



OFFICE OF INSPECTOR GENERAL

Catalyst for Improving the Environment

Audit Report

EPA Needs to Better Manage Counter Terrorism/Emergency Response Equipment

Report No. 2004-P-00011

March 29, 2004



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Abbreviations

CT/ER	Counter Terrorism/Emergency Response
EPA	Environmental Protection Agency
FAR	Federal Acquisition Regulation
OARM	Office of Administration and Resources Management
OIG	Office of Inspector General
OHS	Office of Homeland Security
OSWER	Office of Solid Waste and Emergency Response

Cover Photo:

Emergency Response Demonstration Exercise held July 2003 in Portland, Oregon, using counter terrorism/emergency response equipment (OIG photo)



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

OFFICE OF
INSPECTOR GENERAL

March 29, 2004

MEMORANDUM

SUBJECT: EPA Needs to Better Manage Counter Terrorism/Emergency
Response Equipment
Audit Report No. 2004-P-00011

FROM: Robert Mitchell, Director for Contract Audits *\signed*
Office of Inspector General (2421T)

TO: Marianne Lamont Horinko, Assistant Administrator
Office of Solid Waste and Emergency Response (5101T)

David J. O'Connor, Acting Assistant Administrator
Office of Administration and Resources Management (3101T)

Mary U. Kruger, Director, Office of Homeland Security
Office of the Administrator (1109A)

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

We would like to acknowledge the cooperation and assistance provided by your staff, as well as regional staff, during the course of our audit.

Action Required

In accordance with EPA Manual 2750, the Assistant Administrator, Office of Solid Waste and Emergency Response (OSWER), in coordination with the Office of Administration and Resources Management, the Office of Homeland Security, and the regions, is required to provide a written response to this report within 90 calendar days of the report date. OSWER should include a corrective actions plan for agreed-upon actions, including milestone dates. This report will be available at <http://www.epa.gov/oig>.

If you or your staff have any questions, please contact me at Mitchell.Robert@epa.gov, or Stephen Burbank, Assignment Manager, at Burbank.Stephen@epa.gov.

Executive Summary

Purpose

We conducted this audit to determine whether the Environmental Protection Agency (EPA) has adequate processes for identifying, obtaining, maintaining, deploying, and tracking equipment needed to respond to terrorist acts and Nationally Significant Incidents (events that may exceed the resources of a single EPA region). We considered the following questions:

- Does EPA have adequate processes for identifying and obtaining needed counter terrorism/emergency response (CT/ER) equipment?
- Did EPA comply with the Federal Acquisition Regulation when purchasing CT/ER equipment?
- Does EPA have adequate processes for maintaining and moving the equipment?
- Does EPA have an adequate process for tracking the equipment in its systems?

Results of Review

EPA complied with the Federal Acquisition Regulation when purchasing CT/ER equipment, and has an adequate process for moving equipment. However, EPA does not have adequate processes for identifying, obtaining, maintaining, and tracking equipment needed to respond to terrorist acts and Nationally Significant Incidents. EPA leadership did not move expeditiously to develop sufficient EPA capability and capacity to respond to the consequences of a major terrorist act or Nationally Significant Incident. Specifically:

- EPA took 12 months to identify salient characteristics (the key performance characteristics needed to actually purchase the items) for 11 of 13 categories of CT/ER equipment, and after an additional 6 months, had still not obtained almost 40 percent of the items. Further, for more than a year, EPA paid for warehouse space for equipment not yet obtained.
- EPA's older CT/ER equipment on hand has been poorly maintained, and maintenance records were sometimes inaccurate.
- EPA does not have a national system for tracking CT/ER equipment.

This happened because EPA did not develop a coordinated plan with aggressive milestones and points of accountability for identifying, obtaining, maintaining, and tracking CT/ER equipment. As a result, EPA's ability to protect public

health and the environment in the event of future terrorist attacks and Nationally Significant Incidents may be impaired. Also, since the Agency had obligated almost \$3.7 million for warehouse space before significant quantities of equipment were delivered, a portion of that amount was needlessly reserved.

Recommendations

We recommended that the Assistant Administrator, Office of Solid Waste and Emergency Response, in coordination with the Office of Administration and Resources Management, the Office of Homeland Security, and the regions, develop a plan with aggressive milestones and points of accountability, for identifying, obtaining, maintaining, and tracking CT/ER equipment.

Agency Comments and OIG Evaluation

We held an exit conference with the Agency on March 25, 2004. In addition, EPA provided comments to our draft report and, where appropriate, we made revisions. While EPA generally agreed with the recommendations in our report, they disagreed with many of the findings. The Agency's comments and our evaluation are detailed in the following chapters. We included EPA's complete response as Appendix A.

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Chapter 1

Introduction

Purpose

We conducted this audit to determine whether the Environmental Protection Agency (EPA) has adequate processes for identifying, obtaining, maintaining, deploying, and tracking equipment needed to respond to terrorist acts and Nationally Significant Incidents. Nationally Significant Incidents are events that may exceed the resources of a single EPA region, such as the September 11, 2001 World Trade Center collapse and the February 1, 2003 Columbia Space Shuttle disaster. We considered the following questions:

- Does EPA have adequate processes for identifying and obtaining needed counter terrorism/emergency response (CT/ER) equipment?
- Did EPA comply with the Federal Acquisition Regulation (FAR) when purchasing CT/ER equipment?
- Does EPA have adequate processes for maintaining and moving the equipment?
- Does EPA have an adequate process for tracking the equipment in its systems?

Background

Since its inception in July 1970, EPA has been responsible for responding to, and mitigating, hazardous situations presenting significant danger to human health and the environment. In the wake of the 2001 terrorist activities at the World Trade Center and Pentagon, and the anthrax incidents, EPA's counter terrorism responsibilities expanded to better coincide with its new role in homeland security. Subsequently, EPA combined its Counter Terrorism and Emergency Response equipment, hereafter referred to as CT/ER equipment. Public laws that facilitate EPA's becoming more involved in efforts to prepare and respond to terrorism include:

Public Law	Date	Result
PL 107-117	January 2002	Appropriated \$41.2 million to EPA Hazardous Substance Superfund for counter terrorism.
PL 107-206	August 2002	Appropriated \$50 million to EPA for Science and Technology for counter terrorism.
PL 107-296	November 2002	Provided procurement flexibility for purchases for defending against and recovering from terrorism.

As a result of these laws, EPA took the following actions:

Date	Action
March 2002	The Office of Solid Waste and Emergency Response (OSWER) issued Guidance for the FY02 Homeland Security Supplemental Budget, to allocate supplemental funds to regions for specific counter terrorism needs (i.e., equipment purchases and upgrades).
April 2002	OSWER Emergency Response Technology Group determined CT/ER equipment needs, to respond to future attacks.
May 2002	OSWER issued 60-Day Task Force Report on its review of the performance and capabilities of the existing emergency response contracting network to handle large terrorist incidents.
September 2002	The Administrator issued the Strategic Plan for Homeland Security, to ensure EPA is able to meet its traditional mission and its new homeland security responsibilities.
February 2003	The Administrator created the Office of Homeland Security (OHS), to lead and coordinate homeland security activities and policy development across all EPA program areas.
April 2003	OSWER identified "salient" (key) characteristics for CT/ER equipment needs, and provided the Office of Acquisition Management, within the Office of Administration and Resources Management (OARM), with information needed to procure CT/ER equipment.
June 2003	OSWER issued Guidance for FY03 Homeland Security Resources, then allocated funds to regions for specific counter terrorism needs (i.e., equipment purchases and upgrades).
June 2003	The Administrator issued the National Approach to Response Policy describing how to manage emergency response assets (i.e., equipment) during a Nationally Significant Incident.

EPA determined, in part due to these activities, that to be better prepared for future terrorist acts and Nationally Significant Incidents, it needed to purchase more CT/ER equipment, establish maintenance contracts, and create a national equipment tracking system. As a result, EPA began to identify and purchase needed equipment.

Scope and Methodology

We performed this audit from March to November 2003 in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit included site visits to EPA Headquarters and three regional

warehouses, and attendance at the 2003 National Superfund Project Officer/ Contracting Officer Training Conference.

To determine what equipment was needed, we interviewed EPA OHS, OSWER, OARM (including the Office of Acquisition Management), and regional officials involved in identifying and procuring equipment. We also reviewed related documentation, including OSWER's Emergency Response/Counter-Terrorism Equipment Recommendations and EPA's Strategic Plan for Homeland Security.

To determine whether EPA complied with the FAR when purchasing equipment, we reviewed Blanket Purchase Agreements and warehouse contracts for compliance with applicable FAR provisions.

To determine whether EPA has adequate processes for maintaining equipment and moving it as needed, we conducted interviews with EPA personnel at various levels in OHS, OSWER, and the Regions to identify EPA policies related to CT/ER equipment maintenance and transportation. We reviewed the OSWER 60-Day Task Force Report on EPA's Emergency Response Contracting Network recommendations, and the maintenance and transportation provisions of the Regional warehouse contracts. We performed limited testing of the accuracy of the inventory and maintenance records in the Regional tracking systems. We did not review internal controls associated with inputting and processing information in the tracking systems.

To determine whether EPA has an adequate process for tracking equipment in its systems, we interviewed national and regional project officers and project managers to identify the tracking systems currently used in each Region, and plans for a national tracking system. We also reviewed requirements relating to implementing a national tracking system, including EPA Directive 2100, *Information Resources Management Policy Manual*; and Office of Management and Budget Circular A-130, *Management of Federal Information Resources*.

There have been no previous audits performed in this area.

Internal Control Structure

In planning and performing the audit, we reviewed management controls related to our objectives. We examined the Fiscal Year 2003 Federal Managers' Financial Integrity Act Annual Assurance Letters issued to the then Acting EPA Administrator by the Deputy Chief of Staff, and by the Principal Deputy Assistant Administrator for OSWER. The Deputy Chief of Staff identified, under management challenges, OHS's tremendous workload and small size.

Compliance With Laws and Regulations

EPA has complied with laws and regulations (the FAR) pertaining to its efforts to procure and maintain CT/ER equipment. However, needed process improvements are discussed in Chapters 2, 3, and 4.

Chapter 2

EPA Needs to Improve Procedures for Identifying and Obtaining CT/ER Equipment

While EPA's guidance emphasized the urgency of obtaining needed CT/ER equipment, EPA took 12 months to identify salient characteristics for 11 of 13 CT/ER equipment categories, and after an additional 6 months EPA had still not obtained almost 40 percent of the items. Further, EPA had obtained and been paying for warehouse space for this equipment, including items still not purchased, for a year. EPA leadership focused on building consensus on equipment specifications among EPA regions without concurrently establishing aggressive milestones and accountability for obtaining the equipment. As a result, EPA's ability to protect public health and the environment in future terrorist attacks or Nationally Significant Incidents may be impaired, and EPA obligated almost \$3.7 million for warehouse space, a portion of which was needlessly reserved.

Urgently Needed CT/ER Equipment Slowly Identified, Some Not Yet Purchased

EPA issued guidance, allocated funds, performed studies, created a Strategic Plan, established the OHS, and created the National Approach to Response to provide direction to its counter terrorism preparedness efforts. These activities point out the urgent need to identify, procure, maintain, transport, and track CT/ER equipment. For example, the *OSWER Guidance for Implementation of the FY02 Homeland Security Supplemental Budget for Improvements to the Emergency Preparedness and Response Program*, issued March 29, 2002, stated:

To meet the expectations of Congress, we must move expeditiously to use these funds to accomplish our key objective, which is to develop sufficient EPA capability and capacity to respond to the consequences of a major terrorist act anywhere in the nation....

On December 23, 2002, OSWER's Class Justification for Other than Full and Open Competition for awarding warehouse contracts stated that:

Equipment shortages ...may result in serious injuries or death to the U.S. citizenry and greater than necessary financial loss to private and public properties if additional terrorist acts occur. It is imperative that EPA is positioned to adequately respond both immediately and simultaneously to terrorist acts as well as other environmental emergencies.

Although EPA complied with the FAR when purchasing CT/ER equipment, the Agency did not act in an urgent manner to identify its needs for all CT/ER equipment. In April 2002, OSWER, Regional Removal Managers, and On-Scene Coordinators met as the Emergency Response Technology Group to make decisions about equipment specifics. Meeting participants at that time decided on 108 equipment items (subsequently reduced to 97 items), sorted into 13 categories, including monitoring equipment and personal protective equipment. The “salient” characteristics (the key performance characteristics needed to actually purchase the items) for Categories 1, personal protective equipment, and 5, radiation monitoring equipment, were determined between July 2002 and November 2002. These categories together accounted for 24 of the 97 items.

However, OSWER did not begin to finalize salient characteristics for the other 11 categories involving the remaining 73 items (75 percent of the total) until April 2003. Further, as of October 2003 – when we completed our review in this area – the salient characteristics for 26 of the items, involving 5 categories, had still not been identified. This was 18 months after identifying the original 108 items. Also as of October 2003, EPA had not placed Blanket Purchase Agreements or regional solicitations for almost 40 percent of the 97 items, involving 6 categories, which means the items cannot be purchased.

In addition, we noted issues concerning the quantities of purchases needed to meet EPA’s goals. According to EPA’s Strategic Plan for Homeland Security (which is currently being revised), EPA plans to be able to respond to five major simultaneous terrorist incidents by Fiscal Year 2005. (The five was based on there being four planes used by terrorists on September 11, 2001, plus the anthrax incidents.) However, EPA officials said they were unable to provide a correlation between the five-event Strategic Plan goal and equipment quantities, because each threat is unique and requires different types and quantities of equipment. We noted that OSWER’s FY02 Homeland Security Supplemental Budget guidance provides a starting point for estimating equipment needs under these circumstances:

Based on our recent experiences, a reasonable level of demand might be the need to put 30 On-Scene Coordinators and 100 response contractors at a new ground zero location anywhere in the US within a 24 hour window, and to sustain this operation for a period of six months.

Since EPA has not developed the correlation between people and equipment needed, neither we nor the Agency can determine how many incidents EPA is prepared to handle or whether EPA will meet its Fiscal Year 2005 goal.

By memorandum dated January 20, 2004, OHS committed to updating the Homeland Security Strategic Plan, and to establishing a system to monitor progress of Plan commitments.

Warehouse Space Obtained Before CT/ER Equipment Delivered

Government contracts for supplies and services are normally awarded through full and open competition. However, FAR 6.302-2(a)(2) provides that when the agency's need for the supplies or services is of such an unusual and compelling urgency that the Government would be seriously injured unless the agency is permitted to limit the number of sources from which it solicits bids or proposals, full and open competition need not be provided.

Warehouse contracts to store and maintain CT/ER equipment were placed for 8 of the 10 Regions using the unusual and compelling urgency provisions of the FAR to limit competition. OSWER's Justification for Other than Full and Open Competition for warehouse services stated:

To perform these acquisitions using full and open competition would have continued to [jeopardize] the ability of the Government to prepare and respond to terrorist acts that are considered to be imminent. Given that the United States had been attacked at three different sites and other attacks were being predicted, [full] and open competition would have caused unnecessary delays in the implementation of an improved response and preparedness plan. The possibilities of having delays in responding to a national emergency because of the procurement process [are] unacceptable. Equipment shortages and the inability to move equipment to where it is needed may result in serious injuries or death to the U.S. citizenry

Regions 1, 4, 5, 6, 7, 8, and 10 cited this unusual and compelling urgency to limit competition for the warehouse services to its Superfund Technical Assessment & Response Team contractors. Region 2 also cited unusual and compelling urgency when awarding the equipment management and warehouse operation support services to its existing small business regional equipment management contractor on a sole source basis. The contracts for these regions were awarded before December 31, 2002, except for Region 2 (February 2003) and Region 5 (May 2003). Although EPA was able to justify this lack of competition, it adversely affected EPA's ability to award contracts to small business enterprises in furtherance of the Agency's goals.

Although the Directors of the Office of Emergency and Remedial Response in OSWER and the Office of Acquisition Management determined there was an unusual and compelling urgency to justify limiting competition for warehouse services, Regions 3 and 9 determined the cost for limiting competition was too expensive to justify. Region 9 competitively awarded a small business contract for its equipment maintenance services in September 2003, and as of November 2003 Region 3 was also planning to do so.

If, as the Justification for Other than Full and Open Competition states, delays in procurement may result in serious injury or death to the U.S. citizenry, then the Agency should have had an integrated plan to expedite the acquisition of the equipment as well as warehouse services.

FAR Part 37 requires the use of performance based contracting to the maximum extent practicable. Performance based contracts describe requirements in terms of results rather than methods of performing the work, and establish performance measures, reward success, and penalize poor performance. However, none of the contracts awarded were performance based and only two were awarded to small businesses.

Expediting the warehouse services contracts, but not equipment purchases, resulted from EPA's emphasis on building consensus on equipment specifications without establishing aggressive milestones and accountability for purchases. As a result, the delays in acquiring CT/ER equipment may impair EPA's ability to protect public health and the environment in the event of future terrorist attacks or Nationally Significant Incidents. Further, warehouse contracts existed for a year or more with minimal delivery of new CT/ER equipment. Almost \$3.7 million was obligated for these warehouse contracts, and since almost 40 percent of the equipment still has not been purchased and the warehouse space was being underutilized, some of the funds could have been put to better use.

Recommendations

We recommend that the Assistant Administrator, Office of Solid Waste and Emergency Response:

- 2-1 Establish a point of accountability for EPA's CT/ER equipment needs, to lead EPA efforts to continually assess whether it has appropriate equipment in sufficient quantities to respond to emergency situations consistent with the EPA Strategic Plan for Homeland Security.
- 2-2 In coordination with OARM, OHS, and the regions, establish aggressive milestones and points of accountability for obtaining needed CT/ER equipment, and track progress.

We recommend that the Office of Homeland Security:

- 2-3 Monitor progress of the above actions against Strategic Plan goals and assist with implementation, as appropriate.

We recommend that, as existing warehouse contracts expire, the Office of Administration and Resources Management have the Office of Acquisition Management:

- 2-4 Ensure that the next warehouse contracts are performance-based awards using competition to the maximum extent practicable, and that they be separate from the future Superfund Technical Assessment and Response Team contracts to allow for maximum small business participation.

Agency Comments and OIG Evaluation

EPA generally agreed with our recommendations. However, EPA did not always agree with the findings and conclusions in our report.

Urgency in Identifying Equipment

EPA disagreed that it did not act in an urgent manner to identify its CT/ER equipment needs. The Agency believes that because it took 3 months to finalize salient characteristics for 2 (higher priority) of 13 total categories of CT/ER equipment, it did identify equipment needs in an urgent manner. Further, the Agency disagreed that without Blanket Purchase Agreements and regional solicitations for 40 percent of the 97 items, they could not be purchased. In some cases, the Agency indicated the items are below \$2,500, or such a small quantity is needed that individual regions are taking care of acquiring the items. In other cases, the Agency said the regions have pre-existing inventory and will not be purchasing additional items. Nonetheless, while EPA believes it acted in an urgent manner to identify needs and the salient characteristics for the 2 highest priority categories within 3 months, the fact remains it did not identify the salient characteristics for the equipment in the other 11 categories for at least 12 months.

Further, while EPA agreed that salient characteristics for 26 items had not been identified as of October 23, 2003, EPA indicated that salient characteristics for biological and communication categories will not be determined until compatibility issues with its Federal, State, and local partners are resolved. EPA also indicated that some items will never have salient characteristics because they will be purchased locally in the regions as needed. We recognize there may be compatibility issues concerning the biological and communication categories, and that the Department of Homeland Security directed EPA not to purchase certain biological detection equipment until other issues were resolved. However, at least 13 of the 26 items were targeted for the Environmental Response Team and as such are not addressed by the Agency's explanation for delays in identifying salient characteristics. Therefore, we believe that EPA did not act in an urgent manner to identify the majority of the needed CT/ER equipment.

In general, as noted in OSWER's justification for expediting the warehouse contracts, the need for CT/ER equipment was driven by the risk that equipment

shortages could result in serious injury or death to the U.S. citizenry and loss of private and public properties if additional terrorist acts occur. We therefore emphasize the need to expedite the equipment purchases.

Obtaining Warehouse Space

EPA acknowledged that more than a year after awarding the fixed price warehouse contracts, not all of the equipment had been obtained. However, the Agency stated the fixed price warehouse contracts were needed immediately due to the return of Government Furnished Property and already ordered Categories 1 and 5 CT/ER equipment. Placing Government Furnished Property in the warehouses does not address our comment on wasted warehouse space. We attribute the underutilization of the warehouse space to the fact that space was intended to house equipment that, for more than a year, was not purchased.

Chapter 3

EPA Needs to Improve CT/ER Equipment Maintenance

EPA's older CT/ER equipment currently on hand needs to be better maintained, and more accurate maintenance records need to be kept. Responding to emergencies in a timely manner requires deploying people and equipment. The lack of accountability in the past for equipment maintenance has resulted in equipment on hand being in less than full operational status. This reduces EPA's state of readiness and may impair the Agency's ability to protect public health and the environment in the event of future terrorist acts and other Nationally Significant Incidents.

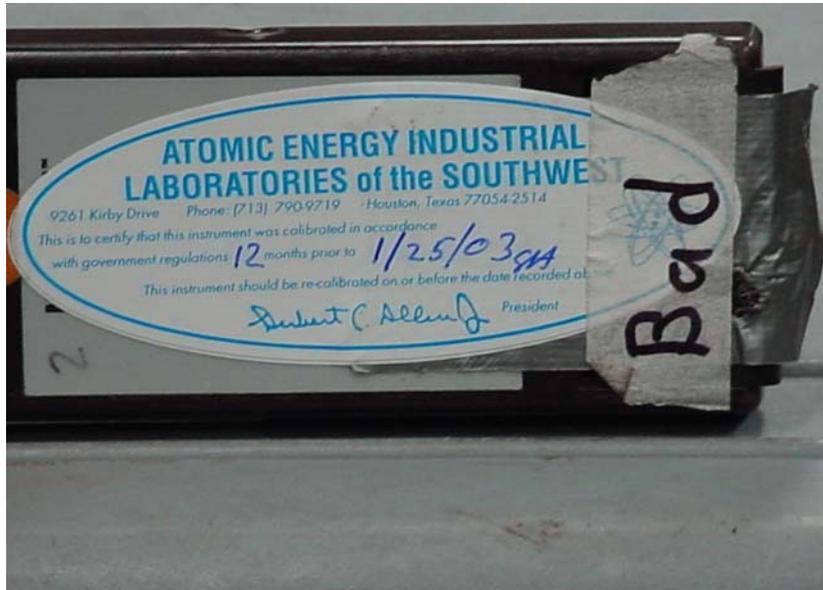
Older CT/ER Equipment in Disrepair

According to the National Approach to Response:

*An effective response to nationally significant incidents will require:
... 3) Readily available national resources to assist a given Region or Regions... This approach will bring together existing emergency response assets [CT/ER equipment] ... to ensure the efficient and effective utilization of EPA assets.*

We visited warehouses in two EPA regions and found the following, based on the tracking systems maintained by contractors at those facilities:

- **Region 2:** At a warehouse in Edison, New Jersey, visited on June 18, 2003, 49 percent (17 of 35) of all older emergency response equipment (present before purchases of new CT/ER equipment) were listed as needing maintenance. The contractor currently responsible for maintaining the equipment identified that these items needed calibration, were broken, or were out for repair.
- **Region 10:** At a warehouse in Seattle, Washington, visited on July 14, 2003, 33 percent (120 of 364) of the older items were listed as non-operational. The contractor's equipment maintenance list identified these items as: missing, damaged, needs scheduled maintenance, needs repair, needs to be excessed, needs calibration, or needs factory service. An example of a broken item, a hand-held radiation detection monitor, is shown in the following photo.



Non operational SE International RAD Alert Monitor 4 – Source: OIG Photo

Some of the older CT/ER equipment at these warehouses was inoperable because EPA did not ensure the equipment was properly maintained in the past. Warehouse contracts, which assigned these responsibilities to contractors, have been in place for only a short period of time.

CT/ER Equipment Maintenance Records Inaccurate

The warehouse contracts require contractors to maintain maintenance records for equipment. We reviewed maintenance records for the previously mentioned warehouses in Regions 2 and 10. While the maintenance records for the warehouse in Region 2 were generally accurate, that was not the case for the Region 10 warehouse reviewed.

The Statement of Work for the warehouse contract in Region 10 states:

The contractor shall maintain a complete inventory and maintenance schedule of the emergency response equipment stored at the applicable Region 10 location. All equipment shall be inventoried, tracked, maintained and upon request of an EPA official some equipment will require transport and delivery to sites.

The contractor incorrectly reported to Region 10 the operational status of some equipment. We reviewed a “weekly equipment listing” dated July 11, 2003, and found that 5 of 18 items reviewed were incorrectly classified, as follows:

Item No.	Item Description	Incorrect Classification
646163	Radiation Monitor, Rad 4 (A/B/G)	Classified "Operational," but the repair board hanging on the warehouse wall showed the item in need of factory calibration.
645425	Air Sampling Pump, High Volume	Classified "Operational," but we were told it needed to be calibrated.
01-02-023	Chem. Agent Detector, Inficon Hapsite GC/M	Classified "Factory Service," but we were told that it actually belonged to the contractor and was being used at contractor's office.
339279	Pump, Personal Sampling, Gilian	Classified "Spare," but we were told it needed a battery.
903318	Water Qual. Monitor, Grant/YSI Multiparameter	Classified "Damaged," but the contractor told us it needed to be exercised.

These examples are anecdotal and cannot be generalized as representative of all equipment maintenance records. Nonetheless, they demonstrate that equipment status records were not always current and accurate.

Process for Transporting CT/ER Equipment is Adequate

EPA has an adequate process for moving its CT/ER equipment. One of the overarching principles to developing the National Approach to Response was that, "The Agency will deploy people and equipment to emergency responses in a timely manner to fulfill our mission." The warehouse contract Statements of Work provide for transporting CT/ER equipment in response to emergency events.

EPA conducted a Core Emergency Response evaluation (which is a method of assessing Regional readiness for core response elements of the Emergency Response program) for the 10 Regions for the transportation element during Fiscal Year 2002. The overall scores ranged from a low of 73 percent (Region 6) to a high of 100 percent (Regions 2 and 4). In addition, OSWER stated that the reaction to the Columbia space shuttle disaster and planned exercises verified that equipment from several regions can be mobilized in a timely manner.

Recommendation

- 3-1 We recommend that the Assistant Administrator, Office of Solid Waste and Emergency Response, in coordination with OHS, OARM, and the regions, ensure equipment readiness and the accuracy of maintenance records by establishing contractor surveillance plans, including milestones, so that contractors:
- (a) identify the condition of all EPA-owned CT/ER equipment;
 - (b) repair or discard all equipment in disrepair; and
 - (c) periodically validate accuracy of equipment maintenance records.

Agency Comments and OIG Evaluation

EPA generally agreed with our recommendations, but did not always agree with the findings and conclusions in our report. EPA advised us that the equipment we identified with maintenance problems was old and obsolete former Government Furnished Property needing refurbishing or disposal, and was not considered CT/ER equipment. We revised the report to more clearly identify that the equipment with maintenance problems (a combination of Government Furnished Property and EPA-owned equipment) was older pre-existing inventory. However, the Agency's statement that this former Government Furnished Property was not considered CT/ER equipment contradicts its earlier assertion that it does not consider the former Government Furnished Property it is taking back or its former ER equipment to be distinguishable from CT equipment.

Chapter 4

EPA Does Not Have a National System for Tracking CT/ER Equipment

EPA does not have a national system for tracking CT/ER equipment. A national tracking system is needed if EPA is to achieve the overarching goal in the National Approach to Response of deploying people and equipment to emergency responses in a timely manner. EPA leadership has not placed sufficient emphasis on the timely implementation of such a system. As a result, regions are currently tracking CT/ER equipment using various systems and are tracking different items. This lack of consistency may impact EPA's ability to protect human health and the environment, because a region dealing with a crisis situation may have difficulty locating needed equipment in other regions.

Tracking of CT/ER Equipment Not Consistent

Recommendation #6 of OSWER's May 2002 document, *60-Day Task Force Report on the EPA's Emergency Response Contracting Network*, identified the need to track available CT/ER equipment on a national level, and provided specific direction for creating a national tracking system.

Office of Management and Budget Circular A-130, *Management of Federal Information Resources*, and EPA Directive 2100, *Information Resources Management Policy Manual*, establish requirements for developing and implementing information systems. OSWER's Information Management and Data Quality Staff oversees the implementation of any new national OSWER system to ensure its compliance with these requirements as delegated by the Office of Environmental Information.

However, despite the OSWER recommendation, EPA did not take sufficient action to develop a national tracking system, and no such national system exists. Currently, 5 different contractors and 3 EPA offices maintain 10 regional tracking systems. These tracking systems differ in design and complexity, ranging from basic spreadsheets to complex databases. The equipment being tracked in each region varies widely, from only counter terrorism equipment to all response-type equipment, including Government-Furnished and Contractor-Owned equipment.

EPA leadership has not placed sufficient emphasis on the timely implementation of a system to track the location and operable status of CT/ER equipment. As a result, EPA may not be able to readily locate operable CT/ER equipment needed for response to terrorist acts or Nationally Significant Incidents, particularly when one region dealing with a crisis situation needs equipment from other regions.

Recommendation

- 4-1 We recommend that the Assistant Administrator, Office of Solid Waste and Emergency Response, in coordination with OHS and the regions, establish an aggressive timetable to:
- (a) determine what CT/ER equipment and characteristics (e.g., location and condition) will be tracked; and
 - (b) develop and implement a plan, with aggressive milestones and points of accountability, for a national tracking system that complies with Office of Management and Budget Circular A-130 and EPA Directive 2100.

Agency Comments and OIG Evaluation

EPA had no comments concerning the recommendations, findings, and conclusions of this chapter. When providing a response to our final report, EPA should provide us with a timetable regarding tracking, including implementing a plan for a national tracking system.

Agency Response



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

OFFICE OF
SOLID WASTE AND EMERGENCY
RESPONSE

March 5, 2004

MEMORANDUM

SUBJECT: Comments on Draft Audit Report: EPA Needs to Better Manage Counter Terrorism/Emergency Response Equipment, Project No. 2003-000450, dated January 23, 2004

FROM: Marianne Lamont Horinko,/s/
Assistant Administrator

TO: Nikki Tinsley, Inspector General

This memorandum transmits the Agency's consolidated response to the subject draft audit report. With this memo, I formally request that EPA's comments be included as part of the final version of this report. Although the draft report and its findings are directed principally to EPA's Office of Homeland Security (OHS), my office has operational responsibility for the Emergency Response Program and was, with the Office of Administration and Resources Management (OARM), responsible for the activities that were the subject of the audit. This response was coordinated with both OARM and with OHS.

The procurement, maintenance and accurate tracking of Counter Terrorism and Emergency Response equipment is an important component to the Agency's readiness to respond to incidents which threaten human health and the environment. In the post-September 11th rush to ready EPA for the next terrorist incident, OSWER, OARM and the regions worked hard to identify national needs for interoperable equipment and to expeditiously purchase it. I believe that their efforts have been successful and that they have substantially contributed to our current operational readiness. With that said, EPA generally agrees with the recommendations made in this report and has work underway to implement many of them. However, we substantially disagree with many of the report's findings which we believe to be based on inaccurate conclusions drawn from less than complete reporting of the facts surrounding the areas audited. It is therefore, essential that the attached corrections be made in the final report to

ensure that it reflects a complete and accurate representation of the facts as they existed at the time of the audit.

In closing, I would like to point out that throughout this audit staff from OARM, the regions and my office coordinated extensively with your staff in an effort to explain our equipment acquisition and maintenance strategy. Unfortunately, the report contains no acknowledgment of this significant assistance and more importantly, fails to reflect information that EPA worked hard to provide. I would appreciate your personal attention to helping set the record straight in the final report. Should you wish to discuss these comments in more detail please let me know, or your staff may contact Stephen F. Heare in the Office of Emergency Prevention, Preparedness and Response at (202) 564-7992 (heare.steve@epa.gov).

Attachment

cc: Mary U. Kruger, OHS
David J. O'Connor, OARM
Robert Mitchell, OIG

Response to Audit Report no. 2003-000450
“EPA Needs to Better Manage Counter Terrorism/Emergency Response Equipment”
January 23, 2004

General Comment:

- C EPA generally agrees with the recommendations made in this report and has work underway to implement many of them. However, we substantially disagree with many of the report’s findings which we believe to be based on inaccurate conclusions drawn from less than complete reporting of the facts surrounding the areas audited. It is essential that the requested corrections be made in the final report to ensure that findings reflect a complete and accurate representation of the facts as they existed at the time of the audit.

- C There continues to be a mis-perception within OIG regarding the role of EPA's Office of Homeland Security (OHS). While the report correctly states that EPA's OHS was created to "lead and coordinate" homeland security activities across EPA, OHS’ role is focused on the development, with input from program and regional offices, of homeland security *policy* and ensuring implementation of EPA's “Homeland Security Strategic Plan.” The operational activities identified in this report are the responsibility of the Office of Solid Waste and Emergency Response, the Office of Administration and Resources Management, and their regional counterparts to implement. For a specific list of responsibilities delegated to OHS, please refer to then Administrator Whitman’s memo of February 6, 2003, establishing the Office. (Attachment A).

Specific Comments:

Executive Summary

Results of Review

1. Page i, Results of Review, 1st bullet, 1st sentence states that, “EPA took 12 months to identify salient characteristics (the key performance characteristics needed to actually purchase the items) of CT/ER equipment, and after an additional 6 months, had still not obtained 40 percent of the items.”

While we agree that some of the lower priority, or 2nd tier equipment did not have salient characteristics finalized until April, 2003, it should be noted that the emergency response items were categorized into 13 categories with a priority rating assigned to each of the categories. For instance Category 1, personal protective equipment, and Category 5, radiation monitoring equipment, were the highest 1st tier priority. The salient characteristics associated with these high priority categories were finalized from early July 2002 through November 2002. As a result, 10 different blanket purchase agreements (BPAs) for hundreds of different items and accessories were awarded over a few short months beginning in September 2002. Yet, the audit report focused in solely on development of the salient characteristics for the categories that were rated as the 2nd tier priority or lower. Also, see item 10 below.

Requested Correction: Audit report should reflect a complete and accurate account of the time and effort it took to identify the salient characteristics of all categories of CT/ER equipment.

2. Page i, 1st bullet, 2nd sentence states that, “Further, for more than a year, EPA paid for warehouse space for equipment not yet obtained.”

While we agree that all of the equipment has yet to be obtained, the Agency had pre-existing warehouse space requirements, and in most cases was already paying for the warehouse space, prior to the award of the fixed price Warehouse and Equipment Services (WES) contracts. Most of the START contractors who were awarded these WES contracts already had these warehouses and were using them to store the Government-Furnished-Property (GFP) the Agency had made available to them under the START contracts. The START contractors were invoicing the Agency the leased cost for the warehouse space as Other Direct Costs (ODCs) under their cost-reimbursement START contracts. The Agency took back control of most of the old GFP inventory from the contractors so the OSCs could better utilize, control, and direct the operation of this formerly provided GFP. By resuming control over much of the old GFP, the Agency had an immediate need for warehouse space to store this returning inventory. In addition, at the time the fixed price WES contracts were being awarded, the 1st tier/high priority CT/ER equipment for Categories 1, personal protective equipment, and 5, radiation monitoring equipment, had already been, or were about to be, awarded and many regions needed immediate warehouse space to take delivery of the equipment that had been ordered and was in route to the Regions.

Requested Correction: Audit report should reflect a complete and accurate understanding of the need for timely acquisition of warehouse space to address the returning GFP and the arrival of the newly purchased categories 1 and 5 equipment in the late summer and fall of 2002.

3. Page i, 2nd bullet states that, “EPA’s CT/ER equipment on hand has been poorly maintained.”

We disagree that the newly acquired CT/ER equipment on hand has been poorly maintained. We believe the audit fails to make a critical distinction between the old GFP the Agency had previously made available to the contractors under the START contracts and the newly acquired CT/ER equipment which was purchased to support the OSCs. Some of the former GFP is very old and obsolete. The Agency is working hard on the proper disposal of this old equipment. The proper disposal of obsolete or excess equipment purchased with Superfund dollars can be a long, frustrating process. Some of the returned GFP is not considered CT/ER equipment. These items are part of the old inventory that has yet to be either refurbished and placed in some form of backup reserve or determined it is appropriate to dispose of the item. The RAD alert monitor pictured on page 10 of the draft report graphically demonstrates this point. Region 10 tasked its contractor, Ecology and Environment, Inc., to inventory and assess old equipment, including this monitor to determine the most cost effective disposition. This monitor required minimal repair and was put back in service. The monitor pictured on page 10 was in fact, not CT-funded equipment. We believe it is this old obsolete former GFP equipment taken back from the START contractors that the audit is referring to when it states the “CT/ER equipment on hand has been poorly maintained.”

Requested Correction: Audit report should distinguish between the maintenance of the old GFP equipment, some of which is not considered CT/ER equipment, and the newly acquired CT/ER equipment.

4. Page ii, last sentence of paragraph before Recommendations reads, “Since the Agency had spent almost \$3.7 million for warehouse space before significant quantities of equipment were delivered, a portion of that amount was needlessly spent.”

We disagree that \$3.7 million was needlessly for warehouse space. From the time the first WES contracts were awarded through payments recorded in the Agency’s Financial Data Warehouse (FDW) as of early January, 2004, the total amount spent for all of the WES contracts is less than \$2.0 million. This includes contracts 68-W-03-011 (Region 1), 68- R2–04-02 (Region 2, CT/ER portion), 68-68-W-02-079 (Region 4), 68-W-03-012 (Region 5, terminated prior to effective date), 68-W-03-009 (Region 6), 68-W-02-080 (Region 7), 68-W-02-081 (Region 8), 68-W-R9-03-05 (Region 9) and 68-W-02-083 (Region 10). See item 2 above which addresses why the WES contracts were needed and awarded when they were.

Requested Correction: Audit report should reflect a complete and accurate cost of the WES contracts as well as recognize the timely need for warehouse space.

Recommendations

Page ii, Recommendations: OIG recommends that the Director, OHS, in coordination with OSWER, OARM, and the regions, develop a plan to identify, obtain, maintain, and track CT/ER equipment. OHS is responsible for developing homeland security *policy* at EPA and ensuring implementation of the Agency’s Homeland Security Strategic Plan. However, OSWER has operational responsibility for the Emergency Response Program and was, with the Office of Administration and Resources Management, responsible for the activities that were the subject of the audit.

Requested Correction: The Office of Solid Waste and Emergency Response and the Office of Administration and Resources Management should be directed to implement the recommendations made in this audit.

Chapter 1

Background

Pages 1 - 2: This section mistakenly implies that EPA's role in homeland security began after the terrorist events of September 11, 2001. While world events of September 11, 2001, and thereafter, provided new authorities and responsibilities to the Agency, EPA has implemented chemical, biological, and radiological emergency preparedness and response programs since its inception.

Requested Correction: The audit should recognize the important roles and responsibilities that EPA implements in the emergency preparedness and response arena as part of its core mission.

Internal Control Structure

Pages 3 - 4: OIG noted that the Deputy Chief of Staff identified the tremendous workload and small staff size in OHS as a management challenge. It is important to note that OHS was established in February, 2003, has a permanent staffing level of only 5.5 FTE, and was not fully staffed at that level until June of 2003. While the audit described in the report was performed between March and November 2003, many of the activities discussed took place between January 2002 to June 2003, prior to OHS' establishment and full staffing.

Requested Correction: The audit should acknowledge that many of the activities evaluated as part of this review took place prior to the establishment of OHS, clarify that OHS is responsible for the development of homeland security *policy*, and note that its current staffing level of 5.5 FTE is considered a management challenge due to the tremendous workload currently being performed by staff and managers in OHS.

Chapter 2

5. Page 5, Chapter 2, opening paragraph, 1st sentence, 2nd - 4th lines states that, "EPA took 12 months to identify salient characteristics of CT/ER equipment, and after an additional 6 months EPA had still not obtained 40 percent of the items." See items 1 above and 10 below.

6. Page 5, Chapter 2, opening paragraph, 2nd sentence states that, "EPA had obtained and been paying for warehouse space for this equipment, including items still not purchased, for a year." See item 2 above.

7. Page 5, Chapter 2, opening paragraph, last sentence states that, "EPA's ability to protect public health and the environment in future terrorist attacks or Nationally Significant Incidents may be impaired, and EPA spent almost \$3.7 million for underutilized warehouse space." See item 4 above.

Urgently Needed CT/ER Equipment Slowly Identified, Some Not Yet Purchased

8. Page 6, 1st paragraph, 1st sentence, 2nd line states that, "Agency did not act in an urgent manner to identify its CT/ER equipment needs."

We disagree with this statement that the Agency did not act in an urgent manner to identify its CT/ER equipment needs. The draft of the 60-Day Task Force Report on CT Contracting Assessments was circulated in April, 2002, and not finalized until May 24, 2002. Acting on the draft report, OSWER, the Regional Removal Managers and On-Scene Coordinators met in April,

2002, as the Emergency Response Technical Group to make decisions about equipment needs. Meeting participants at that time decided on 108 equipment items, which in the intervening 21 months has been reduced to 97 items. By early July, 2002, the salient characteristics for the 1st tier/high priority CT/ER equipment for Categories 1, personal protective equipment, and 5, radiation monitoring equipment were being finalized. These 2 highest priority categories resulted in 10 separate BPAs for hundreds of different items and accessories which were awarded over a few months period beginning in September, 2002. These high priority CT/ER equipment purchases were made just before, or soon after, award of the WES contracts which needed to be in place prior to taking delivery of the equipment.

Requested Correction: Audit report should reflect a complete and accurate account of the time and effort it took to identify the salient characteristics of all categories of CT/ER equipment.

9. Page 6, 1st paragraph, 3rd sentence, 7th line states that, “it was not until April 2003 - a year later - that the ‘salient’ characteristics (key performance characteristics needed to actually purchase the items) for most of the items were determined.” See items 1 above and 10 below.

10. Page 6, 1st paragraph, 4th sentence, 10th line states that, “as of October 2003 - when we completed our review in this area - salient characteristics for 26 of the items had still been unidentified. This is 18 months after identifying the original 108 items. Also as of October 2003, EPA had not placed Blanket Purchase Agreements or regional solicitations for almost 40 percent of the 97 items, which means the items cannot be purchased.”

While we agree that as of October 23, 2003, salient characteristics for 26 items had still not been identified we believe the audit report fails to recognize why this has occurred and we disagree that EPA had not placed BPAs or regional solicitations for almost 40 percent of the 97 items, which means the items cannot be purchased. As of October, 2003, salient characteristics were completed and competitive BPAs were awarded for all nationally consistent CT/ER equipment items on the desired CT/ER Equipment list in effect at that time. Of the items where no BPA was in place, the Agency is working with Government-wide workgroups to determine what all Federal, State and Local responders will utilize in regards to emergency response state-of-the-art initial assessment instruments for bio-warfare agents such as botulism, anthrax and ricin. The Agency has been able to respond to these types of incidents with the instruments we have. Until these government-wide issues are resolved, no new potentially incompatible equipment will be purchased.

Similar Agency-wide and Government-wide workgroups are working on various field communications equipment, bandwidths, specifications so that everything is compatible and does not interfere with one another's communications needs. The Agency is actively involved in these efforts. Until these government-wide issues are resolved, no new potentially incompatible equipment will be purchased.

Other items will never have salient characteristics developed because they were always intended to be purchased locally in the Regions on an as needed basis. In some cases the Regions have enough pre-existing inventory that they will not be purchasing additional items. In other cases,

the items are below \$2,500 or such a small quantity is needed that individual Regions are taking care of acquiring the item.

When the Emergency Response Technical Group met in October, 2003, no new salient characteristics for additional items to be placed under national BPAs were immediately envisioned at that time. This group will meet again in April, 2004, to once again go over the ER Equipment list and determine what if any items, should be added, deleted, prioritized and if any item should be nationally or regionally purchased.

Requested Correction: Audit report should reflect a complete and accurate recording of why a number of items do not currently have salient characteristics developed and why items have and will be purchased without the national salient characteristics ever being developed.

Warehouse Space Obtained Before CT/ER Equipment Delivered

11. Page 7, 3rd full paragraph, last sentence states that, “This lack of competition limited EPA’s ability to award contracts to small business enterprises, for which the Office of Acquisition Management has goals.”

While we agree the WES contracts were not subjected to full and open competition due to unusual and compelling urgency; in most Regions there was a limited competition for the WES contract awards. The competition was limited to those contractors who currently hold START contracts. As such, there was competition, as most Regions have 2 or more START contractors holding contracts in the Region. None of the current small businesses or 8(a) firms holding a START contract successfully won any of the WES limited competitive awards because of cost or their inability to meet the unusual and compelling urgency at that time.

The Office of Acquisition Management (AM) has no goals of its own for the award of socioeconomic contracts. Some goals are established by the Small Business Administration (SBA) and others are negotiated between the SBA and the Agency’s Office of Small and Disadvantaged Business Utilization Office (OSDBU). These goals are applicable to, and the goals of, the Agency and the various AA ships and Regions who utilize contracts to support their program mission. It is the responsibility of the various Senior Resource Officials (SROs) in the various AA ships and Regions to meet the goals OSDBU annually establishes from them and the Agency. OSDBU, OAM and the Regional Contracting Offices work with the SROs in the various AA ships and Regions to help them achieve their socioeconomic contract goals.

Requested Correction: Audit report should reflect a complete and accurate account of the competitive process as well as the establishment and responsibility for meeting socioeconomic contracting goals.

12. Page 7, last paragraph, last sentence states that, “since warehouse contracts were to be awarded to meet an unusual and compelling urgency, it is questionable why two regions would have been allowed to act differently based on cost.”

We disagree that there is anything questionable as to why Regions addressed a common unusual and compelling urgency issue differently. Based on a combination of cost as well as ability to meet the urgent and compelling need for warehouse space in other ways than the WES form of contract support, Regions 2, 3, 5, and 9, were able to achieve a best value to the Government that is different than the other 6 Regions. Each Region is different and has different resources (personnel and space) available to it at different points in time. The 4 Regions that acted differently than the other 6 were all able to meet their unusual and compelling urgency for a period of time with resources other than what turned out to be some rather pricey contractor support services.

Requested Correction: Audit report should encourage the Regions to explore cost savings options for their follow-on WES contracts.

13. Page 8, 1st paragraph, last sentence states that, “none of the contracts awarded were performance based.”

We disagree that the WES contract awards were not performance based. The Performance Work Statement or Scope of Work for all WES contracts were based on performance-based-service-contract (PBSC) warehouse and equipment contracts found within the Agency and on the internet from other Departments and Agencies, including the Office of Management and Budget. The solicitation and resulting contracts describe the Agency’s requirements and not the methods of performing the work. It was the lack of detail on how to get the work done by the contractors that resulted in the greatest delays in negotiating these urgent contracts. During the negotiations, the Contracting Officers repeatedly reminded the contractors the Government had laid out its stated requirement and it was up to the contractor to propose an efficient best value that demonstrated how they would meet our needs. Each of the WES contracts converted what had previously been done in part as a cost reimbursement effort under the START contracts and combined this with new functions into a fixed price monthly effort. Fixed price, with its cost risk upon the contractor, is in and of itself a very strong positive incentive for exceptional service. When combined with past performance evaluations and the inspection of services clause for fixed price contracts which can cause a contractor to have to re-perform poor work with no additional reimbursement for cost, fee or profit, these contracts have some significant penalties for poor performance.

Requested Correction: Audit report should reflect a complete and accurate account of the effort to move the WES contracts to fixed price PBSC and encourage continued PBSC efforts in the competitive follow-on contracts.

14. Page 8, last paragraph before Recommendations, 4th line reads, “the delays in acquiring CT/ER equipment may impair EPA’s ability to protect public health and the environment in the event of future terrorist attacks or Nationally Significant Incidents. Further, warehouse contracts existed for a year or more with minimal delivery of new Ct/ER equipment. Almost \$3.7 million was spent for these warehouse contracts, and since 40 percent of the equipment still has not been purchased and the warehouse space was being underutilized, some of the funds may have been put to better use.” See items 1, 2, 4, 8, and 10 above.

Recommendations

Page 8, Recommendations 2-1 and 2-2: OIG recommends that the Director, OHS, establish a point of accountability for EPA's CT/ER equipment needs and establish milestones and points of accountability for obtaining needed CT/ER equipment and track progress. Both of these recommendations, while laudable, are outside of the scope of responsibilities assigned to OHS.

Requested Correction: Recommendations 2-1 and 2-2 should be directed to the Assistant Administrators for OARM and OSWER.

Chapter 3

EPA Needs to Improve CT/ER Equipment Maintenance

15. Page i, 2nd bullet, 1st paragraph, 1st line states that, "EPA's CT/ER equipment currently on hand needs to be better maintained and more accurate maintenance records were sometimes inaccurate." See item 3 above.

Recommendations

Page 12. Recommendation 3-1: OIG recommends that the Director, OHS, in coordination with OSWER, OARM, and the regions ensure equipment readiness and accuracy of records by establishing surveillance plans. This responsibility is outside of the scope of responsibilities delegated to OHS.

Requested Correction: Recommendation 3-1 should be directed to the Assistant Administrators for OSWER and OARM.

Chapter 4

Recommendation

Page 14, Recommendation 4-1: OIG recommends that the Director, OHS, in coordination with OSWER and the regions, establish a timetable to (a) determine what CT/ER equipment and characteristics will be tracked, and (b) develop and implement a plan for national tracking system. Both of these responsibilities lie outside of the scope of responsibilities delegated to OHS. However, OHS is aware of other efforts within the Agency to develop a database to track EPA response equipment nationwide, and will work with the various program offices to ensure that these efforts are coordinated.

Requested Correction: Recommendation 4-1 should be directed to the Assistant Administrator for OSWER and the regions; and, if appropriate, to the Assistant Administrator for OARM.

Attachment A

All Hands Messages
Washington, DC
Date Published:

02/06/2003 03:05 PM

Title:

Permanent Homeland Security Office

Visit the Agency's Intranet for More Information

All Hands Email-Archive

This message is being sent to all EPA Employees
Please do not reply to this mass mailing.

MEMORANDUM

SUBJECT: Permanent Homeland Security Office

TO: All EPA Employees

Due to the increasing scope of responsibilities facing our Agency in homeland security, I am pleased to announce the creation of a permanent homeland security office, in the Office of the Administrator, which will be staffed by full-time career Agency staff. Mary Kruger, the current Deputy Director of the Office of Radiation and Indoor Air, will serve as office Director. Mary will report to me, through the Deputy Administrator, and will also closely coordinate her activities with Susan Mulvaney and Bob Bostock in my office.

Mary brings a great deal of experience and expertise to her new position. She has been the lead for OAR's homeland security matters, and has represented OAR on the Homeland Security Working Group. She has played a key role in developing the Agency's path forward on homeland security since 9/11, including preparing the strategic plan and negotiating important partnerships with the Office of Homeland Security and other agencies. Most recently, she has been our lead with the White House Office of Homeland Security on the development and implementation of the BioWatch program.

This new office will have several major areas of responsibility including:

- Leading and coordinating homeland security activities and policy development across all program areas, including tracking implementation of the Agency's Homeland Security Strategic Plan;
- Coordinating regularly with senior/political leadership within the Agency;
- Serving as point-of-contact for the Department of Homeland Security and the White House Office of Homeland Security and representing the Agency, as appropriate, on homeland security matters, as well as coordinating Agency interaction with the Department of Homeland Security;
- Establishing a more centralized and efficient system for receiving and evaluating important classified communications from multiple sources; and
- Supporting program offices' and the regional offices' ability to "do business as usual," while absorbing new responsibilities.

The creation of this office is a natural evolution from the system we've been operating under since September 11. In the 16 months since September 11, the Homeland Security Working Group has done an outstanding job for the Agency drafting our EPA Homeland Security Strategic Plan, and helping to coordinate the Agency's homeland security efforts to date. All of the members of the work group have taken on these duties in addition to their regular work assignments.

There's no doubt that EPA has moved swiftly and effectively to embrace its new homeland security responsibilities, and the working group played an indispensable role in helping us achieve the progress we have. I want to thank all those who have served on the Homeland Security Working Group for their hard work and dedication during this very challenging time.

But since our homeland security duties will continue to occupy an important place in our overall responsibilities, I believe a small, full-time office is necessary to ensure that we are meeting our homeland security mission without compromising our traditional mission. I also believe it is important to have a career employee heading this office, so as to maintain continuity across administrations.

We are reassigning Mary through the SES mobility program, and will initially use detailees to staff the office and get it up and running quickly. The office will be located in our headquarters complex at Federal Triangle in Washington.

We are also establishing a senior-level Policy Coordinating Committee (PCC), which will replace the Homeland Security Working Group. Like the working group, the PCC will consist of representatives of the lead regions, and each major program office. PCC membership will include AAs and RAs, plus one, and will have decision-making authority regarding homeland security issues.

Meetings of the PCC will be held on an as-needed basis, so that its members can discuss major policy issues, report progress on Strategic Plan implementation, and share other information as designed by the Committee.

I will, along with the Deputy Administrator, chair the Homeland Security PCC and Mary Kruger will serve as its executive director.

The new Homeland Security PCC complements the National Incident Coordination Team (NICT), which Debbie Dietrich will continue to chair and convene. Where the NICT has primary operational responsibilities in the event of an incident, the PCC will have primary policy making responsibilities on an on-going basis.

The Homeland Security PCC will also be able to serve as an executive committee during a national incident, ensuring that the Agency's senior leadership is able to efficiently come together to provide policy direction, as needed, to those undertaking the response.

I believe this new structure, which we hope to have in place by the end of the month, will ensure that as we move forward, EPA will continue to meet its homeland security responsibilities effectively and efficiently.

Christine Todd Whitman

Distribution

EPA Headquarters

Office of Administrator
Assistant Administrator, Office of Solid Waste and Emergency Response (5101T)
Acting Assistant Administrator, Office of Administration and Resources
Management (3101T)
Director, Office of Homeland Security (1109A)
Comptroller (2731A)
Agency Followup Official (the CFO) (2710A)
Deputy Chief Financial Officer (2710A)
Agency Audit Followup Coordinator (2724A)
Audit Followup Coordinator, Office of Administrator (1104)
Audit Followup Coordinator, Office of Solid Waste and Emergency Response (5103)
Audit Followup Coordinator, Office of Administration and Resources
Management (3102A)
Associate Administrator for Congressional and Intergovernmental Relations (1301A)
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Inspector General (2410)

EPA Regions

Region Administrators (1-10)
Audit Followup Coordinators, Regions (1-10)