



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

## *Pollution Prevention*

# **EPA Needs Accurate Data on Results of Pollution Prevention Grants to Maintain Program Integrity and Measure Effectiveness of Grants**

Report No. 15-P-0276

September 4, 2015



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## Report Contributors:

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## Abbreviations

EPA	U.S. Environmental Protection Agency
FY	Fiscal Year
OIG	Office of Inspector General
PPA	Pollution Prevention Act of 1990
P2	Pollution Prevention

**Cover photo:** Photo of emissions from an industrial area. (EPA photo)

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# At a Glance

## Why We Did This Review

We conducted this review of the U.S. Environmental Protection Agency's (EPA's) Pollution Prevention (P2) grant activities to determine how the EPA has ensured pollution prevention goals are achieved through P2 grants.

The Pollution Prevention Act of 1990 authorizes the EPA to award grants to states and tribes. The intent of this effort is to encourage businesses to adopt environmental strategies and solutions that significantly reduce or eliminate waste and result in cost savings and improved pollution controls. The EPA has awarded over \$122 million in P2 grants in the last 26 years. P2 results by grantees are reported to, and adjusted by, EPA regions and headquarters before their release to the public. P2 grant results are used to substantiate EPA performance on several Government Performance and Results Act goals.

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

- *Ensuring the safety of chemicals and preventing pollution.*

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The full report is at: [www.epa.gov/oig/reports/2015/20150904-15-P-0276.pdf](http://www.epa.gov/oig/reports/2015/20150904-15-P-0276.pdf)

## ***EPA Needs Accurate Data on Results of Pollution Prevention Grants to Maintain Program Integrity and Measure Effectiveness of Grants***

### **What We Found**

The EPA is unable to determine the extent to which P2 grants achieved pollution prevention goals. Neither headquarters nor the regions we reviewed consistently implemented EPA quality control guidance and practices when compiling P2 grant results. In addition, we found reporting and transcription errors. Because of the lack of controls to ensure that results are reported accurately and consistently, we found that:

**Inaccurate reporting of results misrepresents the impacts of pollution prevention activities provided to the public, and misinforms EPA management on the effectiveness of its investment in the program.**

- Due to errors and inconsistent regional reporting, EPA headquarters significantly modified results reported by the grantees to EPA regions. For example, in our sample year of fiscal year 2011, the regions reported over \$200 million saved by incorporating pollution prevention practices. We found headquarters reduced this amount of dollars saved by businesses by 58 percent. EPA headquarters revised initial results again 2 years later.
- Errors in the reporting of grants results occurred. For example, one region reported 17,000 gallons of water saved to headquarters instead of the 17,000,000 gallons actually reported by the grantee.
- Reporting guidance was not applied consistently. For example, reported fiscal year 2011 results associated with one state P2 leadership program were reported at 10 percent, whereas in the following fiscal year the results from the same activities were reported at 40 percent.

Inconsistent and arbitrary application of the measurement guidance hampers the agency's ability to accurately report reliable grant program results. This creates a risk for the integrity and value of the EPA's reported P2 achievements and weakens confidence that the agency's pollution prevention goals have been achieved.

### **Recommendations and Planned Agency Corrective Actions**

We recommend that the Assistant Administrator for Chemical Safety and Pollution Prevention: (1) implement the P2 GrantsPlus database to begin the process for enhancing the reporting and recording of its P2 grants, and (2) develop and implement controls to ensure accurate reporting of regional results to headquarters and documentation of revisions made by headquarters.

The EPA agreed with our recommendations and proposed acceptable corrective actions. All recommendations are resolved and no further response from the agency is needed.



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

THE INSPECTOR GENERAL

September 4, 2015

**MEMORANDUM**

**SUBJECT:** EPA Needs Accurate Data on Results of Pollution Prevention Grants to Maintain Program Integrity and Measure Effectiveness of Grants  
Report No. 15-P-0276

**FROM:** Arthur A. Elkins Jr.

A handwritten signature in black ink that reads "Arthur A. Elkins Jr." with a stylized flourish at the end.

**TO:** Jim Jones, Assistant Administrator  
Office of Chemical Safety and Pollution Prevention

This is our report on the subject evaluation 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.

The EPA office having primary responsibility for the issues evaluated in this report is the Office of Chemical Safety and Pollution Prevention's Office of Pollution Prevention and Toxics.

**Action Required**

You are not required to provide a written response to this final report because you provided agreed-to corrective actions and planned completion dates for the report recommendations. The OIG may make periodic inquiries on your progress in implementing these corrective actions. Please update the EPA's Management Audit Tracking System as you complete planned corrective actions. Should you choose to provide a final response, we will post your response on the OIG's public website, along with our memorandum commenting on your response. You should provide your response as an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that you do not want to be released to the public; if your response contains such data, you should identify the data for redaction or removal along with corresponding justification.

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

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## Purpose

Our objective was to determine how the U.S. Environmental Protection Agency (EPA) has ensured pollution prevention goals are achieved through Pollution Prevention (P2) grants.

## Background

Pollution prevention is any practice that reduces, eliminates or prevents pollution at its source, also known as “source reduction.” Source reduction is fundamentally different and more desirable than recycling, treatment and disposal. According to the Pollution Prevention Act of 1990 (PPA),<sup>1</sup> the United States annually produces millions of tons of pollution and spends tens of billions of dollars per year controlling this pollution. Reducing the amount of pollution produced should mean a decrease in the control, treatment and disposal of waste as depicted in the EPA’s Waste Management Hierarchy in Figure 1.

Figure 1: The EPA’s Waste Management Hierarchy



Source: The EPA.

Less pollution means less hazards posed to public health and the environment. Various approaches can be applied to all pollution-generating activities, including those found in the energy, agriculture, federal, consumer and industrial sectors. For example, there are significant opportunities for industry to reduce or prevent pollution at the source through cost-effective changes in production, operation and raw materials use. Such changes offer industry substantial savings in reduced raw material, pollution control and liability costs; and help protect the environment and reduce risks to worker health and safety.

<sup>1</sup> The Pollution Prevention Act of 1990; 42 U.S.C. § 13101 et seq.

The PPA established a national policy to achieve pollution prevention by reducing industrial pollution at its source. The EPA implements the PPA through its P2 Program. The P2 Program seeks to alleviate environmental problems by achieving significant reductions in the use of hazardous materials, energy and water; reductions in the generation of greenhouse gases; cost savings; and increases in the use of safer chemicals and products.

### ***EPA Grants Fund Pollution Prevention Activities***

PPA authorizes the EPA to award grants to state governments.<sup>2</sup> The intent of this effort is to assist state and tribal governments in encouraging businesses<sup>3</sup> to adopt environmental strategies and solutions that significantly reduce or eliminate waste from the source. Annually, the EPA awards about 40 P2 grants to states and tribes averaging \$4.5 million. Over a 26-year period, the EPA has awarded over \$122 million in grants to support pollution prevention activities and develop state pollution prevention programs. P2 grants are issued and managed by the EPA's regional pollution prevention program offices, and the awarded amounts range from \$20,000 to \$180,000 per grantee.

The P2 Program has five priority national focus areas for its grant activities:

1. Greenhouse gas reduction.
2. Toxic and hazardous materials reduction.
3. Resource conservation.
4. Business efficiency.
5. P2 integration.

Additionally, each EPA region has a set of local priorities that highlight specific environmental issues, projects and/or programs of significant interest to the region. Grantees must address at least one national focus area and one regional priority. The P2 grants should support activities that focus on:<sup>4</sup>

- Institutionalizing P2 as an environmental management method.
- Helping businesses establish prevention goals, providing on-site technical assistance or training to businesses, and supporting outreach and research endeavors.
- Supporting data collection and analysis to curtail environmental inefficiencies while increasing awareness of P2.

For the period we reviewed, we found that the EPA grants in Regions 1, 3 and 4 were awarded for various P2 activities, including:

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<sup>2</sup> The District of Columbia, state colleges and universities, federally-recognized Indian tribes, territories and possessions of the United States are also eligible for funding.

<sup>3</sup> Examples of businesses targeted include, but are not limited to: automotive, printing, dry cleaning, manufacturing, agriculture, hospitality, and nonindustrial groups such as schools.

<sup>4</sup> Catalogue of Federal Domestic Assistance No. 66.708.

- Outreach activities including, workshops, webinars and production of e-newsletters.
- Development of resources to help promote sustainable stormwater solutions.
- Technical assistance such as providing advice to businesses on pollution prevention strategies.
- Recognition for companies that operate outstanding or innovative source reduction programs.
- Support of state leadership and environmental leadership activities.

### **Measuring P2 Grant Results**

The PPA requires the EPA Administrator to establish appropriate means for measuring the effectiveness of the state grants in promoting use of source reduction techniques by businesses. In addition, the EPA’s Environmental Results Policy (EPA Order 5700.7A1) requires the grant applicant to provide qualitative and quantitative estimates of expected outcomes and outputs on project activities and to develop a plan for measuring and tracking their progress toward achieving the expected outputs and outcomes prior to the award. The agency has four performance metrics for measuring pollution prevention effectiveness (see Table 1).

**Table 1: EPA pollution prevention performance measures supported by grants**

<b>Performance Metric</b>	<b>Description</b>
Gallons of water reduced through pollution prevention.	Counts the gallons of water reduced as a result of water conservation.
Business, institutional and government costs reduced through pollution prevention.	Counts the amount of money saved from incorporating pollution prevention practices into the daily operations of government agencies, businesses and institutions. <sup>5</sup>
Pounds of hazardous material reduced through pollution prevention.	Counts the reduction of hazardous substances, pollutants or contaminants released to air, water and land; incorporated into products; or used in an industrial process.
Metric tons of carbon dioxide equivalent reduced or offset through pollution prevention.	Counts the metric tons of carbon dioxide equivalent reduced or offset.

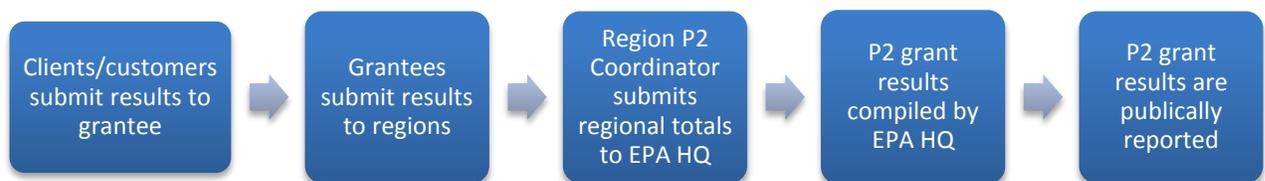
Source: Office of Inspector General (OIG) developed based on fiscal year (FY) 2014 Office of Chemical Safety and Pollution Prevention National Program Manager Guidance.

Annual results from the P2 grants are used to substantiate the EPA’s performance on pollution prevention metrics. These are EPA Government Performance and Results Act performance measures for which results are annually reported to Congress, the Office of Management and Budget, and the public.

<sup>5</sup> Implementing environmental and energy conserving opportunities can lead to the reduction of energy, water and fuel usage, thereby producing considerable costs savings for businesses. Under P2 State and Tribal Assistance Grants, only the cost savings to businesses are to be counted.

Grant recipients are required to report on the results of their activities.<sup>6</sup> Specifically, all EPA grant recipients are required to submit interim and final reports to the EPA that document their progress toward meeting the expected outcomes and outputs. Figure 2 depicts the sequence of reporting final results. The businesses or entities first report their P2 results to the state or tribal grantee. The grantee reports these results to an EPA region. Regions analyze reported results and make adjustments per agency guidance. The regions report the results from all funded grantees to the EPA headquarters office annually. The EPA headquarters office reviews the submitted results and makes additional adjustments to address methodological issues or errors identified during their review. The P2 grant results are combined with the results from other P2 activities to demonstrate the annual accomplishments of the agency's pollution prevention program.

**Figure 2: P2 grants results reporting process**



Source: OIG.

## Responsible Office

The EPA office having primary responsibility for P2 grants is the Office of Chemical Safety and Pollution Prevention's Office of Pollution Prevention and Toxics.

## Scope and Methodology

We conducted our work from October 2014 through June 2015. 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.

To answer the objective of determining how the EPA has ensured pollution prevention goals are achieved through P2 grants, we reviewed the agency's in-place controls to ensure that the grants were awarded for activities that were consistent with PPA and aligned with P2 goals and regional priorities. We also

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<sup>6</sup> The agency makes available P2 Calculator spreadsheets on its website to help measure the environmental and economic performance results of P2 activities.

reviewed goals and metrics related to quantifying the program's achievement of pollution prevention.

We reviewed the PPA to determine its authority and intent with respect to P2 grants and measurement requirements. We also reviewed relevant policies, guidance documents, strategic plans and previous reports. Specifically, we reviewed the agency's Regional P2 Measurement Guidance, dated October 19, 2012, and the subsequent measurement guidance, dated April 28, 2015. We also reviewed the Pollution Prevention Grant Program request for proposals for FYs 2011 and 2012 to review applicable measurement, reporting and data requirements. Subsequently, we reviewed the Pollution Prevention Grant Program request for proposals for FYs 2014 and 2015 to identify recent changes in measurement, reporting and data requirements.

For the reported pollution prevention achievements in FYs 2011 and 2012, we reviewed all the associated P2 grant results from Regions 1, 3 and 4.<sup>7</sup> We reviewed the files held by the EPA for those grants at each regional office. Specifically, we reviewed the grant award and/or grantee application, the midyear and final reports, and any documentation supporting the activities conducted and the achievement toward P2.

We analyzed how the reported grant results are supported and the degree of transparency in the reporting of P2 grants. This review included meetings with headquarters and regional staff to understand the process used to collect data in support of results, as well as, the controls in place to ensure results are accurate and valid. We met with three regional P2 coordinators to discuss and review their data sources used in reporting grant results. We also met with three grantees—the states of North Carolina, Vermont and Virginia—in an effort to determine whether reported claims are supported.

## Prior OIG Report

EPA OIG Report No. [09-P-0088](#), *Measuring and Reporting Performance Results for the Pollution Prevention Program Need Improvement*, issued January 28, 2009, sought to verify the accuracy of data provided for the Office of Management and Budget's 2006 Program Assessment Rating Tool evaluation of seven EPA P2 programs, and track EPA's follow-up actions. The OIG recommended the development of new performance metrics, and a quality assurance project plan to ensure the quality of environmental data. The agency officials agreed with all of the recommendations and has reported that all corrective actions are complete.

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<sup>7</sup> Our review focused on the most recent results data available: FYs 2011 and 2012. We reviewed all of the grants in Regions 1, 3 and 4 that reported results during that period. In total, we reviewed 32 grants (36 percent of the universe of grants) that reported results in that 2-year period.

## Results of Review

The EPA is unable to determine the extent to which P2 grants achieve pollution prevention goals because the agency lacks controls to ensure that the results from the grants are reported accurately and consistently across EPA regions. We found the agency has management controls in place to ensure P2 grants are funding activities that align with the EPA's P2 goals.<sup>8</sup> However, we found inconsistent application of measurement guidance<sup>9</sup> and transposition errors in the EPA's reported P2 grant results for FYs 2011 and 2012. The results generated from the P2 grants are used by the agency to report achievements in pollution prevention, and make up part of the agency's performance measures used for budget decisions and the public's review. Inadequate guidance and lack of data quality controls hamper the agency's ability to accurately report reliable grant program results. This creates a risk to the integrity and value of the EPA's reported P2 achievements and weakens confidence that the agency's pollution prevention goals have been achieved as represented.

### ***Guidance and Controls Do Not Ensure Consistent and Accurate Reporting of State P2 Program Results***

We found inconsistencies with the agency's reporting of results generated from state P2 leadership programs and state P2 award programs. In addition to providing technical assistance to businesses, some states operate P2 award programs and state leadership programs. Typically, significant results are reported by these types of state programs relative to technical assistance programs. According to the EPA, because the results from these types of state programs are large and the EPA's involvement is less as compared to the traditional technical assistance programs, the measurement guidance instructs the regions to not report 100 percent of the results but rather count a percentage. However, we found the lack of specificity in the measurement guidance led to inconsistencies in reporting P2 grant results. For example, we found inconsistencies in the percentage of results reported by the EPA for each region reviewed. According to headquarters staff, regional staff turnover also led to the inconsistencies in reporting. Improved guidance would facilitate more accurate and consistently reported P2 grant results derived from these state P2 programs.

#### **Reporting of Results From State P2 Environmental Leadership Programs Inconsistent**

We found inconsistencies with the agency's reporting of results generated from some state P2 programs. P2 measurement guidance instructs the regions

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<sup>8</sup> The regions solicit requests for proposals annually and have established controls to rate and rank submitted proposals. A factor used in the selection process is the alignment of the proposed activity to the EPA's P2 goals. Further, the regions' P2 coordinators receive and maintain interim and final reports where results from funded activities are recorded to support the EPA's P2 goal achievements.

<sup>9</sup> EPA Regional P2 Measurement Guidance, October 19, 2012.

to claim only a percentage of the results reported by state P2 leadership programs rather than 100 percent of the results. According to the measurement guidance the reason to claim a portion of the percentage for state leadership programs is because the EPA has less influence as compared to technical assistance-type programs.<sup>10</sup> Headquarters staff added that a reduction is also necessary in an effort to make the percent of implementation funding and the percent of results claimed comparable in degree. The guidance establishes that the percentage claimed by the EPA should range between 10 and 40 percent. The guidance states:

Choose a reporting number that is not too small and not too big... Report a minimum of 10% of results. Report 20, 30, or 40% if EPA's contribution is along those lines, considering grant funding, and any other assistance through FTE, meeting space, materials, or web resources.

We found that this measurement guidance was inadequate and was applied arbitrarily. This guidance was inadequate because it lacked specificity, which in part resulted in reporting variances in similar activities from state to state and from one year to the next. For example, FY 2011 results associated with one state P2 leadership program were reported at 10 percent, whereas in the following fiscal year the results from the same activities were reported at 40 percent. No reason was specified for the difference and no documentation for the percentage used was available in the file. According to headquarters staff, the percentage used in reporting FY 2011 results was incorrect. In addition, results from another state program activity were reported at 100 percent for the EPA, which is inconsistent with the guidance. We also found that some regions report 100 percent of the results from these types of P2 programs and headquarters made reductions. This inconsistent and arbitrary application of the guidance adversely impacts the agency's ability to accurately report reliable grant program results, which creates a risk for the integrity of the EPA's reported P2 achievements.

### Reporting Results From Government Facilities Inconsistent

Grantees report to the EPA regions P2 results reported by members of their program. We found that some state P2 environmental leadership programs have federal, state and local governments as members. EPA headquarters staff stated during our review that government results should be excluded from state results, though this was not specified to the P2 Measurement Guidance. Additionally, according to PPA, only the cost savings to businesses should be counted. We found confusion among some P2 program staff on whether the results from government facilities should be included and reported by the

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<sup>10</sup> According to the measurement guidance, when considering EPA's influence regions should consider grant funding, and any other assistance through FTE, meeting space, materials, or web resources, when deciding in the range of 10 to 30 percent.

regions as part of the state program results. Importantly, we did not see any evidence that results from government members were consistently being excluded from the final reported results.

***Reported P2 Grant Results Cannot Be Reconciled Between the Regions and Headquarters***

We found inconsistencies and errors in the reporting of P2 grant results for the years we reviewed. We also found the rationale for revisions in reported results made by headquarters were not adequately documented. Due to the reporting errors and lack of documentation, the reported results could not be reconciled. Accurate reporting of results will enhance credibility and reliability that P2 funded grants are contributing to the EPA’s pollution prevention goals.

**Reporting Errors in P2 Grant Results**

We found errors in reporting grants results. In the regions we visited, we found 58 errors out of 128 (45 percent error rate) of the FYs 2011 and 2012 performance metrics reported from the regions to headquarters. We found various errors made by the regions when transcribing results from the grantee final reports to the regional reported aggregate results submitted to headquarters. For example, we found an instance where a region reported 17,000 gallons of water saved to headquarters instead of the 17,000,000 gallons as actually reported by the grantee.

**P2 Grant Results Subject to Multiple Headquarter Revisions**

We found results reported to headquarters by the regions were subject to significant revisions. According to headquarters staff, they conduct a quality review of the overall results submitted by the regions and make changes when deemed necessary. Headquarters conducted an extensive review of the FY 2011 P2 grants’ reported results, which led to substantial changes. As noted in Table 2, there were significant differences between the FY 2011 results reported by the regions and the results headquarters posted on the agency’s website in 2013. According to headquarters staff, changes are made to the regional-reported results to address methodological issues or errors identified during their review.

**Table 2: Revisions made to FY 2011 results reported by regions**

<b>Results reported</b>	<b>Carbon dioxide reduced (MTCO2e)</b>	<b>Hazardous material reduced (pounds)</b>	<b>Water saved (gallons)</b>	<b>Dollars saved</b>
Submitted by Regions	2,203,893	7,668,498	1,051,701,246	\$208,173,723
Headquarters Reported in 1/2013	916,335	32,858,266	982,792,208	\$88,341,374
Differences in Reported Results	<b>-1,287,558</b>	<b>+25,189,728</b>	<b>-68,909,038</b>	<b>-119,832,349</b>

Source: OIG based on EPA-reported P2 grant results.

The Office of Pollution Prevention and Toxics has been developing a new database, called “P2 GrantsPlus,” that is intended to provide a system to maintain and track P2 grant activities from planning to final results. According to P2 staff, this new database will make P2 grant results traceable back to the supporting documents and allow for documentation of changes made in computing the final results.

We also found that the EPA’s FY 2011 P2 results reported on the EPA’s public website in January 2013 were later revised. According to headquarters staff, the revised P2 grant results were reflected in the FY 2015 budget documents. However, the revised performance results were not posted on the agency’s website until March 2015. Therefore, the results reported to the public on the webpage were incorrect and there was no notation on the website reflecting the impending revision. Three of the revisions were significant:

- 1) The EPA’s results for hazardous materials reduced was reduced by almost 25 million pounds.
- 2) The EPA’s results for water saved was increased by over 16.5 million gallons.
- 3) The EPA’s results for cash saved by businesses was reduced by more than \$5 million.

The need for multiple revisions further illustrates the need for improved controls to ensure the accuracy of reports and avoid EPA misrepresentation of its achievements when reporting to the public.

## **Recent Agency Actions Prompted by OIG Work**

On April 28, 2015, the agency revised its measurement guidance addressing issues noted during this review.<sup>11</sup> The new measurement guidance:

- Establishes that the percentage claimed by the EPA should range between 10 and 30 percent. Further, to address the inconsistencies we noted from year to year, the revised guidance requires regions to now provide an explanation if the percentage reported from one year to the next increases.
- Provides details pertaining to the “right quantity and type of results to report.” Under this new guidance, regions are advised to not report results from federal entities, institutions, or state and local entities if State Leadership Programs are funded by P2 grants. It further added that P2 grants are to be just for P2 assistance to businesses.

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<sup>11</sup> US-EPA Regional P2 Measurement Guidance: *Collecting and Reporting Results*, April 28, 2015.

## **Conclusions**

The EPA is unable to determine the extent to which P2 grants achieve pollution prevention goals because the agency lacks controls to ensure that results from grants are reported accurately and consistently across regions. Some reported results were inaccurate based on extensive revisions EPA made and we discovered during our review. These inaccuracies and lack of management controls weaken confidence that the agency's pollution prevention goals have been achieved as represented. Clear and consistent management controls that ensure only eligible and accurate results are reported will enable the EPA to demonstrate the extent that P2 grants are contributing to achieving its P2 goals.

## **Recommendations**

We recommend that the Assistant Administrator for Chemical Safety and Pollution Prevention:

1. Implement the P2 GrantsPlus database to begin the process for enhancing the reporting and recording of its P2 grants.
2. Develop and implement controls to ensure accurate and consistent reporting of regional results to headquarters and documentation of revisions made by headquarters.

## **Agency Comments and OIG Evaluation**

The agency agreed with our findings and recommendations, and provided corrective actions and estimated completion dates that meet the intent of the recommendations. Based on the agency's written response, the recommendations are resolved and open with corrective actions ongoing. No further response to this report is required. The agency's detailed response is in Appendix B. The agency also provided a technical comment on the draft report, which we incorporated into our report as appropriate.

## **Status of Recommendations and Potential Monetary Benefits**

RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status <sup>1</sup>	Action Official	Planned Completion Date	Claimed Amount	Agreed-To Amount
1	10	Implement the P2 GrantsPlus database to begin the process for enhancing the reporting and recording of its P2 grants.	O	Assistant Administrator for Chemical Safety and Pollution Prevention	9/30/15		
2	10	Develop and implement controls to ensure accurate and consistent reporting of regional results to headquarters and documentation of revisions made by headquarters.	O	Assistant Administrator for Chemical Safety and Pollution Prevention	10/31/15		

<sup>1</sup> 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.

## Agency's Response to Draft Report



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

July 17, 2015

### MEMORANDUM

**SUBJECT:** Response to Office of Inspector General Draft Report No. OPE-FY15-0002  
"EPA Needs Accurate Data on Results of Pollution Prevention Grants to  
Maintain Program and Measure Effectiveness of Grants," dated June 17, 2015

**FROM:** James J. Jones  
Assistant Administrator for Chemical Safety and Pollution Prevention

**TO:** Arthur A. Elkins, Jr.  
Inspector General

Thank you for the opportunity to respond to the issues and recommendations in the subject report. This memorandum provides the Agency's response to the Office of Inspector General (OIG) recommendations and identifies corrective actions the Agency will be taking in response.

One item in the draft OIG report pertains to how EPA reports state pollution prevention (P2) results. We are proposing a technical correction to the OIG report to clarify the relationship between types of state programs and the P2 Grant Measurement Guidance (Attachment A).

The report contains a total of two recommendations. Below we list each recommendation and the Agency response, including timeframes for implementation.

Recommendation 1. Implement the P2 GrantsPlus database to begin the process for enhancing the reporting and recording of its P2 grants.

Response: EPA's Office of Chemical Safety and Pollution Prevention (OCSPP) agrees. OCSPP will implement the P2 GrantsPlus database to begin the process for enhancing the reporting and recording of its P2 grants.

Planned Corrective Actions and timeline for completion:

1. May, 2015 (Completed): OCSPP launched P2 GrantsPlus on the EPA staging server, conducted a P2 GrantsPlus webinar for the Regions, and distributed a user's manual.

2. September, 2015: OCSPP will fully deploy P2 GrantsPlus with an enhanced output measurement feature added to the May staging server version.

Recommendation 2. Develop and implement controls to ensure accurate and consistent reporting of regional results to headquarters and documentation of revisions made by headquarters.

Response: OCSPP agrees. OCSPP will develop and implement four additional controls for accurate and consistent reporting of regional results to headquarters and documentation of revisions made by headquarters.

Planned Corrective Actions and timeline for completion:

1. September, 2015: OCSPP will fully deploy the P2 GrantsPlus Database. The P2 GrantsPlus database, which was launched in May 2015, has high-level controls for accuracy and consistency of reporting. In the system, regions must describe how their grantees respond to requirements for explaining results at the facility level. This provides the basis for headquarters and regions to assess the eligibility and accuracy of results reported. Every entry is readable by headquarters and all ten regions, including uploaded grant reports, notes on follow-up conversations, and documentation of revisions made by headquarters.
2. October, 2015: OCSPP will distribute a tip sheet or guidance to the regions on how to minimize data entry errors in reporting.
3. May, 2015 (Completed): OCSPP will continue to require grantees – through the Request for Proposals (RFP) and subsequent Grant Terms and Conditions – to explain facility-level results. These requirements are controls that complement P2 GrantsPlus controls. On January 23, 2014 and May 14, 2015, OCSPP published this facility level reporting requirement in the respective RFPs. In June of each year, OCSPP distributes the related Grant Term and Condition to the regions, and will continue adding this requirement to future RFPs.
4. April, 2015 (Completed): OCSPP issued the 2016-2017 National Program Guidance for the Pollution Prevention Program. This guidance is a control that clarifies that, under P2 grants, governmental results cannot be counted. On April 29, 2015, OCSPP published its National Program Guidance on the web, which is to be followed by regions and grantees. In it, OCSPP states on page 23 that, “Under P2 Categorical grants, only results from businesses can be counted. Under Source Reduction Assistance (SRA) grants and non-grant P2 projects, results can also be counted from institutions and government agencies.”  
See:<http://www2.epa.gov/planandbudget/final-fy-2016-2017-office-chemical-safety-and-pollution-prevention-ocspp-npm-guidance>

#### CONTACT INFORMATION

If you have any questions or need further information about this response, please contact Janet L. Weiner, OCSPP’s Audit Liaison, at (202) 564-2309.

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