



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

Ensuring the safety of chemicals

EPA Can Better Manage State Pesticide Cooperative Agreements to More Effectively Use Funds and Reduce Risk of Pesticide Misuse

Report No. 18-P-0079

February 13, 2018



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Abbreviations

CFR	Code of Federal Regulations
EPA	U.S. Environmental Protection Agency
FIFRA	Federal Insecticide, Fungicide, and Rodenticide Act
FY	Fiscal Year
OECA	Office of Enforcement and Compliance Assurance
OIG	Office of Inspector General
OPP	Office of Pesticide Programs

Cover photo: Images of pesticide inspections and storage. (EPA OIG photos)

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At a Glance

Why We Did This Review

We conducted this review to determine whether the U.S. Environmental Protection Agency's (EPA's) negotiations, review and approval of state work plans for compliance inspections—which are required as part of Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) cooperative agreements—support the achievement of agency goals and requirements.

Under FIFRA, the EPA has the authority to regulate how pesticides are registered, distributed and sold, and whether they are used appropriately. Through cooperative agreements, the EPA's pesticides compliance monitoring program awards states approximately \$19 million annually. As part of the cooperative agreements, grantees must submit annual work plans that commit to performing a certain number of inspections.

This report addresses the following:

- *Ensuring the safety of chemicals.*

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EPA Can Better Manage State Pesticide Cooperative Agreements to More Effectively Use Funds and Reduce Risk of Pesticide Misuse

What We Found

The EPA cannot ensure that its FIFRA cooperative agreement funding achieves agency goals and reduces risks to human health and the environment from pesticide misuse. We identified weaknesses in the processes that underlie the development and monitoring of FIFRA compliance inspection work plans. Specifically:

Improvements in developing and monitoring FIFRA compliance inspection work plans support effective and efficient use of enforcement funding and risk management.

- EPA FIFRA Project Officers did not consistently assess whether the funding requested by states for compliance inspections was reasonable. We found that EPA funding per planned inspection can vary significantly among state cooperative agreements. Moreover, EPA guidance for assessing whether the funding requested is reasonable was not well defined.
- The EPA did not use the performance of completed state pesticide enforcement work plans to improve successive work plans or to demonstrate whether compliance inspections achieved agency goals and requirements.

Improving how pesticide program cooperative agreements are administered can provide the EPA with the information it needs to assess the value and benefits of state compliance inspections and make informed decisions about how many compliance inspections states can reasonably perform each year. Improvements will also enable the EPA to determine whether compliance inspection funding reduces the risks pesticide misuse poses to human health and the environment, as well as how to better target compliance inspection funding.

Recommendations and Planned Agency Corrective Actions

We recommend that the Assistant Administrator for Enforcement and Compliance Assurance (1) develop and implement additional FIFRA guidance to assist Project Officers in evaluating whether funding is reasonable given projected work plan tasks, and (2) conduct a national review of state work plans and performance to verify the consistent application of agency guidance and the achievement of agency goals and requirements. The EPA agreed with our recommendations and provided acceptable corrective actions.



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

THE INSPECTOR GENERAL

February 13, 2018

MEMORANDUM

SUBJECT: EPA Can Better Manage State Pesticide Cooperative Agreements to More Effectively Use Funds and Reduce Risk of Pesticide Misuse
Report No. 18-P-0079

FROM: Arthur A. Elkins Jr.

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

TO: Susan Bodine, 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). The project number for this evaluation was OPE-FY15-0022. 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

In accordance with EPA Manual 2750, your office provided acceptable corrective actions and milestone dates in response to OIG recommendations. All recommendations are resolved and no final response to this report is required.

We will post this report to our website at www.epa.gov/oig.

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Chapter 1

Introduction

Purpose

The U.S. Environmental Protection Agency's (EPA's) Office of Inspector General (OIG) conducted this review to determine whether the EPA's negotiations, review and approval of state work plans for compliance inspections—which are required as part of Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) cooperative agreements—support the achievement of agency goals and requirements.

Background

Under FIFRA, the EPA has the authority to regulate how pesticides are registered, distributed and sold, and whether they are used appropriately. EPA oversight includes compliance monitoring to determine whether a facility is complying with applicable environmental laws and regulations. The EPA works with its federal, state, territorial and tribal regulatory partners to conduct compliance monitoring. If a facility is found to not be in compliance, an enforcement action may be taken to protect human health and the environment.

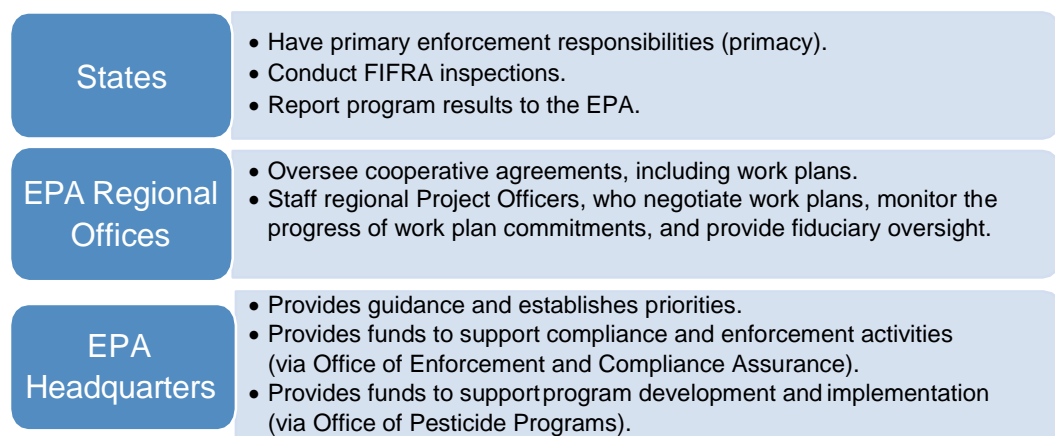
State Primacy

Under Section 26 of FIFRA, the EPA grants states primary enforcement responsibility (primacy)¹ against the misuse of pesticides. As of September 2017, all states except Wyoming have primacy.

As depicted in Figure 1, the EPA partners with states to regulate pesticides and funds cooperative agreements that help primacy states implement their pesticide programs. States with primacy conduct most compliance monitoring and enforcement activities within their jurisdictions. The EPA has an oversight role to ensure that the state pesticide programs are adequate and the goals of federal laws are achieved. EPA regions conduct annual end-of-year evaluations to assess state performance in implementing their pesticide programs.

¹ FIFRA does not authorize tribes to be granted primacy.

Figure 1: State and EPA FIFRA compliance monitoring responsibilities



Source: EPA OIG.

According to the EPA, inspections are the core of the FIFRA compliance monitoring program. Inspections are conducted by federal, state and tribal inspectors to monitor compliance, detect violations and collect evidence in support of appropriate enforcement actions. States conduct 10 types of inspections (Table 1).

Table 1: Types of FIFRA inspections

Type of inspection	Description
Producer establishment	Conducted at an establishment where pesticides or devices are produced and held for distribution or sale.
Use	Typically an observation of an actual pesticide application or an inspection following an application.
Worker protection standard	Involve examining practices of agricultural and pesticide handler employers and their employees to assess compliance.
Marketplace	Ensure industry compliance with product registration, formulation, packaging and labeling requirements.
For cause	Initiated in response to a complaint, damage report, referral, tip, or known or suspected noncompliance.
Import and export	Ensure that pesticides and devices (e.g., insect traps) imported into or exported from the United States comply with FIFRA.
Experimental-use permit	Determine whether the terms and conditions of the permit avoid unreasonable adverse effects on the environment and whether the terms and conditions of the permit are being met.
Certified applicator license and records	Normally conducted at a pesticide applicator's place of business to determine whether the (1) applicator is properly certified and/or licensed, (2) required records are being maintained, (3) applicator is applying pesticides only in those areas with a certification, and (4) records indicate that all applications have been made in compliance with all applicable laws and regulations.
Restricted-use pesticide dealer	Determine compliance with FIFRA record-keeping requirements regarding sales and distribution of restricted use pesticides.
Cancellation and suspension	Determine compliance with the EPA's orders concerning suspended and/or canceled products.

Source: EPA.

In one instance, a for-cause inspection at a food processing plant revealed the inappropriate application of a pesticide and other related misuses.

Case Example: Pesticide Misuse Triggers For-Cause Inspection

Employees at a food processing plant were evacuated after reporting symptoms of a possible chemical hazard: headaches, nausea and vomiting. The responding fire department measured unsafe levels of oxygen, carbon monoxide and hydrogen sulfide. Eighteen people were treated at a local hospital, with four requiring overnight hospitalization. The state pesticide department was notified, and the state inspector discovered pesticide containers that were taken to the emergency room to aid in the treatment of the patients. Additionally, the inspection revealed a number of violations, including the use of an unregistered pesticide manufactured in Mexico and a violation of the label language that directed the pesticide not be used in commercial food/feed handling establishments; restaurants; or other areas where food/feed is commercially prepared, processed or stored. The violators agreed to pay the state \$10,000.

Cooperative Agreements

The EPA's FIFRA State and Tribal Assistance Grant compliance monitoring program awards cooperative agreements—funding instruments similar to grants but which allow substantial involvement between the EPA and the awardee—to states to help them develop and implement pesticide programs. EPA regional offices negotiate and oversee these cooperative agreements, which provide funds for state compliance monitoring and inspections to be conducted each year. According to the EPA, the FIFRA State and Tribal Assistance Grant compliance monitoring program awards states approximately \$19.2 million annually.

The amount of assistance awarded to each grantee through the cooperative agreements is determined by a funding formula that considers several factors,² and the reasonableness of the anticipated cost of the grantee's program relative to the proposed outputs or outcomes (e.g., the number of inspections proposed). According to 40 CFR § 35.232, the final funding allotments are negotiated between each grantee and the appropriate EPA Regional Administrator. The regions we spoke to said that the funding for enforcement is predominantly determined by the funding formula but, according to the Office of Enforcement and Compliance Assurance (OECA), the regions and grantees negotiate the outputs.

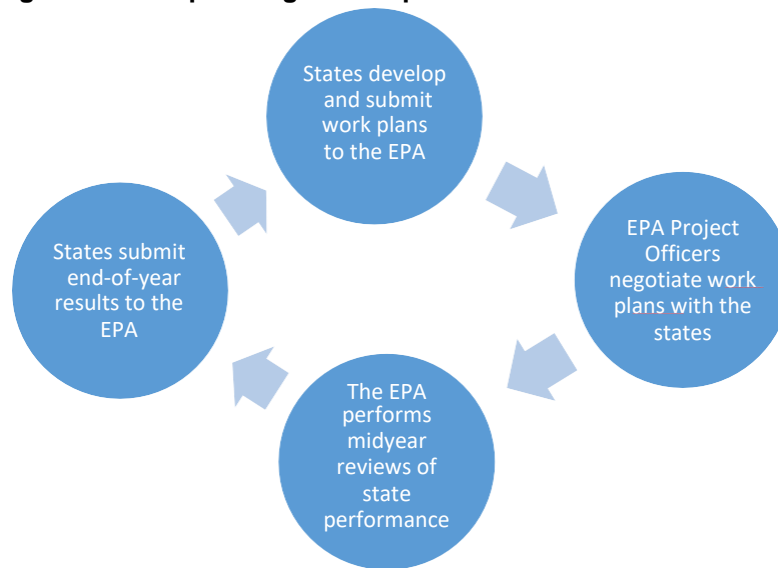
Work Plans and Negotiations

EPA Project Officers oversee states by managing the cooperative agreements. As part of the cooperative agreements, states are each required to submit an annual work plan for the compliance inspections to be conducted that year, referred to as

² Pursuant to 40 CFR § 35.232, the factors to be considered in the allotment of funds for FIFRA enforcement include the state's population, the number of pesticide-producing establishments, the number of certified private and commercial pesticide applicators, the number of farms and their acreage, and the state's potential farm worker protection concerns.

the “projected inspections.” The work plans require states to specify the goals of the inspections to be conducted and to commit to conducting a certain number of each type of inspection. In addition, the work plans provide for consistency across state pesticide programs and facilitate the compilation of data generated from the results of cooperative agreement work. Project Officers are required to negotiate with states to ensure that EPA priorities are included in the work plans. Figure 2 depicts this work plan process.

Figure 2: Work plan negotiation process between EPA and states



Source: EPA OIG.

The EPA’s oversight responsibility requires the agency to conduct program reviews to verify that states continue to meet the requirements for primacy. The EPA must also conduct grant reviews to ensure that federal funds are managed properly to accomplish the goals of the cooperative agreement and work plans.

Responsible Offices

Within the EPA’s OECA, the Office of Civil Enforcement and the Office of Compliance jointly set national priorities. The Office of Compliance develops the EPA’s FIFRA inspection guidance and conducts pesticide inspector training. Within the EPA’s Office of Chemical Safety and Pollution Prevention, the Office of Pesticide Programs (OPP) regulates the manufacture and use of all pesticides in the United States.

Scope and Methodology

We conducted our work from March 2015 through December 2017. The assignment was temporarily suspended in October; work resumed in January 2017. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and

perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We reviewed relevant materials, including FIFRA, applicable regulations, guidance documents and Region 4 inspection procedures. This included review of the following documents:

- EPA OPP and OECA, *2015–2017 FIFRA Cooperative Agreement Guidance*, March 6, 2014.
- EPA OPP and OECA, *2018–2021 FIFRA Cooperative Agreement Guidance*, February 14, 2017.
- EPA OECA, *FIFRA Project Officers Manual*, July 2002.
- EPA OECA, *FIFRA Inspection Manual*, October 2013.
- EPA, Office of Chemical Safety and Pollution Prevention Fiscal Year (FY) 2013 and FY 2014 National Program Manager Guidance.
- EPA, Final FY 2015 Addendum to the Office of Chemical Safety and Pollution Prevention FY 2014 National Program Manager Guidance.

We selected three EPA regional offices (Regions 4, 6 and 9) as the focus of our evaluation. We judgmentally chose for review one to three states within each of the three selected EPA regions to review the FIFRA cooperative agreement work plans: Alabama, Georgia and North Carolina in Region 4; Texas in Region 6; and California in Region 9.

We interviewed OPP and OECA headquarters managers, as well as EPA regional pesticide and enforcement managers. We also interviewed regional Project Officers to better understand the work plan review and negotiation process. We collected and reviewed FYs 2008 through 2015 end-of-year reports for all states. We also interviewed staff from state departments of agriculture to gather information on their working relationships with EPA regions and their work plan development and pesticide inspection process.

During our interviews, we obtained information about the EPA's compliance monitoring oversight activities, such as negotiations, cost reasonableness determinations and performance measurements. In addition, we conducted a review of pesticide enforcement cases from a human health and environmental impact perspective, and observed producer establishment inspections with the states of Alabama and Georgia.

Prior Report

The OIG evaluated the EPA's oversight of state pesticide inspections in Report No. [15-P-0156](#), *EPA's Oversight of State Pesticide Inspections Needs Improvement to Better Ensure Safeguards for Workers, Public and Environment*

Are Enforced, issued May 15, 2015. The OIG found that EPA regions did not consistently document or retain evidence of the quality of state-performed FIFRA Worker Protection Standard inspections due to inadequate guidance and training. The OIG made two recommendations; the agency agreed with both and completed them as of July 2017.

Chapter 2

Development and Monitoring of Pesticide Program Work Plans Can Be Strengthened

The EPA did not sufficiently engage in FIFRA cooperative agreement work plan development, nor did the agency critique program results to confirm that the EPA's investment was achieving agency goals and requirements. FIFRA Project Officers did not follow guidance requiring them to assess whether funding was appropriate based on the number and type of projected compliance inspections. The EPA routinely approved and funded state work plans that committed to a low number of projected inspections relative to the number of inspections completed the previous year without adjusting the goals for the projected inspections. In addition, the agency did not incorporate the performance of state pesticide programs in the development of the EPA-funded cooperative agreements and did not sufficiently monitor program performance. These conditions create management risks that may preclude the EPA from achieving its goal to protect human health and the environment from FIFRA violations.

EPA Funds State Grants Without Consistently Assessing Planned Inspection Costs

EPA FIFRA Project Officers did not consistently assess whether the funding requested annually by the states to conduct FIFRA compliance inspections was reasonable. The *2015–2017 FIFRA Cooperative Agreement Guidance* requires this assessment, but the guidance does not include all the information needed to facilitate a comprehensive assessment. As a result, the EPA is not able to verify that FIFRA cooperative agreement enforcement funds were being used in the most effective and efficient manner.

The *FIFRA Project Officers Manual* states that the amount of funding provided to states must be commensurate with the negotiated and approved work plan tasks. The *2015–2017 FIFRA Cooperative Agreement Guidance* and the *FIFRA Project Officers Manual* establish a requirement for Project Officers to evaluate whether the resources requested for projected pesticide inspections are reasonable, but EPA guidance for evaluating the reasonableness of these requests is not well defined and is not consistently used by regional FIFRA Project Officers.

The EPA's *2015–2017 FIFRA Cooperative Agreement Guidance* includes time factor guidelines to evaluate the cooperative agreement applications (Table 2). These guidelines were developed with input from the State FIFRA Issues Research and Evaluation Group. The projected number of inspections are to be multiplied by the time factor. (Table 2 refers to this time factor as “work hours to

complete activity.”) The result should be compared to the number of work hours requested by the grantee.

Table 2: Time factor guidelines

Inspection activity	Work hours to complete activity
Agriculture use inspection	20
Agricultural follow-up inspection	20
Nonagricultural use inspection	15
Nonagricultural follow-up inspection	20
Experimental use inspection	15
Producer establishment inspection	15
Marketplace inspection	5
Import inspection	10
Export inspection	10–15
Applicator license and records inspection	5
Dealer records inspection	5
Sample collection and preparation	5
Sample analysis—residue	25
Sample analysis—formulation	11

Source: EPA.

Two of the three regions we spoke with did not use the time factor guidelines. EPA Region 4 management said that the time factor guidelines were not used because they do not include guidance on how to translate between work hours and funding. In addition, OECA management said that states have complained that these time factors do not account for travel time.

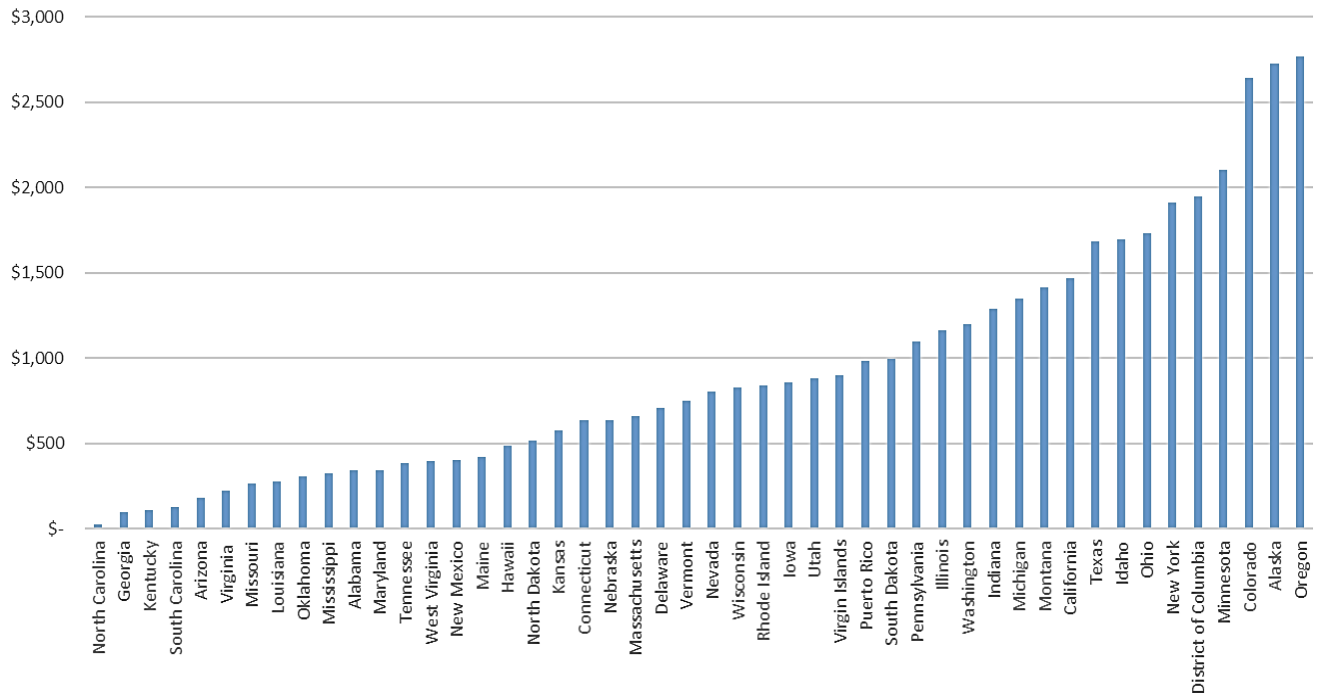
The regional staff we interviewed used a variety of practices to assess planned costs. For example:

- Region 4 Project Officers only assessed the reasonableness of anticipated costs by comparing the budget for a proposed cooperative agreement to prior cooperative agreements.
- Region 6 staff conducted cost comparisons on a regional and national level but did not compare costs between states.

Without an assessment of funding relative to the number and type of projected inspections, EPA Project Officers could accept work plans with large differences in funding. For FY 2015, the EPA funding per projected inspection ranged from \$29 to \$2,767 (Figure 3). Neither OECA nor the regional offices had analyzed these differences in funding per inspection. OECA and the regions were generally aware that costs per inspections varied from grantee to grantee but had not studied these variations. In addition, until FY 2014, there was no evidence that OECA and

OPP were conducting an overall analysis of the pesticide inspections conducted by the states. According to OECA, since 2014, OECA has undertaken an annual review of state performance by analyzing the end-of-year reports submitted by grantees, but this data analysis does not include funding.

Figure 3: Enforcement grant funding per committed inspection by state in FY 2015 ^a



Source: EPA OIG analysis of OECA data.

^a OECA provided the enforcement funding amounts for each state to the OIG. The OIG divided these amounts by the projected inspection numbers for each state, which were obtained from OECA’s data analysis of the EPA Form 5700-33H table, “Pesticides Enforcement Cooperative Agreement Projections and Accomplishment Summary Report,” submitted by primacy states for FY 2015. This figure only includes states for which the OIG had both enforcement funding and projected inspections information for FY 2015.

During interviews, both OECA and the regional offices mentioned the many differences between states, including the type of information they report via the required forms, their pesticide program organizational structures, their geography, and how they use pesticides. For example, North Carolina reported each part of an inspection separately, which also means that North Carolina reported completing a greater number of annual inspections compared to other states. Despite these differences, it is important that the EPA analyze these data to assess whether FIFRA enforcement funding is being used efficiently and effectively to reduce the risk to human health and the environment.

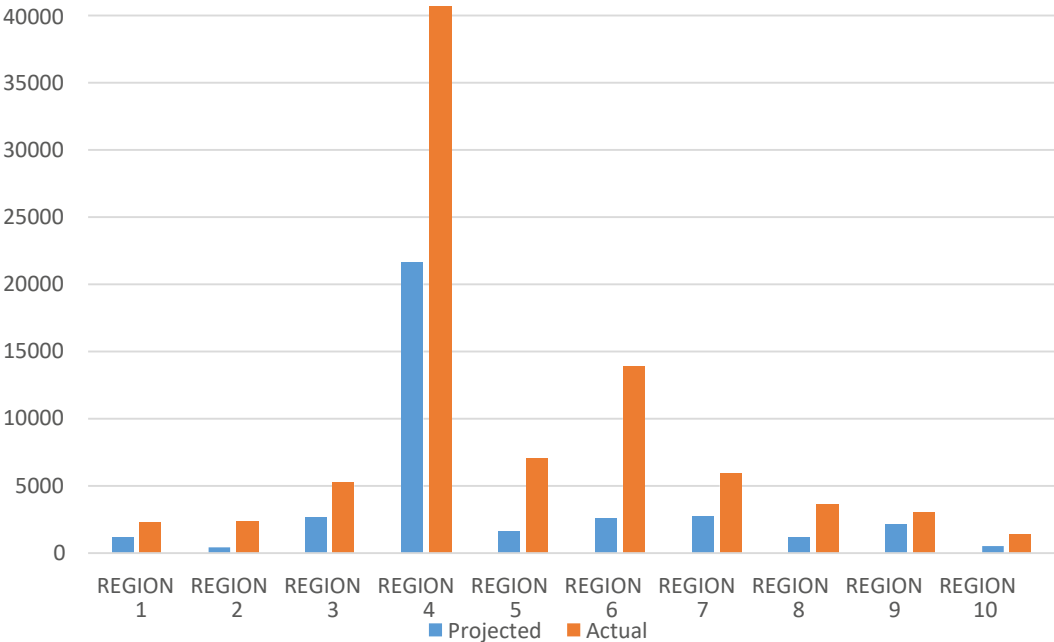
EPA Does Not Use Work Plan Results to Manage, Evaluate Performance

The EPA did not use the performance of state pesticide programs to help inform EPA-funded work plans and did not sufficiently monitor the programs’ performance. The state work plan is the basis for the management and evaluation

of performance under the cooperative agreement, according to 40 CFR § 35.107. As part of their work plans, states commit to completing their projected inspections. EPA Project Officers are required to negotiate these work plans with the states, review proposed expenditures to verify that expenses are reasonable, and monitor the progress of work plan commitments.

We found that the Project Officers we contacted were not negotiating commitments with or managing the work plans of states based on expected productivity, performance measures or costs. For example, Project Officers routinely approved and funded state work plans that committed to a low number of planned inspections relative to the number of inspections actually completed the previous year without adjusting goals or expectations. The work plans often underestimated projected inspection numbers. For example, Figure 4 illustrates that most states completed more inspections than they committed to in their FY 2015 work plans. However, work plan goals for grantees remained unchanged³ and performance across states and regions was left unexamined.

Figure 4: Projected number versus actual number of inspections in FY 2015



Source: OECA.
 New performance measures for state pesticide enforcement programs have been developed and are now being implemented. These measures have been incorporated in the EPA’s 2018–2021 FIFRA Cooperative Agreement Guidance to better enable the agency to determine and analyze how well the pesticide programs are working.

³ According to the states we contacted, Project Officers were most concerned when states did not meet the projected inspection numbers. While there are no consequences for not meeting negotiated inspection numbers, state officials did not want to be perceived as underperforming. Therefore, state work plans generally kept these projected numbers below the actual state goals for the year.

Conclusion

To effectively use its limited oversight funds, the EPA needs to update and consistently apply FIFRA guidance to evaluate whether the resources requested in cooperative agreement applications are reasonable. The EPA also needs to use the performance measure accomplishment information collected from the states, as well as other end-of-year information, to manage and improve program performance and oversight. These actions should facilitate consistent and more effective state performance of pesticide cooperative agreements. As a result, the EPA could offer increased assurance that its investments in pesticide inspections help detect and prevent pesticide misuse and unnecessary risks to human health and the environment.

Recommendations

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

1. Develop and implement additional Federal Insecticide, Fungicide, and Rodenticide Act guidance to assist Project Officers in evaluating whether funding is reasonable given projected work plan tasks.
2. Conduct a national review of state work plans and performance for Federal Insecticide, Fungicide, and Rodenticide Act cooperative agreements to verify the consistent application of agency guidance and achievement of agency goals and requirements.

Agency Comments and OIG Evaluation

In the EPA's official comments regarding the draft report, the agency suggested combining Recommendations 1 and 2. The OIG team agreed to this and the revised recommendation meets the intent that Project Officers will evaluate whether resources requested under cooperative agreements are reasonable. The OIG accepts the proposed corrective action and scheduled completion date of November 30, 2019. The agency agreed with Recommendation 2 (formerly Recommendation 3) and provided an acceptable corrective action with an estimated completion date of May 31, 2019. The agency also provided technical comments on the draft report, which we incorporated into our final report as appropriate. Appendix A includes the agency's response to the draft report.

Status of Recommendations and Potential Monetary Benefits

RECOMMENDATIONS

Rec. No.	Page No.	Subject	Status ¹	Action Official	Planned Completion Date	Potential Monetary Benefits (in \$000s)
1	11	Develop and implement additional Federal Insecticide, Fungicide, and Rodenticide Act guidance to assist Project Officers in evaluating whether funding is reasonable given projected work plan tasks.	R	Assistant Administrator for Enforcement and Compliance Assurance	11/30/19	
2	11	Conduct a national review of state work plans and performance for Federal Insecticide, Fungicide, and Rodenticide Act cooperative agreements to verify the consistent application of agency guidance and achievement of agency goals and requirements.	R	Assistant Administrator for Enforcement and Compliance Assurance	5/31/19	

¹ C = Corrective action completed.

R = Recommendation resolved with corrective action pending.

U = Recommendation unresolved with resolution efforts in progress.

Agency Response to Draft Report and OIG Comments



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, DC 20460

OFFICE OF
ENFORCEMENT AND
COMPLIANCE
ASSURANCE

MEMORANDUM

SUBJECT: Response to the Office of Inspector General Draft Report: “EPA Can Better Manage State Pesticide Cooperative Agreements to Assure More Effective Use of Funds and Reduce Risks from Pesticide Misuse,” Project No. OPE-FY15-0022

FROM: Lawrence Starfield
Acting Assistant Administrator

TO: Carolyn Cooper
Assistant Inspector General
Office of Program Evaluation

Thank you for the opportunity to respond to the draft findings and recommendations presented in the Office of Inspector General (OIG) Draft Report, “EPA Can Better Manage State Pesticide Cooperative Agreements to Assure More Effective Use of Funds and Reduce Risks from Pesticide Misuse.” OECA is agreeing in part and conditionally agreeing in part to all three of the OIG’s recommendations in the draft report. We request, however, that the OIG reconsider its conclusions regarding the cost-per-inspection of EPA’s Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) cooperative agreement program based on our comments below. We also request that the OIG take into consideration the many tools that the EPA uses beyond inspections to achieve a robust and efficient program.

Background and Summary Comments

The draft report focuses on whether the EPA’s negotiation, review and approval of state work plans for FIFRA cooperative agreements for compliance inspections support the achievement of Agency goals and requirements. Each cooperative agreement requires states to submit an annual work plan that, in part, commits the state to conduct a certain number of pesticide inspections. In the last several years, FIFRA grantees have performed 75,000-85,000 pesticide inspections *annually*. This impressive number of annual inspections provides a formidable regulatory presence and serves to ensure that the environmental and public health protections provided by

our nation's environmental pesticide laws are realized. The work conducted by the EPA and State Lead Agencies (SLAs) through these cooperative agreements is an excellent example of successful federal/state collaboration.

The OIG identified areas of improvement by focusing entirely on the cost per inspection to determine if cooperative agreement funding is being utilized appropriately. The EPA acknowledges the importance of such a review and is prepared to take steps towards meeting OIGs recommendations. However, using the OIG's method of calculation, it is clear that EPA funds are being used effectively; with each inspection costing less than \$500 (derived from the OIG's approach of dividing total EPA funds (\$19 million) by the average number of pesticide inspections nationally projected or conducted). Additionally, in 2013, EPA funds accounted for as little as 8% of some state grantees total funding, further highlighting the efficient use of EPA funds.

Also, by focusing on the cost per inspection, the OIG draft report does not present a complete picture of pesticide oversight. Grantees perform a wide variety of compliance monitoring and compliance assistance activities that are captured in the work plan. Compliance activities often vary greatly from grantee to grantee due to regional differences, making it challenging for project officers to have a uniform approach. In an effort to improve project officer program implementation and management efficiency OECA has already revised the FIFRA Project Officer Manual, conducted several FIFRA Project Officer trainings and created a SharePoint site, to meet several commitments from a recent OIG Report (Report No. 15-P-0156).

OIG Response: Although the overall average funding per inspection is less than \$500, there is a large variation between the states that should be monitored. For this reason, the OIG is unable to conclude that the funds are being used effectively throughout the states.

We acknowledge that the EPA may consider a wider range of activities to monitor compliance. However, the scope of this review focused on whether the EPA's processes regarding FIFRA inspections support the achievement of agency goals and requirements. In addition to the cost per inspection, we also reviewed the EPA's negotiation process, review and approval of state work plans, and a sample of end-of-year reports.

In the attached "Technical Comments to Draft OIG Report on Pesticide Cooperative Agreements" document, we have provided specific suggestions for revisions of the draft report that more accurately reflect the status of the FIFRA cooperative agreement program for compliance monitoring and incorporate appropriate recommendations. Additionally, below is a summary of the OIG recommendations with OECA comments.

OIG Recommendation 1: Update and clarify Federal Insecticide, Fungicide, and Rodenticide Act project officer guidance for evaluating whether resources requested under cooperative agreements are reasonable when compared with work plan projected compliance inspections.

See OECA response below in Recommendation 2.

OIG Recommendation 2: Direct Federal Insecticide, Fungicide, and Rodenticide Act project officers to evaluate whether resources requested under cooperative agreements are reasonable and document this assessment in the cooperative agreement file.

OECA suggests that because Recommendations 1 and 2 are so closely related, they should be combined into one recommendation (see table below). As identified in the draft Report, the FIFRA Project Officers Manual, as well as the FY 2015-2017 Cooperative Agreement Guidance, already directs EPA to evaluate whether the funding is reasonable given the work plan tasks. OECA is prepared to undertake development of additional guidance to assist Project Offices in this evaluation. The planned completion date is November 30, 2019.

OIG Response to Recommendations 1 and 2: The agency's proposed corrective action did not address the full intent of the OIG recommendation to direct the regional Project Officers to implement the guidance regarding the evaluation of planned funding and tasks. The agency's proposed revised recommendation and corrective action is responsive to updating the guidance to Project Officers, but it does not address requiring the implementation of the guidance, which is the focus of this recommendation.

We met with EPA to discuss the combining of Recommendations 1 and 2. The OIG team agreed to this and included wording to ensure that the revised recommendation meets the intent that Project Officers will evaluate whether resources requested under cooperative agreements are reasonable. The OIG accepts the proposed corrective action and scheduled completion date. This recommendation is resolved.

OIG Recommendation 3: (As a result of combining of Recommendations 1 and 2, this recommendation has been revised to become Recommendation 2) Conduct a national review of state work plans and performance for Federal Insecticide, Fungicide, and Rodenticide Act cooperative agreements to ensure the consistent application of agency guidance and achievement of agency goals and requirements.

OECA agrees that a national performance review can aid the FIFRA cooperative agreement program and OECA has already initiated efforts to support this Recommendation. Since 2014, OECA has conducted a national review of state performance under the FIFRA cooperative agreements. These reviews are discussed with FIFRA regional supervisors and some achievements, such as inspection numbers and violations, are presented to the public on ECHO (<https://echo.epa.gov/trends/comparative-maps-dashboards/state-pest-dashboard?state=National>). In order to further improve program performance and oversight OECA and OCSPP are developing an electronic database to streamline work plan submission, and enhancing the communication and collaboration between the EPA and grantee throughout the process. OECA is prepared to expand its existing national review of state cooperative agreements to include an analysis of grantee performance as it relates to agency guidance/goals. The planned completion date is May 31, 2019.

OIG Response to Recommendation 3: This recommendation is resolved. The OIG accepts the proposed corrective action and scheduled completion date. Due to the combining of the previous Recommendations 1 and 2, this is now Recommendation 2.

No.	Recommendation	OECA Explanation/Response	Proposed Completion Date
1	Update and clarify Federal Insecticide, Fungicide, and Rodenticide Act project officer guidance for evaluating whether resources requested under cooperative agreements are reasonable when compared with work plan projected compliance inspections.	Conditionally agree: Combine Recommendation 1 & 2 <u>Recommended Revision:</u> “Develop additional Federal Insecticide, Fungicide, and Rodenticide Act guidance to assist project officers in evaluating whether funding is reasonable given projected work plan tasks”	November 30, 2019
2	Direct Federal Insecticide, Fungicide, and Rodenticide Act project officers to evaluate whether resources requested under cooperative agreements are reasonable and document this assessment in the cooperative agreement file.		
3	Conduct a national review of state work plans and performance for Federal Insecticide, Fungicide, and Rodenticide Act cooperative agreements to ensure the consistent application of agency guidance and achievement of agency goals and requirements.	Agree - OECA is prepared to expand its existing national review of state cooperative agreements to include an analysis of grantee performance as it relates to agency guidance/goals	May 31, 2019

Contact Information

If you have any questions or concerns regarding this response, please contact the OECA Audit Liaison, Gwendolyn Spriggs, at (202) 564-2439.

Attachment

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Director, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention
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