsylvania Attorney General's Office, and the Pennsylvania Department of Environmental Protection.

Former General Manager Sentenced for Filing False Statement under Clean Water Act

On March 3, 2005, Harry B. Still, Jr., former General Manager, Bay Minette Utilities Board, Bay Minette, Alabama, was sentenced in U.S. District Court, Southern District of Alabama, to 12 months probation and was ordered to pay a \$3,000 fine and a \$100 special assessment.

In November 2004, Still pled guilty to one count of filing a false statement under the Clean Water Act. For the reporting period March 1, 2004, to March 31, 2004, Still filed a false Discharge Monitoring Report with the Alabama Department of Environmental

Management. This report denotes the levels of specific chemicals and contaminants in the discharge from waste water treatment plants. Still reported the minimum pH (potential of Hydrogen) level for the period was 6.0 standard units, the minimum pH level allowed, when in fact the minimum pH level for the period was 3.3 standard units. In the same report, Still reported the maximum nitrogen ammonia concentration was 6.9 milligrams per liter, when in fact the maximum concentration for the period was 8.29 milligrams per liter.

This investigation was conducted jointly with the Federal Bureau of Investigation, EPA Criminal Investigation Division, and Alabama Attorney General's Office.

Computer Crimes

Two Employees Suspended for Misuse of Government Computers

In two separate instances, EPA employees received 30-day suspensions for using Government computers to access pornographic Web sites.

On February 14, 2005, an Office of Solid Waste and Emergency Response employee was suspended for 30 days for inappropriately using EPA's computer network. An OIG investigation developed evidence that the employee violated EPA Order 2100.3A1, Policy on Limited Personal Use of Government Office Equipment, between August 2003 and June 2004, by accessing thousands of pornographic Web sites and images during the work day.

On March 15, 2005, a Region 5 employee was suspended without pay for 30 days as a result of another OIG investigation. This investigation focused on the employee repeatedly misusing his Government computer to access adult Internet sites and downloading sexually explicit pictures, despite numerous reminders that using Government equipment to access sexually explicit materials is prohibited.

Such misuse of Agency equipment negatively impacts productivity and potentially exposes the EPA network and its users to risks from suspect Web sites. The OIG will continue to work with EPA Information Security personnel to ensure the integrity of EPA's systems.

Cyberpirate Sentenced

On March 16, 2005, John Amorosi, Falls Church, Virginia, was sentenced to 24 months probation and ordered to pay a \$100 special assessment. In addition, Amorosi forfeited more than 595 computer-related items. This sentencing follows his guilty plea in U.S. District Court, District of Nevada, to one count of conspiracy to commit copyright infringement.

This sentencing, as well as numerous others, is a result of a 2-year-long undercover investigation known as "Operation Bandwidth." The investigation focused on a software piracy group dedicated to illegally reproducing and distributing copyrighted software, movies, and games over the Internet. At least 18 members of the group were hackers who had illegally accessed EPA computer systems to further the reproduction and distribution scheme, valued at approximately \$7.6 million. To date, 27 defendants have been convicted and 4 defendants are awaiting trial.

This investigation was conducted jointly with the Federal Bureau of Investigation and the Defense Criminal Investigative Service.

Technical Vulnerability Assessment Laboratory Provides Multiple Benefits

The OIG continues to operate a Technical Vulnerability Assessment Laboratory (TVAL) within the Office of Investigations. The TVAL is a cooperative effort involving the Office of Investigations and the Office of Audit, and includes the EPA Office of Environmental Information and EPA's information security community. Through sharing specialized tools and expertise, the Agency is improving its information system security by assessing its various networks for vulnerabilities and weaknesses. By performing the assessments in-house, the Agency recognizes a cost savings on each assessment performed and gains more expertise in the area of information system security.

During this semiannual reporting period, the TVAL supported 12 vulnerability assessments. Among the systems assessed were the Agency payroll and travel systems, as well as a complete assessment of a regional network of over 2,200 computers. Recent assessment results disclosed various vulnerabilities, some at the severe or high level. As a result of the assessments, the Agency immediately undertook corrective actions.

In addition to TVAL assessments, the TVAL has the capability to perform Penetration Testing, a technique that is important to validate and verify findings and corrective actions. It is through this cooperative effort that the OIG works with the EPA to improve information security and identify those processes or actions that have negative impact.

Financial Fraud

Environmental Scientist Receives Prison Sentence

On February 2, 2005, Lawrence M. Fradkin, a former GS-15 Environmental Scientist with the EPA Office of Research and Development, was sentenced in U.S. District Court, Southern District of Ohio, to 18 months in prison, followed by 2 years probation. In addition, Fradkin was ordered to pay \$60,000 in restitution to EPA and a \$300 special assessment. This sentencing follows Fradkin's September 29, 2004, guilty plea to charges of accepting a bribe, conspiracy, and making a false statement.

Fradkin was employed as the Federal Technology Transfer Coordinator at the Andrew W. Breidenbach Environmental Research Center in Cincinnati, Ohio. In that position, Fradkin oversaw multi-year, multi-million dollar cooperative agreements between EPA and outside parties that promoted transferring environmental technology to the marketplace.

In late 2000, Fradkin urged a contractor to create a job under a contract he oversaw, encouraged an acquaintance to apply for that job, and then encouraged the contractor to hire the acquaintance for the \$60,000-a-year job. Fradkin then demanded that the acquaintance pay Fradkin \$10,000 per year for his assistance in getting and keeping the job. Fradkin also required the acquaintance to teach college courses and perform personal work for him at his home for no compensation.

In the spring of 2002, Fradkin recommended that a contractor whose contract he oversaw enter into a \$160,000 subcontract with a university to develop a database which identified EPA scientists and their areas of expertise for use by the private sector. Fradkin

recommended that the university hire a particular person to develop the database. Fradkin conspired with that person to defraud the Government of \$60,000, of which Fradkin took \$30,000. Fradkin had developed the database on EPA time and sent it to the person, who then submitted it to the university. Fradkin's fraud caused the EPA to pay the subcontractor for a database that Fradkin developed on Government time.

Because of his Government position, Fradkin was required to annually submit an official financial disclosure form to EPA, which also required disclosing any outside employment. Fradkin admitted that from 1994 through 2002, he filed nine false disclosure forms in which he failed to disclose his outside employment. The total amount of income from the unreported outside employment was \$147,284.

Contractor Enters into \$6.5 Million Settlement

On March 15, 2005, Dehon, Inc., formerly known as Arthur D. Little, Inc. (ADL), Cambridge, Massachusetts, entered into a \$6.5 million settlement agreement with the U.S. Attorney's Office for the District of Massachusetts, Civil Division, to settle claims that ADL overbilled the Federal Government on its contracts.

From 1990 to 2000, ADL inflated costs it charged to the Federal Government contracts by improperly shifting costs uniquely associated with its commercial contracts onto Federal contracts. The Defense Contract Audit Agency conducted an analysis of the costs charged to Federal contracts and estimated that \$13.9 million was overbilled to numerous Government agencies, including EPA, the Department of Defense, and the Department of Energy. The EPA work involved Superfund and engineering activities.

In February 2002, ADL filed for relief under Chapter 11 of the U.S. Bankruptcy Code. Payment of this settlement agreement will be in accordance with the terms and conditions of the bankruptcy filing.

This investigation was conducted jointly with the Defense Criminal Investigative Service.

Contractor Agrees to Pay \$424,270 to Settle Overbilling Allegations

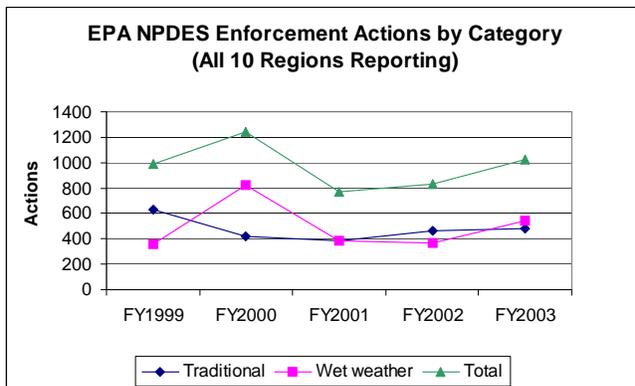
On December 9, 2004, Tetra Tech, Inc., Fairfax, Virginia, while admitting no wrongdoing, agreed with the U.S. Attorney's Office for the Eastern District of Virginia, Civil Division, to pay \$424,270 to settle allegations that it overbilled costs on its Government contracts.

The investigation found indications that from 1995 through 2003, Tetra Tech overbilled for computer services and reproduction costs to numerous Federal contracts awarded by EPA, the Department of Defense, and the Department of Energy. This overbilling occurred because Tetra Tech billed estimated rates that were in excess of the actual costs for computer services and reproduction costs.

Impact of Increased Emphasis on Wet Weather Discharge Violations Considered

We could not conclusively support or refute EPA’s claim that a decline in EPA formal National Pollutant Discharge Elimination System (NPDES) clean water enforcement actions has been compensated for by a diversion of NPDES resources to wet weather discharge violations. We performed this review in response to a congressional request regarding the decline of NPDES enforcement actions.

NPDES permits are issued to point source dischargers to control the levels of pollutants entering surface waters; point source discharges include those coming from the traditional



Data Source: Integrated Compliance Information System, 6/15/04.

large major facilities, such as municipal and industrial wastewater treatment facilities, as well as those associated with wet weather issues. Wet weather pollution is the result of excess water following rainfall. EPA is responsible for ensuring that facilities comply with NPDES permits.

We found that wet weather enforcement cases require more resources than traditional NPDES enforcement actions. Further, regions generally said conducting enforcement actions against combined sewer overflows/sanitary sewer overflows require more resources than other types

of wet weather cases. Evidence suggests that EPA has shifted compliance and enforcement staff from traditional NPDES program activities to work on wet weather issues.

We found that the annual number of EPA formal NPDES enforcement actions actually increased slightly, rather than decreased, between fiscal years 1999 through 2003.

EPA NPDES Formal Enforcement Actions by Category

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	Total
Wet weather						
Combined/Sanitary Sewer Overflows	75	100	57	53	70	355
Concentrated Animal Feeding Operations	63	71	34	22	41	231
Stormwater	225	648	293	294	430	1,890
Subtotal	363	819	384	369	541	2,476
Non-wet weather						
All non-wet weather	626	421	385	462	485	2,379
Total	989	1,240	769	831	1,026	4,855

Source: OECA officials reported enforcement actions from Integrated Compliance Information System, 6/15/04; verified by EPA regions 7/30/04.

However, the change was not uniform for the period, and a large increase occurred at the beginning of the period, followed by a 1-year decline and then an increase in the last 2 years.

The continuous, significant shift of resources toward addressing wet weather cases over the last 5 years has not been matched by a corresponding increase in wet weather enforcement actions, as would be expected based on EPA's assertion. However, we could neither prove nor disprove EPA's 2003 assertion due to a lack of staffing data and the fact that other potential explanations may exist for the absence of a correlation, including a lag between resource inputs and enforcement actions and a possible increase in non-enforcement-related activities by EPA staff.

(Report No. 2005-S-00001, Congressional Request Regarding EPA Clean Water Enforcement Actions, October 18, 2004)

Region 3 Oversight of Water Permits Reviewed

As a result of a congressional request, we gathered specific information on EPA Region 3's oversight of the NPDES permit program.

Since 1972, the NPDES permit program has controlled water pollution by regulating point sources that discharge pollutants into United States waters. In most cases, authorized States administer the program and EPA oversees State implementation.

According to information in the Permit Compliance System, from October 1, 2002, to August 9, 2004, Region 3 and States in that region inspected 3,729 permittees and took 205 enforcement actions. However, States do not report all of their actions in the system.

Region 3 Inspections and Enforcement Actions (October 1, 2002, to August 9, 2004)

Type of Source	Inspections			Enforcement Actions		
	Conducted by Region 3	Conducted by States	Total	Taken by Region 3	Taken by States	Total
Major	375	1,107	1,482	47	59	106
Minor	97	2,150	2,247	11	88	99
Total	472	3,257	3,729	58	147	205

Source: EPA Permit Compliance System

In Region 3, multiple people within the Water Division manage grants, and project officers rely on Division technical staff to obtain some of the reports States should submit and inform project offices if the staff is having problems with a State. The region also conducts joint evaluations with States on grant work plans.

Region 3 uses various tools for overseeing States, including (a) reviewing information in the Permit Compliance System, (b) making quarterly calls with States, (c) carrying out Federal inspections and enforcement actions, and (d) reviewing State programs.

(Report No. 2005-S-00002, Congressionally Requested Review of EPA Region 3's Oversight of State National Pollutant Discharge Elimination System Permit Programs, October 29, 2004)

Chemical Safety and Hazard Investigation Board

The U.S. Chemical Safety and Hazard Investigation Board (CSB) was created by the Clean Air Act Amendments. The Board's mission is to investigate accidental chemical releases at facilities, to report to the public on the root causes, and to recommend measures to prevent future occurrences.

In fiscal 2004, Congress designated the EPA OIG to serve as the Inspector General for the CSB. As a result, the EPA OIG has the responsibility to audit, evaluate, inspect, and investigate CSB's programs, and to review proposed laws and regulations to determine their potential impact on CSB's programs and operations. This includes an annual audit of CSB's financial statements.

Chemical Safety and Hazard Investigation Board Earns Unqualified Opinion on Financial Statements

CSB earned an unqualified opinion on its fiscal 2004 financial statements. The statements were found to be presented fairly, in all material respects, and in conformity with applicable standards. Further, no material weaknesses involving the internal controls over financial reporting were noted, nor were any instances of noncompliance with certain provisions of laws and regulations noted.

The EPA OIG contracted with an independent accounting firm to audit CSB's financial statements. We reviewed the firm's report and related documentation, and found no instances in which the firm conducting the audit did not comply, in all material respects, with generally accepted auditing standards.

For fiscal 2004, CSB reported a net cost of operations totaling \$8.3 million. For that year, the CSB reported completing four full investigations, two case study reports, and two safety bulletins. The CSB reported as its most significant achievement a recommendation for New York City to modernize the control of hazardous materials under its 86-year-old municipal fire code, and the City indicated it plans to overhaul its fire code. The CSB recommendation followed its 18-month investigation of a chemical accident in Manhattan where at least 36 people were injured when hazardous chemicals – improperly mixed in the basement of a commercial building – exploded.

The entire report is located at CSB's website at:
http://www.csb.gov/legal_affairs/docs/CSB%20fy%202004%20Financial%20Audit.pdf.

Other Activities

EPA Inspector General Leads Intergovernmental Effort to Address Grants Accountability

On behalf of the Comptroller General's Domestic Working Group, Inspector General Nikki Tinsley is leading a group of Federal, State, and local auditors that is developing a guide to improve grants accountability.

"With nearly \$400 billion of the United States' budget going to grant programs, it is absolutely essential that these dollars deliver the intended results. That has not always been the case in the past," Tinsley said.

The guide is being designed to help financial and program executives improve grant accountability and will include examples of practices that benefit organizations. Auditors from 20 Federal agencies, 4 States, and 2 local agencies have joined together on this project.

In 2003, \$385 billion, or one-sixth of the Federal budget, was provided as grants to State and local governments alone. Audit organizations routinely identify weaknesses in how agencies manage grants and recipients use funds. During 2004, Inspectors General from six Federal agencies identified grant issues among their agencies' top management challenges.

EPA OIG Leads Project to Establish Electronic PCIE Library

As the Chair of the President's Council on Integrity and Efficiency (PCIE) Government Performance and Results Act (GPRA) Roundtable, the EPA OIG led a project to establish an electronic library of OIG Policies, Procedures, Strategic Plans, and Performance Reports from across the Inspector General community. The purpose of the library is to create an easily accessible resource for sharing policies, processes, rules, approaches, and best practices that could improve operational efficiency of the whole community by reducing duplication of effort and improving products.

The Inspector General Internet Webmaster began converting submissions from OIGs into Portable Document Format (PDF) files for posting and set up the library by the following topics:

- General Administration/Operations (Human Resources Management, Fiscal Resources Management Equipment/Facilities/Information Technology, Training, Planning/Reporting, Organizational Structure)
- Audit/Evaluation
- Inspections/Special Reviews
- Investigations
- General (Hotline, Semiannual Report, Congressional and Public Outreach, PCIE Legislation/Regulation Review, Quality Assessments, Other)
- Strategic Plans and Performance Reports

This project is an example of how the Inspector General community is sharing its resources for greater efficiency.

Inspector General Stresses Collaborative Efforts During Various Presentations

Inspector General Nikki Tinsley made a number of presentations during the past semiannual period about the OIG's work to strengthen the Agency's ability to protect the environment. A common theme during these presentations was how various organizations can work together to achieve common goals.

At the Pacific Northwest Intergovernmental Audit Forum, "Collaborating for Improved Accountability," held in October 2004, Tinsley spoke on the topic, "Government Works Better When We Work Together: Thoughts on Federal, State, and Local Collaboration." Tinsley stressed that EPA is better able to meet its goals when it works with State and local governments, as well as other Federal agencies. "In doing our work and in trying to review the effectiveness of EPA programs, we noted that we cannot focus solely on EPA because EPA is not the only player in environmental protection," Tinsley said. EPA is only a "small fish in a big pond" when protecting the environment, she said, pointing out that over 30 Federal organizations and all 50 States are also involved, as well as thousands of local governments and private companies. The Inspector General emphasized that organizations need to become more partnership-based and results-oriented. "We at EPA OIG have found that we can be most effective in our oversight role when we work with auditors from other Federal agencies and with State and local auditors."

On October 28, 2004, Tinsley participated in a bipartisan workshop on congressional oversight, organized by the Congressional Research Service and sponsored by House Rules Chairman David Dreier. This workshop was designed to provide training to House Members and professional staff to assist them in their congressional oversight duties. In her presentation, "The Role of the Inspector General in Congressional Oversight," Tinsley talked about how Inspectors General contribute to good government, and detailed some of the significant accomplishments of the Inspector General community. Tinsley also noted how Inspectors General can assist congressional staff in their oversight responsibilities by sharing their program knowledge and by delivering direct briefings and testimony on agency or departmental problems. Finally, Tinsley focused on the recent work of the EPA OIG that responded to requests from Congress.

Related to the need for people to have the necessary tools to accomplish their goals, Tinsley discussed some of tools being developed by the EPA OIG at a presentation, "Performance Management: Technology Makes It Real," given in November 2004 at the Government Technology Conference. Tinsley focused on how methodologies, metrics, processes, and systems can be used to monitor and manage an organization's performance. Technologies can allow staff to better track and evaluate the progress being made. Technology also allows organizations to quickly react to unexpected changes in business conditions and improve predictability in results. At the EPA OIG, Tinsley said it is important for the organization to be able to serve as a role model and be able to demonstrate results. Tinsley discussed some of the information technology improvements being made at the EPA OIG, and in particular how the OIG is working to integrate its various systems to improve overall effectiveness and efficiency. The Inspector General also talked about the importance of performance measurement and the various steps the OIG is taking.

At the first “Pathways to Success Forum,” held by the Department of Defense Inspector General in December 2004, Tinsley shared her experiences as the EPA Inspector General. Tinsley emphasized that “Job #1” for the EPA OIG is to serve as a “catalyst for improving the environment.” OIG goals include contributing to improved environmental and human health and improved business practices and accountability. The OIG strives to be results oriented; to respond quickly to customer needs; and to provide accurate, complete, clear, and concise products. Tinsley stressed the need for organizations to be adaptable, flexible, and achievement-oriented. The Inspector General pointed out that for any organization to succeed, it needs to make a commitment to provide its people with the tools and training necessary to meet organizational goals. She stressed that continuous learning is important – there is always something new to learn.

In another presentation, “Management of Grants and Achieving Results,” on February 10, 2005, at the George Washington University Law School, Tinsley highlighted a specific effort in which the EPA OIG is working with other audit organizations to help improve Federal management of grants. Tinsley is leading the Domestic Working Group Grant Accountability Project, in which auditors from 20 Federal agencies, 4 States, and 2 local agencies are working together to prepare a guide that identifies lessons learned and useful practices to help ensure grant funds are properly used and achieve desired results. At EPA, where more than \$4 billion in grants is given out each year, Tinsley noted major issues of concern include grants not being competed, pre-award activities not being adequately performed, and a lack of EPA oversight of grant recipients. Tinsley pointed to instances in which the EPA OIG worked with auditors at the State level to improve State management of grants.

Staff Share Expertise

EPA OIG staff members have been requested as presenters for national and regional conferences and training events.

Michael Binder, Acting Assistant Inspector General for Planning, Analysis and Results, was a key presenter at the Mid-Atlantic Intergovernmental Audit Forum in Gettysburg, Pennsylvania, on the topic “Performance Measurement: From Theory to Practice.” In this presentation, Binder described the application of the Logic Model linking outcome goals to intermediate outcomes, outputs, activities, and resources. By describing the various kinds of measures applicable at each level, the presentation demonstrated how ratio and correlation analysis can determine relationships, unit costs, elasticity, and return on investment. Binder emphasized that intermediate outcome measures are the drivers of impact outcomes, which are measured as a matter of value in the eyes of the customer, client, and stakeholder. Binder has been a requested speaker at five recent Regional Intergovernmental Audit Forum Training Conferences.

Other presentations by Binder included a presentation titled “Involving Stakeholders in the Planning and Selection of Performance Measures” at the Annual Environmental Performance Summit, a presentation at the 2005 National Performance Summit for Inspectors General and Government Auditors titled “Sharpening Effective Performance Measures for Offices of Inspector General,” and a second presentation at that same training conference titled “Getting Results from Audit Reports Through Effective Communication Strategies.”

Holly Sage, an Office of Program Evaluation water issues specialist in the EPA OIG's New York office, made a presentation on key drinking water issues at the 2005 Source Water Protection Symposium of the American Water Works Association, held in January 2005. Based on information collected during an OIG review, Sage discussed State approaches and progress on source water assessment completion, State concerns on how EPA is measuring success of the program, and problems with balancing public availability of assessment information with drinking water security. The Association is the largest organization of water professionals in the world, and about 200 people attended the annual conference. The objective of the conference was to bring together representatives from the drinking water community (water utilities, Government agencies, researchers, educators, and environmental groups) to discuss current issues in source water protection.

Investigators from the EPA OIG staffed an information booth at the 111th Annual International Association of Chiefs of Police Convention, held in November 2004. The booth showcased the work done by the Office of Investigations, focusing on its mission of battling fraud, waste, and abuse in EPA-funded programs and operations. Staff discussed ways in which they can help participants in dealing with environmental issues.

In March 2005, Michael Rickey, EPA OIG Director for Assistance Agreement Audits, made a presentation at EPA Region 5's Tribal General Assistance Program Conference. EPA, through this program, provides general assistance grants to Indian tribal governments and intertribal consortia to build capacity to administer environmental regulatory programs on Indian lands. The presentation, titled "Inside Tips for a Successful Inspector General Audit," identified common audit findings and suggestions for preventing deficiencies. The presentation emphasized the need to create and maintain the documentation required to support grant expenses.

Legislation and Regulations Reviewed

Section 4 (a) of the Inspector General Act requires the Inspector General to review existing and proposed legislation and regulations relating to the program and operation of EPA and to make recommendations concerning their impact. The primary basis for our comments are the audit, evaluation, investigation, and legislative experiences of the OIG, as well as our participation on the President's Council on Integrity and Efficiency.

During the reporting period, we reviewed 25 proposed changes to legislation, regulations, policy, and procedures that could affect EPA. We also reviewed drafts of Office of Management and Budget Circulars, program operations manuals, directives, and reorganizations. Details on several items follow.

Proposed EPA Order, *Protecting Personal Information*: We commented that information requested, maintained, or disseminated by the OIG during the conduct of, or reporting on, an official audit, evaluation, or investigation, should be exempt from this EPA Order. Unless otherwise protected by the Privacy Act, we often report the names of individuals in our Semiannual Report to Congress, which is available to the public on our Internet Web site. We also commented that in addition to reporting unauthorized access to and/or an inappropriate disclosure of personal information to the Privacy Act Officer, they should also report these to the OIG through the Hotline.

Proposed Revision to EPA Order 5700.5, *Policy for Competition in Assistance Agreements*: We commented that the policy should require assistance agreement reviewers and approvers to document that they do not have any conflicts of interest. We suggested adding a paragraph that requires all persons (both Federal and non-Federal) involved in the review/approval process to sign a certificate that they do not have a conflict of interest. We also made a number of other comments to both strengthen and clarify sections of the proposed revision.

Proposed Delegation to Enter into Direct Implementation of Tribal Cooperative Agreements Authority: We commented that, in general, we could not support delegating authority to award any type of financial assistance (grants, cooperative agreements, loans, or loan guarantees) to anyone who is or could be associated in any manner with the recommendation or selection of an assistance recipient. Consequently, we could not support re delegating award authority from the Regional Administrators to Office Directors, or their equivalent, because it might violate the fundamental internal control - separation of duties. In some EPA regions, Office Directors are in the chain of command for evaluating and selecting assistance recipients. Our concern would be the same for all Regional Administrator delegations to award money.

Statistical Data

Audit Report Resolution

Status Report on Perpetual Inventory of Reports in Resolution Process for Semiannual Period Ending March 31, 2005

Report Category	No. of Reports	Report Issuance (\$ in thousands)		Report Resolution Costs Sustained (\$ in thousands)	
		Questioned Costs	Recommended Efficiencies	To Be Recovered	As Efficiencies
A. For which no management decision was made by October 1, 2004 **	107	\$53,200	\$3,581	\$1,307	
B. Which were issued during the reporting period	315	9,638	3,104	361	\$20
C. Which were issued during the reporting period that required no resolution	150	2	0	0	
Subtotals (A + B - C)	272	62,836	6,685	1,668	20
D. For which a management decision was made during the reporting period	108	3,173	240	1,668	20
E. For which no management decision was made by March 31, 2005	164	59,663	6,445		
F. Reports for which no management decision was made within 6 months of issuance	59	50,983	3,581		

** Any difference in number of reports and amounts of questioned costs or recommended efficiencies between this report and our previous semiannual report results from corrections made to data in our audit tracking system.

Status of Management Decisions on Inspector General Reports

This section presents statistical information as required by the Inspector General Act of 1978, as amended, on the status of EPA management decisions on reports issued by the OIG involving monetary recommendations. As presented, information contained in Tables 1 and 2 cannot be used to assess results of reviews performed or controlled by this office. Many of the reports were prepared by other Federal auditors or independent public accountants. EPA OIG staff do not manage or control such assignments. Auditees frequently provide additional documentation to support the allowability of such costs subsequent to report issuance.

Table 1 - Inspector General-Issued Reports with Questioned Costs for Semiannual Period Ending March 31, 2005 (dollar value in thousands)

Report Category	Number of Reports	Questioned Costs *	Unsupported Costs
A. For which no management decision was made by October 1, 2004 **	53	\$53,200	\$7,660
B. New reports issued during period	59	9,638	4,649
Subtotal (A + B)	112	62,838	12,309
C. For which a management decision was made during the reporting period	38	3,175	453
(i) Dollar value of disallowed costs	25	1,668	0
(ii) Dollar value of costs not disallowed	13	1,507	453
D. For which no management decision was made by March 31, 2005	74	59,663	11,856
Reports for which no management decision was made within 6 months of issuance	34	50,983	7,660

* Questioned costs include the unsupported costs.

** Any difference in number of reports and amounts of questioned costs between this report and previous semiannual report results from corrections made to data in our audit tracking system.

Table 2 - Inspector General-Issued Reports with Recommendations that Funds Be Put to Better Use for Semiannual Period Ending March 31, 2005 (dollar value in thousands)

Report Category	Number of Reports	Dollar Value
A. For which no management decision was made by October 1, 2004 *	5	\$3,581
B. Which were issued during the reporting period	4	3,104
Subtotal (A + B)	9	6,685
C. For which a management decision was made during the reporting period	1	240
(i) Dollar value of recommendations from reports that were agreed to by management	1	20
(ii) Dollar value of recommendations from reports that were not agreed to by management	1	220
(iii) Dollar value of non-awards or unsuccessful bidders	0	0
D. For which no management decision was made by March 31, 2005	8	6,445
Reports for which no management decision was made within 6 months of issuance	5	3,581

* Any difference in number of reports and amounts of funds put to better use between this report and previous semiannual report results from corrections made to data in our audit tracking system.

Audits with No Final Action as of March 31, 2005, That Are Over 365 Days Past OIG Report Issuance Date

Audits	Total	Percentage
Program	33	26.4%
Assistance Agreements	40	32.0%
Contract Audits	21	16.8%
Single Audits	30	24.0%
Financial Statement Audits	1	0.8%
Total	125	100.0%

Summary of Investigative Results

Summary of Investigative Activity During Period

Cases open as of September 30, 2004	202
Cases opened during period	99
Cases closed during period	79
Cases pending as of March 31, 2005	222

Investigations Pending by Type as of March 31, 2005

	Superfund	Management	Total
Contract	14	21	35
Assistance Agreement	1	38	39
Employee Integrity	3	30	33
Program Integrity	3	28	31
Computer Crime	0	17	17
Laboratory Fraud	12	43	55
Other	0	12	12
Total	33	189	222

Results of Prosecutive Actions

Criminal Complaints	1
Criminal Indictments / Informations	9
Convictions	7
Civil Judgments / Settlements / Filings	2
Fines and Recoveries (includes civil)	\$7,001,076
Prison Time	58 months
Probation	144 months
Community Service	80 hours

Personnel and Administrative Actions

Suspensions	8
Debarments	7
Voluntary Exclusions	3
Compliance Agreements	8
Suspensions (Employee)	4
Removals / Terminations (Employee)	2
Other Administrative Actions	18
Total	50
Repayments	\$219,630

Scoreboard of Results

Scoreboard of Results: At Mid-Year (March 31, 2005) Compared to Fiscal 2005 Annual Performance Goal Targets

Strategic Goal; With Government Performance and Results Act Annual Performance Goals Compared to Fiscal 2005 Results Reported	Supporting Measures
Goal 1. Contribute to Improved Human Health and Environmental Quality	
Environmental Improvements/Actions/Changes <ul style="list-style-type: none"> ▪ Target: 45 ▪ Reported: 14 (31%) 	0 Legislative changes/decisions 4 Regulatory changes/decisions 9 EPA policy, process, practice changes 1 Examples of environmental improvement 0 Best environmental practices implemented
Environmental Risks Reduced or Eliminated <ul style="list-style-type: none"> ▪ Target: 23 ▪ Reported: 15 (65%) 	9 Environmental risks reduced/eliminated 1 Certifications/validations/verifications 5 Critical Congressional/public issues addressed
Environmental Recommendations, Best Practices, Risks Identified <ul style="list-style-type: none"> ▪ Target: 95 ▪ Reported: 55 (58%) 	39 Environmental recommendations 11 Environmental best practice identified 5 Environmental risks identified
Goal 2. Contribute to Improved Agency Business Practices and Accountability	
Return on Investment: Potential dollar return as percentage of OIG budget (\$50.5 million) <ul style="list-style-type: none"> ▪ Target: \$75.8 million (150%) ▪ Reported: \$30.4 million (40%) 	<i>(dollars in millions)</i> \$ 20.1 Questioned costs \$ 3.1 Recommended efficiencies, costs saved \$ 7.2 Fines, recoveries, settlements
Criminal, Civil, and Administrative Actions Reducing Risk of Loss/Operational Integrity <ul style="list-style-type: none"> ▪ Target: 80 ▪ Reported: 69 (86%) 	7 Criminal convictions 10 Indictments/informations/complaints 2 Civil judgments/settlements/filings 50 Administrative actions
Improvements in Business/Systems/Efficiency <ul style="list-style-type: none"> ▪ Target: 102 ▪ Reported: 123 (121%) 	4 Policy process, practice, control changes 1 Corrective actions on FMFIA/mgt. challenge 6 Best practices implemented 103 Certifications/validations/verifications 3 Allegations disproved 6 Critical Congressional or public mgt. concerns addressed
Recommendations, Best Practices, Challenges Identified <ul style="list-style-type: none"> ▪ Target: 240 ▪ Reported: 447 (186%) 	433 Recommendations 6 Best practices identified 0 FMFIA/management challenges identified 8 Referrals for OIG or Agency Action

Appendices

Appendix 1 - Reports Issued

The Inspector General Act requires a listing, subdivided according to subject matter, of each report issued by the office during the reporting period. For each report, where applicable, the Inspector General Act also requires a listing of the dollar value of questioned costs and the dollar value of recommendations that funds be put to better use.

Report Number	Title	Final Report Issued	Questioned Costs			Recommended Efficiencies (Funds Be Put To Better Use)
			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
PERFORMANCE REPORTS						
2005-P-00001	Response Action Contracts	06-DEC-04				
2005-P-00002	Homeland Security: SCADA	06-JAN-05				
2005-P-00003	Development of the Proposed MACT for Utility Units	02-FEB-05				
2005-P-00004	PM 2.5 Network Design	07-FEB-05				
2005-P-00005	AA - United States-Mexico Foundation of Science (NSF-OIG)	04-FEB-05		\$2,000,000		
2005-P-00006	High-Performing Organization Components of OAM	17-FEB-05				
2005-P-00007	State Stewardship	17-FEB-05				
2005-P-00008	Air Toxics Implementation	02-MAR-05				
2005-P-00009	AA - Brownfields Grants – Awarding	07-MAR-05				
2005-P-00010	Evaluation of CAA Title V Operating Permit Quality	09-MAR-05				
2005-P-00011	Remote Access Servers & Configuration Management	22-MAR-05				
2005-P-00012	Evaluation of EPA's Participation in the BioWatch Program	23-MAR-05				
2005-P-00013	Source Water Assessments and Protection	28-MAR-05				
2005-P-00014	AA - Implementation of 2002 Competition Policy	31-MAR-05				
TOTAL PERFORMANCE REPORTS = 14			\$0	\$2,000,000	\$0	\$0
ASSISTANCE AGREEMENT REPORTS						
2005-4-00054	AA Health Effects Institute Audit - Cost Claimed	31-MAR-05	\$0	\$2,009,473	\$0	\$0
TOTAL ASSISTANCE AGREEMENT REPORTS = 1			\$0	\$2,009,473	\$0	\$0
SINGLE AUDIT REPORTS						
2005-3-00001	City of Cleveland	07-OCT-04				
2005-3-00002	City of Cleveland	07-OCT-04				
2005-3-00003	City of Cleveland	07-OCT-04				
2005-3-00004	City of Mason City	07-OCT-04	\$164,746	\$0	\$0	
2005-3-00005	State of Alabama	07-OCT-04	\$50,463	\$0		
2005-3-00006	South Fork Band Council	07-OCT-04				
2005-3-00007	State of Florida	18-OCT-04				
2005-3-00008	State of Montana	18-OCT-04	\$102,865	\$0	\$0	
2005-3-00009	State of Texas	18-OCT-04	\$449,964	\$0		
2005-3-00010	Government of Guam	20-OCT-04	\$83,266	\$113,846		
2005-3-00011	State of West Virginia	19-NOV-04				
2005-3-00012	Research Foundation of the City Foundation of New York	19-NOV-04				
2005-3-00013	University of Massachusetts	19-NOV-04				
2005-3-00014	Akiak Native Community	19-NOV-04	\$30,596			
2005-3-00015	Lake Michigan Air Directors Consortium	19-NOV-04				
2005-3-00016	Otoe-Missouri Tribe of Indians	19-NOV-04				
2005-3-00017	Traditional Council of Togiak	19-NOV-04	\$2,287			
2005-3-00018	La Jolla Band Of Indians	09-DEC-04				
2005-3-00019	United Water Conservation District - FY 2003	15-DEC-04				
2005-3-00020	Northeast States for Coordinated Air Use Management, Inc.	16-DEC-04				
2005-3-00021	Hampshire College - FY 2003	16-DEC-04				
2005-3-00022	Metropolitan Water District of Southern California	16-DEC-04				
2005-3-00023	San Juan Pueblo	22-DEC-04	\$32,394			
2005-3-00024	Southern Appalachian Mountains Initiative	22-DEC-04				
2005-3-00025	Confederate Tribes of the Colville Reservation	22-DEC-04				
2005-3-00026	State of Alabama	28-DEC-04				
2005-3-00027	Republic of Palau	28-DEC-04				
2005-3-00028	Public Health Institute	28-DEC-04				
2005-3-00029	Public Health Institute	28-DEC-04				
2005-3-00030	Clark Atlanta University	28-DEC-04				

Report Number	Title	Final Report Issued	Questioned Costs			Recommended Efficiencies (Funds Be Put To Better Use)
			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
2005-3-00031	Karuk Tribe of California - FY 2002	28-DEC-04	\$0	\$98,564		
2005-3-00032	National Asian Pacific Center on Aging	28-DEC-04				
2005-3-00033	Columbia University - FY 2003	30-DEC-04				
2005-3-00034	Consortium for Plant Biotechnology Research, Inc. - FY 2002	30-DEC-04				
2005-3-00035	Bayview Water and Sewer District - FY 2003	30-DEC-04				
2005-3-00036	National Indian Health Board - FY 2002	30-DEC-04	\$0	\$31,960	\$0	
2005-3-00037	Illinois Institute of Technology - FY 2002	30-DEC-04				
2005-3-00038	Quinault Indian Nation - FY 2003	30-DEC-04				
2005-3-00039	Rensselaer Polytechnic Institute - FY 2004	30-DEC-04				
2005-3-00040	Logan/Todd Regional Water Commission - FY 2003	30-DEC-04				
2005-3-00041	Senior Service America, Inc. - FY 2003	04-JAN-05				
2005-3-00042	Asa'Carsarmiut Tribal Council - FY 2002	04-JAN-05	\$0	\$96,933	\$0	
2005-3-00043	Picayune Rancheria of the Chukchansi Indians - FY 2000	04-JAN-05				
2005-3-00044	Morehouse School of Medicine	06-JAN-05				
2005-3-00045	Louden Tribal Council - FY 2003	07-JAN-05				
2005-3-00046	Blue Lake Rancheria - FY 2002	10-JAN-05		\$240,628		
2005-3-00047	City of El Paso - FY 2003	10-JAN-05	\$7,777			
2005-3-00048	University of Rochester - FY 2003	11-JAN-05				
2005-3-00049	City of Newark - FY 2002	11-JAN-05				
2005-3-00050	City of Joplin - FY 2003	12-JAN-05				
2005-3-00051	Council of Athabacan Tribal Government - FY 2003	12-JAN-05				
2005-3-00052	Walker River Paiute Tribe - FY 2002	12-JAN-05				
2005-3-00053	Las Vegas Paiute Tribe - FY 2003	12-JAN-05				
2005-3-00054	Cuyapaipe Band of Mission Indians - FY 2003	12-JAN-05				
2005-3-00055	Energy Coordinating Agency of Philadelphia - FY 2003	12-JAN-05				
2005-3-00056	City of Lamoni - Lamoni Municipal Utilities - FY 2003	12-JAN-05				
2005-3-00057	Southeastern States Air Resources Managers, Inc. - FY 2003	12-JAN-05				
2005-3-00058	California Institute of Technology - FY 2003	12-JAN-05				
2005-3-00059	Aqua Caliente Band of Chaula	13-JAN-05				
2005-3-00060	The Tides Center - 2002	31-JAN-05	\$319,763			
2005-3-00061	The Tides Center	31-JAN-05	\$313,260			
2005-3-00062	Contra Costa Water District	14-JAN-05				
2005-3-00063	State of Nebraska	14-JAN-05				
2005-3-00064	University of Arkansas for Medical Sciences	14-JAN-05				
2005-3-00065	Louisville & Jefferson County Metropolitan Sewer District	18-JAN-05				
2005-3-00066	United Keetowah Band of Cherokee Indians in Oklahoma	18-JAN-05	\$14,895	\$500	\$0	
2005-3-00067	University of Maine	20-JAN-05	\$145,000			
2005-3-00068	Osage Tribal Council - FY 2003	24-JAN-05				
2005-3-00069	Water Environment Research Foundation	25-JAN-05				
2005-3-00070	State of Illinois	25-JAN-05				
2005-3-00071	Water Environmental Research Foundation - FY 2003	25-JAN-05				
2005-3-00072	Marine Biological Laboratory	25-JAN-05				
2005-3-00073	Town of Bethel	25-JAN-05				
2005-3-00074	America's Clean Water Foundation	25-JAN-05	\$100,000			
2005-3-00075	State of Maryland	27-JAN-05				
2005-3-00076	State of Hawaii, Department of Health	27-JAN-05				
2005-3-00077	Commonwealth of Pennsylvania	28-JAN-05	\$159,622	\$0	\$0	
2005-3-00078	Wayne State University - FY 2003	07-FEB-05				
2005-3-00079	City of Toledo - FY 2003	08-FEB-05				
2005-3-00080	Calumet City - FY 2003	09-FEB-05				
2005-3-00081	Northwestern University - FY 2003	09-FEB-05				
2005-3-00082	Sauk- Suiattle Indian Tribe - FY 2002	09-FEB-05				
2005-3-00083	City of Dixon - FY 2003	09-FEB-05				
2005-3-00084	Hoonah Indian Association - FY 2002	09-FEB-05				
2005-3-00085	Pueblo of Tesuque - FY 2002	09-FEB-05				
2005-3-00086	Mescalero Apache Tribe - FY 2002	09-FEB-05				
2005-3-00087	City of Clinton - FY 2002	09-FEB-05				
2005-3-00088	City of Huntsville - FY 2003	09-FEB-05				
2005-3-00089	Eastern Band of Cherokee Indians - FY 2003	09-FEB-05	\$117,562			
2005-3-00090	San Juan Pueblo - FY 2003	15-FEB-05	\$94,982			
2005-3-00091	Choctaw Nation of Oklahoma - FY 2002	18-FEB-05				
2005-3-00092	Choctaw Nation of Oklahoma - FY 2003	18-FEB-05	\$0		\$0	
2005-3-00093	County of Chautauqua - FY 2003	18-FEB-05				
2005-3-00094	Brown University - FY 2003	18-FEB-05				
2005-3-00095	National Safety Council and Related Entities	23-FEB-05	\$399,635	\$0	\$0	
2005-3-00096	Pawnee Nation of Oklahoma	23-FEB-05				
2005-3-00097	Pawnee Nation of Oklahoma	23-FEB-05				
2005-3-00098	Dover, Eoyta, St. Charles Sanitary District - FY 2002	23-FEB-05				
2005-3-00099	Owens Valley Indian Water Commission - FY 2003	23-FEB-05				
2005-3-00100	Yankton Sioux Tribe - FY 2002	24-FEB-05	\$39,312	\$11,532	\$0	
2005-3-00101	Three Affiliated Tribes - FY 2002	25-FEB-05				
2005-3-00102	City of East Helena - FY 2003	25-FEB-05				
2005-3-00103	Confederate Tribes of the Goshute Reservation - FY 1999	25-FEB-05				

Report Number	Title	Final Report Issued	Questioned Costs			Recommended Efficiencies (Funds Be Put To Better Use)
			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
2005-3-00104	Michigan Department of Environmental Quality	03-MAR-05	\$65,756			
2005-3-00105	City of Detroit - FY 2003	03-MAR-05				
2005-3-00107	Sokaogon Chippewa Community - FY 2003	07-MAR-05				
2005-3-00108	Picayune Rancheria of the Chuckchansi Indian Tribe - FY 2003	07-MAR-05				
2005-3-00109	Santa Barbara County Air Pollution Control District - FY 2003	07-MAR-05				
2005-3-00110	Northway Village Council - FY 2002	08-MAR-05				
2005-3-00111	Kickapoo Traditional Tribe of Texas - FY 2001	08-MAR-05	\$387			
2005-3-00112	Picayune Rancheria of the Chuckchansi Indian Tribe	08-MAR-05				
2005-3-00113	Blackfeet Tribe of the Blackfeet Indian Reservation	08-MAR-05				
2005-3-00114	North Lawrence Water Authority - FY 2003	08-MAR-05				
2005-3-00115	City of Clarksburg - FY 2003	08-MAR-05				
2005-3-00116	Pit River Tribe - FY 2003	09-MAR-05				
2005-3-00117	South Fork Band Council - FY 2001	09-MAR-05				
2005-3-00118	Ekwok Village Council - FY 2002	09-MAR-05				
2005-3-00119	University of Alabama (Tuscaloosa) - FY 2003	09-MAR-05				
2005-3-00120	City of Choteau - FY 2003	09-MAR-05				
2005-3-00121	Town of Hennessey - FY 2003	09-MAR-05				
2005-3-00122	Cocopah Indian Tribe	10-MAR-05				
2005-3-00123	Gas Technology Institute & Gas Research Institute	10-MAR-05				
2005-3-00124	Chilkoot Indian Association - FY 2001	10-MAR-05		\$14,344		
2005-3-00125	Sac and Fox Nation of Missouri - FY 2003	10-MAR-05				
2005-3-00126	City of Westlake - FY 2003	11-MAR-05				
2005-3-00127	Association of Metropolitan Sewerage Agency - FY 2003	11-MAR-05	\$9,540	\$31,189		
2005-3-00128	Clark County - FY 2003	11-MAR-05				
2005-3-00129	University of Louisville - FY 2003	11-MAR-05				
2005-3-00130	SRI International - FY 2003	24-MAR-05				
2005-3-00131	State of New Mexico Environmental Department	28-MAR-05	\$176,139	\$0	\$0	
2005-3-00133	Massachusetts Water Pollution Abatement Trust	29-MAR-05				
2005-3-00134	National Academy of Science - FY 2002	30-MAR-05				
2005-3-00135	Southwest Research Institute - FY 2003	30-MAR-05				
TOTAL SINGLE AUDIT REPORTS = 133			\$2,880,211	\$639,496	\$0	\$0
OIG ISSUED CONTRACT REPORTS						
2005-1-00016	ICF Consulting Labor Floorcheck CY 2003	28-OCT-04				
2005-1-00088	ICF Consulting Group - FY 2000 Incurred Cost Audit	25-MAR-05	\$158,728			
2005-4-00002	E&E Billing System Review - Region 9	19-OCT-04			\$24,484	
2005-4-00006	Old Southington Landfill CERCLA Claim No 3	28-OCT-04				
2005-4-00009	Waste Management - Elizabethtown Response Claim #1	10-NOV-04				
2005-4-00043	Ecology & Environment Revised Disclosure Statement Review	28-FEB-05				
2005-4-00044	Ecology & Environment Revised Disclosure Statement Review	28-FEB-05				
2005-4-00049	ICF Consulting Revised Home Office Disclosure Statement No 3	23-MAR-05				
2005-4-00050	ICF Consulting Revised Segment Disclosure Statement No 8	23-MAR-05				
TOTAL OIG ISSUED CONTRACT REPORTS = 9			\$158,7280	\$0	\$24,484	\$0
DCAA CONTRACT REPORTS						
2005-1-00001	Eastern Research Group - FY 2002 Incurred Cost	06-OCT-04				
2005-1-00002	Foster Wheeler Environmental Corp - FY 2002 Incurred Cost	06-OCT-04				
2005-1-00003	Matrix Environmental & Geotech Svcs. - FY 2002 Incurred Cost	06-OCT-04				
2005-1-00004	Dynamac Corporation - FY 2002 Incurred Cost	07-OCT-04				
2005-1-00005	RS Information Systems, Inc. - FY 2000 Incurred Cost	07-OCT-04	\$40,979			
2005-1-00006	IT Group - FY 2002 Incurred Cost	12-OCT-04				
2005-1-00007	Shaw E & I (formerly IT Group) - FY 2002 Incurred Cost	12-OCT-04				
2005-1-00008	SRI International - FY 2003 Incurred Cost	13-OCT-04	\$1,026			
2005-1-00009	Environmental Restoration, LLC - FYE 12/31/2002 Incurred Cost	13-OCT-04				
2005-1-00010	CDM Federal Programs Corp. - FY99 Incurred Cost	15-OCT-04	\$13,651			
2005-1-00011	CDM Federal Programs Corp. - FY2000 Incurred Cost	15-OCT-04	\$31,174			
2005-1-00012	Shaw E&I (formerly IT Group) - FY 2002 Incurred Cost	18-OCT-04	\$18,400			
2005-1-00013	Earth Technology Remediation Service - FY 2001 Incurred Cost	18-OCT-04	\$2,400			
2005-1-00014	Tetra Tech EMI - FY 2002 Incurred Cost	19-OCT-04	\$73,562			
2005-1-00015	Sanford Cohen & Associates - FY 2001 Incurred Cost	22-OCT-04				
2005-1-00017	URS Corporation - FY 2000 Incurred Cost	03-NOV-04	\$50,515			
2005-1-00018	Alpha-Gamma Technologies, Inc. - Preaward PR- HQ-04-11304	03-NOV-04				\$123,652
2005-1-00019	Roy F. Weston - FY 1997 ARCS Closeout 68-W9-0057	04-NOV-04	\$4,170			
2005-1-00020	Weston Solutions - Subc Terra Kleen Resp. Grp. Term. for Conv.	08-NOV-04	\$992,436			
2005-1-00022	Tetra Tech EMI (TTEM) - CAS 408 Compensated P ersonal Absence	15-NOV-04				
2005-1-00023	Shaw E & I (formerly IT Group) - FY 2002 Incurred Cost	17-NOV-04	\$8,533			
2005-1-00024	Tetra Tech Foster Wheeler (TTFW) - FY2004 Accounting System	18-NOV-04				
2005-1-00025	Midwest Research Institute - FY 2004 MAAR 13 Purch Exitst/Con	26-NOV-04				
2005-1-00026	Shaw E & I - FY 2004 Accounting/Control Labor Costs	26-NOV-04				
2005-1-00027	E2, Inc. - Preaward PR-HQ-04-112304	30-NOV-04				\$737,624
2005-1-00028	TechLaw Inc. - FY2002 Incurred Cost	03-DEC-04				

Report Number	Title	Final Report Issued	Questioned Costs			Recommended Efficiencies (Funds Be Put To Better Use)
			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
2005-1-00029	Garcia Consulting (c/o Stanley Assoc) - FYE 3/31 /2001 I/C	06-DEC-04				
2005-1-00030	Bionetics Corp - FYs 5/1/96 thru 4/30/01 Final CACS 68-W6-0027	09-DEC-04				
2005-1-00031	Tetra Tech Foster Wheeler (TTFW) - FY 2004 Paid Voucher Review	09-DEC-04				
2005-1-00032	Mega Tech, Inc. - FY 2002 Incurred Cost	10-DEC-04	\$873			
2005-1-00033	URS Corporation - FY 1999 Supplemental RAC 68-W9 -8228	10-DEC-04	\$377,077			
2005-1-00034	Black & Veatch Special Projects Corp. - FY 1999 ARCS 68-W9-0055	13-DEC-04	\$929			
2005-1-00035	DPRA, Inc. - Paid Vouchers Review	15-DEC-04				
2005-1-00036	Alpha-Gamma Technologies Inc. - FY 2000 Incurred Cost	17-DEC-04				
2005-1-00037	Black & Veatch Special Proj. Corp. - FY 2000 RAC 68-W5-0004	17-DEC-04	\$11,862			
2005-1-00038	FEV Engine Technology - FYE 12/31/2003 Incurred Cost	20-DEC-04	\$14,277			
2005-1-00039	Gruzen Samton - FYE 12/31/2003 Incurred Cost	20-DEC-04				
2005-1-00040	KBM Group, Inc. - FY2002 Incurred Cost	28-DEC-04				
2005-1-00041	Limno-Tech, Inc. - FYE 3/31/2004 Incurred Cost	28-DEC-04				
2005-1-00042	Wilson Environmental - FYE 12/31/2003 Incurred Cost	28-DEC-04				
2005-1-00044	Tetra Tech Foster Wheeler (TTFW) - FY 2004 Compensation System	28-DEC-04				
2005-1-00045	Process Applications, Inc. - Accounting System	28-DEC-04				
2005-1-00046	Tetra Tech, Inc. - FY 2000 Incurred Cost	05-JAN-05				
2005-1-00047	CDM Federal Program Corp. - FY 2001 RAC 68-W5-0022	06-JAN-05				
2005-1-00048	Syracuse Research Corporation - FY 2002 Incurred Cost	06-JAN-05				
2005-1-00049	SAIC Company 6 - FY 2003 Incurred Cost	10-JAN-05	\$37,070			
2005-1-00050	SAIC Company 1 - FY 2003 Incurred Cost	10-JAN-05	\$5,954			
2005-1-00051	CH2M Hill Companies, Ltd. - CAS 403 Home Office Allocation	10-JAN-05				
2005-1-00052	CH2M Hill, Group Mgmt (Former I&E) - FY 2004 Revised CAS D/S	10-JAN-05				
2005-1-00053	Eastern Research Group - FY 2005 CAS 410	10-JAN-05				
2005-1-00054	CH2M Hill Inc. - FY 2004 Accounting System	10-JAN-05				
2005-1-00055	Acurex Environmental Corp c/o ARCADIS & - FY 2002 Incurred Cost	12-JAN-05				
2005-1-00056	Alpha-Gamma Technologies Inc. - Financial Capability Review	12-JAN-05				
2005-1-00057	Computer Based Systems - FY 2001 Incurred Cost	12-JAN-05	\$7,016			
2005-1-00058	Shaw E & I - FY 2004 Revised Disclosure Statement	13-JAN-05				
2005-1-00059	Shaw E & I - FY 2004 Revised Disclosure Statement	13-JAN-05				
2005-1-00060	Computer Based Systems c/o Titan Syst. - FY 2002 Incurred Cost	13-JAN-05				
2005-1-00061	Hazardous & Medical Waste Services - FY 2001 Incurred Cost	19-JAN-05	\$38,492			
2005-1-00062	Morrison Knudsen Corporation - FY 2000 Incurred Cost	19-JAN-05				
2005-1-00064	Tetra Tech, Inc. - FY 2001 Incurred Cost	21-JAN-05	\$4,000			
2005-1-00065	SoBran, Inc. - CFYE 9/30/03 Incurred Cost	27-JAN-05				
2005-1-00066	SAIC - FY 2004 Company 9 - Accounting for Insurance Cost	27-JAN-05				
2005-1-00067	SAIC - FY 2004 Company 6 - CAS D/S Review	28-JAN-05				
2005-1-00068	SAIC - FY 2004 Company 9 - Accounting for Cost of Deferred Comp	28-JAN-05				
2005-1-00069	Advanced Tech Sys Inc. - FY 2000 I/C	28-JAN-05	\$20,292			
2005-1-00070	SAIC - FY 2004 Company 9 - CAS Noncompliance	31-JAN-05				
2005-1-00071	CDM Federal Program Corporation - FY 2002 Incurred Cost	02-FEB-05	\$34,054			
2005-1-00072	Tetra Tech EMI - FY 2004 Budget Sys & Financial Controls Audit	04-FEB-05				
2005-1-00073	Tetra Tech EMI (TTEM) - Purchasing System Review	08-FEB-05				
2005-1-00074	Systems Research & Applications - Rev CAS Disclosure Statement	08-FEB-05				
2005-1-00075	ManTech Environmental Technology Inc. - FY 2002 Incurred Cost	15-FEB-05				
2005-1-00076	Westal Inc. - FY 1998 Incurred Cost	15-FEB-05	\$19,281			
2005-1-00077	SciComm, Inc. - FY 2001 Incurred Cost	15-FEB-05				
2005-1-00078	ManTech (MET) - Disclosure Statement Revision 6	17-FEB-05				
2005-1-00079	DCT, Inc. - FY 12/31/2003 Incurred Cost	22-FEB-05	\$15,423			
2005-1-00080	EC/R Incorporated - FY 2002 Incurred Cost (Rept in 9/15/05)	25-FEB-05				
2005-1-00083	Integrated Laboratory Sys - FY 2002 Incurred Cost (Rept in 4/05)	02-MAR-05				
2005-1-00084	Clean Air Vehicle Technology Center - FY 2003 (9 mos.) Inc. Cost	03-MAR-05				
2005-1-00085	Shaw E & I (formerly IT Group) - FY 2003 Incurred Cost	11-MAR-05	\$45,741			
2005-1-00086	Indus Corporation - FY 12/31/2002 Incurred Cost	17-MAR-05				
2005-1-00087	Tetra Tech, Inc. (A&E Division) - Cost Impact Proposal	24-MAR-05				
2005-1-00089	EG&G Automotive Research - FYE 12/31/2002 Incurred Cost	30-MAR-05				
2005-2-00001	CDM Federal Programs Corp. - FY 2001 Incurred Cost	15-OCT-04	\$56,149			
2005-2-00003	Raven Ridge Resources Inc. - FY 2000 Incurred Cost	20-OCT-04				
2005-2-00004	Indus Corporation - FY 12/31/2001 Incurred Cost	21-OCT-04				
2005-2-00005	Resource Applications, Inc. - FY 2002 Incurred Cost	08-NOV-04				
2005-2-00006	Environmental Management & Support - FY 2002 Incurred Cost	19-NOV-04				
2005-2-00007	EERGC c/o GE Energy & Envl - FY 2002 Incurred Cost	06-DEC-04				
2005-2-00008	ECC, Inc. - FY 1999 Incurred Cost 2	09-DEC-04				
2005-2-00009	Gram, Inc. - FY 2000 Incurred Cost	10-DEC-04				
2005-2-00010	Gram, Inc. - FY 2001 Incurred Cost	10-DEC-04				
2005-2-00011	Gannett Fleming Environ Engineers, Inc. - FY 2002 Incurred Cost	13-DEC-04				
2005-2-00012	Weston Solutions Inc. (Roy F. Weston) - FY 2000 RAC 68-W7-0026	15-DEC-04				
2005-2-00013	Kemron Environmental Svcs - FYs 3/25/02-5/31/20 03 Incur. Cost	17-DEC-04				
2005-2-00014	Transcontinental Enterprises, Inc. - FY 2002 Incurred Cost	17-DEC-04				
2005-2-00015	Process Applications, Inc. - Preaward PR-CI-0 4-10925	17-DEC-04				\$240,262
2005-2-00016	Gruzen Samton Architects - FYE 12/31/2002 Incurred Costs	28-DEC-04				
2005-2-00017	Weston Solutions Inc. - FY 2001 RAC Closeout 68- W7-0026	12-JAN-05				
2005-2-00018	Shaw E & I - FY 2004 Purchases Existence & Consumption	13-JAN-05				

Report Number	Title	Final Report Issued	Questioned Costs			Recommended Efficiencies (Funds Be Put To Better Use)
			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
2005-2-00019	Shaw E & I - FY 2004 Labor Floorcheck - MAAR 6	13-JAN-05				
2005-2-00020	Advanced Technologies Systems Inc. - FY 2004 Floorcheck	21-JAN-05				
2005-2-00021	Golder Associates - Agreed Upon Contract No. 6 8-D5-0059	02-FEB-05				
2005-2-00022	FEV Engine Technology - MAAR 13 Material Review	04-FEB-05				
2005-2-00023	SciComm, Inc. - FY 2000 Incurred Cost	14-FEB-05				
2005-2-00025	Perrin Quarles Associates - FYE 12/31/2003 Incurred Cost	23-MAR-05				
2005-2-00026	Weston Solutions, Inc. (Roy F. Weston) - FY 1999 ARCS 68-W9-0057	28-MAR-05				
2005-4-00001	Matrix Environmental & Geotech Svcs - FY 2004 Floorcheck	14-OCT-04				
2005-4-00003	CDM Federal Programs Corp. - FY 1999 Incurred Cost	19-OCT-04				
2005-4-00004	EC/R Inc. - FY 2003 Floorcheck	20-OCT-04				
2005-4-00005	Alpha Gamma Technologies Inc. - FY 2003 Floorcheck	20-OCT-04				
2005-4-00007	Eastern Research Group - FY 2003 CAS 410	05-NOV-04				
2005-4-00008	Eastern Research Group - FY 2003 CAS 403	05-NOV-04				
2005-4-00010	Midwest Research Institute (MRI) - FY 2004 Floorcheck MAAR 6	16-NOV-04				
2005-4-00011	Shaw E & I - FY 2004 Subcontract Monitoring	22-NOV-04				
2005-4-00012	Shaw E & I - FY 2004 Accounting System as of 5/24/2004	02-DEC-04				
2005-4-00013	Alpha-Gamma Technologies Inc. - Accounting System Review	03-DEC-04				
2005-4-00014	Perrin Quarles Associates, Inc. - FY 2004 Floorcheck	09-DEC-04				
2005-4-00015	Process Applications, Inc. - Financial Capability Review	30-DEC-04				
2005-4-00016	Tetra Tech Inc. - CAS 418 Compliance	06-JAN-05				
2005-4-00017	Arcadis Geraghty & Miller - MAAR 6	06-JAN-05				
2005-4-00018	Shaw E & I - FY 2004 CAS 409 Deprec of Tangible Capital Assets	12-JAN-05				
2005-4-00019	Shaw E & I - FY 2004 CAS 410 Alloc of Bus Unit G&A Expenses	12-JAN-05				
2005-4-00020	Shaw E & I - FY 2004 CAS 414 Cost of Money	12-JAN-05				
2005-4-00021	Shaw E & I - FY 2004 Acctg for IR&D Cost CAS 420	12-JAN-05				
2005-4-00022	Metcalf & Eddy Inc. - CAS 418	18-JAN-05				
2005-4-00023	CH2M Hill Inc (INC) - Labor System Follow-Up Audit	21-JAN-05				
2005-4-00024	SAIC - FY 2004 MAAR 13 - Purchase Existence/Consumption	31-JAN-05				
2005-4-00025	SAIC - FY 2004 Financial Capability Review	31-JAN-05				
2005-4-00026	Transcontinental Enterprises, Inc. - Floorcheck	31-JAN-05				
2005-4-00027	FEV Engine Technology Labor - Floorcheck	11-FEB-05				
2005-4-00028	ECR Incorporated - FY 2005 Floorcheck	14-FEB-05				
2005-4-00029	Foster Wheeler Environ Corp. - FY 2003 CAS 403	17-FEB-05				
2005-4-00030	DPRA, Inc. - Financial Capability Assessment	17-FEB-05				
2005-4-00031	FEV Engine Technology - Financial Capability Review	17-FEB-05				
2005-4-00032	Foster Wheeler Environmental Corp. - FY 2003 CAS 409	22-FEB-05				
2005-4-00033	Eastern Research Group - FY 2005 CAS 403	22-FEB-05				
2005-4-00034	Battelle-OCEO - Accounting & Control of Labor	22-FEB-05				
2005-4-00035	Foster Wheeler Environ Corp. (FWENC) - FY 2004 MAARs 5,7,20	23-FEB-05				
2005-4-00036	Foster Wheeler Environ Corp. (FWENC) - FY 2004 Other Direct Cost	23-FEB-05				
2005-4-00037	Foster Wheeler Environ Corp. (FWENC) - FY 2004 MAAR 16	23-FEB-05				
2005-4-00038	Foster Wheeler Environ Corp. (FWENC) - FY 2004 MAARs 2,4,9,14,19	24-FEB-05				
2005-4-00039	Foster Wheeler Environ Corp. (FWENC) - FY 2004 MAAR 12	24-FEB-05				
2005-4-00040	Tetra Tech Foster Wheeler (TTFW) - FY 2004 CAS 410	25-FEB-05				
2005-4-00041	Foster Wheeler Environ Corp. (FWENC) - FY 2004 MAAR 17	25-FEB-05				
2005-4-00042	Foster Wheeler Environ Corp. (FWENC) - FY 2004 MAAR 15	25-FEB-05				
2005-4-00045	Foster Wheeler Environ Corp. (FWENC) - FY 2004 MAARs 8,10,18	02-MAR-05				
2005-4-00046	DCT, Inc. - Floorcheck	08-MAR-05				
2005-4-00047	Cadmus Group Inc. - CAS 410 Compliance Audit	09-MAR-05				
2005-4-00048	Neptune & Company Inc. - Accounting System	17-MAR-05				
2005-4-00051	Tetra Tech, Inc. - CAS 420	23-MAR-05				
2005-4-00052	Systems Research & Applications Corp. - CAS 404	28-MAR-05				
2005-4-00053	Cadmus Group Inc. - CAS 418 Compliance Audit	30-MAR-05				
TOTAL DCAA CONTRACT REPORTS = 152			\$1,925,336			\$1,101,538
FINANCIAL STATEMENT REPORTS						
2005-1-00021	2004 Agency Financial Statements Preparation and Reporting	15-NOV-04				\$2,002,296
TOTAL FINANCIAL STATEMENT REPORTS = 1			\$0	\$0	\$0	\$2,002,296
SPECIAL REVIEW REPORTS						
2005-S-00001	Clean Water Compliance	18-OCT-04				
2005-S-00002	AA - Region 3 NPDES Program	28-OCT-04				
2005-S-00003	Conflict of Interest Allegation - WTC Peer Review	04-NOV-04				
2005-S-00004	Ecology & Environment Revised Disclosure Statement Review	17-DEC-04				
2005-S-00005	Changes to Atlantic Steel TCM - Hotline Case	15-FEB-05				
TOTAL SPECIAL REVIEW REPORTS = 5			\$0	\$0	\$0	\$0
TOTAL REPORTS ISSUED = 315			\$4,964,275	\$4,648,969	\$24,484	\$3,103,834

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