



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL



Improvement Required to Safeguard Enforcement and Inspection Credentials

Report No. 12-P-0328

March 9, 2012



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Report Contributors:

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Abbreviations

EPA	U.S. Environmental Protection Agency
OARM	Office of Administration and Resources Management
OECA	Office of Enforcement and Compliance Assurance
OIG	Office of Inspector General

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At a Glance

Why We Did This Review

We initiated this project to determine whether sufficient controls exist over credential management in accordance with U.S. Environmental Protection Agency (EPA) Order 3510, "EPA Federal Credentials for Inspections and Enforcement of Federal Environmental Statutes."

Background

The Office of Administration and Resources Management (OARM) and the Office of Enforcement and Compliance Assurance (OECA) manage credentialing of EPA and non-EPA employees. The order sets forth procedures for use by compliance employees in issuing EPA credentials. The order will be revised in fiscal year 2012.

For further information, contact our Office of Congressional and Public Affairs at (202) 566-2391.

The full report is at:
www.epa.gov/oig/reports/2012/20120309-12-P-0328.pdf

Improvement Required to Safeguard Enforcement and Inspection Credentials

What We Found

Some internal controls over credentials were not being implemented. In Region 3, where we conducted an in-depth review, we initially found that the required annual 10 percent inventory of credentials had not been completed for EPA personnel and was not being documented for non-EPA personnel. As of February 15, 2012, OARM personnel informed us that all regions, with the exception of Region 5, have completed their EPA employee credential inventory for 2011. The credential-holder signature upon receipt of a new credential was also not being collected for all EPA employees.

Also, safeguards for EPA's enforcement credential program could be improved.

- There is no timeline requirement for EPA employees to report the loss/theft of a credential. Failing to report this information in a timely manner could put the integrity of the credential at risk.
- On the credential justification form used by EPA employees, requesting officials are only required to provide a signature, and not their title or any contact information. Approving officials must provide a signature and title, but not their printed name or contact information. Illegible signatures make identifying the parties on the form difficult.
- EPA Order 3510 does not identify what level of authority is required to approve a request for a credential. This creates a security vulnerability by allowing individuals at any level to approve requests for credentials.

What We Recommend

We recommend that the Assistant Administrators for OARM and OECA comply with the internal controls of EPA Order 3510 and revise EPA Order 3510 to include certain provisions that will improve enforcement and inspection credentialing. EPA agreed with all our recommendations and provided milestone dates for all recommendations.



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

THE INSPECTOR GENERAL

March 9, 2012

MEMORANDUM

SUBJECT: Improvement Required to Safeguard Enforcement and Inspection Credentials
Report No. 12-P-0328

FROM: Arthur A. Elkins, Jr.
Inspector General

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

TO: Craig Hooks
Assistant Administrator
Office of Administration and Resources Management

Cynthia Giles
Assistant Administrator
Office of Enforcement and Compliance Assurance

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

Action Required

As noted in the report, the Agency has agreed with our recommendation and provided satisfactory completion dates for remaining actions. Therefore, this report is considered closed, and a corrective action plan is not necessary. However, the outstanding required actions will remain open until completed.

We have no objections to the further release of this report to the public. We will post this report to our website at <http://www.epa.gov/oig>.

If you or your staff have any questions regarding this report, please contact Eric Lewis, Director for Special Reviews, at (202) 566-2664 or eric.lewis@epa.gov.

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Purpose

The Office of Inspector General (OIG) evaluated the U.S. Environmental Protection Agency's (EPA's) controls over its enforcement and inspection credentials program.

Background

Certain EPA organizations are responsible for issuing and managing federal credentials provided to employees of EPA, states, tribes, territories, contractors, and grantees, as well as employees of other federal agencies. These credential-holders are authorized by EPA to conduct inspections or investigations and take samples on EPA's behalf under various federal environmental statutes. EPA federal credentials provide the credential holder broad access to establishments, facilities, and other properties for the purpose of:

- Inspecting relevant activities and components, including records, processes, equipment, and products;
- Taking photographs/videos; and
- Collecting documentary and physical samples.

EPA Order 3510, "EPA Federal Credentials for Inspections and Enforcement of Federal Environmental Statutes," sets forth procedures for use by compliance employees in issuing EPA credentials. The order will be revised in fiscal year 2012. The Office of Enforcement and Compliance Assurance (OECA) is responsible for maintaining EPA Order 3510. Under the Order, the Office of Administration and Resources Management (OARM) and OECA divide responsibilities for credential management. Per EPA Order 3510, OECA has primary responsibility for the credentials program, including establishing policy, procedures, and guidance for issuing credentials to EPA and non-EPA employees, and establishing training requirements for employees. OARM has administrative responsibility for credentials issued to EPA employees.

To request a new credential, the sponsoring office must submit a Credential Justification Form for EPA Employees or the form titled "Required Form for Requesting Credentials from Headquarters," commonly referred to as "Appendix B" in the case of non-EPA employees. These request forms indicate the supervisor's requirement for the individual to have a credential and confirm that the individual has completed all required training. Once the form is signed by the applicant, the requesting official, and the senior manager such as the Assistant Administrator or Regional Administrator, the form is sent along with a photo of the applicant to headquarters for approval and processing. Once received, the form is approved by OARM for EPA employees or by OECA for non-EPA employees and the credential is produced. EPA employee credentials are valid for up to 3 years. Non-EPA employee credentials bear an expiration date consistent with the time frame mentioned in their cooperative agreement, but no longer than 3 years.

EPA Order 3510 provides some guidelines on how to safeguard the credentials. The order requires that credential holders report a lost/stolen credential to EPA. The order requires OARM to conduct an inventory verifying that the employee issued the credential has the credential in his/her possession. The order also requires OECA to maintain an inventory of unissued state/tribal credentials and develop procedures for an annual inventory. According to EPA Order 3510, 10 percent of the active credentials must be inventoried annually.

Scope and Methodology

We conducted this evaluation from June to December 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the evaluation to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our evaluation objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our evaluation objectives.

We limited our scope to EPA's federal enforcement and inspection credentials. We did not examine EPA's management of its law enforcement credentials or credentials issued by the OIG.

We identified and described EPA's infrastructure for managing and controlling credentials, the personnel, guidance, training, procedures, and electronic systems involved. We reviewed databases for both OARM, and OECA. This review included documentation of credential management at a national level and in Regions 1, 3, 8, and 10. We also conducted interviews with personnel from OARM and OECA regarding national practices in credential management.

We conducted an in-depth review of credential management in one region—Region 3. According to EPA Order 3510, regions have identical responsibilities with regard to credentials. Region 3 manages approximately 10 percent of all EPA and non-EPA employee credentials. We looked in detail at each individual credential in Region 3. This review included request for credential forms and electronic databases detailing credential numbers, statutes, and expiration dates.

For each credential in Region 3, we sought to find documentation of:

- Request for credential with appropriate signatures,
- Completion of required training, and
- Accurate credential number and expiration date on all paperwork and electronic databases.

Results of Review

Some internal controls over credential management were not being implemented. EPA Order 3510 assigns responsibilities for managing credentials, including specific procedures for issuing credentials, tracking existing credentials, organizing and conducting training, and safeguarding credentials. In Region 3, where we conducted an in-depth review, we initially found that the required annual 10 percent inventory of credentials had not been completed for EPA personnel for 2011 and was not being documented for non-EPA personnel. According to OARM, most regions have completed their EPA employee credential inventory for 2011. Also, safeguards for EPA's enforcement credential program could be improved. For example, EPA Order 3510 includes no timeline for EPA employees to report lost/stolen credentials. Therefore, some EPA employees are reporting their credentials lost/stolen months after last seen. Also, the credential justification form requires a signature but not a printed name, title, or contact information for requesting officials. The form requires a signature and title but not printed name or contact information for approving officials. Illegible signatures make identifying the parties on the form difficult.

Some EPA Order 3510 Internal Controls Are Not Being Implemented

According to the Office of Management and Budget, internal controls should be designed to provide reasonable assurance regarding prevention or prompt detection of unauthorized acquisition, use, or disposition of an agency's assets. EPA Order 3510 includes at least two procedures designed to prevent unauthorized use of EPA federal credentials. These include the annual 10 percent inventory of credentials and the signature required from each credential holder acknowledging acceptance of the credential.

In August, 2011, Region 3 personnel informed us that they had not yet conducted the 2011 annual inventory for EPA employees and had not received official guidance for the inventory. We also found that Region 3 reported conducting an annual inventory for non-EPA employees, but there was no documentation to support this. While the regions have been contacted in the past regarding the inventory for EPA employees, they had not been given specific instructions from OARM on how to conduct it. EPA Order 3510 requires OARM to develop a protocol for the annual inventory. Given the EPA Order 3510 requirement, we were planning to recommend that OARM provide direction to complete and document the inventory. Before this report was issued, OARM issued guidance to complete and document the inventory. The inventory was required to be completed by December 31, 2011. OARM personnel informed us that, as of February 15, 2012, all regions with the exception of Region 5 have completed their credential inventory.

A second internal control, the credential holder signature on the acknowledgment statement, was not always being collected as required for EPA employees. The

acknowledgment statement indicates that the credential holder agrees to comply with the provisions of the order, including those which require safeguarding the credential. For Region 3 EPA employees, we found that the region and headquarters were missing 31 of 223 (14 percent) acknowledgment signatures. The credential holder signature internal control seeks to guarantee an accurate inventory of credentials and ensure that personnel agree to comply with credential provisions, including safeguarding of the credential. The lack of approximately 14 percent of the required signatures compromises this internal control.

Safeguards for EPA's Enforcement Credential Program Could Be Improved

According to OARM and OECA, approximately 2,000 credentials are currently issued to EPA employees and 600 to non-EPA employees. EPA Order 3510 requires that non-EPA employees report the loss/theft of a credential within 72 hours. There is no timeline requirement for EPA employees to report the loss/theft of a credential. We found that some EPA employees were reporting their credentials lost/stolen months after last seen. Failing to report this information in a timely manner could put the integrity of the credential at risk. The order should require that EPA employees report credential loss/theft within 72 hours.

On the credential justification form used by EPA employees, requesting officials must provide a signature, but they do not need to print their name, title, or any contact information. Approving officials must provide a signature and title, but not their printed name or contact information. Illegible signatures make identifying the parties on the form difficult. Such information might be needed to confirm the validity of the credential and the holder. Also, contact information can be used to confirm that the credential holder meets training requirements and certify the need for the credential, as specified in the order. Therefore, the order should ensure that the credential request form contains the requesting and approving officials' printed name, title, and contact information.

EPA Order 3510 indicates that the individual who approves a request for credential is "usually the Division Director, Regional Administrator, or Lab Director." The use of the term "usually" to identify the level of authority required to approve a request for credentials is unclear. This vague statement allows individuals at any level of authority throughout the Agency to approve requests for credentials. To ensure management approval at a standard level throughout the Agency, the order should specifically identify what level of authority is required to approve a request for a credential.

Recommendation

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

1. Comply with the internal controls of EPA Order 3510 to ensure credential safeguards, including collection of the credential holder signature, and revise the order to include the following provisions:
 - a. Require EPA employees to report credential loss/theft within 72 hours.
 - b. Require that requesting and approving officials provide their printed name, title, and contact information on the request for credential form.
 - c. Specify the level of management required to approve a request for credential.

Agency Comments on Draft Report

In its response to the draft report, the Agency agreed with our findings and indicated it will work to resolve the issues immediately. The Agency's response is included in its entirety in appendix A. In addition, the Agency provided us with an email indicating it will contact the regions by February 16, 2012, to remind them of the importance of being compliant with the credential holder signature requirement. The Agency also plans to capture the 31 missing signatures from Region 3 EPA employees.

We are satisfied with the Agency's actions to date to address our recommendation, and concur with the proposed dates of completion for remaining actions. As this report is now closed, a corrective action plan is not necessary. However, the outstanding required actions will remain open until completed, including completion of the 2011 annual inventory for all regions.

Status of Recommendations and Potential Monetary Benefits

RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status ¹	Action Official	Planned Completion Date	Claimed Amount	Agreed-To Amount
1	5	Comply with the internal controls of EPA Order 3510 to ensure credential safeguards, including the collection of the credential holder signature, and revise the order to include the following provisions:	O	Assistant Administrator for Administration and Resources Management and Assistant Administrator for Enforcement and Compliance Assurance	9/30/2012		
		a. Require EPA employees to report credential loss/theft within 72 hours.	O		9/30/2012		
		b. Require that requesting and approving officials provide their printed name, title, and contact information on the request for credential form.	O		9/30/2012		
		c. Specify the level of management required to approve a request for credential.	O		9/30/2012		

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

Agency Comments on Draft Report

MEMORANDUM

SUBJECT: Response to Draft Report: Improvement Required to Safeguard Enforcement and Inspection Credentials, OPE-FY11-0014

FROM: Cynthia Giles
Assistant Administrator
Office of Enforcement and Compliance Assurance

Craig Hooks
Assistant Administrator
Office of Administration and Resources Management

TO: Liz Grossman
Acting Assistant Inspector General
Office of Program Evaluation
Office of Inspector General

This memorandum responds to the subject draft report issued on December 19, 2011. We agree with the report's findings and will work to resolve the issues immediately.

We have one minor clarification regarding OECA and OARM's responsibilities for the credential program. Page 1 of the draft report states: "OARM manages EPA employee credentials while OECA manages credentialing of non-EPA employees" (p. 1). The draft report should state "Per EPA Order 3510, OECA has primary responsibility for the credential program, including establishing policy, procedures and guidance for issuing credentials to EPA and non-EPA employees and establishing training requirements for employees. OARM has administrative responsibility for credentials issued to EPA employees".

Our comments and planned actions for resolving the issues are detailed as follows in response to each recommendation.

Draft Report Recommendations

1. Issue guidance for the conduct of the 10 percent annual inventory of credentials:

- a. **Draft Report Recommendation:** Issue guidance for the conduct of the 10 percent annual inventory of credentials (for EPA employees).
 - i. **OARM comments and planned actions to address recommendation:** On October 4, 2011, OARM sent each Regional Security Manager guidance on conducting the 10% annual inventory of credentials and a reminder to complete the inventory. The draft report states: “Before this report was issued, OARM issued guidance to complete and document the inventory” (p. 3). **Timeline:** The recommended action has been completed.

OIG Response: During this evaluation, OIG was planning to recommend that the Agency issue guidance for the conduct of the 10 percent annual inventory of credentials for EPA employees. Before the issuance of the draft report, EPA did issue this guidance, so we did not include the recommendation in the draft report. However, EPA has chosen to address this issue as a recommendation in its response to the draft report.

2. Comply with the internal controls of EPA Order 3510 to ensure credential safeguards, including collection of the credential holder signature, and revise the Order to include the following provisions:

- a. **Draft Report Recommendation:** Require EPA employees to report credential loss/theft within 72 hours.
 - i. **OARM and OECA comments and planned actions to address recommendation:** OARM and OECA will work together to develop and add appropriate language to EPA Order 3510 which requires EPA employees to report lost or stolen credentials to the designated OARM contact immediately, or no later than 72 hours. Also, will work to revise EPA Order 3510 to include the new language. **Timeline:** September 30, 2012.
- b. **Draft Report Recommendation:** Require that requesting officials provide their printed title and contact information on the request for credential form (for EPA employees).
 - i. **OARM and OECA comments and planned actions to address recommendation:** OARM and OECA will work together to develop and add appropriate language to EPA Order 3510 which requires the signature, title, and contact information of the requesting official on the credential request form used for EPA employees. Also, will work to revise EPA Order 3510 to include the new language. **Timeline:** Fiscal year 2012. With regard to the credential request form used for EPA employees, OARM will revise the form to add lines for the requestor’s printed name, title, and contact information.

Timeline: OARM will submit a draft revised credential form for management approval by March 1, 2012.

- c. **Draft Report Recommendation:** Specify the level of management required to approve a request for a credential.
 - i. **OARM and OECA comments and planned actions to address recommendation:** OARM and OECA will work together to develop and add appropriate language to EPA Order 3510 which specifies the management level required to approve a credential request for EPA employees. Also, will work to revise EPA Order 3510 to include the new language. Timeline: September 30, 2012.

Please direct any questions or comments to Julie Tankersley, OECA at (202) 564-7002, or Tankersley.julie@epa.gov; or Tami Franklin, OARM at (202) 564-9218, or Franklin.tami@epa.gov.

cc: Lisa Lund, Director, OECA/OC
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