



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

Spending Taxpayer Dollars

EPA Needs Better Management of Personal Property in Warehouses

Report No. 15-P-0033

December 8, 2014



Scan this mobile code to learn more about the EPA OIG.

Report Contributors:

Robert Adachi
Angela Bennett
Melinda Burks
Andres Calderon
Safiya Chambers
Debra Coffel
Kevin Collins
Teren Crawford
Nancy Dao
Mike D. Davis
Kevin Haas
Iantha Maness
Leah Nikaidoh
Denise Patten
John Trefry

Abbreviations

EPA	U.S. Environmental Protection Agency
GAO	Government Accountability Office
GSA	General Services Administration
OARM	Office of Administration and Resources Management
OIG	Office of Inspector General
OMB	Office of Management and Budget
RTP	Research Triangle Park

Cover photo: Photo of the inside of the V Street warehouse in Washington, D.C.
(EPA OIG photo)

Are you aware of fraud, waste or abuse in an EPA program?

EPA Inspector General Hotline

1200 Pennsylvania Avenue, NW (2431T)
Washington, DC 20460
(888) 546-8740
(202) 566-2599 (fax)

OIG_Hotline@epa.gov

More information at www.epa.gov/oig/hotline.html.

EPA Office of Inspector General

1200 Pennsylvania Avenue, NW (2410T)
Washington, DC 20460
(202) 566-2391
www.epa.gov/oig

Subscribe to our [Email Updates](#)
Follow us on Twitter [@EPAoig](#)
Send us your [Project Suggestions](#)



At a Glance

Why We Did This Review

Based on Office of Inspector General (OIG) concerns, we conducted an audit to determine the extent to which personal property—any property except real property—stored in warehouse space is effectively utilized, accounted for and disposed of by the U.S. Environmental Protection Agency (EPA).

The OIG issued the following early warning reports related to this audit:

- *Main EPA Headquarters Warehouse in Landover, Maryland, Requires Immediate EPA Attention*, May 2013.
- *National Service Center for Environmental Publications in Blue Ash, Ohio, Spent \$1.5 Million to Store Excess Publications*, March 2014.

This report addresses the following EPA goal or cross-agency strategy:

- *Embracing EPA as a high-performing organization.*

Send all inquiries to our public affairs office at (202) 566-2391 or visit www.epa.gov/oig.

The full report is at: www.epa.gov/oig/reports/2014/20141208-15-P-0033.pdf

EPA Needs Better Management of Personal Property in Warehouses

What We Found

The EPA did not adequately inventory property nor provide adequate oversight to ensure effective and efficient use of EPA resources. Specifically, the EPA:

- Did not have policies to account for its non-accountable and non-sensitive personal property.
- Did not maintain annual physical inventories of personal property.
- Did not follow a requirement to inventory and track all electronic property.
- Inventoried personal property in a separate, manual system rather than in its official inventory system.

Monetary benefits totaling \$8.9 million can be achieved by the EPA through improved warehouse management of personal property.

Also, the EPA did not establish effective and efficient controls for its property stored at its warehouse facilities. Specifically, the EPA:

- Did not timely excess or dispose of property.
- Did not sufficiently utilize warehouse space to store property.
- Unnecessarily stored items that were readily available for purchase locally or did not fulfill an immediate need.
- Did not prevent the unauthorized use of government property.

The EPA did not implement effective oversight and controls to ensure efficient use of stored EPA property. Though the EPA contracted for almost \$50 million for warehouse management at the eight facilities we reviewed, it has incomplete information, which impairs its ability to safeguard property against theft, loss, waste and mismanagement.

Recommendations and Planned Corrective Actions

We recommend that the EPA update policies to inventory non-accountable and all electronic property, have the same inventory management system for all property stored, and reconcile annual physical inventory counts against its inventory system records for all personal property. Additionally, we recommend that the EPA optimize space, improve property storage procedures, and address oversight and accountability.

The agency agreed with our recommendations and provided corrective actions with estimated completion dates. All of the nine recommendations we made are resolved and corrective actions are completed or ongoing.



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

THE INSPECTOR GENERAL

December 8, 2014

MEMORANDUM

SUBJECT: EPA Needs Better Management of Personal Property in Warehouses
Report No. 15-P-0033

FROM: Arthur A. Elkins Jr.

A handwritten signature in black ink, appearing to read "Arthur A. Elkins Jr.", is written over the printed name.

TO: Nanci E. Gelb, Acting Assistant Administrator
Office of Administration and Resources Management

This is our report on the subject audit conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). This report contains findings that describe the problems the OIG has identified and corrective actions the OIG recommends. This report represents the opinion of the OIG and does not necessarily represent the final EPA position. Final determinations on matters in this report will be made by EPA managers in accordance with established audit resolution procedures.

Action Required

In accordance with EPA Manual 2750, your office provided acceptable and complete planned corrective actions in response to OIG recommendations. All recommendations are resolved and no final response to this report is required.

We will post this report to our website at <http://www.epa.gov/oig>.

Table of Contents

Chapters

1	Introduction	1
	Purpose	1
	Background.....	1
	Responsible Offices	2
	Noteworthy Achievements	2
	Scope and Methodology	3
	Other Prior EPA OIG Reports	4
2	Incomplete and Inaccurate Inventories.....	6
	EPA Did Not Adequately Inventory Property	6
	Conclusion	9
	Recommendation	10
	Agency Comments and OIG Evaluation.....	10
3	Inefficient and Ineffective Property Storage and Management	11
	Better Property Storage and Management Needed.....	11
	Conclusion	15
	Recommendations	16
	Agency Comments and OIG Evaluation.....	17
	Status of Recommendations and Potential Monetary Benefits	18

Appendices

A	Details on Noteworthy Achievements	20
B	Summary on Facilities Reviewed	21
C	Agency Response to Draft Report.....	25
D	Distribution	32

Chapter 1

Introduction

Purpose

The U.S. Environmental Protection Agency's (EPA's) Office of Inspector General (OIG) planned to conduct a review to determine whether the EPA disposed of excess computers in compliance with government rules and regulations. Other OIG work related to contractor activities identified concerns related to EPA personal property stored in warehouses. Consequently, we increased our original plans to include all EPA property stored in warehouses.

The objective of this audit was to determine the extent to which the EPA's personal property is stored in select warehouses/storage spaces and is effectively utilized, accounted for and disposed of by the EPA.

Background

The Federal Property and Administrative Services Act of 1949 states that each executive agency shall:

- Maintain adequate inventory controls and accountability systems for property under its control.
- Survey its property continuously to determine which is excess to its needs and promptly report excess property.
- Perform the care and handling of such excess property.
- Transfer or dispose of such property as promptly as possible in accordance with authority delegated and regulations prescribed by the General Services Administration (GSA).

The EPA Personal Property Policy and Procedures Manual defines personal property as any property except real property.

During a prior OIG audit of the Landover, Maryland, warehouse management contract, the OIG conducted site visits at this EPA-controlled and contractor-managed warehouse during the period February through April 2013 to address the specific audit objective pertaining to contractor costs. The OIG staff found potential issues concerning the Landover warehouse space. On May 31, 2013, we issued Early Warning Report No. 13-P-0272, *Main EPA Headquarters Warehouse in Landover, Maryland, Requires Immediate EPA Attention*.

As part of our review of the EPA's Cincinnati, Ohio, warehouse, we found that the agency stored considerable amounts of publications that far exceeded the

demand. On March 11, 2014, we issued Early Warning Report No. 14-P-0132, *National Service Center for Environmental Publications in Blue Ash, Ohio, Spent \$1.5 Million to Store Excess Publications*.

Responsible Offices

The following EPA Office of Administration and Resources Management (OARM) offices/divisions have the following responsibilities:

- **Office of Administration–Facilities Management and Services Division**
 - Provides real estate and space management, including: leasing, space utilization, disposal of real property, facilities management resources analysis, policy development, and contract oversight.
 - Manages the property disposal program, and excess re-utilization program at headquarters.
- **Information Resources Management Division, Cincinnati, Ohio**
 - Manages the National Center for Environmental Publications and Information.

Noteworthy Achievements

The Deputy Administrator issued three memorandums in 2013—dated May 23, November 22 and December 20—that identified various corrective actions taken by the agency in response to the OIG’s May 2013 early warning report. At the Landover warehouse, the agency indicated it inventoried and identified the dollar value of furniture, conducted records management training, reviewed and disposed of records, sold furniture through GSA in August 2013 for approximately \$10,000, and released three bays (approximately 40,000 square feet at a \$442,000 yearly cost avoidance). The EPA also indicated it conducted health and safety reviews, removed personally identifiable information and all propane tanks, and repaired the facility eyewash stations at the Landover warehouse. The Deputy Administrator also ordered an agencywide review of all warehouses and storage facilities, as well as a review of agency employee actions, for potential performance failures and necessary disciplinary actions.

As a result of the OIG’s March 2014 early warning report on Blue Ash, the National Service Center for Environmental Publications recycled more than 140 tons of material at that warehouse.

Appendix A provides further details on the actions taken at those two warehouses.

Scope and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We identified the EPA warehouse and storage facility universe to consist of 62 facilities with over 500,000 square feet of available storage space.

Table 1: EPA storage and warehouse facilities

<u>Facility title</u>	<u>Items stored</u>	<u>EPA owned</u>	<u>Leased</u>	<u>Total</u>	<u>Sq. ft.</u>	<u>Lease costs</u>
Storage Building	Vehicles	3	18	21	255,000	\$2.6 million
Storage Building	Lab/Other	29	5	34	44,000	0.4 million
<u>Warehouses</u>	<u>Other</u>	<u>0</u>	<u>7</u>	<u>7</u>	<u>277,000</u>	<u>2.1 million</u>
Subtotal		32	30	62	576,000	\$5.1 million

Source: OIG analysis from EPA-provided data as of April 26, 2013.

We conducted the audit from April 2013 to August 2014. As part of the audit, the EPA OIG reviewed eight selected warehouses and storage facilities located near our field offices and conducted site visits at seven of these locations (see Appendix B for details about warehouses and facilities reviewed). The EPA uses contractors to manage certain facilities. At the facilities reviewed, the management contracts were valued at almost \$50 million and included, among other tasks, managing warehouse operations, equipment maintenance, mail room services and transportation. The square footage, lease and approximate contract cost for the eight facilities reviewed in our audit are identified in Table 2.

Table 2: OIG selected storage and warehouse facilities, size and cost

	<u>Location</u>	<u>Reported sq. ft.</u>	<u>Annual lease cost</u>	<u>Annual contractor cost¹</u>
1	Cincinnati, Ohio	115,000	\$558,282	\$2,157,388
2	Landover, Maryland	70,000	764,043	1,133,058
3	Research Triangle Park, North Carolina	49,951	372,770	938,098
4	Addison, Texas	22,194	598,114	313,071
5	V Street, Washington, DC	17,501	206,414	533,548
6	Seattle, Washington	7,134	28,101	0
7	Woburn, Massachusetts	4,500	71,312	515,438
8	Dallas, Texas	6,248	106,341	0
	Subtotal	292,528	\$2,705,377	\$5,590,601

Source: OIG analysis from EPA-provided data.

¹ Annual contractor cost for managing warehouse operations only.

We received documentation of the progress of the agency's corrective actions and the OIG determined the implementation status of agency recommendations for property issues reported in its assurance letters. The OIG obtained contract and expenditure information needed to determine potential cost avoidances and savings. We reviewed laws, standard operating procedures, GSA's federal asset management guidance, Office of Management and Budget (OMB) memorandums, and the Federal Property and Administrative Services Act to determine requirements for utilizing, accounting for and disposing of the EPA's personal property. We reviewed agency guidance, policies, procedures, contracts and plans related to property and its management. Additionally, we interviewed staff, including Project Officers, Contract Officer Representatives, Custodial Officers and supervisors. We reviewed GSA leases and services provided to the agency tenants as they related to storing personal property.

Other Prior EPA OIG Reports

In addition to the two early warning report previously noted, the EPA OIG issued the following reports with findings related to the management and storage of personal property:

- **Report No. 09-P-0233, *EPA Did Not Properly Account for All Property for Implementing Homeland Security Presidential Directive-12, September 15, 2009.*** Four pieces of property, valued at \$29,538, were missing and not recorded in the Fixed Assets Subsystem. OIG found inaccurate property information recorded in the Fixed Assets Subsystem. Seven items with incorrect purchase order numbers, property locations or acquisition dates were discovered in the system. Furthermore, not all property was affixed with an EPA decal number and accounted for in the Fixed Assets Subsystem before shipping. There are no open recommendations related to personal property in this report.
- **Report No. 11-P-0705, *EPA's Contract Oversight and Controls Over Personal Computers Need Improvement, September 26, 2011.*** The EPA could not account for 638 computers valued at over \$1 million. A senior official stated that program offices in accountable areas did not follow the property policy during computer deployment. From its internal review, the EPA found that numerous unaccounted-for headquarters personal property items were transferred without the proper documentation. The EPA did not have accurate property data in the Fixed Assets Subsystem. During testing, OIG auditors found inconsistencies in the location of personal computers, incorrect serial numbers and inaccurate descriptions. OIG identified property staff appointed to multiple positions in the same or different accountable areas. There are no open recommendations related to personal property in this report.

- **Report No. 13-1-0054, *Audit of EPA's Fiscal 2012 and 2011 Consolidated Financial Statements*, November 15, 2012.**
Report No. 14-1-0039, *Audit of EPA's Fiscal 2013 and 2012 Consolidated Financial Statements*, December 16, 2013.
Report 15-1-0021, *Audit of EPA's Fiscal Years 2014 and 2013 (Restated) Consolidated Financial Statements*, November 17, 2014.

The OIG 2014 report identified that the Compass data system did not sufficiently reject personal property information entries that are not accurate. As a result, the agency could lose accountability and control over property. Auditors identified personal property items for which the location was not properly identified, as well as personal property items for which the last recorded inventory dates or acquisition dates were in the future. The recommendations in Report 13-1-0054 were resolved, however, issues over internal controls of personal property still exist in the most recent audit of fiscal years 2014 and 2013.

Chapter 2

Incomplete and Inaccurate Inventories

The EPA did not adequately inventory property to ensure effective and efficient use of EPA resources. Specifically, the EPA:

- Did not have policies to account for its non-accountable and non-sensitive personal property.
- Did not maintain annual physical inventories of personal property at 25 percent (two of eight) of the facilities reviewed.
- Did not inventory and track all electronic property items as required at 25 percent (two of eight) of the facilities reviewed.
- Inventoried courtesy items valued at \$38,276 in a separate, manual inventory system at 13 percent (one of eight) of the facilities reviewed.

The EPA did not have policies to require that inventory be adequately and sufficiently tracked. With incomplete information, the EPA impaired its ability to safeguard its assets against theft, loss, waste and mismanagement.

EPA Did Not Adequately Inventory Property

The Government Accountability Office's (GAO's) *Standards for Internal Controls in the Federal Government* states that, "Program managers need both operational and financial data to determine whether they are meeting their agencies' strategic and annual performance plans and meeting their goals for accountability for effective and efficient use of resources." The GAO's *EXECUTIVE GUIDE: Best Practices in Achieving Consistent, Accurate Physical Counts of Inventory and Related Property*, describes the segregation of duties, a commonly used and widely accepted internal control and business practice, for dividing or segregating key duties and responsibilities among different people. Implemented effectively, this type of control reduces risk of error and fraud so that no single individual can adversely affect the accuracy and integrity of the inventory count.

Executive Order 13514, *Federal Leadership in Environmental, Energy, and Economic Performance*, dated October 8, 2009, Section 2, promotes electronics stewardship, in particular by employing environmentally sound practices with respect to the agency's disposition of all agency excess or surplus electronic products. The *National Strategy for Electronic Stewardship*, developed by an interagency task force on electronics stewardship, recommends that the federal government improve tracking of used federal electronics throughout its lifecycle.

EPA Did Not Have Policies to Account for Its Non-Accountable and Non-Sensitive Personal Property

The OIG determined that the EPA did not have policies to account for its non-accountable and non-sensitive personal property. The agency's personal property manual defines accountable property as "personal property with an acquisition cost of \$5,000 or more, all leased personal property, certain sensitive items, and capitalized personal property with an acquisition cost of \$25,000 or more." Non-accountable personal property includes all personal property except that which is accountable. The non-accountable personal property in inventory stored at the facilities the OIG reviewed included furniture such as desks, chairs and filing cabinets, in addition to appliances, systems furniture, letterhead, copy paper and file folders. GAO's *Standards for Internal Controls in the Federal Government* indicates that inventories are needed to secure vulnerable assets. EPA's policies required accountable property to be accounted for and tracked but did not address accounting for and tracking of non-accountable property. In addition, the EPA did not establish effective policy to ensure that its offices and regions adequately and sufficiently inventoried all property.

As a result of these conditions, the EPA lacks a complete inventory of its personal property, which impairs the EPA's ability to safeguard its property against theft, loss, waste and mismanagement. An example of the EPA's impairment resulting from having incomplete information is a recent OIG purchase. OIG staff requested and purchased letterhead for \$500 in May 2013. At this time, the Landover warehouse had two pallets in stock of OIG letterhead. If the OIG had been provided reliable information that the letterhead was stored at the warehouse, it would have avoided the unnecessary expense.

As a result of our May 2013 early warning report, the EPA inventoried 7,978 pieces of personal property at the Landover warehouse in May 2013 and provided information to the Research Triangle Park (RTP) office near Durham, Raleigh and Chapel Hill, North Carolina. RTP agency staff indicated they received approximately \$90,000 of furniture and carpets from the Landover warehouse.



Non-accountable property. (EPA OIG photos)



Items shipped from Landover to RTP (left) and boxes of letterhead (right). (EPA OIG photos)

EPA Did Not Maintain Annual Physical Inventories of Personal Property as Required

The EPA did not maintain annual physical inventories of personal property at the Landover and Cincinnati facilities. The EPA's policies required annual inventories of accountable property. OMB Circular A-123 and the GAO's *EXECUTIVE GUIDE: Best Practices in Achieving Consistent, Accurate Physical Counts of Inventory and Related Property* indicated that physical inventory counts verify the existence, completeness and accuracy of records.

One warehouse employee indicated to the OIG that he lacked policy and direction from the EPA as to how to inventory property. He stated there was no formal policy from the EPA, but a formal policy would result in less confusion about expectations concerning inventory and could lead to using best practices agencywide. The management contracts at the Landover and Cincinnati facilities did not require an EPA staff or independent person to be present during physical inventory counts. The agency could not provide evidence that physical inventory counts had been completed or tracked at its Landover and Cincinnati storage facilities, which impairs the EPA's ability to safeguard its property against theft, loss, waste and mismanagement.

EPA Did Not Follow a Requirement to Inventory and Track All Electronic Property Items

The EPA did not inventory and track all electronic property items as required at 25 percent (two of eight) of the facilities reviewed. The OIG observed electronics not tracked at the Landover and Cincinnati facilities. In addition, improving lifecycle tracking systems for electronic property would provide the opportunity to manage the use and disposition of this equipment more efficiently. This would also encourage and facilitate environmentally sound use and disposition practices.

Executive Order 13514 promotes environmentally sound practices in the disposition of all agency excess or surplus electronic products. The *National Strategy for Electronic Stewardship* recommends that the federal government improve tracking of used federal electronics. However, the EPA did not have

policies to require tracking of electronics. Therefore, the agency cannot ensure that its electronics are properly accounted for and recycled.

EPA Inventoried Personal Property in a Separate, Manual System Rather Than in its Official Inventory System

The V Street facility inventoried courtesy property valued at \$38,276 in a separate and manual inventory system. The agency did not follow its own policies. Courtesy property is inventory that should not be stored at a facility but are done so as a courtesy. The contract for the V Street warehouse states that all property will be recorded using the eCity Warehouse & Inventory Management Software. The agency’s draft standard operating procedures for its ITS-EPA II contract indicates that this system enables the warehouse to properly receive, issue and track materials and property purchased by the EPA and the contractor for the EPA. Though the EPA required its contractor to enter property into eCity, the contractor’s use of a manual system circumvented this control. By not having this control in place with the use of a manual inventory system, the agency impaired its ability to safeguard its property against theft, loss, waste and mismanagement.



A courtesy items manual inventory sheet (left) and some of those items (right). (EPA OIG photos)

Conclusion

Because the EPA did not inventory non-accountable, non-sensitive and electronic property items it lacked complete and reliable information, which impaired its ability to safeguard property against theft, loss, waste and mismanagement. By not tracking all electronics, the agency cannot ensure it is accounting for and recycling its electronics. The EPA inventoried courtesy items in a separate and manual inventory system, but tracking inventory via a manual system leaves the system open to manipulation and inaccurate record keeping. Additionally, the EPA did not provide adequate oversight over contractor-controlled annual inventories to ensure accuracy and completeness.

Recommendation

We recommend that the Assistant Administrator for Administration and Resources Management:

1. Update EPA policies to require:
 - a. An inventory of non-accountable property and all electronics-type property in addition to accountable and sensitive property.
 - b. The EPA to use the same inventory management system for all property, including courtesy-stored items along with other personal property in the warehouses.
 - c. The EPA to reconcile annual physical inventory counts against its inventory system records for all personal property.

Agency Comments and OIG Evaluation

The agency agreed with our recommendation and presented corrective action plans. The OIG considers the proposed corrective actions to be responsive. Recommendations 1a, 1b, and 1c are open with corrective actions pending.

Appendix C contains the agency's response to our draft report and planned actions to address our recommendations, as well as the OIG's comments. Based on the agency's response, we made a revision to the report.

Chapter 3

Inefficient and Ineffective Property Storage and Management

The EPA did not establish effective and efficient controls for its property stored at its warehouse facilities. Specifically:

- The EPA did not timely excess or dispose of property at 13 percent (one of eight) of the facilities reviewed.
- The EPA did not sufficiently utilize warehouse space to store property at 38 percent (three of eight) of the facilities reviewed.
- Warehouses unnecessarily stored items that were readily available for purchase locally or did not fulfill an immediate need at 50 percent (four of eight) of the facilities reviewed.
- The EPA did not prevent the unauthorized use of government property at 25 percent (two of eight) of the facilities reviewed.

The EPA did not have effective controls to ensure efficient use of its property. As a result, the EPA has spent or is planning to spend almost \$50 million unnecessarily on the storage and upkeep of property. The agency spent at least \$171,658 on property it ended up giving away because there was no use for it. In total, we calculated that potential monetary benefits totaling about \$8.9 million have been or can be achieved by the EPA through improved warehouse management. This will contribute toward the health of our environment by not storing unnecessary items that can be recycled, identifying opportunities to consolidate and dispose of existing property, optimizing the performance of the agency's real-property portfolio, and reducing associated environmental impacts.

Better Property Storage and Management Needed

The Federal Property and Administrative Services Act of 1949 requires that an agency must continuously survey property under its control to determine what excess property is, and then promptly report such property to GSA's Administrator. The act also requires that an agency transfer or dispose of such property as promptly as possible, and make reassignments of property among activities within the agency when such property is determined to be no longer required for the purposes for which it was purchased.

Executive Order 13514, *Federal Leadership in Environmental, Energy, and Economic Performance*, states:

It is therefore the policy of the United States that Federal agencies increase energy efficiency; measure, report, and reduce their greenhouse gas emissions from direct and indirect activities.

This Executive Order also states:

The head of each agency shall when adding assets to the agency's real property inventory, identifying opportunities to consolidate and dispose of existing assets, optimize the performance of the agency's real-property portfolio, and reduce associated environmental impacts.

OMB Memorandum M-12-12 requires that agencies make efficient use of the government's real estate assets. OMB Management Resources Memorandum No. 2010-07, dated July 1, 2010, states that agencies must develop plans to eliminate lease arrangements that are not cost effective, consolidating or co-locating common asset types such as warehouses. OMB Management Procedures Memorandum No. 2013-02, dated March 14, 2013, states that each agency should work collaboratively with other agencies and GSA to find opportunities for smarter space usage through co-locations and consolidations. OMB Circular A-123 and GAO's *Standards for Internal Controls in the Federal Government* state that the agency head must establish controls that reasonably ensure that funds, property and other assets are safeguarded against waste, loss, unauthorized use or misappropriation.

Untimely Excess or Disposition of Property

The EPA did not timely excess, surplus and dispose of property such as tables, chairs, sofas, refrigerators, lamps, televisions, VCRs and computers stored at the Landover warehouse. This occurred because the EPA did not implement its policies to excess and dispose of property. Additionally, the agency did not require its contractors to inventory non-accountable property, so it was unable to report property stored and thus maximize usage of its property. As a result of this audit, the EPA inventoried personal property at the Landover warehouse and provided this information to the RTP office. RTP officials were planning to purchase approximately \$90,000 of furniture and supplies and they avoided doing so by using items from the Landover warehouse.



Surplus items in the Landover warehouse as of June 2013 (right) and some of those same items in November 2013 (left). (EPA OIG photos)

The EPA did not effectively implement an agencywide accessible database, website or report to timely inform potential users of available property and avoid unnecessary spending. As a result, the EPA does not know what property is under its control and cannot ensure efficient use of EPA property stored.

Better Utilized Space to Store Property Needed

The EPA did not efficiently and effectively utilize space to ensure sufficient storage space usage at the Landover and V Street warehouses. The OIG observed rows of empty shelves at the Landover and V Street facilities. The OIG concluded that the EPA did not perform a study to assess the actual usage of warehouse space to determine whether consolidation of the similar Landover and V Street warehouses within close proximity to each other would achieve greater efficiencies, as they are both located in the Washington, D.C., area. The OIG concluded that the agency could save up to \$360,000 annually through combining these locations.

As a result of our prior Landover report, the agency returned to GSA three of its five leased warehouse bays at the Landover warehouse. With this space reduction, the agency began to realize savings of over \$2.2 million. Additionally, the agency saved approximately \$1.1 million by not using a warehouse management contractor during the course of this audit.



Empty space in the V Street (left) and Landover (right) warehouses. (EPA OIG photos)

Unnecessarily Stored Items

The EPA unnecessarily stored items in selected warehouses/storage facilities that were readily available for purchase locally or did not fulfill an immediate need. The EPA stored in the Landover, V Street, RTP, and Cincinnati warehouses purchased items such as refrigerators, air conditioners, copying paper, computers, computer accessories and toners that could have been purchased locally without the storage and/or did not satisfy an immediate need. Several refrigerators had been in the warehouse dating back to 2007. The EPA unnecessarily spent money to purchase and then store ceiling and flooring tiles and furniture it ended up

giving away because it did not have a use for these items. As a result of this audit, over \$34,000 worth of ceiling tiles were transferred from the EPA's Landover warehouse to a state agency. Also, over \$137,000 worth of furniture from the Landover warehouse was transferred from the EPA to another federal agency.

The EPA stored publications in the Cincinnati warehouse that exceeded demand by 6 years. This occurred because the EPA's inventory management belief is that it is better to have more-than-enough products on hand than to try to manage with just the amount of stock needed (a culture of print-store-ship rather than print then ship). The EPA staff seemed to indicate an attitude of "let's store all items regardless," instead of "let's store items that we can control." In addition, there were no policies to prevent long-term storage of items acquired by the EPA in an excess amount or that did not satisfy an immediate need. As a result, the EPA did not communicate costs associated with storing property, hindering effective management decisions for warehouse and property management.



Toners stored at V Street (upper left), brown envelopes at Landover that are available locally and not fulfilling an immediate need (upper right), a 6-year supply of publications in Cincinnati (lower left), and refrigerators in Landover (lower right). (EPA OIG photos)

Unauthorized Use of Space

The EPA did not establish effective controls to prevent the unauthorized use of government space. The EPA contractors at the Landover warehouse engaged in unauthorized activities such as using hidden personal spaces that included such

items as televisions and exercise equipment. The EPA contractors at the Woburn, Massachusetts, warehouse engaged in unauthorized activities such as having personal packages received at the EPA warehouse, storing and potentially using exercise equipment and bicycle repair equipment, and storing personal sleeping bags in vacant spaces. The OIG concluded one reason this occurred was because the EPA did not perform a study to assess the operational warehouse business hours that may have allowed for unauthorized use of warehouse space. Also, the unauthorized use of property existed because the EPA did not implement procedures to periodically monitor property management operations. In total, the agency paid contractors involved in the unauthorized use of space in Landover and Woburn \$1.6 million per year—\$1.1 million at Landover and \$500,000 at Woburn.



Exercise equipment at the Woburn warehouse (upper left) and Landover warehouse (upper right), televisions for personal use at the Landover warehouse (lower left), and a bike repair toolbox at the Woburn warehouse (lower right). (EPA OIG photos)

Conclusion

The EPA's actions based on OIG findings have helped the agency avoid millions of dollars in costs and could contribute to more savings and cost avoidances in the future. The EPA has already taken the following actions that represent monetary benefits of more than \$3.5 million. Specifically, the agency:

- Transferred \$34,560 worth of ceiling tiles to a state agency.
- Transferred \$137,098 of unused furniture to another federal agency.

- Avoided \$90,000 in potential purchases at RTP by using excess items from the Landover warehouse.
- Avoided costs of approximately \$443,000 annually by excessing, disposing of and transferring usable property at the Landover warehouse to other users, thus releasing three bays at that warehouse. Based on a 5-year GSA lease, this cost avoidance will total approximately \$2.2 million.
- Saved \$1.1 million by avoiding warehouse operational costs it had been paying and canceling the Landover warehouse management contract.

In addition, the EPA could realize additional potential lease savings and reductions in contract costs to oversee leased space. These potential cost avoidances could total as much as \$5.4 million. Specifically:

- In our early warning report about the Cincinnati warehouse, we reported that the EPA is storing excessive publications. If the EPA reduced this warehouse space by half, it could annually avoid lease costs up to \$250,700 (50 percent of the total lease cost of \$501,400) plus up to \$464,000 in management contract costs. Based on a 5-year lease, the cost avoidance could amount to about \$3.6 million.
- The V Street and Landover warehouses have unused spaces that, if combined, would avoid up to \$359,200 in lease costs annually. This would amount to \$1.8 million during a 5-year lease period.

Potential monetary benefits totaling about \$8.9 million have been or can be achieved by the EPA through improved warehouse management.

Recommendations

We recommend that the Assistant Administrator for Administration and Resources Management:

2. Perform an annual assessment of EPA warehouses and storage facilities on:
 - a. Operational hours needed by contractors to efficiently and effectively manage property and make any needed adjustments to management contracts.
 - b. Used and unused square feet to aggressively consolidate storage of personal property located within the same city or metropolitan area.
 - c. Annual cost associated with storing each property item to assess whether storage is needed.

3. Hold management and staff accountable for timely transfer or disposal of excess personal property according to the agency personal property policy and procedures manual.
4. Adopt new technologies, concepts and strategies that would generate inventory efficiencies in terms of storage, shipment and filling orders that reduce inventory levels and lower costs.
5. Update agencywide policy to require the agency property staff to record and track non-accountable property in the existing national property management database, or accessible website, to maximize the re-use of property before making new purchases.
6. Update agencywide policy to prevent long-term storage of personal property beyond a year that does not satisfy an immediate need.
7. Update agencywide policy to require periodic unannounced visits to the warehouses/storage facilities to ensure there is no unauthorized use of government resources and space is used efficiently.
8. Require property supervisors to generate accountability reports that are provided to top-level management that identify work done to monitor property and deficiencies, and ensure the recommended actions on the deficiencies will be taken.
9. Train staff on best practices for inventory and storage to develop cultures, practices and attitudes to ensure that personal property items are controlled to prevent unnecessary storage.

Agency Comments and OIG Evaluation

The agency agreed with our recommendations and presented corrective actions. For Recommendations 3 and 6 we consider the proposed corrective actions to be responsive and the recommendations closed. For Recommendations 2, 4, 5, 7, 8, and 9, we consider the proposed corrective actions to be responsive and open with corrective actions pending.

Appendix C contains the agency's response to our draft report and planned actions to address our recommendations, as well as the OIG's comments.

Status of Recommendations and Potential Monetary Benefits

RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status ¹	Action Official	Planned Completion Date	Claimed Amount	Agreed-To Amount
1	10	Update EPA policies and contracts to require:		Assistant Administrator for Administration and Resources Management			
		a. An inventory of non-accountable property and all electronics-type property in addition to accountable and sensitive property.	O		12/31/14		
		b. The EPA to use the same inventory management system for all property, including courtesy-stored items along with other personal property in the warehouses.	O		12/31/15		
		c. The EPA to reconcile annual physical inventory counts against its inventory system records for all personal property.	O		5/31/15		
2	16	Perform an annual assessment of EPA warehouses and storage facilities on:		Assistant Administrator for Administration and Resources Management		\$2,200	
		a. Operational hours needed by contractors to efficiently and effectively manage property and make any needed adjustments to management contracts.	O		5/31/15	\$1,100	\$3,600
		b. Used and unused square feet to aggressively consolidate storage of personal property located within the same city or metropolitan area.	O		5/31/15		\$1,800
		c. Annual cost associated with storing each property item to assess whether storage is needed.	O		5/31/15		
3	17	Hold management and staff accountable for timely transfer or disposal of excess personal property according to the agency personal property policy and procedures manual.	C	Assistant Administrator for Administration and Resources Management	9/17/14		
4	17	Adopt new technologies, concepts and strategies that would generate inventory efficiencies in terms of storage, shipment and filling orders that reduce inventory levels and lower costs.	O	Assistant Administrator for Administration and Resources Management	6/30/15		
5	17	Update agencywide policy to require the agency property staff to record and track non-accountable property in the existing national property management database, or accessible website, to maximize the re-use of property before making new purchases.	O	Assistant Administrator for Administration and Resources Management	12/31/15	\$34	\$137 \$90
6	17	Update agencywide policy to prevent long-term storage of personal property beyond a year that does not satisfy an immediate need.	C	Assistant Administrator for Administration and Resources Management	9/17/14		

RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status ¹	Action Official	Planned Completion Date	Claimed Amount	Agreed-To Amount
7	17	Update agencywide policy to require periodic unannounced visits to the warehouses/storage facilities to ensure there is no unauthorized use of government resources and space is used efficiently.	O	Assistant Administrator for Administration and Resources Management	11/30/15		
8	17	Require property supervisors to generate accountability reports that are provided to top-level management that identify work done to monitor property and deficiencies, and ensure the recommended actions on the deficiencies will be taken.	O	Assistant Administrator for Administration and Resources Management	5/31/15		
9	17	Train staff on best practices for inventory and storage to develop cultures, practices and attitudes to ensure that personal property items are controlled to prevent unnecessary storage.	O	Assistant Administrator for Administration and Resources Management	11/30/15		

¹ O = Recommendation is open with agreed-to corrective actions pending.
C = Recommendation is closed with all agreed-to actions completed.
U = Recommendation is unresolved with resolution efforts in progress.

Details on Noteworthy Achievements

Date in 2013	Source of Memo	Achievements Noted
May 23	Deputy Administrator	At the Landover warehouse, the agency indicated it re-secured the facility, inventoried and catalogued all items, marked surplus furniture, drafted new standard operating procedures for maintaining the warehouse, implemented changes to ensure safe handling of government passports, initiated an investigation by the Breach Evaluation Team to evaluate concerns with safeguarding personally identifiable information, commenced a review of records, began a review of EPA personnel to determine if disciplinary action is appropriate, and ordered an agencywide review of all warehouses and storage facilities.
June 26	Assistant Administrator, OARM	The agency indicated it completed an evaluation of the handling of personally identifiable information, completed new standard operating procedures, required a review of all EPA warehouse and storage facility operations nationwide, awarded an interim labor services contract to provide warehouse operations support, issued a 120-day notice to GSA to release three bays or almost 30,000 square feet of space at the Landover warehouse, implemented management controls that will ensure appropriate oversight of the warehouse as well as the contractor and federal staff assigned to the warehouse, ensured improved passport control procedures are being implemented, and determined the musical instruments at the warehouse were acquired at no cost and surplused in June.
September 30	Assistant Administrator, OARM	The agency indicated it completed updates to the warehouse recordkeeping, conducted records management training, developed security plans for the Landover warehouse perimeter and interior spaces, corrected all GSA infrastructure-related safety findings, and evaluated all onsite documents potentially containing personally identifiable information and identified and destroyed documents containing personally identifiable information.
November 22	Deputy Administrator	The Woburn warehouse contractor notified the EPA that it terminated employees involved in the unauthorized use of its Region 1 storage space, created a new quality control plan, increased site visits and inspections, hired a new employee to service the warehouse, and revised the employee manual. The EPA reviewed the contract for possible termination, established more surveillance of contractor performance, did a follow-up inspection, and made recommendations for improvement.
December 20	Deputy Administrator	Reported the results of nationwide, unannounced inspections of all warehouses and storage facilities. A few minor issues were detailed, such as noting for one field office that equipment and supplies were not well organized. In another location, a need for seismic bracing was noted. Locations were reviewed for standard operating procedures, health and safety standards, personally identifiable information and facility security, and equipment and inventory located there.

Source: OIG analysis.

Summary on Facilities Reviewed

OIG analysis from EPA-provided data.

Kenwood Warehouse & Distribution Center, Blue Ash, Ohio

Use: Warehouse/ Storage

Contractor Duties: Property and Transportation Management Support Service.

Publications management including call center and warehouse management.



Conditions: Did not track all electronic property items, did not maintain annual physical inventories of personal property, did not sufficiently utilize warehouse space, and unnecessarily stored items that were readily accessible locally or did not fulfill an immediate need.

Ardwick Industrial Plaza, Landover, Maryland

Use: Warehouse/ Storage

Contractor Duties: Warehouse operations support, labor support services.



Conditions: Did not track all electronic property items, did not maintain annual physical inventories of personal property, did not sufficiently utilize warehouse space, unnecessarily stored items that were readily accessible locally or did not fulfill an immediate need, and did not establish effective controls to prevent the unauthorized use of government resources.

Grand Slam Building, Durham, North Carolina

Use: Laboratory/ Warehouse

Contractor Duties: Warehouse and mailroom services



Conditions: Unnecessarily stored items that were readily accessible locally or did not fulfill an immediate need.

Addison Training & Conference Center, Addison, Texas

Use: Use: Warehouse/ Storage

Con Contractor Duties: Warehouse management and equipment maintenance services



Conditions: None specific to this location.

United Industrial Distribution Warehouse, Washington, D.C.

Use: Warehouse/ Storage

Contractor Duties: Warehouse inventory and property control management

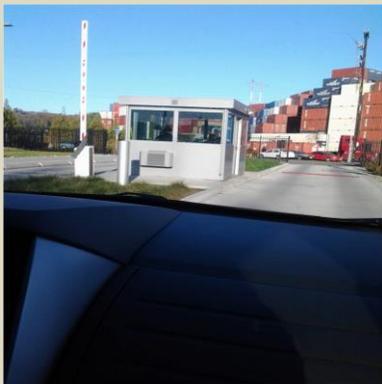


Conditions: Inventoried courtesy items in a separate and manual inventory system, provided independent oversight over contractor-controlled annual inventories, did not sufficiently utilize warehouse space, and unnecessarily stored items that were readily accessible locally or did not fulfill an immediate need.

Federal Center South Warehouse, Seattle, Washington

Use: Warehouse/ Storage

No Contractor



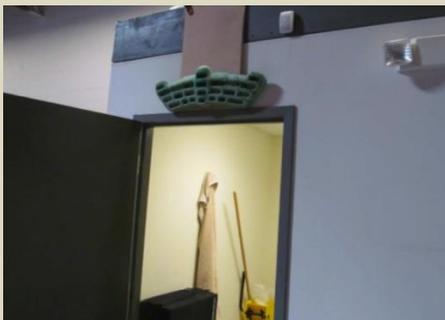
Conditions: None specific to this location.

222 West Cummings Park Warehouse, Woburn, Massachusetts

Use: Warehouse, Storage

Contractor Duties: Warehouse operations, equipment maintenance

Facility building
not pictured



Conditions: Did not establish effective controls to prevent the unauthorized use of government resources.

Terminal Annex Federal Building, Dallas, Texas

Use: Warehouse, Lab Storage

No Contractor



Conditions: None specific to this location.

Agency Response to Draft Report

September 17, 2014

MEMORANDUM

SUBJECT: Response to Office of Inspector General Draft Audit Report No. OA-FY13-0248 *EPA Needs Better Management of Personal Property in Warehouses*, dated August 11, 2014.

FROM: Nanci E. Gelb, Acting Assistant Administrator
Office of Administration and Resources Management

TO: Kevin Christensen, Acting Assistant Inspector General
Office of Audit

Thank you for the opportunity to review your draft report. The Office of Administration and Resources Management concurs with your recommendations and has included suggested adjustments to some of the recommendation language. Attachment 1 lists your recommendations and our responses.

OARM manages and operates three warehouses located in Landover MD, Cincinnati OH, and Research Triangle Park NC. Attachment 2 lists all EPA warehouses and their locations most which are operated by EPA regions and programs. OARM will issue guidance to EPA Senior Resource Officials implementing your recommendations related to their warehouse operations.

If you have any questions regarding our response, please contact Stacey Dey Foy, Acting Director, Facilities Management and Services Division, at (202) 564-2030.

Attachments

cc: Assistant Regional Administrators
Ramona Trovato
Betsy Shaw
Barry Breen
James Woolford
Donna Vizian
John Showman
Brandon McDowell
Vaughn Noga
Maryann Petrole
Steve Blankenship
Rick Carter
Pete Johnson
Stacey Dey-Foy
Yvette Jackson
Mike Davis

**OARM Response to Draft OIG Report EPA Needs Better Management of Personal
Property in Warehouses
Project No. OA-FY13-0248 Issued August 11, 2014**

OIG Recommendation 1: Update EPA policies and contracts to require:

- a. An inventory of non-accountable property and all electronics-type property in addition to accountable and sensitive property.
- b. The EPA to use the same inventory management system for all property, including courtesy-stored items along with other personal property in the warehouses.
- c. The EPA to reconcile annual physical inventory counts against its inventory system records for all personal property.

OARM recommends removing the word “contracts” from recommendation 1. OARM cannot update contracts administered by the regions and programs related to warehouse operations. Making this adjustment to the recommendation will allow OARM to focus on updating policy and enable successful implementation of the recommendations.

OIG Response: OIG agrees to remove “contracts” from the recommendation so that the recommendation reads, “Update EPA policies to require....”

1a. Concur with updating policy. OARM will issue policy guidance for warehouses that requires the tracking of non-accountable property and the accounting of all electronics-type property and all accountable and sensitive property. OARM will update its contracts accordingly for the three OARM operated warehouses (Landover, RTP, and Cincinnati).

The OARM is compliant with existing EPA Policy 4832 Personal Property Manual and the Property, Plant and Equipment (Reconciliation Requirements for Capital Property RMDSN 2540-11-T2) which requires reconciliation of annual physical inventory for all accountable personal property. Additionally, EPA 4832 identifies personal property as all property valued over \$5,000 or considered sensitive (logical circuitry and or easily pilfered). This property is labeled and inventoried annually. Although tracking is required by the FMSD Landover Warehouse SOP, items that meet criteria of 41 CFR 102-36.220 (expensed items, consumables, materials, supplies, etc.) are not reportable. All accountable property is inventoried annually by September 30th.

Estimated completion date: December 31, 2014.

OIG Response: 1.a. The agency concurred and established planned completion dates for the intended corrective action. The OIG considers the proposed corrective action to be responsive and the recommendation is open with corrective action pending.

1b. Concur with updating policy. OARM will issue policy guidance which requires all property in warehouses be recorded in the agency asset management system. The agency asset management system will be the inventory management system for all property.

Estimated completion date: December 31, 2015.

OIG Response: 1.b. The agency concurred and established planned completion dates for the intended corrective action plan. The OIG considers the proposed corrective action to be responsive and the recommendation is open with corrective action pending.

1c. Concur. While there is already an existing requirement to reconcile physical inventory counts for accountable personal property annually, OARM will strengthen EPA Policy 4832 Personal Property Manual by requiring warehouse custodians / Senior Resource Officials to perform an annual certification of non-accountable property residing in those warehouses.

Estimated completion date: May 31, 2015.

OIG Response: 1.c. The agency initially responded on September 17, 2014. However, the OIG had concerns with the agency's response. These concerns were resolved in the Exit Conference and a subsequent meeting. The agency submitted a modified response for this recommendation on October 30, 2014. The agency concurred and noted the corrective action was completed. The OIG considers the completed corrective action to be responsive and the recommendation is open with corrective action pending.

OIG Recommendation 2: Perform an annual assessment of EPA warehouses and storage facilities on:

- a. Operational hours needed by contractors to efficiently and effectively manage property and make any needed adjustments to management contracts.
- b. Used and unused square feet to aggressively consolidate storage of personal property located within the same city or metropolitan area.
- c. Annual cost associated with storing each property item to assess whether storage is needed.

2a. Concur. It is important that EPA manages its warehouses efficiently, appropriately and according to law. OARM will issue guidance requiring EPA Senior Resource Officials to assess annually the operations of their warehouses to efficiently and effectively manage them and to make needed adjustments to their contracts as necessary.

Estimated completion date: May 31, 2015.

OIG Response: The agency concurred and established planned completion dates for the intended corrective action. The OIG considers the proposed corrective action to be responsive and the recommendation is open with corrective action pending.

2b. Concur. OARM will issue guidance requiring EPA Senior Resource Officials to assess annually used and unused square feet to consolidate warehouse space and the storage of personal property located within the same city or metropolitan area.

Estimated completion date: May 31, 2015.

OIG Response: The agency concurred and established planned completion dates for the intended corrective action. The OIG considers the proposed corrective action to be responsive and the recommendation is open with corrective action pending.

2c. OARM has determined that the costs of storage and the need to store property at warehouses are based on the warehouse mission. OARM concurs with providing guidance to EPA Senior Resource Officials to annually assess the warehouses and the need to store property items to find costs savings and efficiencies in warehouse operations.

Estimated completion date: May 31, 2015.

OIG Response: The agency concurred and established planned completion dates for the intended corrective action. The OIG considers the proposed corrective action to be responsive and the recommendation open with corrective action pending.

OIG Recommendation 3: Hold management and staff accountable for timely transfer or disposal of excess personal property according to the agency personal property policy and procedures manual.

3. Concur. The current Property Bulletin 14-004 Property Timelines and Deadlines addresses transaction times and accountability for timely transfer or disposal of personal property.

Property management officers and custodial officers are trained on timelines for the timely transfer or disposal of personal property and are accountable for adherence to these rules.

Estimated completion date: Completed

OIG Response: The agency concurred and noted the corrective action was completed. The OIG considers the completed corrective action to be responsive and the recommendation is considered closed.

OIG Recommendation 4: Adopt new technologies, concepts and strategies that would generate inventory efficiencies in terms of storage, shipment and filling orders that reduce inventory levels and lower costs.

4. Concur. OARM will be implementing a new property management system and providing guidance on incorporating emerging technologies along with best practices to generate efficiencies and enhanced internal controls.

Estimated completion date: June 30, 2015

OIG Response: The agency concurred and established a planned completion date for the intended corrective action. The OIG considers the proposed corrective action to be responsive and the recommendation is open with corrective action pending.

OIG Recommendation 5: Update agency wide policy to require the agency property staff to record and track non-accountable property in the existing national property management database, or accessible website, to maximize the re-use of property before making new purchases.

5. Concur. The agency property management system will be designated as the inventory management system for all property.

Estimated completion date: December 31, 2015.

OIG Response: The agency concurred and established planned completion dates for the intended corrective action. The OIG considers the proposed corrective action to be responsive and the recommendation is open with corrective action pending.

OIG Recommendation 6: Update agency wide policy to prevent long-term storage of personal property beyond a year that does not satisfy an immediate need.

6. Concur. This recommendation has been completed. OARM produced Bulletin 14-0014 dated January 8, 2014, which addresses long-term storage. Long-term storage of property should not be determined by immediate need, but rather by whether an item which will be needed in the future is readily available from outside sources, or whether it is more cost effective to store the item for future use.

Estimated completion date: Completed

OIG Response: OARM informed OIG that the correct bulletin in its response should be Bulletin 14-004. The agency concurred with the recommendation and indicated that the corrective action was completed. The OIG considers the completed corrective action to be responsive and the recommendation is closed.

OIG Recommendation 7: Update agency wide policy to require periodic unannounced visits to the warehouses/storage facilities to ensure there is no unauthorized use of government resources and space is used efficiently.

7. Concur. OARM will issue policy guidance requiring EPA Senior Resource Officials to conduct periodic unannounced visits to warehouses to guard against unauthorized use of government resources.

Estimated completion date: November 30, 2015.

OIG Response: The agency concurred and established planned completion dates for the intended corrective action. The OIG considers the proposed corrective action to be responsive and the recommendation is open with corrective action pending.

OIG Recommendation 8: Require property supervisors to generate accountability reports that are provided to top-level management that identify work done to monitor property and deficiencies, and ensure the recommended actions on the deficiencies will be taken.

8. Concur. While there is already an existing requirement to reconcile physical inventory counts for accountable personal property annually, OARM will strengthen EPA Policy 4832 Personal Property Manual by requiring warehouse custodians / Senior Resource Officials to perform an annual certification of non-accountable property residing in those warehouses.

Estimated completion date: May 31, 2015

OIG Response: The agency initially responded on September 17, 2014. However, the OIG had concerns with the agency's response. These concerns were resolved in the Exit Conference and a subsequent meeting. The agency submitted a modified response for this recommendation on October 30, 2014. The agency concurred and noted the corrective action was completed. The OIG considers the completed corrective action to be responsive and the recommendation is considered closed.

OIG Recommendation 9: Train staff on best practices for inventory and storage to develop cultures, practices and attitudes to ensure that personal property items are controlled to prevent unnecessary storage.

9. Concur. OARM will develop and disseminate best practices for inventory and storage to warehouse managers at Landover, RTP and Cincinnati and property management officers. OARM already conducts biannual training for custodial officers on best practices for accounting personal property and disposing excess property.

Estimated completion date: November 30, 2015.

OIG Response: The agency concurred and established planned completion dates for the intended corrective action. The OIG considers the proposed corrective action to be responsive and the recommendation is open with corrective action pending.

Distribution

Office of the Administrator
Assistant Administrator for Administration and Resources Management
Agency Follow-Up Official (the CFO)
Agency Follow-Up Coordinator
General Counsel
Associate Administrator for Congressional and Intergovernmental Relations
Associate Administrator for Public Affairs
Principal Deputy Assistant Administrator for Administration and Resources Management
Director, Office of Policy and Resources Management, Office of Administration and
Resources Management
Deputy Director, Office of Policy and Resources Management, Office of Administration and
Resources Management
Director, Facilities Management and Services Division, Office of Administration and
Resources Management
Audit Follow-Up Coordinator, Office of Administration and Resources Management