



OFFICE OF INSPECTOR GENERAL

Catalyst for Improving the Environment

Semiannual Report to Congress

April 1, 2005 - September 30, 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 inform the Administrator and the Congress about problems and deficiencies identified by the Office of Inspector General relating to 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: *Clockwise from top left:* A Superfund site in Portland, Oregon (courtesy of Oregon Department of Environmental Quality); a water tower in Burleigh County, North Dakota (EPA OIG photo); the Hercules 009 Landfill (courtesy of Hercules Incorporated).





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

INSPECTOR GENERAL

December 14, 2005

MEMORANDUM

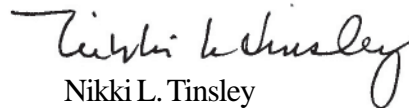
SUBJECT: Office of Inspector General Semiannual Report to Congress

TO: Stephen L. Johnson
Administrator

I am pleased to provide you with the Office of Inspector General *Semiannual Report to Congress* for the 6-month period ending September 30, 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. When you transmit 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 (5 USC App. 3, Section 5(b)).

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


Nikki L. Tinsley

Message to Congress

In Fiscal Year 2005, the Federal Government gave grants totaling \$450 billion, 17 percent of the Federal budget, to State and local governments, tribes, universities, and nongovernmental organizations. Grants account for nearly 50 percent of the Environmental Protection Agency's (EPA's) expenditures annually. For years, Federal, State, and local government auditors have reported on problems in grantee accounting and performance. On behalf of the U.S. Comptroller General's Domestic Working Group, our office led a group of Federal, State, and local auditors in developing a guide to improve grant accountability. The guide provides government managers proven practices to help ensure that grant expenditures produce the products and services envisioned when they were awarded. It may also be a useful and timely tool for those involved in the post-Hurricane Katrina rebuilding efforts since many of the rebuilding efforts will be largely funded with grants.

Another of our more important activities over this semiannual reporting period focused on improving water quality. We found that EPA and States have progressed in eliminating the backlog of water discharge permits, but EPA needs to do more to address resource constraints, increasing workloads, and other issues. If EPA is truly committed to the watershed approach for achieving clean water, it needs to improve program integration and planning efforts.

Our Superfund work included a joint project with the Department of the Interior Inspector General in which we identified EPA practices to identify, track, and prioritize potential hazardous waste sites that the Department of the Interior could use to improve its processes on Indian lands.

I am pleased to report that EPA took some important actions in response to our work. Residents of Throop, Pennsylvania, where the Marjol Battery site is located, had expressed concerns over the potential for mine fires at the site. EPA and the State agreed to drill additional boreholes to evaluate the potential for mine fires. Also, EPA issued a memorandum that provides guidance for peer reviews of innovative projects, an important step in ensuring that such projects sufficiently protect human health and the environment.

In the final month of this reporting period, EPA was in the midst of a major undertaking: addressing the numerous health and environmental issues related to the aftermath of Hurricane Katrina. On September 28, 2005, several of my inspector general colleagues and I testified before the House Energy and Commerce Committee's Subcommittee on Oversight and Investigations on plans to help detect and guard against fraud, waste, and abuse during the Katrina response and rebuilding efforts. The EPA Office of Inspector General will focus on three areas: (1) safe drinking water, (2) oil spills and hazardous materials, and (3) procurement procedures. Our next semiannual report will highlight some of these efforts.

This semiannual report includes details on these issues and others, including a "Scoreboard" of our own performance. We look forward to the challenges ahead as EPA and the Nation continue the effort to rebuild the Gulf States region and to safeguard our environment for us and for the generations that follow.

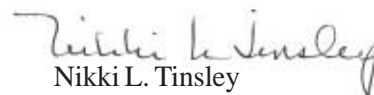

Nikki L. Tinsley
Inspector General

Table of Contents

Highlights	1
Profile of Activities and Results	2
Significant OIG Activity	3
Water (<i>ensuring that drinking water is safe and sources are protected</i>)	3
Land (<i>improving waste management and cleanup - includes Superfund</i>)	6
Cross-Media (<i>issues involving overlapping areas - includes homeland security</i>)	9
Grants (<i>improving EPA's use of assistance agreements</i>)	11
Contracts (<i>improving EPA's use of contracts</i>)	16
Financial Management (<i>improving the Agency's financial management</i>)	17
Business Systems (<i>improving the Agency's business processes and systems</i>)	18
Public Liaison (<i>addressing specific concerns of the public</i>)	20
Investigations (<i>investigating laboratory fraud, financial fraud, and computer crimes</i>)	22
Congressional Requests (<i>providing Congress with specific information</i>)	27
Testimony (<i>providing testimony before congressional committees</i>)	29
Chemical Safety and Hazard Investigation Board	30
Other Activities	31
Significant EPA Actions as a Result of OIG Activity	35
Statistical Data	37
Audit Report Resolution	37
Summary of Investigative Results	40
Scoreboard of Results	41
Appendices	42
Appendix 1 - Reports Issued	42
Appendix 2 - Reports Issued Without Management Decisions (Available Upon Request)	

Highlights

EPA Can Better Manage Brownfields Resources

Policy and organizational impediments are challenging EPA's ability to effectively manage Brownfields administrative resources (page 6).

Natural Resources Defense Council Costs Questioned

We questioned over \$1.4 million in outlays because the recipient did not have sufficient documentation to support allocating these costs to the EPA agreements (page 12).

Hercules 009 Landfill Needs Appropriate Testing

EPA uses an inadequate testing method to monitor the presence of toxaphene in groundwater at a Superfund site near Brunswick, Georgia (page 20).

Grants Management Accountability Insufficient

EPA managers did not sufficiently hold supervisors and project officers accountable for managing grants (page 27).

EPA Can Further Reduce Discharge Permit Backlog

EPA needs to address challenges to eliminate a backlog of expired permits for 1,120 major facilities and nearly 16,000 minor facilities (page 3).

EPA Has Limited Knowledge of Regulated Universe

EPA's limited knowledge of the universe of regulated entities impedes its ability to demonstrate changes in compliance (page 9).

Guidelines Not Followed for Alaska Villages Grant

Region 10 did not follow EPA guidelines before awarding the Village Safe Water Program grant to Alaska (page 11).

Inspector General Testifies on Katrina Review Plans

EPA testified before a House Subcommittee on the Office of Inspector General's (OIG's) current and planned work to monitor EPA's post-Hurricane Katrina efforts (page 29).

Contractor Employee Sentenced to Prison

A contractor employee who pled guilty to mail fraud and making false statements was sentenced to 21 months in prison and ordered to pay restitution (page 25).

Information Technology Needs Improved Oversight

EPA did not sufficiently oversee information technology projects to ensure they met planned budgets and schedules (page 18).

Operator Sentenced for False Water Reports

The Chief Operator of a Tennessee public water system was sentenced for false Monthly Operation Reports (page 22).

EPA OIG Helps Another Agency Identify Sites

As part of a joint effort, the EPA OIG provided the Department of the Interior with promising practices for identifying hazardous waste sites (page 7).

Profile of Activities and Results

Audit Operations Office of Inspector General Reviews		
	April 1, 2005 to September 30, 2005 (dollars in millions)	Fiscal 2005
Questioned Costs *		
■ Total	\$4.5	\$8.8
■ Federal	\$3.9	\$8.1
Recommended Efficiencies *		
■ Federal	\$4.7	\$6.7
Costs Disallowed to be Recovered		
■ Federal	\$2.1	\$2.9
Costs Disallowed as Cost Efficiency		
■ Federal	\$2.0	\$2.0
Reports Issued - Office of Inspector General Reviews	35	65
Reports Resolved (Agreement by Agency officials to take satisfactory corrective actions) **	155	263

Audit Operations Other Reviews (Reviews Performed by Another Federal Agency or Single Audit Act Auditors)		
	April 1, 2005 to September 30, 2005 (dollars in millions)	Fiscal 2005
Questioned Costs *		
■ Total	\$55.0	\$70.8
■ Federal	\$33.7	\$39.1
Recommended Efficiencies *		
■ Federal	\$1.2	\$2.3
Costs Disallowed to be Recovered		
■ Federal	\$0.7	\$1.6
Costs Disallowed as Cost Efficiency		
■ Federal	\$0.8	\$0.8
Reports Issued - Other		
■ EPA Reviews Performed by Another Federal Agency	153	305
■ Single Audit Act Reviews	112	245
■ Total	<u>265</u>	<u>550</u>
Agency Recoveries		
Recoveries from Audit Resolutions of Current and Prior Periods (cash collections or offsets to future payments) ***	\$0.9	\$1.3

Investigative Operations		
	April 1, 2005 to September 30, 2005 (dollars in millions)	Fiscal 2005
Fines and Recoveries (including civil) ****	\$43.7	\$50.9
Cases Opened During Period	58	157
Cases Closed During Period	62	141
Indictments/Criminal Informations/Complaints	13	23
Convictions	8	15
Civil Judgments/Settlements/Filings	2	4
Administrative Actions Against EPA Employees/Firms	33	83

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

** Reports Resolved subject to change pending further review.

*** Information on Recoveries from Audit Resolutions is provided by EPA Financial Management Division and is unaudited.

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

Significant OIG Activity

Water

Ensuring that drinking water is safe and sources are protected.

Increased Integration of Clean Water Act Programs Would Assist EPA to Manage the Backlog of Water Discharge Permits

EPA and States have had varying success in eliminating the backlog of National Pollutant Discharge Elimination System (NPDES) permits requiring renewal; more needs to be done.

Congress established the NPDES permit program to regulate discharges to water bodies to improve water quality. Permits need to be renewed at least once every 5 years. As of June 2003, EPA reported a backlog of expired permits for 1,120 major facilities and nearly 16,000 minor facilities.

Five Key Challenges to Reducing Backlog

- Resource constraints
- Increasing workload
- Complex permitting issues
- External sources of permitting delays
- Oversight limitations

To reduce the backlog, EPA needs to address challenges involving resource constraints, increasing workload, complex permitting issues, external sources of permitting delays, and oversight limitations.

The NPDES program is only one of many EPA programs to improve surface water quality, and only a small portion of waters currently identified as being “impaired” are associated with backlogged permits. EPA needs to integrate its efforts to eliminate the NPDES backlog with its other programs to improve water quality. EPA is now managing the NPDES permit program through the Permitting for Environmental Results strategy that increases focus on environmental outcomes.

EPA’s reporting on the NPDES backlog under the Government Performance and Results Act did not provide an accurate view of the program status or an adequate measure of environmental results because it did not properly compare progress against baselines or sufficiently focus on outcomes. EPA has recognized these weaknesses and has begun taking corrective actions.

We made various recommendations to EPA to build on steps already initiated to reduce the NPDES backlog. These recommendations include creating a system for assessing effectiveness and efficiency of its various efforts.

(Report No. 2005-P-00018, Efforts to Manage Backlog of Water Discharge Permits Need to Be Accompanied by Greater Program Integration, June 13, 2005)

Sustained Commitment Needed to Advance Watershed Approach

If EPA is committed to a watershed approach for achieving clean water, it needs to improve program integration, act on stakeholder concerns, and better address strategic planning and performance measurement.



A view of the upper watershed of the North Fork Lucie River, Florida (photo courtesy of South Florida Water Management District Web site).

A watershed refers to an area where water drains to a common outlet and includes not only the waterbodies but also the land that drains into those waterbodies. EPA's watershed approach is a strategy for achieving clean water that involves addressing water quality problems in the entire watershed. The premise is that many water quality problems are best solved at the overall watershed level rather than at just the individual waterbody or discharger level. The watershed approach is a holistic method that considers cumulative impacts from a variety of programs. EPA adopted a watershed approach to help focus existing, traditional water pollution control programs in a more comprehensive manner.

Although EPA has made progress in each of the four critical elements of the watershed approach that we reviewed, EPA needs to further improve in each element. Specifically, EPA needs to further address

- Integrating watershed activities into its core water programs,
- Addressing stakeholders' concerns to increase their participation,
- Refining and improving key aspects of its strategic planning process, and
- Improving the watershed performance measurement system.

We made specific recommendations to better enable EPA to address the challenges and obstacles noted in implementing the watershed approach. The Agency generally agreed with our recommendations.

(Report No. 2005-P-00025, Sustained Commitment Needed to Further Advance Watershed Approach, September 21, 2005)

EPA Making Progress in Protecting Drinking Water; Challenges Remain

EPA and States are making progress in helping water systems reach Congress' goal of protecting drinking water from source to consumer, but performance measurement and consumer information challenges remain.

To help States and water systems better protect drinking water from contamination from source to consumer, the Safe Drinking Water Act Amendments of 1996 made provisions for assessing water sources, certifying system operators, improving capabilities, providing funding, and informing the public.



A water tower in the South Central Regional Water District, Burleigh County, North Dakota (EPA OIG photo).

EPA worked to provide guidance and other assistance to States, and provided States with more flexibility in accordance with the Act. More than 86 percent of source waters have been assessed, operators have been trained and certified, assistance to improve capabilities has been provided, low-interest loans are being offered, and consumers are receiving more information on drinking water quality.

The States reported that the Consumer Confidence Reports – the primary consumer communication vehicle – are difficult for consumers to use. Data from EPA’s 2002 and 2003 Safe Drinking Water Hotline Annual Reports and from an EPA analysis of a 2003 Gallup survey also indicate that the Consumer Confidence Reports can be improved.

EPA’s measures generally relate to outputs (specific tasks performed), and do not adequately measure actual results and progress toward long-term goals. EPA requires only limited State reporting, which also impacts measuring long-term outcomes, whether programs produced intended results, and whether public health is protected.

We recommended that EPA identify methods to improve Consumer Confidence Reports and continue to develop performance measures.

(Report No. 2005-P-00021, Progress Report on Drinking Water Protection Efforts, August 22, 2005)

For details on additional water issues, please refer to:

Page 11: “Region 10 Did Not Follow Guidelines Before Awarding Alaska Grant”

Page 12: “Natural Resources Defense Council Costs Questioned”

Page 14: “Oregon Drinking Water Fund Receives Qualified Opinion”

Page 14: “Utah Receives Unqualified Opinion on Water Quality Fund, but Compliance Issues Noted”

Page 22: “Drinking Water Plant Operator Sentenced for Falsifying Reports”

Brownfields Administrative Resources Can Be Better Managed

EPA's ability to effectively manage Brownfields administrative resources is challenged by policy and organizational impediments.



Congress has authorized up to \$250 million a year through 2006 for the Brownfields program, which is designed to foster expanding, redeveloping, or reusing properties that may be complicated by the presence of hazardous wastes or other contaminants. We conducted this review in response to a congressional request to evaluate Brownfields administrative and program costs.



The authority for managing Brownfields resources is dispersed across numerous headquarters and regional offices. As a result, EPA offices responsible for expending Brownfields resources are not aligned in their efforts to define and track program costs, and EPA offices cannot account for or efficiently utilize staff resources. Also, EPA expends significant financial and personnel resources on Brownfields outreach at conferences and meetings without evaluating or prioritizing these efforts.

In Springfield, Missouri, a Brownfields assessment pilot grant helped leverage the resources needed to redevelop the former Jordan Valley Corridor into the Jordan Valley Park (photos courtesy of EPA).

We recommended that EPA offices align themselves more closely to better manage Brownfields resources, define Brownfields administrative and programmatic payroll costs and better track them, provide sufficient documentation to account for all administrative resources, and revise the regional staffing model to support current workload. Further, the Agency should

determine how many Brownfields staff members should become project officers, hold the EPA-sponsored Brownfields conference every other year rather than annually, and develop a process to prioritize attendance at other conferences and meetings.

(Report No. 2005-P-00017, EPA Can Better Manage Brownfields Administrative Resources, June 7, 2005)

EPA Needs Better Data on the Ability of Facilities to Pay for Hazardous Waste Cleanups

EPA does not have adequate data on financial assurance at hazardous waste treatment, storage, and disposal facilities regulated under the Resource Conservation and Recovery Act.

Resource Conservation and Recovery Act hazardous waste facilities are required to provide assurance that they have sufficient funds to cover closure and post-closure costs. EPA has authorized most States to implement the requirements. However, unlike many



A Class I Landfill in post-closure (photo courtesy of California Department of Toxic Substances Control).

other types of permit information, EPA has not reported basic financial assurance information into its national database. This hampers efforts to ensure that effective plans are in place to provide sufficient funds for closure and post-closure costs.

State and EPA officials need to improve sharing financial assurance information. EPA also needs to update guidance, particularly for insurance, and uniformly oversee State programs. Although States and EPA regions have expressed concerns about financial assurance, we noted few examples in which failures occurred.

EPA is taking positive steps to address various issues, such as improving information systems and State training programs. EPA has asked its Environmental Financial Advisory Board to study and make recommendations on various financial assurance issues.

Financial Assurance Closure and Post-Closure Mechanisms

Financial test	A test that evaluates the assets and liabilities of a company to determine whether it will have resources available to cover closure/post-closure costs.
Corporate guarantee	The guarantee of closure/post-closure costs by an affiliated corporation, such as a parent company.
Trust fund	Money set aside in a trust specifically for closure/post-closure expenditures.
Letter of credit	Credit issued by a financial institution that guarantees payment of obligations.
Surety bond	Guarantees issued by a surety company that specify obligations will be met.
Insurance	An insurance policy for the value of closure/post-closure costs.
Combinations	Trust funds, letters of credit, surety bonds, and insurance can be combined.

We recommended that EPA work with State and regional financial assurance staff to implement financial assurance data elements after ensuring that these elements would satisfy defined information needs, continue to improve communications and training, and clarify goals and milestones. EPA generally agreed with our recommendations.

(Report No. 2005-P-00026, Continued EPA Leadership Will Support State Needs for Information and Guidance on RCRA Financial Assurance, September 26, 2005)

EPA OIG Helps Department of the Interior to Better Identify and Prioritize Hazardous Sites

To help the Department of the Interior better identify and inventory hazardous waste sites, we compiled a list of relevant promising practices, based on EPA's experience, which the Department could use to improve its processes.

The Department of the Interior, a Federal land manager responsible for hazardous waste sites on its lands, has been criticized in recent audits for weaknesses related to

Promising Practices Identified
Site Discovery
<ul style="list-style-type: none"> ■ Consult existing site inventories and work with States and others to identify sites. ■ Develop and apply user-friendly checklists and templates to generate consistency. ■ Consult upcoming EPA guidance on preliminary assessments and site inspections.
Site Assessment and Prioritization
<ul style="list-style-type: none"> ■ Develop and apply automated tools to quickly assess sites and provide uniformity. ■ Develop a risk-based prioritization method that ranks health risks. ■ Develop a tracking mechanism for sites not requiring cleanup now but may need it later.
Cost Estimating
<ul style="list-style-type: none"> ■ Create a Web-based “cost estimating toolbox” as a one-stop resource. ■ Frequently reevaluate and adjust cost estimates throughout cleanups.

environmental liability controls. Because EPA has over 20 years’ experience identifying and inventorying hazardous waste sites, we worked with the Interior Department’s Inspector General in a joint effort to identify potential areas for improvement.

We found that

- To improve site discovery, the Department could work better with States to obtain new site information, develop better screening procedures, and consult EPA guidance on assessments.
- To better assess and prioritize sites, the Department could develop necessary automated tools, a prioritization method that ranks health risks, and a tracking mechanism for sites not initially requiring cleanup action to become aware of any changing conditions.
- To better estimate site costs, the Department could create a Web-based “cost estimating toolbox” as a one-stop resource to document cost assumptions, and should frequently reevaluate and adjust cost estimates throughout cleanups.

(Report No. 2005-P-00020, EPA Practices for Identifying and Inventorying Hazardous Sites Could Assist Similar Department of the Interior Efforts, August 22, 2005)

For details on additional land issues, including Superfund, please refer to:
 Page 12: “California Department of Toxic Substances Control Needs to Improve Its Procurement Process”
 Page 13: “Oregon Expenses of \$2 Million for Superfund Agreement Questioned”
 Page 20: “Hercules 009 Landfill Superfund Site Needs Appropriate Testing and Timely Reporting”
 Page 20: “Alaska Inappropriately Applied Match Costs to an EPA Grant”
 Page 35: “EPA and Pennsylvania Agree to Act on Ombudsman’s Recommendations for Throop Site”

EPA Has Limited Knowledge of Universe of Regulated Entities

EPA has limited knowledge of the diverse regulated universe for which it maintains responsibility, impeding its ability to demonstrate changes in regulatory compliance.

To enforce its regulations, a regulatory agency must know its entire regulated universe. EPA’s Office of Enforcement and Compliance Assurance (OECA) compiled a regulated universe table to provide consistent numbers when presenting compliance information to Congress, the public, and other stakeholders. In the universe table issued September 2001, OECA reported an inventory of 41.1 million regulated entities.

Six Environmental Statutes Covered by Review
<ul style="list-style-type: none">■ Clean Air Act■ Clean Water Act■ Federal Insecticide, Fungicide, and Rodenticide Act■ Toxic Substances Control Act■ Safe Drinking Water Act■ Resource Conservation and Recovery Act

OECA has not updated its universe table since generating it in 2001, even though some universe figures for reviewed programs have changed substantially. Various data quality issues impact OECA’s ability to adequately identify the size of its regulated universe and associated compliance information. OECA concentrates most of its regulatory activities on large entities and knows little about the identities or cumulative impact of small entities.

OECA’s limited knowledge of its universe prevents it from determining overall compliance levels in five of the six regulatory program areas we reviewed. OECA does not release all currently available compliance-related data because some of these data are not statistically valid. This hinders OECA’s ability to generate valid programmatic compliance information and effectively determine program success, and also hinders providing complete information to the public.

We recommended that OECA biennially update publicly released universe figures to accurately determine compliance levels of regulatory programs. We also recommended that OECA better describe its enforcement and compliance role, obtain up-to-date and reliable reporting from States, request EPA program offices analyze and report on the cumulative impact of violations from small entities, share more compliance data and analyses with the public, and develop and publish information that demonstrates changes in compliance. EPA agreed with some of our recommendations, but not the ones related to biennially updating universe figures, developing an objective to obtain better reporting from States, or developing programmatic compliance information.

(Report No. 2005-P-00024, Limited Knowledge of the Universe of Regulated Entities Impedes EPA’s Ability to Demonstrate Changes in Regulatory Compliance, September 19, 2005)

EPA Demonstrates Grant Practices Mirroring Nongovernmental Organizations

EPA used techniques to demonstrate results from grants that were similar to actions taken by nongovernmental organizations; we suggested additional techniques to enhance Agency policies.

EPA has historically faced challenges demonstrating the impacts on human health and the environment of the approximately \$4 billion in grants it awards each year. We sought to determine how EPA grant practices compare with techniques used by leading nongovernmental organizations.

While EPA used techniques to manage grants that are similar to those used by nongovernmental organizations, we identified additional nongovernmental organization techniques that EPA could consider to augment its policies. Specifically, we suggested that EPA

- Track Pre-Award and Results policies implementation,
- Use sample logic models that lead to accomplishing goals,
- Consider providing an online resource for grantees that provides training and other resources,
- Include past performance as a ranking criterion when competing grants, and
- Conduct a retrospective evaluation of a sample of EPA grants.

EPA generally agreed with our suggestions.

(Report No. 2005-P-00016, EPA's Efforts to Demonstrate Grant Results Mirror Nongovernmental Organizations' Practices, June 2, 2005)

Region 10 Did Not Follow Guidelines Before Awarding Alaska Grant

Region 10 did not follow EPA guidelines before awarding the Village Safe Water Program grant to Alaska's Department of Environmental Conservation.

In 2003, we reported that Region 10 did not effectively oversee millions of dollars of Alaska Safe Water Program grants. We recommended that Region 10 follow EPA guidelines that require Regions to review the adequacy of environmental objectives, the clarity of grant scope, and the likelihood that the grantee will achieve objectives prior to issuing a grant.

Guidelines Not Met
<ul style="list-style-type: none"> ■ Grant application did not include objectives ■ Cost review was not timely or adequate ■ Unauthorized cash management terms were in grant ■ Authorized period for administrative costs was unclear in grant

Prior to awarding the August 2004 grant, Region 10 did not ensure that specific environmental objectives and the scope of the work were clear, or assess whether a reasonable chance existed that overall environmental objectives could be achieved. Further, the Region did not complete the cost review of individual projects until 3 months after awarding the grant, and after the award the Region identified six ineligible projects valued at almost \$4.8 million.

We recommended that Region 10 (1) suspend work under the grant until the State prepares an adequate application and (2) establish controls to ensure that Region 10 fulfills all EPA requirements before awarding grants. The Region responded that it believed it had already taken the action needed to fulfill all pre-award steps, and that it was unnecessary to suspend the grant because the grant application includes environmental outcomes. We did not agree with Region 10 because the application includes some project outputs but not environmental outcomes. Further, the application and the grant award included funding for ineligible projects.

(Report No. 2005-P-00015, Region 10's Grant for Alaska Village Safe Water Program Did Not Meet EPA Guidelines, June 16, 2005)

Association Expenses of \$204,059 Questioned

We recommended that EPA recover \$204,059 from the Wrangell (Alaska) Cooperative Association, due primarily to unsupported labor and fringe benefit costs.

EPA awarded two grants (in 1999 and 2002), totaling \$465,000, to the Wrangell Cooperative Association under the Indian Environmental General Assistance Program Act to help the recipient establish an environmental program.

Because the recipient did not maintain a labor distribution system with the required documentation, we questioned labor and fringe benefit costs of \$140,275 and \$59,823,

respectively. We also questioned unallowable travel and other expenses of \$5,893. After deducting a \$1,932 offset, the questioned Federal share totaled \$204,059. Further, the recipient did not submit timely and accurate performance reports or draw down EPA grant funds based on immediate cash needs as required by Title 40 Code of Federal Regulations 31.40.

In addition to recommending the recovery of the \$204,059, we recommended that if EPA awards any additional grants to the recipient, the Agency should ensure that the recipient establishes an adequate labor distribution system, submits adequate performance reports, and only draws down grant funds for immediate cash needs.

(Report No. 2005-4-00056, Wrangell Cooperative Association Reported Outlays Under Grants GA980448-01 and GA970335-01, April 19, 2005)

Natural Resources Defense Council Costs Questioned

We questioned over \$1.4 million because the recipient did not have sufficient documentation to allocate these costs to the EPA cooperative agreements.

EPA awarded three cooperative agreements to the Natural Resources Defense Council totaling \$3,260,467, for storm water education and to encourage developing and purchasing energy-efficient products, primarily in the California market. Project periods ranged from 1996 to 2005.

We questioned \$1,419,548 of reported expenses because the Natural Resources Defense Council did not have records to show how it spent the money, as required by Federal regulations. The recipient did not prepare or submit its indirect cost rate proposals or fringe benefit costs to EPA as required by Office of Management and Budget Circular A-122. Also, the recipient obtained sole-source consulting services without justification or performing the required cost or pricing review.

We recommended that EPA (1) obtain sufficient documentation to support the expenses of \$1,419,548 in accordance with EPA regulations, or disallow the costs from Federal grant participation; and (2) negotiate fringe benefit and indirect cost rates according to Office of Management and Budget Circular A-122.

(Report No. 2005-4-00120, Natural Resources Defense Council Reported Outlays Under EPA Cooperative Agreements CX82546101, CS82675101, and XA83033101, September 21, 2005)

California Department of Toxic Substances Control Needs to Improve Its Procurement Process

Our review of reported costs under a cooperative agreement with the California Department of Toxic Substances Control found that the State fairly presented costs, with the exception of contract costs.

EPA awarded over \$1.3 million to the State under cooperative agreement V99925204 for Superfund site assessments and Brownfields activities from July 2002 to June 2004.

The State performed the activities in the agreement's work plan and complied with deliverable requirements. However, the State's procurement process needs to improve to ensure that the State negotiates and administers contracts in accordance with Federal regulations. The State did not perform cost or price analyses, negotiate profit as a separate line item, ensure that contractors monitored subcontractors, or include all the required clauses in contracts.

We recommended that EPA disallow contract costs of \$215,946, but the State disagreed with that recommendation. The State agreed with other OIG recommendations for EPA to revoke the State's procurement self-certification until adequate policies and procedures are in place, review and approve State solicitations and contracts under EPA cooperative agreements, and determine the adequacy of State actions to update policies and procedures. EPA has not commented on this report.

(Report No. 2005-4-00099, California Department of Toxic Substances Control Reported Outlays under Cooperative Agreement V99925204, September 8, 2005)

Oregon Expenses of \$2 Million for Superfund Agreement Questioned

We questioned over \$2 million of erroneous and unallowable expenses that the Oregon Department of Environmental Quality claimed under an EPA cooperative agreement.



Photos of McCormick and Baxter Site in 1990 (above) and 2005 (below) (photos courtesy of Oregon Department of Environmental Quality).

EPA awarded over \$25.9 million to Oregon under cooperative agreement V99060103 for remedial redesign, remedial action, and long-term response action at the McCormick and Baxter Superfund site in Portland, Oregon. Significant concentrations of wood-treating chemicals had been found in soil and groundwater at the site of the former wood-treating facility, and in river sediments adjacent to the site.

We questioned \$1,523,481 claimed for future expenses because they represent the unexpended value of contracts entered into by Oregon, not actual expenses. Oregon incorrectly included these future costs in the Financial Status Reports although the State was not paid for these future costs.

We questioned \$532,821 in contract costs because Oregon did not comply with certain Federal procurement requirements, as well as \$12,922 in labor and indirect outlays because of deficiencies in allocating leave and compensatory time.

We recommended that EPA disallow the questioned costs, revoke the State's self-certification of its procurement systems, and require Oregon to make various other improvements.

(Report No. 2005-4-00129, Oregon Department of Environmental Quality Reported Outlays under Cooperative Agreement V99060103, September 29, 2005)

Oregon Drinking Water Fund Receives Qualified Opinion

We issued a qualified opinion on the financial statements of the State of Oregon's Safe Drinking Water Revolving Loan Fund for the fiscal year ended June 30, 2004.

We performed an audit to determine whether the financial statements for the Oregon fund were fairly presented in all material respects, and whether there were internal control or compliance issues.

We issued a qualified opinion because Oregon was unable to document and support the assets, liabilities, net assets, and revenues and expenditures of the Set-Aside Funds in accordance with Generally Accepted Accounting Principles. Oregon's accounting system did not track revenues and expenditures on a fiscal year basis for grant-type programs, and we were not able to apply other auditing procedures to clearly establish the opening balances and current year activity. This finding also represented a material weakness in internal control and noncompliance.

We recommended that EPA require Oregon to develop a trial balance for the set-asides that is reconcilable to the general ledger, and the State agreed with the recommendation.

(Report No. 2005-1-00157; State of Oregon Safe Drinking Water Revolving Loan Fund: Financial Statements with Independent Auditor's Report, June 30, 2004; published September 12, 2005)

Utah Receives Unqualified Opinion on Water Quality Fund, but Compliance Issues Noted

We rendered an unqualified opinion on the financial statements of Utah's Water Quality State Revolving Fund for the fiscal year ended June 30, 2004, but noted compliance and internal control issues.

We performed an audit to determine whether the financial statements for the Utah fund were fairly presented in all material respects, and whether there were internal control or compliance issues.

We qualified our opinion on compliance with applicable laws and regulations because Utah entered into loans with 30-year repayment terms when the Clean Water Act requires repayment within 20 years. Utah also violated the Clean Water Act by placing non-State Revolving Fund funds into the State Revolving Fund, did not fully meet its Single Audit Act responsibilities, and erroneously disbursed \$479,961 for a State loan program. The State corrected the erroneous disbursement before the end of the audited fiscal year.

We made various recommendations to EPA designed to have Utah's Department of Environmental Quality correct the conditions noted. We recommended that EPA require Utah to take the necessary steps to ensure proper review and approval of transactions to ensure that it uses funds only when intended and for authorized purposes. We also recommended that EPA have Utah modify loan terms as appropriate, require the appropriate transfer of hardship assessment funds, and properly carry out Single Audit responsibilities.

(Report No. 2005-1-00144, Utah Department of Environmental Quality Water Quality State Revolving Fund Fiscal Year 2004 Financial Statements, August 8, 2005)

Puerto Rico Grants Totaling \$21.2 Million Questioned

We questioned all \$21.2 million in expenditures related to EPA grants awarded to the Puerto Rico Environmental Quality Board (EQB) during the 5-year period that ended June 30, 2003, based on the results of Single Audit Act reviews.

Under the Single Audit Act, an independent auditor reviewed each of EQB's 5 fiscal years, beginning July 1, 1998, to audit financial statements and schedules of expenditures for Federal awards. We reviewed the independent auditor's audit reports and issued memoranda on May 5, 2005, regarding the reviews for each of the 5 years.

The independent auditor issued a disclaimer of opinion on the financial statements and an adverse opinion on the report on major program compliance for each of the 5 years. The independent auditor questioned a total of \$5.4 million in costs for the 5-year period. Because EQB's records were inadequate, we questioned the remaining \$15.8 million in expenditures associated with the program, bringing total questioned costs to \$21.2 million.

In May 2001, EPA Region 2 had designated EQB as "high risk," and instituted grant restrictions accordingly. EQB is implementing two corrective action plans, covering fiscal years 1996 to 2004, to address numerous financial and programmatic problems that have been identified. Region 2 is working closely with EQB to help it correct problems with its accounting systems.

(Report No. 2005-3-00156, Puerto Rico Environmental Quality Board, FY 1999, May 5, 2005; Report No. 2005-3-00157, Puerto Rico Environmental Quality Board, FY 2000, May 5, 2005; Report No. 2005-3-00158, Puerto Rico Environmental Quality Board, FY 2001, May 5, 2005; Report No. 2005-3-00159, Puerto Rico Environmental Quality Board, FY 2002, May 5, 2005; and Report No. 2005-3-00168, Puerto Rico Environmental Quality Board, FY 2003, May 5, 2005)

For details on additional grant issues, please refer to:
Page 24: "Grantee Sentenced to Prison for Embezzling Federal Funds"
Page 27: "EPA Can Improve Accountability for Grants Management"
Page 27: "OIG Provides Requested Data on 15 Grants"
Page 31: "Guide to Improving Grant Accountability Generating Substantial Interest"

OIG Audit Monitoring Aids Oversight of EPA Contractors

We requested the Defense Contract Audit Agency (DCAA) to perform audits of EPA contracts that resulted in over \$1.2 million of sustained recommended efficiencies and questioned costs. The OIG DCAA Monitoring Team identified an additional \$2.1 million of recommended questioned costs and efficiencies included in DCAA audits. Efficiencies resulted from resolving a claim and identifying excess costs in the proposals contractors submitted when bidding on EPA contracts. DCAA questioned costs because the contractors' certified claims included incurred costs that were unreasonable, unallowable, or not allocable to contracts.

For details on additional contract issues, please refer to:
Page 23: "Contract Terms Changed as a Result of an OIG Investigation"
Page 24: "Contractor Enters into \$41.9 Million Settlement"
Page 25: "Contractor Employee Sentenced to Prison"

Pesticide Funds Statements Earn Unqualified Opinions

We rendered an unqualified opinion on the Fiscal 2004 financial statements for two funds used for managing pesticides fees.

The Pesticides Reregistration and Expedited Processing Fund (known as the FIFRA fund) is used to deposit fees collected to expedite pesticide reregistration. The Pesticide Registration Fund (known as the PRIA fund) was created in March 2004 to expedite new registrations of certain pesticides in exchange for registration fees.

In addition to providing a clean opinion for both funds, we did not identify any material internal control weaknesses. However, we noted two reportable conditions in the funds: (1) we could not assess the adequacy of the automated controls due to a lack of accounting system documentation, and (2) EPA needs to improve financial statement preparation and quality controls over the FIFRA and PRIA financial statements. We did not provide opinions on overall compliance with laws, regulations, or internal controls, because that was not the objective of our audits. We did note that the Agency was in compliance with the decision time review period requirements under PRIA.

We recommended that EPA ensure that it properly reviews products related to the financial statements prior to release or submittal for audit, and that EPA establish milestone due dates for the 2005 financial statement audits for both funds. The Agency agreed with our findings and recommendations. The Agency has plans to update its legacy financial management system and will address accounting system documentation issues as part of the replacement anticipated by Fiscal Year 2008. However, in the interim, the Agency maintains that current documentation levels are sufficient for operations.

(Report No. 2005-1-00081, Fiscal 2004 and 2003 Financial Statements for the Pesticides Reregistration and Expedited Processing Fund, May 4, 2005; and Report No. 2005-1-00082, Fiscal 2004 Financial Statements for the Pesticide Registration Fund, May 4, 2005)

EPA Needs to Improve Oversight of Information Technology Projects

EPA's Office of Environmental Information did not sufficiently oversee information technology projects to ensure they met planned budgets and schedules.

To help ensure that EPA manages its information systems in a cost-effective manner, EPA life cycle guidance requires management involvement at key decision points and adequate documentation of those decisions. We noted various problems in developing two new systems that may have been avoided or lessened by greater Office of Environmental Information involvement:

- PeoplePlus cost at least \$3.7 million more than originally budgeted and took 1 year longer than planned to deploy.
- Modifications to developing the Clean Air Markets Division Business System have already increased costs about \$2.8 million and extended the target completion date by 2 years.

Following implementation of the Clinger-Cohen Act, EPA did not revise its own procedures to have the Chief Information Officer evaluate information technology program performance as required. Also, EPA guidance did not ensure the development of project documentation necessary to allow sufficient oversight of the process.

We recommended that the Office of Environmental Information revise its policy to include review responsibilities for the Chief Information Officer, as well as documentation procedures. Agency officials acknowledged that they could strengthen their overseeing information technology projects, and stated they would initiate corrective action.

(Report No. 2005-P-00023, EPA Needs to Improve Oversight of Its Information Technology Projects, September 14, 2005)

PeoplePlus Security Controls Need Improvement

EPA's recently implemented PeoplePlus system – which integrates human resources, benefits, payroll, and time and labor – needs several security control improvements.

We identified three significant issues in the system's security administration that need improvement:

- EPA has not followed prescribed procedures for managing user access privileges, monitoring changes in employee responsibilities, and processing system access requests.

- EPA did not verify or conduct the required National Agency Check with Inquiries and Credit background screenings for 45 percent of contractor personnel with PeoplePlus access.
- EPA implemented PeoplePlus without adequately implementing security controls for two key processes. Specifically, the Office of the Chief Financial Officer had not properly secured default user IDs and did not adequately separate incompatible duties performed by the Security Administrator.

We recommended that the Directors of EPA's Office of Financial Services and Office of Human Resources take 13 actions to improve PeoplePlus security. These actions included reinforcing requirements, providing training to improve awareness of security duties, evaluating the access needs of contractor personnel, establishing a milestone date to complete contractor background screening, and evaluating default user IDs and Security Administrator responsibilities. EPA concurred with our recommendations and provided an action plan.

(Report No. 2005-P-00019, PeoplePlus Security Controls Need Improvement, July 28, 2005)

Hercules 009 Landfill Superfund Site Needs Appropriate Testing and Timely Reporting

The testing method that EPA uses to monitor the presence of toxaphene in groundwater at the Hercules 009 Landfill site near Brunswick, Georgia, is inadequate.

A community organization brought several concerns to the attention of the Ombudsman about the Hercules 009 site. Between 1975 and 1980, Hercules Incorporated operated the Hercules 009 Landfill to dispose of waste material from producing toxaphene, an agricultural pesticide. The site became part of EPA's Superfund program in 1984; EPA completed cleanup of the site in 1999, but some contaminants remained. As a result, EPA needs to review the landfill every 5 years; EPA's current report is over 1 year late.



Aerial view of the Hercules 009 Landfill (photo courtesy of Hercules Incorporated).

We determined that the method EPA uses to monitor for toxaphene only tests for the chemical that has not degraded. Toxaphene degrades over time, changing into other products (breakdown products). Because these products may pose a risk to human health, they should be monitored using a method that also monitors the breakdown products.

We recommended that EPA Region 4 use an analytical method that monitors both toxaphene and its breakdown products in the groundwater at the Hercules 009 Landfill, take appropriate action if it finds breakdown products, and issue the report on the 5-year review. The Agency generally agreed with our recommendations.

(Report No. 2005-P-00022, Appropriate Testing and Timely Reporting Are Needed at the Hercules 009 Landfill Superfund Site, Brunswick, Georgia, September 26, 2005)

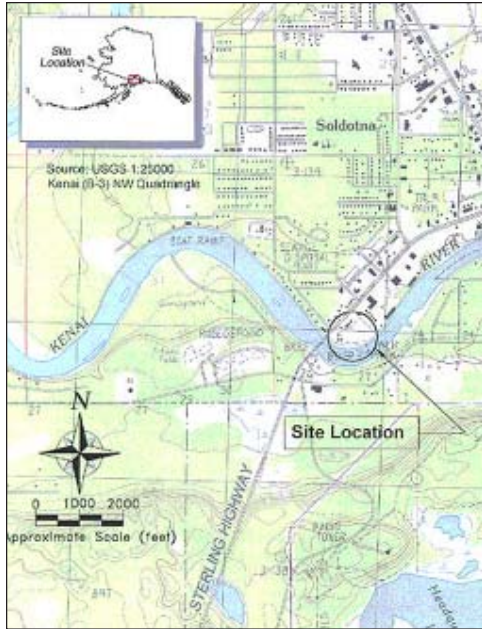
Alaska Inappropriately Applied Match Costs to an EPA Grant



The site of the former dry cleaners at the River Terrace Recreational Vehicle Park, Soldotna, Alaska. The building currently houses a fish processing facility (EPA OIG photo).

Alaska's proposed use of past expenditures on a separate project as "matching" funds for a grant involving cleanup at the River Terrace Recreational Vehicle Park (RTRVP), Soldotna, Alaska, is unallowable.

A complainant expressed concerns regarding the use of Federal grant money by the State of Alaska for a cleanup effort at RTRVP. Concerns involved the validity of Alaska's matching funds, as well as whether Alaska appropriately selected contractors, made appropriate charges for legal costs, and could extend the grant expiration date. The \$3 million EPA grant involved cleaning up contamination at a former dry cleaning facility now serving as a fish processing facility.



We concluded that the costs proposed by Alaska for a nearby Alaska Department of Transportation project should not have been considered matching funds for the RTRVP grant. Alaska had spent the money on a different project, not actually at the RTRVP site. EPA Region 10 had returned the match submission to Alaska due to a technical issue, and Alaska has not yet resubmitted the request.

We found that Alaska followed acceptable contracting practices that sufficiently allowed for competition. The legal costs incurred by Alaska were allowable because they were incidental to administering the grant. Alaska can extend the grant funding beyond the current expiration date of June 30, 2006, because the grant is not required to be considered expired until the funds are expended.

EPA Region 10 did not agree with our recommendation that EPA disallow Alaska's match, but we maintain our position.

(Report No. 2005-P-00029, Review of State of Alaska's Actions for the River Terrace Recreational Vehicle Park, Soldotna, Alaska, September 28, 2005)

Hotline Activity

The following table provides EPA OIG Hotline activity regarding complaints of fraud, waste, and abuse in EPA programs and operations that occurred during the past semiannual and annual periods:

	Semiannual Period (April 1, 2005 - September 30, 2005)	Annual Period (October 1, 2004 - September 30, 2005)
Inquiries and Complaints Received During Period	285	474
Issues Handled by EPA OIG		
Complaints Open - Beginning of Period	12 *	17
Inquiries Addressed	64	138
Complaints Opened	19	27
Complaints Closed	5	18
Complaints Open - End of Period	26	26
Issues Referred to Others		
EPA Program Offices	63	105
EPA Criminal Investigation Division	8	17
Other Federal Agencies	76	94
State/Local Agencies	85	120

* Corrected from previous semiannual report, which reflected 15 open at the end of the reporting period.

Laboratory Fraud

Drinking Water Plant Operator Sentenced for Falsifying Reports

On May 23, 2005, the Chief Operator of the Hawkins County First Utility District, Church Hill, Tennessee, was sentenced in U.S. District Court, Eastern District of Tennessee, to 3 years of probation, 100 hours of community service, and a \$100 special assessment. The Chief Operator was also ordered to surrender his Class IV Water Treatment license to the Tennessee Department of Environment and Conservation. This sentencing followed the individual's guilty plea to one count of submitting a false statement.

The Hawkins County First Utility District is a public water system that provides water to approximately 18,000 people. The District is required to submit comprehensive Monthly Operation Reports to the Tennessee Department of Environment and Conservation, an agency authorized by EPA to monitor and enforce compliance with the requirements of the Safe Drinking Water Act. The Monthly Operation Reports are required to contain the results of monthly monitoring of raw and finished drinking water for various water quality parameters, such as turbidity and residual chlorine, to ensure the water is safe from contaminants.

The Chief Operator was responsible for preparing and submitting the Monthly Operation Reports to the Tennessee Department of Environment and Conservation. The investigation determined that the reports were identical from month to month, reporting the same amount of water usage, on the same day of each month, for several years. If completed accurately, the reports would have reflected variations in the usage amounts.

This investigation was conducted by the East Tennessee Environmental Crimes Task Force, of which the EPA OIG is a member.

California Environmental Services Corporation to Donate \$1.1 Million to Settle Allegations

On June 27, 2005, a California environmental services corporation entered into a deferred prosecution agreement with the U.S. Department of Justice, Eastern District of California, to settle allegations that the company falsified environmental analysis data.

OIG Assists in Laboratory Fraud Training Program

The Laboratory Fraud Directorate participated in planning a Government Inspector Training Workshop titled "Techniques for Using In-Depth Data Review & Assessment in Determining Data Quality & Integrity." This was a 2-day interactive conference and workshop that presented information and instruction on laboratory data review tools and techniques. The workshop was designed to help assessors improve skills through using data review techniques and electronic tools using real examples and hands-on use of data systems software. The State of Arizona, the State of Kansas, and Analytical Excellence, Inc., hosted this training conference on September 27 and 28, 2005, in Phoenix, Arizona, at the Arizona Department of Health Services.

In accordance with the terms of the agreement, prosecution and any civil actions will be deferred for a period of 48 months, provided the company abides by the conditions of the agreement. The conditions include implementing a rigorous quality control process and donating \$1.1 million to the Environmental Project and the Environmental Circuit Prosecutor Project for environmental enforcement, education, and training in the State of California. After the company successfully completes the deferred prosecution program set out in the agreement, the Government will close its case and not file any criminal charges or civil actions.

Contract Terms Changed as a Result of an OIG Investigation

On April 5, 2005, EPA received approval from the Office of Management and Budget to add a requirement to its contracts for contractors to check the Excluded Parties Listing System (EPLS) as part of its screening process for employee candidates on certain types of EPA contracts.

The EPLS contains the names of parties who have been excluded from Federal procurement and nonprocurement programs, including Federal contracts and certain subcontracts, and from certain types of Federal financial and nonfinancial assistance and benefits. Contractors involved in Emergency Response, Superfund, Information Systems, Facility Services, and Research Support that have security concerns, as determined by the Contracting Officer, are prohibited from using personnel who are included on the EPLS to work on these contracts.

As a result of our investigation, a subcontractor employee was indicted for mail fraud and making false statements in connection with falsifying an environmental laboratory sample analysis. The employee was suspended and her name was added to the EPLS. While under indictment, the employee left the employment of the subcontractor and was hired by an EPA prime contractor to manage its laboratory program for environmental analysis. Although the employee had been suspended, she was still able to work on other Government contracts because there was no requirement to check the EPLS for employee candidates. Prior to the change in contract terms, the EPLS was only required to be checked for the name of excluded contractors prior to contract award.

The EPA OIG, the EPA Criminal Investigation Division, and the EPA Suspension and Debarment Division pursued this recommended change.

Computer Crimes

Former EPA Contractor Employee Sentenced for Computer Crime

On June 23, 2005, a former EPA contractor employee was sentenced in U.S. District Court for the District of Columbia to 4 months in prison, 3 years of probation including 4 months of home detention, \$5,000 in restitution to EPA, and a \$100 special assessment. This sentencing follows a February 2004 jury trial during which the employee was found guilty of one count of using a computer to cause damage.

As an EPA contractor's computer systems administrator, the employee had access to and knowledge of EPA computer security and operations. The contractor terminated the

employee in September 1999. The investigation determined that during the next 2 days, the employee, as an unauthorized user, gained access to the EPA network and deleted files, changed user passwords, and turned the computer system off.

While EPA assessed the damage and conducted repairs, EPA employees could not access their computer systems and could not do their work.

This investigation was conducted jointly with the Federal Bureau of Investigation.

Financial Fraud

Contractor Enters into \$41.9 Million Settlement

On July 11, 2005, PriceWaterhouseCoopers, LLP (PWC) agreed to pay \$41.9 million to settle allegations that it made false claims to numerous Federal agencies, including EPA, in connection with claims it made to those agencies for travel reimbursement. PWC received rebates on its travel expenses from travel and credit card companies, airlines, hotels, rental car agencies, and travel service providers.

The Government alleged that PWC did not consistently disclose the existence of these travel rebates to the United States and did not reduce its travel reimbursement claims by the amounts of the rebates. The Government's complaint alleged that PWC knowingly presented claims for payment to the United States for amounts greater than the travel expenses actually incurred and in violation of contractual provisions and the applicable provisions of the Federal Acquisition Regulations.

The settlement resolved a suit filed under the qui tam provisions of the False Claims Act in January 2001. The False Claims Act qui tam statute allows persons who file successful actions alleging fraud against the Government to receive a share of any resulting recovery.

This investigation was conducted jointly by the U.S. Army Criminal Investigation Division Command (Major Procurement Fraud Unit); the Defense Criminal Investigative Service; the Defense Contract Audit Agency; and the Offices of the Inspector General for the Department of Energy, the National Aeronautics and Space Administration, the Department of Transportation, the General Services Administration, the United States Postal Service, the Environmental Protection Agency, the United States Agency for International Development, and the Department of the Treasury.

Grantee Sentenced to Prison for Embezzling Federal Funds

On June 24, 2005, a project manager from Fairbanks, Alaska, was sentenced in U.S. District Court for the District of Alaska to 9 months in prison, 3 years probation, a \$104,000 fine, and a \$100 special assessment. This sentencing followed the project manager's guilty plea to one count of embezzlement of Federal funds.

EPA had awarded two grants to Minority Education and Entrepreneurship Training, Inc., and one grant to Fairbanks Family Alternative, with the same project manager on all three grants. The purpose of the grants was to train and certify people in asbestos and lead

paint removal. The investigation determined that the project manager embezzled some of the funds for personal use, including operating his wife's construction company.

In addition to the criminal sentence imposed on the project manager, the grantees and the project manager's family have been suspended from participating in Government procurement and nonprocurement activities.

This investigation was conducted jointly with the Federal Bureau of Investigation.

Contractor Employee Sentenced to Prison

On September 15, 2005, a contractor employee from Whitehall, Pennsylvania, was sentenced in U.S. District Court, Eastern District of Pennsylvania, to 21 months in prison and ordered to pay more than \$112,000 in restitution. This sentencing follows the employee's May 31, 2005, guilty plea to one count of mail fraud and two counts of making false statements.

The employee was employed at Boyko Petroleum Services, Inc., where he was responsible for environmental sampling and completing Underground Storage Tank (UST) Closure Reports. The employee engaged in a scheme to prepare and mail fraudulent environmental test reports in connection with the UST Closure Reports. The scheme involved falsifying chain of custody forms and analytical laboratory reports and forging signatures in order to complete the documents necessary for the closure reports for the employee's customers.

The UST Closure Reports identify leaks of petroleum or other contaminants from the underground storage tank that could contaminate the ground, groundwater, or wells. Any contamination would require certain cleanup procedures to be implemented to minimize or prevent the contamination. The employee falsified environmental reports to make it appear that no contamination existed. Thus, the employee's customers could complete the UST Closure Reports and avoid any expenses that they might incur if contamination had been detected. The Pennsylvania Department of Environmental Protection has been the designated authority by EPA to accept UST Closure Reports.

This investigation was conducted jointly with the EPA Criminal Investigation Division.

Erratum

The article entitled "Two University Employees Sentenced for Theft," which appears on page 28 of the Semiannual Report to Congress October 1, 2003 – March 31, 2004, should have read as follows:

Two University Employees Enter Pretrial Diversion Program

On December 16, 2003, in the Superior Court of the State of Connecticut, Shili Liu, Laboratory Director, and Robert Carley, Director, Environmental Research Institute (ERI), University of Connecticut, were placed into Connecticut's Accelerated Rehabilitation pretrial diversion program for a period of 12 months. The Court placed the following conditions on Liu and Carley in granting an application for the Accelerated

Rehabilitation Program: return \$62,772 to the University of Connecticut and perform 100 hours of community service in any State at the rate of 10 hours per month to start within 1 month and be completed within 10 months. This action followed larceny charges previously filed by the State of Connecticut. Upon the successful completion of the program, the charges will be dismissed and the record expunged. Liu and Carley had received rent monies from visiting scholars at ERI, even though the scholars' housing was provided and paid for by the University of Connecticut under Federal grant monies awarded to ERI by the EPA.

This case was worked with the assistance of the University of Connecticut Police Department.

EPA Can Improve Accountability for Grants Management

EPA managers did not sufficiently hold supervisors and project officers accountable for managing grants.

The Chairman of the House Committee on Transportation and Infrastructure asked us to evaluate whether EPA held supervisors and project officers accountable for grants management responsibilities.

We found that EPA did not hold individuals accountable because no process exists to measure most grants management activity. EPA had made progress in some areas of accountability, such as establishing and communicating grants management requirements. However, managers and supervisors generally did not discuss grants management responsibilities during year-end performance evaluations. In some cases where weaknesses were identified, managers did not communicate these weaknesses to staff.

We recommended that the Assistant Administrator for Administration and Resources Management work with Assistant Administrators and Regional Administrators to

- Establish a process to measure project officer, supervisor, and manager performance against grant management requirements;
- Ensure managers and supervisors review and discuss grants management during performance evaluations; and
- Ensure that the weaknesses identified in a management review or self-assessment are communicated to the appropriate project officer and supervisor.

EPA agreed with the recommendations and provided an outline of its action plan. EPA still needs to provide more details on how it will implement the recommendations and milestone dates for completing those actions.

(Report No. 2005-P-00027, EPA Managers Did Not Hold Supervisors and Project Officers Accountable for Grants Management, September 27, 2005)

OIG Provides Requested Data on 15 Grants

The House Committee on Transportation and Infrastructure provided a sample of 15 grants EPA awarded to nonprofit organizations and asked us to report on the purpose, justification, and progress for each grant.

EPA awarded over \$4.3 billion (about 51 percent of its annual budget) in 2004 to entities via assistance agreements. Grants are a type of assistance agreement. EPA awarded about 20 percent of its grants to nonprofit entities, accounting for about 8 percent (\$337 million) of the total grant funds awarded.

The sample of grants we were asked to review ranged from \$6,622 to \$5,301,750; 13 of the 15 grants were awarded competitively. The purposes of the grants included improving protection of regional watersheds and wetlands, educating and training local youth to clean up polluted sites in their community, and improving human health and the environment in a region of China. Project periods for these grants ranged from 1 to 7 years.

Our report contains requested factual information on the 15 grants and has no audit findings or recommendations.

(Report No. 2005-S-00007, Congressionally Requested Review of Selected Grants, September 7, 2005)

Inspector General Testifies on Oversight of EPA's Post-Hurricane Katrina Efforts

On September 28, 2005, Inspector General Nikki Tinsley testified before the House Subcommittee on Oversight and Investigations of the Energy and Commerce Committee about the OIG's current and planned work to detect and guard against fraud, waste, and abuse during post-Hurricane Katrina response and rebuilding efforts. As part of the OIG's initial efforts, staff will be devoted to Katrina oversight activities and the OIG will coordinate with and assist the President's Council on Integrity and Efficiency and other groups to ensure adequate, cost-effective audit coverage.

Inspector General Tinsley told the Subcommittee that the OIG would be monitoring EPA operations; internal controls; contracts, grants, and expanded micro-purchase authority; and EPA's disaster management activities in response to Katrina. These are areas the OIG has determined need aggressive oversight immediately so that EPA can take steps to address vulnerabilities before they lead to fraud, waste, or abuse.

The OIG also plans to complete reviews of whether EPA provided accurate and timely data to the public along with Federal, State, and local decision makers. These reviews will address the safety of drinking water and the health and environmental risks of Superfund sites, hazardous material spills, sediment contamination, and other hurricane debris. Further, the OIG plans to issue a guide on promising practices developed by Federal, State, and local agencies to improve grant accountability through the Domestic Working Group chaired by the U.S. Comptroller General.

As EPA assists in the response and rebuilding efforts in the months ahead, the OIG will work to ensure that EPA guards funds against fraud, waste, and abuse without impeding those efforts.

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 Office of Inspector General to serve as the Inspector General for the CSB. As a result, the EPA Office of Inspector General 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 evaluation of CSB's information security program and practices.

Chemical Safety and Hazard Investigation Board Information Security Deficiencies Noted

An evaluation noted that, while CSB took some significant actions, security program weaknesses remained. A contractor conducted this evaluation on behalf of the EPA Office of Inspector General.

CSB filled two critical vacancies: the Chief Information Officer and the Information Technology Manager. These appointments placed much-needed attention on CSB's information security program. However, the 7- and 5-month delays in the respective appointments hampered CSB's ability to initiate actions to address significant deficiencies noted during the Fiscal Year 2004 Federal Information Security Management Act evaluation. Since these appointments, CSB hired a contractor to help correct the deficiencies; however, CSB needs to do more work.

CSB had not certified and accredited any of its information systems, nor categorized its systems in accordance with Federal standards, although CSB approved the systems for interim operation.

Further, CSB had not addressed long-standing weaknesses in implementing security controls, such as completing risk assessments, implementing file and e-mail encryption, and establishing a software patch management system. This year's evaluation identified that CSB needs to test its contingency plans, document security configuration standards, complete e-authentication risk assessments, improve testing of security controls, and perform oversight for its contractor-operated system.

CSB had not approved its new security incident handling procedures, although some components of the procedures are in use.

In response to our findings, CSB outlined a plan to mitigate all of the deficiencies by March 2006.

(Report No. 2005-2-00030, Evaluation of U.S. Chemical Safety and Hazard Investigation Board's Compliance with the Federal Information Security Management Act (FISMA) for Fiscal Year 2005, September 28, 2005)

Other Activities

Guide to Improving Grant Accountability Generating Substantial Interest

On behalf of the U.S. Comptroller General's Domestic Working Group, EPA Inspector General Nikki Tinsley led a group of Federal, State, and local auditors in developing a guide to improve accountability for grant funds and results. Tinsley, and representatives of her office, have recently spoken at numerous events regarding the project, which has generated substantial interest in the government auditing and grants communities.

Grants are an important tool used by government agencies to achieve goals. Grants support many programs that the public relies upon, such as healthcare, transportation, and education. The 2006 Federal budget includes approximately \$450 billion for over 700 grant programs.

The intergovernmental team working on the grants accountability project found that opportunities for improvement exist throughout the grant process. Prior to awarding grants, agencies need to develop internal control systems and performance measures to facilitate grant management. Agencies also need an efficient pre-award process, a process for managing performance once grants are awarded, and the ability to assess grant results and use those results when awarding future grants.

The guide is intended not to simply identify areas of improvement, but to provide specific examples of how various organizations have already implemented, or are implementing, new practices successfully. Government executives at the Federal, State, and local levels should be able to look at these approaches and apply some of them to their own organizations.

Tinsley and her staff have made presentations at a National Grants Managers Association meeting, Intergovernmental Audit Forums, and Association of Government Accountants national and regional meetings. In addition to Tinsley, presentations were made by Melissa Heist, the EPA Assistant Inspector General for Audit; and Janet Kasper, the EPA OIG manager leading the project.

The final document, *Guide to Opportunities for Improving Grant Accountability*, was issued in October 2005.

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 15 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.

H.R. 1043, *Ombudsman Reauthorization Act of 2005*: This bill would amend the Solid Waste Disposal Act to reestablish the Office of the Ombudsman within EPA and specify the Ombudsman's duties and authorities. We provided comments to cosponsors Reps. Bilirakis and DeGette that the powers and authorities given to the EPA Ombudsman could substantially interfere with OIG operations.

Draft, *Inspector General On-Line Reporting Act*: This draft bill would require OIGs to promptly post on the Internet each audit and semiannual report. Reports containing any sensitive financial information would be redacted before posting. We commented that posting all reports, including Single Audit and financial contract reports, could be burdensome on OIGs given the number of reports issued every year. We also noted that other types of information beyond sensitive financial information may need to be redacted, such as Privacy Act or enforcement data.

Draft, *Homeland Security Presidential Directive (HSPD) 12*: We commented to the Office of Management and Budget that the implementation guidance should direct Federal Departments and Agencies to employ sensitivity/risk assessment criteria to assess the risks associated with the roles performed and the levels of access provided to employees and contractors. We suggested that the guidance should also direct Federal Departments and Agencies to perform specific minimum levels of background checks on employees and contractors based on the specific level of risk determined through the application of the aforementioned sensitivity/risk criteria.

Proposed Office of Acquisition Flash Notice, *Purchase Card Guidance in Response to Hurricane Katrina*: We commented that the Office of Acquisition Flash Notice needs to define "rescue and relief operations" relative to the work EPA is authorized to perform in the aftermath of Hurricane Katrina. We also suggested that the Office of Acquisition Flash Notice identify when the followup reviews are to be performed and by whom.

Proposed Revision to EPA Delegation 1-47, *Assistance Agreements for Research, Development, Studies, Surveys, Demonstration, Investigations, Public Education Programs, Training, and Fellowships*: 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 evaluation and selecting assistance recipients. Our concern would be the same for all Regional Administrator delegations to award money.

OIG Implements Electronic Planning Database and Other Improvements

We have taken various actions to improve our efficiency and improve our ability to serve the Agency and the public.

We designed and implemented an electronic assignment planning and analysis database to improve the efficiency and effectiveness of allocating resources and selecting assignments for the greatest potential return on investment. This electronic database is designed to score potential assignments using standard criteria of risk and value added. That information is compared to the estimated staff cost, to provide a basis for analysis and a projected cost-benefit ratio. This process features a listing of alternatives and trade-offs, to allow for informed leadership decision making. This represents a best practice for linking planning to budgeting and performance.

Also, we performed our first comprehensive analysis of our Purchase Card Program. This review examined records and processes across the OIG nationwide and, in addition to conducting reviews, the reviewers also coached card holders and approvers on best practices. The OIG found no material weaknesses or improper usage, and the majority of the recommendations have been substantially implemented.

Further, OIG Headquarters centralized its process for ordering and inventorying its office supplies. This process change is a best management practice resulting in a savings of time and space, and prevents ordering of excess supplies.

Inspector General Addresses Key Issues during Presentations

Inspector General Nikki Tinsley continued her outreach efforts during the past semiannual period, making presentations not only on EPA OIG's work to strengthen Government effectiveness and efficiency, but also on efforts of the inspector general community as a whole.

At the Mid-Atlantic Intergovernmental Audit Forum, held in June 2005, Tinsley presented "Government Works Better When We Work Together: Sharing Thoughts on Federal, State and Local Collaboration." She discussed various instances where the OIG worked in concert with other organizations, including her leadership role with the U.S. Comptroller General's Domestic Working Group, Grants Accountability Project. Auditors from 19 different Federal, State, and local government audit organizations together developed a guide to improve accountability for grant funds and results. Grants are an important tool for government agencies to achieve their goals. The Fiscal Year 2006 Federal budget alone includes approximately \$450 billion for over 700 grant programs.

At the Government Performance Summit held in April 2005, Tinsley's presentation, "Collecting and Managing Performance Data," stressed the EPA OIG's efforts to measure results in accordance with the Government Performance and Results Act. Tinsley described the performance measurement system that will document our own efforts as well as help EPA better accomplish its mission of protecting human health and the environment. She emphasized the OIG's results-oriented culture and how good planning is essential to achieving results.

In June 2005, Tinsley spoke at the University of Maryland School of Public Policy on "The Role of the Inspector General: An Insider's Perspective." She explained how inspectors general, as agents of positive change, contribute to good government. She noted that inspectors general identify and report on existing problems and also foster effective program management to prevent future problems.

At the Association of Government Accountants' 54th Annual Professional Development Conference and Exposition in July 2005, Tinsley participated with several other inspectors general on a panel to discuss their overall mission. In the presentation, "OIG Watchdogs: Preparing Tomorrow's OIG Accountability Professionals," the panel noted the great strides the inspector general community has made since its establishment in 1978. For instance, in Fiscal Year 2004, the Federal inspectors general made recommendations leading to \$14 billion in funds put to better use.

Careers in Environmental Communication Addressed

On May 10, 2005, Gary Sternberg, an editor for the EPA OIG, moderated and spoke as part of a panel entitled "Careers in Environmental Technical Communication," at the Society for Technical Communication's 52nd Annual Conference, in Seattle, Washington. Approximately 1,800 people attended the conference, the world's largest gathering of technical communicators. Sternberg spoke about his work with the OIG and also discussed career opportunities throughout EPA related to Web site development and management.

Significant EPA Actions as a Result of OIG Activity

EPA Issues Peer Review Guidance for Innovation Projects as a Result of OIG Recommendation

In response to an OIG recommendation, EPA's Director, National Center for Environmental Innovation, issued a memorandum that provides peer review guidance for EPA innovation projects. This guidance will better ensure that such projects are based on sound science.

In December 2003, we issued a report (*Significant Modifications Needed to Ensure Success of Fort Worth Asbestos Demolition Method*) addressing a new approach to asbestos demolition. EPA undertook the project under "Project XL," a national initiative that encourages testing alternative ways to achieve environmental results as long as they are superior to those achieved under current regulations. Among other things, we found that the proposed demolition method for the project had not been independently peer reviewed, and recommended that EPA establish peer review procedures for future innovation projects.

In response to our recommendation, on May 31, 2005, the Director, National Center for Environmental Innovation, within EPA's Office of Policy, Economics, and Innovation, issued a memorandum to EPA's Innovation Action Council that provided general peer review guidance.

"When innovation projects involve the use of scientific or technical information that may be used in a significant national policy decision, it is essential to subject those proposals to peer review..." the memorandum notes.

"Adherence to this policy will ensure that the technical merits of proposed projects are adequately assessed, that relevant expertise from within the Agency is engaged as a project is developed, and that projects involving scientific information and with significant national policy implications receive the appropriate level of peer review and are based upon sound science," the memorandum further notes.

The memorandum requiring peer review is an important step in ensuring that innovation projects protect human health and the environment.

EPA and Pennsylvania Agree to Act on Ombudsman's Recommendations for Throop Site

EPA and the Pennsylvania Department of Environmental Protection have agreed to take the corrective actions at the Marjol Battery site in the Borough of Throop that the EPA OIG's Ombudsman recommended.

EPA and the State announced at a public meeting in August 2005 that they would drill nine additional holes at the northeastern Pennsylvania site to evaluate the potential for mine fires, which had been a concern for the borough and nearby residents. The Ombudsman

determined that the risk of mine fires would be low as a result of EPA's plan to use permanent cement caps and other measures to contain contaminants. Nonetheless, the Ombudsman, in a May 18, 2004, report (*Report No. 2004-P-00017, Ombudsman Review of the Marjol Battery Site, Throop, Pennsylvania*), recommended additional testing to help allay residents' concerns.

Approximately 5,500 people live within a 1-mile radius of the site, where coal had been mined prior to the site becoming a battery processing facility. Lead and other pollutants were identified in surface soil at the site.

Statistical Data

Audit Report Resolution

Status Report on Perpetual Inventory of Reports in Resolution Process for Semiannual Period Ending September 30, 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 April 1, 2005 *	172	\$58,405	\$7,557	\$2,639	\$2,849
B. Which were issued during the reporting period	300	37,629	5,911	207	0
C. Which were issued during the reporting period that required no resolution	144	0	0	0	0
Subtotals (A + B - C)	328	96,034	13,468	2,846	2,849
D. For which a management decision was made during the reporting period	155	6,475	3,976	2,846	2,849
E. For which no management decision was made by September 30, 2005	173	89,559	9,492	0	0
F. Reports for which no management decision was made within 6 months of issuance	72	53,851	3,581	0	0

* 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 September 30, 2005 (dollar value in thousands)

Report Category	Number of Reports	Questioned Costs *	Unsupported Costs
A. For which no management decision was made by April 1, 2005 **	75	\$58,405	\$11,856
B. New reports issued during period	55	37,629	27,869
Subtotal (A + B)	130	96,034	39,725
C. For which a management decision was made during the reporting period	45	6,475	2,176
(i) Dollar value of disallowed costs	21	2,846	2,026
(ii) Dollar value of costs not disallowed	24	3,629	150
D. For which no management decision was made by September 30, 2005	85	89,559	37,549
Reports for which no management decision was made within 6 months of issuance	44	53,851	9,732

* Questioned costs include the unsupported costs.

** Any difference in number of reports and amounts of questioned costs between this report and our 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 September 30, 2005 (dollar value in thousands)

Report Category	Number of Reports	Dollar Value
A. For which no management decision was made by April 1, 2005 *	10	\$7,557
B. Which were issued during the reporting period	3	5,911
Subtotal (A + B)	13	13,468
C. For which a management decision was made during the reporting period	5	3,976
(i) Dollar value of recommendations from reports that were agreed to by management	2	2,994
(ii) Dollar value of recommendations from reports that were not agreed to by management	0	0
(iii) Dollar value of non-awards or unsuccessful bidders	3	982
D. For which no management decision was made by September 30, 2005	8	9,492
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 our previous semiannual report results from corrections made to data in our audit tracking system.

Audits with No Final Action as of September 30, 2005, Which Are Over 365 Days Past the Date of the Accepted Management Decision

Audits	Total	Percentage
Program	22	35%
Assistance Agreements	27	43%
Contract Audits	0	0%
Single Audits	14	22%
Financial Statement Audits	0	0%
Total	63	100%

Summary of Investigative Results

Summary of Investigative Activity During Period

Cases open as of March 31, 2005	222
Cases opened during period	58
Cases closed during period	62 *
Cases pending as of September 30, 2005	218

* Includes one case that should have been closed in a prior period.

Investigations Pending by Type as of September 30, 2005

	Superfund	Management	Total
Contract	13	21	34
Assistance Agreement	1	43	44
Employee Integrity	3	19	22
Program Integrity	2	36	38
Computer Crime	0	13	13
Laboratory Fraud	12	46	58
Other	1	8	9
Total	32	186	218

Results of Prosecutive Actions

Criminal Complaints	4
Criminal Indictments / Informations	9
Convictions	8
Civil Judgments / Settlements / Filings	2
Fines and Recoveries (includes Civil)	\$43,714,731
Prison Time	38 months
Probation	269 months
Community Service	140 hours

Administrative Actions

Suspensions	6
Debarments	2
Voluntary Exclusions	2
Compliance Agreements	6
Other Administrative Actions	17
Total	33
Cost Savings	\$77,000

Scoreboard of Results

Scoreboard of Results Compared to Fiscal 2005 Annual Performance Goal Targets

All results reported in Fiscal 2005, from current and prior year's work, in OIG Performance Measurement and Results System. (Except where noted, information verified and subject to OIG Data Quality Policy.)

Strategic Goals; With Government Performance and Results Act Annual Performance Targets 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: 35 (78%) 	0 Legislative changes/decisions 5 Regulatory changes/decisions 27 EPA policy, process, practice changes 1 Examples of environmental improvement 2 Best environmental practices implemented
Environmental Risks Reduced or Eliminated ● <ul style="list-style-type: none"> ▪ Target: 23 ▪ Reported: 35 (152%) 	15 Environmental risks reduced/eliminated 1 Certifications/validations/verifications 19 Critical congressional/public issues addressed
Environmental Recommendations, Best Practices, Risks Identified ● <ul style="list-style-type: none"> ▪ Target: 95 ▪ Reported: 112 (118%) 	60 Environmental recommendations 34 Environmental best practice identified 18 Environmental risks identified
Goal 2. Improve EPA's Management, Accountability, and Program Operations	
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: \$143.8 million (285%) 	<i>(dollars in millions)</i> \$ 79.5 Questioned costs ¹ \$ 13.4 Recommended efficiencies, costs saved ² \$ 50.9 Fines, recoveries, settlements
Criminal, Civil, and Administrative Actions Reducing Risk of Loss/Operational Integrity ● <ul style="list-style-type: none"> ▪ Target: 80 ▪ Reported: 125 (156%) 	15 Criminal convictions 23 Indictments/informations/complaints 4 Civil judgments/settlements/filings 83 Administrative actions
Improvements in Business/Systems/Efficiency ● <ul style="list-style-type: none"> ▪ Target: 220 ³ ▪ Reported: 724 (329%) 	47 Policy process, practice, control changes 306 Corrective actions on FMFIA/mgt. challenge 24 Best practices implemented 325 Certifications/validations/verifications 9 Allegations disproved 13 Critical congressional or public management concerns addressed
Recommendations, Best Practices, Challenges Identified ● <ul style="list-style-type: none"> ▪ Target: 800 ³ ▪ Reported: 1119 (140%) 	1059 Recommendations 35 Best practices identified 8 FMFIA/management challenges identified 17 Referrals for OIG or Agency action
Goal 3. Continuously Improve OIG Products and Services (Internally Reported - Not Audited)	
<ul style="list-style-type: none"> ▪ Partners in collaborative products/services 358 ▪ Requests to testify at hearings/presentations 40 ▪ Management innovations implemented 16 ▪ Assignments performed by request/mandate 93% ▪ FTE usage rate 94% 	<ul style="list-style-type: none"> ▪ Savings from mgt. improvements \$60,000 ▪ Products electronically accessible 90% ▪ PCIE projects/activities led 5 ▪ Legs/regs/policies reviewed / timely 40 / 100% ▪ Expiring funds used 99.9%

¹ Includes \$0.9 million of costs resolved prior to report issuance, not in resolution process

² Includes \$0.1 million of savings from investigations, not in resolution process

³ Targets increased since the last Semiannual Report to Congress to reflect Single Audit results

Appendices

Appendix 1 - Reports Issued

The Inspector General Act requires a listing, subdivided according to subject matter, of each report issued by the OIG 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-00015	Region 10's Award Process Used on Grant No. 97084701	16-JUN-05	0	0	0	\$4,759,500
2005-P-00016	Grants Effectiveness Evaluation	02-JUN-05	0	0	0	0
2005-P-00017	Brownfields Request: Resource Needs	07-JUN-05	0	0	0	0
2005-P-00018	NPDES Permit Backlog	13-JUN-05	0	0	0	0
2005-P-00019	PeoplePlus Security Controls Need Improvement	28-JUL-05	0	0	0	0
2005-P-00021	SDWA Tools	22-AUG-05	0	0	0	0
2005-P-00022	Ombudsman Review of the Hercules 009 Landfill Superfund Site	13-SEP-05	0	0	0	0
2005-P-00023	Information Technology (IT) Project Management	14-SEP-05	0	0	0	0
2005-P-00024	Priority Enforcement and Compliance Assurance Universe	19-SEP-05	0	0	0	0
2005-P-00025	Challenges/Opportunities to Implement the Watershed Approach	21-SEP-05	0	0	0	0
2005-P-00026	RCRA Financial Responsibility Requirements	26-SEP-05	0	0	0	0
2005-P-00027	Staff Not Held Accountable for Grants Management	27-SEP-05	0	0	0	0
2005-P-00029	Alaska XP Grant	28-SEP-05	0	0	0	0
TOTAL PERFORMANCE REPORTS = 13			\$0	\$0	\$0	\$4,759,500
ASSISTANCE AGREEMENT REPORTS						
2005-1-00144	SRF-Utah Clean Water Revolving Fund June 2004	02-AUG-05	0	0	0	0
2005-1-00157	Oregon Drinking Water State Revolving Fund June 30 2004	12-SEP-05	0	0	0	0
2005-4-00056	Wrangell Cooperative Association - Hot Line Complaint	19-APR-05	204,059	0	0	0
2005-4-00099	California Cost Outlays Under V99925204	08-SEP-05	0	215,946	0	0
2005-4-00120	AA NRDC Costs Claimed EPA Grants XA830331-01 & X826751-01	21-SEP-05	0	1,419,548	0	0
2005-4-00129	AA - Oregon SF Cooperative Agreement V99060103	29-SEP-05	1,783,017	286,207	0	0
TOTAL ASSISTANCE AGREEMENT REPORTS = 6			\$1,987,076	\$1,921,701	\$0	\$0
SINGLE AUDIT REPORTS						
2005-3-00136	City of Oskaloosa - FY 2004	04-APR-05	0	0	0	0
2005-3-00137	Government of Guam - FY 2003	04-APR-05	1,216,243	0	0	0
2005-3-00138	Pueblo of Nambe - FY 2000	04-APR-05	75,138	0	0	0
2005-3-00139	Pueblo of Nambe - FY 2001	04-APR-05	95,242	0	0	0
2005-3-00140	Pueblo of Nambe - FY 2002	04-APR-05	132,618	0	0	0
2005-3-00141	Thomas Jefferson University, PA - FY 2003	07-APR-05	0	0	0	0
2005-3-00142	Twenty-Nine Palms Band of Pomo Indians - FY 2003	05-APR-05	0	0	0	0
2005-3-00143	St. Johns River Water Management District - FY 2003	05-APR-05	0	0	0	0
2005-3-00144	Muckleshoot Indian Tribe - FY 2003	05-APR-05	0	0	0	0
2005-3-00145	City of Kansas City - FY 2003	05-APR-05	125,486	0	0	0
2005-3-00146	Harbor Branch Oceanographic Institute - FY 2003	05-APR-05	0	0	0	0
2005-3-00147	Cherokee Nation, Oklahoma - FY 2003	05-APR-05	0	0	0	0
2005-3-00148	American Registry of Pathology - FY 2002	06-APR-05	0	0	0	0
2005-3-00149	Municipality of Artesian - FY 1999	06-APR-05	344,949	0	0	0
2005-3-00150	Pleasant Point Passamaquoddy FY 2001	14-APR-05	0	0	0	0
2005-3-00151	Jackson County Commission - FY 2002	14-APR-05	0	0	0	0
2005-3-00152	The Delta Institutes and Affiliates - FY 2003	21-JUN-05	0	0	0	0
2005-3-00153	Puerto Rico Department of Agriculture - FY 1999	19-APR-05	510,639	0	0	0
2005-3-00154	Puerto Rico Department of Agriculture - FY 2000	19-APR-05	0	523,606	0	0
2005-3-00155	Research Foundation of State University of New York - FY 2003	19-APR-05	0	0	0	0
2005-3-00156	Puerto Rico Environmental Quality Board - FY 1999	05-MAY-05	529,797	5,503,986	0	0
2005-3-00157	Puerto Rico Environmental Quality Board - FY 2000	05-MAY-05	1,809,012	2,430,216	0	0
2005-3-00158	Puerto Rico Environmental Quality Board - FY 2001	05-MAY-05	1,571,814	3,059,822	0	0
2005-3-00159	Puerto Rico Environmental Quality Board - FY 2002	05-MAY-05	10,064	2,977,704	0	0
2005-3-00160	Concurrent Technologies Corp. - FY 2003	02-MAY-05	0	0	0	0
2005-3-00161	Fairfax County Water Authority - FY 2002	22-AUG-05	13,839	0	0	0

Report Number	Title	Final Report Issued	Questioned Costs			Recommended Efficiencies (Funds Be Put To Better Use)
			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
2005-3-00162	City of Dallas - FY 2002	03-MAY-05	0	0	0	0
2005-3-00163	Humboldt Bay Municipal Water District - FY 2003	03-MAY-05	0	0	0	0
2005-3-00164	Humboldt Bay Municipal Water District - FY 2002	03-MAY-05	0	0	0	0
2005-3-00165	Pennsylvania Rural Water Association - FY 2002	03-MAY-05	0	0	0	0
2005-3-00166	Pennsylvania Rural Water Association - FY 2003	03-MAY-05	0	0	0	0
2005-3-00167	Alabama Quassarte Tribal Town - FY 2003	05-MAY-05	0	0	0	0
2005-3-00168	Puerto Rico Environmental Quality Board - FY 2003	05-MAY-05	0	3,313,010	0	0
2005-3-00169	Howard University - FY 2003	05-MAY-05	0	0	0	0
2005-3-00170	Borough of Youngsville - FY 2002	12-MAY-05	0	0	0	0
2005-3-00171	City of Cannon Falls - FY 2002	12-MAY-05	0	0	0	0
2005-3-00172	Dry Creek Rancheria Band of Pomo Indians - FY 2002	12-MAY-05	0	0	0	0
2005-3-00173	Jicarilla Apache Nation - FY 2002	18-MAY-05	0	0	0	0
2005-3-00174	Jicarilla Apache Nation - FY 2003	18-MAY-05	0	0	0	0
2005-3-00175	Shoshone-Bannock Tribes - FY 2002	18-MAY-05	0	0	0	0
2005-3-00176	Joint Programs of the Shoshone and Arapaho Tribes - FY 2002	19-MAY-05	0	0	0	0
2005-3-00177	Denver Regional Council of Governments - FY 2002	19-MAY-05	0	0	0	0
2005-3-00178	Puerto Rico Aqueduct Sewer Authority - FY 2003	19-MAY-05	125,126	0	0	0
2005-3-00179	Rosebud Sioux Tribe - FY 2003	24-MAY-05	0	118,264	0	0
2005-3-00180	County of Bradford - FY 2003	01-JUN-05	0	0	0	0
2005-3-00181	Kickapoo Traditional Tribe of Texas - FY 2000	01-JUN-05	7,198	0	0	0
2005-3-00182	County of Lebanon - FY 2003	01-JUN-05	0	0	0	0
2005-3-00183	Pleasant Point Passamaquoddy Tribal Council - FY 2003	07-JUN-05	0	0	0	0
2005-3-00184	Pleasant Point Passamaquoddy Tribal Council - FY 2002	07-JUN-05	0	0	0	0
2005-3-00185	Little River Band of Ottawa Indians - FY 2001	07-JUN-05	0	0	0	0
2005-3-00186	Wichita and Affiliated Tribes - FY 2001	09-JUN-05	0	0	0	0
2005-3-00187	Wichita and Affiliated Tribes - FY 2002	09-JUN-05	0	0	0	0
2005-3-00188	Wichita and Affiliated Tribes - FY 2003	09-JUN-05	0	0	0	0
2005-3-00189	Government of the United States Virgin Islands	22-JUN-05	0	0	0	0
2005-3-00190	Government of the United States Virgin Islands	22-JUN-05	0	0	0	0
2005-3-00191	South Fork Band Council, NV - FY 2003	20-JUN-05	3,004	0	0	0
2005-3-00192	City of Albuquerque - FY 2003	20-JUN-05	0	0	0	0
2005-3-00193	American Samoa Government - FY 2002	20-JUN-05	0	0	0	0
2005-3-00194	Scotts Valley Band of Pomo Indians - FY 2003	21-JUN-05	0	0	0	0
2005-3-00195	Te-Moak Tribe of Western Shoshone - FY 2002	21-JUN-05	0	0	0	0
2005-3-00196	State of Arkansas Drinking Water Revolving Loan Fund	21-JUN-05	0	0	0	0
2005-3-00197	United Keetowah Band of Cherokee Indians of OK - FY 2003	23-JUN-05	0	8,243	0	0
2005-3-00198	City of Gary, IN - FY 2003	23-JUN-05	0	0	0	0
2005-3-00199	Puerto Rico Water Pollution Control Revolving Fund - FY 2002	27-JUN-05	0	184,646	0	0
2005-3-00200	County of Bradford - FY 2002	06-JUL-05	0	0	0	0
2005-3-00201	Walker River Paiute Tribe - FY 2003	07-JUL-05	0	44,001	0	0
2005-3-00202	American Samoa Power Authority - FY 2002	26-JUL-05	0	0	0	0
2005-3-00203	American Samoa Power Authority - FY 2003	26-JUL-05	0	0	0	0
2005-3-00204	Onondaga County Soil and Water Conservation District - FY 2003	04-AUG-05	0	0	0	0
2005-3-00205	Seminole Nation of Oklahoma - FY 2000	09-AUG-05	0	0	0	0
2005-3-00206	Seminole Nation of Oklahoma - FY 2001	09-AUG-05	0	0	0	0
2005-3-00207	Seminole Nation of Oklahoma - FY 2002	11-AUG-05	37,677	0	0	0
2005-3-00208	Seminole Nation of Oklahoma - FY 2003	11-AUG-05	47,727	0	0	0
2005-3-00209	Cahto Indians of the Laytonville Reservation - FY 2002	24-AUG-05	0	0	0	0
2005-3-00210	Cahto Indians of the Laytonville Reservation - FY 2003	24-AUG-05	0	0	0	0
2005-3-00211	Yavapai Apache Nation - FY 2002	24-AUG-05	0	0	0	0
2005-3-00212	Yavapai Apache Nation vFY 2003	24-AUG-05	0	0	0	0
2005-3-00213	Quileute Tribe	26-AUG-05	19,520	0	0	0
2005-3-00214	Yupit of Andraefski	26-AUG-05	0	21,545	0	0
2005-3-00215	Pilot Point Traditional Council	26-AUG-05	0	0	0	0
2005-3-00216	Tanacross Village Council	30-AUG-05	0	13,733	0	0
2005-3-00217	American Indian Science and Engineering Society	30-AUG-05	0	19,289	0	0
2005-3-00218	Chalkyitsik Village Council	30-AUG-05	0	0	0	0
2005-3-00219	Yankton Sioux Tribe - FY 2003	07-SEP-05	0	0	0	0
2005-3-00220	Greenville Rancheria - FY 2002	07-SEP-05	0	0	0	0
2005-3-00221	Greenville Rancheria - FY 2003	07-SEP-05	0	0	0	0
2005-3-00222	Otoe-Missouria Tribe of Indians - FY 2003	08-SEP-05	0	0	0	0
2005-3-00223	Standing Rock Sioux Tribe - FY 2002	08-SEP-05	0	0	0	0
2005-3-00224	Standing Rock Sioux Tribe - FY 2003	08-SEP-05	0	0	0	0
2005-3-00225	Assoc of State/Interstate Water Pollution Control - FY 2003	12-SEP-05	0	0	0	0
2005-3-00226	Assoc of State/Interstate Water Pollution Control - FY 2002	12-SEP-05	0	11,276	0	0
2005-3-00227	Sisseton-Wahpeton Sioux Tribe - FY 2002	12-SEP-05	0	0	0	0
2005-3-00228	Turtle Mountain Band of Chippewa Indians - FY 2002	21-SEP-05	0	0	0	0
2005-3-00229	Turtle Mountain Band of Chippewa Indians - FY 2003	21-SEP-05	0	0	0	0
2005-3-00230	Turtle Mountain Band of Chippewa Indians - FY 2004	21-SEP-05	0	0	0	0
2005-3-00231	Mille Lacs Band of Chippewa Indians - FY 2002	15-SEP-05	0	5,871,955	0	0
2005-3-00232	Mille Lacs Band of Chippewa Indians - FY 2003	15-SEP-05	0	1,803,545	0	0
2005-3-00233	Native Village of Mekoryuk	19-SEP-05	0	0	0	0
2005-3-00234	Native Village of Mekoryuk - FY 2003	19-SEP-05	0	0	0	0

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2005-3-00235	Akiak Native Community	20-SEP-05	0	0	0	0
2005-3-00236	Geothermal Heat Pump Consortium, Inc. - FY 2003	21-SEP-05	0	0	0	0
2005-3-00237	Confederated Tribes of the Colville Reservation	21-SEP-05	0	0	0	0
2005-3-00238	Yupit of Andreafski	21-SEP-05	0	33,667	0	0
2005-3-00239	Chalkyitsik Village Council	22-SEP-05	11,920	8,487	0	0
2005-3-00240	Atmautluak Traditional Council	22-SEP-05	0	0	0	0
2005-3-00241	Seminole Tribe of Florida - FY 2002	22-SEP-05	0	0	0	0
2005-3-00242	Atmautluak Traditional Council - FY 2002	22-SEP-05	20,220	0	0	0
2005-3-00243	Atmautluak Traditional Council - FY 2003	22-SEP-05	0	0	0	0
2005-3-00244	Seminole Tribe of Florida - FY 2003	22-SEP-05	0	0	0	0
2005-3-00245	State of North Carolina - FY 2004	26-SEP-05	0	0	0	0
2005-3-00246	Southern Ute Indian Tribe - FY 2002	27-SEP-05	0	0	0	0
2005-3-00247	Civil Engineering Research Foundation - FY 2003	27-SEP-05	0	0	0	0
TOTAL SINGLE AUDIT REPORTS = 112			\$6,707,233	\$25,946,995	\$0	\$0
OIG ISSUED CONTRACT REPORTS						
2005-1-00112	ICF Consulting FY 2005 Labor Floorcheck and Followup	07-JUN-05	0	0	0	0
2005-1-00141	ICF Consulting Group - CY 2001 Incurred Cost	26-JUL-05	0	0	0	0
2005-1-00172	ICF Consulting Cost Impact Review	29-SEP-05	0	0	0	0
2005-4-00058	Picillo Farm CERCLA Claim #2	21-APR-05	0	0	0	0
2005-4-00059	Hunterstown Road PRP Group CERCLA Claim #3	22-APR-05	12,419	0	0	0
2005-4-00060	E&E Revised HR & ES Disclosure Statements (9/30/2004)	29-APR-05	0	0	0	0
2005-4-00063	E&E FY 2001 Incurred Cost Adequacy Review	18-MAY-05	0	0	0	0
2005-4-00065	ICF Consulting Financial Capability Review	26-MAY-05	0	0	0	0
2005-4-00071	Waste Management - Elizabethtown Response Claim Number 2	07-JUN-05	0	0	0	0
2005-4-00080	E&E - PC General Dollar Magnitude	07-JUL-05	0	0	0	0
2005-4-00092	Batavia Landfill CERCLA Claim	22-AUG-05	0	0	0	0
2005-4-00113	E&E Adequacy of CFY 2003 Incurred Cost Proposal	14-SEP-05	0	0	0	0
TOTAL OIG ISSUED CONTRACT REPORTS = 12			\$12,419	\$0	\$0	\$0
DCAA CONTRACT REPORTS						
2005-1-00090	Earth Technology Remediation Service - FY2002 Incurred Cost	01-APR-05	0	0	0	0
2005-1-00091	MACTEC Engineering (formerly ESE) - I/C 2002	01-APR-05	0	0	0	0
2005-1-00092	Science Applications Intl Corp - CACS 68-W4-0030 7/94-12/98	01-APR-05	0	0	0	0
2005-1-00093	Washington Group Int'l-formerly Morrison Knudsen - FY 2003 RAC	04-APR-05	0	0	0	0
2005-1-00094	Foster Wheeler Envtl. Corp. (c/o Tetra Tech FW) I/C FYE 9/30/03	08-APR-05	0	0	0	0
2005-1-00095	Toeroek Associates Inc. - FY2002 Incurred Cost	08-APR-05	10,984	0	0	0
2005-1-00096	National Academy of Sciences - FYE 12/31/2002 Incurred Cost	11-APR-05	3,260	0	0	0
2005-1-00097	CDM Federal Prog. Corp. - FY 2002 Annual RAC Closeout 68-W5-0022	13-APR-05	0	0	0	0
2005-1-00098	CDM Federal Programs Corporation - FY 1999 ARCS 68-W9-0024	15-APR-05	0	0	0	0
2005-1-00099	Tetra Tech Foster Wheeler (ITFW- FY 2004 EDP-General Controls)	20-APR-05	0	0	0	0
2005-1-00100	Excalibur Associates, Inc. - FYE 12/31/2003 Incurred Cost	22-APR-05	0	0	0	0
2005-1-00101	Zedek Corp. - FY 2002 Incurred Cost	27-APR-05	0	0	0	0
2005-1-00102	EG&G Automotive Research - FYE 12/31/2001 Incurred Cost	29-APR-05	0	0	0	0
2005-1-00103	Techlaw Inc. - FY 2005 Floorcheck	03-MAY-05	0	0	0	0
2005-1-00104	Marasco Newton Group Ltd. - FYE 12/29/2002 Incurred Cost	17-MAY-05	52,333	0	0	0
2005-1-00105	EG&G - CAS, Init & Rev Disc Smt ADEQ/COM PL Ats	24-MAY-05	0	0	0	0
2005-1-00106	Menzie-Cura & Associates, Inc. - Preaward Proposal	25-MAY-05	0	0	0	0
2005-1-00107	Sys Research & Applications c/o SRA Intl - FYE 6/30/2003 I/C	25-MAY-05	26,451	0	0	0
2005-1-00108	Griffin Services Inc. - FY 2000(transition) FY 2001 Incurred Cost	01-JUN-05	517,824	0	0	0
2005-1-00109	Cambridge Environmental, Inc. - Preaward Proposal	03-JUN-05	0	0	0	0
2005-1-00110	Environmental Health & Engineering - FY 2001 Incurred Cost	06-JUN-05	0	0	0	0
2005-1-00111	Environmental Management Support - FYE 12/31/03 Incurred Cost	06-JUN-05	0	0	0	0
2005-1-00113	Weston Solutions Inc. FY 2003 Incurred Cost	07-JUN-05	0	0	0	0
2005-1-00114	Tetra Tech Inc./B&V SPC Joint Venture - FY 2000 RAC 68-S7-3002	14-JUN-05	22,412	0	0	0
2005-1-00115	Environmental Health & Engineering, Inc. - FYE 12/31/2002 IC	17-JUN-05	428	0	0	0
2005-1-00116	Tetra Tech/B&VSPC-FY99 RAC 68-S7-3002-Wait for Supplemt Rept	27-JUN-05	5,192	0	0	0
2005-1-00117	Eastern Research Group (ERG) - FY 2004 Billing System Review	28-JUN-05	0	0	0	0
2005-1-00118	Matrix Environmental & Geotech Svcs - FY 2003 Incurred Cost	29-JUN-05	0	0	0	0
2005-1-00119	Guardian Envtl Svcs (c/o GC Mgt Svcs) CFYE 10/31/03 Incur. Cost	29-JUN-05	0	0	0	0
2005-1-00120	Tetra Tech Inc. - FY 2002 Incurred Cost	29-JUN-05	0	0	0	0
2005-1-00121	Project Resources, Inc. - FY 2002 Incurred Cost	30-JUN-05	0	0	0	0
2005-1-00122	CDM Federal Programs Corp.-FY 1999 ARCS 68-W9-0056	05-JUL-05	0	0	0	0
2005-1-00123	Westat Inc. - FY 2002 Incurred Cost	06-JUL-05	0	0	0	0
2005-1-00124	Advanced Resources International - FY 2001 Incurred Cost	06-JUL-05	0	0	0	0
2005-1-00125	EG&G Automotive Research - FYE 12/31/2003 Incurred Cost	06-JUL-05	0	0	0	0
2005-1-00126	Northbridge Environmental Mgmt Consultant - FY 2002 Incurred Co	07-JUL-05	44,003	0	0	0
2005-1-00127	Great Lakes Environmental Center Incurred Cost FY 2003	07-JUL-05	0	0	0	0
2005-1-00128	Parsons Engineering Science, Inc. - FYE 12/31/02 Incurred Cost	08-JUL-05	0	0	0	0
2005-1-00129	Bechtel Group, Inc. - FY 99 Incurred Cost	08-JUL-05	29,396	0	0	0
2005-1-00130	Environmental Health & Engineering FYE 12/31/2003 Incurred Cost	14-JUL-05	0	0	0	0

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			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
2005-1-00131	CDM Federal Program Corp. - FY 2001 RAC Closeout 68-W9-8210	15-JUL-05	0	0	0	0
2005-1-00132	CDM Federal Program Corp. - FY 2002 RAC Closeout 68-S7-3003	15-JUL-05	0	0	0	0
2005-1-00133	CDM Federal Program Corp. - FY 2001 RAC 68-S7-3003	15-JUL-05	0	0	0	0
2005-1-00134	Versar, Inc. - FYE 6/30/2003 Incurred Cost	15-JUL-05	0	0	0	0
2005-1-00135	Syracuse Research Corporation - FYE 9/30/2004 Incurred Cost	18-JUL-05	0	0	0	0
2005-1-00136	CDM Federal Programs Corp. - FY 1997 & 199	19-JUL-05	0	0	0	0
2005-1-00137	Lockheed Martin Services, Inc - FYE 12/31/2003 Incurred Cost	19-JUL-05	0	0	0	0
2005-1-00139	Syracuse Research Corp. - FY 2003 OMB A-133/Incurred Cost	26-JUL-05	0	0	0	0
2005-1-00140	Scientific Consulting Group, Inc. - FY 2002 Incurred Cost	26-JUL-05	0	0	0	0
2005-1-00142	Tetra Tech EM Inc.-FY2000 RAC Close-out 68-W6-0037	28-JUL-05	0	0	0	0
2005-1-00143	MACTEC Engineering (formerly ESE) - I/C 2002	29-JUL-05	0	0	0	0
2005-1-00145	CH2M Hill, Inc. - FY 2003 Incurred Cost	02-AUG-05	0	0	0	0
2005-1-00146	Tetra Tech NUS, Inc. - FYE 9/30/2001 Incurred Cost	05-AUG-05	2,448	0	0	0
2005-1-00147	E2 Consulting Engineers, Inc. - Preaward PR-HQ-04-11611	05-AUG-05	0	0	0	56,773
2005-1-00148	Computer Sciences Corp - FYs 10/85 thru 11/90 CACS 68-01-7176	08-AUG-05	21,640	0	0	0
2005-1-00149	Tetra Tech NUS, Inc. - FY 2001 RAC #68-W6-0045	10-AUG-05	0	0	0	0
2005-1-00150	Tetra Tech NUS, Inc. - FY 2000 RAC - 68- W6-0045	11-AUG-05	0	0	0	0
2005-1-00151	WRS Infrastructure & Environment - FYE 12/31/2003 Incurred Cost	24-AUG-05	105,840	0	0	0
2005-1-00152	Tetra Tech NUS, Inc. - FY 2001 RAC #68-W6-0045	29-AUG-05	0	0	0	0
2005-1-00153	Portage Environmental, Inc. - FYE 12/31/2002 Incurred Cost	31-AUG-05	0	0	0	0
2005-1-00154	Stratus Consulting, Inc. - FY 2002 Incurred Cost	01-SEP-05	0	0	0	0
2005-1-00155	Pacific Western Technologies, Ltd.- Preaward PR-HQ-04-11611	08-SEP-05	0	0	0	1,094,466
2005-1-00156	Metcalf & Eddy (c/o AECCOM) - CFYE 9/30/20	09-SEP-05	50,055	0	0	0
2005-1-00158	Black & Veatch - 68-W8-0091 RAC	09-SEP-05	0	0	0	0
2005-1-00159	Northbridge Environmental Mgt - FYE12/31/2003 Incurred Cost	16-SEP-05	108,714	0	0	0
2005-1-00160	IIT Research Institute - FYE 9/30/2003 Incurred Cost	19-SEP-05	0	0	0	0
2005-1-00161	Bristol Environmental & Eng - FYE 3/31/2003 Incurred Cost	20-SEP-05	0	0	0	0
2005-1-00162	Bristol Environmental & Eng - FYE 3/31/2004 Incurred Cost	20-SEP-05	0	0	0	0
2005-1-00163	Cadmus Group, Inc.- FY 2003 Incurred Cost	22-SEP-05	0	0	0	0
2005-1-00164	InfoPro, Inc. - CFYE 9/30/2003 Incurred Cost	22-SEP-05	0	0	0	0
2005-1-00165	Kemron Environmental Svcs - FYs 3/25/02-5/31/2003 Incurr.Cost	22-SEP-05	0	0	0	0
2005-1-00166	SRI International - FY 12/31/2004 Incurred Cost	22-SEP-05	0	0	0	0
2005-1-00167	Metcalf & Eddy Inc - RAC FY 2003 Annual Close-Out 68-W6-0042	22-SEP-05	0	0	0	0
2005-1-00168	DPRA, Inc. - FYE 3/31/2004 Incurred Cost	22-SEP-05	18,161	0	0	0
2005-1-00169	Environmental Restoration, LLC- FYE 12/28/2003 Incurred Cost	23-SEP-05	0	0	0	0
2005-1-00170	Neptune & Company - FY 2003 Incurred Cost	26-SEP-05	0	0	0	0
2005-1-00171	Advanced Technologies Systems, Inc. - FY 2003 Incurred Cost	26-SEP-05	34,723	0	0	0
2005-2-00027	Sierra Research, Inc. - Pre-award Proposal PR-C1-04-11009	02-JUN-05	0	0	0	0
2005-2-00028	TechLaw, Inc. - CFYE 9/30/2003 Incurred Cost	28-JUN-05	0	0	0	0
2005-2-00029	Shaw Environmental & Infrastructure, Inc. - FY 2003 QATS Seg	12-AUG-05	0	0	0	0
2005-4-00055	Eastern Research Group - GFY 2005 CAS 40	08-APR-05	0	0	0	0
2005-4-00057	Zedek Corporation - FY 2005 Floorcheck	20-APR-05	0	0	0	0
2005-4-00061	Matrix Environmental & Geotechnical Svces - Floorcheck	05-MAY-05	0	0	0	0
2005-4-00062	Lockheed Martin Svcs, Inc. - FY 2004 Indirect/ODC as of 5/2004	12-MAY-05	0	0	0	0
2005-4-00064	EG&G - Purchasing System Follow-Up	25-MAY-05	0	0	0	0
2005-4-00066	FEV Engine Technology - FY 2005 Provisional Billing Rates	31-MAY-05	0	0	0	0
2005-4-00067	FEV Engine Technology - 2005 Billing Rate Structure Change	31-MAY-05	0	0	0	0
2005-4-00068	Menzie-Cura & Associates, Inc. - Financial Capability	02-JUN-05	0	0	0	0
2005-4-00069	Cambridge Environmental, Inc. - Pre-Award Accounting Survey	03-JUN-05	0	0	0	0
2005-4-00070	Sierra Research Inc. - Pre-Award Accounting Survey	06-JUN-05	0	0	0	0
2005-4-00072	ABT Associates, Inc. - FY 2004 Budgeting System Review	09-JUN-05	0	0	0	0
2005-4-00073	Midwest Research Institute - MAAR 13	14-JUN-05	0	0	0	0
2005-4-00074	Arcadis Geraghty & Miller-D/Statement No.1 1/01/05 - Compliance	27-JUN-05	0	0	0	0
2005-4-00075	Arcadis Geraghty & Miller-D/Statement No.1 1/01/05 - Adequacy	27-JUN-05	0	0	0	0
2005-4-00076	Syracuse Research Corporation (SRC) - CAS 418	27-JUN-05	0	0	0	0
2005-4-00077	Syracuse Research Corporation (SRC) - CAS 410	27-JUN-05	0	0	0	0
2005-4-00078	Tetra Tech, Inc. - FY 2005 MAAR 6 Labor Floorcheck	27-JUN-05	0	0	0	0
2005-4-00079	E2, Inc. - Accounting System Review PR-HQ-04-11304	28-JUN-05	0	0	0	0
2005-4-00081	Alpha-Gamma Technologies Inc. - FY 2005 Floorcheck	07-JUL-05	0	0	0	0
2005-4-00082	Environmental Quality Management, Inc. - FY 2005 Floorcheck	15-JUL-05	0	0	0	0
2005-4-00083	Pacific Western Technologies, Ltd - FY 2005 Financial Capability	26-JUL-05	0	0	0	0
2005-4-00084	E2 Consulting Engineers, Inc - FY 2005 Financial Capability	26-JUL-05	0	0	0	0
2005-4-00085	Pacific Western Technologies, Ltd - FY 2005 Preaward Acctng Sys	26-JUL-05	0	0	0	0
2005-4-00086	Menzie-Cura & Associates, Inc. - Preaward Accounting Survey	28-JUL-05	0	0	0	0
2005-4-00087	Metcalf & Eddy, Inc. - Labor Floorcheck	01-AUG-05	0	0	0	0
2005-4-00088	E2 Consulting Engineers, Inc - FY 2005 Preaward Acctg System	01-AUG-05	0	0	0	0
2005-4-00089	Shaw Environmental & Infrastructure, Inc - FY 2005 CAS 408	03-AUG-05	0	0	0	0
2005-4-00090	Midwest Research Institute - MAAR 6	05-AUG-05	0	0	0	0
2005-4-00091	Syracuse Research Corporation (SRC) - CAS 420	12-AUG-05	0	0	0	0
2005-4-00093	Eastern Research Group - Revised CAS Disclosure Statement	22-AUG-05	0	0	0	0
2005-4-00094	DCT, Inc. - FY 2004 & 2005 Finan Cap. Mod. Risk Assess	24-AUG-05	0	0	0	0
2005-4-00095	Eastern Research Group GFY 2005 Financial Capability	26-AUG-05	0	0	0	0
2005-4-00096	Shaw Environmental & Infrastructure, Inc. - FY 2005 CAS 417	29-AUG-05	0	0	0	0

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			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
2005-4-00097	Environmental Restoration, LLC-FY 2005 MAAR Material Consump	31-AUG-05	0	0	0	0
2005-4-00098	Eastern Research Group - FY 2005 Accounting System Review	01-SEP-05	0	0	0	0
2005-4-00100	Battelle - BCO - CAS 417	09-SEP-05	0	0	0	0
2005-4-00101	Battelle - CPHRE - CAS 410 Compliance	09-SEP-05	0	0	0	0
2005-4-00102	Battelle - BCO - CAS 411	09-SEP-05	0	0	0	0
2005-4-00103	Battelle - OCEO - CAS 412 Compliance	09-SEP-05	0	0	0	0
2005-4-00104	Battelle - CAS 415	09-SEP-05	0	0	0	0
2005-4-00105	Battelle - OCEO - CAS 416 Compliance	09-SEP-05	0	0	0	0
2005-4-00106	Battelle - BCO - CAS 414	09-SEP-05	0	0	0	0
2005-4-00107	Battelle - BCO - MAAR 6 Floorcheck	12-SEP-05	0	0	0	0
2005-4-00108	Battelle - BCO - MAAR 13	12-SEP-05	0	0	0	0
2005-4-00109	Battelle - BCO - Exam of Paid Vouchers	12-SEP-05	0	0	0	0
2005-4-00110	Project Resources, Inc. - FY 2005 MAAR Floorcheck	12-SEP-05	0	0	0	0
2005-4-00111	Tetra Tech Inc. - FY 2005 Labor Accounting System	13-SEP-05	0	0	0	0
2005-4-00112	Shaw Environmental & Infrastructure, Inc. FY 2005 MAAR	13-SEP-05	0	0	0	0
2005-4-00114	DPRA, Inc. - CFY 2004 Floor Checks	14-SEP-05	0	0	0	0
2005-4-00115	SAIC - Company 1 - CAS 414	19-SEP-05	0	0	0	0
2005-4-00116	Shaw Environmental & Infrastructure, Inc. - FY 2005 CAS 411	19-SEP-05	0	0	0	0
2005-4-00117	SAIC - Company 9 - D/S Revisions	19-SEP-05	0	0	0	0
2005-4-00118	SAIC - Company 6 - D/S Revisions	19-SEP-05	0	0	0	0
2005-4-00119	Environmental Restoration, LLC - FY 2005 Floorcheck	19-SEP-05	0	0	0	0
2005-4-00121	Eastern Research Group -GFY 2005 CAS 420 Compliance	22-SEP-05	0	0	0	0
2005-4-00122	EG&G - CAS 410	22-SEP-05	0	0	0	0
2005-4-00123	Tetra Tech - FY 2005 Subcontract Management	22-SEP-05	0	0	0	0
2005-4-00124	Tetra Tech EC Inc. - FY 2005 Exam of Pd Vouchers for Direct	22-SEP-05	0	0	0	0
2005-4-00125	Shaw Environ & Infrastructure, Inc - FY 2005 Indir & ODC & ICAPS	22-SEP-05	0	0	0	0
2005-4-00126	SAIC - FY 2004 Company 1 - CAS 410 Alloc of Business Unit G&A	22-SEP-05	0	0	0	0
2005-4-00127	SAIC - FY 2004 CPSR (Contractor Purchasing Sys Review)	22-SEP-05	0	0	0	0
2005-4-00128	Shaw Environmental & Infrastructure, Inc - FY 2005 Floorcheck	23-SEP-05	0	0	0	0
2005-4-00130	Tetra Tech EMI (TTEMI) - CAS 415 Deferred Compensation	23-SEP-05	0	0	0	0
2005-4-00131	SAIC - FY 2004 Labor System Review	26-SEP-05	0	0	0	0
2005-4-00132	SAIC - FY 2004 Indirect & ODC	26-SEP-05	0	0	0	0
2005-4-00133	SAIC - FY 2004 MAAR 6 - Labor Floor Checks	26-SEP-05	0	0	0	0
2005-4-00134	SAIC - FY 2004 Company 1—CAS 420 IR&D/B&P	27-SEP-05	0	0	0	0
2005-4-00135	SAIC - FY 2004 Company 9—CAS D/S Review	27-SEP-05	0	0	0	0
2005-4-00136	SAIC - FY 2004 Company 9—CAS D/S Review	27-SEP-05	0	0	0	0
2005-4-00137	SAIC - FY 2004 Company 9—CAS D/S Review	27-SEP-05	0	0	0	0
2005-4-00138	SAIC - FY 2004 Company 9—CAS D/S Review	27-SEP-05	0	0	0	0
2005-4-00139	Tetra Tech EMI-Accounting System	28-SEP-05	0	0	0	0
2005-4-00140	SAIC - FY 2004 Company 1, 6 & 9 - CAS 418	30-SEP-05	0	0	0	0
TOTAL DCCA CONTRACT REPORTS = 153			\$1,053,864	\$0	\$0	\$1,151,239
FINANCIAL STATEMENT REPORTS						
2005-1-00081	FY 2004 FIFRA Fund & Pesticide Registration Fund	04-MAY-05	0	0	0	0
2005-1-00082	FY 2004 Pesticide Registration Fund	04-MAY-05	0	0	0	0
TOTAL FINANCIAL STATEMENT REPORTS = 2			\$0	\$0	\$0	\$0
SPECIAL REVIEW REPORTS						
2005-S-00006	AA - QCR of Geothermal FY 2003 SA - McGladrey & Pullen	28-JUN-05	0	0	0	0
2005-S-00007	Congressionally Requested Review of Selected Grants	06-SEP-05	0	0	0	0
TOTAL SPECIAL REVIEW REPORTS = 2			\$0	\$0	\$0	\$0
TOTAL REPORTS ISSUED = 300			\$9,760,592	\$27,868,696	\$0	\$5,910,739

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Audit: (617) 918-1470
Investigations: (617) 918-1468

Chicago

Environmental Protection Agency
Office of Inspector General
77 West Jackson Boulevard
13th Floor (IA-13J)
Chicago, IL 60604
Audit: (312) 353-2486
Investigations: (312) 353-2507

Cincinnati

Environmental Protection Agency
Office of Inspector General
26 West Martin Luther King Drive
Cincinnati, OH 45268-7001
Audit: (513) 487-2360
Investigations: (513) 487-2364

Dallas

Environmental Protection Agency
Office of Inspector General (6OIG)
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733
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Investigations: (214) 665-2790

Denver

Environmental Protection Agency
Office of Inspector General
999 18th Street, Suite 300
Denver, CO 80202-2405
Audit: (303) 312-6872
Investigations: (303) 312-6868

Kansas City

Environmental Protection Agency
Office of Inspector General
901 N. 5th Street
Kansas City, KS 66101
Audit: (913) 551-7878
Investigations: (913) 551-7875

Los Angeles

Environmental Protection Agency
Office of Inspector General
P.O. Box 826
La Miranda, CA 90627-0826
Investigations: (714) 521-2189

New York

Environmental Protection Agency
Office of Inspector General
290 Broadway, Room 1520
New York, NY 10007
Audit: (212) 637-3080
Investigations: (212) 637-3041

Philadelphia

Environmental Protection Agency
Office of Inspector General
1650 Arch Street, 3rd Floor
Philadelphia, PA 19103-2029
Audit: (215) 814-5800
Investigations: (215) 814-5820

Research Triangle Park

Environmental Protection Agency
Office of Inspector General
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Research Triangle Park, NC 27711
Audit: (919) 541-2204
Investigations: (919) 541-1027

Sacramento

Environmental Protection Agency
Office of Inspector General
801 I Street, Room 264
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San Francisco

Environmental Protection Agency
Office of Inspector General
75 Hawthorne St. (IGA-1)
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San Francisco, CA 94105
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Investigations: (415) 947-4500

Seattle

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Investigations: (206) 553-1273

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