



# OFFICE OF INSPECTOR GENERAL

## Semiannual Report to Congress

October 1, 2014–March 31, 2015



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

EPA-350-R-15-001  
May 2015

# **Index of Reporting Requirements**

## **Inspector General Act of 1978, as amended**

<b>Requirement</b>	<b>Subject</b>	<b>Pages</b>
Section 4(a)(2)	Review of legislation and regulations	40
Section 5(a)(1)	Significant problems, abuses and deficiencies	13–37, 42–43
Section 5(a)(2)	Significant recommendations for corrective action	13–25, 42–43
Section 5(a)(3)	Reports with corrective action not completed	57–78
Section 5(a)(4)	Matters referred to prosecutive authorities	26–37, 44, 48
Section 5(a)(5)	Information or assistance refused	None
Section 5(a)(6)	List of reports issued	49–51
Section 5(a)(7)	Summaries of significant reports	13–25, 42–43
Section 5(a)(8)	Audit, inspection and evaluation reports—questioned costs	44–46, 49–51
Section 5(a)(9)	Audit, inspection and evaluation reports—funds to be put to better use	44–46, 49–51
Section 5(a)(10)	Prior audit, inspection and evaluation reports unresolved	45–46, 52–56
Section 5(a)(11)	Significant revised management decisions	None
Section 5(a)(12)	Significant management decisions with which OIG disagreed	None
Section 5(a)(14-16)	Peer reviews conducted	79

### **Abbreviations**

CSB	U.S. Chemical Safety and Hazard Investigation Board
EPA	U.S. Environmental Protection Agency
FBI	Federal Bureau of Investigation
FY	Fiscal Year
OHS	Office of Homeland Security
OIG	Office of Inspector General
OMB	Office of Management and Budget
SES	Senior Executive Service

### **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](http://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](http://www.epa.gov/oig)

Subscribe to our Email Updates  
 Follow us on Twitter @EPAoig  
 Send us your Project Suggestions

## Message to Congress

---

During this semiannual reporting period, individuals from the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA) testified four times before congressional committees and subcommittees, which demonstrates the keen interest Congress has in the EPA OIG's work. I updated a committee on progress made regarding impediments the EPA OIG has faced. Our Director for Contracts and Assistance Agreement Audits briefed a subcommittee on how the EPA needs to improve oversight of its purchase card program. Our Assistant Inspector General for Audit testified on EPA records management practices, including the use of email accounts. And our Assistant Inspector General for Investigations testified on the improper use of private emails by the U.S. Chemical Safety and Hazard Investigation Board, for which we also serve as the Inspector General.



Arthur A. Elkins Jr.

I am pleased to note that an external peer review of the EPA OIG Office of Investigations, completed during the semiannual reporting period by another federal Inspector General, identified no deficiencies and found internal safeguards and management procedures compliant with quality standards. In addition, the EPA OIG's audit organization is currently undergoing an external peer review by a federal Inspector General. A 2012 peer review of our audit function—the last one completed—did not identify any deficiencies.

### Spurring the Agency to Action

The OIG is committed to helping improve EPA efficiencies, and several of our past audit and evaluation efforts spurred the agency to take actions that have yielded important health and fiscal management results. For instance, in December 2014, the EPA announced the issuance of its health assessment for the Libby Amphibole Asbestos Superfund Site in Libby, Montana, as a result of our recommendations. In addition, as a result of several OIG reports on EPA warehouses, the Deputy Administrator ordered an agencywide review of all warehouses and storage facilities, which could potentially save as much as \$8.9 million.

### Protecting Human Health and the Environment

During this reporting period, we continued to propose ways in which the agency could better protect human health and the environment. In our review of the EPA's oversight of state and local Clean Air Act Title V programs' fee-based revenue practices, we found that consistent revenue shortfalls could jeopardize the program and impact compliance monitoring for many of the nation's largest air polluters. For nine of the nation's largest permitting authorities, we noted a \$69 million shortfall out of \$672 million in expenses incurred by these authorities. Further, as Americans nationwide grappled with issues pertaining to the Ebola virus, the OIG found that the agency could do more to provide complete and consistent information on EPA Web pages on disinfectants for use against the virus. We also issued a quick reaction report to note our concern about how the lack of pesticide inspections in North Dakota might result in exposure to unsafe pesticides and risks to human health and the environment.

## **Saving Taxpayer Dollars**

We provided the EPA Administrator data on eight EPA employees who had recorded significant amounts of administrative leave, some for more than a year, at a cost of more than \$1 million. Further, we found that the EPA spent \$780,703 in questionable costs related to spending of Coastal Wetlands, Planning, Protection and Restoration Act funds. All \$1.2 million drawn by a regional planning commission in Massachusetts was questionable due to federal policies not being followed, and the commission already has agreed to repay \$98,891 of that amount. A contractor overbilled the EPA \$910,776 for helpdesk services on an Office of Environmental Information contract.

## **Investigating Fraud and Abuse**

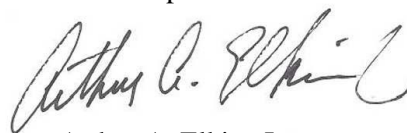
As a result of our investigative work, two scientists who obtained research grants were found guilty of falsifying records. Further, a company received a \$1.2 million fine for illegally manufacturing paints that contained a pesticide. In addition, a Canadian company agreed to pay \$2.7 million in connection with a New Jersey kickback scheme, and several Montana tribal officials were given jail time for fraud. We also noted instances of abuse committed by EPA Senior Executive Service-level employees involving inappropriate use of EPA resources, potential conflict of interest, sexual misconduct, and improper approval of time and attendance records.

## **Building Bridges**

During the semiannual reporting period, I made various trips to EPA regional offices and met with senior agency leaders to get a feel for some of their major concerns. In addition, I made a number of field trips, where I met with state and local officials, business and community leaders, and others. I was generally accompanied by regional staff during these field trips, and the EPA leaders who accompanied me also had an opportunity to learn and converse with people in the communities. As a result, these trips helped build bridges on many levels, enabling the EPA to better serve communities.

## **Proactive Steps by Agency Help the Most Vulnerable**

This report contains numerous examples where the agency could have put funds to better use, done more to improve efficiencies, or improved business practices and accountability. However, I also want to commend the agency on its successes, including helping to protect our most vulnerable neighborhoods from air toxics. Protecting our neighborhoods from air toxics or pollutants known or suspected to cause cancer or other serious health effects is something we all should be concerned about, and the Office of Enforcement and Compliance Assurance has developed several tools to help regions target potentially overburdened environmental justice communities for air toxics inspections.



Arthur A. Elkins Jr.  
Inspector General

# Table of Contents

<b>About EPA and Its Office of Inspector General</b> .....	1
<b>Furthering EPA’s Goals and Strategies</b> .....	2
<b>Scoreboard of Results</b> .....	3
<b>Congressional Testimony</b> .....	4
<b>Actions Taken on Prior Reports Result in Improved Efficiencies and Environment</b> .....	8
<b>OIG Identifies Funds to Put to Better Use and Potential Health and Environment Concerns</b> .....	11
<b>Agency Best Practices Noted</b> .....	12
<b>Significant OIG Activity</b> .....	13
Human Health and Environment Issues.....	13
Agency Business Practices and Accountability.....	18
Investigations.....	26
Other Activities.....	38
U.S. Chemical Safety and Hazard Investigation Board.....	41
<b>Statistical Data</b> .....	44
Profile of Activities and Results.....	44
Audit, Inspection and Evaluation Report Resolution.....	45
Hotline Activity.....	47
Summary of Investigative Results.....	48
<b>Appendices</b> .....	49
Appendix 1—Reports Issued.....	49
Appendix 2—Reports Issued Without Management Decisions.....	52
Appendix 3—Reports With Corrective Action Not Completed.....	57
Appendix 4—Peer Reviews Conducted.....	79
Appendix 5—OIG Mailing Addresses and Telephone Numbers.....	80

# About EPA and Its Office of Inspector General

## U.S. Environmental Protection Agency

The mission of the U.S. Environmental Protection Agency (EPA) is to protect human health and the environment. As America's steward for the environment since 1970, the EPA has endeavored to ensure that the public has air that is safe to breathe, water that is clean and safe to drink, food that is free from dangerous pesticide residues, and communities that are protected from toxic chemicals.

## EPA Office of Inspector General

The Office of Inspector General (OIG), established by the Inspector General Act of 1978, as amended, 5 U.S.C. App. 3, is an independent office of the EPA that detects and prevents fraud, waste and abuse to help the agency protect human health and the environment more efficiently and cost effectively. OIG staff are located at headquarters in Washington, D.C.; at the EPA's 10 regional offices; and at other EPA locations, including Research Triangle Park, North Carolina, and Cincinnati, Ohio. The EPA Inspector General also serves as the Inspector General for the U.S. Chemical Safety and Hazard Investigation Board (CSB).

Our vision, mission and goals are as follows:

### Vision

Be the best in public service and oversight for a better environment tomorrow.

### Mission

Promote economy, efficiency, effectiveness, and prevent and detect fraud, waste, and abuse through independent oversight of the programs and operations of the EPA and CSB.

### Goals

1. Contribute to improved human health, safety, and environment.
2. Contribute to improved EPA and CSB business practices and accountability.
3. Be responsible stewards of taxpayer dollars.
4. Be the best in government service.

# Furthering EPA's Goals and Strategies

When conducting our audit and evaluation work during the first half of fiscal year (FY) 2015, we took into account the EPA's five strategic goals and four cross-agency strategies in the agency's FYs 2014–2018 Strategic Plan. The table below shows how our reports on the EPA aligned with the agency's goals/strategies.

## OIG-Issued Reports — Linkage to EPA Goals and Strategies

OIG Report Title/Number	Climate Change/ Air Quality	Protecting America's Waters	Cleaning Communities/ Sustainable Development	Safe Chemicals/ Preventing Pollution	Enforcing Laws/ Ensuring Compliance	Working Toward Sustainable Future	Making Difference in Communities	State, Tribal, Local and International Partnerships	Embracing EPA as High-Performing Organization
EPA's Fleet Management Program Needs Improvement (15-P-0001)									X
EPA Region 6 Mismanaged Coastal Wetlands Planning, Protection and Restoration Act Funds (15-P-0003)		X							X
Enhanced EPA Oversight Needed to Address Risks From Declining Clean Air Act Title V Revenues (15-P-0006)	X				X			X	
No Significant Residual Contamination Found at Deleted Superfund Sites, But Security Fences Were Damaged at Some Sites (15-P-0013)							X		
Fiscal Year 2014 Federal Information Security Management Act Report: Status of EPA's Computer Security Program (15-P-0020)									X
Audit of EPA's Fiscal Years 2014 and 2013 (Restated) Consolidated Financial Statements (15-1-0021)									X
Early Warning Report: Some EPA Employees Found to Be on Paid Administrative Leave for Years (15-N-0025)									X
EPA Needs to Demonstrate Public Health Benefits of Drinking Water State Revolving Fund Projects (15-P-0032)		X			X				
EPA Needs Better Management of Personal Property in Warehouses (15-P-0033)									X
Call Center: Contract Management Needs Improvement to Reduce the Risk of Overbilling (15-P-0042)									X
EPA Needs to Improve Outreach and Communication About the National Pesticide Information Center's Role and Services (15-P-0046)				X					
Quick Reaction Report: Complete and Clear Information on the Effectiveness of Ebola Disinfectants Will Better Inform the Public (15-P-0064)				X					
Costs of \$1.2 Million for Brownfields Cooperative Agreement to Pioneer Valley Planning Commission in Massachusetts Questioned (15-4-0072)			X						
Quick Reaction Report: EPA Pesticide Inspections Must Resume in North Dakota to Determine Compliance and Protect Human Health and the Environment (15-P-0099)				X					
EPA Regions Have Considered Environmental Justice When Targeting Facilities for Air Toxics Inspections (15-P-0101)	X				X		X		
EPA Needs to Justify How It Is Using Title 42 Hiring Authority (15-P-0109)									X
To Ensure Greater Use of Scientific Equipment, the Office of Research and Development Should Use an Enterprise Approach to Property Management (15-P-0115)									X

# Scoreboard of Results

The information below shows the taxpayers' return on investment for the work performed by the EPA OIG during the first half of FY 2015 compared to FY 2015 annual performance goal targets. All results reported are based on goals and plans established based on the Government Performance and Results Act.

<b>Annual Performance Goal 1:</b>	
<b>Environmental and business outcome actions taken or realized by the EPA (based on OIG recommendations)</b>	
<b>Target: 268</b> <b>Reported: 76</b> (28.35% of goal)	<b>Supporting measures</b> 73 Environmental and management actions implemented or improvements made 2 Critical congressional and public concerns addressed 1 Legislative or regulatory change made
<b>Annual Performance Goal 2:</b>	
<b>OIG environmental and business output recommendations, awareness briefing or testimony (for agency action)</b>	
<b>Target: 967</b> <b>Reported: 435</b> (44.98% of goal)	<b>Supporting measures</b> 397 Environmental and management recommendations or referrals for action 2 Environmental and management certifications, verifications and validations 17 Environmental and management risks and vulnerabilities identified 19 External awareness briefings, training or testimony given
<b>Annual Performance Goal 3:</b>	
<b>Monetary return on investment – potential monetary return on investment as percentage of budget</b>	
<b>Target: 220% return on investment</b> <b>Reported: \$66.2 million</b> (128% return on investment)	<b>Supporting measures (dollars in millions)</b> \$4.66 Questioned costs \$61.60 Recommended efficiencies, costs saved \$6.01 Fines, penalties, settlements and restitutions
<b>Annual Performance Goal 4:</b>	
<b>Criminal, civil and administrative actions reducing risk or loss/operational integrity</b>	
<b>Target: 175</b> <b>Reported: 74</b> (42% of goal)	<b>Supporting measures</b> 7 Criminal convictions 16 Indictments, informations and complaints 1 Civil action 31 Administrative actions (other than debarments or suspensions) 19 Suspension or debarment actions 0 Allegations disproved
<b>Other (no targets established)</b>	
<b>Savings and recommendations sustained from current and prior periods:</b>	
<ul style="list-style-type: none"> <li>• \$12.61 million in questioned costs sustained</li> <li>• \$0.15 million in cost efficiencies sustained or realized (21% of cost efficiencies claimed)</li> <li>• 166 recommendations sustained (70% of recommendations issued)</li> </ul>	
<b>Reports Issued:</b>	
<ul style="list-style-type: none"> <li>• The OIG issued 27 reports.</li> <li>• The Single Audit Act requires agencies to resolve findings and recommendations that are reported in single audit reports by independent auditors. Based upon our reviews, we issued 101 memo reports to the agency questioning \$2.5 million and identifying 160 findings that required agency action. We track the agency's resolution through the related memo report number.</li> </ul>	

Sources: OIG Performance Measurement and Results System and Inspector General Enterprise Management System.



# Congressional Testimony

## Inspector General Updates Committee on Independence Issues

On February 3, 2015, Inspector General Arthur A. Elkins Jr. testified before the Committee on Oversight and Government Reform, U.S. House of Representatives, to update the committee on the progress made regarding impediments to access faced by the EPA OIG since Elkins' last testimony.

Regarding impediments involving the EPA's Office of Homeland Security (OHS), the OIG met with senior agency officials multiple times since the last hearing, and the Inspector General said "we have reached at least a theoretical agreement on a substantial portion of the issues," including access to information so that the OIG investigates threats against EPA employees and facilities, conducts certain misconduct investigations, and investigates computer intrusions. The OIG still has two caveats, regarding:

- The implementation of agreements.
- OHS having a criminal investigator even though it lacks investigative authority.

The OIG and the agency have agreed that there is no category of activity at the EPA—including in OHS—to which the OIG does not have unfettered access, as provided by the Inspector General Act. However, the EPA had unilaterally entered into a memorandum of understanding with the Federal Bureau of Investigation (FBI) that the EPA asserted precluded it from sharing information with the OIG. FBI senior management has since indicated that it does not require withholding information from the OIG. A three-way meeting among the EPA, OIG and FBI is still needed to rescind or substantially modify the memorandum of understanding. Regarding OHS's conducting investigative activities on its own, thereby interfering with—and in some cases fouling—OIG investigations, we still do not know whether OHS continues to conduct investigative activity.

Inspector General Elkins also discussed recent problems with interviewing individuals, which he said represent "big picture challenges that my office, and many other OIGs from across the government, continue to face." Elkins provided several examples:

- An Office of General Counsel attorney refused to cooperate with the OIG even when prompted (although not directed) by the agency to do so. While the agency had the opportunity to take disciplinary action against the attorney for this failure to cooperate with the OIG, it did not do so. Rather, the attorney eventually left the EPA to work for another federal agency.
- Another instance involves a GS-15 program advisor in the Office of Research and Development who refused to cooperate with the OIG as part of an

administrative investigation regarding violations of security policy. This action is still pending, but to the OIG's knowledge the agency has not taken any action against this EPA employee for not cooperating with the OIG.

Also, Elkins noted that although the Inspector General Act gives the OIG unfettered access to all information "available" to its department or agency, including access to people, the act "provides no remedy for an employee's violation of this obligation." For example, the OIG was investigating allegations that a senior EPA employee engaged in inappropriate behavior with 16 women, violated security procedures, and mishandled classified information. While the OIG had interviewed the senior official during the initial stages of the investigation, the OIG determined that it needed to interview the official again. However, by that time, the employee was on paid administrative leave and refused to cooperate. When the OIG requested the follow-up interview, the employee retired within one day, and the OIG had no further access to the person and the agency had no disciplinary remedies available to it.

"I believe that this committee should look into the 'gap' between what the IG Act requires and OIG's ability to achieve those requirements in such circumstances. Subject to constitutional due process rights, there might be ways to strengthen an agency's ability to discipline an employee for failure to comply with an OIG request," Elkins testified.

Also, Elkins noted during his testimony that there is a "disconnect between what the oversight committees observe and the appropriations that emerge from Congress as a whole." Although he acknowledged he was not testifying before an appropriations committee, Elkins noted that while the EPA OIG returned \$7.33 for every dollar given to it in the past year, the budget levels made available to the EPA OIG "are impeding our ability to do our work.... When the OIG is not able to carry out its responsibilities because of inadequate funding, it is a net loss to the federal government and American taxpayers."

### **Testimony Given on Records Management, Including Emails**

On March 26, 2015, Kevin Christensen, the EPA OIG Assistant Inspector General for Audit, testified on EPA records management practices—including the use of email accounts—before the Committee on Science, Space, and Technology, Subcommittees on Oversight and Environment, U.S. House of Representatives.

Christensen noted that an EPA OIG audit on emails, issued in September 2013, did not find any evidence that senior EPA officials used emails to circumvent records management responsibilities, but did note that improvements in email practices are needed.

"We found no evidence that senior EPA officials had used, promoted or encouraged the use of private 'nongovernmental' email accounts to circumvent records management

responsibilities or reprimanded, counseled or took administrative actions against personnel for using private email or alias accounts for conducting official business,” Christensen said.

Christensen said that the previous Administrator and subsequent acting Administrator each had two EPA email accounts—one intended for messages from the public and one for communicating with select senior management officials. We found that others in the agency also followed this practice, and Christensen noted that this practice “presents risks to the agency’s records management efforts if these additional email accounts are not searched to preserve federal records.”

In response to our 2013 audit report recommendations, Christensen said that the EPA published an updated interim records management policy providing guidance on emails, and developed a process to train all EPA employee and contractors on their records management responsibilities. The EPA also reported completing corrective action to implement an electronic content management tool to capture email records with the agency’s new email system.

### **OIG Director Testifies on Need to Improve Purchase Card Program**

On October 14, 2014, an OIG Director testified before the U.S. House of Representatives’ Oversight and Government Reform Committee, Subcommittee on Government Operations, on how the EPA needs to improve oversight of its purchase card program.



Janet Kasper testifies before a congressional subcommittee.

“Overall, we found that the EPA’s oversight is not effective—because of inattention to EPA policies by cardholders, approving officials and the purchase card team—to ensure that purchase cardholders and approving officials comply with internal control procedures,” noted Janet Kasper, Director, Contracts and Assistance Agreement Audits, in her statement to the subcommittee.

Kasper’s testimony was based on a March 2014 EPA OIG report, *Ineffective Oversight of Purchase Cards Results in Inappropriate Purchases at EPA* (14-P-0128), which reviewed 80 of 67,000 purchase card transactions. Of the 80 transactions, valued at \$152,602, Kasper said that \$79,254 involved prohibited, improper and erroneous purchases. As a result of our report, the agency stopped the purchase of gift cards for employee recognition while it assesses its policies, requires training, and implements an automated system for documenting and approving transactions. “Improved purchase card oversight potentially saves money by reducing prohibited, improper and erroneous purchases, which would be especially helpful in the current budget environment,” Kasper said.

The EPA continues to take action to improve oversight of purchase cards. On March 24, 2015, the EPA Office of Acquisition Management issued a memorandum, “Purchase Card Oversight,” to all Senior Resource Officials. The memorandum outlines actions the agency is taking as a result of the OIG audit report. The Office of Acquisition Management has created a new business model to significantly improve internal control for how the agency manages and oversees purchase cards and convenience checks. The improvements include reducing the number of rarely used accounts; developing and implementing revised training for all cardholders and approving officials; and revising purchase card policy/guidance to mandate a standard purchase card transaction process, minimum documentation requirements supporting purchase card purchases, and a zero-tolerance disciplinary action policy. In addition, the Office of Acquisition Management has incorporated compliance reviews and oversight into its performance management and quality assurance programs. The improvements undertaken by the agency are good examples of the impact and value of OIG work products.

In addition to our report on the agency’s purchase card controls, to improve OIG transparency, the OIG published a report on its own controls for purchase cards. That report, *Ineffective Oversight of Purchase Cards Resulted in Improper Purchases at EPA OIG* (15-B-0014), issued November 10, 2014, found internal control weaknesses for 46 of 48 transactions reviewed. Although we did not find any fraudulent or prohibited transactions, we found that \$36,488 in transactions were improper because they were outside the cardholder’s authority or should not have been made under the administrative requirements. We made various recommendations for the OIG to improve procedures, and we have initiated corrective actions.

# Actions Taken on Prior Reports Result in Improved Efficiencies and Environment

## OIG Efforts Contribute to Libby Superfund Site Cleanup

The EPA announced in a December 8, 2014, press release that it has issued its health assessment for the Libby Amphibole Asbestos Superfund site in Libby, Montana, which found that the agency's indoor and outdoor cleanups have been effective in reducing both cancer and non-cancer risks. The OIG had recommended that the agency conduct such an assessment.

“The agency's acceptance and implementation of the OIG's recommendation to execute a comprehensive amphibole toxicity assessment to determine the effectiveness of the Libby removal actions, and the positive outcome of that assessment, represents a good example of the value of OIG work products in helping the agency achieve its mission to protect public health and the environment,” noted Inspector General Elkins.

In 2009, the EPA declared the agency's first public health emergency at the Libby Superfund site because of amphibole asbestos contamination, which has cost over \$400 million to clean up. The vermiculite mined in Libby was sold as agricultural fertilizer or as household insulation nationwide. It was contaminated with amphibole asbestos, which resulted in contamination in Libby as well as the rest of the country.

The OIG had issued a number of reports on the Libby cleanup effort, including the report *EPA Needs to Plan and Complete a Toxicity Assessment for the Libby Asbestos Cleanup* (2007-P-00002), issued December 5, 2006. In that report, we recommended that the EPA “fund and execute a comprehensive amphibole toxicity assessment” to determine the effectiveness of the Libby removal actions and whether more actions are necessary. A former Senator from Montana was a strong advocate of the OIG report and wrote an open letter to the EPA urging acceptance of the recommendations. The agency subsequently responded that “We recognize the importance of this assessment, and we are working to finalize it while ensuring that it reflects the best possible science.”

In the December 2014 press release, Region 8 Regional Administrator Shaun McGrath said that “EPA's scientific evaluation shows that our cleanup approach is working and we are reducing health risks for residents in the community.” The press release further noted that the assessment—an Integrated Risk Information System health assessment—shows that “the asbestos air concentrations in Libby today are about 100,000 times lower than when mine and processing facilities were in operation, making the air quality in Libby similar to other Montana cities. The information will be used to identify how exposures can be reduced to protect human health now and in the future.” The Integrated Risk

Information System values now provide a means to calculate health-based limits of amphibole asbestos exposures for the rest of the country.

### **EPA Develops New “Safer Choice” Logo Following OIG Report**

Subsequent to the EPA OIG issuing a report that recommended the EPA come up with a new Design for the Environment logo “that better conveys the program’s objective and eliminates any appearance of an EPA endorsement,” the agency developed and implemented a new logo.

For more than 15 years, the EPA’s Design for the Environment Safety Product Labeling Program has labeled products that meet the criteria to be considered safer for families and the environment. Products include carpet cleaners, dish and hand soaps, floor care products, laundry detergents, glass cleaners, and car care products. Our report, *EPA Can Help Consumers Identify Household and Other*

*Products with Safer Chemicals by Strengthening Its “Design for the Environment” Program* (14-P-0349, issued September 9, 2014), noted that the logo used “does not adequately communicate to the consumer that the product is a safer product.” We also found a risk that an EPA endorsement may be implied by the prior logo, but EPA endorsement is not allowed. The agency concurred with our report, and recently issued a new “Safer Choice” logo.



The old logo (left) and new logo. (EPA images)

### **Agency Issues EPA Order in Response to OIG Audit on Passports**

In response to our recommendation in a 2014 audit report to develop and implement an agencywide policy for managing official passports issued to EPA employees, the agency on March 12, 2015, issued EPA Order 2656, *No-Fee Passport Application Acceptance Program Policy*, to improve controls for processing and managing passports.

In our *Audit of EPA Passport Controls* (14-P-0243, issued May 1, 2014), we found that the EPA Office of International and Tribal Affairs, which is responsible for obtaining and monitoring EPA passports, was not in compliance with agency guidance over the control and security of sensitive personally identifiable information—specifically, official and diplomatic passports issued to agency employees. We noted that the agency lacked a formal written policy and procedure for issuing, monitoring and securing passports. Of the 417 passports purported to be in the Office of International and Tribal Affairs, 199 could not be located.

## EPA Takes Actions to Better Manage Warehouses

As a result of several reports the OIG had issued regarding EPA management of its warehouses, the EPA already has made significant improvements at its warehouses across the country.



Before (top) and after photos at the National Service Center for Environmental Publications in Blue Ash, Ohio. As a result of our report, the center recycled nearly 8 million publications. (EPA OIG photos)

On December 8, 2014, we issued a report, *EPA Needs Better Management of Personal Property in Warehouses* (15-P-0033), which noted some overarching problems at warehouses storing EPA property. This followed an early warning report we issued in May 2013 regarding problems at the EPA's headquarters warehouse in Landover, Maryland, and a March 2014 early warning report regarding the agency's publications warehouse in Blue Ash, Ohio. As a result of our various reports, the Deputy Administrator issued three memorandums that identified corrective actions taken by the agency. At one warehouse, the agency indicated it inventoried and identified the dollar value of furniture, conducted records management training, reviewed and disposed of records, and sold furniture. At another warehouse, the agency recycled nearly 8 million publications. The Deputy Administrator also ordered an agencywide review of all warehouses and storage facilities, including a review of agency employee actions, for potential performance failures and necessary disciplinary actions.

## EPA Proposes Rule for Disposal of Pharmaceutical Hazardous Waste

In March 2015, the EPA submitted a proposed rule to the OMB, "Management Standards for Hazardous Waste Pharmaceuticals," based on its outreach efforts with states and health care facilities. This rule addresses the recommendations the OIG made in a 2012 report, *EPA Inaction in Identifying Hazardous Waste Pharmaceuticals May Result in Unsafe Disposal* (12-P-0508), to address EPA's inaction in updating its list of hazardous waste pharmaceuticals.

Specifically, the OIG recommended that the EPA establish a process to review pharmaceuticals for regulation as hazardous waste and develop an outreach and compliance assistance plan for health care facilities in managing hazardous waste pharmaceuticals. In the proposed rule, the EPA asks whether it should develop and promulgate new criteria that treats all discarded pharmaceuticals as hazardous wastes. The agency indicated no regulatory action is being proposed with respect to expanding the number of hazardous waste pharmaceuticals and any action taken will be part of a separate proposed future rulemaking.

# OIG Identifies Funds to Put to Better Use and Potential Health and Environment Concerns

During the semiannual reporting period, a number of reports that we issued noted instances of funds that could be put to better use. For example:

- The EPA spent \$780,793 in questionable costs related to Region 6 implementation of Coastal Wetlands, Planning, Protection and Restoration Act funds.
- The EPA can achieve up to \$8.9 million in monetary benefits by improving the management of property at its warehouses.
- All \$1.2 million drawn by a regional planning commission in Massachusetts was questioned due to federal policies not being followed, and the commission already has agreed to repay \$94,891 of that amount.
- A contractor overbilled the EPA by \$910,776 for helpdesk services on an Office of Environmental Information contract.

In addition, we found instances in which the EPA can better protect human health and the environment. For example:

- Diminishing revenues from fees charged to Title V facilities (the nation's largest stationary sources of air pollution) could jeopardize program implementation and adversely impact compliance monitoring for many of the nation's largest sources of air pollution.
- To better address public concerns about the Ebola virus, the agency can better ensure that relevant EPA Web pages have ongoing, clear information about the effectiveness of disinfectants for use against the virus.
- Individuals in North Dakota and elsewhere may be exposed to unsafe pesticides because EPA Region 8 and the state were not conducting sufficient inspections.
- The EPA needs to obtain more data from states for Drinking Water State Revolving Fund loan projects to demonstrate public health results achieved from the more than \$11 billion the EPA has invested in drinking water infrastructure since 2009.

Details on these issues are in the "Significant OIG Activity" section.



# Agency Best Practices Noted

During the semiannual reporting period, several reports that we issued highlighted “best practices” of value to other components in the agency. Examples follow.

- Increased charges for call center services had not been communicated with program offices in the headquarters, regions and centers until the end of the fiscal year. To avoid unexpected year-end increases in costs and assist in managing the budget, the EPA’s Office of Environmental Information started providing customers with a Monthly Utilization Report to inform them of actual usage. (Report No. 15-P-0042, *Call Center: Contract Management Needs Improvement to Reduce the Risk of Overbilling*, December 23, 2014)
- The EPA Office of Enforcement and Compliance Assurance is beginning to use the agency’s GeoPlatform tool in conjunction with environmental justice community data (EJSCREEN) to produce targeting tools that allow EPA regions to more easily factor environmental justice in air toxics facility inspection plans. GeoPlatform allows the EPA to develop and share detailed maps of selected environmental stressors in a given geographical area. The Office of Enforcement and Compliance Assurance recently developed two GeoPlatform targeting tools for air toxics. By using these new tools, EPA Region 1 has produced a regional map view of leaking storage tanks in areas of potential environmental justice concern that would not be available to regions using EJSCREEN alone. (Report No. 15-P-0101, *EPA Regions Have Considered Environmental Justice When Targeting Facilities for Air Toxics Inspections*, February 26, 2015)
- In support of the headquarters program offices and regions and centers, the EPA Office of Administration and Resources Management plans to improve management of the \$6 million-per-year fleet program through monthly usage and operator responsibility checks. (Report No. 15-P-0001, *EPA’s Fleet Management Program Needs Improvement*, October 6, 2014)

# Significant OIG Activity

## Human Health and Environment Issues

### Clean Air Act Title V Program Expenses Exceeded Permit Revenues

We found significant weaknesses in the EPA's oversight of state and local Title V programs' fee revenue practices. Annual Title V program expenses often exceeded annual revenues from fees charged to Title V facilities. This could jeopardize program implementation and adversely impact compliance monitoring for many of the nation's largest sources of air pollution.

Clean Air Act Title V permit fees are used to implement and enforce the permitting program for the nation's largest stationary sources of air pollution. This includes acting on new permit applications and revisions or renewals, monitoring facility compliance, and taking enforcement actions for noncompliance.



A smokestack at a coal-fired power plant.  
(EPA photo)

Our survey of nine of the nation's largest permitting authorities (eight states and a regional authority) showed that annual Title V revenues were not sufficient to cover annual Title V expenses 62 percent of the time from 2008 to 2012. We noted a \$69 million shortfall out of \$672 million in expenses incurred by these authorities during that time. Periodic monitoring of facility compliance, to ensure adequate protection of human health and the environment, could be adversely impacted by insufficient funding.

We recommended that the EPA assess, update and re-issue its 1993 Title V fee guidance as appropriate, establish a fee oversight strategy, and emphasize and require periodic reviews of Title V fee revenue and accounting practices. The agency agreed with all recommendations and provided corrective action plans.

*(Report No. 15-P-0006, Enhanced EPA Oversight Needed to Address Risks From Declining Clean Air Act Title V Revenues, October 20, 2014)*

## EPA Needs to Better Inform Public About Ebola Disinfectants

Our quick reaction report on the completeness and consistency of information provided on the EPA's website concerning disinfectants for use against the Ebola virus found that relevant EPA Web pages should have ongoing, clear information about the effectiveness of disinfectants for use against the Ebola virus.



A training participant with a jug of chlorinated disinfectant prepares to demonstrate a disinfection procedure. (Centers for Disease Control and Prevention photo)

The EPA's Web page <http://www.epa.gov/oppad001/list-1-ebola-virus.html>, *Disinfectants for Use Against the Ebola Virus*, contains a list (known as List L) of 192 registered disinfectants that meet the Centers for Disease Control and Prevention criteria for hospital disinfectants. Of the 192 products listed, 29 recently registered products (since 2010) have not been tested for effectiveness by the EPA's Antimicrobial Testing Program, and that status is not disclosed on the Web page. In addition, we identified eight products on List L that are not listed on the EPA's Antimicrobial Testing Program Web page.

We recommended that the EPA update its Web pages as needed. The agency agreed with our recommendations and completed necessary actions.

*(Report No. 15-P-0064, Quick Reaction Report: Complete and Clear Information on the Effectiveness of Ebola Disinfectants Will Better Inform the Public, January 21, 2015)*

## Federal Pesticide Inspections Not Being Conducted in North Dakota

EPA Region 8 was not conducting inspections at establishments that produce pesticides and inspections of pesticide imports in North Dakota, and North Dakota did not have a state inspector with qualifications equivalent to a federal inspector to conduct inspections on the EPA's behalf. This may result in exposure to unsafe pesticides and risks to human health and the environment.

The Federal Insecticide, Fungicide and Rodenticide Act regulates the safe use of pesticides in the United States. An EPA inspector or credentialed state inspector is required to conduct inspections of pesticide establishments and imported pesticides to ensure compliance with the act. While assessing state inspections, we found that federal inspections of pesticide establishments had not occurred in North Dakota for 14 years and the last import inspection was conducted in 2011. EPA staff said this was the case because North Dakota officials did not want federal inspections conducted in their state.

We recommended that the EPA immediately initiate appropriate inspections in North Dakota and take other necessary actions, and the agency agreed with our recommendations.

*(Report No. 15-P-0099, Quick Reaction Report: EPA Pesticide Inspections Must Resume in North Dakota to Determine Compliance and Protect Human Health and the Environment, February 23, 2015)*

## **EPA Needs to Better Communicate Pesticide Information Center Role**

A lack of outreach and communication with states has resulted in confusion regarding the role of the National Pesticide Information Center, which has led to confusion and dissatisfaction with the center's services.



Pesticide application. (EPA photo)

The mission of the National Pesticide Information Center is to operate a call center that provides information to medical professionals, veterinarians and the public regarding pesticide-related issues, including pesticide product usage, pesticide identification and pesticide health effects. The center, funded by a cooperative agreement between the EPA and Oregon State University, also operates a website. While the center can provide product-specific

information to state and local governments if a spill occurs, it does not determine whether an incident constitutes a violation of state or federal law.

The National Pesticide Information Center's role is not well understood, and that has led to confusion and dissatisfaction by some state lead agencies. This confusion stems from the lack of outreach regarding the center's role. Although there is no requirement in the program's statutory basis to engage in proactive outreach or communication with the states, we believe such action would be beneficial. We made recommendations for the center to improve its outreach, and the center agreed with our recommendations and initiated corrective actions.

*(Report No. 15-P-0046, EPA Needs to Improve Outreach and Communication About the National Pesticide Information Center's Role and Services, January 7, 2015)*

## **EPA Needs to Obtain Drinking Water Fund Data From States**

The EPA did not obtain all required Drinking Water State Revolving Fund loan project data from states. The EPA needs such data to demonstrate public health results of the \$11.37 billion it has invested in drinking water infrastructure since 2009.

The 1996 Safe Drinking Water Act Amendments authorize the EPA to provide funding for capitalization grants to states for drinking water projects. The states use these funds to

support low-interest loans and other types of assistance to public water systems. The EPA capitalization grant agreements direct states to inform the EPA about project-level data on a quarterly basis.

The EPA did not always obtain the required Drinking Water State Revolving Fund loan project data from states, and the EPA does not always use annual reviews of state programs to assess project outcomes. Incomplete data hamper the EPA's ability to evaluate program effectiveness and public health outcomes. We recommended that the EPA enforce grant requirements for states to input data and review data completeness as part of the agency's annual review. The agency agreed with our recommendations and provided corrective actions.

*(Report No. 15-P-0032, EPA Needs to Demonstrate Public Health Benefits of Drinking Water State Revolving Fund Projects, December 5, 2014)*

## **EPA Considers Environmental Justice When Selecting Air Toxics Facilities to Inspect**

All 10 EPA regions have considered environmental justice when targeting facilities for air toxics inspections, and the implementation of new tools should enhance agency efforts.

A podcast on this report on environmental justice is at: [http://www.epa.gov/oig/reports/2015/report\\_15-P-0101\\_podcast\\_02-25-2015.mp3](http://www.epa.gov/oig/reports/2015/report_15-P-0101_podcast_02-25-2015.mp3).

Air toxics are pollutants known or suspected to cause cancer or other serious health effects. Communities that experience elevated or disproportionate impacts from air toxics may be areas of environmental justice concern. Executive Order 12898 on environmental justice directs federal agencies to identify and address any of their programs, policies and activities that may have disproportionately high and adverse environmental or human health effects on minority and low-income populations.

The EPA Office of Enforcement and Compliance Assurance has developed several tools to help regions select air toxics facilities for inspection. One tool—the High-Risk

Facilities list—identifies large facilities in areas with elevated cancer risks associated with air toxics. The office also developed new mapping tools to help regions target potentially overburdened communities for air toxics inspections. Because of the actions being taken, we did not make any recommendations.



A neighborhood in close proximity to an operating power plant. (EPA photo)

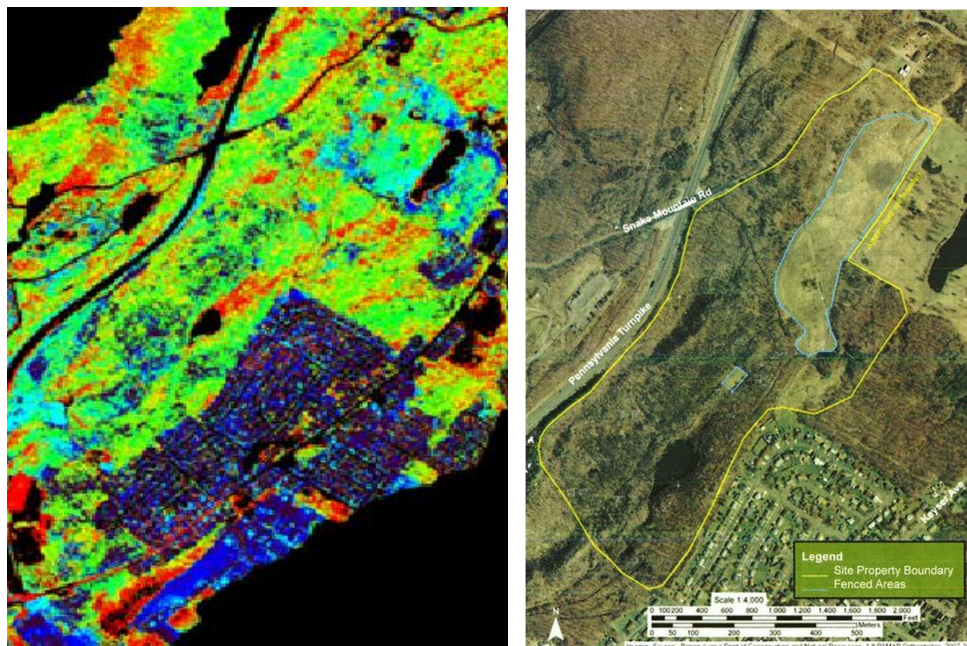
*(Report No. 15-P-0101, EPA Regions Have Considered Environmental Justice When Targeting Facilities for Air Toxics Inspections, February 26, 2015)*

## Evidence of Trespassing and Vandalism at Some Superfund Sites Could Pose Health Risks

During the OIG's assessment of whether hyperspectral imaging data can be used to help assess pollutant concentrations at deleted Superfund sites, we found evidence of trespassing and vandalism at two sites in Pennsylvania.

Hyperspectral imaging is a remote sensing tool that can collect and process information from across the electromagnetic spectrum. Imaging identified vegetation stress at three sites but results of soil testing did not confirm that this was due to elevated pollutant concentrations. Further, results of soil testing did not identify any significant residual soil contamination at the 11 Pennsylvania sites reviewed. However, on-site observations found significant amounts of debris at two sites. Further, fences surrounding those two sites were damaged and evidence of trespassing and vandalism were found, thus exposing trespassers to safety or health risks. The EPA agreed to take sufficient corrective actions.

*(Report No. 15-P-0013, No Significant Residual Contamination Found at Deleted Superfund Sites, But Security Fences Were Damaged at Some Sites, November 10, 2014)*



Left: Hyperspectral image of vegetation stress at the Taylor Borough Dump site, Taylor, Pennsylvania. (U.S. Geological Survey-created image from hyperspectral data)  
Right: Aerial photo of the Taylor Borough Dump site. (EPA photo)

## Agency Business Practices and Accountability

### Employees Found to Be on Administrative Leave for Years

We provided to the EPA Administrator data on eight EPA employees who had recorded significant amounts of administrative leave, some for more than a year, at a cost of more than \$1 million.

A podcast on this report on administrative leave is at: [http://www.epa.gov/oig/reports/2014/report\\_15-N-0025\\_podcast\\_11-19-2014.mp3](http://www.epa.gov/oig/reports/2014/report_15-N-0025_podcast_11-19-2014.mp3).

In reaction to an October 2014 U.S. Government Accountability Office report regarding governmentwide problems with administrative leave, members of Congress requested information from the EPA Administrator concerning administrative leave taken by EPA employees. As a result of that congressional request, we conducted a review and provided an early warning report to the Administrator providing information on administrative leave at the EPA.

The eight employees noted recorded a total of 20,926 hours of administrative leave that cost the government an estimated \$1,096,868. Each of these employees was on extended administrative leave for 4 or more months. For four of the eight employees, the administrative leave covered more than a year. According to the Government Accountability Office, there is no general statutory authority for the use of paid administrative leave, which is an excused absence without loss of pay or charge to other leave, such as annual or sick leave.

*(Report No. 15-N-0025, Early Warning Report: Some EPA Employees Found to Be on Paid Administrative Leave for Years, November 19, 2014)*

#### Administrative leave information for sampled EPA employees

Employee No.	Administrative leave hours	Period when leave was taken	Total estimated cost
1	1,820	07/28/13 – 09/20/14	\$69,593
2	5,883	01/03/10 – 09/20/14	300,671
3	767	01/12/14 – 09/20/14	35,226
4	6,300	05/09/10 – 09/20/14	351,300
5	3,916	01/16/11 – 01/11/14	239,600
6	1,050	03/09/14 – 09/20/14	61,145
7	300	09/08/13 – 01/11/14	15,385
8	890	04/06/14 – 09/20/14	23,948
<b>Total</b>	<b>20,926</b>		<b>\$1,096,868</b>

Sources: OIG analysis and EPA's Compass Financial Data Warehouse.

## Title 42 Hiring Authority for Research Positions Needs Improvement

The EPA Office of Research and Development's justification for using its Title 42 special hiring authority to fill positions is ambiguous, which leaves the office vulnerable to misuse and abuse of the authority.

The Title 42 hiring authority under the U.S. Code is a flexible hiring mechanism for obtaining the services of experienced and talented scientists who otherwise may be difficult to hire or retain. Title 42 employees can earn pay within or exceeding pay levels found in the Executive Schedule, which is a pay schedule applicable to the highest-ranking executive appointments in the federal government under Title 5.

The Office of Research and Development did not demonstrate the need to use Title 42 to fill positions once held by Title 5 employees. Four Title 42 appointees who converted from Title 5 positions received salary increases ranging from \$6,149 to \$17,700 after the conversion. As a result, stakeholders have raised concerns about the agency's use of the Title 42 hiring authority. By articulating its approach, the EPA can show how the remaining 27 authorized Title 42 appointments, with a potential annual salary total between \$3.5 million and \$6.75 million, could be used to fulfill the agency's mission.

### Salary comparison for four converted employees

Example	Title 5 salary	Title 42 salary	Difference
1	\$156,973	\$171,715	\$14,742
2	144,550	153,223	8,673
3	175,695	181,844	6,149
4	165,300	183,000	17,700

Source: Agency Initial Compensation Forms.

The Office of Research and Development did not agree with our recommendation regarding the justification of the use of Title 42 for appointments or reappointments, and this issue needs to be resolved.

*(Report No. 15-P-0109, EPA Needs to Justify How It Is Using Title 42 Hiring Authority, March 5, 2015)*

## Contractor Did Not Justify Increase in Charges to EPA

A contractor overbilled the EPA by \$910,776 for helpdesk services on an Office of Environmental Information contract.

Initiated  
from  
OIG Hotline

The OIG had received a hotline complaint regarding management of a contract for helpdesk call center and related services, for which the contractor had billed the EPA \$11,490,228 through September 2014. The task order does not clearly define the criteria



and methodology to be used to increase or decrease the task order price. Therefore, the EPA does not have assurance that the pricing of the task order is reasonable. Also, as a result of not requesting and periodically reviewing detailed data that support contact volume, the EPA runs the risk of being overcharged for call center services.

We recommended that the EPA require, in negotiation with the contractor, modification of the task order to provide an explicit definition of call volume and explicitly define the basis on future modifications. We also recommended that the EPA eliminate the conflict in the task order and recover \$910,776 of unsupported charges. The EPA agreed with our recommendations and provided a corrective action plan.

*(Report No. 15-P-0042, Call Center: Contract Management Needs Improvement to Reduce the Risk of Overbilling, December 23, 2014)*

## EPA Region 6 Mismanaged Coastal Wetlands Funds

The EPA's Region 6 Water Quality Protection Division mismanaged Coastal Wetlands Planning, Protection and Restoration Act funds, resulting in \$780,793 of questioned costs and violations of appropriations law.

Initiated  
from  
OIG Hotline

A hotline complainant alleged that the Region 6 Water Quality Protection Division mismanaged Coastal Wetlands Planning, Protection and Restoration Act funds, as well as EPA travel funds. We conducted an audit to determine whether the funds were used in accordance with applicable federal laws, regulations and other agreements.



A dune restoration of Whiskey Island Back Barrier in Louisiana. (EPA photo)

We found that, from 2010 to 2013, the Region 6 Water Quality Protection Division used Coastal Wetlands Planning, Protection and Restoration Act funds for purposes that were not consistent with the act's authority, appropriations law and principles, and interagency agreements. The division spent \$780,793 on questioned costs, augmented the EPA's annual appropriations, and overstated program costs. These questioned costs included misallocated intern and administrative support costs; unapproved equipment costs; travel, training, labor and awards funded from the wrong appropriation; and outreach overspending. This mismanagement resulted in "purpose violations" of appropriations law, and put Region 6 at risk of committing Antideficiency Act violations. The effectiveness of the funds in protecting and restoring coastal wetlands is impaired if the funds are not properly spent and accounted for.

We made various recommendations, including that Region 6 reimburse the U.S. Army Corps of Engineers for questioned costs totaling \$780,793 unless Region 6 management

could provide sufficient and appropriate documentation. We also recommended that Region 6 work with the EPA's Chief Financial Officer to perform an internal review of the division's Coastal Wetlands program spending to identify any additional improper spending that occurred. Region 6 agreed with some of our recommendations but disagreed with others.

*(Report No. 15-P-0003, EPA Region 6 Mismanaged Coastal Wetlands Planning, Protection and Restoration Act Funds, October 9, 2014)*

## **EPA Can Save Up to \$8.9 Million by Better Managing Warehouses**

The EPA did not adequately manage personal property at its warehouses, and up to \$8.9 million in monetary benefits can be achieved through improved warehouse management.

Following concerns noted during prior reviews at two warehouses, we conducted an audit at eight selected warehouses and storage facilities (including the prior two) to determine the extent to which the EPA's personal property is stored and effectively utilized, accounted for and disposed of by the EPA. In addition to various management and inventory issues at the eight warehouses, for which the EPA contracted for almost \$50 million for warehouse management, we found that the EPA:



Empty space at the warehouse in Landover, Maryland. (EPA OIG photo)

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

We recommended that the EPA update inventory policies and make other inventory improvements, optimize space, improve property storage procedures, and address oversight and accountability. The agency agreed with our recommendations and provided corrective actions.

*(Report No. 15-P-0033, EPA Needs Better Management of Personal Property in Warehouses, December 8, 2014)*

## EPA Financial Statements Earn Unqualified Opinion

We rendered an unqualified opinion on the EPA's Consolidated Financial Statements for FYs 2014 and 2013 (restated), meaning that the statements were fairly presented and free of material misstatements. However, we noted a material weakness and several significant deficiencies.

Software costs not being capitalized, leading to the FY 2013 financial statements needing to be restated, represented a material weakness. In addition, we noted the following significant deficiencies:

- Lab renovation costs were not capitalized.
- Controls over accountable personnel inventory needed improvement.
- The property management and accounting systems did not reconcile.
- The Cincinnati Finance Center needed to clear suspense transactions timely.
- An FY 2013 collection was recorded to an incorrect fund.
- Originating offices did not timely forward accounts receivable documents.
- Accounts receivable were not properly reconciled.
- Unliquidated funds were not deobligated timely.
- Restricted entry access to server rooms was not consistently enforced.
- Information technology assets needed to be better monitored and secured.
- Information technology assets needed to be better protected from threats.
- Server room cameras needed to be reconfigured to fully monitor assets.
- Documentation was needed for approval of posting module changes.

### EPA OIG One of Few OIGs to Perform Financial Statement Audits

Having qualified staff and being able to offer the taxpayer significant savings, the EPA OIG is one of the few OIGs in the federal government that conducts financial statement audits of its agency. (When the EPA OIG sought to contract out its financial statement auditing in 2007 per OMB Circular A-76, *Performance of Commercial Activities*, the EPA OIG submitted its own bid and came in more than \$1 million under the lowest acceptable bid from a Certified Public Accounting firm.) The EPA OIG team that audits financial statements is led by an experienced Certified Public Accountant and many of the team members are also Certified Public Accountants. In addition to conducting the mandated annual audits of the agency's overall consolidated financial statements, the EPA OIG also audits the financial statements for several EPA pesticide funds.

We also noted noncompliance issues in that standards for recording interest were not sufficiently followed, and the EPA's 2014 Financial Managers' Financial Integrity Act Annual Assurance Statement was inaccurate.

The agency generally agreed with our findings and recommendations. The agency disagreed that the timely forwarding of receivables was a significant internal control deficiency, and also disagreed with certain details of the material weakness cited.

*(Report No. 15-1-0021, Audit of EPA's Fiscal Years 2014 and 2013 (Restated) Consolidated Financial Statements, November 17, 2014)*

## EPA Can Better Manage Scientific Research Equipment

The EPA's Office of Research and Development can better manage its scientific research equipment to ensure that equipment is being used more efficiently and obsolete equipment is not being retained.

As the scientific research arm of the EPA, the Office of Research and Development uses sensitive and often expensive equipment. The office's capital equipment list totaled more than \$73 million in value. Property management regulations require that agencies identify and reassign any idle equipment and maintain adequate inventory controls and accountability systems.



A plasma mass spectrometer at an EPA laboratory. (EPA OIG photo)

Our review of a sample of 99 pieces of research equipment within three laboratories found that 30 of the pieces had not been used for 2 to 14 years. Further, six of those 99 pieces were obsolete. This occurred because either there was no ongoing research necessitating the specific equipment's use or the item was being kept as backup. We also found that the EPA did not manage its

scientific equipment as a business unit or enterprise, managers and staff were not always aware of federal property management requirements, and there were not clear lines of authority for equipment accountability and usage.

We recommended that the Office of Research and Development establish an equipment list, an equipment pool, and regular equipment utilization walkthroughs, among other things. The office agreed with our recommendations and corrective actions are pending.

*(Report No. 15-P-0115, To Ensure Greater Use of Scientific Equipment, the Office of Research and Development Should Use an Enterprise Approach to Property Management, March 16, 2015)*

## Costs of \$1,261,665 for Brownfields Agreement Questioned

The Pioneer Valley Planning Commission in Massachusetts did not follow federal requirements when administering a brownfields cooperative agreement with the EPA. We questioned all \$1,261,665 drawn by the commission, and the commission has so far agreed to repay \$94,891 of that amount.

The Pioneer Valley Planning Commission—which covers a region that encompasses



The South Main Street School Brownfields Revolving Loan Fund site, Town of Monson, Massachusetts. (EPA OIG photo)

43 cities and towns in Hampden and Hampshire counties in Massachusetts—received a cooperative agreement from the EPA to clean up brownfields. However, the commission did not adhere to federal requirements when administering the agreement, and its accounting system could not provide an accurate, current or complete disclosure of financial results. Of the funds drawn, \$94,891 involved duplicate invoices, unverified costs, costs associated with another federal agreement, and ineligible indirect costs.

We made various recommendations to the EPA to address the conditions noted. This included questioning and recovering the \$1,261,665 in federal funds drawn, and the commission agreed to repay \$94,891 of that amount.

*(Report No. 15-4-0072, Costs of \$1.2 Million for Brownfields Cooperative Agreement to Pioneer Valley Planning Commission in Massachusetts Questioned, February 2, 2015)*

### Agency Can Improve Fleet Management Programs

If oversight of the EPA's fleet is not improved, the \$6 million-per-year program could be ineffective and inefficient in supporting the agency's mission and reporting data to the federal system, and could place taxpayer funds at risk.

A podcast on our EPA fleet management report is at: [http://www.epa.gov/oig/reports/214/report\\_15-P-0001\\_podcast\\_10-6-2014.mp3](http://www.epa.gov/oig/reports/214/report_15-P-0001_podcast_10-6-2014.mp3).



An EPA fleet vehicle. (EPA OIG photo)

An audit was conducted to determine whether the EPA's fleet program is in accordance with federal fleet requirements for vehicle operations, acquisitions and utilization. The audit revealed that the agency has not finalized or issued guidance documentation to manage the fleet in over 5 years. Also, fleet managers were not following program requirements and federal regulations for emission testing, tracking vehicle usage, and ensuring operator responsibilities. Further, the agency did not have documentation to support approval of law enforcement vehicles in home-to-work status. The agency agreed with our recommendations and provided corrective actions.

*(Report No. 15-P-0001, EPA's Fleet Management Program Needs Improvement, October 6, 2014)*

## Improvements Can Be Made in Computer Security Program

Our review of the EPA's implementation of the Federal Information Security Management Act during FY 2014 disclosed that improvements could be made.

The act requires federal agencies to develop an information security program that protects its operations and assets, and the OIG is required to perform an annual evaluation of the program. Federal information systems are subject to threats, including purposeful attacks.

The EPA had established an agencywide information security program to assess the security state of information systems that was consistent with requirements. However, the EPA should place more emphasis on remediating deficiencies within the agency's Configuration Management program related to addressing deviations identified by scans and for installing patches. Also, the EPA had an outdated Business Impact Analysis. We reported this information to OMB in the required matrix.

*(Report No. 15-P-0020, Fiscal Year 2014 Federal Information Security Management Act Report: Status of EPA's Computer Security Program, November 13, 2014)*

## Investigations

### *Significant Investigations*

#### **Scientists Convicted of Fraudulently Obtaining EPA Contract Funds**

On March 20, 2015, two Tampa Bay area scientists were found guilty by a federal jury in the Middle District of Florida of conspiracy to commit wire fraud, aggravated identity theft, and falsification of records.

According to testimony and evidence presented during the trial, Mahmoud Aldissi and Anastassia Bogomolova, both Ph.D. scientists, fraudulently obtained over \$10.5 million worth of small business research awards from the federal government, including \$400,000 in EPA funds. These awards were intended to promote U.S. technological innovation. To obtain these awards, Aldissi and Bogomolova—through their companies Fractal Systems Inc. and Smart Polymers Research Corporation—submitted proposals to the U.S. government using the stolen identities of real people, including one who was deceased, to create false endorsements for their proposed contracts and grants. In the proposals, they also lied about their facilities, costs, the principal investigator on some of the contracts, and the certifications in the proposals. Additionally, Aldissi and Bogomolova were convicted of falsifying records with the intent to impede, obstruct and influence an investigation being conducted by the National Science Foundation.

*This investigation was conducted jointly with the Defense Criminal Investigative Service, Major Procurement Fraud Unit of the U.S. Army Criminal Investigation Division, National Aeronautics and Space Administration OIG, National Science Foundation OIG, Department of Homeland Security OIG, and Department of Energy OIG.*

#### **Company, Officials Sentenced for Producing Paints With Pesticide**

On December 5, 2014, a Clearwater, Florida, company received a criminal fine of \$1,235,315 and 3 years of probation for a conspiracy to defraud the United States. A sister company was sentenced to 1 year of probation, and four officers of the companies received prison sentences or probation.

New Nautical Coatings Inc. was investigated for illegally manufacturing marine paints that contained the regulated pesticide tributyltin after entering into an agreement with the EPA to cease manufacturing the product. On February 6, 2014, a federal grand jury in the U.S. District Court for the Southern District of Florida indicted New Nautical and its sister company, Sea Hawk Refinish Line Inc. Four officers of the companies were also indicted, arrested and arraigned. The charges included knowingly selling an unregistered pesticide,

conspiracy to defraud the United States, wire fraud, conspiracy to commit mail fraud and wire fraud, obstruction of justice, and misuse of a government seal.

On December 5, 2014, David Norrie was sentenced to federal prison for 5 months and, upon release from prison, supervised release for 3 years. Erik Norrie was sentenced to federal prison for 3 months. Tommy Craft and Jason Revie were both sentenced to probation for 1 year.

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

### **Company Pays \$2.72 Million in New Jersey Kickback Scheme**

In November 2014, a Canadian national was extradited to the United States to face charges in a kickback scheme in the U.S. District Court for the District of New Jersey. In a related matter, Severson Environmental Services Inc. came to a civil settlement agreement in which it would pay \$2.72 million to the United States.

On November 14, 2014, John Bennett, a Canadian national, was extradited from Canada on a charge of participating in a conspiracy to pay kickbacks and commit fraud at the EPA-designated Federal Creosote Superfund site, located in Manville, New Jersey. He also was charged with a count for major fraud against the United States related to contracts obtained at the Federal Creosote site. Bennett was a former Chief Executive Officer with a Canadian-based company that treated and disposed of contaminated soil and was a subcontractor to Severson on the Federal Creosote site. Bennett carried out the conspiracy by providing kickbacks to the project manager at the Federal Creosote site to influence the award of sub-contracts and inflate the prices charged to the EPA by the prime contractor.

On November 17, 2014, a settlement agreement was finalized between the U.S. Department of Justice and Severson Environmental Services Inc., of Niagara Falls, New York. Severson agreed to pay the United States \$2,727,200 plus interest at a rate of 3 percent per annum. Subsequent to the agreement, on November 18, 2014, the EPA's Suspension and Debarment Division terminated the Suspension and Proposed Debarment for various Severson executives, and also terminated the Interim Administrative Agreement that had been in place since March 1, 2013, for Severson and some of its affiliates.

*This case is being conducted with the Internal Revenue Service Criminal Investigation Division.*



## Montana Tribal Officials Given Jail Time for Fraud

Individuals associated with the Rocky Boy Indian Reservation received jail time, restitution and other penalties in the U.S. District Court for the District of Montana related to bribery and theft, and others have been indicted for bribery and theft. The charges involved embezzlement and taking bribes in relation to contracts that involved EPA funds.

In March 2015, three tribal officials received jail time. Bruce Sunchild, former Tribal Chairman of the Chippewa Cree Indian Tribe at the Rocky Boy Reservation, was sentenced to 34 months' incarceration and 36 months' supervised release, and ordered to pay \$370,088 in restitution. James Eastlick Jr., former clinical psychologist at the Rocky Boy Indian Reservation Clinic, was sentenced to 6 years' incarceration and 3 years' supervised release, and ordered to pay \$424,800 in restitution and a \$100,000 fine. Mark Leischner, Eastlick's brother-in-law, was sentenced to 2 years' incarceration and 3 years' supervised release, and ordered to pay \$281,313 in restitution.

In addition, four other tribal officials have pleaded guilty or were indicted for various charges related to theft and bribery. The individuals are Tim Rosette, former Director of the Rocky Boy Roads Department and Director of the Rocky Boy Health Clinic's Environmental Health Division; John C. Houle, former Chairman of the Chippewa Cree Indian Tribe; Theodora Morsette, former Finance Manager of the Rocky Boy Health Clinic; and Wade Colliflower, a member of the Chippewa Cree Indian Tribe.

*This case is being conducted by the Montana Guardian Task Force, which is made up of the FBI; the Internal Revenue Service; and the OIGs of the Department of the Interior, Department of Health and Human Services, Department of Agriculture, and EPA.*

## Man Sentenced for Falsifying Methamphetamine Remediation Data

On December 15, 2014, a Savannah, Tennessee, man was sentenced in the U.S. District Court for the Western District of Tennessee to 6 months in prison, 3 years of supervised release, and \$102,225 in restitution for falsely certifying that quarantined methamphetamine homes were safe for inhabitation after remediation.

On April 14, 2013, Douglas McCasland, owner of HAZ-TECH, performed a remediation of a quarantined methamphetamine house in Manchester, Tennessee, and signed a Certificate of Fitness claiming the property to be cleaned to proper standards and certifying that the property was safe for human use. The Tennessee Department of Environment and Conservation advised that McCasland was not certified by the department as a Clandestine Methamphetamine Laboratories hygienist—an industrial hygienist at properties where methamphetamine was manufactured. Investigation further disclosed that McCasland had 18 cases of remediated houses that he had certified. The Tennessee Department of

Environment and Conservation retested 11 of the houses, and nine were found to still be contaminated. McCasland falsified remediation data in 17 counties in Tennessee. McCasland, who previously was indicted and charged with 10 counts of mail fraud and three counts of false statements, had pleaded guilty to a violation of false statements.

### **Debarments Occur Related to New York Lab Fraud Case**

Two individuals and two entities were debarred from participation in federally funded projects related to the falsification of laboratory results by a New York firm.

On February 17, 2015, Upstate Laboratories Inc., of East Syracuse, New York; Analytic LLC, also of East Syracuse; Anthony J. Scala, Owner, Upstate Laboratories Inc.; and his wife Carole A. Scala, Owner, Analytic LLC, were debarred from participation in federally funded projects for a period of 5 years. Upstate Laboratories previously had been fined \$150,000 and placed on 5 years' probation.

Upstate Laboratories performed chemical analysis of water and soil samples supplied by public and private clients. Certain analyses were required to be performed within specified timeframes ("holding times") after the samples were obtained due to the potential for chemical degradation. Upstate Laboratories further promised to use required procedures to ensure that the samples did not degrade. However, from 2008 through 2010, Upstate Laboratories engaged in routine "backdating" of sample results where employees changed the dates for when the samples were analyzed to make it appear that analysis had occurred within the required time periods when in fact they had not. Upstate Laboratories thereafter prepared false and fraudulent analysis reports representing that the samples were properly analyzed within required time frames and the results were valid.

*This case was conducted jointly with the EPA Criminal Investigation Division.*

### **Man Indicted for Threatening to Kill EPA Employee**

On October 1, 2014, a Missouri man was indicted in the U.S. District Court for the Western District of Missouri and arrested for threatening to kill an EPA employee and others.

Initiated  
from  
OIG Hotline

The EPA has been involved in a contaminated ground water remediation effort that stemmed from a derelict mining site in the Joplin, Missouri, area for approximately 20 years. The person indicted and arrested owns two Superfund site parcels in the area, one approximately 160 acres and the other approximately 20 acres. The remediation at the 160-acre parcel, which was conducted with the permission of the land owner, was nearly completed when an EPA employee communicated to the land owner that during a walk-through of the 20-acre parcel one or more violations had been found regarding dumping and waste. The EPA employee was orally threatened by telephone. In addition,

at least two other people were the subjects of threats made by the land owner. When the land owner was arrested, two firearms were seized.

### **Man Arrested for Wire Fraud and Smuggling**

On January 8, 2015, a Republic of Korea man was arrested in Daejeo-City, Korea, by the Interpol (International Criminal Police Organization) Fugitive Tracing Unit in the Seoul Metropolitan Police Agency for violations of the American Recovery and Reinvestment Act “Buy American” provision.

Heon Seok Lee had served as President of KTurbo Inc. in the Republic of Korea, and President of its subsidiary—KTurbo USA Inc.—with an office and warehouse in Illinois. From January 2010 to February 2011, Lee directed others to procure contracts for KTurbo to provide centrifugal turbo blowers to municipal wastewater treatment facilities receiving Recovery Act funds from the EPA. Lee and others sent at least five email communications to U.S. municipal wastewater treatment facilities falsely representing that KTurbo would manufacture and deliver the municipalities’ turbo blowers in compliance with the “Buy American” provision of the Recovery Act. Lee had three shipments of a total of nine turbo blowers sent to the KTurbo facility in Illinois from Korea. The blowers arrived in the United States largely assembled but were affixed with “Assembled in USA” placards. Lee and others did not intend to perform substantial transformation of the turbo blowers, and Lee was subsequently indicted in the Northern District of Illinois on five counts of wire fraud and three counts of smuggling. In total, Lee and others intended to fraudulently obtain over \$1.3 million in Recovery Act funds.

*This case is being conducted with Interpol, the U.S. Department of Homeland Security, and the U.S. Department of Justice.*

### **Former Tribal Official Pleads Guilty to Embezzling Over \$240,000**

On March 23, 2015, a former official of the Alaska Inter-Tribal Council, Anchorage, Alaska, pleaded guilty to theft of over \$240,000 in tribal grant funds in the U.S. District Court for the District of Alaska.

A federal grand jury indicted two former directors at the Alaska Inter-Tribal Council on charges that they stole from a nonprofit that advocates for tribal governments across the state.

Steven D. Osborne, former Executive Director for the council, commingled federal funds from a \$1 million EPA grant with non-federal funds received from the Venezuelan government for managing a home heating program. Osborne did not maintain records that adequately identified the source and application of the council’s financial transactions. Osborne obtained approximately \$218,000 in council funds entrusted to his care as Executive Director and misapplied them for his personal use.

The investigation also found that Thomas R. Purcell, former Finance Director of the Alaska Inter-Tribal Council, may have conspired with Osborne to cover the personal expenditures. Osborne authorized Purcell to receive an additional \$19,200 among 26 pay periods charged to the home heating program account as a vendor. Additionally, Purcell obtained approximately \$11,000 in council funds entrusted to his care as the Finance Director/Interim Executive Director and misapplied them for his personal use.

### **Tennessee Company Submits Fraudulent Asbestos Lab Results**

On January 27, 2015, the president of a Tennessee firm was sentenced in the U.S. District Court for the Eastern District of Tennessee to 3 years of probation and fined \$500 for submitting fraudulent lab results regarding asbestos.

The Tennessee Department of Environment and Conservation reported that it received fraudulent laboratory test documents from Environmental Consulting and Testing LLC in support of an asbestos survey. David Weekley, company president, submitted a survey report to the state claiming he had 57 samples from seven separate locations tested by Fiber Com Laboratory. Contact with Fiber Com disclosed that it had only performed four tests for Environmental Consulting, and this was confirmed by a search of Weekley's computer. Weekley pleaded guilty to one count of wire fraud. On March 31, 2015, Weekley and Environmental Consulting and Testing LLC were issued a Notice of Suspension and Proposed Debarment for participation in federal contracts and assistance activities.

### **Gang Member Charged With Assaulting EPA Special Agent**

On November 9, 2014, a suspect in the assault of an EPA Criminal Investigation Division Special Agent and the carjacking of a government law enforcement vehicle was arrested and jailed. The suspect, a known gang member in the Atlanta, Georgia, area, was charged with numerous robberies and carjacking, and is a suspect in a homicide.

Initiated  
from  
OIG Hotline

On October 22, 2014, an EPA Special Agent was carjacked by two gunmen in Atlanta. The gunmen physically assaulted the agent; fired a shot during the incident; and stole an EPA-assigned, fully equipped law enforcement vehicle. The agent received minor injuries. On October 23, 2014, the stolen vehicle was used in another carjacking, where the perpetrators used the law enforcement equipment to make a traffic stop. Later that evening, the perpetrators carjacked another vehicle (not using the stolen government vehicle) and one of the perpetrators was arrested after a vehicle chase through the Atlanta metro area. On October 24, 2014, after a citizen's tip, the stolen law enforcement vehicle was recovered in a neighborhood south of Atlanta. On November 6, 2014, the EPA Special Agent positively identified the suspect in a photo lineup.

On November 9, 2014, the suspect and three other individuals attempted a home invasion in Atlanta, during which the suspect was wounded and subsequently arrested. The suspect's fingerprints matched prints found at a previous homicide. The Atlanta Gang Unit reported there were 25 carjackings and robberies in the Atlanta metro area associated with this gang. The suspect has been charged with murder and 63 other charges, including the assault of the EPA agent. Fourteen co-defendants were also charged.

*This investigation is being conducted jointly with Atlanta Violent Crimes Task Force (Atlanta Police Department and the Bureau of Alcohol, Tobacco, Firearms and Explosives), the Atlanta Gang Unit, and the Sandy Springs Police Department.*

### **Former Contractor Sentenced for Theft of Government Property**

On October 2, 2014, a former information technology contractor in Region 4 was sentenced to 3 years of probation and \$118,614 in restitution for stealing EPA computers. On March 11, 2015, he was debarred from participation in federally funded projects for a period of 3 years.

In 2012, EPA Region 4, headquartered in Atlanta, Georgia, discovered that 72 computer devices (laptops, tablets and desktops), valued at \$84,842, were stolen/missing from the region's information technology department. Contact with manufacturers disclosed that one of the missing/stolen items had been registered online, and an OIG interview of the identified buyer disclosed that the computer was purchased via Ebay. Approximately 30 computers linked to the missing EPA computers were sold via Ebay. The owners of the EBay account provided details of their purchase of the computers from an individual subsequently identified as the EPA contractor. The former EPA contractor—David Lee McCallum, of Stockbridge, Georgia—was charged with theft of government property over \$1,000. McCallum was sentenced in the U.S. District for the Northern District of Georgia to 3 years of probation with 1 year of electronically monitored home confinement, 80 hours of community service, and \$118,614 in restitution. The investigation also uncovered computers that were stolen from the U.S. Army, with whom the former EPA contractor was formerly employed.

*This case is being conducted jointly with the Federal Protective Service and the U.S. Army Criminal Investigation Division.*

### **Probation Given to EPA Employee for Theft of Government Cameras**

On October 13, 2014, an EPA Region 4 employee was sentenced in the Georgia Superior Court of Fulton County to 3 years of probation, \$3,118 in restitution and a \$1,000 fine for the theft of EPA-owned cameras.

Following the theft of a large number of computers in Region 4 (see above), the EPA conducted an inquiry into all missing property listed by Region 4 over a 2-year period

and found that several cameras listed as missing were identified as being pawned at a local pawn shop. The perpetrator was identified as an EPA GS-12 Public Affairs Specialist assigned to Region 4 who subsequently confessed to seven instances of theft. The employee, who pleaded guilty to one count of felony theft, received a 30-day suspension from the EPA.

## **Actions Taken Against Two EPA Employees for Viewing Pornography**

In two separate cases, EPA employees received a Notice of Proposed Removal from the EPA related to charges of viewing and downloading pornography on EPA computers during work hours.

On March 24, 2015, an EPA employee received a Notice of Proposed Removal after Special Agents went to the employee's work location and found the employee viewing a pornographic image on an EPA computer.

Initiated  
from  
OIG Hotline

The investigation disclosed that the EPA employee downloaded tens of thousands of pornographic images, some of which were stored on an EPA shared drive. For several years, the employee had spent approximately 2 to 6 hours a day viewing and downloading pornography with EPA computer equipment during core work hours.

Also on March 24, 2015, a second EPA employee received a Notice of Proposed Removal as a result of having been witnessed viewing pornographic material on an EPA computer during work hours by a minor who was in the building for the EPA's "Bring Your Daughters and Sons to Work Day." The investigation substantiated that the EPA employee had spent approximately 1 to 4 hours viewing and downloading pornography with EPA computer equipment during core work hours daily.

## **Senior Executive Issued Notice of Proposed Removal**

On November 14, 2014, a Senior Executive Service (SES)-level employee received a Notice of Proposed Removal from the EPA for selling products to EPA employees and inappropriately using EPA resources. The employee is appealing the decision.

The senior executive was the subject of an investigation that found that the employee sold products from three businesses to EPA subordinates and colleagues in EPA office space during office hours. The executive was also found to have used EPA resources—including the employee's office, laptop computer, BlackBerry and EPA email system—in furtherance of these business activities. Further, the senior executive's child—an intern in an EPA student summer hire program—was paid two EPA cash performance awards totaling approximately \$790 with funds that originated directly from the employee's operating budget. In addition, the senior executive recommended a friend and an

acquaintance for employment to a company that had contracted to conduct work for the EPA. During the period of the investigation, this senior executive had received a Presidential Meritorious Rank Award for \$33,928.

### **Senior Executive's Investments Are Potential Conflict of Interest**

An SES-level EPA employee violated the “Acts Affecting a Personal Financial Interest” (18 U.S.C. § 208) by participating in a specific agency matter related to one of the employee’s assets in an outside company that represented a potential conflict of interest.

Initiated  
from  
OIG Hotline

In March 2014, the employee signed a motion on behalf of the EPA to intervene as a commenter on the Canadian environmental review process for the Trans Mountain Pipeline Expansion Project while owning over \$30,000 worth of stock in the company. This occurred even though the EPA provided the senior executive with a Letter of Caution in September 2013 regarding the employee’s stock in the company and the potential for a conflict of interest. The employee did not consult with EPA ethics counsel in advance regarding the motion.

A report of investigation was presented to the EPA on January 16, 2015. On February 19, 2015, an EPA regional official verbally counseled the senior executive regarding the aforementioned conflict of interest and on employee ethics obligations. The regional official reviewed the situation with the employee.

### **Senior Executive Retires After Misconduct**

An SES-level EPA employee retired after issues of misconduct involving a 21-year-old female intern from another government entity were raised.

Initiated  
from  
OIG Hotline

The SES employee engaged in a series of interactions with the intern, who reported the interactions to her supervisor and indicated that she was “uncomfortable and scared” by the interactions. The investigation revealed additional allegations regarding the senior executive’s behavior toward women, security violations and other actions.

The investigation substantiated that the senior executive engaged in a series of interactions, including some of a sexual nature, involving the intern. Also, the investigation substantiated that from 2004 through July 2014 this senior executive engaged in conduct and exchanges, including some of an inappropriate nature, considered to be unwelcome by 16 additional females. The investigation also substantiated that the senior executive was not in compliance with building entry security procedures in bypassing the security

checkpoint with the intern and not having her sign in as a visitor. The senior EPA employee retired January 9, 2015, prior to administrative action being taken.

### **Senior Executive Retires After Allowing Fraud by EPA Employee**

In a Report of Investigation dated April 17, 2014, the OIG determined that an SES-level employee responsible for the oversight and approval of time and attendance records and travel vouchers for John C. Beale lacked due diligence and cost the government \$184,193. The employee retired on February 28, 2015, prior to administrative action being taken. Beale is a former Senior Policy Advisor for the EPA Office of Air and Radiation who had pleaded guilty to multiple frauds.

### **Senior Executive Retires After Approving False Time Cards**

An SES-level employee approved and signed false time and attendance records for a GS-15 scientist who was suffering from a debilitating disease and was not working. For at least 1 year, the subject approved the scientist's time and attendance records certifying that he was working. Colleagues reported that for at least the past few months the employee had been physically incapable of completing basic tasks such as speaking or typing, but was allowed to receive full pay and benefits while living in an assisted living facility and unable to perform his duties as a scientist. The SES-level employee retired from the EPA on December 31, 2014, and the scientist retired January 3, 2015, both prior to administrative action being taken.

### **Supervisor Terminated for Allowing Employee to Get Paid Without Working**

An EPA supervisor who admitted to allowing an employee to stay home and not perform any work while the employee collected full pay and benefits for approximately 6 years, costing the government over \$600,000, was terminated by the EPA on October 7, 2014. The supervisor stated that it was easier to allow this arrangement than go through the medical retirement process for the employee and deal with the employee's union. The employee retired prior to administrative action being taken.

Initiated  
from  
OIG Hotline

### **Former Special Agent Pleads Guilty for False Statement**

On March 11, 2015, a former EPA Criminal Investigation Division Special Agent pleaded guilty in the U.S. District Court of Connecticut to making a false statement for intentionally not documenting reportable earnings on the OGE Form 450, *Confidential Financial Disclosure Report*, and then certifying the document as accurate. The earnings not reported were derived from the Special Agent's involvement in a pyramid scheme. The employee retired from federal service in January 2015.



## Timekeeper Pleads Guilty to Falsifying Records

On January 8, 2015, an EPA employee pleaded guilty to second degree felony fraud in the District of Columbia Superior Court for falsification of time and attendance records totaling over \$15,600. From September 2012 through July 2014, the employee submitted fraudulent time and attendance records. As the office timekeeper, the employee had manipulated the EPA's electronic time and attendance record system, enabling the employee to obtain pay for work not performed. On February 9, 2015, the EPA placed the employee on indefinite suspension.

Initiated  
from  
OIG Hotline

## EPA Employee Removed for Time Card Fraud

On November 1, 2014, an EPA employee in Research Triangle Park, North Carolina, was removed from employment for inaccurately reporting time, being absent without leave, and a lack of candor during an investigation. In June 2013, it was alleged that time card fraud was being committed by a Research Triangle Park employee. The employee's office provided to the OIG the employee's timesheets, badge logs and overtime requests. The employee had been paid for a substantial amount of overtime and had accumulated a large sum of compensatory time over a 2-year period. During an interview, the employee admitted to falsely claiming overtime and compensatory time on numerous occasions for at least 3 years. Based on the admission and the findings of the investigation, the employee was removed from federal service. The U.S. Attorney's Office, Middle District of North Carolina, is pursuing possible criminal prosecution of the employee.

### *Agency Failure to Act on (or to Report to OIG That It Acted on) Reports of Investigations*

#### **CASE 1, Report of Investigation to EPA Office of Administration and Resources Management, November 25, 2013:**

The investigation revealed information to support the allegation that a GS-15 EPA employee engaged in private business activities with contract employees during official work time, used a government position to assist a contract employee's attempt to gain federal employment with the EPA, and may have misused government property and acted in a manner unbecoming a federal employee with a contract employee.

Initiated  
from  
OIG Hotline

#### **CASE 2, Report of Investigation to EPA Office of Chemical Safety and Pollution**

**Prevention, June 10, 2014:** The investigation revealed information to support the allegation that a GS-13 EPA employee violated the Code of Federal Regulations and EPA administrative policies with the viewing and downloading of pornographic materials as well as various movies and video clips with an EPA-issued computer through the EPA network during core working hours.

**CASE 3, Report of Investigation to EPA Office of Administration and Resources Management, October 8, 2014:**

Initiated from  
OIG Hotline

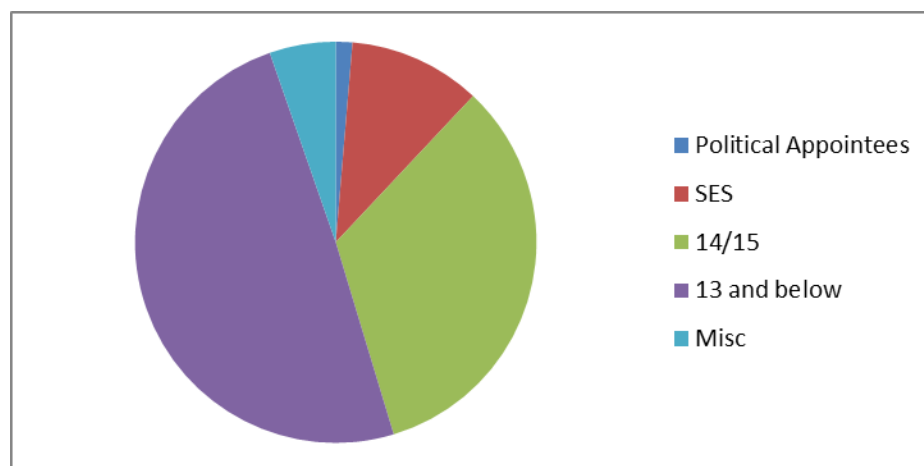
The investigation revealed that, during an employment suitability background investigation of an EPA employee, conducted by the Office of Personnel Management, criminal and financial indebtedness information surfaced that previously had not been divulged by the employee when completing form OF-306, *Declaration for Federal Employment*, and form SF-85P, *Questionnaire for Public Trust Positions*. The EPA’s Personnel Security Branch requested documentation evidencing the paying down of accumulated debts from the employee. The documentation tendered by the employee did not appear authentic and was determined to be fraudulent. The employee provided false information to the EPA concerning criminal history and failed to pay accrued personal debts, which included an EPA travel card balance of \$10,226.

**Closed Employee Integrity Cases**

Statistics on employee integrity investigation cases closed during the semiannual reporting period follow.

	Political appointees	SES	GS-14/15	GS-13 and below	Misc.*	Total
Pending 10/1/14	4	11	24	42	3	82
Open	0	0	2	9	2	13
Closed	3	2	1	14	1	21
Pending 3/31/15	1	8	25	37	4	75

\* Adjusted from prior period.



## Other Activities

### EPA OIG Will Make Improvements in Areas of Timekeeping, Hiring and Fleet Management

As a result of congressional inquiries, the OIG conducted reviews of the EPA in three personnel-related areas—time and attendance reporting, compliance with overtime policies, and the employee hiring process. In addition to reviewing the agency overall, the auditors looked at how the OIG itself performed in these areas, and found that the OIG could make improvements. Although our reviews of the agency are still in process, the OIG issued three reports on how the OIG performed in these areas, as summarized below. In addition, the OIG conducted an audit to determine how well the EPA OIG manages its law enforcement vehicles.

- **Time and Attendance Reporting.** The OIG did not always comply with its own policy for using its official internal system for recording time and attendance, including approval for leave and premium pay. Some employees did not submit or have approved planned or actual timesheets in the OIG’s internal system. As a result, the OIG was not always able to verify that the data in the agency’s official payroll system were accurate, and employees may use leave without authorization. The report recommended, and OIG management agreed to, improve its guidance in this area. Corrective actions are in process. *(Report No. 15-B-0074, EPA OIG Not Fully Compliant With OIG Policy on Time and Attendance Reporting, February 4, 2015)*
- **Overtime Policies.** The OIG did not always use the EPA’s *Request for Authorization of Overtime Work* form for overtime requests and authorization, as required by agency policy. Also, OIG employees did not always comply with OIG policy to have overtime approved in advance. As a result, OIG employees may have incurred overtime without proper authorization. The report recommended, and OIG management agreed to, clarify its policy in this area, and inform management and employees of the need to comply with EPA overtime policies. Corrective actions are in process. *(Report No. 15-B-0075, EPA OIG Not Fully Compliant With Overtime Policies, February 4, 2015)*
- **Employee Hiring Process.** The OIG does not have a requirement to verify information in a job application, including job employment history or references. The OIG relies on the applicant self-certifying information submitted. Without verification of prior employment or references, the potential exists that the OIG will not hire the best possible candidate or will hire someone based on misleading information. The report recommended, and OIG management agreed to, require

selecting officials to verify prior employment and references before making any hires, and establish policies for employee vetting. Corrective actions are in process. (*Report No. 15-B-0076, Improvements Needed by EPA OIG to Reduce Risk in Employee Hiring Process, February 5, 2015*)

- **Fleet Management.** The auditors sought to determine whether the EPA OIG managed its law enforcement vehicles in accordance with federal fleet requirements. The OIG conducted this audit in conjunction with an audit of the agency's overall fleet management. As of November 2013, the EPA OIG had a total of 29 vehicles used by the OIG Office of Investigations. The audit identified opportunities for management consideration. Corrective actions are complete or in process. (*Report No. 15-B-0002, EPA OIG Compliance With Managing Vehicles Within EPA's Fleet Management Program, October 6, 2014*)

### **Administrator Issues Message to All EPA Employees on Importance of Cooperating With OIG**

In response to requests from the OIG, EPA Administrator Gina McCarthy issued a message to all EPA employees stressing the importance of everyone cooperating with the OIG to better ensure that the agency functions as a high-performing organization.

“One of the ways we can ensure that we all perform at our best is to support the internal review and oversight carried out by our Office of Inspector General. The OIG serves as an independent office within our agency, preventing and rooting out fraud, waste and abuse in agency programs and operations, largely through audits and investigations. This important work enables us all to be more effective in achieving the agency's mission,” McCarthy noted in a January 2, 2015, email to all EPA employees.

“The vigilance of EPA staff is key to successful OIG oversight. I expect all employees to report fraud, waste and abuse to the OIG if they see it. The types of conduct that should be included include: theft of EPA funds, misuse of contract or grant monies, misuse of EPA equipment or assets for personal gain, falsification of EPA reports or records, serious employee misconduct, or participation in EPA fraud,” she said.

McCarthy noted that employees should use the OIG hotline if they become aware of a matter of concern, and pointed out they may request anonymity.

### **EPA OIG Whistleblower Protection Ombudsman Activities Advancing**

The Whistleblower Protection Enhancement Act of 2012 (Public Law No. 112-199) assigned the OIG responsibility for educating employees about whistleblower protections, rights and remedies. The EPA OIG has placed this function within its Office of Counsel.

During this semiannual period, the EPA OIG Whistleblower Protection Ombudsman received more inquiries than in previous periods, as more employees became aware that this function had been created. The ombudsman saw a modest increase in the number of consultations requested by employees who felt they were being subjected to prohibited personnel practices in retaliation to whistle blowing. After consultations with inquiring employees, the ombudsman referred them to the government's Office of Special Counsel to start the applicable process establishing whistleblower status or action for a prohibited personnel practice.

While not trying to "drum up business," the Inspector General believes that an aware workforce will be a more engaged workforce, attuned to call attention to problems when warranted. To that end, the Inspector General commenced an outreach program focusing on fraud, waste and abuse, emphasizing reporting: "If you see it, say something!" Delivered to agency managers, these outreach presentations have been well received. During the last semiannual period, the EPA OIG Whistleblower Protection Ombudsman and other staff members from the OIG's Office of Counsel and Office of Investigations made six such presentations.

The Office of Special Counsel has a certification program whereby it will certify a federal agency's compliance with training and awareness provisions of the Whistleblower Protection Act if the agency meets five requirements in those areas. While the OIG can and does reach out to the agency with the OIG awareness program as noted above, it is the agency that must take the steps to receive the Office of Special Counsel certification, and the EPA has not done so.

## **Legislation and Regulations Reviewed**

Section 4(a) of the Inspector General Act requires the Inspector General to review existing and proposed legislation and regulations relating to the program and operation of the EPA and to make recommendations concerning their impact. The OIG also reviews drafts of OMB circulars, memorandums, executive orders, program operations manuals, directives and reorganizations. The primary basis for the OIG's comments are the audit, evaluation, investigation and legislative experiences of the OIG, as well as its participation on the Council of the Inspectors General on Integrity and Efficiency. During the reporting period, the EPA OIG reviewed 15 proposed changes to legislation, regulations, policy, procedures or other documents that could affect the EPA or the Inspector General, and provided comments on three.

## U.S. Chemical Safety and Hazard Investigation Board

The U.S. Chemical Safety and Hazard Investigation Board (CSB) was created by the Clean Air Act Amendments of 1990. The CSB's mission is to investigate accidental chemical releases at facilities, report to the public on the root causes, and recommend measures to prevent future occurrences.



In FY 2004, Congress designated the EPA Inspector General to serve as the Inspector General for the CSB. As a result, the EPA OIG has the responsibility to audit, evaluate, inspect and investigate the CSB's programs, and to review proposed laws and regulations to determine their potential impact on the CSB's programs and operations. Details on our work involving the CSB are available at <http://www.csb.gov/inspector-general>.

### OIG Testifies on CSB Improperly Using Private Email Accounts

Patrick Sullivan, EPA Assistant Inspector General for Investigations, testified March 4, 2015, before the Committee on Oversight and Government Reform, U.S. House of Representatives, on the improper use of private emails by CSB.

Sullivan testified that the OIG had submitted a Report of Investigation to President Obama noting that the CSB's Chairperson, General Counsel and Managing Director "used private, nongovernmental email systems to communicate on CSB matters, and those communications were not preserved as official records." Further, Sullivan said that the Chairperson and General Counsel "purposely employed nongovernmental systems so that certain CSB business did not appear on CSB systems." Sullivan noted that although CSB subsequently issued guidance telling staff to cease using nongovernmental email accounts for CSB business, the OIG found that the practice continued.

The EPA OIG had difficulty obtaining documents related to this investigation, and on September 5, 2013, the EPA OIG had issued a Seven Day Letter to the CSB Chairperson regarding CSB's refusal to provide requested documents. EPA OIG Inspector General Elkins brought this matter to the attention of the House committee during testimony on June 19, 2014, and as a result of that testimony the committee instructed CSB to provide the documents that the OIG sought. CSB subsequently provided requested documents. The emails sought were part of an investigation regarding whistleblowers who had filed confidential complaints with the Office of Special Counsel. The documents led the OIG to conclude that there was sufficient evidence to find the CSB violated the Federal Records Act.

During other testimony by Elkins on February 3, 2015, to update the committee on progress being made with CSB, he noted that although CSB had complied with the committee's instructions to provide certain documents to the OIG, "they have yet to provide an affirmation of full compliance with our requests." Sullivan indicated on March 4, 2015, that the affirmation had still not been received.

### **CSB Needs to Improve Controls for Approving Acquisitions**

CSB did not implement internal controls designed to ensure that acquisitions over \$50,000 receive board approval, resulting in over \$1.9 million in acquisitions being at risk due to the lack of board approval.

Initiated  
from  
OIG Hotline

The OIG initiated this review after receiving a hotline complaint about a CSB contract awarded for about \$1 million. While the OIG's audit work continues, this early warning report addressed issues of concern that the OIG believed needed immediate attention.

CSB had 14 acquisitions (interagency agreements, contracts and purchase orders) each over \$50,000 that did not have the required board approval; these acquisitions totaled over \$1.9 million. Also, CSB did not record its market research actions for two contracts totaling over \$380,000, or its quality assurance surveillance plan actions for seven contracts totaling over \$1.4 million. Therefore, funds were at risk and there was insufficient assurance that CSB received the best value for government money spent. The initial response from CSB indicated there were dissenting views within the organization regarding the issues that the OIG noted.

*(Report No. 15-P-0007, Early Warning Report: Not Following Internal Controls Put Acquisitions at Risk, October 29, 2014)*

### **CSB Should Improve Information Security Program**

CSB should improve key aspects of its information security program related to planning and security controls, its vulnerability testing process, and internal control over information technology inventory.

The Federal Information Security Management Act requires federal agencies to develop an information security program that protects its operations and assets, and the OIG is required to perform an annual evaluation of the program. Federal information systems are subject to threats, including purposeful attacks.

The OIG recommended that CSB update its system security plan, implement a risk management network, improve security room controls, develop a process for orderly shutdown of critical information technology assets, create plans to remediate systems

with known vulnerabilities, and improve its inventory control practices. CSB concurred with the recommendations and has initiated corrective actions.

*(Report No. 15-P-0073, Key Aspects of CSB Information Security Program Need Improvement, February 3, 2015)*

### **CSB Financial Statements Found to Be Fairly Presented**

The firm that audited CSB's financial statements for FYs 2014 and 2013 on behalf of the EPA OIG found that the statements were fairly presented and free of material misstatements. The auditors found no matters involving CSB internal controls that they considered to be a material weakness, and the firm found no instances of noncompliance. *(Report No. 15-1-0022, Audit of the U.S. Chemical Safety and Hazard Investigation Board's Fiscal Years 2014 and 2013 Financial Statements, November 17, 2014)*



# Statistical Data

## Profile of Activities and Results

<b>Audit and evaluation operations OIG reviews</b>	
	October 1, 2014 – March 31, 2015 (\$ in millions)
Questioned costs *	\$2.1
Recommended efficiencies *	\$61.6
Costs disallowed to be recovered	\$8.8
Costs disallowed as cost efficiency	\$0.0
Reports issued by OIG	27
Reports resolved (Agreement by agency officials to take satisfactory corrective actions) **	70

<b>Audit and evaluation operations Reviews performed by Single Audit Act auditors</b>	
	October 1, 2014– March 31, 2015 (\$ in millions)
Questioned costs *	\$2.5
Recommended efficiencies *	\$0.0
Costs disallowed to be recovered	\$0.0
Costs disallowed as cost efficiency	\$0.0
Single Audit Act reviews	101
Agency recoveries	\$0.7
Recoveries from audit resolutions of current and prior periods (cash collections or offsets to future payments) ***	

<b>Investigative operations</b>	
	October 1, 2014– March 31, 2015 (\$ in millions)
Total Fines and Recoveries ****	\$6.0
Cost Savings	\$0.02
Cases Opened During Period	42
Cases Closed During Period	57
Indictments/Informations of Persons or Firms	16
Convictions of Persons or Firms	7
Civil Judgments/Settlements/Filings	1

\* Questioned costs and recommended efficiencies are subject to change pending further review in the audit resolution process.

\*\* Reports resolved are subject to change pending further review.

\*\*\* Information on recoveries from audit resolutions is provided by the EPA's Office of Financial Management and is unaudited.

\*\*\*\* Fines and recoveries resulting from joint investigations.

## Audit, Inspection and Evaluation Report Resolution

### Status report on perpetual inventory of reports in resolution process for semiannual period ending March 31, 2015

Report category	No. of reports	Report issuance (\$ in thousands)		Report resolution costs sustained (\$ in thousands)	
		Questioned costs	Recommended efficiencies	To be recovered	As efficiencies
A. For which no management decision was made by October 1, 2014*	80	\$37,144	\$19,577	\$190	\$0
B. Which were issued during the reporting period	128	4,660	61,600	8,883	0
C. Which were issued during the reporting period that required no resolution	70	0	0	0	0
Subtotals (A + B - C)	138	41,804	81,177	9,073	0
D. For which a management decision was made during the reporting period	107	23,119	1,728	8,886	0
E. For which no management decision was made by March 31, 2015	31	18,685	79,449	187	0
F. Reports for which no management decision was made within 6 months of issuance	47	15,007	19,577	79	0

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

**Table 1: Inspector General-issued reports with questioned costs for semiannual period ending March 31, 2015 (\$ in thousands)**

Report category	No. of reports	Questioned costs *	Unsupported costs
A. For which no management decision was made by October 1, 2014 **	22	\$37,144	\$14,721
B. New reports issued during period	8	4,660	2,753
Subtotals (A + B)	30	41,804	27,474
C. For which a management decision was made during the reporting period:	3	23,119	14,121
(i) Dollar value of disallowed costs	2	8,883	0
(ii) Dollar value of costs not disallowed	3	14,236	14,121
D. For which no management decision was made by March 31, 2015	19	18,685	13,353
Reports for which no management decision was made within 6 months of issuance	13	15,007	11,511

\* Questioned costs include unsupported costs.

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

**Table 2: Inspector General-issued reports with recommendations that funds be put to better use for semiannual period ending March 31, 2015 (\$ in thousands)**

Report Category	No. of reports	Dollar Value
A. For which no management decision was made by October 1, 2014 *	5	\$19,577
B. Which were issued during the reporting period	5	61,600
Subtotals (A + B)	10	81,177
C. For which a management decision was made during the reporting period:	3	1,728
(i) Dollar value of recommendations from reports that were agreed to by management	0	0
(ii) Dollar value of recommendations from reports that were not agreed to by management	3	1,728
(iii) Dollar value of nonawards or unsuccessful bidders	0	0
D. For which no management decision was made by March 31, 2015	8	79,449
Reports for which no management decision was made within 6 months of issuance	5	19,577

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

**Audits, inspections, and evaluations with no final action as of March 31, 2015, over 365 days past the date of the accepted management decision (including audits, inspections and evaluations in appeal)**

Audits, inspections and evaluations	Total	Percentage
Program	49	58
Assistance agreements	12	14
Contract audits	0	0
Single audits	19	22
Financial statement audits	5	6
<b>Total</b>	<b>85</b>	<b>100</b>

## Hotline Activity

The following table shows EPA OIG hotline activity regarding complaints of fraud, waste and abuse in EPA programs and operations during the semiannual reporting period ending March 31, 2015.

	<b>Semiannual period (October 1, 2014– March 31, 2015)</b>
<b>Issues open at the beginning of the period</b>	189
<b>Inquiries received during the period</b>	168
<b>Inquiries closed during the period</b>	219
<b>Inquiries pending at the end of the period</b>	138
<b>Issues referred to others</b>	
<b>OIG offices</b>	110
<b>EPA program offices</b>	37
<b>Other federal agencies</b>	8
<b>State/local agencies/other</b>	13
<b>Contacts made to the EPA OIG Hotline (telephone, voicemails, emails, website and correspondence)</b>	5,059

The hotline makes it easy to report allegations of fraud, waste, abuse, mismanagement or misconduct in the programs and operations of the EPA. Employees, as well as contractors, grantees, program participants and members of the general public, may report allegations to the OIG.

The Inspector General Act of 1978, as amended, and other laws (such as the Whistleblower Protection Enhancement Act of 2012) protect those who make hotline complaints. Individuals who contact the hotline are not required to identify themselves and may request confidentiality. However, the OIG encourages those who report allegations to identify themselves so that they can be contacted if the OIG has additional questions. Pursuant to Section 7 of the Inspector General Act, the OIG will not disclose the identity of an EPA employee who provides information unless that employee consents or the Inspector General determines that such disclosure is unavoidable during the course of the investigation, audit or evaluation. As a matter of policy, the OIG will provide comparable protection to employees of contractors, grantees and others who provide information to the OIG and request confidentiality.

### Hotline

To report fraud, waste, or abuse, contact us through one of the following methods:

<b>e-mail:</b>	OIG_Hotline@epa.gov	<b>write</b>	OIG EPA Hotline
<b>phone:</b>	1-888-546-8740		1200 Pennsylvania Ave NW
<b>fax:</b>	202-566-2599		Mailcode 2431T
<b>online:</b>	<a href="http://www.epa.gov/oig/hotline.htm">http://www.epa.gov/oig/hotline.htm</a>		Washington, DC 20460

## Summary of Investigative Results

### Summary of investigative activity during reporting period

Cases open as of October 1, 2014 *	224
Cases opened during period	42
Cases closed during period	57
Cases pending as of March 31, 2015	209

\* Adjusted from prior period.

### Investigations pending by type as of March 31, 2015

	Superfund	Management	Split funded	Recovery Act	CSB	Total
Contract fraud	9	8	11	4	0	32
Grant fraud	0	19	7	10	0	36
Laboratory fraud	3	5	3	0	0	11
Employee integrity	3	35	35	0	2	75
Program integrity	1	9	5	1	0	16
Computer crimes	0	0	6	0	0	6
Threat	0	5	2	0	0	7
Retaliation	0	1	0	0	0	1
Other	3	13	8	1	0	25
<b>Total</b>	<b>19</b>	<b>95</b>	<b>77</b>	<b>16</b>	<b>2</b>	<b>209</b>

### Results of prosecutive actions

	EPA OIG only	Joint *	Total
Criminal indictments/informations/complaints	5	11	16
Convictions	3	4	7
Civil judgments/settlements/filings	0	1	1
Deportations	0	0	0
Fines and recoveries (including civil)	\$4,718	\$3,068,345	\$3,073,063
Prison time	0 months	146 months	146 months
Prison time suspended	0 months	3 days	3 days
Home detention	0 months	12 months	12 months
Probation	72 months	336 months	408 months
Community service	48 hours	100 hours	148 hours

\* With another federal agency.

### Administrative actions

	EPA OIG only	Joint *	Total
Suspensions	1	6	7
Debarments	12	0	12
Other administrative actions	30	1	31
<b>Total</b>	<b>43</b>	<b>7</b>	<b>50</b>
<b>Administrative recoveries</b>	<b>\$172,045</b>	<b>\$0</b>	<b>\$172,045</b>
<b>Cost avoidance</b>	<b>\$20,305</b>	<b>\$0</b>	<b>\$20,305</b>

\* With another federal agency.

# Appendices

## Appendix 1—Reports Issued

The Inspector General Act of 1978, as amended, requires a listing, subdivided according to subject matter, of each report issued by the OIG during the reporting period. For each report, where applicable, the Inspector General Act also requires a listing of the dollar value of questioned costs and the dollar value of recommendations that funds be put to better use.

Report No.	Report	Date	Questioned Costs			Federal Recommended Efficiencies
			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
<b>PERFORMANCE REPORTS</b>						
15-P-0001	EPA's Fleet Management Program Needs Improvement	Oct. 06, 2014	\$0	\$0	\$0	\$0
15-P-0003	EPA Region 6 Mismanaged Coastal Wetlands Funds	Oct. 09, 2014	0	0	0	780,793
15-P-0006	Enhanced EPA Oversight for Clean Air Act Title V Revenues	Oct. 20, 2014	0	0	0	0
15-P-0007	Not Following Internal Controls May Put CSB Acquisitions at Risk	Oct. 29, 2014	0	0	0	0
15-P-0013	No Significant Contamination Found at Deleted Superfund Sites	Nov. 10, 2014	0	0	0	0
15-P-0020	EPA FY 2014 Federal Information Security Management Act Audit	Nov. 13, 2014	0	0	0	0
15-P-0032	EPA Needs to Demonstrate Benefits of Drinking Water Fund Projects	Dec. 05, 2014	0	0	0	0
15-P-0033	EPA Needs Better Management of Personal Property in Warehouses	Dec. 08, 2014	0	0	0	57,234,594
15-P-0042	Call Center: Contract Management Needs Improvement	Dec. 23, 2014	0	910,776	0	0
15-P-0046	EPA Needs to Improve National Pesticide Info. Center Outreach	Jan. 07, 2015	0	0	0	0
15-P-0064	EPA's Antimicrobial Testing Program Efficacy Results Reporting	Jan. 21, 2015	0	0	0	0
15-P-0073	Aspects of CSB Information Security Program Need Improvement	Feb. 03, 2015	0	0	0	0
15-P-0099	Quick Reaction: EPA Pesticide Inspections Needed in North Dakota	Feb. 23, 2015	0	0	0	0
15-P-0101	EPA Has Considered Environmental Justice for Air Toxic Inspections	Feb. 26, 2015	0	0	0	0
15-P-0109	EPA Needs to Justify How it is Using Title 42 Hiring Authority	Mar. 05, 2015	0	0	0	3,531,870
15-P-0115	Scientific Equipment Use Needs Enterprise Approach to Manage	Mar. 16, 2015	0	0	0	0
	<b>TOTAL PERFORMANCE REPORTS = 16</b>		\$0	\$910,776	\$0	\$61,547,257
<b>SINGLE AUDIT REPORTS</b>						
15-3-0004	Montana, State of – FYs 2012 & 2013 (biennial report)	Oct. 15, 2014	\$0	\$0	\$0	\$0
15-3-0005	New York, State of – FY 2013	Oct. 15, 2014	0	0	0	0
15-3-0009	Bluffdale, Utah, City of – FY 2011	Nov. 04, 2014	0	0	0	0
15-3-0010	Santa Barbara, California, City of – FY 2012	Nov. 04, 2014	0	0	0	0
15-3-0011	Two Buttes, Colorado, Town of – FY 2012	Nov. 04, 2014	0	0	0	0
15-3-0012	Ute Mountain Ute Tribe, Colorado – FY 2012	Nov. 04, 2014	0	0	0	0
15-3-0015	Iowa, State of – FY 2013	Nov. 06, 2014	0	0	0	0
15-3-0016	Illinois, State of – FY 2013	Nov. 06, 2014	0	0	0	0
15-3-0017	Idaho, State of – FY 2013	Nov. 06, 2014	0	673,856	0	0
15-3-0018	Hawaii Department of Health, State of – FY 2013	Nov. 06, 2014	0	0	0	0
15-3-0019	Connecticut, State of – FY 2013	Nov. 06, 2014	0	0	0	0
15-3-0023	Lowell, Wisconsin, Village of – FY 2012	Nov. 17, 2014	0	0	0	0
15-3-0024	NW Regional Planning Commission, Spencer, Wisconsin – FY 2012	Nov. 17, 2014	0	0	0	0
15-3-0026	Seymour, Wisconsin, City of – FY 2012	Nov. 18, 2014	0	0	0	0
15-3-0027	Clark County, Wisconsin, – FY 2013	Nov. 18, 2014	0	0	0	0
15-3-0028	Door County, Wisconsin – FY 2012	Nov. 18, 2014	0	0	0	0
15-3-0029	Florence County, Wisconsin – FY 2012	Nov. 18, 2014	0	0	0	0
15-3-0030	Fond Du Lac County, Wisconsin – FY 2012	Nov. 18, 2014	0	0	0	0
15-3-0031	Forest County, Wisconsin – FY 2012	Nov. 18, 2014	0	0	0	0
15-3-0034	Barbourville Utility Commission, Kentucky – FY 2013	Dec. 04, 2014	0	0	0	0
15-3-0035	Bay County, Florida – FY 2013	Dec. 05, 2014	0	0	0	0
15-3-0036	Belzoni, Mississippi, City of – FY 2012	Dec. 05, 2014	0	0	0	0
15-3-0037	New Hampshire, State of – FY 2013	Dec. 08, 2014	0	0	0	0
15-3-0038	New Jersey, State of – FY 2013	Dec. 08, 2014	0	0	0	0
15-3-0039	Ohio, State of – FY 2013	Dec. 08, 2014	71,035	0	0	0
15-3-0040	South Carolina, State of – FY 2012	Dec. 08, 2014	0	0	0	0
15-3-0041	Washington, State of – FY 2013	Dec. 08, 2014	53,972	0	0	0
15-3-0043	West Virginia, State of – FY 2013	Dec. 30, 2014	0	0	0	0
15-3-0044	Wisconsin, State of – FY 2013	Dec. 30, 2014	0	0	0	0
15-3-0045	Wyoming, State of – FY 2013	Dec. 30, 2014	0	0	0	0
15-3-0047	Jackson, Mississippi, City of – FY 2013	Jan. 09, 2015	0	0	0	0

Report No.	Report	Date	Questioned Costs			Federal Recommended Efficiencies
			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
15-3-0048	Tennessee, State of – FY 2013	Jan. 09, 2015	0	0	0	0
15-3-0049	Hiawassee, Georgia, City of – FY 2013	Jan. 09, 2015	0	0	0	0
15-3-0050	Delaware, State of – FY 2013	Jan. 09, 2015	0	0	0	0
15-3-0051	California, State of – FY 2013	Jan. 09, 2015	0	0	0	0
15-3-0052	Blue Island, Illinois, City of – FY 2013	Jan. 09, 2015	0	0	0	0
15-3-0053	Casselberry, Florida, City of – FY 2013	Jan. 09, 2015	0	0	0	0
15-3-0054	North Carolina, State of – FY 2013	Jan. 14, 2015	1,668,169	0	0	0
15-3-0055	Puerto Rico Safe Drinking Water Revolving Loan Fund – FY 2013	Jan. 14, 2015	0	0	0	0
15-3-0056	United States Virgin Islands, Government of – FY 2012	Jan. 14, 2015	0	0	0	0
15-3-0057	United States Virgin Islands – FY 2013	Jan. 14, 2015	0	0	0	0
15-3-0058	Aiken County, South Carolina – FY 2012	Jan. 16, 2015	0	0	0	0
15-3-0059	Windham Regional Commission, Vermont – FY 2013	Jan. 16, 2015	0	0	0	0
15-3-0060	Putney School, Inc., Vermont – FY 2013	Jan. 16, 2015	0	0	0	0
15-3-0061	Southern Maine Regional Planning Commission, Maine – FY 2013	Jan. 16, 2015	0	0	0	0
15-3-0062	Warwick, New York, Village of – FY 2011	Jan. 16, 2015	0	0	0	0
15-3-0063	Shoshone & Arapaho Tribes of Wind River Reservation, Wyoming	Jan. 20, 2015	19,271	0	0	0
15-3-0065	Wrens, Georgia, City of – FY 2012	Jan. 21, 2015	0	0	0	0
15-3-0066	Washington, Georgia, City of – FY 2012	Jan. 21, 2015	0	0	0	0
15-3-0067	Thomaston, Georgia, City of – FY 2012	Jan. 21, 2015	0	0	0	0
15-3-0068	Louisville, Georgia, City of – FY 2012	Jan. 21, 2015	0	0	0	0
15-3-0069	Richmond Hill, Georgia, City of – FY 2012	Jan. 21, 2015	0	0	0	0
15-3-0070	Covelo Community Services District, California – FY 2012	Jan. 22, 2015	0	0	0	0
15-3-0077	Hardinsburg, Kentucky, City of – FY 2012	Feb. 05, 2015	0	0	0	0
15-3-0078	Wurtsboro, New York, Village of – FY 2011	Feb. 09, 2015	0	0	0	0
15-3-0079	Hernando, Mississippi, City of – FY 2012	Feb. 09, 2015	0	0	0	0
15-3-0080	Claiborne County, Mississippi – FY 2012	Feb. 09, 2015	0	0	0	0
15-3-0081	West Point, Mississippi, City of – FY 2012	Feb. 09, 2015	0	0	0	0
15-3-0082	Tunica, Mississippi, Town of – FY 2012	Feb. 09, 2015	0	0	0	0
15-3-0083	Jasper, Georgia, City of – FY 2013	Feb. 09, 2015	0	0	0	0
15-3-0084	Lakeland, Florida, City of – FY 2013	Feb. 09, 2015	0	0	0	0
15-3-0085	Marco Island, Florida, City of – FY 2013	Feb. 09, 2015	0	0	0	0
15-3-0086	New Mexico Environment Department, New Mexico – FY 2013	Feb. 10, 2015	0	0	0	0
15-3-0087	Puerto Rico Aqueduct and Sewer Authority, Puerto Rico – FY 2013	Feb. 10, 2015	0	0	0	0
15-3-0088	Woodville, Mississippi, Town of – FY 2012	Feb. 17, 2015	0	0	0	0
15-3-0089	Tonopah, Nevada, Town of – FY 2012	Feb. 17, 2015	0	0	0	0
15-3-0090	Te-Moak Tribe of W. Shoshone/Battle Mt. Band, Nevada – FY 2012	Feb. 17, 2015	0	0	0	0
15-3-0091	Welch, West Virginia, City of – FY 2012	Feb. 17, 2015	0	0	0	0
15-3-0092	East Tawakoni, Texas, City of – FY 2012	Feb. 17, 2015	0	0	0	0
15-3-0093	Spring Hill, Tennessee, City of – FY 2012	Feb. 17, 2015	0	0	0	0
15-3-0094	Puerto Rico Environmental Quality Board – FY 2013	Feb. 18, 2015	0	0	0	0
15-3-0095	Colorado, State of – FY 2013	Feb. 18, 2015	0	0	0	0
15-3-0096	Arizona, State of – FY 2013	Feb. 18, 2015	0	0	0	0
15-3-0097	New Mexico Finance Authority, New Mexico – FY 2013	Feb. 19, 2015	0	0	0	0
15-3-0098	Alaska, State of – FY 2013	Feb. 19, 2015	0	0	0	0
15-3-0100	District of Columbia Water and Sewer Authority – FY 2013	Feb. 23, 2015	0	0	0	0
15-3-0102	Old Town Water District, Maine – FY 2013	Mar. 02, 2015	0	0	0	0
15-3-0103	Berlin Water Works, New Hampshire – FY 2013	Mar. 02, 2015	0	0	0	0
15-3-0104	Narragansett Bay Commission, Rhode Island – FY 2013	Mar. 02, 2015	0	0	0	0
15-3-0105	Portsmouth Water and Fire District, Rhode Island – FY 2013	Mar. 02, 2015	0	0	0	0
15-3-0106	Warren, Rhode Island, Town of – FY 2013	Mar. 02, 2015	0	0	0	0
15-3-0107	Community Develop. Improvement Corp, South Carolina – FY 2011	Mar. 03, 2015	0	0	0	0
15-3-0108	Jefferson County, Mississippi – FY 2012	Mar. 03, 2015	0	0	0	0
15-3-0110	McDonough, Georgia, City of – FY 2013	Mar. 04, 2015	0	0	0	0
15-3-0111	Moultrie, Georgia, City of – FY 2013	Mar. 04, 2015	0	0	0	0
15-3-0112	Webster, Florida, City of – FY 2013	Mar. 04, 2015	0	0	0	0
15-3-0113	Nashville, Georgia, City of – FY 2013	Mar. 04, 2015	0	0	0	0
15-3-0114	Prentiss County, Mississippi – FY 2011	Mar. 04, 2015	0	0	0	0
15-3-0116	Ishpeming, Michigan, City of – FY 2013	Mar. 23, 2015	0	0	0	0
15-3-0117	Chicago Park District, Illinois – FY 2013	Mar. 23, 2015	0	0	0	0
15-3-0118	Texas, State of – FY 2013	Mar. 30, 2015	0	1,825	0	0
15-3-0119	Puerto Rico Water Pollution Control Revolving Fund – FY 2013	Mar. 30, 2015	0	0	0	0
15-3-0120	Putnam Public Service District-Sewer Fund, West Virginia – FY 2011	Mar. 30, 2015	0	0	0	0
15-3-0121	Ozone Transport Commission, District of Columbia, – FY 2012	Mar. 30, 2015	0	0	0	0
15-3-0122	Scott Township Sewer and Water Authority, Pennsylvania – FY 2011	Mar. 30, 2015	0	0	0	0
15-3-0123	Ozone Transport Commission, District of Columbia – FY 2013	Mar. 30, 2015	0	0	0	0
15-3-0124	Sheffield, Pennsylvania, Municipal Authority – FY 2012	Mar. 31, 2015	0	0	0	0

Report No.	Report	Date	Questioned Costs			Federal Recommended Efficiencies
			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
15-3-0125	Alexandria-Porter Joint Sewer Authority, Pennsylvania – FY 2012	Mar. 31, 2015	0	0	0	0
15-3-0126	Crab Orchard-Macarthur Public Srv. Dist., West Virginia – FY 2012	Mar. 31, 2015	0	0	0	0
15-3-0127	New Castle, Delaware, City of – FY 2012	Mar. 31, 2015	0	0	0	0
15-3-0128	Ann Arbor, Michigan, City of – FY 2012	Mar. 31, 2015	0	0	0	0
	<b>TOTAL SINGLE AUDIT REPORTS = 101</b>		<b>\$1,812,447</b>	<b>\$675,681</b>	<b>\$0</b>	<b>\$0</b>
<b>ATTESTATION REPORTS</b>						
15-4-0071	Pegasus Technical Services Inc. Improved Its Internal Control	Jan. 29, 2015	\$0	\$0	\$0	\$0
15-4-0072	Pioneer Valley Planning Commission Costs Questioned	Feb. 02, 2015	94,891	1,166,774	0	19,277
	<b>TOTAL ATTESTATION REPORTS = 2</b>		<b>\$94,891</b>	<b>\$1,166,774</b>	<b>\$0</b>	<b>\$19,277</b>
<b>NON-AUDIT REPORTS</b>						
15-N-0008	Compendium of Unimplemented Recommendations Sept. 30 2014	Oct. 31, 2014	\$0	\$0	\$0	\$0
15-N-0025	Early Warning: Some at EPA on Paid Administrative Leave for Years	Nov. 19, 2014	0	0	0	0
	<b>TOTAL NON-AUDIT REPORTS = 2</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>OIG INTERNAL BRIEFING REPORTS</b>						
15-B-0002	EPA OIG Compliance With Managing Fleet Vehicles	Oct. 06, 2014	\$0	\$0	\$0	\$0
15-B-0014	Ineffective Oversight of Purchase Cards at EPA OIG	Nov. 10, 2014	0	0	0	36,488
15-B-0074	EPA OIG Not Fully Compliant with Time and Attendance Policy	Feb. 04, 2015	0	0	0	0
15-B-0075	Congressional Request—EPA Tracking of Overtime Compensation	Feb. 04, 2015	0	0	0	0
15-B-0076	Improvements Needed by EPA OIG in Employee Hiring Process	Feb. 05, 2015	0	0	0	0
	<b>TOTAL OIG INTERNAL BRIEFING REPORTS = 5</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$36,488</b>
<b>FINANCIAL AUDITS</b>						
15-1-0021	EPA's FYs 2014 and 2013 Financial Statements	Nov. 17, 2014	\$0	\$0	\$0	\$0
15-1-0022	CSB's FYs 2014 and 2013 Financial Statements	Nov. 17, 2014	0	0	0	0
	<b>TOTAL FINANCIAL AUDIT REPORTS = 2</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	<b>TOTAL REPORTS ISSUED = 128</b>		<b>\$1,907,338</b>	<b>\$2,753,231</b>	<b>\$0</b>	<b>\$61,603,022</b>



## Appendix 2—Reports Issued Without Management Decisions

### For Reporting Period Ended March 31, 2015

The Inspector General Act of 1978, as amended, requires a summary of each audit report issued before the commencement of the reporting period for which no management decision had been made by the end of the reporting period, an explanation of the reasons such management decision had not been made, and a statement concerning the desired timetable for achieving a management decision on each such report. OMB Circular A-50 requires resolution within 6 months of a final report being issued. In this section, we report on audits with no management decision or resolution within 6 months of final report issuance. In the summaries below, we note the agency's explanation of the reasons a management decision has not been made, the agency's desired timetable for achieving a management decision, and the OIG follow-up status as of March 31, 2015.

In a February 4, 2015, memorandum seeking updates from senior agency staff on the status of recommendations, the EPA's acting Chief Financial Officer noted the EPA continues to make progress in reaching timely management decisions (agreement within 180 days of OIG report issuance). He noted that only 5 percent of management decisions were late as of the end of the first quarter of FY 2015, compared with 15 percent at the end of the first quarter of FY 2012. "Productive engagement between the agency and the OIG prior to issuance of the final audit report has helped to resolve many potential disagreements and led to more timely management decisions," he said.

#### Office of Research and Development

##### **Report No. 14-P-0359, EPA's Alternative Asbestos Control Method Experiments Lacked Effective Oversight and Threatened Human Health, September 25, 2014**

*Summary:* This review assessed the EPA's oversight of Alternative Asbestos Control Method experiments. The OIG found that the EPA conducted the Alternative Asbestos Control Method research for over a decade without appropriate oversight or an agreed research goal. This resulted in wasted resources and the potential exposure of workers and the public to unsafe levels of asbestos. The OIG recommended that the EPA improve research oversight by requiring significant research to follow a controlled process, tracking project costs and contributions, and reviewing and resolving internal EPA comments. The OIG also recommended that the EPA establish a process for the review of alternative regulatory emission control method submissions, and establish and follow standard procedures.

*Agency Explanation:* The Office of Research and Development provided the OIG with proposed corrective action to the last outstanding recommendation. The agency is still waiting on an OIG response and determination of corrective action acceptance.

*OIG Follow-Up Status:* The OIG is reviewing the Office of Research and Development's response.

#### Office of Environmental Information

##### **Report No. 14-P-0332, Cloud Oversight Resulted in Unsubstantiated and Missed Opportunities for Savings, Unused and Undelivered Services, and Incomplete Policies, August 15, 2014**

*Summary:* This review was conducted to determine whether the EPA had: (1) implemented its cloud initiatives in accordance with the Federal Cloud Computing Strategy and associated requirements; and (2) developed formal processes to monitor cloud vendors. The OIG found that the EPA developed processes to monitor cloud vendors. However, controls for the EPA's cloud computing initiatives are incomplete and need improvement. As a result, the EPA paid \$2.3 million for services that were not fully rendered or did not comply with federal requirements. The OIG recommended the EPA to undertake a number of corrective actions to address deficiencies in EPA's cloud computing initiatives, including: improving related policies and procedures; providing additional training and oversight to contracting officers; performing documented cost-benefit analyses that are in compliance with federal requirements; and implementing a strategy to perform a documented analysis of all the assets in the EPA's information technology portfolio to determine which assets should be consolidated, retired or moved to the cloud.

*Agency Explanation:* In December 2014, the Office of Environmental Information and the OIG were able to come to consensus on the recommendations and corrective actions. The revised corrective action plan is in the process of being approved by the Office of Environmental Information and sent to the OIG.

*OIG Follow-Up Status:* Agency provided incomplete response.

**Office of Grants and Debarment****Report No. 13-P-0341, Lead Remediation Association of America, August 6, 2013**

*Summary:* The OIG found that the Lead Remediation Association of America's financial management system did not meet the standards established under the Code of Federal Regulations. The association's accounting system data were not updated timely. The association also made cash draws and submitted its final federal financial report using the grant budget amounts rather than actual costs incurred. In addition, the association did not maintain source documentation to support the costs incurred or claimed as required. We also found that the association did not meet the grant objectives as outlined in the approved workplan. As of the date of OIG's report—2 years after the grant period end date of June 30, 2011—the association had not produced the required DVDs, provided evidence of brochure distribution, or completed the required training and workshops. As a result of the issues noted, the OIG questioned the \$249,870 claimed and recommended recovery of the \$249,882 drawn under the grant.

*Agency Explanation:* The OIG has reactivated this audit and notified Office of Grants and Debarment that it can proceed with work on developing the management decision. The Office of Grants and Debarment will contact principals of the Lead Remediation Association of America to obtain additional materials available for evaluation in order to develop its management decision. The forecast date to issue the management decision for the audit is June 30, 2015.

*OIG Follow-Up Status:* Resolution pending receipt of additional information.

**Report No. 14-P-0131, National Association of State Departments of Agriculture Research Foundation Needs to Comply With Certain Federal Requirements and EPA Award Conditions to Ensure the Success of Pesticide Safety Education Programs, March 10, 2014**

*Summary:* The National Association of State Departments of Agriculture Research Foundation's financial management system did not meet certain federal requirements and conditions of the EPA award. Specifically, the foundation incorrectly calculated and applied indirect cost rates, reported outlays for indirect costs in excess of recorded expenses, and drew funds that exceeded its cash needs. As a result, we questioned \$275,650. The foundation did not document its procurement selection process or provide documentation to support any cost or price analysis performed on its project management subcontract as required by the Code of Federal Regulations. The foundation did not determine the reasonableness of costs for two subgrants as required by conditions of the award. In addition, the foundation's written procurement policy lacked procedures to ensure compliance with the Code of Federal Regulations. As a result, we questioned \$295,976. The OIG also identified an unresolved issue pertaining to potentially unallowable costs of \$118,324 drawn under a prior EPA award. The costs, recorded as a refundable advance, represent funds received as of year end but not yet earned.

*Agency Explanation:* The Office of Grants and Debarment continues to evaluate documents provided by the foundation and has requested additional documents from the foundation to develop the agency management decision for the audit. The forecast date to issue the management decision for the audit is June 30, 2015.

*OIG Follow-Up Status:* The OIG is reviewing the Office of Grants and Debarment's draft decision.

**Office of Solid Waste and Emergency Response****Report No. 14-P-0364, EPA Needs to Improve its Process for Accurately Designating Land as Clean and Protective for Reuse, September 29, 2014**

*Summary:* This review was conducted to determine whether the EPA designation of sites that have achieved the "protective for people" and/or "ready for anticipated use" performance measures include effective controls to ensure long-term protection to human health and the environment. The OIG found that the EPA has limited controls for verifying or testing the accuracy of Cross Program Revitalization Measures information that states and grantees provide to show sites are not protective for people and ready for anticipated use. This review also found that the EPA does not have adequate controls to verify that these designations continue to be valid and the sites remain protective in the long-term. The OIG recommended that EPA improve controls over its guidance, review and reporting of the Cross Program Revitalization Measures.

*Agency Explanation:* Four out of five recommendations have been resolved, with one recommendation still outstanding. The agency and the OIG are working to resolve the final recommendation, yet no expected resolution date is available.

*OIG Follow-Up Status:* None provided.

**Region 6—Regional Administrator****Report No. 13-4-0296, Labor-Charging Practices at the New Mexico Environment Department, June 17, 2013**

*Summary:* This review found that three of the four New Mexico Environment Department bureaus did not always comply with requirements found in the Code of Federal Regulations. The Air Quality Bureau and Drinking Water Bureau charged labor, fringe benefits and indirect costs to federal grants based upon budget allocations instead of actual activities performed. Personnel activity reports received from the Surface Water Quality Bureau to support charges for labor costs incurred prior to July 2006 did not meet requirements. New Mexico personnel stated that they charged labor based upon budget allocations because they thought the practice was acceptable. EPA OIG questioned \$298,159 in labor, fringe benefits and related indirect costs claimed by the Air Quality Bureau; \$2,974,318 claimed by Drinking Water Bureau; and \$2,733,798 claimed by Surface Water Quality Bureau. The OIG also identified an additional \$486,305 charged to a Drinking Water Bureau-administered grant which has not yet been reported to the EPA.

*Agency Explanation:* The management decision letter to the New Mexico Environment Department was issued on February 7, 2014. However, OIG acceptance has been delayed until questioned costs can be confirmed. The expected resolution date is December 31, 2015.

*OIG Follow-Up Status:* None needed.

**Region 7—Regional Administrator****Report No. 13-R-0367, American Recovery and Reinvestment Act Award to Grace Hill Settlement House, August 30, 2013**

*Summary:* This review found that Grace Hill's financial management system did not meet federal standards. In particular, procurements did not meet the competition or cost and price analysis requirements of the Code of Federal Regulations. The contract administration system also did not meet the code's requirements. Unallowable costs were not segregated and financial management data were not properly supported, labor charges did not comply with requirements, and cash draws did not meet the immediate cash needs requirements and were not properly documented. As a result of the issues noted, the OIG questioned \$1,615,353 of the \$2,250,031 claimed under the cooperative agreement. In addition, due to a lack of adequate documentation from Grace Hill, we were unable to determine whether Grace Hill accomplished the objective of the cooperative agreement or met the job reporting requirements of the American Recovery and Reinvestment Act's Section 1512.

*Agency Explanation:* Region 7 evaluated and consolidated the deviation request and supplemental documentation provided by Grace Hill and submitted the deviation request to the Office of Grants and Debarment, National Policy, Training and Compliance Division, on February 25, 2015. Region 7 is awaiting a determination from the Office of Grants and Debarment before moving forward.

*OIG Follow-Up Status:* None needed.

**Region 8—Regional Administrator****Report No. 2007-4-00078, Cheyenne River Sioux Tribe, September 24, 2007**

*Summary:* The tribe did not comply with the financial and program management standards under the Code of Federal Regulations and OMB Circular A-87. We questioned \$3,101,827 of the \$3,736,560 in outlays reported. The tribe's internal controls were not sufficient to ensure that outlays reported complied with federal cost principles, regulations and grant conditions. In some instances, the tribe also was not able to demonstrate that it had completed all work under the agreements and had achieved the intended results.

*Agency Explanation:* Region 8 is working with the recipient on draft policies and procedures as part of a multi-federal partnership with the tribe. In addition, the Office of Grants and Debarment and the region are discussing the contents of the proposed final determination letter. Projected completion date is June 30, 2015.

*OIG Follow-Up Status:* No response received.

**Report No. 14-R-0032, The State of Colorado Did Not Fully Assure that Funds Intended to Treat Mining Wastes and Remove Contaminants from Water Were Effectively Spent, November 19, 2013**

*Summary:* The Colorado Department of Public Health and Environment generally complied with Colorado's state procurement policies and procedures as required by Code of Federal Regulations. However, the department did not always comply with the cost or price analysis requirements and did not include language in bid proposals designating the date, time and place of bid openings, as required by State of Colorado Procurement Rule R-24-103-202a-08(b). In addition, the department did not always ensure required federal language was included in bid proposals and contracts. As a result, we questioned \$2,593,495 claimed under the cooperative agreement.

*Agency Explanation:* Region 8 sent a draft management decision letter to the OIG for concurrence. Region 8 also has had regular check-ins with the OIG on the ongoing efforts toward resolution with the state of Colorado. The region and OIG are sharing detailed information about the audit resolution process. Region 8 sent a waiver request to the Office of Grants and Debarment related to findings in the audit report after discussion with the OIG about the draft management decision letter.

*OIG Follow-Up Status:* None needed.

**Region 9—Regional Administrator****Report No. 13-3-0159, Summit Lake Paiute Tribe, Nevada – FY 2010, February 19, 2013**

*Summary:* The tribe did not file or maintain documentation of compliance for annual reports. Also, the required SF 425 report did not cover the correct period. A similar finding was noted in the prior year audit report. The tribe recorded deferred revenues in the amount of \$804,104 and only \$150,416 in available cash. The single auditor questioned \$653,688. A similar finding was noted in the prior year audit report. The tribe's operating practices did not reflect the processes described in the approved policies and procedures manual. The tribe did not properly reconcile its SF 425 report to the general ledger for certain awards and the single auditor questioned \$20,556. The single auditor also questioned \$76,216 involving amounts paid to the General Assistance Program Director.

*Agency Explanation:* Per request from the tribe, an EPA team went onsite at the end of FY 2014 to assist the tribe in reviewing additional documentation for Agreed Upon Procedures #12-3-0072. The team completed the review and briefed management on the outcome of the visit. In January 2015, the Deputy Assistant Regional Administrator and Grants Management Office visited the tribe. Currently waiting for tribe to decide if it wants to repeal its appeal and ask for debt forgiveness.

*OIG Follow-Up Status:* Under appeal.

**Report No. 13-3-0160, Summit Lake Paiute Tribe, Nevada – FY 2011, February 19, 2013**

*Summary:* The tribe did not file the quarterly narratives for the General Assistance Program. Furthermore, the tribe was unable to locate documentation for two quarterly SF 425 reports. There were no formalized controls regarding the security of the payroll stamp. Also, the single auditor noted issues related to pay rates. A similar finding was noted in the prior year audit report. Budgets prepared excluded the carry-forward amounts from prior periods. Several transactions were not supported by a purchase order or other type of approval prior to the expenditure being made. One transaction charged to travel in the amount of \$2,877 did not appear to be valid and appropriate for the granting requirements, and the single auditors questioned that amount.

*Agency Explanation:* Per request from the tribe, an EPA team went onsite at the end of FY 2014 to assist the tribe in reviewing additional documentation for Agreed Upon Procedures #12-3-0072. The team completed the review and briefed management on the outcome of the visit. In January 2015, the Deputy Assistant Regional Administrator and Grants Management Office visited the tribe. Currently waiting for tribe to decide if it wants to repeal its appeal and ask for debt forgiveness.

*OIG Follow-Up Status:* Under appeal.

**Report No. 13-3-0350, Wells Band Council, Nevada – FYs 2008, 2011 and 2012, August 21, 2013**

*Summary:* This review found numerous financial statement and major program compliance findings. As a result of significant cash management issues, we questioned as unsupported \$361,027 and recommended that the council be considered high risk, in accordance with the Code of Federal Regulations.

*Agency Explanation:* The tribe had a tribal election but was unclear on the outcome, and hired a Certified Public Accountant to assist them in resolving the audit findings. They will resubmit a corrective action plan by end of March 2015. The region will issue a management decision letter upon receipt and review of the corrective action plan. Concurrently, there is an OIG review No. 14-2-0316 that we hope will be resolved in one management decision letter.

*OIG Follow-Up Status:* None needed.

**Report No. 14-2-0316, Wells Band Council Nevada – FY 2008, 2011 and 2012, August 21, 2013**

*Summary:* EPA Region 9 requested assistance from the OIG due to concerns about the financial practices and internal controls of the Wells Band Council. The financial practices and internal controls involved equipment and travel costs, and timekeeping methods and procedures. The OIG found that the council did not timely submit federal financial reports to support draws of \$390,000 made by the Council under EPA grant 00T39801. By not submitting federal financial reports within the period reviewed under this engagement, the council had not claimed any costs; therefore, the OIG could not evaluate travel and equipment costs incurred under their EPA grant. Additionally, the OIG found that council timekeeping methods and procedures were not in compliance with federal regulations. Personnel activity reports or equivalent documents were not maintained. Also, the council's financial management system did not meet the standards established under federal regulations.

*Agency Explanation:* The tribe had a tribal election but was unclear on the outcome, and hired a Certified Public Accountant to assist them in resolving the audit findings. They will resubmit a corrective action plan by end of March 2015. The region will issue a management decision letter upon receipt and review of the corrective action plan.

*OIG Follow-Up Status:* None needed.

**Report No. 14-3-0248, Richmond, California, City of – 2012, May 8, 2014**

*Summary:* This review found that the city of Richmond did not report expenditures of federal awards for the Brownfield Assessment and Cleanup Cooperative Agreements for FYs 2010 and 2011. The city made four drawdowns totaling \$600,000 after the budget and project end dates. The OIG questioned the \$600,000 as unsupported costs.

*Agency Explanation:* Management decision is delayed due to an ongoing OIG investigation involving the audit recipient.

*OIG Follow-Up Status:* Pending further investigation from the OIG.

**Total reports issued before reporting period for which  
no management decision had been made as of March 31, 2015 = 14**

## Appendix 3—Reports With Corrective Action Not Completed

In compliance with reporting requirements of Section 5(a)(3) of the Inspector General Act of 1978, as amended, we are to identify each significant recommendation described in previous semiannual reports on which corrective action has not been completed.

On February 4, 2015, the EPA's acting Chief Financial Officer noted in a memorandum to senior agency staff that "While reaching management decision with the Office of Inspector General continues to improve, I urge you to pay attention to the increasing number of significantly late corrective actions." He noted that he was "concerned ... about the increasing number of corrective actions that remain incomplete 365 days or more beyond the due date established in the agency's agreed-to corrective action plans." In July 2012, the OIG changed its policy to allow the agency an additional 365 days beyond the agreed due date before designating a corrective action as late. The acting Chief Financial Officer stated that "even with this 1-year 'grace' period for completion, the number of late corrective actions continue to increase." He said that although only seven corrective actions were 365 or more days late at the end of the second quarter of FY 2012, that number rose to 53 at the end of the first quarter of FY 2015. The acting Chief Financial Officer urged agency senior staff to "monitor audit follow-up activities closely and try to anticipate and address issues that may potentially delay the timely completion of corrective actions."

Several examples of why recommendations remained unimplemented follow:

- In a report on contingency planning for oil and hazardous substance response, we recommended that the Office of Solid Waste and Emergency Response assess the resources—including On-Scene Coordinators—necessary to develop and maintain contingency plans, and use the results of the analysis to develop a workforce plan to distribute contingency planning resources. The EPA agreed to continue evaluation of resources, but has placed management action on hold until the spring of 2015 because of numerous staffing changes and shifts in responsibilities that may make the recommendation unwarranted. (Report No. 13-P-0152)
- In a report on controls over state underground storage tank inspection programs in EPA regions, we recommended that the Office of Solid Waste and Emergency Response require the EPA and states to enter into Memorandums of Agreement that reflect program changes and address oversight of municipalities conducting inspections. The EPA agreed that regulations will be finalized, but additional processes and steps have contributed to delays in completing the publications. (Report No. 12-P-0289)
- In a report on the need for the EPA to update its fees rule to recover more Motor Vehicle and Engine Compliance Program Costs, we recommended that the Office of Air and Radiation update the 2004 fees rule to increase the amount of costs it can recover. The EPA noted that it was to begin planning for the new rule in 2013 and formal work would begin in 2014, but projected that the rule will not be completed until 2018. (Report No. 11-P-0701)

Tables listing all recommendations for which corrective action has not been completed, by report, follow starting on the next page; there are separate tables for the EPA and CSB. Below is a listing of the responsible EPA offices. Many of the recommendations have completion dates in the future due to the complexity or challenging nature of the recommendations. While a recommendation may be listed as unimplemented, the agency may be on track to complete agreed-upon corrective actions by the planned due date. A reason for delay is only shown for those recommendations that are past their original planned completion date. The information regarding reason for delay was provided by the agency and was not verified by the OIG.

### Responsible Agency Offices:

OAR	Office of Air and Radiation
OARM	Office of Administration and Resources Management
OCFO	Office of the Chief Financial Officer
OCSP	Office of Chemical Safety and Pollution Prevention
OECA	Office of Enforcement and Compliance Assurance
OEI	Office of Environmental Information
ORD	Office of Research and Development
OSWER	Office of Solid Waste and Emergency Response
OW	Office of Water
Region 2	
Region 6	
Region 8	
Region 9	
Region 10	

## EPA Reports With Unimplemented Recommendations

Report Title/No.	Report Date	Office	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
More Action is Needed to Protect Water Resources from Unmonitored Hazardous Chemicals (14-P-0363)	09/29/14	OW	1: Develop, in coordination with the Office of Environmental Information, a usable format for sharing Toxics Release Inventory data on discharges sent to sewage treatment plants, with OW developing materials to explain the utility of Toxics Release Inventory data to National Pollutant Discharge Elimination System permit writers and pretreatment program personnel. This will include exploring options for an online search tool to more easily identify Toxics Release Inventory discharges to specific sewage treatment plants.	09/30/15	No Delay – Future planned completion date.
			2: Develop, in coordination with EPA regions, a list of chemicals beyond the priority pollutants appropriate for inclusion among the chemicals subject to discharge permits. This may include: <ul style="list-style-type: none"> <li>a. Review of Toxics Release Inventory-reported discharges to sewage treatment plants. Initial review could focus on Resource Conservation and Recovery Act hazardous chemicals reported in the Toxics Release Inventory.</li> <li>b. Review of chemicals monitored nationwide in sewage treatment plant discharge permits, especially chemicals monitored by Region 9.</li> <li>c. Review of chemical monitoring data already collected by sewage treatment plants but not included in discharge permits.</li> <li>d. Discussion with the Office of Resource Conservation and Recovery for suggested hazardous chemicals.</li> <li>e. Development of mechanisms that ensure discharge and pretreatment programs coordinate during discharge permit writing.</li> </ul>	09/30/15	No Delay – Future planned completion date.
			3: Confirm, in coordination with OECA and EPA regions, that sewage treatment plants and their industrial users are aware of and comply with the 40 CFR 403.12(p) requirement that industrial users submit hazardous waste notifications.	09/30/15	No Delay – Future planned completion date.
			4: Develop, in coordination with OECA, mechanisms to: <ul style="list-style-type: none"> <li>a. Improve sewage treatment plant compliance with permit terms that require submission of Whole Effluent Toxicity monitoring results to the permitting authority.</li> <li>b. Facilitate the use of monitoring data to track facilities that have violated chemical or Whole Effluent Toxicity permit exceedance requirements.</li> </ul>	09/30/15	No Delay – Future planned completion date.

Report Title/No.	Report Date	Office	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
EPA's Risk Assessment Division Has Not Fully Adhered to Its Quality Management Plan (14-P-0350)	09/10/14	OCSPP	2: Direct Risk Assessment Division's Quality Assurance Coordinator to conduct annual internal quality assurance audits in accordance with Risk Assessment Division's Quality Management Plan.	09/30/15	No Delay – Future planned completion date.
			3: Direct Risk Assessment Division to identify and document individual staff training needs to ensure that Risk Assessment Division addresses quality assurance-related training gaps.	09/30/15	No Delay – Future planned completion date.
			4: Ensure that Risk Assessment Division's Quality Management Plan and/or Office of Pollution Prevention and Toxics' quality assurance annual report and work plan are updated accordingly when minor and major changes to Risk Assessment Division's quality assurance activities are made.	09/30/15	No Delay – Future planned completion date.
			6: Conduct a quality assurance analysis of the Office of Pollution Prevention and Toxics to determine whether all divisions have fully implemented their Quality Management Plans.	09/30/15	No Delay – Future planned completion date.
EPA Can Help Consumers Identify Household and Other Products with Safer Chemicals by Strengthening It's "Design for the Environment" Program (14-P-0349)	09/09/14	OCSPP	3: Develop and implement controls for accomplishing removal of the Design for the Environment logo from the websites of partners who leave the program.	06/30/15	No Delay – Future planned completion date.
			4: Take appropriate action to address noncompliance with Design for the Environment partnership agreements discovered as a result of this review.	06/30/15	No Delay – Future planned completion date.
			6: Develop robust, transparent and adequately supported performance measures that capture the Design for the Environment program's results.	09/30/15	No Delay – Future planned completion date.
EPA Needs to Work With States to Develop Strategies for Monitoring the Impact of State Activities (14-P-0348)	09/03/14	OW	1: Work with state and federal Task Force members in the Mississippi River Watershed to develop and enhance monitoring and assessment systems that will track the environmental results of state nutrient reduction activities, including their contribution to reducing the size of the Gulf of Mexico hypoxic zone.	06/30/15	No Delay – Future planned completion date.
EPA Needs to Improve Contract Management Assessment Program Implementation to Mitigate Contracting Vulnerabilities (14-P-0347)	09/02/14	OARM	2: Ensure the organizational changes currently being considered for the contracting function at the EPA provide OAM (Office of Acquisition Management) with greater authority and oversight over regional contracting organizations are implemented, to allow for more effective Contract Management Assessment Program implementation.	09/15/15	No Delay – Future planned completion date.



Report Title/No.	Report Date	Office	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
Increased Emphasis on Strategic Sourcing Can Result in Substantial Savings (14-P-0338)	08/26/14	OARM	<p>1: Develop a plan of action to strategically source wireless services and print management. If the plan is to source these commodities internally because it is not practicable under the Federal Strategic Sourcing Initiative, perform a price comparison with established pricing under the FSSI solution(s) to ensure the best possible pricing is negotiated.</p> <p>3: Develop and implement policies and procedures to ensure that controls are in place so that all strategically sourced vehicles are utilized unless a valid exception is justified.</p>	<p>11/30/14</p> <p>12/31/14</p>	<p>OAM/OEI continue to collaborate on developing a memorandum that reflects all aspects of this initiative.</p> <p>OAM has prepared the strategic sourcing policy and is currently conducting its final review. Completion is expected by 06/30/15.</p>
EPA Met or Exceeded Most Internal Climate Change Goals, But Data Quality and Records Management Procedures Need Improvement (14-P-0325)	07/29/14	OARM	<p>2: Develop and implement procedures for maintaining and securing records associated with production of annual Strategic Sustainability Performance Plan data, in accordance with the EPA's Records Management Policy. Specifically, assure that:</p> <p>a. Fleet data reported in the Strategic Sustainability Performance Plan are documented and accessible, and can be reproduced using either the current fleet database or by maintaining copies of historical data reports.</p> <p>b. Strategic Sustainability Performance Plan waste diversion data are documented for all facilities that can provide it, and specify in future Strategic Sustainability Performance Plan reports whether the waste diversion rates are estimates or only represent specific facilities.</p> <p>c. Findings and results associated with the acquisitions information in the Strategic Sustainability Performance Plan report can be reproduced, including records of the data and methodology used. These records should be properly maintained, and should be accessible for the time period required by the EPA's Records Management Policy.</p>	10/31/14	OAM prepared the draft Standard Operating Procedure and routed it for approval on 03/13/15. OAM anticipates final approval and posting of the Standard Operating Procedure by 04/30/15.
Impact of EPA's Conventional Reduced Risk Pesticide Program is Declining (14-P-0322)	07/24/14	OCSPP	<p>1: Reduce participation barriers for the Conventional Reduced Risk Pesticide Program by seeking statutory authority from Congress to reduce application fees for approved Conventional Reduced Risk Pesticide registrations.</p> <p>2: Develop and implement measures for non-agricultural uses of Conventional Reduced Risk Pesticide products so that Office of Pesticide Pollution's data are representative of the Conventional Reduced Risk Pesticide Program's entire effort.</p>	<p>06/30/17</p> <p>06/30/15</p>	<p>No Delay – Future planned completion date.</p> <p>No Delay – Future planned completion date.</p>

Report Title/No.	Report Date	Office	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
No Indications of Bias Found in a Sample of Freedom of Information Act Fee Waiver Decisions But the EPA Could Improve its Process (14-P-0319)	07/16/14	OEI	<p>1: Examine and address the reasons for variability in response times for Freedom of Information Act fee waiver decisions and appeals.</p> <p>2: Clarify what requesters must demonstrate under each factor to receive a fee waiver.</p> <p>3: Inform the public of enhancements to the agency's Freedom of Information Act website and other efforts to clarify what must be demonstrated under each factor.</p>	03/31/15	Due to the increased workload of Freedom of Information Act staff and staff reductions, OEI is extending completion of the corrective actions for Recommendations 1-3 for 6 months. Completion is expected by 09/30/15.
Unliquidated Obligations Resulted in Missed Opportunities to Improve Drinking Water Infrastructure (14-P-0318)	07/16/14	OW	<p>1b: Reduce unliquidated obligations by quarterly providing to the regions a summary of states that have attended the cash flow analysis training and compare that with states not achieving the goals of the 2014 strategy to identify states that may need additional assistance.</p>	09/30/16	No Delay – Future planned completion date.
			<p>3: Require that EPA regions, when reviewing the capitalization grant application for states with high unliquidated obligations balances, ensure states have adopted the EPA's guidance on the definition of "Ready to proceed" and use that definition in developing the fundable list.</p>	09/30/15	No Delay – Future planned completion date.
EPA Should Improve Oversight and Assure the Environmental Results of Puget Sound Cooperative Agreements (14-P-0317)	07/15/14	Region 10	<p>4: Evaluate whether the resources allocated to overseeing Puget Sound cooperative agreements are sufficient to effectively achieve the Puget Sound Program's needed environmental results.</p>	04/30/15	No Delay – Future planned completion date.
		OARM	<p>5: Review existing grants policies to determine whether policies need to be updated to clarify project officer and grant specialist responsibilities with sub-awards, as well as recipient responsibilities for sub-award monitoring.</p>	09/30/15	No Delay – Future planned completion date.
EPA Has Made Progress in Assessing Historical Lead Smelter Sites but Needs to Strengthen Procedures (14-P-0302)	09/30/14	OSWER	<p>3: Assess existing EPA guidance for addressing lead contamination in soil within the Superfund site assessment process and obtain input from the regions to determine whether any updates are needed and revise as appropriate.</p>	09/30/16	No Delay – Future planned completion date.
			<p>5: Following completion of the 2012 Strategy, create and post as summary of the results of the EPA's efforts to address sites included in the strategy and, as applicable, any findings and recommendations on the EPA's website.</p>	12/31/15	No Delay – Future planned completion date.

Report Title/No.	Report Date	Office	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
New Jersey Department of Environmental Protection Needs to Meet Cooperative Agreement Objectives and Davis-Bacon Act Requirements to fully Achieve Leaking Underground Storage Tank Goals (14-R-0278)	06/04/14	Region 2	1: Require New Jersey Department of Environmental Protection to establish internal controls to ensure that modifications to the cooperative agreement work plan are in accordance with the requirements of 40 CFR 31.30 and 31.40.	09/30/15	No Delay – Future planned completion date.
			3: Require New Jersey Department of Environmental Protection to provide documentation to demonstrate that it has verified that all laborers and mechanics who worked on the projects subject to the Davis-Bacon Act requirements per programmatic condition 5 of the cooperative agreement were paid in accordance with Davis-Bacon requirements.	09/30/15	No Delay – Future planned completion date.
EPA Has Not Implemented Adequate Management Procedures to Address Potential Fraudulent Environmental Data (14-P-0270)	05/29/14	OEI	1: Incorporate a “Notification Process” similar to that found in Chief Information Officer Procedure 2106 into Chief Information Officer Procedure 2105 until the revised Chief Information Officer Policy 2106 is reissued.	12/30/16	No Delay – Future planned completion date.
			2: Include in the revised Chief Information Officer Procedure 2106 specific due diligence steps for laboratory fraud that provide procedural details on communication and coordination efforts between program and enforcement staff, review and analysis of data for any impacts to human health and the environment, communication of any impact information to data users, and amendment of past environmental decisions impacted by fraudulent data.	12/30/16	No Delay – Future planned completion date.
			3: Provide training on the “Notification Process” and the revised Chief Information Officer Procedure 2106 to the EPA staff working with laboratory data.	03/31/17	No Delay – Future planned completion date.
		OECA	4: Develop guidelines outlining response steps when fraudulent laboratory data is discovered in ongoing criminal investigations.	09/30/14	OECA continues to work to complete the corrective action. The additional time needed is still being determined.
		OSWER	5: Update the <i>Contract Laboratory Program Roles and Regulations Guidance Document</i> .	12/31/15	No Delay – Future planned completion date.
		6: Provide training to Contract Laboratory Program staff on the updated <i>Contract Laboratory Program Roles and Regulations Guidance Document</i> .	12/31/15	No Delay – Future planned completion date.	
Briefing Report: Review of EPA’s Process to Release Information Under the Freedom of Information Act (14-P-0262)	05/16/14	OEI	2: Require that Senior Information Officials at each region and program office certify that their local Freedom of Information Act procedures are consistent with the agency’s final procedures by March 31, 2015.	03/31/15	Waiting for certifications from Senior Information Officials.

Report Title/No.	Report Date	Office	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
EPA Employees Did Not Act Consistent With Agency Policy in Assisting an EPA Grantee (14-P-0247)	05/9/14	ORD	1: Develop standard operating procedures that detail how staff are to comply with the EPA <i>Scientific Integrity Policy</i> requirement to provide timely responses to requests for information by the media, the public and the scientific community.	12/31/14	The Scientific Integrity Official submitted a draft proposal to the Office of General Counsel in November 2014.
EPA Compliance With Retention Incentive Regulations and Policies (14-P-0245)	05/02/14	OARM	2: Pursue action to recover the unauthorized retention incentive amounts paid to the EPA employees who received retention incentive pay beyond their promotion date or authorized end date.	04/01/15	No Delay – Future planned completion date
EPA Needs to Improve Management of the Cross-Media Electronic Reporting Regulation Program in Order to Strengthen Protection of Human Health and the Environment (14-P-0143)	03/21/14	OEI	<p>1. Update written Cross-Media Electronic Reporting Regulation Program (CROMERR) business practices and remove references to the Exchange Network Policy and Planning Workgroup and Quality Information Counsel-Exchange Network Subcommittee since they no longer participate in the CROMERR program. Those written practices should include:</p> <ul style="list-style-type: none"> <li>a. EPA Procedure for Approval of State, Tribal, or Local Government Authorized or Delegated Program Applications for Implementing CROMERR;</li> <li>b. EPA Procedure for Implementation of CROMERR for EPA Systems;</li> <li>c. Technical Review Committee Charter; and</li> <li>d. CROMERR authorized program review for approval flowchart.</li> </ul> <p>6. Create a process to regularly follow up with applicants with approved CROMERR applications in order to confirm that no changes were made to the approved CROMERR application.</p>	<p>03/31/17</p> <p>12/31/14</p>	<p>No Delay – Future planned completion date.</p> <p>Loss of key personnel working on CROMERR and the extended leave of another person on the CROMERR team has led to delays. Revised expected completion date is 6/30/15.</p>

Report Title/No.	Report Date	Office	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
EPA's Information Systems and Data Are at Risk Due to Insufficient Training of Personnel with Significant Information Security Responsibilities (14-P-0142)	03/21/14	OEI	<p>1: Define key information security aspects and duties for each security role. This includes identifying, where appropriate, broadly similar characteristics within each role to allow for more precise alignment of roles to applicable training requirements. This also includes ensuring that existing EPA policies, procedures, and guidance fully and consistently define all information security roles and responsibilities currently implemented across the organization.</p> <p>2: Provide additional training options specific to the federal information security environment and EPA information security roles, such as the processes and controls outlined in National Institute of Standards and Technology Special Publication 800-53. Training should be specific to supporting EPA professionals in executing and performing assigned information security roles and responsibilities in accordance with EPA policies and procedures. For example, vendor training may be warranted for hands-on information security roles, but general orientation training may be suitable for executives.</p> <p>4: Standardize the terminology and definition of responsibilities for key information technology security management and oversight roles across all EPA organizations and within the EPA information security policy.</p> <p>5: Provide a more clear delineation of which EPA organizations should be responsible for delivering specific elements of information security role training, and how collectively and cooperatively the training needs of each significant role (including technical and executive-level roles) are to be met.</p>	<p>09/30/15</p> <p>12/31/16</p> <p>09/30/15</p> <p>12/31/14</p>	<p>No Delay – Future planned completion date.</p> <p>No Delay – Future planned completion date.</p> <p>No Delay – Future planned completion date.</p>
EPA Did Not Conduct Thorough Biennial User Fee Reviews (14-P-0129)	03/04/14	OW	5: Apply federal user fee policy in determining whether to (a) charge fees for issuing federal National Pollutant Discharge Elimination System permits in which the EPA is the permitting authority, or (b) request an exception from OMB to charging fees.	12/31/14	OW is working with OCFO to request an exception from a National Pollutant Discharge Elimination System user fee from OMB.

Report Title/No.	Report Date	Office	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
EPA Needs to Improve Safeguards for Personally Identifiable Information (14-P-0122)	02/24/14	OEI	<p>1: Develop an implementing procedure for rules of behavior and consequences.</p> <p>2: Develop and implement updated agency matching program procedures that:</p> <ul style="list-style-type: none"> <li>a. Define roles and responsibilities for communicating matching activities to the Privacy Office and the Data Integrity Board.</li> <li>b. Require a writing matching agreements before the agency engages in a matching program.</li> <li>c. Define the agency Privacy Officer's oversight responsibilities.</li> <li>d. Convene the Data Integrity Board for matching programs, as needed.</li> <li>e. Obtain a written agreement for the current matching program, as needed.</li> </ul> <p>4: Develop and implement a process for maintaining an accurate, up-to-date listing of systems that contain sensitive personally identifiable information.</p> <p>5: Establish and implement a process to train all individuals who access Personally Identifiable Information based on their roles and responsibilities. This process should include training on all Personally Identifiable Information topics as prescribed by the National Institute of Standards and Technology.</p> <p>7: Develop and implement an oversight process to monitor that Liaison Privacy Officials and all individuals who access Personally Identifiable Information are trained on their responsibilities for protecting Personally Identifiable Information. The oversight process should include a method to inform senior agency officials on the status of their office's completion of training.</p>	<p>09/30/14</p> <p>06/30/14</p> <p>06/30/14</p> <p>09/30/14</p> <p>09/30/14</p>	<p>Corrective action is much more complex than anticipated and required greater collaboration with other offices having responsibilities related to privacy and security. Expected completion date is 9/30/15.</p> <p>Contractor support transition. Expected completion date is 6/30/15.</p> <p>Contractor support transition. Expected completion date is 6/30/15.</p> <p>Corrective action is much more complex than anticipated and required greater collaboration with other offices having responsibilities related to privacy and security. Expected completion date is 9/30/15.</p> <p>Corrective action is much more complex than anticipated and required greater collaboration with other offices having responsibilities related to privacy and security. Expected completion date is 9/30/15.</p>
Internal Controls Needed to Control Costs of Emergency and Rapid Response Service Contracts, as Exemplified in Region 6 (14-P-0109)	02/04/14	Region 6	<p>3: Direct Contracting Officers to require that the contractor adjust all its billings to reflect the application of the correct rate to team subcontract other direct costs.</p> <p>5: Require that proposals for future Emergency and Rapid Response Services contracts include subcontractor rates as required by the amended Federal Acquisition Regulations.</p>	<p>09/30/24</p> <p>09/30/15</p>	<p>No Delay – Future planned completion date.</p> <p>No Delay – Future planned completion date.</p>

Report Title/No.	Report Date	Office	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
Audit of EPA's Fiscal 2013 and 2012 Consolidated Financial Statements (14-1-0039)	12/16/13	OEI	12: Conduct training for staff in charge of receiving and analyzing monthly vulnerability management reports to ensure they are knowledgeable of the agency's remediation process for vulnerabilities. This training should include specific information on how to review the provided vulnerability management report and what actions offices must take regarding the identified vulnerabilities.	09/30/17	No Delay – Future planned completion date.
EPA Needs to Update Its Pesticide and Chemical Enforcement Penalty Policies and Practices (13-P-0431)	09/26/13	OECA	3: Update the existing Lead-Based Paint Disclosure Enforcement Response and Penalty Policy to include guidance on: <ol style="list-style-type: none"> <li>How to evaluate ability to pay claims for individuals, and</li> <li>When and how to apply alternatives such as payment plans and public service to ability to pay cases.</li> </ol>	06/30/14	Additional coordination needed among staff, senior management and external partners. Expected completion date 6/29/15.
			4: Evaluate the Individual Ability to Pay economic model to determine whether revisions would improve applicability to lead paint disclosure cases with individual violators.	06/30/14	Additional coordination needed among staff, senior management and external partners. Expected completion date 6/29/15.
			5: Provide regional staff with updated training for case development, including evaluation of ability to pay claims.	09/30/14	Additional coordination needed among staff, senior management and external partners. Expected completion date 9/30/15.
The EPA Should Improve Monitoring of Controls in the Renewable Fuel Standard Program (13-P-0373)	09/05/13	OAR	1: Modify existing electronic systems to track the submission of reporting requirements to ensure that all participants comply with applicable Renewable Fuel Standard program regulations.	06/30/15	No Delay – Future planned completion date.
			3: Track reporting submissions to determine whether potential conflicts of interest exist from allowing the same third party to complete multiple reporting requirements and monitor the potential conflicts to determine whether they negatively impact Renewable Fuel Standard program integrity. Based on that determination, revise regulations as appropriate to include specificity on whether the same third party can conduct multiple reviews or reporting requirements for the same producer or importer.	06/30/15	No Delay – Future planned completion date.
The EPA Needs to Improve Timeliness and Documentation of Workforce and Workload Management Corrective Actions (13-P-0366)	08/30/13	OCFO	1: Notify all the EPA's action officials that when they extend planned completion dates for corrective actions by more than 6 months they must provide the OIG with written notification that includes the new milestone dates.	09/30/15	No Delay – Future planned completion date.
Controls Over EPA's Compass Financial System Need to Be Improved (13-P-0359)	08/23/13	OCFO	3: Finalize the revised Quality Assurance Plan that includes the revised service level requirements to accurately assess service provider performance.	12/31/13	Contractor negotiations will require more time to complete. Expected completion 01/31/16.

Report Title/No.	Report Date	Office	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
Improved Information Could Better Enable EPA to Manage Electronic Waste and Enforce Regulations (13-P-0298)	06/21/13	OSWER	3: Evaluate the implementation of currently used electronics certification programs as detailed in the National Strategy. If necessary, conduct Resource Conservation and Recovery Act inspections (for federal regulations only) of certified recyclers accordingly.	07/31/14	Additional fieldwork was needed to ensure that current U.S. electronics certification programs are being implemented transparently, consistently and are achieving the desired results. EPA relies on facilities to volunteer to be in the study and has recently obtained agreements for the additional needed observations. The date for the release of the final report has been revised to June 30, 2015.
Improved Internal Controls Needed in the Gulf of Mexico Program Office (13-P-0271)	05/30/13	OW	2: Evaluate the results of the Gulf of Mexico Program Office's risk assessment and work with Gulf of Mexico Program Office management to make the necessary changes to its objectives and measures, so the Gulf of Mexico Program Office can accurately measure performance.	06/30/14	Loss of subject matter expertise working on corrective action has delayed completion. Expected completion date TBD until expertise can be obtained.
Opportunities for EPA-Wide Improvements Identified During Review of a Regional Time and Materials Contract (13-P-0209)	04/04/13	OARM	5: Ensure that OAM conducts and documents the results of the review prompted from this evaluation of all remedial action contracts to: <ul style="list-style-type: none"> <li>a. Determine the best method for paying the remedial action contractors for all subcontract management costs.</li> <li>b. Consistently apply this method for all remedial action contracts Agency-wide.</li> </ul>	10/20/14	This corrective action is dependent upon the Remedial Acquisition Framework which is not yet completed. A revision date for this corrective action will be obtained shortly.
EPA Should Increase Fixed-Price Contracting for Remedial Actions (13-P-0208)	03/28/13	OARM	1b: For current cost reimbursement Remedial Action Contracts, at the end of the base period, require written acquisition plans be prepared and approved by the Head of the Contracting Activity.	03/31/14	OARM has an email in the management chain addressing the need to revise the completion dates of corrective actions for all four of these recommendations to March 31, 2016. Once approved, it will be sent to the OIG.
		OARM and OSWER	2: Develop performance measures for each region for the use of fixed-price contracts and task orders for remedial actions. The performance measures should be implemented in a way that holds the regions accountable (both the Superfund program staff and contracting staff) for decreasing the use of high risk contracts and task orders.	09/30/14	
		OARM and OSWER	3: As part of the implementation of the Contracts 2010 Strategy, provide training to both Superfund program and contracting staff on how and when less risky contracts and task orders should be used in the Superfund remedial program.	11/30/13	
		OARM and OSWER	4: Determine whether staffing changes are needed in each region to ensure that staff have the skills to manage the increased use of fixed-price contracts and task orders, and develop a plan for addressing the staffing needs.	09/30/14	Meaningful training cannot be provided until the Remedial Action Framework is finalized. EPA did not align the date with finalization of the framework.



Report Title/No.	Report Date	Office	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
Audit of American Recovery and Reinvestment Act-Funded Cooperative Agreement 2S-96099601 Awarded to the Idaho Department of Environmental Quality (13-R-0206)	03/28/13	Region 10	3: Require Idaho Department of Environmental Quality to ensure that current and future contractors are covered by accident and catastrophic loss insurance as required by Title 40 CFR 35.6590 (b).  4: Require Idaho Department of Environmental Quality to update its policies and procedures to ensure that they address: c. Accident and catastrophic loss insurance as required by Title 40 CFR 35.6590 (b).	12/31/13  12/31/13	R10's Legal Counsel is reviewing this matter to determine if the type of insurance that the contractor currently has meets the intent of Subpart "O".
Improvements Needed in EPA's Smartcard Program to Ensure Consistent Physical Access Procedures and Cost Reasonableness (13-P-0200)	03/27/13	OARM	1: Re-prioritize the remaining facility upgrades by security level from highest to lowest, complete all remaining upgrades according to security level, and require the Security Management Division Director to provide written justification for upgrading Level 1 facilities.	06/30/14	The agency's implementation schedule has changed. OARM anticipates initiating the remaining Physical Access Control System upgrades as follows: Facility Security Level 4 facilities by Q2 FY 2015; Facility Security Level 3 facilities by Q3 FY 2015; and Facility Security Level 2 facilities by Q4 FY 2016.
Improvements Needed in EPA Training and Oversight for Risk Management Program Inspections (13-P-0178)	03/21/13	OSWER	7: Coordinate with the OECA to revise inspection guidance to recommend minimum inspection scope for the various types of facilities covered under the program and provide more detailed examples of minimum reporting.  8: Coordinate with the OECA to develop and implement an inspection monitoring and oversight program to better manage and assess the quality of program inspections, reports, supervisory oversight, and compliance with inspection guidance	07/31/14  09/30/14	These corrective actions have been overtaken by actions and deadlines associated with implementation of Executive Order 13650, <i>Improving Chemical Facility Safety and Security</i> , which lays out a comprehensive set of actions to advance chemical facility safety and security, including federal coordination on inspections.
Results and Benefits Information is Needed to Support Impacts of EPA's Superfund Removal Program (13-P-0176)	03/11/13	OSWER	2: Implement system controls to: a. Ensure required Comprehensive Environmental Response, Compensation, and Liability Information System data are entered and completed. b. Synchronize data between the Pollution Reports and Comprehensive Environmental Response, Compensation, and Liability Information System.	09/30/13	OSWER is working with the regions and its partner offices to address proposed system changes and enhancements to the Superfund Enterprise Management System. OSWER is working closely with the regions to conduct quality assurance on the removal data being migrated from Comprehensive Environmental Response, Compensation, and Liability Information System. Completion expected by 03/31/16.

Report Title/No.	Report Date	Office	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
EPA Is Not Recovering All Its Costs of the Lead-Based Paint Fees Program (13-P-0163)	02/20/13	OCSPP	3: Update the March 20, 2009, fees rule to reflect the amount of fees necessary for the program to recover the costs of implementing and enforcing the program.	01/31/17	No Delay – Future planned completion date.
EPA Needs to Improve Air Emissions Data for the Oil and Natural Gas Production Sector (13-P-0161)	02/20/13	OAR	2: Prioritize and update existing oil and gas production emission factors that are in greatest need of improvement and develop emission factors for key oil and gas production processes that do not currently have emission factors.	09/30/19	No Delay – Future planned completion date.
EPA Could Improve Contingency for Oil and Hazardous Substance Response (13-P-0152)	02/15/13	OSWER	2: Require regions to keep critical planning information up to date using the most effective method available and avoid unnecessary duplication.  4: Assess the resources, including On-Scene Coordinators, necessary to develop and maintain contingency plans. Use the results of this analysis to develop a workforce plan to distribute contingency planning resources.	09/30/16  09/30/13	No Delay – Future planned completion date.  Due to staff reductions caused by staff departures, hiring restrictions and other initiatives, OSWER is pursuing re-assessing the recommendation in 18 months (by 08/31/15) to determine if the corrective action is still warranted.
Audit of EPA Fiscal 2012 and 2011 Financial Statements (13-1-0054)	11/15/12	OCFO	6: Update EPA's policy for recognizing year-end accruals to require reconciliations of accruals and accrual reversals.	03/31/13	Decision to expand the scope of the update and resource constraints; expected completion date 12/31/15.
Review of Hotline Complaint Concerning Cost and Benefit Estimates for EPA's Lead-Based Paint Rule (12-P-0600)	07/25/12	OCSPP	1: Reexamine the estimated costs and benefits of the 2008 Lead Rule and the 2010 amendment to determine whether the rule should be modified, streamlined, expanded, or repealed.  CA2: After OMB clearance on the Information Collection Request is received, OCSPP will conduct information gathering and analysis. CA3: OCSPP will draft the information and analysis submitted to OMB for interagency review as part of the Action Development Process. CA4: OCSPP will publish the work practice and cost information as part of the proposed rule.	09/30/14  03/31/15  09/30/15	As of 03/30/15, the Information Collection Request is still awaiting OMB approval. EPA will not issue the proposed Public & Commercial Buildings rule unless it is determined that renovations to public and commercial buildings create hazards.
EPA Inaction in Identifying Hazardous Waste Pharmaceuticals May Result in Unsafe Disposal (12-P-0508)	04/19/12	OSWER	3: Develop a nationally consistent outreach and compliance assistance plan to help states address challenges that health care facilities, and others as needed, have in complying with Resource Conservation and Recovery Act regulations for managing hazardous waste pharmaceuticals.	08/31/13	OSWER is developing a proposed rule to facilitate proper management of hazardous waste pharmaceuticals in the health care industry. OSWER discovered additional complexities in both the regulated universe and in the economic analysis, which delayed the rulemaking proposal from August 2013.

Report Title/No.	Report Date	Office	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
Controls Over State Underground Storage Tank Inspection Programs in EPA Regions Generally Effective (12-P-0289)	02/15/12	OSWER	1: Require the EPA and states to enter into memoranda of agreement that reflect program changes from the 2005 Energy Policy Act and address oversight of municipalities conducting inspections.	08/1/13	OMB initiated its review of the final Underground Storage Tank regulations on 09/25/14 with a projected 90-day review period coming to close at the end of December. As a result, OSWER amended its estimated publication date to 04/30/15 to account for this important process and review step.
EPA Needs to Further Improve How It Manages Its Oil Pollution Prevention Program (12-P-0253)	02/06/12	OSWER	<p>1: Improve oversight of facilities regulated by the EPA's oil pollution prevention program by:</p> <ul style="list-style-type: none"> <li>a. Developing procedures for updating and issuing new guidance to ensure the regulated community has access to the most current guidance.</li> <li>b. Implementing a risk-based strategy toward inspections that identifies unknown Spill Prevention, Control, and Countermeasure and Facility Response Plan facilities, and directs inspection resources toward facilities where the potential for spills poses the greatest risks to human health and the environment.</li> <li>c. Consistently interpreting regulations and the EPA's authority to enforce regulations.</li> <li>d. Producing a biennial public assessment of the quality and consistency of Spill Prevention, Control, and Countermeasure Plans and Facility Response Plans based on inspected facilities.</li> </ul> <p>CA 1-2. A summary of findings will be developed by October, 2013. These findings will help to identify areas where additional guidance and outreach are needed to improve the quality and consistency of Spill Prevention, Control, and Countermeasure Plans.</p> <p>CA 1-3. The model developed for the Spill Prevention, Control, and Countermeasure program will then be used to develop a review protocol for Facility Response Plans by September, 2013, to examine Facility Response Plan inspections conducted during the FY 2013 inspection cycle.</p> <p>CA 1-4. A summary of findings will be developed by October 2014. These findings will help to identify areas where additional guidance and external outreach are needed to improve the quality and consistency of Facility Response Plans.</p>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>10/31/13</p> <p>09/30/13</p> <p>10/31/14</p>	<p>Reduced extramural resources and available personnel, program implementation priorities including inspections, and new priority concerns for oil spill response associated with increased oil transportation have delayed efforts on this milestone for at least a year or more. In addition, the recent Water Resources Reform and Development Act places priority responsibilities on the Spill Prevention, Control, and Countermeasure program for the next 2 years. Consequently, corrective action cannot begin before 06/01/17.</p>

Report Title/No.	Report Date	Office	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
Agreed-Upon Procedures Applied to EPA Grants Awarded to Summit Lake Paiute Tribe, Sparks, Nevada (12-2-0072)	11/10/11	Region 9	2: Require the tribe to implement internal controls to ensure that: <ol style="list-style-type: none"> <li>Employees document all hours worked in accordance with 2 CFR Part 225 requirements.</li> <li>The chairman's consent to use his signature stamp for timesheet approval is independently verified.</li> <li>Leave allocation complies with 2 CFR Part 225 requirements.</li> </ol>	07/31/12	Management Decision is currently in appeal by audit recipient. DDO Final Decision on Appeal signed and sent electronically to Tribe. EPA is currently awaiting decision from the tribe to decide if they want to repeal their appeal and ask for debt forgiveness.
Region 9 Technical and Computer Room Security Vulnerabilities Increase Risk to EPA's Network (11-P-0725)	09/30/11	Region 9	1, 6, 8, and 10: These recommendations were made to the senior information official, Region 9. Detailed information for this report is not being included due to the sensitive nature of the report's security findings.	03/31/14	Due to the sensitive nature of this report, this section is not included.
EPA Should Update Its Fees Rule to Recover More Motor Vehicle and Engine Compliance Program Costs (11-P-0701)	09/23/11	OAR	1: Update the 2004 fees rule to increase the amount of the Motor Vehicle and Engine Compliance Program costs it can recover.	12/31/17	No Delay – Future planned completion date.
EPA Needs Workload Data to Better Justify Future Workforce Levels (11-P-0630)	09/14/11	OCFO	1: Conduct a pilot project requiring EPA organizations to collect and analyze workload data on key project activities.  2: Use information learned from the pilot and the ongoing contracted workload study to issue guidance to the EPA's program offices on: <ol style="list-style-type: none"> <li>How to collect and analyze workload data.</li> <li>The benefits of workload analysis.</li> <li>How this information should be used to prepare budget requests.</li> </ol>	09/30/12  09/30/12	Delay in issuing Resource Management Directive System 2520, Administrative Control of Appropriated Funds; expected issuance 06/30/15.
An Overall Strategy Can Improve Communication Efforts at Asbestos Superfund Site in Libby, Montana (11-P-0430)	08/03/11	Region 8	2: Revise the Libby community engagement plan to serve as the overall communication strategy by including: a) key messages that address specific public concerns and site activities; b) timeliness for community involvement activities and outreach projects; c) measures for successful communications; and d) mechanisms for identifying community concerns and collecting feedback.	12/31/15	No Delay – Future planned completion date.
Office of Research and Development Needs to Improve its Method of Measuring Administrative Savings (11-P-0333)	07/14/11	ORD	1: Develop and establish a more timely and accurate system to measure its effective use of resources and to allow ORD to better manage its initiatives to reduce administrative costs.	12/31/15	No Delay – Future planned completion date.

Report Title/No.	Report Date	Office	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
Agency-Wide Application of Region 7 NPDES Program Process Improvements Could Increase EPA Efficiency (11-P-0315)	07/06/11	OECA	<p>1: We recommend that the Deputy Administrator direct OW and OECA to identify Region 7 process improvements that can be applied elsewhere, considering the cost and benefit of implementation. These actions include:</p> <ul style="list-style-type: none"> <li>a. Earlier resolution of technical issues and communication.</li> <li>b. Combining permitting and enforcement oversight reviews of the states.</li> <li>c. Implementing coordinated and integrated strategic planning nationwide for the National Pollutant Discharge Elimination System program, including consideration of the new approaches under the Clean Water Act of 1972 action plan.</li> <li>d. Fully implementing burden reduction initiatives identified during the event.</li> </ul>	12/31/11	To address d, OECA published the proposed National Pollutant Discharge Elimination System Electronic Reporting Rule in the Federal Register on 07/03/13. A 90-day public comment period began with the publication of the rule. An extension of additional time for the comment period was granted. Should there be significant comments on the rule, the agency is committed to issuing a supplemental notice, which will require additional OMB review and a subsequent public comment period. Final rule expected by 05/31/15.
EPA Promoted the Use of Coal Ash Products With Incomplete Risk Information (11-P-0173)	03/23/11	OSWER	<p>1: Define and implement risk evaluation practices to determine the safety of the coal combustion residual beneficial uses the EPA promotes.</p>	03/30/14	OSWER expects to complete the development of the conceptual model for evaluating risks from encapsulated uses of coal combustion residuals by Spring 2015.
EPA Needs Better Agency-Wide Controls Over Staff Resources (11-P-0136)	02/22/11	OARM	<p>1: Establish an agency-wide workforce program that includes controls to ensure regular reviews of positions for efficiency, effectiveness, and mission accomplishment.</p>	09/30/12	Once Human Resources Line of Business is fully operational, the agency can work to issue and implement the final policy. The draft position management policy has been reviewed by the Office of General Counsel and was submitted to the Office of Human Resources in late February. The policy has not been finalized due to more rounds of internal review.
EPA Needs to Strengthen Internal Controls for Determining Workforce Levels (11-P-0031)	12/20/10	OSWER	<p>2-1: Amend the Resource Management Directive System 2520 and the annual planning and budget memoranda to require using workload analysis to help determine employment levels needed to accomplish agency goals.</p>	12/20/10	Delay in issuing Resource Management Directive System 2520; expected issuance 06/30/15.

Report Title/No.	Report Date	Office	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
Audit of EPA's Fiscal 2010 and 2009 Consolidated Financial Statements (11-1-0015)	11/15/10	OARM	9: Adequately address and resolve the issue and determine why personal property items are missing.	05/30/12	The new property system being developed will be rolled out in conjunction with the OCFO Compass 7.2 upgrades scheduled for August 2015. The estimated completion date will be October 30, 2015.
ECHO Data Quality Audit – Phase II Results: EPA Could Achieve Data Quality Rate With Additional Improvements (10-P-0230)	09/22/10	OECA	5: Complete new rules that require states to report minor facility data.	09/30/12	Delays in finalizing National Pollutant Discharge Elimination System electronic reporting rule. The rule is expected to be published May 30, 2015.
EPA Should Revised Outdated or Inconsistent EPA-State Clean Water Act Memoranda of Agreement (10-P-0224)	09/14/10	OW OECA	2-2: Develop a systematic approach to identify which states have outdated or inconsistent memoranda of agreement; renegotiate and update those memoranda of agreement using the memorandum of agreement template; and secure the active involvement and final, documented concurrence of headquarters to ensure national consistency.	09/30/17	No Delay – Future planned completion date.
EPA Needs a Coordinated Plan to Oversee its Toxic Substances Control Act Responsibilities (10-P-0066)	02/17/10	OCSPP	2-4: Establish criteria and procedures outlining what chemicals or classes of chemicals will undergo risk assessments for low-level and cumulative exposure. Periodically update and revise risk assessment tools and models with latest research and technology developments.  2-5: Develop a more detailed Toxic Substances Control Act confidential business information classification guide that provides criteria for approving confidential business information coverage and establishes a time limit for all confidential business information requests to allow for eventual public access to health and safety data for chemicals.	02/28/13  01/31/12	Delays in issuance of agencywide guidance on conducting cumulative risk assessments and in publication of data from the U.S. Consumer Product Safety Commission and the U.S. Food and Drug Administration on Phthalates Alternatives.
Lack of Final Guidance on Vapor Intrusion Impedes Efforts to Address Indoor Air Risks (10-P-0042)	12/14/09	OSWER	2: Issue final vapor intrusion guidance(s) that incorporates information on:  a. Updated toxicity values. b. A recommendation(s) to use multiple lines of evidence in evaluating and making decisions about risks from vapor intrusion. c. How risks from petroleum hydrocarbon vapors should be addressed. d. How the guidance applies to Superfund Five-Year Reviews. e. When or whether preemptive mitigation is appropriate. f. Operations and maintenance, the termination of the systems, and when institutional controls and deed restrictions are appropriate.  3: Train the EPA and state staff and managers and other parties on the newly updated, revised and finalized guidance document(s).	11/30/12  05/31/13	OMB initiated its review on 09/25/14. The completion date will depend on how quickly the OMB-led inter agency review can be completed.

Report Title/No.	Report Date	Office	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
Audit of EPA's Fiscal 2009 and 2008 (Restated) Consolidated Financial Statements (10-1-0029)	11/16/09	OCFO	<p>27: Ensure that all new financial management systems (including the Integrated Financial Management System replacement system) and those undergoing upgrades include a system requirement that the fielded system include an automated control to enforce separation of duties.</p> <p>CA27: OCFO's Office of Technology Solutions will modify Compass users profiles to create specific security roles to allow Compass Security Officers to better manage user access.</p> <p>CA32: The Office of Technology Solutions will enhance the Access Request Form application with additional controls and automatic logic to check for approved waivers on file to prevent users from submitting security options that violate the separation of duties policy.</p>	<p>12/31/15</p> <p>12/31/15</p>	<p>Difficulty coordinating schedules, with limited resources has delayed the expected completion date.</p> <p>No Delay – Future planned completion date.</p> <p>No Delay – Future planned completion date.</p>
EPA Oversight and Policy for High Priority Violations of Clean Air Act Need Improvement (10-P-0007)	10/14/09	OECA	<p>1: Direct the EPA regions to comply with the High Priority Violations policy, and monitor and report on regions' compliance.</p> <p>3: Implement proper management controls over High Priority Violations by (1) following the watch list standard operating procedures, including generating trend reports and conducting national annual reviews; and (2) ensuring that Air Facility System data is accurate by documenting data inaccuracies and their disposition in regular meeting notes.</p>	<p>10/01/12</p> <p>10/01/12</p>	<p>A workgroup was established to develop an alternative approach to identifying and tracking the most important violations, including High Priority Violations. As part of the effort to develop a new High Priority Violations /substantial noncompliance tracking tool, the workgroup will develop a new High Priority Violations Identification Report. The workgroup is scheduled to launch the High Priority Violations /substantial noncompliance tool and High Priority Violations Identification Report in December 2015.</p>

Report Title/No.	Report Date	Office	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
Review of Hotline Complaint on Employee Granted Full-Time Work-at-Home Privilege (10-P-0002)	10/07/09	OARM	1: Assign responsibility for authorizing all non-OARM geographically separate duty station changes to the Assistant Administrator for OARM.	06/20/11	The American Federation of Government Employees and National Treasury Employees Union insisted that their telework agreements be part of their new Master Collective Bargaining Agreements. Negotiations are currently ongoing.
		OARM	2a: Establish and implement agency policy for all of the EPA's employees, clearly articulating the process and procedures for changing an employee's duty station to a location geographically separate from the position of record. This policy should include eligibility criteria for positions and personnel, records management requirements, periodic review and reauthorization, verification of correct pay rate (locality and grade), and specific approvals required from initial submission to final approval to ensure equity. The policy should require the Assistant Administrator for OARM to be the final decision authority for all geographically separate duty station locations authorizations except those duty station location changes initiated within OARM.	06/20/11	
		OARM	2b: Identify and review all existing arrangements of full-time work-at-duty-station separate from the position of record, including the situation that was the subject of this review, and bring each of these arrangements into compliance with implemented EPA policy.	06/30/11	
Making Better Use of Stringfellow Superfund Special Accounts (08-P-0196)	07/09/08	Region 9	2: Reclassify or transfer to the Trust Fund, as appropriate, up to \$27.8 million (plus any earned interest less oversight costs) of the Stringfellow special accounts in annual reviews, and at other milestones including the end of FY 2010, when the record of decision is signed and the final settlement is achieved.	12/31/12	In 2012, a new area of groundwater contamination was identified that is commingling and will directly impact the cleanup of the Stringfellow contamination. Due to the additional investigations, the anticipated completion date is 12/31/15.
EPA Needs to Plan and Complete a Toxicity Assessment for the Libby Asbestos Cleanup (2007-P-00002)	12/05/06	OSWER	1-2: Complete the National Health and Environmental Effects Research Lab animal toxicity studies.	09/30/15	No Delay – Future planned completion date.
EPA Can Better Manage Superfund Resources (2006-P-00013)	02/28/06	OCFO	2-3: Define costs in a manner that supports management decision making and improve their accounting of such resources to maximize achieving program goals.	10/31/11	Agency delayed in issuing Resource Management Directive System 2520.
Limited Knowledge of the Universe of Regulated Entities Impedes EPA's Ability to Demonstrate Changes in Regulatory Compliance (2005-P-00024)	09/19/05	OECA	2-4: Develop an objective of having the most up-to-date and reliable data on all entities that fall under its regulatory responsibility. OECA should adopt the goals of requiring States to track, record, and report data for entities over which States have regulatory responsibility. To achieve this goal, OECA should develop a multi-State, multi-program pilot program of collecting data that States track, record, verify, and report.	09/30/12	Delays in finalizing National Pollutant Discharge Elimination System electronic reporting rule; expected to be published by 05/30/15.



Report Title/No.	Report Date	Office	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
EPA and States Not Making Sufficient Progress in Reducing Ozone Precursor Emissions in Some Major Metropolitan Areas (2004-P-00033/13-1-0434)	09/29/04	OAR	<p>3-1: Develop oversight procedures and guidance that will expedite development, approval, and implementation rate of progress plans and related emission controls.</p> <p>3-3: Develop guidance for analyzing and comparing periodic emission inventories to projected emission target levels and evaluating assumptions used in applicable rate of progress plans, in order to: 1) reconcile differences between projected and actual inventories; 2) identify any incorrect assumptions or projections and understatement of needed emissions reductions; and 3) establish improvements that may be needed in the rate of progress development process, and ensure training of staff in conducting these analyses.</p>	<p>12/31/15</p> <p>12/31/15</p>	<p>No Delay – Future planned completion date.</p> <p>No Delay – Future planned completion date.</p>
State Enforcement of Clean Water Act Dischargers Can Be More Effective (2001-P-00013)	08/14/01	OECA	<p>3-1: Make modernizing the Permit Compliance System a high priority. Further, ensure that future systems:</p> <ul style="list-style-type: none"> <li>• Require electronic submission and evaluation of self-monitoring reports for all dischargers, including minor facilities and storm water.</li> <li>• Track storm water permits, inspections, compliance rates, and enforcement actions.</li> </ul> <p>3-2: Accelerate the development of the Interim Data Exchange Format for the Permit Compliance System. Also, before proceeding further into design and development, work with the Office of Water to ensure there is an up-to-date policy statement for water system criteria.</p>	<p>09/30/12</p> <p>09/30/12</p>	<p>Delays in finalizing the National Pollutant Discharge Elimination System electronic reporting rule; expected to be published by 05/30/15. Applies to both recommendations.</p>

## CSB Reports With Unimplemented Recommendations

Report Title/No.	Report Date	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
U.S Chemical Safety and Hazard Investigation Board Needs to Complete More Timely Investigations (13-P-0337)	07/30/13	1. Develop and implement performance indicators related to its first strategic performance goal and objective to complete timely investigations. Indicators should track and measure the efficiency of key phases of the investigation process and clarify the definition of a “timely” completed investigation. Also, address the indicators in the investigation protocol policy.	12/31/13	Other work priorities have delayed the completion of this recommendation.
		2. Revise and publish an annual action plan to comply with GPRA 2010 and update related individual performance plans to ensure that performance indicators are addressed and investigative staff are held accountable for performing key phases in the investigation process.	12/31/13	CSB developed an annual action plan with specific annual and quarterly milestones for investigations, and these goals are being incorporated into individual performance standards. The CSB believes this recommendation should now be closed.
		3. Review investigations open for more than 3 years and develop a plan to close out those investigations.	12/31/13	CSB only has only two cases older than 3 years old in its current dockets. In both instances, final reports have been drafted and are in review. CSB believes this recommendation is satisfied.
		7. Implement and update the records management policy to ensure that the classification of electronic investigation files agrees with the investigation protocol policy and staffs perform internal reviews of records as required by the policy.	12/31/13	The CSB updated its Records Management policy (Board Order 19) on June 30, 2014. Due to uncertainty about obtaining Board approval for changes to Board Orders, the guidance was drafted as a Management Directive and has been forwarded to the Office of General Counsel for review.
		8. Update the investigation protocol policy for all current investigation procedures to include scoping documents and recommendation briefs. Provide formal training to the investigative staff on changes and updates to the investigative process.	12/31/13	This project was delayed by the retirement of the Senior investigator who lead the project, and departure of other members of the protocol team. A new team was formed in August 2014. The guidance will be drafted and issued as a Management Directive.
Audit Follow-Up Process Needed for the U.S. Chemical Safety and Hazard Investigation Board (13-P-0128)	02/01/13	1. Develop and implement a follow-up system as required by OMB Circulars A-50 and A-123 that include establishing a policy that identifies an audit follow-up official, roles and responsibilities, required documentation, and reporting requirements, to allow for prompt resolution of recommendations and implementation of agreed-to corrective actions.	04/30/13	Other work priorities have delayed the completion of this recommendation. Comments currently under review.

Report Title/No.	Report Date	Unimplemented Recommendation	Planned Completion Date	Reason for Delay
U.S. Chemical Safety and Hazard Board Should Improve Its Recommendations Process to Further Its Goal of Chemical Accident Prevention (12-P-0724)	08/22/12	<p>1. Update board orders to ensure that CSB achieve its mission of chemical accident prevention through improved recommendations processes, to include:</p> <ul style="list-style-type: none"> <li>c. Board Order 040, <i>Investigation Protocol</i>, to clearly outline roles and responsibilities of the Office of Recommendations and Office of Investigations with respect to the recommendations process, including a requirement that Office of Recommendations staff participate in accident investigations, and identification of the office responsible for identifying potential recommendation recipients.</li> </ul>	09/30/13	The Senior Investigator assigned to lead the investigation protocol update retired during FY 2014, which delayed this project. In addition, the CSB's Office of Recommendations underwent staffing changes and now has a new Deputy Managing Director for Recommendations.
U.S. Chemical Safety and Hazard Investigation Board Did Not Take Effective Corrective Actions on Prior Audit Recommendations (11-P-0115)	02/15/11	<p>1. Develop and implement a management control plan that documents and addresses the five internal control standards in accordance with OMB Circular A-123 and GAO's <i>Standards for Internal Controls in the Federal Government</i>. The plan should include an effective monitoring system to track corrective actions to address and implement audit recommendations. The plan is to include:</p> <ul style="list-style-type: none"> <li>a. A database to track all prior audit recommendations, planned milestone completion dates, and corrective actions taken.</li> <li>b. Procedures for conducting periodic internal control reviews and properly documenting those reviews, including verifying and ensuring that audit recommendations are resolved promptly.</li> </ul> <p>2. Develop and publish a regulation requiring persons to report chemical accidents, as required by the Clean Air Act.</p> <p>3. Follow up with Congress on the CSB request for clarification of its statutory mandate. Upon receipt of the response, develop a plan to describe and address the investigative gap, address prior audit recommendations and request the necessary resources to meet CSB's statutory mandate.</p> <p>5. Develop and implement a system for periodic reviews of Board Orders to ensure they remain updated (i.e., effective date of the policy and scheduled review date) and include the requirement for such a system in the management control plan.</p>	<p>02/28/11</p> <p>09/30/11</p> <p>04/30/11</p> <p>02/28/11</p>	<p>Other work priorities have delayed the completion of this recommendation.</p> <p>All Board Orders have been reviewed and updated as needed. The Office of Administration has been assigned the responsibility to periodically review CSB Board Orders as needed. The CSB believes with these actions, this recommendation should be closed.</p>

## Appendix 4—Peer Reviews Conducted

### Audits/Evaluations

The Social Security Administration OIG is conducting an external peer review of the EPA OIG audit organization (which includes the EPA OIG's Office of Audit and Office of Program Evaluation) covering the period ending September 30, 2014. The entrance conference was held on October 27, 2014, and field work was in process as of the end of this semiannual reporting period. The review is being conducted in accordance with guidelines established by the Council of the Inspectors General on Integrity and Efficiency. The most recent prior external peer review of the EPA OIG audit organization had been conducted by the U.S. Department of Health and Human Services OIG. That prior report, issued May 9, 2012, contained no deficiencies, and the EPA OIG received a rating of *pass*.

The EPA OIG is conducting an external peer review of the system of quality control for the audit organization of the U.S. Department of Education OIG. Our review covers the period April 1, 2012, through March 31, 2015. This review is being conducted in accordance with *Government Auditing Standards* and guidelines established by the Council of the Inspectors General on Integrity and Efficiency. The entrance conference with the U.S. Department of Education OIG was held on March 11, 2015, and field work is currently in process.

### Investigations

The Federal Deposit Insurance Corporation OIG completed its mandated Council of the Inspectors General on Integrity and Efficiency quality assurance review of the EPA OIG Office of Investigations and issued its report on December 2, 2014. The Federal Deposit Insurance Corporation inspected headquarters and the Washington, Atlanta, Research Triangle Park, Seattle and San Francisco Field Offices. The Federal Deposit Insurance Corporation identified no deficiencies and found internal safeguards and management procedures compliant with quality standards. No recommendations were made.

In November 2014, an EPA OIG inspection team began performing a quality assurance review of the Department of Education OIG Investigation Services office per the Council of the Inspectors General on Integrity and Efficiency. The quality assurance review team reviewed all policy and procedure records, training and education certifications, case files, digital forensics records and practices, and other pertinent records that aided in the management assessment process. In February 2015 the team conducted onsite reviews at various Department of Education locations. The inspection was completed in March 2015 and the draft report is forthcoming.

## Appendix 5—OIG Mailing Addresses and Telephone Numbers

### Headquarters

U.S. Environmental Protection Agency  
Office of Inspector General  
1200 Pennsylvania Ave., NW (2410T)  
Washington, DC 20460  
(202) 566-0847

### Offices

**Atlanta**  
U.S. Environmental Protection Agency  
Office of Inspector General  
61 Forsyth Street, SW  
Atlanta, GA 30303  
Audit/Evaluation: (404) 562-9830  
Investigations: (404) 562-9857

**Boston**  
U.S. Environmental Protection Agency  
Office of Inspector General  
5 Post Office Square, Suite 100 (OIG15-1)  
Boston, MA 02109-3912  
Audit/Evaluation: (617) 918-1470  
Investigations: (617) 918-1466

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

**Cincinnati**  
U.S. Environmental Protection Agency  
Office of Inspector General  
26 West Martin Luther King Drive  
Cincinnati, OH 45268-7001  
Audit/Evaluation: (513) 487-2363  
Investigations: (513) 487-2364

**Dallas**  
U.S. Environmental Protection Agency  
Office of Inspector General (6OIG)  
1445 Ross Avenue, Suite 1200  
Dallas, TX 75202-2733  
Audit/Evaluation: (214) 665-6621  
Investigations: (214) 665-2249

**Denver**  
U.S. Environmental Protection Agency  
Office of Inspector General  
1595 Wynkoop Street, 4th Floor  
Denver, CO 80202  
Audit/Evaluation: (303) 312-6969  
Investigations: (303) 312-6868

**Kansas City**  
U.S. Environmental Protection Agency  
Office of Inspector General  
11201 Renner Boulevard  
Lenexa, KS 66219  
Audit/Evaluation: (913) 551-7878  
Investigations: (312) 353-2507

**New York**  
U.S. Environmental Protection Agency  
Office of Inspector General  
290 Broadway, Room 1520  
New York, NY 10007  
Audit/Evaluation: (212) 637-3049  
Investigations: (212) 637-3041

**Philadelphia**  
U.S. Environmental Protection Agency  
Office of Inspector General  
1650 Arch Street, 3rd Floor  
Philadelphia, PA 19103-2029  
Audit/Evaluation: (215) 814-5800  
Investigations: (215) 814-2359

**Research Triangle Park**  
U.S. Environmental Protection Agency  
Office of Inspector General  
Mail Drop N283-01  
Research Triangle Park, NC 27711  
Audit/Evaluation: (919) 541-2204  
Investigations: (919) 541-1027

**San Francisco**  
U.S. Environmental Protection Agency  
Office of Inspector General  
75 Hawthorne Street (IGA-1)  
7th Floor  
San Francisco, CA 94105  
Audit/Evaluation: (415) 947-4521  
Investigations: (415) 947-8711

**Seattle**  
U.S. Environmental Protection Agency  
Office of Inspector General  
Mail Code OIG-173  
1200 Sixth Avenue, Suite 900  
Seattle, WA 98101  
Audit/Evaluation: (206) 553-6906  
Investigations: (206) 553-1273

**Washington**  
U.S. Environmental Protection Agency  
Office of Inspector General  
Potomac Yard  
2733 Crystal Drive  
Arlington, VA 22202  
Investigations: (703) 347-8740

**Winchester**  
U.S. Environmental Protection Agency  
Office of Inspector General  
200 S. Jefferson Street, Room 314  
P.O. Box 497  
Winchester, TN 37398  
Investigations: (423) 240-7735