



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

We performed this review to determine whether the U.S. Environmental Protection Agency (EPA) (1) billed and collected fines and penalties in a timely manner; (2) took appropriate action to collect fines and penalties; and (3) tracked the assessment, billing, and collection of fines and penalties to measure the impact of the enforcement program and promote accurate and transparent reporting.

Background

EPA's Office of Enforcement and Compliance Assurance (OECA) monitors compliance with environmental laws and takes enforcement action when needed. Assessing penalties as part of an enforcement action provides a deterrent to noncompliance. The Cincinnati Finance Center (CFC) records and tracks the billing and collection of fines and penalties.

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

To view the full report, click on the following link:
www.epa.gov/oig/reports/2010/20100309-10-P-0077.pdf

EPA Needs to Improve Its Recording and Reporting of Fines and Penalties

What We Found

EPA did not consistently record fines and penalty billings in a timely manner. Regional and program office personnel did not forward copies of source documents timely to CFC, which delayed the recording of accounts receivable. EPA did not record a receivable as required for two disputed stipulated penalties totaling \$2,839,500.

EPA generally took appropriate action to collect fines and penalties. However, it did not monitor the collections on a \$300,000 receivable as required.

EPA tracked the assessment, billing, and collection of fines and penalties. EPA used the assessments, and not the collections, as one of its measures of the enforcement program's impact. OECA's data system contained 7 errors totaling \$139,242 in the penalty assessment amounts out of 156 billings reviewed related to 117 assessments. Due to these data errors and nondisclosure of collections, EPA did not report penalty information with complete accuracy and transparency.

In November 2008, EPA upgraded the Regional Hearing Clerk database to notify CFC of new receivable source documents. The enhancement improved CFC's ability to record receivables more timely.

What We Recommend

We made various recommendations to EPA to address recording fines and penalty billings more timely, monitoring delinquent debt, ensuring greater accuracy in OECA's data system, and disclosing fines and penalties collected as well as assessments when reporting the results of enforcement actions. We revised a recommendation regarding testing internal controls over the forwarding of account receivable source documents to CFC and added a recommendation to develop a policy for recording stipulated penalties. EPA should provide estimated completion dates for recommendations 2-2, 4-2, 4-3, and 5-1. Based on these revisions, EPA agreed with all our recommendations.