



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

MAR 29 2018

THE INSPECTOR GENERAL

MEMORANDUM

SUBJECT: Revision of Recommendations 1, 2, 3, 4 and 9 for OIG Report No. 18-P-0059, *Self-Insurance for Companies With Multiple Cleanup Liabilities Presents Financial and Environmental Risks for EPA and the Public*, December 22, 2017

FROM: Arthur A. Elkins Jr.

TO: Barry Breen, Principal Deputy Assistant Administrator
Office of Land and Emergency Management

Susan Bodine, Assistant Administrator
Office of Enforcement and Compliance Assurance

We have made revisions to Recommendations 1, 2, 3, 4 and 9 in the subject report in an effort to reach resolution and better fit the recommendations to the challenges and current operational structure of the financial assurance programs at the U.S. Environmental Protection Agency (EPA). The revised Office of Inspector General (OIG) recommendations are in the table below. All of the recommendations are addressed to both the Office of Land and Emergency Management and the Office of Enforcement and Compliance Assurance.

No.	Original OIG Recommendation	Revised OIG Recommendation
1	Conduct a study to determine the costs associated with modifying the existing regulations to include (a) a requirement for full disclosure of all self-insured environmental liabilities; and (b) eliminating the use of corporate self-insurance instruments, including the financial test and corporate guarantee, for Resource Conservation and Recovery Act and Superfund financial assurance.	Conduct a study to qualitatively and quantitatively analyze and evaluate the program effectiveness and resource requirements to the EPA of the corporate self-insurance instruments, including the financial test and corporate guarantee, in the Resource Conservation and Recovery Act regulations and Superfund program for current settlements and orders. Assess adequacy of self-insurance instruments for companies with multiple environmental liabilities, and the nature and extent of any problems identified.
2	Once the study in Recommendation 1 is complete, implement the selected measure (1a or 1b).	Once the study in Recommendation 1 is complete, use the information to develop appropriate risk management actions to mitigate any identified problems in line with agency practices for enterprise risk management under Office of Management and Budget Circular A-123, and determine whether additional controls—such as the requirement for full disclosure of all self-insured environmental liabilities over corporate self-insurance—should be implemented and if corporate self-insurance should continue as an option.
3	Update standard operating procedures and data systems to accommodate the changes implemented for Recommendation 2.	Update standard operating procedures and data systems to accommodate the implemented risk management actions.
4	Train staff on the changes implemented for Recommendation 2.	Train staff on the implemented risk management actions.

No.	Original OIG Recommendation	Revised OIG Recommendation
9	Develop and distribute to EPA regions and states annual reports that include the total dollar amount of Resource Conservation and Recovery Act and Superfund financial assurance required and provided.	<p><i>(Recommendation 9a is similar to the original recommendation but now only applies to Superfund financial assurance, while the added Recommendation 9b only applies to the Resource Conservation and Recovery Act financial assurance.)</i></p> <p>9a. Develop and distribute to EPA regions and states annual reports that include the total dollar amount of Superfund financial assurance required and provided.</p> <p>9b. Work with EPA regions and states to identify and implement appropriate metrics, including metrics to help identify, track and correct—on a facility level—where there are monetary gaps in the amount of Resource Conservation and Recovery Act financial assurance required and provided. Develop and distribute to EPA regions and states annual reports on these metrics.</p>

Status of Recommendations

Revised Recommendations 1, 2, 3 and 4 remain unresolved pending a corrective action plan with estimated completion dates. We split Recommendation 9 into two parts. Recommendation 9a, which only applies to Superfund and is similar to the original Recommendation 9, is considered resolved with no further action required. The new Recommendation 9b only applies to the Resource Conservation and Recovery Act financial assurance and is unresolved.

Action Required

In accordance with our discussions on the final report and the revised recommendations, you are required to provide a written response, including planned corrective actions and estimated completion dates, for Recommendations 1, 2, 3, 4 and 9b within 10 calendar days. Your response will be posted on the OIG's public website. Your response should be provided as an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended. The response should not contain data that you do not want to be released to the public; if your response contains such data, you should identify the data for redaction or removal along with corresponding justification.

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

cc: Kecia Thornton, Audit Follow-Up Coordinator, Office of Land and Emergency Management
 Gwendolyn Spriggs, Audit Follow-Up Coordinator, Office of Enforcement and Compliance Assurance
 Kevin Christensen, Assistant Inspector General for Audit and Evaluation
 Richard Eyermann, Deputy Assistant Inspector General for Audit and Evaluation
 Christine El-Zoghbi, Deputy Assistant Inspector General for Audit and Evaluation
 Christina Lovingood, Director, Land Cleanup and Waste Management, Office of Inspector General

Lovinggood, Christina

From: Lovinggood, Christina
Sent: Tuesday, April 3, 2018 4:50 PM
To: Breen, Barry; Bodine, Susan
Cc: Thornton, Kecia; Spriggs, Gwendolyn; Christensen, Kevin; Eyermann, Richard; El-Zoghbi, Christine; Lovinggood, Christina; Trynosky, Jill
Subject: Revision of Recommendations 1, 2, 3, 4 and 9 for OIG Report No. 18-P-0059, Self-Insurance for Companies With Multiple Cleanup Liabilities Presents Financial and Environmental Risks for EPA and the Public, December 22, 2017
Attachments: OIG memo to OLEM and OECA 032918.pdf

Dear Barry and Susan,

Please see the attached memo which summarizes our agreement for the revised recommendations for the subject report. We very much appreciate the efforts of your staff to meet with us and work toward finding solutions that should address the report's findings and conclusions.

As we discussed with your staff, please provide a response to these revised recommendations, including planned corrective actions and estimated completion dates, within 10 calendar days from tomorrow, or by April 16th. We plan to concurrently post the attached memo and your response to it, to the OIG website.

Please contact me at the number below should you or your staff have any questions.

Thank you again!

Tina

Tina Lovinggood
Director, Land Cleanup and Waste Management Program Evaluations
Office of Audit and Evaluation
Office of Inspector General
202-566-2906