



OFFICE OF INSPECTOR GENERAL

Catalyst for Improving the Environment

Evaluation Report

EPA's Office of Air and Radiation Needs to Improve Compliance with Audit Followup Process

Report No. 08-P-0080

February 12, 2008

Report Contributors:

Rick Beusse
Hilda Canes Garduño
James Hatfield
Michael Young

Abbreviations

AFC	Audit Followup Coordinator
EPA	U.S. Environmental Protection Agency
MATS	Management Audit Tracking System
OAQPS	Office of Air Quality Planning and Standards
OAR	Office of Air and Radiation
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

The Office of Inspector General (OIG) undertook this review to determine (1) the status of corrective actions responding to OIG recommendations for selected OIG air reports, and (2) how complete and up to date the Management Audit Tracking System (MATS) is for selected OIG air reports.

Background

Audit followup is essential to good management and improving the efficiency and effectiveness of U.S. Environmental Protection Agency (EPA) programs and operations. EPA has audit followup procedures and designated officials who manage this process. EPA Manual 2750 outlines the audit followup process. EPA is required to report to Congress on audit followup, including any reasons for delays in taking corrective actions not implemented within 1 year of issuing a report.

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

To view the full report, click on the following link:
www.epa.gov/oig/reports/2008/20080212-08-P-0080.pdf

EPA's Office of Air and Radiation Needs to Improve Compliance with Audit Followup Process

What We Found

EPA's Office of Air and Radiation (OAR) had generally taken corrective actions to implement the recommendations for the five air-related reports we reviewed. However, documented evidence of completion of agreed-to corrective actions was in the files for only 1 of 29 corrective actions. Upon reviewing additional information not contained in the official files, we determined that corrective actions had been completed for 26 of the 29 agreed-to recommendations reviewed. The three incomplete corrective actions had not been implemented within 1 year, as stipulated in EPA Manual 2750, and OAR had not notified the OIG of these delays.

Also, OAR did not follow the processes specified in EPA Manual 2750 for certifying the completion and implementation of corrective actions. In two instances where OAR reported audits as inactive – meaning corrective actions were completed – the required certifications were not completed and placed in the official files.

The Agency's audit tracking system (MATS) was incomplete and contained mistakes. OAR omitted from MATS 10 agreed-to corrective actions pertaining to two reports. For another instance, the information in MATS was inaccurate because the Agency had mistakenly included the recommendations and corrective actions pertaining to a different OIG report, while omitting the relevant six agreed-to corrective actions. Thus, the MATS record was incomplete or inaccurate for 16 of the 29 agreed-to corrective actions reviewed.

Prior to issuance of this report, OAR updated MATS to correct the errors and omissions noted during our review and obtained certification memorandums for the two inactive reports.

What We Recommend

We recommend that OAR comply with EPA Manual 2750 by (1) biannually reviewing audit management information for accuracy and completeness; (2) completing the certification process for closing out reports; and (3) maintaining a list of specific corrective actions taken. We also recommend that OAR ensure that newly appointed Audit Followup Coordinators receive audit management training before taking over the position's roles and responsibilities. EPA concurred with our recommendations and submitted a corrective action plan with milestones that addressed our concerns.



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

OFFICE OF
INSPECTOR GENERAL

February 12, 2008

MEMORANDUM

SUBJECT: EPA's Office of Air and Radiation Needs to Improve Compliance with
Audit Followup Process
Report No. 08-P-0080

FROM: Wade T. Najjum
Assistant Inspector General for Program Evaluation

A handwritten signature in black ink, appearing to read "Wade T. Najjum", is written over the printed name.

TO: Robert J. Meyers
Principal Deputy Assistant Administrator for Air and Radiation

This is our report on audit followup 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 the corrective actions the OIG recommends. This report represents the opinion of the OIG and does not necessarily represent the final EPA position. Final determinations on matters in this report will be made by EPA managers in accordance with established audit resolution procedures.

The estimated cost of this report – calculated by multiplying the project's staff days by the applicable daily full cost billing rates in effect at the time – is \$142,924.

Action Required

The Office of Air and Radiation corrective action plan, if properly implemented, addresses our concerns. Therefore, in accordance with EPA Manual 2750, *EPA's Audit Management Process*, we are closing this report upon issuance. As outlined in EPA Manual 2750, the Agency is responsible for tracking the implementation of these records in its Management Audit Tracking System. We have no objections to the further release of this report to the public. This report will be available at <http://www.epa.gov/oig>.

Should you or your staff have any questions regarding this report, please contact Rick Beusse, Director for Program Evaluation, Air & Research Issues, at (919) 541-5747 or beusse.rick@epa.gov; or Jim Hatfield, Project Manager, at (919) 541-1030 or hatfield.jim@epa.gov.

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Purpose

The purpose of this project was to evaluate the status of corrective actions taken by the U.S. Environmental Protection Agency (EPA) in response to selected Office of Inspector General (OIG) air reports. Our objectives were to determine:

1. What is the status of agreed-to corrective actions responding to OIG report recommendations for selected air reports?
2. How complete and up to date is the Management Audit Tracking System (MATS) report information for selected OIG air reports?

Background

The Inspector General Act of 1978 established OIGs in Federal agencies to conduct independent audits and investigations of agency programs and operations, and make recommendations to improve their efficiency and effectiveness. Amendments to the Act added in 1988 directed agencies to report to Congress semiannually on the status of followup on OIG audit report recommendations.

The Office of Management and Budget (OMB) Circular A-50 specifies certain timeframes for audit resolution and requires agencies to develop systems to ensure prompt implementation of audit recommendations. According to OMB Circular A-50, audit followup is essential to good management and is a shared responsibility of agency managers and audit organizations. The EPA OIG's commitment to followup is reflected in the 2004-2008 Strategic Plan, with the aim of improving accountability for actions leading to environmental improvements.

EPA's policy and procedures on the audit followup process are in EPA Manual 2750, most recently revised in 1998. EPA Manual 2750 implements OMB Circular A-50 and the Inspector General Act Amendments of 1988. The Manual specifies a chain of responsibility for the audit management process, starting with the Chief Financial Officer as the Agency's designated Audit Followup Official. According to EPA Manual 2750, the Agency's Audit Followup Official has "personal responsibility" for Agency-wide audit resolution. Other key positions and duties in the audit management chain include:

- **Action Official** - Certifies that corrective actions are complete.
- **Audit Management Official** - Develops and maintains office-specific procedures for audit followup and resolution and designates office-specific Audit Followup Coordinators.
- **Audit Followup Coordinator (AFC)** - Serves as a contact point for the OIG and maintains official files.

OIG reports usually contain recommendations for Agency action officials to take corrective actions to address the findings and conclusions of the report. When the Agency and the OIG agree on the corrective actions, this decision is documented in the Management Decision letter.

EPA Manual 2750 requires actions to be completed within 365 days of the management decision, or otherwise explain reasons for delay.

The Office of the Chief Financial Officer (OCFO), responsible as the Audit Followup Official, maintains and operates MATS to track audit followup, report, and resolution dates, and corrective actions Agency-wide. However, OCFO only requires limited information to be entered into MATS, including milestone dates, financial information (if applicable), and explanations for missed deadlines. Further details on the status and actions taken to implement corrective actions must be documented by the Action Official's office. This information is essential for the Agency to assess and certify that agreed-to actions are completed.

According to EPA Manual 2750, official files are required to include seven major elements:

- Names of Action Official and other parties responsible for implementing, tracking, following up, and reporting on corrective actions
- Draft reports
- Response to draft reports
- Final reports
- Approved Management Decisions
- OIG Management Decision acceptance memoranda
- All pertinent documentation and certification information

Together, MATS and official files document an audit's history, as well as the actions taken by the Agency to address recommendations and correct deficiencies. Appendix A provides additional details on position responsibilities in the audit management process.

Noteworthy Achievements

In response to a prior OIG report that found problems with the Agency's audit follow process, OCFO, in conjunction with OIG, conducted training in August 2007 for AFCs on complying with EPA Manual 2750 and the audit followup process. The AFC in the Office of Air and Radiation's (OAR's) Office of Air Quality Planning and Standards (OAQPS) completed this training in August, about 1 year after he took over the audit followup responsibilities for OAR. Recognizing the complexity of the air quality programs, OAR/OAQPS assigned AFC duties to a technical staff member to improve both communication and responsiveness to the OIG.

The OAQPS AFC recently completed a number of actions to correct issues noted during our review. For example, the MATS database was corrected for the three reports that were in error and certification memorandums were obtained for both of the inactive reports. Further, the AFC was in the process of implementing the OCFO's September guidance to verify MATS data for all reports.

Scope and Methodology

We conducted our evaluation from July 2007 to December 2007. We selected for review five OIG Office of Program Evaluation air reports issued from September 2003 to May 2006 (see

Appendix B). This allowed us to test the implementation status of agreed-to corrective actions after the 1-year implementation timeframe provided in EPA Manual 2750. We reviewed 29 agreed-to corrective actions resulting from the reports' recommendations. These five reports also contained 21 recommendations the Agency did not agree to implement (see Appendix C); consequently, no corrective action was required at this time.

Our evaluation consisted of reviewing: (1) official OAR report files, (2) EPA MATS reports generated in July and October 2007, and (3) EPA documentary evidence obtained from the affected program entities regarding actions taken. In addition, we interviewed key EPA officials responsible for implementing or overseeing these corrective actions, including the EPA AFC for OAQPS. We used this information to assess the completeness of Agency actions on our reports. We did not review the entire MATS system or MATS files for OIG reports other than the five in our scope. We did not assess the effectiveness of the Agency's corrective actions in resolving the findings identified in each report.

We performed this review in accordance with generally accepted government auditing standards issued by the Comptroller General of the United States.

Results of Review

OAR needs to improve its audit management process to comply with EPA Manual 2750. We found that OAR:

- Generally completed corrective actions but did not document evidence of completion in the official files.
- Did not complete certification memorandums for reports classified as inactive.
- Entered incorrect or incomplete information in MATS for approximately half of the corrective actions reviewed.

We believe these conditions existed because of a lack of OAR internal controls over the audit management process. Not complying with EPA Manual 2750 can result in loss of accountability over corrective actions, and adversely affects the completeness and accuracy of the Agency's annual reporting process and its reports to Congress.

Corrective Actions Generally Completed but Not Documented

OAR completed and implemented the agreed-to corrective actions for 26 of 29 recommendations. However, the Agency's documentation of corrective actions was not in the official files as required. OAQPS's official files contained status reports indicating that OAR was taking steps toward fulfilling the corrective actions. However, evidence of completion of agreed-to corrective actions was documented in the files for only 1 of the 29 corrective actions. EPA Manual 2750 requires that the official files contain documentation showing completion of the corrective actions. Upon reviewing additional information not contained in the official files, we determined that 26 of the 29 corrective actions were completed and the Agency had ongoing actions to address the 3 remaining agreed-to corrective actions. The two reports for which the three corrective actions were

not completed were properly classified as “active” in MATS. According to the AFC, OAQPS’s practice was to maintain evidence of corrective actions in decentralized files, but will now maintain such evidence in the official files as required by EPA Manual 2750.

Certification Memos Not Completed for Inactive Reports

EPA designated three of the five reports under followup review as “active” in MATS, meaning that corrective actions have not yet been completed. For the two remaining reports, MATS listed them as “inactive,” meaning that corrective actions were complete. The two inactive reports’ official files did not contain the certification memos required by EPA Manual 2750. The following table lists the two inactive reports.

Table 1: Reports in Inactive Status Without Certification Memos in Official Files

Report Name	Report No.	Date
<i>Decline In EPA Particulate Matter Methods Development Activities May Hamper Timely Achievement of Program Goals</i>	2003-P-00016	September 30, 2003
<i>EPA Needs to Direct More Attention, Efforts, and Funding to Enhance Its Speciation Monitoring Program for Measuring Fine Particulate Matter</i>	2005-P-00004	February 7, 2005

Source: MATS and OIG review of official files.

EPA Manual 2750 establishes a process for closure of OIG reports. An Action Official is responsible for maintaining documentation of corrective actions. For each action, the designated Action Official is also required to certify “in writing that the corrective actions are complete.” The AFC is then required to keep this certification in the official file. A report should not be placed in inactive status in MATS until this step has occurred. Entry of a final action date by an AFC automatically triggers MATS to inactivate the report without further verification by OCFO. OCFO believes it is the AFC’s responsibility to have the certification memo in-hand before entering the final action date into MATS. Without the accountability of a certification memo, reports can be inactivated from the audit tracking system without corrective actions actually being completed.

MATS Contained Incorrect and Incomplete Information

The MATS record was incomplete or inaccurate for 16 of the 29 agreed-to corrective actions we reviewed. These 16 corrective actions pertained to 3 of the 5 reports we reviewed. For one report, the official file contained updates on agreed-to corrective actions from a different OIG report. As a result, the MATS record reflected the status of the corrective actions for the wrong report and did not show the status of the six agreed-to corrective actions for the subject report. In another instance, OAR had not entered any information into MATS for the eight agreed-to corrective actions resulting from the OIG report. Similarly, information was missing in the MATS database for two corrective actions resulting from another OIG report. The three reports are listed in Table 2, while additional details are in Appendix B.

Table 2: Reports with Incomplete or Inaccurate MATS Records

Report Name	Report No.	Date
<i>Decline In EPA Particulate Matter Methods Development Activities May Hamper Timely Achievement of Program Goals</i>	2003-P-00016	September 30, 2003
<i>EPA and States Not Making Sufficient Progress in Reducing Ozone Precursor Emissions in Some Major Metropolitan Areas</i>	2004-P-00033	September 29, 2004
<i>Substantial Changes Needed in Implementation and Oversight of Title V Permits If Program Goals Are to Be Fully Realized</i>	2005-P-00010	March 9, 2005

Source: MATS and OIG review of official files.

In September 2007, in response to a prior OIG report that found problems with the Agency's audit followup process, OCFO issued a memorandum that stressed that program offices should make certain that information in the Agency's MATS is complete, accurate, and verifiable.

Conclusions

OAR generally implemented agreed-to corrective actions. However, OAR did not comply with EPA Manual 2750. Thus, it is vulnerable to loss of accountability over corrective actions and inaccurate external reporting. Official files containing accurate and complete documentation of corrective action implementation are important to properly managing audit report followup. It also assists in the continuity of followup when staff turnover occurs. Inaccurate audit followup adversely affects the completeness and accuracy of the Agency's annual reporting process and its reports to Congress.

Recommendations

We recommend that the Principal Deputy Assistant Administrator for Air and Radiation:

1. Comply with EPA Manual 2750 by:
 - a. biannually reviewing audit management information for accuracy and completeness,
 - b. completing the certification process for closing out reports, and
 - c. maintaining a list of specific corrective actions taken.
2. Ensure that newly appointed AFCs receive audit management training before they take over the position's roles and responsibilities.

Agency Comments and OIG Evaluation

EPA concurred with our recommendations and submitted a corrective action plan with milestones to implement the recommendations. The Agency's proposed corrective actions sufficiently address our concerns. A copy of the Agency's complete response to our draft report, including its corrective action plan, is found in Appendix D.

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 EPA Manual 2750 by: (a) biannually reviewing audit management information for accuracy and completeness, (b) completing the certification process for closing out reports, and (c) maintaining a list of specific corrective actions taken.	O	Principal Deputy Assistant Administrator for Air and Radiation	6/11/2008		
2	5	Ensure that newly appointed AFCs receive audit management training before they take over the position's roles and responsibilities.	O	Principal Deputy Assistant Administrator for Air and Radiation	6/11/2008		

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

Audit Management Responsibilities

Title	Duties
Agency Audit Followup Official	<ul style="list-style-type: none"> • Ensures Agency-wide audit resolution and that systems for audit followup are in place • Ensures corrective actions are actually implemented • Designates an Agency Audit Followup Coordinator
Agency Audit Followup Coordinator	<ul style="list-style-type: none"> • Maintains and conducts quality assurance and analysis of the Agency audit tracking system and data • Prepares reports to Congress
Action Officials	<ul style="list-style-type: none"> • Implements the audited program (commonly the Regional or Assistant Administrator to whom the report is addressed) • Ensures that corrective actions are documented, tracked, and implemented • Certifies that corrective actions are complete (or designates a certifying official to do so)
Audit Management Officials	<ul style="list-style-type: none"> • Is designated in each regional and national program office • Develops and maintains office-specific procedures for audit followup and resolution • Designates office-specific Audit Followup Coordinators • Ensures managers and staff within their office understand the audit management process and take timely and appropriate corrective actions
Audit Followup Coordinators	<ul style="list-style-type: none"> • Serves as a contact point for OIG • Provides guidance and ensures that responses to OIG reports are complete and timely • Maintains official files containing the record of management decisions and certifications of completed corrective actions • Provides status reports to the Agency Audit Followup Coordinator on corrective actions and audit resolution, and tracks reasons for delay

Source: EPA Manual 2750.

Status of Agreed-to Recommendations

OIG Report	Recommendation	Evidence of Corrective Action in OAR File?	Corrective Action Complete?	Correct Information Recorded in MATS?	Notes
<i>Decline in EPA Particulate Matter Methods Development Activities May Hamper Timely Achievement of Program Goals</i> (Report No. 2003-P-00016, September 30, 2003)	2-1	No	Yes	No	1/
	2-2	No	Yes	No	
	2-3	No	Yes	No	
	3-1	No	Yes	No	
	3-2	No	Yes	No	
	3-3	No	Yes	No	
<i>EPA and States Not Making Sufficient Progress in Reducing Ozone Precursor Emissions in Some Major Metropolitan Areas</i> (Report No. 2004-P-00033, September 29, 2004)	3-1	No	Yes	No	2/
	3-4	No	Yes	No	
	3-6	No	Yes	No	
	6-2	No	No	No	
	6-3	No	Yes	No	
	8-1	No	Yes	No	
	8-2	No	Yes	No	
	8-4	No	Yes	No	
<i>EPA Needs to Direct More Attention, Efforts, and Funding to Enhance Its Speciation Monitoring Program for Measuring Fine Particulate Matter</i> (Report No. 2005-P-00004, February 7, 2005)	3-1	No	Yes	Yes	
	3-2	No	Yes	Yes	
	3-3	No	Yes	Yes	
	3-4	No	Yes	Yes	
	3-5	Yes	Yes	Yes	
<i>Substantial Changes Needed in Implementation and Oversight of Title V Permits If Program Goals Are to Be Fully Realized</i> (Report No. 2005-P-00010, March 9, 2005)	2-3	No	Yes	No	3/
	2-4	No	No	Yes	
	2-5	No	Yes	Yes	
	2-6	No	No	Yes	
	2-7	No	Yes	Yes	
	3-2	No	Yes	No	
	3-3	No	Yes	Yes	
	3-4	No	Yes	Yes	
<i>Monitoring Needed to Assess Impact of EPA's Clean Air Mercury Rule on Potential Hotspots</i> (Report No. 2006-P-00025, May 15, 2006)	3-1	No	Yes	Yes	

Source: Data obtained from OIG reports, MATS, and review of OIG files.

- NOTES:**
- 1/ Information in OAR official file and MATS was for another report's recommendations. No data on this report's corrective actions were in MATS.
 - 2/ No information recorded in MATS for this report's corrective actions. OAQPS plans to complete corrective action for Recommendation 6-2 in February 2008.
 - 3/ No information recorded in MATS for two of report's corrective actions. OAQPS plans to complete corrective action for Recommendation 2-4 by Spring 2008. OAR has not implemented corrective action for Recommendation 2-6 and maintained that recommended training is unnecessary.

List of Recommendations without Agreement

OIG Report	Recommendation	
<p><i>EPA and States Not Making Sufficient Progress in Reducing Ozone Precursor Emissions in Some Major Metropolitan Areas</i> (Report No. 2004-P-00033, September 29, 2004)</p>	2-1	Perform an in-depth evaluation of the compliance of all serious to extreme nonattainment areas with emission reduction requirements using, at a minimum, precursor emissions data contained in the Agency's National Emissions Inventory database.
	2-2	Implement contingency measures and additional controls, where appropriate, as required under Section 182(g)(3) of the Act, if nonattainment areas have not met the Act's emission reduction requirements, including the use of any enforcement and/or sanctions available under Section 179 of the Act for failure of a State to submit adequate plans and/or failure to timely and adequately implement planned controls to achieve required emission reductions by the statutory milestone dates.
	3-2	Require evaluation of proposed Rate-of-Progress Plans by EPA regional air programs to assure the propriety of Rate-of-Progress assumptions, projections, and related emission reductions in comparison to available emission databases and historical data.
	3-3	Develop guidance for analyzing and comparing periodic emission inventories to projected emission target levels and evaluating assumptions used in applicable Rate-of-Progress Plans, in order to: (1) reconcile differences between projected and actual inventories; (2) identify any incorrect assumptions or projections and understatement of needed emission reductions; and (3) establish improvements that may be needed in the Rate-of-Progress development process, and ensure training of staff in conducting these analyses.
	3-5	Revise EPA's "Clean Data" policy to require meteorologically adjusted ozone trend analyses and trend analyses of ambient Volatile Organic Compound and Nitrogen Oxide concentrations for nonattainment areas that attain the ozone standard based on ambient ozone monitoring data, to better assure the permanence of such attainments before suspending Rate-of-Progress Plan development and approval.
	4-1	Subject the policy claiming outside emissions to the notice-and-comment rulemaking process, which will allow broad public comment and feedback.
	4-2	Revise policy for nonattainment area outside emission reduction credit to: <ul style="list-style-type: none"> a. Encourage broadening of controls for sources in outside areas in order for a nonattainment area to claim emission reduction credits. b. Require atmospheric modeling to support the impact of outside emissions and sources on nonattainment area ozone levels. c. Require that the emission baselines from all selected outside areas be included in Rate-of-Progress baseline emissions for calculating required emission reductions and measuring achievement of reductions. d. Establish a methodology, such as atmospheric modeling, to document the extent of benefits that Nitrogen Oxide and Volatile Organic Compound emissions reductions from outside the area have on individual nonattainment areas to prevent improper double-counting of emission reductions when a State has multiple nonattainment areas. e. Require that outside sources or areas included in post-1996 Rates-of-Progress also be included in subsequent Periodic Emissions Inventories for each applicable nonattainment area.

OIG Report	Recommendation	
	5-1	Expedite issuance of the milestone compliance guidance, but restrict the use of observed ambient zone levels as a stand-alone indicator of emission reductions. The guidance should also require the use of meteorologically adjusted ozone trends and trends in ambient concentrations of Volatile Organic Compounds and Nitrogen Oxides in the weight of evidence approach.
	5-2	Instruct States to utilize indicators, as reflected in the draft milestone compliance demonstration guidance, and/or provide annual updates to emissions inventories (one third of sources per year or one third of States per year) to determine potential or actual emission reductions within the Act's 90-day time frame for milestone compliance demonstrations.
	5-3	Require that nonattainment areas update baseline inventories and, subsequently, perform more in-depth assessments of actual emission reductions, once the applicable Periodic Emissions Inventories are completed. This subsequent determination of actual emission reductions may not meet the milestone compliance demonstration 90-day time frame but will provide a measure of progress that is not currently available.
	5-4	Incorporate the use of updated National Emissions Inventory data and other available measures, where appropriate, into milestone compliance demonstration guidance as top-down indicators or measures of nonattainment area progress in reducing precursor emissions.
	5-5	Require State and local agencies to update past baseline and periodic emission inventories based on the latest models, emission factor, and methodologies, and complete milestone compliance demonstrations for 1990 through 1999 (or later milestone year) for nonattainment areas based on the issued milestone compliance guidance. Further, for future inventories, require States to continuously update inventories as new emissions data and methods are developed, to provide timely assessments of nonattainment area progress in reducing precursor emissions.
	6-1	Develop analytical procedures and processes for EPA and/or States to utilize updated National Emissions Inventory data for measuring the progress of individual 8-hour nonattainment areas in reducing precursor emissions and complying with the Act's emission reduction mandates.
	7-1	Establish annual and multi-year goals and performance measures for ozone precursor emission reductions by individual nonattainment areas and require State and local agencies to submit evidence that these goals have been met.
	7-2	Once annual goals and measures are established, include the goals and measures in EPA, State, and local agencies' annual and strategic plans, and provide accomplishments toward these goals in EPA's annual performance reports.
	8-3	To the extent possible, expedite the regulatory process for releasing ozone Data Quality Objectives for use in State air monitoring Quality Assurance Project Plans.
	8-5	Promulgate policies and procedures which require regions to obtain State Periodic Emissions Inventories and review the Periodic Emissions Inventories for quality and compliance with EPA emission inventory development guidance.

OIG Report	Recommendation	
<i>Substantial Changes Needed in Implementation and Oversight of Title V Permits If Program Goals Are to Be Fully Realized</i> (Report No. 2005-P-00010, March 9, 2005)	2-1	Develop and issue guidance or rulemaking on annual compliance certification content which requires responsible officials to certify compliance with all applicable terms and conditions of the permit, as appropriate.
	2-2	Issue the draft rule regarding intermittent versus continuous monitoring as it relates to annual compliance certifications and including credible evidence.
	3-1	Promulgate the draft order of sanctions rule which provides notice to State and local agencies, as well as the public, regarding the actions that will be taken when Notices of Deficiency are not timely resolved by State and local Title V permitting authorities.
<i>Monitoring Needed to Assess Impact of EPA's Clean Air Mercury Rule on Potential Hotspots</i> (Report No. 2006-P-00025, May 15, 2006)	2-1	Work with the Assistant Administrator for the Office of Research and Development to develop and implement a mercury monitoring plan, including milestones and responsible program offices for implementing each component of the plan, to: (1) assess the impact of Clean Air Mercury Rule, if adopted, on mercury deposition and fish tissue; and (2) evaluate and refine, as necessary, mercury estimation tools and models. This effort should consider the suitability of the Office of Research and Development's mercury research plan for addressing these objectives.

Source: Data obtained from OIG reports, MATS, and review of OIG files.

Agency Response to Draft Report

February 1, 2008

MEMORANDUM

SUBJECT: Response to Draft Evaluation Report: “EPA’s Office of Air and Radiation Needs to Improve Compliance with Audit Followup Process, Assignment No. 2007-00926

FROM: Robert J. Meyers
Principal Deputy Assistant Administrator

TO: Wade T. Najjum
Assistant Inspector General for Program Evaluation

Thank you for the opportunity to comment on the draft report, “EPA’s Office of Air and Radiation Needs to Improve Compliance with Audit Followup Process, (Assignment No. 2007-00926). The Office of Air and Radiation concurs with the findings described in the draft report and the proposed recommendations.

We recognize the importance of audit followup procedures and have made it a priority to quickly correct any deficiencies and take action to ensure a high quality followup program. OAR has started development of a standard operating procedure to enhance our compliance with EPA Order 2750. Additionally, we have taken corrective actions for the issues identified in the report such as updating the Management Audit Tracking System (MATS) and obtaining certification memoranda for closure of OIG reports. OAR’s Corrective Action Plan and schedule are attached.

Thank you again for the opportunity to comment on the draft evaluation report. If you have questions, please contact Michael Boucher, OAQPS Audit Follow-up Coordinator, at (919) 541-7627.

Attachments

cc: Elizabeth Craig, OAR
Steve Page, OAR
Omayra Salgado, OAR
Michael Boucher, OAR
Peter Cosier, OAR
Jim Hatfield, OIG
Sharon Tant, OCFO

EVALUATION OF OIG's RECOMMENDATIONS

Recommendation 1: Comply with EPA Order 2750 by: (a) biannually reviewing audit management information for accuracy and completeness, (b) completing the certification process for closing out reports, and (c) maintaining a list of specific corrective actions taken.

OAR concurs with this recommendation. OAR is currently developing a Standard Operating Procedure to ensure the following actions:

a) review all audit management information including completeness of official files on a biannual basis. These reviews will be conducted every March and September to coincide with the Agency's requirement under EPA Order 2750 and the IG Act to report to Congress on the status of completing corrective actions. Every effort will be made to maintain the completeness and accuracy of the information.

b) ensure certification memorandums are filed upon completion of correction action plans as a final action to close out audits. OAR AFCs will ensure Action Officials, or their designates, for all current and past audits understand that they are required to provide a certification letter to the AFC when all corrective actions are completed. Once the certifications letters are received, the AFC will enter the necessary information into MATS; provide OCFO notification of the Final Action Date enabling them to move the report to Inactive status.

c) maintain a brief description of the corrective actions taken by the Action Official in MATS and the official file.

Recommendation 2: OAR ensure that newly appointed Audit Followup Coordinators receive audit management training before they take over the position's roles and responsibilities.

OAR concurs with this recommendation. Future AFC's will be required to be trained on EPA Order 2750 requirements before accepting full responsibilities as an AFC. This requirement will be included on the SOP being developed to satisfy recommendation 1.

OAR's CORRECTIVE ACTION PLAN

Number	Recommendation	Planned Corrective Action	Planned Completion
1	Comply with EPA Order 2750 by: (a) biannually reviewing audit management information for accuracy and completeness, (b) completing the certification process for closing out reports, and (c) maintaining a list of specific corrective actions taken.	Conduct an assessment of MATS to ensure current information is complete, accurate and verifiable Develop an SOP which fully addresses compliance with EPA Order 2750	Within 60 days of issuance of OIG's Final report Within 3 months of the issuance of the OIG's Final Report
2	Ensure that newly appointed AFCs receive audit management training before they take over the position's roles and responsibilities.	Require that future AFC's be trained on EPA Order 2750 requirements before accepting full responsibilities	As soon as training is available before accepting AFC's responsibilities.

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