



U.S. ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL

Semiannual Report to Congress

April 1, 2011–September 30, 2011



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Inspector General Act of 1978, as amended

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Abbreviations

ADH	Arkansas Department of Health
BEI	Bennett Environmental, Inc.
CAFO	Concentrated Animal Feeding Operation
CFR	Code of Federal Regulations
CSB	U.S. Chemical Safety and Hazard Investigation Board
DCAA	Defense Contract Audit Agency
DPL	Department of Public Lands (Commonwealth of the Northern Mariana Islands)
EPA	U.S. Environmental Protection Agency
FY	Fiscal year
IDEQ	Idaho Department of Environmental Quality
OARM	Office of Administration and Resources Management
OGD	Office of Grants and Debarment
OIG	Office of Inspector General
OMB	Office of Management and Budget

Cover photos: An assortment of images related to work done by the EPA Office of Inspector General during the semiannual reporting period. Clockwise, from top left: the Deepwater Horizon platform fire (EPA photo); a farmer spraying pesticides (National Institute of Environmental Health Sciences photo); an image of the earth (National Aeronautics and Space Administration digital image); pipes for a Recovery Act clean water project (EPA OIG photo); and oil collected in bags for landfill disposal (EPA photo).

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Office of Inspector General and its activities, visit our website at:**

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



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Message to Congress

During this semiannual period, I completed my first full year as the Inspector General of the United States Environmental Protection Agency (EPA). This Semiannual Report to Congress contains the results of our work for the reporting period April 1, 2011, through September 30, 2011. While we conducted work in numerous areas, several themes were prominent. In addition to our mandatory work, we performed multiple reviews related to issues of concern to policy makers and the American people: climate change, the ongoing cleanup of the Gulf Coast oil spill, the spending of stimulus funds, and homeland security.

I am pleased to announce that as part of our planning efforts, we have developed the framework for a new strategic plan for the Office of Inspector General. The framework includes a new vision and mission, as well as new values, goals, and objectives, which we will use to guide our organization as we strive to perform at the highest level possible.

In September 2011, we reported on our review of EPA's process leading to its greenhouse gases endangerment finding. We determined that EPA met statutory requirements for rulemaking. However, whether EPA's review of its technical support document met requirements for peer review depends on whether the technical support document is considered a highly influential scientific assessment; we believe it is, but the Agency disagreed. In another review, we found that EPA has plans to reduce its own greenhouse gas emissions as required by Executive Order 13514, but funding for some of the projects in the plan has not been authorized or appropriated by Congress, which may adversely impact the Agency's ability to meet its goals.

We conducted four separate reviews of EPA's cleanup efforts related to the April 2010 BP Deepwater Horizon offshore drilling unit explosion and oil spill in the Gulf of Mexico. EPA helped shape the federal government's requirements for BP's waste management activities, but EPA did not have adequate waste management guidance for a spill of this magnitude in place at the time. EPA had limited cash on hand to fund its response work and, despite receiving a cash advance of \$32 million from the Coast Guard, EPA incurred an Anti-Deficiency Act violation. EPA also temporarily charged non-oil-spill funds such as Superfund, and reprogrammed funds to its response work, but this resulted in a purpose violation because the Superfund cannot be used for oil spill response. We concluded that EPA needs a new approach to enable it to fund emergency responses to oil spills. Our work also indicated that EPA would have had better efficacy data on dispersants available if it had updated the National Contingency Plan to include a more reliable testing procedure.



Arthur A. Elkins, Jr.

We conducted various reviews and investigations regarding EPA's disbursement of funds received from the American Recovery and Reinvestment Act of 2009 (Recovery Act). We found that EPA's oversight process for Clean Water State Revolving Fund projects cannot ensure that states are complying with Recovery Act requirements. In addition, EPA faced multiple constraints that limited its ability to target funds to preserve and create jobs. Site visits at various projects showed incorrect usage of work-hour data to calculate jobs created or retained, and potential noncompliance with Buy American requirements. As a result of our investigative efforts, one contractor settled a civil case involving violations of Buy American provisions and another contractor pleaded guilty to submitting false contractor bonds.

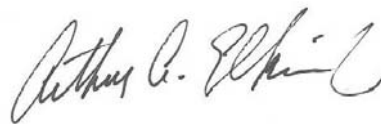
Regarding homeland security, we found that EPA needs a better national system to track emergency response equipment. Further, EPA has not addressed open recommendations regarding cyber security, and needs classification guides for national security information.

In other reviews, we identified \$6.6 million of potentially unneeded funds that could be deobligated for three operator certification expense reimbursement grants; found that EPA was not recovering all reasonable motor vehicle and engine compliance program costs; and found that EPA has not collected comprehensive workload data or conducted workload analyses across EPA in approximately 20 years.

Our investigation activities resulted in the conviction of four individuals in connection with a bid rigging case in New Jersey; convictions of two state employees in a case involving travel fraud in Arkansas; and the conviction of two individuals in Idaho for defrauding the state by using EPA funds in an illegal scheme to install diesel emission reduction equipment on school buses.

The EPA Inspector General also serves as the Inspector General for the United States Chemical Safety and Hazard Investigation Board. During the semiannual reporting period we issued two management challenges to the Board that highlighted the need for the Board to clarify its statutory mandate and promulgate a chemical incident reporting regulation.

Finally, I want to express my appreciation to the Agency and Congress for their support of the work of the Office of Inspector General. We have made great progress and I look forward to fulfilling the new Office of Inspector General vision of being the best in public service and oversight for a better environment tomorrow.



Arthur A. Elkins, Jr.
Inspector General

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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, 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 had budget authority of \$8.682 billion in fiscal year (FY) 2011, and has requested \$8.973 billion for FY 2012.

EPA Office of Inspector General

The Office of Inspector General (OIG) is an independent office of EPA that detects and prevents fraud, waste, and abuse to help the Agency protect human health and the environment more efficiently and cost effectively. Although we are part of EPA, Congress provides us with a budget line item separate from the Agency's to ensure our independence. The EPA OIG was created and is governed by the Inspector General Act of 1978, as amended (P.L. 95-452). OIG staff are physically located at headquarters in Washington, DC; at regional headquarters offices for all 10 EPA regions; and at other EPA locations including Research Triangle Park, North Carolina, and Cincinnati, Ohio. The OIG requested \$60,766,000 for FY 2012, which is \$4,760,000 more than the President's Budget request for the OIG of \$56,006,000. The additional resources in FY 2012 are needed to strengthen our ability to investigate cyber attacks and develop and deploy a prevention and mitigation strategy. The EPA Inspector General also serves as the Inspector General for the U.S. Chemical Safety and Hazard Investigation Board (CSB).

OIG Initiates Update of Its Strategic Plan for FYs 2012–2016

As part of a new vision and revitalization for the EPA OIG, Inspector General Arthur A. Elkins, Jr., has kicked off a stakeholder-driven process for updating the OIG's Strategic Plan for FYs 2012–2016. The approach for developing the new OIG Strategic Plan was to blend consideration of EPA's mission and new strategic goals with (a) the OIG's unique duties, role, authorities, and responsibilities as defined by the Inspector General Act; and (b) the specific management values and vision of Mr. Elkins for inspiring the greatest level of OIG success in performing its mission.

We initiated the process by soliciting input from the OIG's stakeholders and the entire OIG staff to help define success both internally and externally. By performing a SWOT (Strength, Weaknesses, Opportunities, and Threats) assessment and outreach to EPA leadership, congressional committees, state associations, the U.S. Government Accountability Office, and the Office of Management and Budget (OMB), we received over 3,000 comments that helped OIG leadership build the plan's framework. After preparing the first draft, we further refined and validated the framework by conducting town hall meetings with our staff and seeking comments from EPA leadership. The next step in completing the plan will be to again use the composite stakeholder input, along with OIG leadership priorities, to develop the specific strategies and actions to implement the plan's goals and objectives. When completed, this plan will be a living document that will provide a unified direction with clear expectations.

The OIG's new vision, mission, value, goals, and objectives 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.

EPA OIG Values

- **Customer Service:** Everyone deserves to be treated with fairness, respect, and dignity.
- **Integrity:** Our people and products are trustworthy.
- **Accountability:** We are individually and collectively responsible for all we do.

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.

Objectives

For Goal 1:

- Influence programmatic and systemic changes and actions that contribute to improved human health, safety and environmental quality.
- Add to and apply knowledge that contributes to reducing or eliminating environmental and infrastructure security risks and challenges.
- Make recommendations to improve EPA and CSB programs.

For Goal 2:

- Influence actions that improve operational efficiency and accountability and achieve monetary savings.
- Improve operational integrity and reduce risk of loss by detecting and preventing fraud, waste, abuse, or breach of security.
- Identify best practices, risks, weaknesses, and monetary benefits to make recommendations for operational improvements.

For Goal 3:

- Promote and maintain an accountable, results-oriented culture.
- Ensure our products and services are timely, responsive, relevant and provide value to our customers and stakeholders.
- Align and apply our resources to maximize return on investment.
- Ensure our processes and actions are cost effective and transparent.

For Goal 4:

- Maintain the highest ethical standards.
- Promote and maintain a diverse workforce that is valued, appreciated, and respected.
- Enhance constructive relationships and foster collaborative solutions.
- Provide leadership, training, and technology to develop an innovative and accomplished workforce.

Key Topics

Climate Change

Since the enactment of the Global Change Research Act of 1990, EPA's research on climate change has been part of a national and international effort. EPA is 1 of 13 federal agencies involved with the U.S. Global Change Research Program. Greenhouse gases, which are gases that trap heat within the atmosphere, were the focus of two reviews conducted during our semiannual reporting period.

Issues Noted Regarding Greenhouse Gases Endangerment Process

EPA met statutory requirements for rulemaking and generally followed requirements and guidance for ensuring the quality of the supporting technical information for its greenhouse gases endangerment findings. Whether EPA's review of its technical support document met OMB requirements for peer review depends on whether the technical support document is considered a highly influential scientific assessment. In our opinion it is a highly influential assessment, but the Agency disagreed.

On December 15, 2009, EPA published its *Endangerment and Cause or Contribute Findings for Greenhouse Gases Under Section 202(a) of the Clean Air Act*. As the primary scientific basis for EPA's findings, the Agency relied upon assessments



An image of the earth. (Digital image from National Aeronautics and Space Administration)

conducted by other organizations. EPA summarized the results of these and other scientific assessments in a technical support document. As a result of a congressional request, we reviewed EPA's process for ensuring the quality of the technical information supporting the endangerment findings.

In our opinion, the technical support document is a highly influential scientific assessment because EPA weighed the strength of the available science by its choices of information, data, studies, and conclusions included in and excluded from the document. As such, it required a more rigorous EPA peer review than what occurred. EPA officials told us they did not consider the technical support document a highly influential scientific assessment. EPA noted that the document consisted only of science that was previously peer reviewed, and that these reviews

were deemed adequate under the Agency's policy. EPA had the technical support document reviewed by a panel of 12 federal climate change scientists. This review did not meet all OMB requirements for peer review of a highly influential scientific

assessment primarily because the review results and EPA's response were not publicly reported, and because 1 of the 12 reviewers was an EPA employee.

EPA's findings relied heavily on the results of scientific assessments and studies conducted by other organizations. EPA's guidance for assessing other organizations' data does not include procedures for, or a requirement to document, how EPA assessed the quality of externally generated information prior to its dissemination. EPA provided statements in its final findings notice that generally addressed the Agency's assessment factors for evaluating scientific and technical information, and explained its rationale for accepting other organizations' data. However, no supporting documentation was available to show what analyses the Agency conducted prior to disseminating the information.

Our evaluation examined the data quality procedures EPA used in developing the endangerment finding. We did not assess whether the scientific information and data supported the endangerment findings.

We recommended that EPA (1) revise its *Peer Review Handbook* to accurately reflect OMB requirements for peer review of highly influential scientific assessments, (2) instruct program offices to state in proposed and final rules whether the action is supported by influential scientific information or a highly influential scientific assessment, and (3) revise its assessment factors guidance to establish minimum review and documentation requirements for assessing and accepting data from other organizations. EPA stated that its response to the final report will address our recommendations.

(Report No. 11-P-0702, Procedural Review of EPA's Greenhouse Gases Endangerment Finding Data Quality Processes, September 27, 2011)

EPA on Track to Meet Agency Greenhouse Gas Emissions Reduction Requirements



A geothermal plant, part of a greenhouse gas reduction project. (U.S. Department of Energy photo)

EPA has completed its plan to reduce its own greenhouse gas emissions as required by Executive Order 13514, but projected reductions are contingent on the full funding and implementation of the plan's energy efficiency projects.

On October 5, 2009, President Obama signed Executive Order 13514 to establish an integrated strategy toward sustainability in the federal government. The executive order introduced new greenhouse gas emissions management requirements and required federal agencies to measure, report, and reduce their greenhouse gas emissions.

EPA established a 25 percent greenhouse gas emission reduction target by FY 2020. To reach this target, the Agency's primary strategy is to reduce its

facility energy intensity by 3 percent annually. EPA's Strategic Sustainability Performance Plan outlines specific projects that the Agency will undertake to reduce emissions, but funding for some of the projects has not been authorized or appropriated. Delays or deficits in funding may adversely impact the Agency's ability to meet reduction goals.

We recommended that EPA's annual update of its Strategic Sustainability Performance Plan report describe changes to greenhouse gas emission reductions and/or reduction goals based on actual funding and status of projects, and adjust the overall reduction goal as needed. The Agency concurred with the findings and recommendation.

(Report No. 11-P-0209, EPA's Plan to Reduce Agency Greenhouse Gas Emissions Is on Track to Meet Executive Order 13514 Requirements, April 12, 2011)

Gulf Coast Oil Spill

On April 20, 2010, the BP Deepwater Horizon mobile offshore drilling unit exploded in the Gulf of Mexico, resulting in a severe fire. Two days later, the unit sank and began releasing several thousand



The Deepwater Horizon platform fire.
(EPA photo)

barrels of crude oil per day into the Gulf, primarily impacting the coasts of Louisiana, Mississippi, and Alabama. The Secretary of the U.S. Department of Homeland Security classified this oil discharge as a "Spill of National Significance," meaning that the spill was so complex it required extraordinary coordination of federal, state, local, and responsible party resources to contain and clean up the discharge. It was the first spill to receive such a designation. The U.S. Coast Guard led the federal environmental response actions, and EPA was one of the federal agencies heavily involved in the cleanup. In this semiannual reporting period, the EPA OIG issued four reports related to EPA's involvement in the Gulf Coast oil spill; one of those reports also

addressed issues related to the Enbridge oil spill in Michigan. In addition, the OIG Office of Investigations has provided criminal investigators to assist the U.S. Department of Justice with investigations.

EPA Evaluating Its Oil Spill Response Communications

EPA shared the results of all data it collected at the BP and Enbridge oil spills with state and local decisionmakers and impacted communities. EPA is completing lessons-learned exercises to evaluate the effectiveness of its responses to both oil spill incidents.

The purpose of this review was to determine what actions EPA took to communicate oil spill risk to communities affected by the BP oil spill, as well as the July 26, 2010, Enbridge

oil spill that occurred in Michigan, which released an estimated 819,000 gallons of oil that flowed into the Kalamazoo River.

EPA shared information in a number of ways. EPA developed Quality Assurance Sampling Plans to collect data on the chemical contamination in air, water, and sediments. EPA communicated data results and interpretations to the general public via press conferences, fact sheets, community meetings, and the Internet and social networking media. EPA's communications, which included details on voluntary evacuations and drinking water advisories, assisted states and other federal agencies in understanding the immediate and long-term impacts of the contamination. Further, EPA issued a request for proposals for grants totaling up to \$300,000 to further communication efforts in the environmental-justice-designated communities impacted by the BP oil spill.

EPA's ongoing lessons-learned activities, which address the effectiveness of EPA's communication strategy and activities, will allow the Agency to identify areas of success, as well as areas that could be improved upon in responding to future emergency situations. We made no recommendations.

(Report No. 11-P-0273, EPA Actively Evaluating Effectiveness of Its BP and Enbridge Oil Spill Response Communications, June 23, 2011)

EPA Should Improve Funding Practices for Oil Spill Responses

EPA should better track and recover its oil spill response costs and develop a new approach to funding emergency oil spill response efforts.

The Coast Guard, as lead agency for the Gulf Coast oil spill response, authorized EPA to monitor and respond to potential public health and environmental concerns. To do so, EPA collected and managed environmental data, oversaw waste management activities, and provided technical assistance. As of December 31, 2010, the Coast Guard had

EPA's reimbursable oil spill response costs as of March 3, 2011

Region 4	\$11,398,046
Region 6	26,833,769
HQ Emergency Operations Center	7,995,927
Total	\$46,227,742

Source: OIG analysis of EPA data (data do not include EPA's indirect costs).

authorized EPA to spend approximately \$61.9 million on response work. EPA bills its costs and receives reimbursement from the Coast Guard.

EPA needs controls to ensure that its response activity documents are consistent and provide a clear audit trail. Further, EPA needs controls in its billing review to ensure that cost documentation

packages are clear and complete. EPA also needs to reach agreement with the Coast Guard regarding the sharing of contractor-designated confidential business information; this impasse has affected reimbursement of EPA's response costs. Until this matter is resolved,

reimbursement of EPA's response costs may be further delayed or denied, and may result in an Anti-Deficiency Act violation as well as Prompt Payment rule penalties.

EPA also needs a new approach to better enable it to fund future emergency responses to oil spills. Reimbursement from the Coast Guard was not immediate and EPA did not have enough of its own resources to cover its increasing response activities. In an attempt to prevent a funding shortfall, EPA issued guidance that allowed for temporary charging to non-oil-spill appropriations and for the reprogramming of funds. EPA also sought and received a cash advance for \$32 million from the Coast Guard. Because EPA did not have timely access to sufficient funds, it incurred an Anti-Deficiency Act violation in November 2010. While EPA's actions ultimately provided it with access to funds, EPA needs a new approach to better enable it to fund emergency responses to oil spills.

We recommended that EPA implement controls to ensure that documentation supports authorized response activities and that response bills and supporting cost documentation packages are clear and complete. We also recommended that EPA reach an agreement with the Coast Guard on sharing confidential-designated business information; this impasse has affected reimbursement of EPA's response costs. EPA should also seek new or additional emergency response funding authority for oil spills. During the course of this review, EPA took action to seek this authority. EPA agreed with most of our recommendations.

(Report No. 11-P-0527, EPA's Gulf Coast Oil Spill Response Shows Need for Improved Documentation and Funding Practices, August 25, 2011)

Use of Dispersants Shows Need to Update National Contingency Plan

EPA may have had better efficacy data on dispersants during the Gulf Coast oil spill if it had updated the National Contingency Plan to include a more reliable testing procedure.



An overhead view of the Deepwater Horizon oil spill. (U.S. Coast Guard photo)

The National Contingency Plan establishes national response capability and coordination for oil spills. The plan's Product Schedule lists spill-mitigating chemicals that responders can use in carrying out the plan, including dispersants that emulsify, disperse, or solubilize oil into the water column. We received two hotline complaints regarding the use of Corexit, a dispersant, during the Gulf Coast oil spill response.

EPA and the manufacturer of Corexit had completed required steps to include Corexit products on the National Contingency Plan Product Schedule. However, EPA has

not updated the National Contingency Plan since 1994 to include the most appropriate efficacy testing protocol. EPA has considered changing efficacy testing procedures, but had not finalized the rulemaking before the Gulf Coast oil spill. Responders could have used other dispersants, but not within the applicable window of time designated by a joint EPA-Coast Guard directive. EPA involved senior officials in the response because the Agency was not prepared for the unprecedented volume and duration of dispersant use, and because additional clarity on roles and responsibilities was needed. The involvement of senior EPA officials created confusion as to who at EPA led response efforts for dispersant use.

The OIG's Office of Counsel reviewed an allegation in the hotline complaint that EPA was covering up the effects of the dispersant being used (Corexit) and alluded to the EPA Administrator committing perjury. The Office of Counsel did not find evidence supporting the perjury allegation.

We recommended that EPA establish policies to review and update contingency plans, incorporating lessons learned during the Gulf Coast oil spill, and clarify roles and responsibilities for spills of national significance. We also recommended that EPA revise the National Contingency Plan to incorporate the most appropriate efficacy testing protocol and capture dispersant information, and that EPA develop a research plan on long-term health and environmental effects of dispersants. The Agency generally agreed with our recommendations.

(Report No. 11-P-0534, Revisions Needed to National Contingency Plan Based on Deepwater Horizon Oil Spill, August 25, 2011)

EPA Should Clarify and Strengthen Its Waste Management Oversight Role for Oil Spills

Although increased federal oversight of BP's waste management activities improved transparency and provided additional measures to protect the environment and public health during the Gulf Coast oil spill response, EPA did

not have adequate waste management guidance for a spill of this magnitude and fell short of some of its goals.



Oil collected in bags being put into containers for landfill disposal. (EPA photo)

As a support agency to the Coast Guard, EPA's oversight of the Gulf Coast oil spill waste management activities provided assurance that oil-contaminated waste was disposed of properly. EPA helped shape the federal government's requirements for BP's waste management activities and had a key role in reviewing and approving BP's waste management plans. EPA also assessed landfills,

independently sampled waste, and kept the public informed about its oversight activities and results.

However, EPA did not have adequate waste management guidance in place for a spill of this magnitude at the time of the spill. EPA fell short of its own goals for waste management oversight and did not conduct oversight for all states and facilities that received waste from this spill. In addition, EPA's lack of planning and transparency on its decision to manage the oil spill waste in a manner different than provided by guidance resulted in staff confusion, frustration, and inefficiency. Although we obtained no evidence that these limitations had negative effects, some delays in the disposal of the waste did occur.

We recommended that EPA work with other federal partners to determine whether the National Contingency Plan and National Response Framework for waste management oversight and roles should be updated; complete waste management guidance in area contingency plans; develop a model waste management plan; and, to the extent needed, seek additional authorities to perform waste management oversight in offshore spills of national significance. We also recommended that EPA update the 2002 guidance on the oil and gas exploration and production waste exemption. EPA agreed with some of our recommendations.

(Report No. 11-P-0706, EPA Should Clarify and Strengthen Its Waste Management Oversight Role With Respect to Oil Spills of National Significance, September 26, 2011)

Recovery Act

The American Recovery and Reinvestment Act of 2009 (Recovery Act), signed by President Obama on February 17, 2009, provides the EPA OIG \$20 million for oversight activities through September 30, 2012. The OIG is conducting audits, evaluations, investigations, and other reviews to ensure economy and efficiency, and to prevent and detect fraud, waste, and abuse in EPA's disbursement of the \$7.2 billion it received under the Recovery Act. As of September 30, 2011, the OIG has expended \$12.4 million in Recovery Act funds. OIG assignments include reviews based on concerns raised by the public; individuals may report any suspicion of fraud, waste, or abuse via the OIG hotline at <http://www.epa.gov/oig/hotline.htm>.



On May 4, 2011, Inspector General Arthur A. Elkins, Jr., testified before the Committee on Transportation and Infrastructure, U.S. House of Representatives, on OIG's Recovery Act activities. "While EPA has successfully awarded and obligated its Recovery Act funds, OIG work has shown that improvement is needed in monitoring and assessing projects to ensure they meet stated environmental goals and are not subject to fraud, waste, and abuse." Mr. Elkins noted OIG briefings, outreach, and

training have produced tangible results. For example, a City of Sacramento engineer who attended an OIG fraud training session contacted the OIG regarding a concern, and our subsequent investigation resulted in a contractor pleading guilty to defrauding the city (see below). Mr. Elkins concluded his statement by noting, “Given the number and scope of projects funded by the Recovery Act, effective oversight will be a challenge for EPA and its state partners. The OIG will continue to monitor and assess EPA’s Recovery Act activities in these and other areas.”

Details on OIG Recovery Act efforts during the semiannual reporting period ending September 30, 2011, follow.

Recovery Act Contractor Pays \$120,216 to Settle Civil Case

On May 9, 2011, without admitting liability, Hayward Baker, Inc., entered into a civil settlement with the U.S. Attorney for the District of South Dakota to settle a civil case involving violations of the Buy American provisions of the Recovery Act. Hayward Baker paid \$120,216 to settle allegations that it improperly billed EPA for steel pipe that was manufactured in Taiwan and South Korea.

The Recovery Act requires fund recipients to use American-made construction materials, including steel pipe. Hayward Baker received Recovery Act funds under a subcontract involving the environmental cleanup of the Gilt Edge Mine, located near Lead, South Dakota. The project required that American-made steel pipe be used, but Hayward Baker used some steel pipe manufactured in Taiwan and South Korea.

Contractor Pleads Guilty to Defrauding City of Sacramento of Recovery Act Funds

On September 20, 2011, Peter Scott, President of Advantage Demolition and Engineering, Roseville, California, pleaded guilty to two counts of submitting false contractor bonds related to a Recovery Act water meter retrofit project for the city of Sacramento, California.

In 2009, Sacramento received a Recovery Act grant from EPA to retrofit water meters on city homes. According to court documents, in August and September 2009, Scott, through his company, bid on eight of the project’s water meter retrofit phases, submitting surety bonds totaling \$5 million that were purportedly issued by a bonding company. The bonds were counterfeit and contained discrepancies. According to the plea agreement, Scott admitted that the bond company attorney who purportedly signed the bonds was not a representative of the bonding company, but was in fact a fictional person.

Sacramento had awarded two of the contracts to Advantage Demolition and Engineering. The first contract was for \$1.2 million (Phase 4); the second was for \$2.2 million

(Phase 10). Advantage began work on the project in November 2009. However, in early January 2010, city inspectors noticed problems with Advantage's work. On January 7, 2010, the city determined that the surety bonds submitted with the company's bids were fraudulent and issued a stop-work order for Phases 4 and 10.

This case is being conducted with the Federal Bureau of Investigation.

EPA Faced Multiple Constraints to Targeting Recovery Act Funds

Multiple constraints limited EPA's ability to target funds to preserve and create jobs, as well as reach those most impacted by the recession.

Recovery Act funds were intended to create or save jobs, address environmental and other challenges, and assist those most impacted by the recession. EPA specifically sought to address location-specific, community-based public health and environmental needs with its Recovery Act dollars.

After obligating over \$7 billion in Recovery Act funds, EPA was unable to assess the overall impact of those funds on economically disadvantaged communities or those most impacted by the recession. While EPA was able to track financial expenditures, it could not track the distribution of its Recovery Act funds to economically disadvantaged communities. The absence of definitions, data, and measures hindered the effort. Short timeframes and emphasis on shovel-ready projects hampered the targeting of disadvantaged communities. Further, states made many of the funding decisions.

We recommended that EPA establish a clear and consistent regime that can address socioeconomic factors. EPA agreed to take corrective actions.

(Report No. 11-R-0208, EPA Faced Multiple Constraints to Targeting Recovery Act Funds, April 11, 2011)



Pipes for a Recovery Act clean water project. (EPA OIG photo)

EPA and States Should Improve Oversight of Recovery Act Clean Water Projects

EPA's oversight process for Clean Water State Revolving Fund projects funded by the Recovery Act cannot ensure that states are complying with requirements, and state oversight does not always ensure subrecipient compliance.

The Clean Water State Revolving Fund Program received \$4 billion of Recovery Act funding for states to finance high-priority infrastructure projects needed to ensure clean water. EPA made Recovery Act grants to states and Puerto Rico to finance projects.

EPA oversight guidance to the states is not detailed enough to ensure compliance with Recovery Act requirements, and state oversight of Clean Water State Revolving Fund projects did not always ensure subrecipient compliance with the Recovery Act. Some states were not conducting adequate oversight of the Act's Buy American requirements, and the frequency of inspections varied among states. EPA believes that it lacks statutory authority to place requirements on states and gives states flexibility. Further, EPA did not conduct and document reviews of state programs in a timely manner or use the resulting review reports to make national program decisions. If states do not conduct proper oversight, projects are at increased risk of fraud, waste, and abuse, and are also at risk for not complying with Recovery Act requirements or achieving the Recovery Act's economic recovery goals.

We recommended that EPA implement a plan to supplement state inspections and require states to use an updated checklist during inspections. We also recommended that EPA update the checklists regions use for semiannual reviews of states, establish deadlines for completing those reviews, and analyze reviews for nationwide trends. EPA did not agree with all of our recommendations and provided alternative corrective actions for some.

(Report No. 11-R-0519, EPA and States Should Strengthen Oversight of Clean Water State Revolving Fund Recovery Act Projects, August 24, 2011)

Site Visits of Recovery Act Projects Conducted With Varying Results

As part of OIG efforts to ensure that EPA is spending Recovery Act funds in accordance with requirements, we completed eight site visits during the semiannual reporting period. As part of our visits, we toured the projects, interviewed relevant parties, and reviewed documentation related to Recovery Act requirements. For four sites, we identified no issues that required corrective action by EPA or the recipients, but we found issues at four other sites.



Water treatment facility expansion in Buckeye, Arizona. (EPA OIG photo)

The town of **Buckeye, Arizona**, is constructing a 1.5-million-gallon-per-day expansion of its wastewater treatment facility. The project is funded by a \$12,000,000 Clean Water State Revolving Fund loan that includes \$6,372,285 in Recovery Act funds. The town used incorrect and/or incomplete work-hour data to calculate jobs created or retained for quarterly reports covering the 6-month period ended June 30, 2010, and did not submit the report for the quarter ended September 30, 2010. EPA agreed with our recommendations for correcting the quarterly reports. *(Report No. 11-R-0222, American Recovery and Reinvestment Act Site Visit of the Wastewater Treatment Facility Expansion, Town of Buckeye, Arizona, May 9, 2011)*

For a project in **Aibonito, Puerto Rico**, the Puerto Rico Aqueduct and Sewer Authority received a \$2,606,900 loan of Recovery Act funds. The project involved various improvements at the La Plata Water Treatment Plant. We were unable to determine the total hours worked for employees due to variances in labor hours reported. As a result, we could not determine compliance with wage rate or reporting requirements under the Recovery Act. EPA agreed to take appropriate corrective actions. (*Report No. 11-R-0232, American Recovery and Reinvestment Act Site Visit of the La Plata Water Treatment Plant Phase II Project, Aibonito, Puerto Rico, May 23, 2011*)

For a project for the **Ingenio Community, Toa Baja, Puerto Rico**, \$12,705,360 of Recovery Act funds under the Clean Water State Revolving Fund program were provided to fund sanitary sewer system improvements in multiple locations. During our review, the Puerto Rico Aqueduct and Sewer Authority informed us of a potential instance of noncompliance with the Recovery Act's Buy American provisions and the actions being taken to resolve the matter. As a result, we did not complete our planned work in this area. Also, we identified two subcontract agreements that did not contain the Recovery Act requirements. EPA agreed to take appropriate corrective actions. (*Report No. 11-R-0233, American Recovery and Reinvestment Act Site Visit of Sanitary Sewer System Improvements, Ingenio Community, Toa Baja, Puerto Rico, May 24, 2011*)

The city of **Ottawa, Illinois**, received a \$7,720,293 loan from the State of Illinois under the Water Pollution Control Loan Program. The loan included \$3,860,147 in Recovery Act funds. The city will use the funds to rehabilitate and improve the city's wastewater treatment plant. The city could not provide sufficient documentation to support that some manufactured goods used on the project met the Buy American requirements. The documentation did not demonstrate clearly that items were either manufactured or substantially transformed in the United States. As a result, the state's use of over \$3.8 million of Recovery Act funds is prohibited, unless a regulatory option is exercised. Both the city and Region 5 disagreed with our conclusions and recommendation. (*Report No. 11-R-0700, American Recovery and Reinvestment Act Site Visit of Wastewater Treatment Plant—Phase II Improvements Project, City of Ottawa, Illinois, September 23, 2011*)

For the city of **Perkins, Oklahoma**, the Perkins Public Works Authority received a \$7,225,000 loan from the Oklahoma Water Resources Board through the state's Clean Water State Revolving Fund Financing Program. The purpose of the loan was to improve the wastewater treatment facility to meet permitted discharge requirements. We identified no issues that required corrective action. (*Report No. 11-R-0214, American Recovery and Reinvestment Act Site Visit of the Wastewater Treatment Facility Improvements Project, Perkins, Oklahoma, May 2, 2011*)

The Las Marias Potable Water System Phase IIA project in **Las Marias, Puerto Rico** received \$5,574,410 in Recovery Act funds under the Drinking Water State Revolving



Pipes at the Las Marias Potable Water System Phase IIA construction site. (Photo courtesy Constructora De Aguada, Inc.)

Fund program, consisting of a \$3,189,359 grant and a \$2,385,051 loan. We identified no issues that required corrective action. (*Report No. 11-R-0241, American Recovery and Reinvestment Act Site Visit of Las Marias Potable Water System Phase IIA Project, Las Marias, Puerto Rico, May 25, 2011*)

The city of **Portland, Maine**, received Recovery Act funds of \$2,063,665 through the Clean Water State Revolving Fund Program and the Portland Water District received \$380,205 through the Drinking Water State Revolving Fund Program for the Clifton Street Water Main Replacement Project. We identified no issues that required corrective action. (*Report No. 11-R-0248, American Recovery and Reinvestment Act Site Visit of the Clifton Street Sewer Separation and Water Main Replacement Projects, Portland, Maine, June 7, 2011*)

For a Superfund project in **Clermont, Lake County, Florida**, EPA awarded a fixed price contract under the Recovery Act to Polu Kai Services, LLC, to clean up contaminated soils at the Tower Chemical Superfund Site. This remedial action consisted of excavating, transporting, and disposing of soils contaminated with pesticides and other composites, and restoring the excavated areas. The value of the contract was \$4,197,177. We identified no issues that required corrective action. (*Report No. 11-R-0431, American Recovery and Reinvestment Act Site Visit of the Tower Chemical Superfund Site, Clermont, Lake County, Florida, August 3, 2011*)

Identification of Unallowable Costs Results in \$1 Million in Recovery Act Funds Being Made Available for Texas Projects

As a result of a joint effort by Region 6 and the OIG, the Texas Water Development Board reduced Recovery Act grant award amounts for water projects by \$1,057,189, according to the memorandum a Region 6 official sent to the OIG on April 19, 2011.

Region 6 had conducted a site visit to the Texas Water Development Board, during which the region identified costs related to bond counsel and financial advisory fees that it considered ineligible. The board did not agree with the region's position. The OIG subsequently informed Region 6 of a hotline complaint it received related to unallowable bond counsel and financial advisory fees paid for by the Texas board using Recovery Act funds. The OIG met with the board and reached agreement that \$1,057,189 was not allowable. This enabled the board to reprogram the funds for other state water projects.

Homeland Security

The OIG conducts various reviews to help EPA prevent and deal with terrorist attacks and other threats, including threats to its information technology systems and resources.

Improved System Needed to Track Emergency Response Equipment

Because EPA has not fully implemented its emergency equipment tracking module, EPA's ability to protect public health and the environment in the event of a nationally significant incident may be impaired.

Since September 11, 2001, EPA's emergency response focus has expanded with its new role in homeland security. In May 2002, EPA determined that it needed to create a national equipment tracking system to be better prepared for terrorist acts and nationally significant incidents.

Although EPA spent \$2.8 million as of October 2010 to develop and implement an emergency equipment tracking module, EPA has not fully implemented the module, and the module suffers from operational issues. Further, the regions using the module continue to maintain their own tracking systems, resulting in wasted resources. Our review of allegations in a hotline complaint found that EPA does not fully use the equipment tracking module because no EPA office with overall authority has mandated its use, EPA has made no formal effort to assess functionality and cost effectiveness, and the equipment module is cumbersome and slow. EPA plans to spend another \$5.5 million over the next 15 years to maintain the module.

We recommended that EPA ensure that only essential equipment tracking data are required to be recorded and determine whether the equipment module is the most cost-efficient alternative. We also recommended that EPA mandate that regions and emergency response teams employ the national tracking system that EPA decides to use. The Agency concurred with the recommendations.

(Report No. 11-P-0616, EPA Has Not Fully Implemented a National Emergency Response Equipment Tracking System, September 13, 2011)

Key Actions to Address Cyber Threats Remain Incomplete

EPA has not addressed open recommendations regarding cyber security, potentially putting the availability and integrity of Agency data at risk.

An advanced persistent threat is a cyber crime designed to steal or modify information without detection. In November 2009, EPA reported 14 compromised systems related to

OIG investigation of advanced persistent threats. By September 2010, the Agency reported that over 7,800 of its systems had communicated with known hostile Internet Protocol addresses and, thus, could have been compromised.

Some recommendations for strengthening cyber security practices made in previous OIG reports remain unimplemented, and we continue to find and report on similar weaknesses at other EPA locations. If EPA does not address open recommendations and improve cyber security practices, its information security weaknesses could negatively affect the availability and integrity of all Agency data.

We recommended that EPA stress the importance of and expectation for completing audit recommendations by the agreed-upon milestone date, strengthen management control processes, and update the Enterprise Transition Plan Information Management segment. The Agency agreed with our recommendations.

(Report No. 11-P-0277, EPA Has Taken Steps to Address Cyber Threats but Key Actions Remain Incomplete, June 23, 2011)

EPA Needs Classification Guides for National Security Information

EPA has not established any official national security information classification guides, even though EPA Administrators have taken original classification actions. Without the guides, EPA may not be uniformly and consistently identifying and classifying information.

Some EPA staff members are cleared to access, use, and create classified national security information in the performance of their assigned duties. EPA policy requires that a classification guide shall be developed for each system, plan, program, or project in which classified information is involved.

According to EPA, classification guides have not been prepared because EPA Administrators have only classified a few documents. Without classification guides, information that should be identified for safeguarding could be unintentionally released, resulting in harm to national security. The lack of classification guides is a material internal control weakness in EPA's classified national security information program.

We recommended that the Administrator ensure the preparation, review, approval, and distribution of appropriate security classification guides that conform to federal and Agency requirements. EPA did not agree with the report's conclusions, and the recommendations are unresolved. This early warning report presented a significant finding requiring immediate attention. We will issue a final report that will discuss other results of our review of EPA's classified national security information infrastructure.

(Report No. 11-P-0722, EPA Should Prepare and Distribute Security Classification Guides, September 29, 2011)

Technical Network Vulnerability Assessed at Various Locations

The OIG conducted testing at various locations to identify network vulnerabilities. If not resolved, these vulnerabilities can expose EPA's assets to unauthorized access and potentially harm the Agency's networks.

The testing disclosed several high-risk and medium-risk vulnerabilities, as discussed in three separate reports:

- Results of Technical Network Vulnerability Assessment: EPA's National Health & Environment Effect Research Laboratory, Western Ecology Division (*Report No. 11-P-0429, August 3, 2011*)
- Results of Technical Vulnerability Assessment: EPA's Directory Service System Authentication and Authorization Servers (*Report No. 11-P-0597, September 9, 2011*)
- Region 9 Technical and Computer Room Security Vulnerabilities Increase Risk to EPA's Network (*Report No. 11-P-0725, September 30, 2011*)

The OIG met with EPA information security personnel responsible for the issues noted in each report to discuss the findings. The OIG issued recommendations in each report. The full reports were not made available to the public due to the sensitive nature of the technical findings.

Other Significant OIG Activity

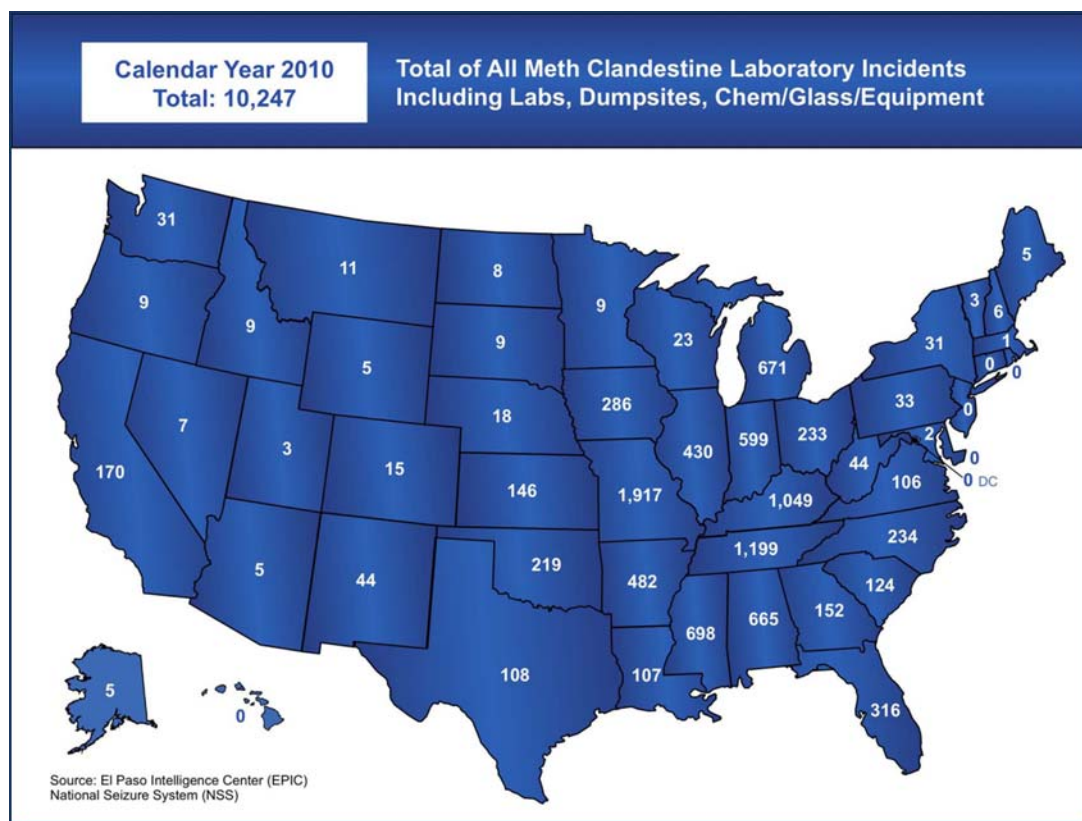
Human Health and the Environment

EPA Not Meeting All Requirements of Methamphetamine Act

EPA has not been able to meet all of its requirements under the 2007 Methamphetamine Remediation Research Act (Meth Act) because EPA's authorized Meth Act funding of \$3.5 million was never appropriated.

Thousands of clandestine meth labs are discovered in the United States each year. Chronic exposure to residual meth lab chemicals that are not properly cleaned up can cause cancer; damage to the brain, liver, and kidneys; and reproductive problems. The Meth Act requires EPA to develop cleanup guidelines for meth labs; develop a research plan to identify chemicals of concern and possible exposure, and evaluate cleanup techniques; perform a study of residual effects of meth lab chemicals; and convene a technology transfer conference every 3 years.

2010 Meth lab incidents



EPA has met some, but not all, of its requirements under the Meth Act. According to EPA staff, EPA has not been able to fully implement the Meth Act requirements because EPA's authorized Meth Act funding of \$3.5 million was never appropriated. As a result, EPA's work to meet the Meth Act's requirements has been funded by resources redirected from other programs. In addition, EPA has no controls in place to track legislative requirements Agency-wide. EPA relies on its program offices to do so, but these program offices also do not have controls in place to track all legislative requirements.

We recommended that EPA determine its ability to implement the Meth Act requirements and communicate its plan to Congress. We also recommended that EPA update several areas of the voluntary guidelines and develop internal controls to ensure legislative requirements are identified, tracked, and met. EPA agreed with these recommendations.

(Report No. 11-P-0708, EPA Progress on the 2007 Methamphetamine Remediation Research Act, September 27, 2011)

EPA's Endocrine Disruptor Screening Program Needs Improvement

EPA's Endocrine Disruptor Screening Program has not developed a management plan laying out the program's goals and priorities, nor established outcome performance measures to track program results.

In 1996, the Food Quality Protection Act gave EPA the authority to screen and test substances that may have an effect in humans that is similar to that of a naturally occurring estrogen, or such other endocrine effects as the EPA Administrator may designate. In 1998, EPA established the Endocrine Disruptor Screening Program, which uses a two-tiered screening and testing approach to assess endocrine effects. The program was expanded to include androgenic and thyroid effects. However, after more than 14 years, the program has not determined whether any chemical is a potential endocrine disruptor.



A farmer spraying pesticides.
(National Institute of Environmental Health Sciences photo)

While we acknowledged that the program encountered difficulties and delays, its lack of progress is also due to the lack of management controls over the program. The Endocrine Disruptor Screening Program needs to develop and implement plans and performance measures to establish management control and accountability. For example, the program missed milestones for chemical selection by about 4½ years and for assay validation by 6 years. Concerned about program progress, in 2007, Congress instituted reporting requirements, and in 2009, specified deadlines for certain Endocrine Disruptor Screening Program activities. As a result, EPA recently published two Endocrine Disruptor Screening Program documents for public comment.

Nonetheless, the OIG remains concerned about the continuing program delays, and recommended that the Agency develop a comprehensive management plan for the Endocrine Disruptor Screening Program so that EPA's leadership, Congress, and the public can assess whether the goals and key activities of the program are being achieved within reasonable cost and schedule. We also recommended that EPA define and identify the universe of chemicals, develop and publish a standardized methodology for prioritizing the universe of chemicals for screening and testing, finalize criteria to evaluate testing data, develop performance measures, and hold annual program reviews. EPA agreed with two of our recommendations, and four remain unresolved.

(Report No. 11-P-0215, EPA's Endocrine Disruptor Screening Program Should Establish Management Controls to Ensure More Timely Results, May 3, 2011)

EPA's Voluntary Children's Chemical Evaluation Program Did Not Achieve Goals

EPA has not demonstrated that it can achieve children's health goals with a voluntary program, and the general public does not have access to a readily understandable source of chemical exposure information to determine potential risks to children.

Executive Order 13045 directed federal agencies to place a high priority on protecting children from environmental and safety risks. The 1998 Chemical Right-to-Know Initiative satisfied that order by directing EPA to test chemicals to which children are disproportionately exposed. EPA accordingly established the Voluntary Children's Chemical Evaluation Program pilot.

The Voluntary Children's Chemical Evaluation Program pilot did not achieve its goals to design a process to assess and report on the safety of chemicals to children. The pilot had a flawed chemical selection process and lacked an effective communication strategy. Programmatic effectiveness was hampered by industry partners who chose not to voluntarily collect and submit information, and EPA's decision not to exercise its regulatory authorities under the Toxic Substances Control Act to compel data collection. The Voluntary Children's Chemical Evaluation Program is no longer operational, and the Agency has no plans to revive, replace, or terminate it. As a result, the Agency is not meeting the intent of Executive Order 13045, the Chemical Right-to-Know Initiative, or the Voluntary Children's Chemical Evaluation Program pilot.

We recommended that EPA design and implement a new process to assess the safety of chemicals to children that (1) identifies the chemicals with highest potential risk to children, (2) applies the Toxic Substances Control Act regulatory authorities as appropriate for data collection, (3) interprets results and disseminates information to the

public, and (4) includes outcome measures that assure valid and timely results. EPA agreed with most of our recommendations.

(Report No. 11-P-0379, EPA's Voluntary Chemical Evaluation Program Did Not Achieve Children's Health Protection Goals, July 21, 2011)

EPA Needs Communication Strategy for Libby Superfund Site

Region 8 does not have an overall communication strategy to guide, coordinate, and evaluate its communication efforts at the Libby Asbestos Superfund Site.

The Libby site includes portions of the towns of Libby and Troy, Montana. An inactive vermiculite mine contaminated with naturally occurring asbestos is located 7 miles outside of Libby. About 12,000 people live within a 10-mile radius of the town of Libby. EPA has conducted cleanup activities at the Libby site since 2000.



Handouts at the EPA information center in Libby. (EPA photo)

Despite Region 8's extensive communication efforts that exceed minimum Superfund requirements, residents have recurring questions. Region 8 also has not fully satisfied community concerns about health risk nor effectively communicated the limitations of its risk assessment. An overall communication strategy could help Region 8 assess the effectiveness of and improve its communication activities.

We recommended that EPA Region 8 revise the Libby community engagement plan to serve as the overall communication strategy by identifying key messages and including timelines, measures of success, and mechanisms for identifying public concerns and obtaining public feedback. Region 8 agreed to take sufficient corrective actions.

(Report No. 11-P-0430, An Overall Strategy Can Improve Communication Efforts at Asbestos Superfund Site in Libby, Montana, August 3, 2011)

Potential Issues Noted at Two Deleted Superfund Sites

Hyperspectral imaging data, on-site testing, and/or soil samples revealed contamination issues at the Middletown Road Dump site in Annapolis, Maryland, and the Matthews Electroplating site in Roanoke County, Virginia.

The OIG entered into an interagency agreement with the U.S. Geological Survey to develop and test hyperspectral remote sensing technologies for the detection of fugitive and residual contamination at deleted Superfund waste sites. Subsequently, the U.S. Geological Survey entered into an interagency agreement with the U.S. Air Force Civil

Air Patrol to use its remote sensing system to collect hyperspectral imagery at five deleted former National Priorities List sites in Maryland and Virginia.

Conditions at two of the five deleted Superfund sites we visited in EPA Region 3 may warrant additional attention from EPA. Hyperspectral imaging data identified an anomaly at the Middletown Road Dump site that proved to be leachate coming from the landfill. On-site testing also indicated hydrocarbons pooling in surface waters, and soil samples collected contained amounts of arsenic, chromium, mercury, and antimony that exceeded established levels. Soil samples taken at the Matthews Electroplating site contained amounts of arsenic, nickel, and antimony that exceeded EPA's established levels.

We presented our results in an early warning report to Region 3, and the Agency agreed with our recommendations to assess whether any additional action is warranted. OIG work is ongoing to assess the usefulness of remote sensing technology as an OIG oversight tool.

(Report No. 11-P-0433, Observed Conditions at Five Deleted Superfund Sites, August 3, 2011)

EPA Should Strengthen Oversight of Georgia's Concentrated Animal Feeding Operation Program

In response to a hotline complaint that EPA Region 4 was not adequately overseeing Georgia's Concentrated Animal Feeding Operation (CAFO) Program, we found significant deficiencies.

A CAFO is a facility where more than 1,000 animal units are confined and fed for a total of 45 days or more in any 12-month period. The Clean Water Act prohibits the discharge of pollutants from any point source, including CAFOs, to navigable waters unless authorized by permit.



Hog confinement. (EPA photo)

Region 4 gave Georgia's CAFO program a positive assessment because the Georgia Environmental Protection Division reported that all 48 of the CAFOs with liquid manure waste systems were inspected in 2010. However, we identified a number of deficiencies for 34 of those 48 CAFOs. CAFOs were operating without National Pollutant Discharge Elimination System permits or Nutrient Management Plans, inspection reports were missing required components, and the Georgia Department of Agriculture was

not assessing compliance with permit conditions. Region 4 did not assure that these components of Georgia's CAFO program met requirements. As a result, there was a significant risk that Georgia's CAFO program was failing to protect water quality.

We recommended that Region 4 implement controls as established in a 2007 memorandum of agreement between EPA Region 4 and the Georgia Environmental Protection Division to assure CAFO inspections are accurate and complete. The region agreed with our recommendation.

(Report No. 11-P-0274, Region 4 Should Strengthen Oversight of Georgia's Concentrated Animal Feeding Operation Program, June 23, 2011)

Region 4 Should Increase Oversight of North Carolina's Thermal Variances Renewals

Because of North Carolina Division of Water Quality and EPA Region 4 procedural lapses in National Pollutant Discharge Elimination System permit renewals, it cannot be determined whether waters are protected from harmful environmental effects caused by thermal discharges. A hotline complaint alleged that North Carolina's permits do not protect waters from thermal discharges.

Power and industrial facilities draw water from rivers and lakes to cool equipment, and then discharge those cooling waters at a higher temperature back into those waterbodies. Either a state or EPA may issue a variance under Clean Water Act Section 316(a) to allow facilities to discharge cooling waters at an alternative thermal effluent limit that is still protective of aquatic life.

Region 4 has not adequately implemented management controls, contained in its memorandum of agreement with North Carolina, that would assure that National Pollutant Discharge Elimination System permits comply with the Clean Water Act and applicable federal regulations. The state and Region 4 will not make further determinations on the thermal variances until these facilities request National Pollutant Discharge Elimination System permit renewals. As a result, until 2015, these facilities will continue discharging heated waters as allowed under their current permits and thermal variances. We also found that the state limited the public's opportunity to review information and comment on these variances by not following regulatory requirements for developing complete permit fact sheets and public notices.

We recommended that EPA Region 4 enforce the management controls of the National Pollutant Discharge Elimination System memorandum of agreement; verify that thermal variances are protective of a balanced, indigenous population; and verify that permit fact sheets and public notices comply with federal regulations. The region agreed with our recommendations.

(Report No. 11-P-0221, Oversight of North Carolina's Renewals of Thermal Variances, May 9, 2011)

Agency Business Practices and Accountability

Unneeded Funds Totaling \$6.6 Million Identified for Deobligation

We identified \$6.6 million of potentially unneeded funds that could be deobligated for three operator certification expense reimbursement grants awarded by EPA Regions 4 and 5.

To comply with the provisions of the Safe Drinking Water Act, EPA awards expense reimbursement grants to states to provide training and certification to water system operators.

For Region 4, we noted \$3.3 million for Georgia and \$2.3 million for North Carolina that could be deobligated and the funds used for other purposes. For Region 5, we noted \$1.0 million for Wisconsin that could be deobligated. States faced numerous impediments in spending the funds, such as staff shortages, the global recession, hiring freezes, higher-priority water projects, and contractors not completing as much work as initially proposed.

As a result of our recommendations, Region 4 deobligated over \$3.3 million in unneeded funds from Georgia. For North Carolina, Region 4 extended the project period end date to January 1, 2012, to allow the state to use its remaining \$2.3 million. Region 5 determined that it could deobligate the \$1.0 million we noted, plus an additional \$1.2 million from the Wisconsin grant.

(Report No. 11-P-0228, EPA Should Reduce Unliquidated Obligations Under Expense Reimbursement Grants, May 16, 2011)

EPA Not Recovering All Reasonable Motor Vehicle and Engine Compliance Program Costs

By not recovering all reasonable costs of administering the Motor Vehicle and Engine Compliance Program, the federal government did not collect funds that otherwise could have been available to offset the federal budget deficit.

EPA's Motor Vehicle and Engine Compliance Program ensures that vehicles and engines comply with emission standards. The Clean Air Act authorizes EPA to establish fees to recover all reasonable costs associated with this program. EPA's final rule of May 2004 provides specific requirements for assessing and collecting the fees.



A vehicle undergoing a dynamometer test to measure vehicle emissions. (EPA photo)

EPA was not recovering all reasonable costs of administering the program. We found a \$6.5 million difference between estimated program costs of \$24.9 million and fee collections of \$18.4 million, based on the Agency's cost estimate for FY 2010. EPA's final rule of May 2004 limits the annual fee increases to inflation adjustments to EPA's labor costs. The rule does not allow fee increases to cover EPA's increasing costs. EPA has not conducted a formal cost study since 2004 to determine its actual program costs, and has not updated the formula in the 2004 fees rule to recover more costs.

We recommended that EPA update the 2004 fees rule to increase the amount of program costs it can recover, and conduct biennial reviews of the fee collections and the full cost of operating the program. EPA agreed with our recommendations.

(Report No. 11-P-0701, EPA Should Update Its Fees Rule to Recover More Motor Vehicle and Engine Compliance Program Costs, September 23, 2011)

Region 5 Should Bill Superfund Oversight Costs More Timely

Untimely billing of oversight costs resulted in delays in replenishing the Superfund Trust Fund, and therefore limited EPA's ability to timely clean up other priority sites.

Although potentially responsible parties pay for cleanup at "Enforcement-Lead" Superfund sites, EPA incurs oversight costs for monitoring the cleanup work. EPA is authorized to recover these costs from potentially responsible parties.

Based on our audit of oversight billings for nine sites in Regions 1, 5, and 9, we found that Region 5 did not timely bill or did not bill approximately \$8.6 million in oversight costs for two sites. The \$8.6 million consists of \$2.5 million for costs incurred and \$6.1 million that was not billed prior to our audit. The untimely billing occurred because the accounting staff has difficulty in allocating costs at sites with multiple agreements and operable units, and the case management team has difficulty coordinating review of oversight costs. Further, EPA's policies do not require oversight bills to be issued within a specific time frame. We did not identify problems with oversight cost billings in Region 1 or 9.

We recommended that the Region 5 Regional Administrator develop a policy to require that oversight billings be issued no less frequently than annually, and develop procedures to help staff prepare oversight billings and resolve billing problems. We also recommended that the region bill potentially responsible parties for oversight costs at the

two Superfund sites. The Agency partially agreed with our recommendations and billed \$4 million of the \$6.1 million.

(Report No. 11-P-0697, EPA Should Bill Superfund Oversight Costs More Timely, September 22, 2011)

EPA Needs Workload Data to Better Justify Workforce Levels, Resource Needs

EPA does not require program offices to collect and maintain workload data, and the programs do not have databases or cost accounting systems to collect data on time spent on specific mission-related outputs. Such data are needed to better justify resource needs.

During the 1980s, EPA conducted comprehensive workload analyses to determine appropriate workforce levels. EPA has not collected comprehensive workload data or conducted workload analysis in approximately 20 years.

Federal guidance and standards emphasize the importance of planning work to determine staffing needs. Without sufficient workload data, program offices are limited in their ability to justify resource needs and must base budget decisions primarily on subjective justifications. Organizations of varying sizes and missions have used workload models for years to justify resource needs. During our audit, we identified some basic concepts of workload modeling from which EPA could benefit.

We recommended that the Chief Financial Officer conduct a pilot project requiring EPA offices to collect and analyze workload data on key project activities. The Chief Financial Officer should use information from the pilot project, along with data from an ongoing contractor study, to issue guidance to EPA program offices on how to collect, analyze, and use workload data. EPA partially concurred with our recommendations.

(Report No. 11-P-0630, EPA Needs Workload Data to Better Justify Future Workforce Levels, September 14, 2011)

EPA Should Improve Personal Computer Contract Oversight

EPA may pay as much as \$1.9 million through September 2012 for leased computers with accessories and technical support that it did not order.

During FY 2009, EPA contracted its desktop computer services with the CTS service contract. The Office of Environmental Information has primary oversight of the contract, and the Office of Administration and Resources Management manages the Agency's personal property.

EPA paid the CTS contractor a total of \$489,734 over an 11-month period for 3,343 seats—a standard seat includes a leased computer with accessories and technical support—not ordered by the Agency during the period. EPA did not accept the contractor's monthly asset management performance self-rating for over a year because of its nonperformance in properly accounting for and tracking assets. Additionally, because EPA did not safeguard and track personal computers in accordance with property regulations, it cannot account for 638 personal computers valued at over \$1 million. Some of these computers may have been replaced under the CTS contract.

We recommended that EPA review and/or modify the CTS contract to adjust the minimum standard seat requirement, update the property manual to require the separation of duties in property staff positions, and develop and implement certain processes. EPA agreed with most of our recommendations.

(Report No. 11-P-0705, EPA's Contract Oversight and Controls Over Personal Computers Need Improvement, September 26, 2011)

EPA Should Increase Awareness of Scientific Integrity Policies

The EPA Office of Research and Development should improve how it evaluates the effectiveness of its policies and procedures for scientific integrity and research misconduct.

EPA Order 3120.5 implements the federal policy on research misconduct, and the Office of Research and Development and others formulated the Principles of Scientific Integrity and the associated e-training to further highlight professional ethics for EPA scientists. Currently, the Office of Research and Development does not test its policies and



Analysis performed at the Cincinnati Laboratory. (EPA photo)

procedures because it asserts that few reported instances of misconduct means that misconduct generally does not occur. However, staff may lack awareness of key criteria and reporting requirements necessary to identify and report misconduct. An OIG survey found that 65 percent of the respondents were unaware of EPA Order 3120.5, and 32 percent were unaware of EPA's Principles of Scientific Integrity. We also found that e-training has not been updated since June 2005 and is not mandatory for Office of Research and Development staff. Without these additional internal control efforts, the Office of Research and Development risks having its science called into question, potentially lessening the credibility of its work.

We recommended that the Office of Research and Development periodically test the effectiveness of controls to address scientific integrity and research misconduct. We also

recommended that the office raise awareness of roles, responsibilities, and reporting steps. The office agreed with our recommendations and provided a corrective action plan.

(Report No. 11-P-0386, Office of Research and Development Should Increase Awareness of Scientific Integrity Policies, July 22, 2011)

Office of Research and Development Needs to Better Measure Administrative Savings

The Office of Research and Development's efforts to reduce administrative costs are noteworthy, but the office needs to improve its measurement mechanism for assessing the effectiveness of its initiatives to reduce administrative costs.

The goals of the Office of Research and Development's Administrative Efficiencies Project and the Information Technology Improvement Project, which are two separate initiatives, include reducing costs by improving efficiency and effectiveness.

The Office of Research and Development used a detailed methodology for the surveys it conducted during 2005–2010. However, only two surveys have been completed in 5 years, and these surveys only obtained a management perspective on administrative costs and did not obtain data directly from individual employees, including staff who spent time on administrative activities. Also, the surveys only considered a select number of staff, and one survey used more detailed definitions for administrative functions than the other, which may have impacted the comparability of results.

We recommended that the Office of Research and Development establish a more timely and accurate system to measure its effective use of resources and to allow the office to better manage its initiatives to reduce administrative costs. The office generally agreed with our recommendation.

(Report No. 11-P-0333, Office of Research and Development Needs to Improve Its Method of Measuring Administrative Savings, July 14, 2011)

Lessons Learned From Region 7 Effort Could Increase Agency Efficiency

Using lessons learned from a Region 7 rapid process improvement event involving the National Pollutant Discharge Elimination System program can increase benefits achieved in future process improvement efforts.

In August 2008, EPA headquarters, Region 7, and Region 7 states conducted a rapid process improvement event (also known as a “Kaizen” event) to improve the effectiveness and efficiency of the National Pollutant Discharge Elimination System

program. The event identified three process improvements and one implementation action that can potentially be implemented in other regions. Agency-wide permitting process changes could result in better communication; time and cost savings; and avoidance of duplicate inspections, reviews, and data reporting.

Although event participants continued to follow up on the commitments and action items identified, no single authority was responsible for tracking the process improvement outcomes. Further, EPA encountered barriers involving scope, performance measures, implementation, and accountability when planning the event.

We recommended that EPA identify process improvements from the Region 7 Kaizen event that can be applied elsewhere, and that EPA develop a national policy on how to plan, design, and implement business process improvement events. The Agency agreed with our recommendation to apply results more widely but did not fully respond to our recommendations on developing national policy.

(Report No. 11-P-0315, Agency-Wide Application of Region 7 NPDES Program Process Improvements Could Increase EPA Efficiency, July 6, 2011)

EPA Should Resolve Audit Appeals More Timely

Because audits under appeal are not being resolved timely, at least \$17.3 million is not available to the government that could potentially be used to protect public health and the environment.

When a grantee disagrees with a Final Determination Letter issued by EPA sustaining some or all of the questioned costs identified in an audit of a completed grant, the grantee can appeal to the Regional Administrator or Assistant Administrator of the issuing EPA office.

EPA's efforts to resolve over \$55 million for audits under appeal in Regions 2 and 5 were not efficient, effective, or timely. Inadequate communications between audit follow-up coordinators and EPA personnel responsible for resolving audits under appeal resulted in inaccurate information in EPA's Management Audit Tracking System. Further, policies and procedures were not complete and relevant. Federal and EPA regulations require that appeals be resolved in the earliest practicable timeframe, but as of September 2010, 17 of 30 audits under appeal had been in resolution for 10 to 21 years.

We recommended that EPA ensure that the in-process revisions to EPA Manual 2750 include a communication strategy to ensure that EPA records current data on audits under appeal, establish a finite number of reconsideration requests, and provide for consistency among policies for resolving audits under appeal. The Agency generally agreed with the report's findings but proposed alternatives to the recommendations.

(Report No. 11-P-0687, EPA Should Improve Timeliness for Resolving Audits Under Appeal, September 21, 2011)

EPA Should Strengthen Travel Authorization Process Controls

The Agency's lack of sufficient management controls to ensure that travel documents are properly routed and authorized leaves its travel system vulnerable to fraud, waste, and abuse.

GovTrip is the EPA travel management system that provides travelers with automated travel planning and reimbursement capabilities. The General Services Administration authorized the use of GovTrip. EPA's Office of the Chief Financial Officer manages GovTrip for the Agency.

The EPA travel program lacks sufficient management controls to ensure that travel documents are properly routed and authorized. The system allows unauthorized personnel to self-approve travel, and does not ensure that GovTrip routing lists are controlled to ensure an independent review of travel. We did not identify any instances of fraud during our review.

We recommended changes to prevent the self-authorization of travel at any level within the Agency, and to prevent personnel from being on routing lists that give them the authority to self-authorize travel. We also recommended that computer programs be run monthly to determine whether travelers are in compliance with policy. The Agency's response included an attachment that addressed each of our recommendations, along with proposed corrective actions and completion milestones.

(Report No. 11-P-0223, EPA Needs to Strengthen Management Controls Over Its Travel Authorization Process, May 10, 2011)

EPA Taking Steps to Recapture Improper Payments

Although EPA does not claim to have a formal payment recapture audit program, many of its activities to recapture improper payments meet OMB's definition of a payment recapture audit program.

Each year, the federal government loses billions of dollars on improper payments to individuals, organizations, and contractors. In November 2010, OMB required all agencies to submit a payment recapture audit plan describing current payment recapture efforts.

In its January 2011 submission to OMB, EPA stated that it did not have a formal payment recapture audit program. However, based on the OMB guidance issued in April 2011 and information EPA had previously submitted to OMB, many of the activities EPA already

conducts meet the definition of a payment recapture audit program. We reviewed EPA's improper payments methodology and found three areas in which all improper payment efforts were not quantified: contract cost issues identified by the Defense Contract Audit Agency, costs questioned identified during Agency post-award grant reviews, and costs questioned in OIG and Single Audit reports.

We recommended that EPA report the results of all activities when reporting on its payment recapture audit program in 2011, and the Agency agreed.

(Report No. 11-P-0362, EPA Needs to Reexamine How It Defines Its Payment Recapture Audit Program, July 19, 2011)

Allegations Regarding Contract Termination Not Substantiated

In response to a hotline complaint, we found that allegations that EPA unfairly terminated a contract with ASW Associates, Inc., and that EPA had replaced Superfund appropriations with Recovery Act funds, were not substantiated.

EPA awarded ASW Associates, Inc., a Superfund contract for environmental remediation services in September 2008. In January 2009, the U.S. Department of Energy suspended ASW from contracting with government agencies for submitting invoices with false certifications. EPA consequently awarded a second contract to a different contractor to obtain the same services.

We found that the ASW contract was solely funded with Superfund appropriations and no Recovery Act appropriations were obligated. Secondly, the ASW contract was not terminated for convenience as alleged; EPA elected not to exercise an option. Although none of the complainant's allegations were substantiated, EPA could have awarded a less risky contract type. EPA awarded a time and materials contract but could have awarded a fixed-price contract. Also, EPA did not perform some required contract administration functions, such as required annual invoice reviews and an interim contractor performance evaluation.

We made recommendations to EPA to address the issues noted, and EPA agreed to take the needed corrective actions.

(Report No. 11-P-0217, Hotline Allegations Unsubstantiated, but Region 7 Contract Administration and Award Issues Identified, May 4, 2011)

Investigations

Criminal Charges Continue In Bid Rigging Case at New Jersey Superfund Sites

Four men were sentenced in U.S. District Court for the District of New Jersey on criminal charges related to a bid rigging case at several New Jersey Superfund sites. Two of the four men received prison sentences.

- On September 12, 2011, Robert P. Griffiths, a former executive of Bennett Environmental, Inc. (BEI), was sentenced to 50 months in prison. Griffiths was sentenced for participating in money-laundering and fraud conspiracies in connection with contracts at the Federal Creosote Superfund Site in Manville, New Jersey, and for impeding a proceeding before the U.S. Securities and Exchange Commission. Griffiths was also sentenced to pay a \$15,000 fine and \$4,644,379 in restitution, jointly and severally with other co-conspirators.

Griffiths' sentencing follows his July 6, 2009, guilty plea to defrauding the EPA with others by inflating the prices he charged to an EPA prime contractor and providing kickbacks to employees of that prime contractor at the Federal Creosote site. Griffiths and his co-conspirators were given the bid prices of BEI's competitors, which allowed BEI to submit the highest possible bid prices and still be awarded the subcontracts. Kickbacks were in the form of money, lavish cruises, entertainment tickets, pharmaceuticals, and electronics. The co-conspirators were able to allocate at least \$43 million in fraudulently awarded subcontracts to BEI for work at the Federal Creosote site. BEI is a Canada-based company that treats and disposes of contaminated soil.

Griffiths and his co-conspirators also conspired to commit international money laundering so that Griffiths could personally benefit from the fraud and kickback scheme. In addition, Griffiths made false statements to the U.S. Securities and Exchange Commission to deceive the Commission and conceal his conduct in the fraudulent scheme.

- On May 23, 2011, Norman Stoerr, a former contracts administrator for Severson Environmental Service, based in Niagara Falls, New York, was sentenced to 8 months of home detention and 60 months of probation. He was also ordered to pay a \$25,000 fine and \$391,228 in restitution, jointly and severally with other co-conspirators. Stoerr's sentencing follows his 2008 guilty plea to charges of fraud, bid rigging, and tax crimes. Stoerr solicited and accepted thousands of dollars in kickbacks in exchange for his help in getting companies lucrative

subcontract work at the Federal Creosote site and the Diamond Alkali Superfund Site in Newark, New Jersey.

- On April 26, 2011, Victor Boski and his company, National Industrial Supply, were sentenced to 36 months' probation. He was also ordered to pay a \$25,000 fine and \$50,000 in restitution, jointly and severally with other co-conspirators. National Industrial Supply was ordered to serve 36 months probation and pay a \$32,000 fine and \$50,000 in restitution, joint and severally with other co-conspirators. In March 2009, Boski and National Industrial Supply, an industrial pipes, valves, and fittings supply company located in Middlesex, New Jersey, pleaded guilty to participating in a separate kickback and fraud conspiracy at the Federal Creosote and Diamond Alkali Superfund sites.
- On April 6, 2011, John Drimak and his company, JMJ Environmental, Inc., a Laurel Springs, New Jersey, wastewater treatment supply company, were sentenced to 18 months in prison to be followed by 36 months' probation. He was also ordered to pay a \$30,000 fine and \$283,242 in restitution, jointly and severally with other co-conspirators. JMJ Environmental was ordered to serve 12 months' probation and pay \$283,242 in restitution, jointly and severally with other co-conspirators. In July 2008, Drimak and JMJ Environmental pleaded guilty to bid rigging, fraud, and tax charges in connection with paying kickbacks for subcontracts for wastewater treatment supplies and services at the Federal Creosote and Diamond Alkali Superfund sites.

To date, 10 individuals and 3 companies have been charged as part of this investigation. More than \$6 million in criminal fines and restitution have been imposed, and five individuals have been sentenced to serve prison time.

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

Two State Employees Sentenced for Travel Fraud

On August 8, 2011, former Arkansas Department of Health (ADH) employee Craig Burger was sentenced in the Circuit Court of Pulaski County, Arkansas, to 8 years in prison to be followed by 12 years of supervised probation. He was also ordered to pay \$45,306 in restitution to ADH for his role in falsely claiming hotel expenses for approximately 5 years while being paid under an EPA Drinking Water State Revolving Fund loan awarded to ADH.

On September 14, 2011, another former ADH employee, Mark Allen McIntosh, was sentenced to 60 months of probation and 50 hours of community service, and ordered to pay a \$2,500 fine and \$275 in court costs, for his role in falsely claiming hotel expenses.

Under the State Revolving Fund loan, Burger and McIntosh were paid to visit community water systems to provide training and technical assistance to water operators. For a period of 3 to 5 years, Burger and McIntosh falsely claimed meals and hotel expenses by submitting false hotel and per diem receipts to ADH for payment.

Two Sentenced for Defrauding Idaho Department of Environmental Quality

Jorge Garcia and Karen Damberg Garcia, both of Boise, Idaho, were sentenced in U.S. District Court for the District of Idaho for conspiring to defraud the Idaho Department of Environmental Quality (IDEQ) of EPA grant funds that were to be used to install diesel emission reduction equipment on school buses. Jorge Garcia was sentenced to 30 months in prison to be followed by 3 years of supervised release. Karen Garcia was sentenced to 5 months of probation with 10 months of home detention, also to be followed by 3 years of supervised release. The two were also ordered to pay \$42,333 in restitution to IDEQ.

In 2008, Jorge Garcia was a project manager for IDEQ and was in charge of the school bus diesel emission reduction project. He was to identify school districts eligible for the project, identify vendors to provide the parts for the diesel retrofits, and determine how to complete the installation of the reduction technology. Using the name Emission Control Systems, the Garcias submitted a bid to IDEQ for the retrofit work. The bid was submitted using only Karen Damberg's name and did not disclose Jorge Garcia's role in the business. IDEQ awarded the contract to the firm, which was paid \$332,320 under the contract. The mechanic hired by Garcia to perform the work under the contract was not experienced in the work he was asked to do, resulting in improper installation that damaged school buses. IDEQ estimates that it will cost \$208,000 to repair the buses and \$477,000 to properly install the diesel emission reduction devices.

Grantee Sentenced in Fraud Scheme

On May 24, 2011, Martin Cabrera, former Vice President, Saipan Pacific Environmental Planning and Consulting, Saipan, was sentenced in the U.S. District Court for the District of Oregon for one count of wire fraud. Cabrera was previously indicted in the Judicial District of the Commonwealth of the Northern Mariana Islands, where the crime occurred. Cabrera was ordered to serve 3 years of supervised probation, and to pay \$8,650 in restitution to EPA and \$3,950 to the Commonwealth of the Northern Marianas Islands' Department of Public Lands (DPL).

Cabrera was awarded a DPL contract funded by EPA in May 2007 for completion of Phase I Environmental Site Assessments. Cabrera fraudulently used the identities and work experience of others in the contract proposal he submitted to the DPL. Saipan Pacific Environmental Planning and Consulting was awarded a DPL contract based on its proposal, received a partial payment from DPL, and later produced no deliverables.

Cabrera repeatedly failed to meet with DPL to discuss his lack of performance and ultimately fled Saipan and moved to Oregon.

Former Commonwealth Official Found Guilty

On September 23, 2011, Franz Reksid, former Special Assistant to the Secretary of DPL in the Commonwealth of the Northern Mariana Islands, was found guilty of bribery in the U.S. District Court for the Northern Mariana Islands.

From 2007 to 2009, Reksid was the special assistant to the DPL secretary, responsible for managing DPL contracts with funding provided from EPA Brownfield grants. In February 2009, Reksid recommended that a contract, previously awarded in 2007 to John Scott, President, All Hazards Management Professionals, LLC, Yona, Guam, be amended to include an additional \$200,000 for the cleanup and disposal of unexploded ordnance located at the Marpi Village Homestead Site. The original contract for \$297,152 required Scott to assess the Commonwealth of the Northern Mariana Islands government-owned lands on Saipan for unexploded ordnance located on the Marpi site. While recommending the above-mentioned contract amendment to the DPL secretary, Reksid sought and received from Scott a \$3,000 “loan.”

The investigation determined that Reksid only sought approval from the DPL secretary and other DPL officials to amend the contract to extend the amount of time but not for the additional \$200,000. Former DPL officials testified at Reksid’s trial that he concealed from them his intentions to add \$200,000 to Scott’s existing contract and never sought their approval for such a change order. Reksid ultimately routed the amended version of Scott’s contract to the finance department using the signature page of the original 2007 contract in order to receive the additional funding made available by EPA to DPL.

Other Activities

Legislation and Regulations Reviewed

Section 4(a) of the Inspector General Act requires the Inspector General to review existing and proposed legislation and regulations relating to the program and operation of EPA and to make recommendations concerning their impact. The primary basis for our comments are the audit, evaluation, investigation, and legislative experiences of the OIG, as well as our participation on the Council of the Inspectors General on Integrity and Efficiency. During the reporting period, we reviewed 103 proposed changes to legislation, regulations, policy, and procedures that could affect EPA and/or the Inspector General, and provided comments on 10. We also reviewed drafts of OMB circulars, memoranda, executive orders, program operations manual, directives, and reorganizations. Details on two items follow.

Proposed Revisions to EPA Order 1400.1 A3, *Preventing Violence in The Workplace*.

EPA's Office of Human Resources proposed revisions to EPA Order 1400.1 A3. The revised Order affirms EPA's commitment to protect EPA and non-EPA employees while in EPA-controlled space or wherever official duties are performed. The Order also provides a collaborative mechanism intended to prevent violence in the workplace through an Agency-wide strategy for education, intervention, and incident response and reporting. We identified apparent inconsistencies with the stated purpose of the document. We also provided a number of comments to help strengthen and clarify the policy, including that the OIG has primary investigative jurisdiction on behalf of EPA and will lead investigations into workplace violence.

National Security Staff's Proposed Executive Order, *Structural Reforms to Improve the Security of Classified Networks and the Responsible Sharing and Safeguarding of Classified Information*. The National Security Staff's proposed Executive Order would direct certain structural reforms to ensure responsible sharing and safeguarding of classified information on computer networks. We identified a number of areas where we believe the department's or agency's inspector general could provide the needed oversight, expertise and assistance. We also commented that the inspector general of a federal department or agency that operates or accesses classified computer networks shall:

- (a) Designate cleared personnel to provide oversight and investigations of agency or department programs.
- (b) Perform and/or coordinate insider threat investigations with the Federal Bureau of Investigation or other law enforcement entities.
- (c) Report on independent assessment and findings to the respective taskforce, committee, and executive agent.
- (d) Assign representation to the Insider Threat Task Force.

Peer Reviews Conducted

The most recent external peer review of the EPA OIG was conducted by the U.S. Department of Homeland Security OIG in accordance with *Government Auditing Standards* and guidelines established by the Council of the Inspectors General on Integrity and Efficiency. The Homeland Security OIG reviewed our system of quality controls for the period October 1, 2005, through September 30, 2008. The report, issued July 10, 2009, contained no recommendations, and the EPA OIG received a rating of *pass*.

The EPA OIG conducted an external peer review of the system of quality control for the audit organization of the Treasury Inspector General for Tax Administration. Our review of that organization covered the period April 1, 2006, through March 31, 2009, and was also completed in accordance with *Government Auditing Standards* and guidelines established by the Council of the Inspectors General on Integrity and Efficiency. Our

report, issued February 3, 2010, contained no recommendations and provided the Treasury Inspector General for Tax Administration a rating of *pass*.

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. 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 CSB. As a result, the EPA OIG has the responsibility to audit, evaluate, inspect, and investigate CSB's programs, and to review proposed laws and regulations to determine their potential impact on CSB's programs and operations. Details on our work involving CSB are at <http://www.csb.gov/service.default.aspx>.

EPA OIG Proposes Management Challenges for CSB

On August 3, 2011, the EPA OIG provided to CSB two management challenges. Details on the challenges follow.

- **Clarifying CSB's Statutory Mandate.** OMB Circular A-123 instructs agencies to design a management structure that helps ensure accountability for results as they develop and execute strategies for implementing agency programs and operations. CSB stated that it needed to seek additional guidance from OMB and Congress before it commits to a long-term plan of action, and agreed to work with Congress to clarify its statutory mandate. CSB requested clarification from Congress in November 2009, but as of August 2011, CSB had not received a response. After Congress clarifies CSB's statutory mandate, CSB's greatest challenge as it develops outcome-oriented performance goals and measures will be getting data to measure results.
- **Promulgating a Chemical Incident Reporting Regulation.** CSB has not published a chemical incident reporting regulation as envisioned in the Clean Air Act Amendments. In 2008, the U.S. Government Accountability Office recommended that CSB publish a regulation requiring facilities to report all chemical accidents. In 2009, CSB notified the public of a proposed reporting regulation. CSB had not published the regulation as of August 2011. As CSB continues its efforts to implement a chemical incident reporting regulation, it should consider how the regulation would coordinate with other chemical incident reporting requirements, the impact such a requirement will have on its

resources, and the cost effectiveness associated with using an existing chemical incident reporting system.

In response, CSB indicated that its strategic plan is under major redevelopment, with emphasis on outcome-related goals and objectives for measuring the CSB's effectiveness. CSB also indicated that it would publish a regulation in 2011, but was largely doing so to comply with the statutory requirement. CSB did not believe the regulation would result in significantly more timely or accurate notification of incidents.

Statistical Data

Profile of Activities and Results

Audit and evaluation operations Office of Inspector General reviews		
	April 1, 2011– September 30, 2011 (\$ in millions)	FY 2011
Questioned costs *	\$3.8	\$6.7
Recommended efficiencies *	\$58.0	\$65.5
Costs disallowed to be recovered	\$0	\$0.06
Costs disallowed as cost efficiency	\$54.6	\$62.1
Reports issued by OIG	46	85
Reports resolved (Agreement by Agency officials to take satisfactory corrective actions) **	514	721

Audit and evaluation operations Reviews performed by Single Audit Act auditors		
	April 1, 2011– September 30, 2011 (\$ in millions)	FY 2011
Questioned costs *	\$1.5	\$4.0
Recommended efficiencies *	\$0	\$0
Costs disallowed to be recovered	\$0.4	\$0.6
Costs disallowed as cost efficiency	\$0	\$0
Single Audit Act reviews	468	636
Agency recoveries Recoveries from audit and evaluation resolutions of current and prior periods (cash collections or offsets to future payments) ***	\$2.7	\$7.0

Investigative operations		
	April 1, 2011– September 30, 2011 (\$ in millions)	FY 2011
Total fines and recoveries ****	\$3.2	\$3.9
Cost savings	\$0.028	\$0.028
Cost avoidances	\$0.820	\$2.2
Cases open during period	77	131
Cases closed during period	45	84
Indictments/informations of persons or firms	8	17
Convictions of persons or firms	14	15
Civil judgments/settlements/filings	1	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 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 September 30, 2011

Report category	No. of reports	Report issuance (\$ in thousands)		Report resolution costs sustained (\$ in thousands)	
		Questioned costs	Recommended efficiencies	To be recovered	As efficiencies
A. For which no management decision was made by April 1, 2011*	60	\$14,083	\$0	\$528	\$0
B. Which were issued during the reporting period	507	5,390	54,647	134	54,647
C. Which were issued during the reporting period that required no resolution	412	0	0	0	0
Subtotals (A + B - C)	155	19,473	54,647	662	54,647
D. For which a management decision was made during the reporting period	457	5,358	54,647	662	54,647
E. For which no management decision was made by September 30, 2011	110	14,115	0	0	0
F. For which no management decision was made within 6 months of issuance	26	1,159	0	0	0

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

Status of management decisions on OIG reports

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

Table 1: Inspector General-issued reports with questioned costs for semiannual period ending September 30, 2011 (\$ in thousands)

Report category	No. of reports	Questioned costs *	Unsupported costs
A. For which no management decision was made by April 1, 2011 **	24	\$14,083	\$10,004
B. New reports issued during period	13	5,390	4,332
Subtotals (A + B)	37	19,473	14,336
C. For which a management decision was made during the reporting period:	9	5,358	2,002
(i) Dollar value of disallowed costs	9	662	583
(ii) Dollar value of costs not disallowed	-	4,696	1,419
D. For which no management decision was made by September 30, 2011	23	14,115	12,334
Reports for which no management decision was made within 6 months of issuance	10	1,159	1,159

* 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 September 30, 2011 (\$ in thousands)

Report category	No. of reports	Dollar value
A. For which no management decision was made by April 1, 2011 *	0	\$0
B. Which were issued during the reporting period	5	54,647
Subtotals (A + B)	5	54,647
C. For which a management decision was made during the reporting period:	5	54,647
(i) Dollar value of recommendations from reports that were agreed to by management	5	54,647
(ii) Dollar value of recommendations from reports that were not agreed to by management	0	0
(iii) Dollar value of non-awards or unsuccessful bidders	0	0
D. For which no management decision was made by September 30, 2011	0	0
For which no management decision was made within 6 months of issuance	0	0

* 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 September 30, 2011, 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	36	56
Assistance agreements	10	16
Contract audits	0	0
Single audits	17	27
Financial statement audits	1	1
Total	64	100

Hotline Activity

The following table shows EPA OIG hotline activity regarding complaints of fraud, waste, and abuse in EPA programs and operations during the past semiannual reporting period and for the annual period ending September 30, 2011.

	Semiannual period (April 1, 2011– September 30, 2011)	Annual period (October 1, 2010– September 30, 2011)
Issues open at the beginning of the period	133	16
Inquiries received during the period	104	252
Inquiries closed during the period	119	150
Inquiries pending at the end of the period	118	118
Issues referred to others		
OIG offices	61	124
EPA program offices	39	112
Other federal agencies	1	5
State/local agencies	3	11

Summary of Investigative Results

Summary of investigative activity during reporting period

Cases open as of April 1, 2011	178
Cases opened during period	77
Cases closed during period	45
Cases pending as of September 30, 2011	210

Investigations pending by type as of September 30, 2011

	Superfund	Management	Split funded	Recovery Act	Chemical Safety Board	Total
Contract fraud	8	10	5	16	0	39
Assistance agreement fraud	2	28	9	20	0	59
Employee integrity	3	34	11	0	1	49
Program integrity	1	18	9	1	1	30
Computer crimes	0	6	8	0	0	14
Other	1	9	3	6	0	19
Total	15	105	45	43	2	210

Results of prosecutive actions

	EPA OIG only	Joint *	Total
Criminal indictments/informations/complaints	1	7	8
Convictions	4	10	14
Civil judgments/settlements/filings	1	0	1
Fines and recoveries (including civil)	\$180,592	\$2,902,693	\$3,083,285
Prison time	42 months	188 months	230 months
Home detention	10 months	8 months	18 months
Probation	144 months	456 months	600 months
Community service	0 hours	50 hours	50 hours

* With another federal agency.

Administrative actions

	EPA OIG only	Joint *	Total
Suspensions	32	15	47
Debarments	7	0	7
Other administrative actions	3	0	3
Total	42	15	57
Administrative recoveries	\$76,153	\$0	\$76,153
Cost avoidance	\$471,117	\$348,833	\$819,950

* With another federal agency.

Scoreboard of Results

Scoreboard of OIG FY 2011 performance results compared to annual performance goal targets

All results reported in FY 2011, from current and prior years' work, are as reported in OIG Performance Measurement and Results System, Inspector General Operations Reporting System, and Inspector General Enterprise Management System. These results are unaudited.

OIG FY 2011 Government Performance and Results Act annual performance targets compared to FY 2011 results reported	Supporting measures
Goal: Contribute to human health and environmental quality through improved business practices, accountability, and integrity of program operations	
Environmental improvements/actions/changes/improvements in business/systems/efficiency risks reduced or eliminated Target: 334 Reported: 272 (81%)	1 Legislative/regulatory changes/decisions 72 Environmental or management policy, process, practice, control change actions taken 13 Best practices implemented 2 Environmental/health improvements 5 Environmental/business risks/challenges eliminated 94 Certifications/validations/verifications/corrections 9 Actions taken or resolved prior to report issuance (not otherwise reported) 76 Recommendations reported as implemented previously identified unimplemented by OIG follow-up*
Environmental and business recommendations, challenges, best practices, risks identified, Recovery Act technical briefings Target: 903 Reported: 1,943 (215%)	495 Recommendations (for Agency/stakeholder action) 22 Critical congressional or public management concerns addressed 5 Best practices identified 31 Referrals for Agency action 8 New environmental or management operational risks or challenges identified 61 Unimplemented recommendations identified 1,225 Findings without controlled recommendations 96 Awareness briefings/outreach sessions
Return on investment: Potential dollar return as percentage (120%) of OIG budget \$54.7 million Target: \$65.6 million Reported: \$82.4 million (151%)	<i>(\$ in millions)</i> \$10.8 Questioned costs (net EPA) \$67.7 Recommended efficiencies, costs saved (EPA)* \$3.91 Fines, recoveries, settlements
Criminal, civil, and administrative actions reducing risk of loss/operational integrity Target: 80 Reported: 160 (200%)	15 Criminal convictions 17 Indictments/informations/complaints 1 Administrative actions 104 Civil actions 24 Allegations disproved
Other (no targets established) Sustained monetary recommendations and savings achieved from current and prior periods: \$55.5 million Sustained environmental and management recommendations for resolution action Recovery Act activity results (cumulative) Total reports issued: 721	<i>(\$ in millions)</i> \$0.78 Questioned costs sustained \$54.7 Cost efficiencies sustained or realized 258 Sustained recommendations 163 Recovery Act awareness briefings/outreach sessions (also counted above) 71 Recovery Act complaints received 85 OIG-produced reports 636 Reports by other audit entities with OIG oversight

* Includes \$2.16 million in savings from investigations.

Appendices

Appendix 1—Reports Issued

The Inspector General Act requires a listing, subdivided according to subject matter, of each report issued by the OIG during the reporting period. For each report, where applicable, the Inspector General Act also requires a listing of the dollar value of questioned costs and the dollar value of recommendations that funds be put to better use. This listing includes a section for reports involving the American Recovery and Reinvestment Act of 2009.

Report no.	Report title	Date	Questioned Costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
PERFORMANCE REPORTS						
11-P-0209	EPA's Plan to Reduce Agency Greenhouse Gas Emissions is on Track	Apr. 12, 2011	\$0	\$0	\$0	\$0
11-P-0215	EPA's Endocrine Disruptor Screening Program Should Establish Controls	May 3, 2011	0	0	0	0
11-P-0217	Hotline Allegations Unsubstantiated, But Region 7 Contract Issues Identified	May 4, 2011	0	0	0	0
11-P-0221	Oversight of North Carolina's Renewal of Thermal Variances	May 09, 2011	0	0	0	0
11-P-0223	Review of Travel Controls	May 10, 2011	0	0	0	0
11-P-0228	EPA Should Reduce Expense Reimbursement Grant Unliquidated Obligations	May 16, 2011	0	0	0	5,500,000
11-P-0273	EPA BP and Enbridge Oil Spill Response Communication	Jun. 23, 2011	0	0	0	0
11-P-0274	Region 4 Oversight of Georgia's Concentrated Animal Feeding Operations	Jun. 23, 2011	0	0	0	0
11-P-0277	EPA Has Taken Steps to Address Cyber Threats but Key Actions Incomplete	Jun. 23, 2011	0	0	0	0
11-P-0315	Agency-Wide Application of Region 7 NPDES Program Process Improvements	Jul. 06, 2011	0	0	0	0
11-P-0333	ORD Needs to Improve Its Method of Measuring Administrative Savings	Jul. 14, 2011	0	0	0	0
11-P-0362	EPA Needs to Reexamine Payment Recapture Audit Program	Jul. 19, 2011	0	0	0	0
11-P-0379	EPA's Voluntary Chemical Evaluation Program Did Not Achieve Children Goals	Jul. 21, 2011	0	0	0	0
11-P-0386	ORD Should Increase Awareness of Scientific Integrity Policies	Jul. 22, 2011	0	0	0	0
11-P-0429	Technical Network Vulnerability Assessment: NHEERL	Aug. 03, 2011	0	0	0	0
11-P-0430	Communication Efforts as Asbestos Superfund Site in Libby Montana	Aug. 03, 2011				
11-P-0433	Observed Conditions at Five Deleted Superfund Sites	Aug. 03, 2011	0	0	0	0
11-P-0527	EPA's Gulf Coast Oil Spill Response Shows Documentation, Funding Practices	Aug. 25, 2011				32,000,000
11-P-0534	Revisions to National Contingency Plan Based on Deepwater Horizon Oil Spill	Aug. 25, 2011	0	0	0	0
11-P-0597	Technical Vulnerability Assessment: EPA's Directory Service System	Sep. 09, 2011	0	0	0	0
11-P-0616	National Emergency Response Equipment Tracking System	Sep. 13, 2011	0	0	0	0
11-P-0630	EPA Needs Workload Data to Better Justify Future Workforce Levels	Sep. 14, 2011	0	0	0	0
11-P-0687	EPA Should Improve Timeliness for Resolving Audits Under Appeal	Sep. 21, 2011	0	0	0	0
11-P-0697	Unbilled Oversight Costs	Sep. 22, 2011	0	0	0	6,100,000
11-P-0701	Fees Rule to Recover Motor Vehicle and Engine Compliance Program Costs	Sep. 23, 2011	0	0	0	13,000,000
11-P-0702	EPA's Greenhouse Gases Endangerment Finding Data Quality Processes	Sep. 26, 2011	0	0	0	0
11-P-0705	EPA's Contract Oversight and Controls Over Personal Computers	Sep. 26, 2011	0	0	0	1,400,000
11-P-0706	Waste Management Role With Respect to Oil Spills of National Significance	Sep. 26, 2011	0	0	0	0
11-P-0708	EPA Progress on the 2007 Methamphetamine Remediation Research Act	Sep. 26, 2011	0	0	0	0
11-P-0722	EPA Should Prepare and Distribute Security Classification Guides	Sep. 29, 2011	0	0	0	0
11-P-0725	Technical Vulnerability Assessment: Region 9	Sep. 30, 2011	0	0	0	0
TOTAL PERFORMANCE REPORTS = 31			\$0	\$0	\$0	\$58,000,000
SINGLE AUDIT REPORTS						
11-3-0210	Seely Lake, Missoula County Water District FY 2009	Apr. 26, 2011	\$0	\$0	\$0	\$0
11-3-0211	Sioux Falls South Dakota FY 2009	Apr. 29, 2011	0	0	0	0
11-3-0216	Beaver City, Utah FY 2010	May 03, 2011	0	0	0	0
11-3-0218	Columbus, Town of, Montana FY 2010	May 05, 2011	0	0	0	0
11-3-0219	Billings, City of FY 2010	May 06, 2011	0	0	0	0
11-3-0220	Hanson Rural Water System Inc. FY 2010	May 06, 2011	0	0	0	0
11-3-0224	Lewis and Clark PSD 161 FY 2010	May 10, 2011	0	0	0	0
11-3-0225	Menno School District No. 33-2, South Dakota FY 2010	May 10, 2011	0	0	0	0
11-3-0226	Missoula, City of, Montana FY 2010	May 12, 2011	0	0	0	0
11-3-0227	Pablo Lake County Water and Sewer District Montana FY 2010	May 12, 2011	0	0	0	0
11-3-0229	Greybull, Town of, Wyoming FY 2010	May 20, 2011	0	0	0	0
11-3-0230	Star Valley Ranch, Town of, Wyoming FY 2010	May 20, 2011	0	0	0	0
11-3-0231	Superior, Town of, Montana FY 2010	May 20, 2011	0	0	0	0
11-3-0234	Clear Lake, City of FY 2009	May 24, 2011	0	0	0	0
11-3-0235	Pottlatch, City of FY 2009	May 24, 2011	0	0	0	0
11-3-0236	Wisconsin, State of FY 2010	May 24, 2011	0	0	0	0
11-3-0237	Connecticut, State of FY 2010	May 24, 2011	0	300,281	0	0
11-3-0238	New Hampshire, State of FY 2010	May 24, 2011	38,780	0	0	0
11-3-0239	Alamo Sewer and Water General Improvement District FY 2010	May 24, 2011	0	0	0	0
11-3-0240	Carson City, City of, Nevada FY 2010	May 24, 2011	0	0	0	0
11-3-0242	North Dakota, State of	May 26, 2011	0	0	0	0

Report no.	Report title	Date	Questioned Costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
11-3-0243	Cave Creek, Town of, Arizona FY 2010	May 26, 2011			0	0
11-3-0244	Eloy, City of, Arizona FY 2010	May 31, 2011	0	0	0	0
11-3-0245	Flagstaff, City of, Arizona FY 2010	May 31, 2011	0	0	0	0
11-3-0246	Boyce, Town of, Louisiana FY 2010	Jun. 02, 2011	0	0	0	0
11-3-0247	Alexandria, City of, Louisiana FY 2010	Jun. 02, 2011	0	0	0	0
11-3-0249	Texas, State of FY 2010	Jun. 07, 2011	0	0	0	0
11-3-0250	California, State of FY 2010	Jun. 07, 2011	0	0	0	0
11-3-0251	Johnston, Town of, Rhode Island FY 2010	Jun. 13, 2011	0	0	0	0
11-3-0252	Spencer, Town of, Massachusetts FY 2010	Jun. 13, 2011	0	0	0	0
11-3-0253	Delcambre, Town of FY 2010	Jun. 13, 2011	0	0	0	0
11-3-0254	Louisiana, State of FY 2010	Jun. 13, 2011	0	0	0	0
11-3-0255	Vermont, State of FY 2010	Jun. 14, 2011	0	0	0	0
11-3-0256	Florida, State of FY 2010	Jun. 14, 2011	0	0	0	0
11-3-0257	Fresno Metropolitan Flood Control District FY 2010	Jun. 14, 2011	0	0	0	0
11-3-0258	Georgia, State of FY 2010	Jun. 14, 2011	0	0	0	0
11-3-0259	North Carolina, State of FY 2010	Jun. 14, 2011	0	0	0	0
11-3-0260	Mississippi, State of FY 2010	Jun. 14, 2011	0	0	0	0
11-3-0261	Mesa, City of, Arizona FY 2010	Jun. 14, 2011	0	0	0	0
11-3-0262	Tennessee, State of FY 2010	Jun. 14, 2011	0	0	0	0
11-3-0263	Arenzville, Village of FY 2010	Jun. 15, 2011	0	0	0	0
11-3-0264	Sault Ste. Marie, City of FY 2010	Jun. 15, 2011	0	0	0	0
11-3-0265	Mineral County School District, Nevada FY 2010	Jun. 16, 2011	0	0	0	0
11-3-0266	Maryville, City of FY 2010	Jun. 16, 2011	0	0	0	0
11-3-0267	Grand Ledge, City of FY 2010	Jun. 16, 2011	0	0	0	0
11-3-0268	Wheaton Sanitary District FY 2010	Jun. 16, 2011	0	0	0	0
11-3-0269	Arizona, State of FY 2010	Jun. 16, 2011	59,209	0	0	0
11-3-0270	Grass Valley, City of, California FY 2010	Jun. 16, 2011	0	0	0	0
11-3-0271	Evanston, City of FY 2010	Jun. 21, 2011	0	0	0	0
11-3-0272	Pershing County School District FY 2010	Jun. 22, 2011	0	0	0	0
11-3-0275	Long Beach, City of, California FY 2009	Jun. 23, 2011	0	0	0	0
11-3-0276	WHY Domestic Water Improvement District, Arizona FY 2009	Jun. 23, 2011	0	0	0	0
11-3-0278	Alexandria, City of FY 2009	Jun. 23, 2011	0	0	0	0
11-3-0279	Elbow Lake, City of FY 2009	Jun. 23, 2011	0	0	0	0
11-3-0280	Astoria, City of, Oregon FY 2010	Jun. 23, 2011	0	0	0	0
11-3-0281	Wyoming, State of FY 2010	Jun. 24, 2011	0	0	0	0
11-3-0282	Bend, City of, Oregon FY 2010	Jun. 24, 2011	0	0	0	0
11-3-0283	Paris, City of, Missouri FY 2010	Jun. 24, 2011	0	0	0	0
11-3-0284	Gateway Metropolitan District FY 2009	Jun. 24, 2011	0	0	0	0
11-3-0285	California, City of FY 2010	Jun. 24, 2011	0	0	0	0
11-3-0286	Elk City, City of FY 2010	Jun. 24, 2011	0	0	0	0
11-3-0287	Dearborn, City of FY 2010	Jun. 24, 2011	0	0	0	0
11-3-0288	Shreveport, City of FY 2009	Jun. 24, 2011	0	0	0	0
11-3-0289	South Central Regional Water District FY 2009	Jun. 27, 2011	0	0	0	0
11-3-0290	Southeast Water Users FY 2009	Jun. 27, 2011	0	0	0	0
11-3-0291	Palmer, City of FY 2009	Jun. 28, 2011	0	0	0	0
11-3-0292	Lower Columbia River Estuary Partnership	Jun. 28, 2011	0	0	0	0
11-3-0293	Harry S. Truman Water Supply District #2	Jun. 28, 2011	0	0	0	0
11-3-0294	Westwood Community Services District FY 2010	Jun. 28, 2011	0	0	0	0
11-3-0295	Toledo, City of, Iowa FY 2010	Jun. 28, 2011	0	0	0	0
11-3-0296	West Bloomfield, Charter Township of FY 2009	Jun. 28, 2011	0	0	0	0
11-3-0297	St. Ignace, City of FY 2009	Jun. 29, 2011	0	0	0	0
11-3-0298	Menasha, Town of FY 2009	Jun. 29, 2011	0	0	0	0
11-3-0299	Van Buren, Township of FY 2009	Jun. 29, 2011	0	0	0	0
11-3-0301	Rock Valley, City of, Iowa FY 2010	Jun. 29, 2011	0	0	0	0
11-3-0302	Washington, State of FY 2010	Jun. 29, 2011	0	0	0	0
11-3-0303	Houston, City of, Missouri FY 2009	Jun. 29, 2011	0	0	0	0
11-3-0304	Nebraska, State of FY 2010	Jun. 29, 2011	113,972	0	0	0
11-3-0305	Missouri, State of FY 2010	Jun. 29, 2011	0	0	0	0
11-3-0306	West Virginia, State of FY 2010	Jun. 30, 2011	0	0	0	0
11-3-0307	Lowell, Massachusetts, City of FY 2010	Jun. 30, 2011	0	0	0	0
11-3-0308	Sioux City, City of, Iowa FY 2010	Jun. 30, 2011	0	0	0	0
11-3-0309	Wymore, City of, Nebraska FY 2010	Jun. 30, 2011	0	0	0	0
11-3-0310	Cartersville, City of, Missouri FY 2010	Jun. 30, 2011	0	0	0	0
11-3-0311	Delaware, State of FY 2010	Jun. 30, 2011	10,504	0	0	0
11-3-0312	South Carolina State Ports Authority FY 2010	Jul. 05, 2011	0	0	0	0
11-3-0313	Cameron, City of, Missouri FY 2010	Jul. 05, 2011	0	0	0	0
11-3-0314	Pittsfield, Massachusetts, City of FY 2010	Jul. 05, 2011	0	0	0	0
11-3-0316	Montgomery County Community College, Pennsylvania - FY 2010	Jul. 11, 2011	0	0	0	0
11-3-0317	Culpeper, Virginia, Town of FY 2010	Jul. 11, 2011	0	0	0	0
11-3-0318	Mountain Lake Park, Maryland, Town of FY 2010	Jul. 11, 2011	0	0	0	0
11-3-0319	Provincetown, Massachusetts, Town of FY 2010	Jul. 11, 2011	0	0	0	0

Report no.	Report title	Date	Questioned Costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
11-3-0320	Berlin, Maryland, Town of FY 2010	Jul. 12, 2011	0	0	0	0
11-3-0321	New Jersey, State of FY 2010	Jul. 12, 2011	0	0	0	0
11-3-0322	New Mexico Environment Department FY 2010	Jul. 13, 2011	110,829	0	0	0
11-3-0323	Alliance, City of, Nebraska FY 2010	Jul. 13, 2011	0	0	0	0
11-3-0324	Dyersville, City of, Iowa 2010	Jul. 13, 2011	0	0	0	0
11-3-0325	Federalsburg, Maryland, Mayor and Council of FY 2010	Jul. 13, 2011	0	0	0	0
11-3-0326	Garrett, Maryland, County of FY 2010	Jul. 13, 2011	0	0	0	0
11-3-0327	Tekamah, City of, Nebraska FY 2010	Jul. 13, 2011	0	0	0	0
11-3-0328	Pittsburg, City of, Kansas FY 2010	Jul. 13, 2011	0	0	0	0
11-3-0329	Delmar, Maryland, Mayor and Commissioners of FY 2010	Jul. 13, 2011	0	0	0	0
11-3-0330	Jane Lew, West Virginia, Public Service District FY 2010	Jul. 13, 2011	0	0	0	0
11-3-0331	Elkins, West Virginia, City of FY 2010	Jul. 13, 2011	0	0	0	0
11-3-0332	Maccomb, City of, Illinois FY 2010	Jul. 13, 2011	0	0	0	0
11-3-0334	Kansas, State of FY 2010	Jul. 14, 2011	0	0	0	0
11-3-0335	Taunton, Massachusetts, City of FY 2009	Jul. 14, 2011	0	0	0	0
11-3-0336	North Dakota Public Financing Authority FY 2010	Jul. 14, 2011	0	0	0	0
11-3-0337	Allegan, Michigan, City of FY 2010	Jul. 15, 2011	0	0	0	0
11-3-0338	Allen Park, Michigan, City of FY2010	Jul. 15, 2011	0	0	0	0
11-3-0339	Ann Arbor, Michigan, City of FY 2010	Jul. 15, 2011	0	0	0	0
11-3-0340	Battle Creek, Michigan, City of FY 2010	Jul. 15, 2011	0	0	0	0
11-3-0341	Center Line, Michigan, City of FY 2010	Jul. 15, 2011	0	0	0	0
11-3-0342	Fraser, Michigan, , City of FY 2010	Jul. 15, 2011	0	0	0	0
11-3-0343	Puerto Rico Water Pollution Control Revolving Fund FY 2010	Jul. 15, 2011	0	0	0	0
11-3-0344	Gering, City of, Nebraska FY 2010	Jul. 15, 2011	0	0	0	0
11-3-0345	Nebraska, University of FY 2010	Jul. 15, 2011	0	0	0	0
11-3-0346	Laurens, City of, Iowa FY 2010	Jul. 15, 2011	0	0	0	0
11-3-0347	Sac City, City of, Iowa FY 2010	Jul. 15, 2011	0	0	0	0
11-3-0348	Sidney, City of, Nebraska FY 2010	Jul. 15, 2011	0	0	0	0
11-3-0349	Baxter, City of, Iowa FY 2010	Jul. 15, 2011	0	0	0	0
11-3-0350	Schuyler, City of, Nebraska FY 2010	Jul. 15, 2011	0	0	0	0
11-3-0351	Duquesne, City of, Missouri FY 2010	Jul. 15, 2011	0	0	0	0
11-3-0352	Sutherland, Village of, Nebraska FY 2010	Jul. 15, 2011	0	0	0	0
11-3-0353	Garner, City of, Iowa FY 2010	Jul. 15, 2011	0	0	0	0
11-3-0354	Wyoming, City of, Iowa FY 2010	Jul. 15, 2011	0	0	0	0
11-3-0355	Tipton, City of, Missouri FY 2010	Jul. 15, 2011	0	0	0	0
11-3-0356	Merrimack, New Hampshire, Town of FY 2010	Jul. 18, 2011	0	0	0	0
11-3-0357	St. Albans, Vermont, City of FY 2010	Jul. 18, 2011	0	0	0	0
11-3-0358	Brewster, Massachusetts, Town of FY 2010	Jul. 18, 2011	0	0	0	0
11-3-0359	Pioneer Valley Planning Commission, Massachusetts FY 2010	Jul. 18, 2011	0	0	0	0
11-3-0360	Whitehall, City of FY 2009	Jul. 18, 2011	0	0	0	0
11-3-0361	Cosmos, City of FY 2009	Jul. 18, 2011	0	0	0	0
11-3-0363	Afton, Town of FY 2010	Jul. 19, 2011	0	0	0	0
11-3-0364	Ava, City of FY 2010	Jul. 19, 2011	0	0	0	0
11-3-0365	Dover, North Carolina, Town of FY 2010	Jul. 19, 2011	0	0	0	0
11-3-0366	Greenwood, South Carolina, Metropolitan District FY 2010	Jul. 19, 2011	0	0	0	0
11-3-0367	Tennille, Georgia, City of FY 2010	Jul. 19, 2011	0	0	0	0
11-3-0368	L'anse, Michigan, Village of FY 2010	Jul. 19, 2011	0	0	0	0
11-3-0369	Metropolitan Council of the Twin Cities Area, Minnesota	Jul. 19, 2011	0	0	0	0
11-3-0370	Old Straitsville Water Association Inc., Ohio FY 2010	Jul. 19, 2011	0	0	0	0
11-3-0371	Fontana Walworth Water Pollution Control Commission FY 2009	Jul. 20, 2011	0	0	0	0
11-3-0372	Energy United Water Corporation	Jul. 20, 2011	0	0	0	0
11-3-0373	Graham, North Carolina, City of FY 2010	Jul. 20, 2011	0	0	0	0
11-3-0374	Burlington Municipal Waterworks, Iowa FY 2010	Jul. 20, 2011	0	0	0	0
11-3-0375	Greene, North Carolina, County of FY 2010	Jul. 20, 2011	0	0	0	0
11-3-0376	Fort Madison, City of, Iowa FY 2010	Jul. 20, 2011	0	0	0	0
11-3-0377	Helen, Georgia, City of FY 2010	Jul. 20, 2011	0	0	0	0
11-3-0378	Storey County School District FY 2010	Jul. 20, 2011	0	0	0	0
11-3-0380	Encampment, Town of, Wyoming FY 2010	Jul. 21, 2011	0	0	0	0
11-3-0381	Mobridge-Pollock School District 62-2, South Dakota FY 2010	Jul. 21, 2011	0	0	0	0
11-3-0382	Pine Bluffs, Town of, Wyoming FY 2010	Jul. 21, 2011	0	0	0	0
11-3-0383	Townsend, City of, Montana FY 2010	Jul. 21, 2011	0	0	0	0
11-3-0384	Urbana, City of, Iowa FY 2010	Jul. 21, 2011	0	0	0	0
11-3-0385	Winifred, Town of, Montana FY 2010	Jul. 21, 2011	0	0	0	0
11-3-0387	Truckees Meadow Water Authority, Nevada FY 2010	Jul. 25, 2011	0	0	0	0
11-3-0388	Bremerton, City of, Washington FY 2009	Jul. 25, 2011	0	0	0	0
11-3-0389	Keokuk Municipal Waterworks, Iowa FY 2010	Jul. 25, 2011	0	0	0	0
11-3-0390	Yankton, City of, South Dakota FY 2010	Jul. 25, 2011	0	0	0	0
11-3-0391	Knoxville, City of, Iowa FY 2010	Jul. 25, 2011	0	0	0	0
11-3-0392	Livingston, City of, Montana FY 2010	Jul. 25, 2011	0	0	0	0
11-3-0393	Monroe County, Public Water Supply District No. 2, Missouri	Jul. 25, 2011	0	0	0	0
11-3-0394	Rock Falls, City of FY 2010	Jul. 25, 2011	0	0	0	0

Report no.	Report title	Date	Questioned Costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
11-3-0395	Rockford, City of, Illinois FY 2009	Jul. 25, 2011	0	0	0	0
11-3-0396	Saratoga, Town of Wyoming FY 2010	Jul. 25, 2011	0	0	0	0
11-3-0398	Onarga, Illinois, Village of FY 2010	Jul. 25, 2011	0	0	0	0
11-3-0399	Guam Waterworks Authority FY 2010	Jul. 25, 2011	0	0	0	0
11-3-0400	Peru, Illinois, City of FY 2010	Jul. 25, 2011	0	0	0	0
11-3-0401	Pound, Virginia, Town of FY 2010	Jul. 26, 2011	0	0	0	0
11-3-0402	Chelyan Public Service District, West Virginia FY 2010	Jul. 26, 2011	0	0	0	0
11-3-0403	Sun Valley Public Service District, West Virginia FY 2010	Jul. 26, 2011	0	0	0	0
11-3-0404	Marmet, West Virginia, Municipality of FY 2010	Jul. 26, 2011	0	0	0	0
11-3-0405	Winfield, West Virginia, Municipality of FY 2010	Jul. 26, 2011	0	0	0	0
11-3-0406	Clarksburg Sanitary Board West Virginia FY 2010	Jul. 26, 2011	0	0	0	0
11-3-0407	Westminster, Maryland, - City of FY 2010	Jul. 26, 2011	0	0	0	0
11-3-0408	Hanover, New Hampshire, Town of FY 2010	Jul. 26, 2011	0	0	0	0
11-3-0409	Cavalier, City of, North Dakota FY 2010	Jul. 26, 2011	0	0	0	0
11-3-0410	Shaftsbury, Vermont, - Town of FY 2010	Jul. 26, 2011	0	0	0	0
11-3-0411	Gloucester, Massachusetts, City of FY 2010	Jul. 26, 2011	0	0	0	0
11-3-0412	Dracut, Massachusetts, Town of FY 2010	Jul. 26, 2011	0	0	0	0
11-3-0413	Suburban Lock Haven Water Authority Pennsylvania FY 2010	Jul. 26, 2011	0	0	0	0
11-3-0414	Dalles, City of, Oregon FY 2010	Jul. 27, 2011	0	0	0	0
11-3-0415	Utah Rural Water Association FY 2010	Jul. 28, 2011	0	0	0	0
11-3-0416	Virginia City, Town of, Montana FY 2010	Jul. 29, 2011	0	0	0	0
11-3-0417	Pine Haven, Town of, Wyoming FY 2010	Jul. 29, 2011	0	0	0	0
11-3-0418	East Helena, City of, Montana FY 2010	Jul. 29, 2011	0	0	0	0
11-3-0419	Lewistown, City of, Montana FY 2010	Jul. 29, 2011	0	0	0	0
11-3-0420	Butte Silver Bow, City and County of, Montana FY 2010	Jul. 29, 2011	0	0	0	0
11-3-0421	Enderlin, City of, North Dakota FY 2010	Jul. 29, 2011	0	0	0	0
11-3-0422	Miles City, City of, Montana FY 2010	Jul. 29, 2011	0	0	0	0
11-3-0423	Missoula, County of, Montana FY 2010	Jul. 29, 2011	0	0	0	0
11-3-0424	Rockland, Massachusetts, Town of FY 2010	Jul. 29, 2011	0	0	0	0
11-3-0425	Brattleboro, Vermont, Town of FY 2010	Jul. 29, 2011	0	0	0	0
11-3-0426	Bristol, Rhode Island, Town of FY 2010	Jul. 29, 2011	0	0	0	0
11-3-0427	Bristol, Vermont, Town of FY 2010	Jul. 29, 2011	0	0	0	0
11-3-0428	Hartford, Vermont, Town of FY 2010	Jul. 29, 2011	0	0	0	0
11-3-0432	Canastota, Village of, New York FY 2010	Aug. 03, 2011	0	0	0	0
11-3-0434	Cape Charles, Municipal Corporation of, Virginia FY 2010	Aug. 03, 2011	0	0	0	0
11-3-0435	Rutland, Vermont, City of FY 2010	Aug. 08, 2011	0	0	0	0
11-3-0436	Marlinton, West Virginia, Municipality of FY 2010	Aug. 08, 2011	0	0	0	0
11-3-0437	Hertford, North Carolina, Town of FY 2010	Aug. 08, 2011	0	0	0	0
11-3-0438	Lake Lure, North Carolina, Town of FY 2010	Aug. 08, 2011	0	0	0	0
11-3-0439	Louisburg, North Carolina, Town of FY 2010	Aug. 08, 2011	0	0	0	0
11-3-0440	Milledgeville, Georgia, City of FY 2010	Aug. 08, 2011	0	0	0	0
11-3-0441	Lula, Georgia, City of FY 2010	Aug. 08, 2011	0	0	0	0
11-3-0442	Montevallo, Alabama, City of FY 2010	Aug. 08, 2011	0	0	0	0
11-3-0443	Orangeburg, South Carolina, City of FY 2010	Aug. 08, 2011	0	0	0	0
11-3-0444	Coon's Run Public Service District West Virginia FY 2010	Aug. 09, 2011	0	0	0	0
11-3-0445	Dale, Borough of, Pennsylvania FY 2010	Aug. 09, 2011	0	0	0	0
11-3-0446	Pennsboro, West Virginia, City of FY 2010	Aug. 09, 2011	0	0	0	0
11-3-0447	Salem, West Virginia, Municipality of FY 2010	Aug. 09, 2011	0	0	0	0
11-3-0448	Bath, West Virginia, Municipality of FY 2010	Aug. 09, 2011	0	0	0	0
11-3-0449	Oceana, West Virginia, - Town of FY 2010	Aug. 10, 2011	0	0	0	0
11-3-0450	Miami Dade Water & Sewer Dept, Florida FY 2010	Aug. 10, 2011	0	0	0	0
11-3-0451	Frederick, Maryland, County of FY 2010	Aug. 10, 2011	0	0	0	0
11-3-0452	Houston Authority of Harris County Texas, Port of FY 2009	Aug. 11, 2011	0	0	0	0
11-3-0454	Natchitoches, Louisiana, City of FY 2010	Aug. 11, 2011	0	0	0	0
11-3-0455	College Park, City of, Georgia FY 2010	Aug. 11, 2011	0	0	0	0
11-3-0456	Clinton School District Iowa FY 2010	Aug. 11, 2011	0	0	0	0
11-3-0457	Big Bear Lake, City of, California FY 2010	Aug. 12, 2011	0	0	0	0
11-3-0458	Central Shoshone County Water District Idaho FY 2010	Aug. 15, 2011	0	0	0	0
11-3-0459	Clackamas County, Oregon FY 2010	Aug. 15, 2011	0	0	0	0
11-3-0460	Emeryville, City of, California FY 2010	Aug. 15, 2011	0	0	0	0
11-3-0461	Georgia Environmental Finance Authority 2010	Aug. 16, 2011	0	0	0	0
11-3-0462	Harrah, City of FY 2010	Aug. 16, 2011	0	0	0	0
11-3-0463	American Samoa, Territory of FY 2010	Aug. 16, 2011	0	0	0	0
11-3-0464	Fairview, City of, Oregon FY 2010	Aug. 16, 2011	0	0	0	0
11-3-0465	Leon, City of FY 2010	Aug. 16, 2011	0	0	0	0
11-3-0466	Gold Ridge Resource Conservation District California FY 2010	Aug. 16, 2011	0	0	0	0
11-3-0467	Kauai, County of, Dept of Water, Hawaii FY 2010	Aug. 16, 2011	0	0	0	0
11-3-0468	Lander County School District, Nevada FY 2010	Aug. 16, 2011	0	0	0	0
11-3-0469	Illinois, University of FY 2009	Aug. 17, 2011	0	0	0	0
11-3-0470	Colorado Water Resources and Power Development Authority FY 2010	Aug. 17, 2011	0	0	0	0
11-3-0471	Charles City, Iowa, City of FY 2010	Aug. 17, 2011	0	0	0	0

Report no.	Report title	Date	Questioned Costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
11-3-0472	Dubuque, Iowa, City of FY 2010	Aug. 17, 2011	0	0	0	0
11-3-0473	Los Penasquitos Lagoon Foundation, California FY 2010	Aug. 17, 2011	0	0	0	0
11-3-0474	Pittsfield, Illinois, City of FY 2010	Aug. 17, 2011	0	0	0	0
11-3-0475	Westmont, Illinois, Village of FY 2010	Aug. 17, 2011	0	0	0	0
11-3-0476	Aiken, County of, South Carolina FY 2010	Aug. 17, 2011	0	0	0	0
11-3-0477	Pontiac, Michigan, City of FY 2010	Aug. 17, 2011	0	0	0	0
11-3-0478	Westland, Michigan, City of FY 2010	Aug. 17, 2011	0	0	0	0
11-3-0479	Columbia, City of, South Carolina FY 2010	Aug. 17, 2011	0	0	0	0
11-3-0480	Houston, Texas, City of FY 2010	Aug. 17, 2011	0	0	0	0
11-3-0481	Jeanerette, Louisiana, City of FY 2010	Aug. 17, 2011	0	0	0	0
11-3-0482	Oklahoma, Oklahoma, City of FY 2010	Aug. 17, 2011	0	0	0	0
11-3-0483	San Juan, New Mexico, County of FY 2010	Aug. 17, 2011	0	0	0	0
11-3-0484	Lemoore, California, City of FY 2010	Aug. 17, 2011	0	0	0	0
11-3-0485	Louisa, Kentucky, City of FY 2010	Aug. 17, 2011	0	0	0	0
11-3-0486	LaBarge, Wyoming Town of FY 2010	Aug. 17, 2011	0	0	0	0
11-3-0487	Dona Ana Mutual Water Consumers Association, New Mexico FY 2010	Aug. 17, 2011	0	79,826	0	0
11-3-0488	Dover, City of, New Hampshire FY 2010	Aug. 18, 2011	0	0	0	0
11-3-0489	Highlands, Town of, North Carolina FY 2010	Aug. 18, 2011	0	0	0	0
11-3-0490	Machias, Town of, Maine FY 2010	Aug. 18, 2011	0	0	0	0
11-3-0491	Johnson, Village of, Vermont FY 2009	Aug. 18, 2011	0	0	0	0
11-3-0492	Northside Industrial Development Company, Pennsylvania	Aug. 18, 2011	0	56,853	0	0
11-3-0493	Volant, Borough of, Pennsylvania FY 2010	Aug. 18, 2011	0	0	0	0
11-3-0494	Pittsfield Charter, Township of, Michigan FY 2010	Aug. 18, 2011	0	0	0	0
11-3-0495	Keokuk, Iowa, City of FY 2010	Aug. 22, 2011	0	0	0	0
11-3-0496	Hartley, Iowa, City of FY 2010	Aug. 22, 2011	0	0	0	0
11-3-0497	Linn Creek, Missouri, City of FY 2010	Aug. 22, 2011	0	0	0	0
11-3-0498	Williamstown, Kentucky, City of FY 2010	Aug. 22, 2011	0	0	0	0
11-3-0499	Pendleton, South Carolina, Town of FY 2010	Aug. 22, 2011	0	0	0	0
11-3-0500	Franklin, Tennessee, City of FY 2010	Aug. 22, 2011	0	0	0	0
11-3-0501	Carroll County, Ohio FY 2009	Aug. 22, 2011	0	0	0	0
11-3-0502	Redwood Falls, Minnesota, City of FY 2009	Aug. 22, 2011	0	0	0	0
11-3-0503	Grand Chute-Menasha West Sewerage Commission Wisconsin FY 2010	Aug. 22, 2011	0	0	0	0
11-3-0504	Lansing, Michigan, City of FY 2010	Aug. 22, 2011	0	0	0	0
11-3-0505	Crossville, Tennessee, City of FY 2010	Aug. 22, 2011	0	0	0	0
11-3-0506	Paulding, Georgia, County of FY 2010	Aug. 22, 2011	0	0	0	0
11-3-0507	Richmond Water Gas & Sewerage Works, Kentucky FY 2010	Aug. 22, 2011	0	0	0	0
11-3-0508	Ronda, North Carolina, Town of	Aug. 22, 2011	0	0	0	0
11-3-0509	Youngsville, North Carolina, Town of FY 2010	Aug. 22, 2011	0	0	0	0
11-3-0510	Murphy, North Carolina, Town of FY 2010	Aug. 23, 2011	0	0	0	0
11-3-0511	Pioneer Rural Water District of Oconee and Anderson Counties, SC FY 2010	Aug. 23, 2011	0	0	0	0
11-3-0512	Carroll County Water Authority, Georgia FY 2010	Aug. 23, 2011	0	0	0	0
11-3-0513	Princeton Water and Wastewater, Kentucky FY 2010	Aug. 23, 2011	0	0	0	0
11-3-0514	Rawlins, City of, Wyoming FY 2010	Aug. 23, 2011	0	0	0	0
11-3-0515	Cresson, Borough of, Municipal Authority, Pennsylvania FY 2010	Aug. 24, 2011	0	0	0	0
11-3-0516	Calvert City, Kentucky, City of FY 2010	Aug. 24, 2011	0	0	0	0
11-3-0517	Caswell Beach, North Carolina, Town of FY 2010	Aug. 24, 2011	0	0	0	0
11-3-0518	Paintsville, Kentucky, City of FY 2010	Aug. 24, 2011	0	0	0	0
11-3-0520	Bloomingtondale Utility District of Sullivan County, Tennessee FY 2010	Aug. 24, 2011	0	0	0	0
11-3-0521	Monteagle, Tennessee, Town of FY 2010	Aug. 24, 2011	0	0	0	0
11-3-0522	Russellville, Kentucky, City of FY 2010	Aug. 24, 2011	0	0	0	0
11-3-0523	Southport, North Carolina, City of FY 2010	Aug. 24, 2011	0	0	0	0
11-3-0524	Desoto County, Mississippi, Regional Utility Authority of FY 2010	Aug. 24, 2011	0	0	0	0
11-3-0525	New York, New York, City of FY 2010	Aug. 24, 2011	0	0	0	0
11-3-0526	Cold Springs Rancheria of Mono Indians FY 2009	Aug. 24, 2011	0	0	0	0
11-3-0528	Puerto Rico-Commonwealth of Environmental Quality Board FY 2009	Aug. 25, 2011	0	0	0	0
11-3-0529	Greenport, New York, Incorporated Village of FY 2010	Aug. 25, 2011	0	0	0	0
11-3-0530	Richfield Springs, New York, Village of FY 2010	Aug. 25, 2011	0	0	0	0
11-3-0531	Amsterdam, New York, City of FY 2010	Aug. 25, 2011	0	0	0	0
11-3-0532	Ventura, California, County of FY 2010	Aug. 25, 2011	0	0	0	0
11-3-0533	St Helens, City of, Oregon FY 2010	Aug. 25, 2011	0	0	0	0
11-3-0535	Anaconda Deer Lodge, County of, Montana FY 2010	Aug. 25, 2011	0	0	0	0
11-3-0536	Valdosta, Georgia, City of FY 2010	Aug. 25, 2011	0	0	0	0
11-3-0537	Franklin, City of, Louisiana FY 2010	Aug. 25, 2011	0	0	0	0
11-3-0539	Taos, New Mexico, Town of FY 2010	Aug. 25, 2011	0	0	0	0
11-3-0540	Volunteers of America of North Louisiana FY 2010	Aug. 25, 2011	0	0	0	0
11-3-0541	West Monroe, Louisiana, City of FY 2010	Aug. 25, 2011	0	0	0	0
11-3-0542	Harris County Municipal Utility District No. 148, Texas FY 2010	Aug. 25, 2011	0	0	0	0
11-3-0543	Morro Bay, Bay Foundation of, California FY 2010	Aug. 25, 2011	0	0	0	0
11-3-0544	Winnfield, Louisiana, City of FY 2010	Aug. 25, 2011	0	0	0	0
11-3-0546	Ten Sleep, Wyoming, Town of FY 2010	Aug. 25, 2011	0	0	0	0
11-3-0547	Hagerstown, Maryland, City of FY 2010	Aug. 26, 2011	0	0	0	0

Report no.	Report title	Date	Questioned Costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
11-3-0548	San Francisco, California, City and County of FY 2010	Aug. 26, 2011	0	0	0	0
11-3-0549	Watford City, City of, North Dakota FY 2009	Aug. 25, 2011	0	0	0	0
11-3-0550	Columbia, North Carolina, Town of FY 2010	Aug. 26, 2011	0	0	0	0
11-3-0551	California, University of FY 2010	Aug. 26, 2011	0	0	0	0
11-3-0552	Colfax, California, City of FY 2010	Aug. 26, 2011	0	0	0	0
11-3-0553	Pima, Arizona, County of FY 2010	Aug. 26, 2011	0	0	0	0
11-3-0554	South Tucson, Arizona, City of FY 2010	Aug. 26, 2011	0	0	0	0
11-3-0555	Brawley, California, City of FY 2010	Aug. 26, 2011	0	0	0	0
11-3-0556	Delano, California, City of FY 2010	Aug. 26, 2011	0	0	0	0
11-3-0557	Los Angeles Department of Water and Power—Water System, FY 2010	Aug. 26, 2011	0	0	0	0
11-3-0558	Maui, Hawaii, County of FY 2010	Aug. 26, 2011	0	0	0	0
11-3-0559	Mendocino, California, County of FY 2010	Aug. 26, 2011	0	0	0	0
11-3-0560	Adrian, Missouri, City of FY 2010	Aug. 26, 2011	0	0	0	0
11-3-0561	Deming, New Mexico, City of FY 2010	Aug. 29, 2011	0	0	0	0
11-3-0562	Rio Rancho, New Mexico, City of FY 2010	Aug. 29, 2011	0	0	0	0
11-3-0563	Ruidoso Downs, New Mexico, City of FY 2010	Aug. 29, 2011	0	0	0	0
11-3-0564	Del City, Oklahoma, City of FY 2010	Aug. 29, 2011	0	0	0	0
11-3-0565	Payson, Arizona, Town of FY 2010	Aug. 29, 2011	0	0	0	0
11-3-0566	Northeast States for Coordinated Air Use Management Inc (MA) FY 2010	Sep. 01, 2011	0	0	0	0
11-3-0567	Alachua, City of, Florida FY 2010	Sep. 02, 2011	0	0	0	0
11-3-0568	Amarillo, City of, Texas FY 2010	Sep. 02, 2011	0	0	0	0
11-3-0569	Ascension Consolidated Utilities District No 1, Louisiana FY 2010	Sep. 02, 2011	0	0	0	0
11-3-0570	Picuris Pueblo, New Mexico FY 2008	Sep. 02, 2011	12,564	0	0	0
11-3-0571	Hawaii, County of, Hawaii FY 2010	Sep. 07, 2011	0	0	0	0
11-3-0572	Bennettsville, South Carolina, City of FY 2010	Sep. 07, 2011	0	0	0	0
11-3-0573	Atoka, Tennessee, Town of FY 2010	Sep. 07, 2011	0	0	0	0
11-3-0574	Wilmar Union School District, California FY 2010	Sep. 07, 2011	0	0	0	0
11-3-0575	Randolph, Massachusetts, Town of FY 2010	Sep. 07, 2011	0	0	0	0
11-3-0576	Bushnell, City of, Florida FY 2010	Sep. 07, 2011	0	0	0	0
11-3-0577	Central Oklahoma Master Conservancy District, Oklahoma FY 2010	Sep. 07, 2011	0	0	0	0
11-3-0578	Cullen, Town of, Louisiana FY 2010	Sep. 07, 2011	0	0	0	0
11-3-0579	Arlington School District, Vermont FY 2010	Sep. 07, 2011	0	0	0	0
11-3-0580	North Richland Hills, Texas, City of FY 2010	Sep. 07, 2011	0	0	0	0
11-3-0581	Wilmington, Delaware, City of FY 2010	Sep. 07, 2011	0	0	0	0
11-3-0582	St. Augustine Beach, Florida, City of FY 2010	Sep. 08, 2011	0	0	0	0
11-3-0583	Tohopekaliga Water Authority, Florida FY 2010	Sep. 08, 2011	0	0	0	0
11-3-0584	Natchez Water Works, Mississippi FY 2010	Sep. 08, 2011	0	0	0	0
11-3-0585	Bird Island, Minnesota, City of FY 2010	Sep. 08, 2011	0	0	0	0
11-3-0586	Honolulu, City and County of, Hawaii FY 2010	Sep. 08, 2011	0	0	0	0
11-3-0587	Fort Worth, Texas, City of FY 2010	Sep. 08, 2011	0	0	0	0
11-3-0588	Ardmore, Oklahoma, City of FY 2010	Sep. 08, 2011	0	0	0	0
11-3-0589	Maricopa Domestic Water Improvement District, Arizona FY 2010	Sep. 08, 2011	0	0	0	0
11-3-0590	Crowley, Louisiana, City of FY 2010	Sep. 08, 2011	0	0	0	0
11-3-0591	Labelle, Florida, City of FY 2010	Sep. 08, 2011	0	0	0	0
11-3-0592	North Miami Beach, Florida, City of FY 2010	Sep. 08, 2011	0	0	0	0
11-3-0593	White Lake, Michigan, Charter Township of FY 2010	Sep. 08, 2011	0	0	0	0
11-3-0594	Mercedes, Texas, City of FY 2010	Sep. 08, 2011	0	0	0	0
11-3-0595	Opelousas, Louisiana, City of FY 2010	Sep. 08, 2011	0	0	0	0
11-3-0596	Clewiston, Florida, City of FY 2010	Sep. 08, 2011	0	0	0	0
11-3-0598	Elko Band Council, Nevada FY 2010	Sep. 09, 2011	0	0	0	0
11-3-0599	Peoria, City of, Illinois FY 2010	Sep. 12, 2011	0	0	0	0
11-3-0600	Fortville, Town of, Indiana FY 2009	Sep. 12, 2011	0	0	0	0
11-3-0601	Alda, Nebraska, Village of FY 2010	Sep. 12, 2011	0	0	0	0
11-3-0602	Bennet, Nebraska, Village of FY 2010	Sep. 12, 2011	0	0	0	0
11-3-0603	Malcolm, Nebraska, Village of FY 2010	Sep. 12, 2011	0	0	0	0
11-3-0604	Atlanta, Missouri, City of FY 2010	Sep. 12, 2011	0	0	0	0
11-3-0605	R & T Water Supply Association, North Dakota FY 2009	Sep. 12, 2011	0	0	0	0
11-3-0606	Edgewater, Florida, City of FY 2010	Sep. 12, 2011	0	0	0	0
11-3-0607	Ohio County Regional Wastewater District Inc., Kentucky FY 2009	Sep. 12, 2011	0	0	0	0
11-3-0608	Wanaque Valley Regional Sewerage Authority, New Jersey FY 2010	Sep. 12, 2011	0	0	0	0
11-3-0609	Casselberry, Florida, City of FY 2010	Sep. 12, 2011	0	0	0	0
11-3-0610	Cocoa, Florida, City of FY 2010	Sep. 12, 2011	0	0	0	0
11-3-0611	Grand Ridge, Florida, Town of FY 2010	Sep. 12, 2011	0	0	0	0
11-3-0612	North Salem, New York, Town of FY 2010	Sep. 12, 2011	0	0	0	0
11-3-0613	Amherst, New York, Town of FY 2010	Sep. 12, 2011	0	0	0	0
11-3-0614	Center for Creative Land Recycling, California FY 2009	Sep. 12, 2011	0	0	0	0
11-3-0615	Lancaster, City of, Pennsylvania FY 2010	Sep. 12, 2011	0	0	0	0
11-3-0617	Cabazon Band of Mission Indians, California FY 2010	Sep. 13, 2011	0	13,696	0	0
11-3-0618	Battelle Memorial Institute, Ohio FY 2010	Sep. 14, 2011	0	0	0	0
11-3-0619	Carrabelle, Florida, City of FY 2010	Sep. 14, 2011	0	0	0	0
11-3-0620	Alexandria, Minnesota, City of FY 2010	Sep. 14, 2011	0	0	0	0

Report no.	Report title	Date	Questioned Costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
11-3-0621	Auburn Hills, Michigan, City of FY 2010	Sep. 14, 2011	0	0	0	0
11-3-0622	Baudette, Minnesota, City of FY 2010	Sep. 14, 2011	0	0	0	0
11-3-0623	Big Lake, Minnesota, City of FY 2010	Sep. 14, 2011	0	0	0	0
11-3-0624	Brainerd, Minnesota, City of FY 2010	Sep. 14, 2011	0	0	0	0
11-3-0625	Fortville, Indiana, Town of FY 2010	Sep. 14, 2011	0	0	0	0
11-3-0626	Litchfield, Minnesota, City of FY 2010	Sep. 14, 2011	0	0	0	0
11-3-0627	Lynchburg, Ohio, Village of FY 2010	Sep. 14, 2011	0	0	0	0
11-3-0628	Gwinnett County Georgia FY 2010	Sep. 14, 2011	0	0	0	0
11-3-0629	Eatonton-Putnam Water and Sewer Authority, Georgia FY 2010	Sep. 14, 2011	0	0	0	0
11-3-0631	Churubusco, Indiana, Town of FY 2010	Sep. 14, 2011	0	0	0	0
11-3-0632	Turtle Lake, Wisconsin, Village of FY 2010	Sep. 14, 2011	0	0	0	0
11-3-0633	Liberty, Indiana, Town of FY 2010	Sep. 14, 2011	0	0	0	0
11-3-0634	Two Rivers, Wisconsin, City of FY 2010	Sep. 14, 2011	0	0	0	0
11-3-0635	Marinette, Wisconsin, City of FY 2010	Sep. 14, 2011	0	0	0	0
11-3-0636	Evansville, Wisconsin, City of FY 2010	Sep. 14, 2011	0	0	0	0
11-3-0637	Elephant Butte, City of, New Mexico FY 2010	Sep. 14, 2011	0	0	0	0
11-3-0638	Colby, City of, Kansas FY 2010	Sep. 14, 2011	711,650	0	0	0
11-3-0639	Bonifay, Florida, City of FY 2010	Sep. 15, 2011	0	0	0	0
11-3-0640	Hollywood, Florida, City of FY 2010	Sep. 15, 2011	0	0	0	0
11-3-0641	Apalachicola, Florida, City of FY 2010	Sep. 15, 2011	0	0	0	0
11-3-0642	Winona, Mississippi, City of FY 2010	Sep. 15, 2011	0	0	0	0
11-3-0643	BDW Water System Association, North Dakota FY 2010	Sep. 15, 2011	0	0	0	0
11-3-0644	St. Ignace, Michigan, City of FY 2010	Sep. 15, 2011	0	0	0	0
11-3-0645	Grace, City of, Idaho FY 2010	Sep. 16, 2011	0	0	0	0
11-3-0646	Eunice, City of, Louisiana FY 2010	Sep. 16, 2011	0	0	0	0
11-3-0647	Grand Isle, Town of, Louisiana FY 2010	Sep. 16, 2011	0	0	0	0
11-3-0648	Illinois, State of FY 2010	Sep. 16, 2011	0	0	0	0
11-3-0649	Del Norte, County of, California FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0650	Port Authority of the City of Saint Paul, Minnesota FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0651	Stanley, Wisconsin, City of FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0652	Van Buren, Michigan, Charter Township of FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0653	Bucklin, Kansas, City of FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0654	Public Water Supply District #8 of Clay County, Missouri FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0655	Cole County Public Water Supply District No. 4, Missouri FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0656	Sharpsville, Pennsylvania, Borough of FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0657	Webster, South Dakota, City of FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0658	Amherst, Wisconsin, Village of FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0659	Woodland, City of, California FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0660	Two Harbors, City of, Minnesota FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0661	Monticello, Florida, City of FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0662	Sebring, Florida, City of FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0663	Tampa, Florida, City of FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0664	Bayou Descannes Water System Inc., Louisiana FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0665	Bogalusa, Louisiana, City of FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0666	Caddo Parish Commission, Louisiana FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0667	Ipswich, South Dakota, City of FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0668	Snyderville Basin Water Reclamation District, Utah FY 2010	Sep. 19, 2011	0	0	0	0
11-3-0669	Milbank, South Dakota, City of FY 2010	Sep. 20, 2011	0	0	0	0
11-3-0670	Lead, South Dakota, City of FY 2010	Sep. 20, 2011	0	0	0	0
11-3-0671	Minneapolis, Minnesota, City of FY 2010	Sep. 20, 2011	0	0	0	0
11-3-0672	West Bloomfield, Michigan, Charter Township of FY 2010	Sep. 20, 2011	0	0	0	0
11-3-0673	Whitewater, Wisconsin, City of FY 2010	Sep. 20, 2011	0	0	0	0
11-3-0674	Foley, Minnesota, City of FY 2010	Sep. 20, 2011	0	0	0	0
11-3-0675	Duluth, Minnesota, City of FY 2010	Sep. 20, 2011	0	0	0	0
11-3-0676	Hammond, City of, Louisiana FY 2010	Sep. 20, 2011	0	0	0	0
11-3-0677	Ball, Louisiana, Town of FY 2010	Sep. 20, 2011	0	0	0	0
11-3-0678	Latino Community Development Agency, Oklahoma FY 2010	Sep. 20, 2011	0	21,653	0	0
11-3-0679	Anderson, Indiana, City of FY 2010	Sep. 20, 2011	0	0	0	0
11-3-0680	Lomira, Wisconsin, Village of FY 2010	Sep. 20, 2011	0	0	0	0
11-3-0681	Maquoketa, City of, Iowa FY 2010	Sep. 20, 2011	0	0	0	0
11-3-0682	Stetsonville, Wisconsin, Village of FY 2010	Sep. 20, 2011	0	0	0	0
11-3-0683	Superior, Wisconsin, City of FY 2010	Sep. 20, 2011	0	0	0	0
11-3-0684	Whitestown, Indiana, Town of FY 2010	Sep. 20, 2011	0	0	0	0
11-3-0685	East Allen Parish Waterworks District, Louisiana FY 2010	Sep. 20, 2011	0	0	0	0
11-3-0686	Denton County Fresh Water Supply District No. 1-A, Texas FY 2010	Sep. 20, 2011	0	0	0	0
11-3-0688	Clay Rural Water System Inc., South Dakota FY 2010	Sep. 21, 2011	0	0	0	0
11-3-0689	Austin, Texas, City of FY 2010	Sep. 21, 2011	0	0	0	0
11-3-0690	Aberdeen, South Dakota, City of FY 2010	Sep. 21, 2011	0	0	0	0
11-3-0691	Northwood, North Dakota, City of FY 2010	Sep. 21, 2011	0	0	0	0
11-3-0692	Vanderbilt University, Tennessee FY 2010	Sep. 21, 2011	0	0	0	0
11-3-0693	Foster, Pennsylvania, Township FY 2009	Sep. 21, 2011	0	0	0	0

Report no.	Report title	Date	Questioned Costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
11-3-0694	Glen Falls, New York, City of FY 2010	Sep. 21, 2011	0	0	0	0
11-3-0695	Franklin, Pennsylvania, Township of FY 2009	Sep. 21, 2011	0	0	0	0
11-3-0696	Naples, Florida, City of FY 2010	Sep. 21, 2011	0	0	0	0
11-3-0698	Santa Cruz County.-Resource Conservation District of, California FY 2010	Sep. 22, 2011	0	0	0	0
11-3-0703	San Andreas Sanitary District, California FY 2010	Sep. 26, 2011	0	0	0	0
11-3-0704	Crooked Creek Traditional Council, Alaska FY 2008	Sep. 26, 2011	0	0	0	0
11-3-0707	Inkom, City of, Idaho FY 2010	Sep. 26, 2011	0	0	0	0
11-3-0710	Clean Fuels Ohio FY 2010	Sep. 27, 2011	0	0	0	0
11-3-0711	Eureka, County of, Nevada FY 2010	Sep. 27, 2011	0	0	0	0
11-3-0712	Caneadea, Town of, New York FY 2010	Sep. 27, 2011	0	0	0	0
11-3-0713	Nicholson Water & Sewer Association Inc., Mississippi FY 2010	Sep. 27, 2011	0	0	0	0
11-3-0714	Red Lake Falls, Minnesota, City of FY 2010	Sep. 27, 2011	0	0	0	0
11-3-0715	Pear River County Utility Authority, Mississippi FY 2010	Sep. 29, 2011	0	0	0	0
11-3-0716	Sopchoppy, Florida, City of FY 2010	Sep. 29, 2011	0	0	0	0
11-3-0717	Tupelo, Mississippi, City of FY 2010	Sep. 29, 2011	0	0	0	0
11-3-0718	Weaver, Alabama, City of FY 2010	Sep. 29, 2011	0	0	0	0
11-3-0719	Philippi, West Virginia, City of FY 2010	Sep. 29, 2011	0	0	0	0
11-3-0720	Silver Creek, Missouri, Village of FY 2010	Sep. 29, 2011	0	0	0	0
11-3-0721	San Francisco Redevelopment Agency, California FY 2010	Sep. 29, 2011	0	0	0	0
11-3-0723	Santee Sioux Nation, Nebraska FY 2010	Sep. 29, 2011	0	0	0	0
11-3-0724	Canton, South Dakota, City of FY 2010	Sep. 29, 2011	0	0	0	0
	TOTAL SINGLE AUDIT REPORTS = 468		\$1,057,508	\$472,309	\$0	\$0
ATTESTATION REPORTS						
11-4-0709	CERCLA Claim - Iron Horse Park Superfund Site	Sep. 27, 2011	\$0	\$0	\$0	\$0
	TOTAL ATTESTATION REPORTS = 1		\$0	\$0	\$0	\$0
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 REPORTS						
11-R-0208	EPA Faced Multiple Constraints to Targeting Recovery of Funds	Apr. 11, 2011	\$0	\$0	\$0	\$0
11-R-0214	Site Visit of Wastewater Treatment Facility Improvements, Perkins, Oklahoma	May 02, 2011	0	0	0	0
11-R-0222	Site Visit of Wastewater Treatment Facility Expansion, Buckeye, Arizona	May 09, 2011	0	0	0	0
11-R-0232	Site Visit of La Plata Water Treatment Plant Phase II, Aibonito, Puerto Rico	May 23, 2011	0	0	0	0
11-R-0233	Site Visit of Sewer Improvements, Ingenio Community, Toa Baja, Puerto Rico	May 24, 2011	0	0	0	0
11-R-0241	Site Visit of Las Marias Water System Phase IIA, Las Marias, Puerto Rico	May 25, 2011	0	0	0	0
11-R-0248	Site Visit of Clifton Street Power/Water Main Projects, Portland, Maine	Jun. 07, 2011	0	0	0	0
11-R-0431	Site Visit of Tower Chemical Superfund Site, Clemont, Lake County, Florida	Aug. 03, 2011	0	0	0	0
11-R-0519	EPA and State Oversight of Clean Water State Revolving Fund Projects	Aug. 24, 2011	0	0	0	0
11-R-0700	Site Visit of Wastewater Treatment Plant-Phase II, Ottawa, Illinois	Sep. 23, 2011	0	3,860,147	0	0
	TOTAL AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 REPORTS = 10		\$0	\$3,860,147	\$0	\$0
OTHER REPORTS						
11-N-0212	Compendium of Unimplemented Recommendations – March 31, 2011	Apr. 29, 2011	\$0	\$0	\$0	\$0
11-2-0213	Agreed Upon Procedures EPA's First Quarter 2011 Financial Statements	May 02, 2011	0	0	0	0
11-2-0300	Agreed Upon Procedures EPA's Second Quarter 2011 Financial Statements	Jun. 29, 2011	0	0	0	0
11-2-0699	Agreed Upon Procedures EPA's Third Quarter 2011 Financial Statements	Sep. 23, 2011	0	0	0	0
	TOTAL OTHER REPORTS = 4		\$0	\$0	\$0	\$0
	TOTAL REPORTS ISSUED = 514		\$1,057,508	\$4,332,456	\$0	\$58,000,000

Appendix 2—Reports Issued Without Management Decisions

For Reporting Period Ended September 30, 2011

The Inspector General Act 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 September 30, 2011.

Office of Administration and Resources Management

Report No. 10-P-0112, Results of Hotline Complaint Review of EPA Region 9 Hiring under the Federal Career Intern Program, April 26, 2010

Summary: The hotline allegations against EPA Region 9 were unsubstantiated. We identified that the region engaged in a prohibited personnel practice. Neither the Office of Personnel Management nor EPA prohibits the use of a job fair and registration code as recruiting and hiring methods. However, Region 9 engaged in a prohibited personnel practice by giving four Federal Career Intern Program job fair participants improper advantages not provided to others attending the job fair.

Agency Explanation: Office of Human Resources has drafted a policy to establish an Agency-wide workforce program that includes controls to ensure regular reviews of positions for efficiency, effectiveness, and mission accomplishment. The policy must move through the Agency approval process. Senior management is considering contractor support on this issue and a memorandum is forthcoming to the OIG to confirm that strategy. The projected completion date is March 31, 2012.

OIG Follow-Up Status: Incomplete response.

Report No. 11-P-0136, EPA Needs Better Agency Wide Controls Over Staff Resources, February 22, 2011

Summary: This report evaluated the effectiveness of EPA's position management program. The OIG found that EPA does not enforce a coherent program of position management to assure the efficient and effective use of its workforce. While some organizational elements have independently established programs to control their resources, there is no Agency-wide effort to ensure that personnel are put to the best use. As such, the OIG recommend that OARM establish an Agency-wide workforce program that includes controls to ensure regular reviews of positions for efficiency, effectiveness, and mission accomplishment.

Agency Explanation: Office of Human Resources has drafted a policy to establish an Agency-wide workforce program that includes controls to ensure regular reviews of positions for efficiency, effectiveness, and mission accomplishment. The policy must move through the Agency approval process. Senior management is considering contractor support on this issue and a memorandum is forthcoming to the OIG to confirm that strategy. The projected completion date is March 31, 2012.

OIG Follow-Up Status: Incomplete Response.

Report No. 10-P-0177, EPA's Revised Hiring Process Needs Additional Improvements, August 9, 2010

Summary: Our analysis of EPA's appointment process managed by the Office of Administration and Resources Management (OARM) identified that EPA had not implemented critical technology upgrades or obtained other resources necessary for the service center concept to succeed. EPA produced three reports, including its 2007 Business Case, which identified key factors for a successful transition to the service center concept. However, EPA management implemented the transition without obtaining some of these key capabilities, including electronic infrastructure.

Agency Explanation: The OIG has accepted OARM's Corrective Action Plan with the exception of recommendations 2 and 3. OARM and OIG continue to disagree on these recommendations; therefore, this audit has not been closed. OARM will continue to move forward on the remaining corrective actions.

OIG Follow-Up Status: No response.

Report No. 11-4-0113, Examination of Costs Claimed Under EPA Cooperative Agreement X83275501 Awarded to the Montana Physical Sciences Foundation, November 8, 2010

Summary: This review examined EPA's assistance agreement to the Montana Physical Sciences Foundation. The OIG found that the grantee did not meet Code of Federal Regulations (CFR) requirements for procurement. We noted issues related to conflict of interest and sole source contract documentation. The OIG recommended that OARM (1) disallow and recover \$707,320 in costs claimed for the grantee's subcontract, (2) consider suspension and debarment proceedings against the grantee and its subcontractor, (3) require the grantee to improve its procurement process to ensure compliance with 40 CFR Part 30, and (4) establish special conditions for future EPA awards to the grantee.

Agency Explanation: This audit is being handled by the Office of Grants and Debarment (OGD). OGD informed the OIG on September 23, 2011, that it will provide its complete response to the OIG's determination by November 30, 2011.

OIG Follow-Up Status: Incomplete Response.

Office of Air and Radiation

Report No. 04-P-00033, Effectiveness of Strategies to Reduce Ozone Precursors, September 29, 2004

Summary: Our analysis of EPA emissions data for "serious," "severe," and "extreme" ozone nonattainment areas indicated that some major metropolitan areas may not have achieved the required 3 percent annual emission reductions in ozone precursor emissions. While EPA air trends reports have emphasized that ozone levels are declining nationally and regionally, only 5 of 25 nonattainment areas designated serious to extreme had substantial downward trends. EPA provided an action plan to the OIG that provided a partial list of actions planned, and we closed 8 of the 25 recommendations. We believed that we may have been able to close six recommendations once the final Milestone Compliance Demonstration rule was promulgated. However, in May 2006, EPA told us it had decided not to issue the rule; it instead planned to issue guidance that EPA regions could share with states. We did not agree that guidance is an acceptable alternative. As of September 12, 2008, the Agency had not agreed with the other recommendations and had not submitted a complete response that addresses all the recommendations in the report. We will continue to follow up on the Agency's actions.

Agency Explanation: EPA continues to disagree with the OIG recommendation to issue a Milestone Compliance Demonstration Rule. EPA has agreed to reconsider the recommendation after reconsideration of the Ozone Standard is completed. Resolution expected by December 2011.

OIG Follow-Up Status: Expect resolution by December 2011.

Report No. 08-P-0020, Maximum Achievable Control Technology Implementation Progress and Challenges, October 31, 2007

Summary: EPA's National Emissions Inventory data indicate an overall decline in air toxic emissions concurrent with implementation of the maximum achievable control technology standards. EPA plans to use National Emissions Inventory data to assess the public health risk remaining from maximum achievable control technology sources of air toxics emissions, but the reliability of data for site-specific emissions varies considerably. EPA has not established objectives that define an acceptable level of quality for National Emissions Inventory data used in the residual risk process. EPA guidance recommends that program offices develop data quality objectives for using data in such decisionmaking processes. Given the uncertainties associated with National Emissions Inventory data, EPA could over- or underestimate the public health risk from maximum achievable control technology sources of emissions. Overstating risk could result in EPA placing regulations on industries that are not cost beneficial. Conversely, understating risk could result in EPA not requiring regulations where needed to protect public health. The Agency has agreed with the first recommendation in our audit report and provided acceptable milestone dates for its implementation. The Agency has not agreed to establish the recommended state reporting requirements, and we consider the issue unresolved.

Agency Explanation: On February 14, 2011, the OIG requested clarification of the EPA's action plan timeline. EPA sent a clarification letter to the OIG. On September 19, 2011, OIG stated that it is reviewing the letter.

OIG Follow-Up Status: Resolution under negotiation in headquarters.

Report No. 09-P-0151, EPA Does Not Provide Oversight of Radon Testing Accuracy and Reliability, May 12, 2009

Summary: EPA does not perform oversight of radon testing device accuracy or reliability. The 1988 Indoor Radon Abatement Act required that EPA establish proficiency programs for firms offering radon-related services, including testing and mitigation. EPA established and operated proficiency programs until 1998, when it disinvested in these programs. EPA asserts that it shares oversight responsibility with states and industry, including the two national proficiency programs operating under private auspices. However, without oversight, EPA cannot assure that radon testing devices provide accurate data on indoor radon risks or that radon testing laboratories accurately analyze and report radon results. We recommended that EPA disclose that while radon testing is recommended, EPA cannot provide assurance that commercially available radon testing devices or testing laboratories are accurate and reliable. EPA generally agreed with this recommendation and stated that it will review and revise both its Web-based and printed public materials, as appropriate. However, the Agency did not provide information on how it intends to characterize the accuracy and reliability of radon testing in its public documents, and more information is needed.

Agency Explanation: EPA has completed its review of the data collected in studies to determine the accuracy and reliability of radon testing devices. EPA is preparing a memo to the OIG laying out the results of that analysis. The memo is expected to be signed by October 31, 2011.

OIG Follow-Up Status: Incomplete response.

Financial Analysis and Rate Negotiation Service Center

Report No. 06-4-00120, National Academy of Sciences—FY 2006 Info Tech System, July 20, 2006

Summary: The Defense Contract Audit Agency (DCAA) determined that the contractor's information technology system general internal controls were inadequate in part.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

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

Report No. 06-4-00165, National Academy of Sciences—FY 2006 Indirect/Other Direct Costs System, September 27, 2006

Summary: In DCAA's opinion, the contractor's service centers cost system and related internal control policies and procedures were inadequate in part. DCAA's examination noted certain significant deficiencies in the design or operation of the Indirect/Other Direct Costs system process.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

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

Report No. 06-4-00169, National Academy of Sciences—FY 2006 Labor System, September 29, 2006

Summary: In DCAA's opinion, the contractor's labor system and related internal control policies and procedures were inadequate in part. DCAA's examination noted certain significant deficiencies in the design or operation of the internal control structure.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

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

Report No. 07-1-00016, URS Corporation (c/o URS Greiner, Inc.)—FY2001 Incurred Cost, November 13, 2006

Summary: DCAA questioned a total of \$188,772,784 in direct and indirect costs. Of these, \$5,585,929 are claimed direct costs, of which \$1,328,189 are from EPA Contract No. 68- W9-8225. The questioned indirect expenses impacted all fringe, overhead, and general and administrative rates. Of the questioned indirect costs, EPA's share is \$401,412, for a total of \$1,729,601 in questioned direct and indirect costs.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

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

Report No. 07-1-00061, Lockheed Martin Services Group—FY 12/31/2004 I/C, April 10, 2007

Summary: DCAA questioned \$34,708,911 in claimed direct costs and proposed indirect costs. Further, DCAA did not audit \$338,864,655 in claimed direct and indirect costs for assist audits not yet received or for received assist audit reports, the impact of which on the contractor's cost objectives has not yet been calculated. Additionally, DCAA upwardly adjusted \$48,224,805 in claimed base costs. EPA's share of the questioned costs totals \$694,178. DCAA did not provide any Cumulative Allowable Cost Work Sheet or Schedule of Allowable Costs by Cost Element by Contract because the most current year with negotiated indirect rates is calendar year 1998. DCAA will issue a supplemental audit report upon completion of its analysis of the assist audit results, and as the outstanding fiscal years' indirect rates are negotiated, the requested Cumulative Allowable Cost Work Sheet and Schedule of Allowable Costs by Cost Element by Contract will be provided.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

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

Report No. 07-4-00058, Science Applications Intl. Corporation—Companies 1, 6, and 9—FY 2006 Floorchecks, April 30, 2007

Summary: On September 25, 2006, DCAA determined that the floorchecks disclosed no significant deficiencies in the contractor's timekeeping or labor system in FY 2005. On February 27, 2007, DCAA determined that certain labor practices require corrective actions to improve the reliability of the contractor's labor accounting system. DCAA did not express an opinion on the adequacy of the contractor's labor accounting system taken as a whole.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

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

Report No. 07-1-00079, Science Applications Intl. Corporation—FYE 1/31/2005 I/C, July 18, 2007

Summary: DCAA submitted three audit reports under this assignment. DCAA accepted the claimed direct costs at Companies 1 and 6 (there are no claimed direct costs at Company 9) and questioned proposed indirect costs and rates at Companies 1, 6, and 9. DCAA questioned a total of \$17,224,585 of Company 9's claimed indirect expenses (\$9,938,874) and fringe benefit costs and rates (\$7,285,711), of which \$7,762,651 was allocated to other companies that do not perform government work. Questioned indirect costs of \$3,525,230 and \$4,552,250 were allocated to and questioned in the claimed general and administrative costs and rates of Companies 1 and 6, respectively. The questioned fringe benefit rates in Company 9 resulted in questioned fringe benefit costs of \$865,365 and \$519,089 for Companies 1 and 6, respectively. DCAA questioned an additional \$1,995,869 of Company 1 claimed indirect expenses, and an additional \$511,822 of Company 6 claimed indirect expenses. Total questioned costs in Companies 1 and 6 are \$11,969,625, of which \$119,696 is applicable to EPA contracts.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

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

Report No. 07-1-00080, Lockheed Martin Services, Inc.—FY 2005 Incurred Cost, August 6, 2007

Summary: DCAA questioned \$595,792,539 in claimed direct costs and \$10,982,460 in proposed indirect costs and rates. None of the questioned direct costs are chargeable to any of the EPA contracts. A number of the EPA contracts have indirect ceiling rates that are lower than the contractor's proposed indirect rates, and are not impacted by the questioned indirect expenses and rates. However, there are EPA contract/subcontracts that do not have indirect ceiling rates and are impacted by the questioned indirect rates. EPA's share of questioned indirect costs totals \$133,069.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

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

Report No. 07-4-00080, National Academy of Sciences—FY 2006 Budget System, September 26, 2007

Summary: In DCAA's opinion, the budget and planning system and related internal control policies and procedures are inadequate in part.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

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

Report No. 08-4-0002, Science Applications Intl. Corp—Company 1 Compensation Follow-Up, October 2, 2007

Summary: In DCAA's opinion, the contractor's compensation system and related internal control policies and procedures are inadequate in part. DCAA's examination noted certain significant deficiencies in the design or operation of the internal control structure that could adversely affect the contractor's ability to record, process, summarize, and report compensation in a manner that is consistent with applicable government contract laws and regulations.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

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

Report No. 08-1-00114, Weston Solutions Inc.—FY 12/31/2004 Incurred Cost, March 24, 2008

Summary: DCAA determined that the contractor's claimed direct costs are acceptable; however, DCAA questioned \$2,082,837 in proposed indirect costs and rates. Further, DCAA applied penalties in accordance with Federal Acquisition Regulation 42.709, and identified expressly unallowable costs subject to penalty that had been allocated to various contracts specified in Federal Acquisition Regulation 42.709(b), including 11 EPA contracts. Of the questioned costs, EPA's total share of questioned costs is \$197,869, of which \$164,163 is questioned overhead costs and \$33,706 is the questioned general and administrative costs.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

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

Report No. 08-1-00131, Washington Group International, Inc.—FY 2001 Incurred Costs, April 15, 2008

Summary: DCAA questioned \$2,208,686 of claimed direct costs and \$13,757,945 of proposed indirect costs and rates, a total of \$15,966,631. EPA's share of the questioned costs is \$44,648.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

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

Report No. 08-1-0130, Morrison Knudsen Corporation—FY 1999 Incurred Costs, April 15, 2008

Summary: DCAA questioned \$3,705,233 in claimed direct costs and \$3,472,023 in proposed indirect costs and rates, a total of \$7,177,256 in questioned costs. EPA's share of questioned costs is \$57,369.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

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

Report No. 09-1-00034, Lockheed Martin Services Group—FY 2006 Incurred Cost, November 24, 2008

Summary: DCAA questioned \$23,672,344 in claimed direct and proposed indirect costs and rates. Of this, \$381,582 is claimed direct costs and \$23,290,762 is proposed indirect costs and rates. DCAA also did not audit \$159,778,286 in claimed subsidiary and subcontracts costs. EPA's share of the questioned costs is 3 percent, or \$11,448 in claimed direct costs and \$698,722 in proposed indirect costs, a total of \$710,170.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

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

Office of Enforcement and Compliance Assurance**Report No. 08-P-00278, Strategic Planning in Priority Enforcement Areas, September 25, 2008**

Summary: The Office of Enforcement and Compliance Assurance has instituted a process for strategic planning in its national enforcement priority areas. The FYs 2008–2010 strategic plans we reviewed—for air toxics, combined sewer overflows, and mineral processing—contain an overall goal, a problem statement, and other key elements. However, each of the plans is missing key elements to monitor progress and accomplishments and efficiently utilize Agency resources. All three strategies lack a full range of measures to monitor progress and achievements. Two strategies lack detailed exit plans. Additionally, the combined sewer overflow strategy does not address the states' key roles in attaining the strategy's overall goal. The absence of these elements hinders Office of Enforcement and Compliance Assurance from monitoring progress and achieving desired results in a timely and efficient manner.

Agency Explanation: The OIG issued a memorandum to the Office of Enforcement and Compliance Assurance on January 20, 2010, that requested this office to change the designation of recommendation 2-2 in the Management Audit Tracking System to "unresolved," and include it in the list of recommendations unresolved after a year. The OIG indicated that it would pursue this matter through the formal EPA audit resolution process.

OIG Follow-Up Status: Referred to Audit Resolution Board.

Office of Environmental Information**Report No. 10-P-0177, EPA's Revised Hiring Process Needs Additional Improvements, August 9, 2010**

Summary: This report reviewed EPA's appointment process managed by OARM to determine how the new process for filling vacancies can be more efficient and effective. The OIG found that EPA had not implemented critical technology upgrades or obtained other resources necessary for the service center concept to succeed. The OIG also found that service centers did not consistently provide program managers with the best candidates, and data quality and recruitment action processes need improvement. The OIG recommend that (1) EPA officials determine the scope of services to be obtained from a line-of-business provider, select the provider, and develop and implement a plan to migrate to the provider; and (2) the appropriate EPA official help program offices standardize position descriptions and review EZ-Hire questions; increase subject matter expert involvement in evaluating applications; improve the reorganization policy and procedures; obtain feedback on inquiries about personnel actions being processed; and address various staffing, policy, and procedural issues.

Agency Explanation: This audit is assigned to three offices. OIG replied that the issues needing to be resolved are with OARM; they will advise if OEI needs to adjust its Corrective Action Plan.

OIG Follow-up Status: No response

Office of Grants and Debarment**Report No. 10-4-0067, Incurred Cost Audit of Three EPA Cooperative Agreements Awarded To National Tribal Environmental Council, Inc., February 17, 2010**

Summary: We questioned \$2,802,222 of the \$3,586,445 reported because the recipient claimed unsupported costs of \$2,768,490 and ineligible costs of \$33,732 that did not comply with the financial and program management standards of 40 CFR Subpart B, Part 30. While the recipient's work plans describe activities and planned deliverables, they do not include a description of the recipient's goals or objectives for its participation in the Western Regional Air Partnership and National Tribal Air Association. Without the goals and objectives, the annual reports could not include a comparison of accomplishments with the objectives for the period, as required by 40 CFR Subpart B, Part 30.51. As a result, EPA cannot determine whether the funds EPA provided the recipient achieved their intended purpose.

Agency Explanation: The OIG approved an extension for OGD's management decision to October 21, 2011.

OIG Follow-Up Status: No response.

Office of the Chief Financial Officer**Report No. 10-P-0177, EPA's Revised Hiring Process Needs Additional Improvements, August 9, 2010**

Summary: Our analysis of EPA's appointment process managed by OARM identified that EPA had not implemented critical technology upgrades or obtained other resources necessary for the service center concept to succeed. EPA produced three reports, including its 2007 Business Case, which identified key factors for a successful transition to the service center concept. However, EPA management implemented the transition without obtaining some of these key capabilities, including electronic infrastructure.

Agency Explanation: This audit is assigned to three offices. OIG replied that the issues needing to be resolved are with OARM; they will advise if the Office of the Chief Financial Officer needs to adjust its Corrective Action Plan.

OIG Follow-up Status: No response

Region 1—Regional Administrator**Report No. 10-3-0094, Indian Township Tribal Government—FY 2008, April 5, 2010**

Summary: Our analysis identified significant variances between grant funds received from EPA and the funds expended by the tribe. This difference created variances between funds left to draw and expend to financially close out the grants. The total variance between funds left to draw and the funds left to expend was \$14,668.

Agency Explanation: Region 1 has reviewed all grant agreements listed in the finding #2008-18. One grant agreement has been left open with \$11,821 left to draw down; all other grant agreements have been financially closed. Region 1 spoke with the tribe on September 23, 2011, regarding the questioned costs. Region 1 is coordinating with the recipient and program office to resolve \$14,668 in questioned costs. The target date to resolve questioned costs is October 30, 2011.

OIG Follow-Up Status: No response.

Region 4—Regional Administrator**Report No. 10-4-0001, Internal Control Weaknesses under EPA Grant Nos. I004802070 and BG96483308, Awarded to the Eastern Band of Cherokee Indians, Cherokee, North Carolina, October 5, 2009**

Summary: The OIG received a Hotline complaint regarding EPA assistance agreement nos. I004802070 and BG96483308, awarded to the Eastern Band of Cherokee Indians, Cherokee, North Carolina. The grantee did not have a conflict of interest, as alleged, and its Standard Form 272s were correct and prepared in compliance with federal requirements, EPA policies, and grant terms and conditions. However, during the course of our examination, we identified significant deficiencies in internal controls concerning equipment purchases and segregation of duties. Some purchase authorizations were dated the same day equipment was delivered, three quotes were not always obtained, and purchases were not always properly authorized. Also, one employee was authorized to write grant proposals; solicit funding to carry out the program goals; prepare budgets; oversee the expenditure of funds; and

purchase, maintain, repair, and inventory all equipment. We recommended that EPA require the grantee to comply with its internal control policies and establish additional internal controls as needed.

Agency Explanation: Per the Grants Management Officer, the grantee's memorandum to the OIG will be revised to address missing information as requested by the OIG. The projected completion date is December 30, 2011.

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

Report No. 10-4-0003, Costs Claimed Under EPA Grant XP97424901 Awarded to West Rankin Utility Authority, Flowood, Mississippi, October 13, 2009

Summary: The grantee did not meet the procurement and financial management requirements of Title 40 Code of Federal Regulations Part 31. As a result, we questioned \$1,745,457 in unsupported architectural and engineering costs claimed. The grantee will need to repay \$663,321 of grant funds. The grantee did not agree with those questioned costs. Due to the noncompliances and internal control weaknesses noted, the grantee may not have the capability to manage future grant awards.

Agency Explanation: As of September 21, 2011, the Grants Management Officer is in the process of drafting a memo to EPA headquarters requesting a contracting deviation. The officer anticipates routing this memo to EPA headquarters no later than December 30, 2011.

OIG Follow-Up Status: Incomplete response.

Report No. 10-4-0013, Costs Claimed Under EPA Grant No. XP9468195 Awarded to the City of Flowood, Mississippi, October 27, 2009

Summary: The grantee did not perform a cost analysis or negotiate a fair and reasonable profit as a separate element of the contract price as required under Title 40 Code of Federal Regulations 31.36(f). As a result, we questioned \$1,755,157 in unsupported architectural and engineering costs claimed. The grantee will need to repay \$896,224 of grant funds. The grantee did not agree with those questioned costs.

Agency Explanation: As of September 21, 2011, the Grants Management Officer is in the process of drafting a memo to EPA headquarters requesting a contracting deviation. The officer anticipates routing this memo to EPA headquarters no later than December 30, 2011.

OIG Follow-Up Status: Incomplete response.

Report No. 11-3-0180, Cocoa-City of FY 2009, March 28, 2009

Summary: During the single audit, several adjustments were required to the Schedule of Expenditures of Federal Awards initially provided by management. Adjustments were required to include amounts transferred to subrecipients, to include additional expenditures resulting from closing journal entries made prior to the start of the audit and to remove expenditures related to matching funds and amounts outside the period of availability.

Agency Explanation: The EPA letter to the recipient was mailed on September 29, 2011. EPA anticipates resolution by October 30, 2011.

OIG Follow-Up Status: No response.

Region 7—Regional Administrator

Report No. 11-3-0142, Grace Hill Settlement House FY 2009, March 4, 2011

Summary: The OIG questioned \$456,940 as unsupported due to various internal control noncompliances, and lack of support for contract procurements. We recommended that these funds be recovered unless adequate documentation can be provided by the recipient. We also recommended that EPA impose special grant conditions, in accordance with 40 CFR 30.21.

Agency Explanation: As of September 19, 2011, Region 7's final determination letter to submit to the OIG was still being finalized by regional management. Final determination letter expected by October 31, 2011.

OIG Follow-Up Status: No response

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 Title 40 Code of Federal Regulations Parts 31 and 35, and OMB Circular A-87. We questioned \$3,101,827 of the \$3,736,560 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 in the process of working with the tribe on writing policies and procedures that cover tribal-wide financial and administrative management. The OIG has expressed to the region that it would not be comfortable closing the audit until these procedures were in place. The region continues to conduct site visits and regular meetings along with working with other federal agencies on solutions.

OIG Follow-Up Status: No response.

Report No. 08-3-0307, Oglala Sioux Tribe, FY 2004, September 30, 2008

Summary: The single auditor's findings indicate that the tribe may not be able to support the costs claimed under EPA grants. As a result, we are questioning the costs claimed of \$1,158,903.

Agency Explanation: Region 8 is conducting final follow up on issues identified in sampling and review. Final analysis is expected to be completed by October 31, 2011. A conference call was held between Region 8 and the OIG office in September to review status.

OIG Follow-Up Status: No response.

Report No. 09-3-0252, Oglala Sioux Tribe, FY 2005, September 29, 2009

Summary: The single auditor's findings indicate that the tribe may not be able to support the costs claimed under EPA grants. As a result, we are questioning the costs claimed during 2005 of \$307,323 as being unsupported.

Agency Explanation: Region 8 is conducting final follow up on issues identified in sampling and review. Final analysis is expected to be completed by October 31, 2011. A conference call was held between Region 8 and the OIG office in September to review status.

OIG Follow-Up Status: No response.

Report No. 09-3-0253, Oglala Sioux Tribe, FY 2006, September 30, 2009

Summary: The single auditor's findings indicate that the tribe may not be able to support the costs claimed under EPA grants. As a result, we are questioning the costs claimed in 2006 of \$530,042 as being unsupported.

Agency Explanation: Region 8 is conducting final follow up on issues identified in sampling and review. Final analysis is expected to be completed by October 31, 2011. A conference call was held between Region 8 and the OIG office in September to review status.

OIG Follow-Up Status: No response.

Region 9—Regional Administrator**Report No. 10-P-0112, Results of Hotline Complaint Review of EPA Region 9 Hiring under the Federal Career Intern Program, April 26, 2010**

Summary: The hotline allegations against EPA Region 9 were unsubstantiated. We identified that the region engaged in a prohibited personnel practice. Neither the Office of Personnel Management nor EPA prohibits the use of a job fair and registration code as recruiting and hiring methods. However, Region 9 engaged in a prohibited personnel practice by giving four Federal Career Intern Program job fair participants improper advantages not provided to others attending the job fair.

Agency Explanation: OARM requested OIG to close recommendations 2 and 3 in May 2011. However, the OIG stated that these recommendations will remain open but held in abeyance. No resolution can be reached until such time that the Office of Personnel Management issues pertinent implementing regulations and, as a result, EPA can develop implementing policies.

OIG Follow-Up Status: Incomplete response.

Report No. 11-3-0150, Summit Lake Paiute Tribe FY 2008, March 9, 2011

Summary: The OIG questioned as unsupported \$291,097 in EPA expenditures. We found a lack of segregation of duties over financial records, and interim financial status reports being filed late and not being reconciled to the general ledger. Due to the severity of the findings and the going concern risk, we recommended that EPA consider the recipient to be high-risk in accordance with 40 CFR 31.12, and place appropriate restrictions/grant conditions upon the recipient. Also, we recommended that EPA input these findings into the Grantee Compliance Database and consider this information as a part of future pre-award decisions.

Agency Explanation: A request to rescind the final determination letter was submitted to the OIG along with a request for resolution hold pending outcome of an agreed-upon procedures review. The final report for the agreed-upon procedures is expected to be released by the end of October.

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

Report No. 11-3-0151, Summit Lake Paiute Tribe FY 2008, March 9, 2011

Summary: The OIG questioned as unsupported \$301,113 in EPA expenditures. We found a lack of segregation of duties over financial records, interim financial status reports being filed late and not being reconciled to the general ledger, and the tribe drawing down grant funds to cover deficits in other funds. As a result, the single auditor questioned \$1,070,651 in deferred revenue balance in excess of cash on hand. Due to the severity of the findings and the going concern risk, we recommended that EPA consider the recipient to be high-risk in accordance with 40 CFR 31.12, and place appropriate restrictions/grant conditions upon the recipient. Also, we recommended that EPA input these findings into the Grantee Compliance Database and consider this information as a part of future pre-award decisions.

Agency Explanation: A request to rescind the final determination letter was submitted to the OIG along with a request for resolution hold pending outcome of an agreed-upon procedures review. The final report for the agreed-upon procedures is expected to be released by the end of October.

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

Region 10—Regional Administrator

Report No. 10-4-00241, Costs Claimed by the Alaska Native Tribal Health Consortium Under EPA Interagency Agreement DW 75-95754001, September 30, 2010

Summary: The consortium did not meet financial management requirements specified by the Code of Federal Regulations. EPA needs to recover \$1,007,690 of \$1,493,893 in costs questioned under the interagency agreement. The questioned costs identified during the audit were primarily caused by a miscommunication between the consortium and the U.S. Department of Health and Human Services on the application of approved indirect rates.

Agency Explanation: EPA staff met via teleconference with Indian Health Service and Alaska Native Tribal Health Consortium staff to discuss possible approaches to resolving the OIG's findings and recommendations. The Indian Health Service and Alaska Native Tribal Health Consortium will provide additional documentation to EPA by November 1, 2011. After that, EPA will draft and submit another management decision and action plan to OIG. Estimated date for resolution is December 31, 2011.

OIG Follow-Up Status: Incomplete response

**Total reports issued before reporting period for which
no management decision had been made as of September 30, 2011 = 37**

Appendix 3—Reports With Corrective Action Not Completed

In compliance with reporting requirements in the Inspector General Act, Section 5(a)(3), “Identification of Reports Containing Significant Recommendations Described in Previous Semiannual Reports on Which Corrective Action Has Not Been Completed,” and to help EPA managers gain greater awareness of outstanding commitments for action, we developed a *Compendium of Unimplemented Recommendations*. This separate document provides the information required in appendix 3 to this Semiannual Report to Congress. This compendium (available upon request or at <http://www.epa.gov/oig/reports/2012/20111031-12-N-0034.pdf>) is produced semiannually for Agency leadership and Congress based on Agency reports on the status of action taken on OIG recommendations and OIG selective verification of that reported status.

Appendix 4—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) 487-2360
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) 665-2790

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
901 N. 5th Street
Kansas City, KS 66101
Audit/Evaluation: (913) 551-7878
Investigations: (913) 551-7875

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) 814-5820

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) 947-4500

Seattle

U.S. Environmental Protection Agency
Office of Inspector General
1200 6th Avenue, 19th Floor
Suite 1920, M/S OIG-195
Seattle, WA 98101
Audit/Evaluation: (206) 553-4033
Investigations: (206) 553-1273

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

Report fraud, waste or abuse

e-mail: OIG_Hotline@epa.gov

write: EPA Inspector General Hotline

1200 Pennsylvania Avenue NW

Mailcode 2431T

Washington DC 20460

fax: 202-566-2599 · phone: 1-888-546-8740

www.epa.gov/oig/hotline.htm



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