



# OFFICE OF INSPECTOR GENERAL

## Semiannual Report to Congress

October 1, 2016–March 31, 2017

EPA-350-R-17-001  
May 2017

# **Index of Reporting Requirements**

## **Inspector General Act of 1978, as amended**

<b>Requirement</b>	<b>Subject</b>	<b>Pages</b>
Section 4(a)(2)	Review of legislation and regulations	25
Section 5(a)(1)	Significant problems, abuses and deficiencies	6–22
Section 5(a)(2)	Significant recommendations for corrective action	6–14, 20–21
Section 5(a)(3)	Reports with corrective action not completed	46–68
Section 5(a)(4)	Matters referred to prosecutive authorities	15–19, 22, 33, 35–36, 69–77
Section 5(a)(5)	Information or assistance refused	4
Section 5(a)(6)	List of reports issued	37–40
Section 5(a)(7)	Summaries of significant reports	6–14, 20–21
Section 5(a)(8)	Audit, inspection and evaluation reports—questioned costs	2, 5, 33–34, 37–40
Section 5(a)(9)	Audit, inspection and evaluation reports—funds to be put to better use	2, 5, 33–34, 37–40
Section 5(a)(10)	Prior audit, inspection and evaluation reports unresolved	34, 41–68
Section 5(a)(11)	Significant revised management decisions	None
Section 5(a)(12)	Significant management decisions with which OIG disagreed	None
Section 5(a)(14-16)	Peer reviews conducted	78
Section 5(a)(17-18)	Statistics on investigative reports, referrals, prosecutions, indictments	35–36
Section 5(a)(19)	Substantiated Investigations involving senior government employees	69–70
Section 5(a)(20)	Description of whistleblower retaliation	4
Section 5(a)(21)	Any establishment attempts to interfere with independence	4
Section 5(a)(22)	Closed audits, evaluations and investigations not disclosed to public	69–77

### **Abbreviations**

CFR	Code of Federal Regulations
CSB	U.S. Chemical Safety and Hazard Investigation Board
DATA Act	Digital Accountability and Transparency Act of 2014
EPA	U.S. Environmental Protection Agency
FY	Fiscal Year
DOJ	U.S. Department of Justice
OIG	Office of Inspector General
OMB	Office of Management and Budget

**Are you aware of fraud, waste or abuse in an EPA program?**

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## Message to Congress

During the semiannual period, the Office of Inspector General (OIG) issued various audit and program evaluation reports with recommendations to help the U.S. Environmental Protection Agency (EPA) improve efficiency in its operations, as well as better protect people and the environment. We also conducted numerous investigations that detected fraud, waste and abuse, and threats against EPA personnel. The OIG's important mission becomes even more imperative as the agency faces proposed budget cuts. This report provides synopses of our work, some of which are highlighted below. It also reflects new requirements established by the Inspector General Empowerment Act of 2016.



Arthur A. Elkins Jr.

### Results Stemming from OIG Work

After the city of Flint, Michigan, switched its drinking water supply in April 2014, inadequate treatment exposed many of the city's residents to lead. We found that EPA Region 5 had the authority and sufficient information to issue a Safe Drinking Water Act Section 1431 emergency order to protect Flint residents as early as June 2015, but did not do so. EPA Region 5 had concluded that state actions were a jurisdictional bar preventing it from taking action. Ultimately, in January 2016, EPA headquarters issued an emergency order. We issued a management alert report recommending that the agency update its guidance on emergency authority to prevent delays from happening in the future; our evaluation of the Flint drinking water crisis is ongoing and we expect to issue an additional report.

A congressional inquiry into whether the EPA preserves text messages as federal records prompted an OIG audit. We did not find instances where the agency used text messages to intentionally circumvent the Federal Records Act. However, we found that improvements can be made in records management and Freedom of Information Act practices, such as for documenting actions and providing needed instruction.

In another audit report, we noted a lack of oversight regarding the Compass Financials database, which houses Personally Identifiable Information belonging to employees and vendors. A security breach could cost the EPA as much as \$3.5 million, including expenses to detect, recover, investigate and manage an incident response.

On the investigations front, the OIG's good work resulted in the indictment of two men on charges related to a scheme to falsify water samples during testing of new water lines in an Alabama community; the samples included tests to determine whether harmful bacteria were present in the water. In other cases, one woman was charged with assault for attacking a security officer at the EPA Region 4 building in Atlanta, Georgia, and another was issued a bar notice prohibiting access to certain EPA buildings

#### OIG Accomplishments During Reporting Period

- More than \$7.13 million in questioned costs and recommended efficiencies.
- More than \$3.69 million in monetary actions taken or resolved prior to report issuance.
- More than \$5.81 million in total fines and recoveries (including EPA only and joint investigations).
- 165 reports issued (17 by EPA OIG and 148 by single auditors).
- 69 investigative cases closed.
- 92 administrative actions resulting from investigative cases.
- 93 hotline inquiries closed.

because she sent a threatening email to the EPA Administrator. We also uncovered instances of time-and-attendance fraud.

### **OIG Mandatory Work**

A substantial amount of work performed by all federal OIGs, including the EPA OIG, is mandatory. A congressional committee looking into this matter sent a letter to the 72 Inspectors General seeking feedback “to ensure that OIGs are not bogged down by unnecessary, dated, or duplicative mandatory reporting requirements,” and we provided the committee with suggestions for work that can be eliminated or reduced. As the government strives to become more efficient and provide taxpayers a better return on dollars invested, we believe this initiative on the part of the congressional committee will be beneficial. Indeed, the U.S. Government Accountability Office has just noted in a report (GAO-17-460) that it has determined that, although mandatory, Digital Accountability and Transparency Act audits conducted by Inspectors General are of only “limited use” to the Office of Management and Budget and the U.S. Department of the Treasury—primary consumers of these audits—because the Office of Management and Budget and the Treasury monitor agency progress “through other means.”

### **New Reporting Requirements**

The Inspector General Empowerment Act of 2016 became law in December, establishing new reporting requirements for Semiannual Reports to Congress that have been implemented in this report. To some extent, these new requirements codify congressional requests that the OIG community had been fulfilling through other means. To address the new requirements, we have added the following features:

- A section addressing the status of whistleblower retaliation and interference with OIG independence.
- A section addressing any audit, inspection and evaluation report issued where no agency comment was returned within 60 days.
- Details on investigations involving senior government employees.
- A table providing a tally of investigative reports issued and criminal referrals made.
- An appendix on closed audits, evaluations, inspections and investigations not disclosed to the public.

On the inside front cover of this semiannual report, the last five entries under “Index of Reporting Requirements” point to where new information is provided. We hope that this semiannual report provides Congress, the EPA, U.S. Chemical Safety and Hazard Investigation Board, and the public with information of value.



Arthur A. Elkins Jr.  
Inspector General

# Table of Contents

<b>About EPA and Its Office of Inspector General</b> .....	1
<b>Scoreboard of Results</b> .....	2
<b>Furthering EPA’s Goals and Strategies</b> .....	3
<b>Status of Whistleblower Retaliation and Interference With Independence</b> .....	4
<b>OIG Identifies Funds to Put to Better Use and Health and Environmental Concerns</b> .....	5
<b>Significant OIG Activity</b> .....	6
Congressional Activities.....	6
Human Health and Environmental Issues.....	7
Agency Business Practices and Accountability.....	11
Investigations.....	15
U.S. Chemical Safety and Hazard Investigation Board.....	20
Hotline Activities.....	22
Other Activities.....	25
<b>Other Results of OIG Work</b> .....	26
Follow-Up an Important Aspect of OIG Efforts.....	26
Single Audit Reporting Efforts Make Impact.....	28
Actions Taken on Reports Result in Improvements.....	30
Projects Generated by Earlier OIG Work.....	31
Agency Best Practices Noted.....	32
<b>Statistical Data</b> .....	33
Profile of Activities and Results.....	33
Audit, Inspection and Evaluation Report Resolution.....	34
Summary of Investigative Results.....	35
<b>Appendices</b> .....	37
Appendix 1—Reports Issued.....	37
Appendix 2—Reports Issued Without Management Decisions or Comment.....	41
Appendix 3—Reports With Corrective Action Not Completed.....	46
Appendix 4—Closed Projects Not Publicly Disclosed.....	69
Appendix 5—Peer Reviews Conducted.....	78
Appendix 6—OIG Mailing Addresses and Telephone Numbers.....	79

# About EPA and Its Office of Inspector General

## U.S. Environmental Protection Agency

The mission of the U.S. Environmental Protection Agency (EPA) is to protect human health and the environment. As America's steward for the environment since 1970, the EPA has endeavored to ensure that the public has air that is safe to breathe, water that is clean and safe to drink, food that is free from dangerous pesticide residues, and communities that are protected from toxic chemicals.

## EPA Office of Inspector General

### ***EPA OIG Received Highest Rating in Peer Review***

The systems of quality control for the EPA OIG are peer reviewed by another OIG on a regular basis to ensure that the EPA OIG satisfies professional standards. The last external peer review of the EPA OIG's audit and evaluation offices was completed in June 2015, and the last external peer review of the EPA OIG's investigations office was completed in December 2014. Both reviews gave the EPA OIG the highest rating possible—*pass*. Further details are in Appendix 5.

The Office of Inspector General (OIG), established by the Inspector General Act of 1978, as amended, 5 U.S.C. app. § 3, is an independent office of the EPA that detects and prevents fraud, waste and abuse to help the agency protect human health and the environment more efficiently and cost effectively. OIG staff are located at headquarters in Washington, D.C.; at the EPA's 10 regional offices; and at other EPA locations, including Research Triangle Park, North Carolina, and Cincinnati, Ohio. The EPA Inspector General also serves as the Inspector General for the U.S. Chemical Safety and Hazard Investigation Board (CSB). Our vision, mission and goals are as follows:

### **Vision**

Be the best in public service and oversight for a better environment tomorrow.

### **Mission**

Promote economy, efficiency, effectiveness, and prevent and detect fraud, waste, and abuse through independent oversight of the programs and operations of the EPA and CSB.

### **Goals**

1. Contribute to improved human health, safety, and the environment.
2. Contribute to improved EPA and CSB business practices and accountability.
3. Be responsible stewards of taxpayer dollars.
4. Be the best in public service.

# Scoreboard of Results

The information below shows the taxpayers' return on investment for the work performed by the EPA OIG during the first half of fiscal year (FY) 2017 compared to FY 2017 annual performance goal targets.

<b>Annual Performance Goal 1: Environmental and business outcome actions taken or realized by the EPA (based on OIG recommendations)</b>	
<b>Target: 274</b> <b>Reported: 116</b> (42% of goal)	<b>Supporting measures</b> 105 Environmental, chemical safety or business policy, practice or process changes made or decisions implemented 11 Environmental/health improvements realized or influenced by OIG work 0 Legislative or regulatory changes made
<b>Annual Performance Goal 2: OIG environmental and business output recommendations, awareness briefing or testimony (for agency action)</b>	
<b>Target: 1,094</b> <b>Reported: 426</b> (39% of goal)	<b>Supporting measures</b> 11 Certifications, verifications, validations (contributions to enhance actions and public confidence that relates to agency information) 139 Recommendations for improvement (including risk identified) 0 Referrals for agency action 16 Unimplemented recommendations identified 18 Outreach activities with internal/external stakeholders to plan and promote OIG work 242 OIG-identified findings in external reports impacting EPA
<b>Annual Performance Goal 3: Monetary return on investment – potential monetary return on investment as percentage (220%) of budget</b>	
<b>Target: 220% return on investment</b> <b>Reported: \$16.63 million</b> (32% of goal)	<b>Supporting measures (dollars in millions)</b> \$0.07 Questioned costs \$7.06 Recommended efficiencies \$3.69 Monetary actions taken or resolved prior to report issuance \$5.43 Fines, penalties, settlements and restitutions resulting from joint investigations between EPA OIG and other federal entities \$0.00 Cost avoidance savings \$0.38 Fines, penalties, settlements and restitutions resulting from EPA OIG investigations
<b>Annual Performance Goal 4: Criminal, civil and administrative actions reducing risk or loss/operational integrity</b>	
<b>Target: 145</b> <b>Reported: 156</b> (107% of goal)	<b>Supporting measures</b> 3 Criminal convictions 8 Indictments, informations and complaints 7 Civil actions 56 Administrative actions (other than debarments or suspensions) 36 Suspension or debarment actions 25 Allegations disproved 21 Fraud briefings
<b>Other (no targets established)</b>	
<b>Savings and recommendations sustained from current and prior periods (dollars in millions):</b> <ul style="list-style-type: none"> <li>• 128 sustained environmental or business recommendations (resolved or agreed-to) for action</li> <li>• \$0.58 sustained questioned costs</li> <li>• \$7.19 sustained efficiencies or adjustments</li> </ul> <b>Reports Issued:</b> 165 (17 issued by EPA OIG and 148 issued by single auditors)	

Sources: OIG Performance Measurement and Results System, and the Inspector General Enterprise Management System.

# Furthering EPA's Goals and Strategies

When conducting our audit and evaluation work during the first half of FY 2017, we took into account the EPA's five strategic goals and four cross-agency strategies in the agency's FYs 2014–2018 Strategic Plan. The table below shows how our reports on the EPA aligned with the agency's goals/strategies.

## OIG-Issued Reports — Linkage to EPA Goals and Strategies

OIG Report	Report No.	Climate Change/ Air Quality	Protecting America's Waters	Cleaning Communities/ Sustainable Development	Safe Chemicals/ Preventing Pollution	Enforcing Laws/ Ensuring Compliance	Working Toward Sustainable Future	Making Difference in Communities	State, Tribal, Local and International Partnerships	Embracing EPA as High-Performing Organization
EPA's Purchase Order Process Needs to Improve and Achieve Better Value	<a href="#">17-P-0001</a>									X
Management Alert: Drinking Water Contamination in Flint, Michigan, Demonstrates a Need to Clarify EPA Authority to Issue Emergency Orders to Protect the Public	<a href="#">17-P-0004</a>		X			X		X		
Acquisition Certifications Needed for Managers Overseeing Development of EPA's Electronic Manifest System	<a href="#">17-P-0029</a>					X				
Improvements Needed in EPA's Information Security Program	<a href="#">17-P-0044</a>									X
EPA's Fiscal Years 2016 and 2015 Consolidated Financial Statements	<a href="#">17-F-0046</a>									X
Status of EPA's Implementation of the DATA Act	<a href="#">17-P-0050</a>									X
Additional Measures Can Be Taken to Prevent Deaths and Serious Injuries From Residential Fumigations	<a href="#">17-P-0053</a>				X	X				
Congressionally Requested Audit: EPA Needs to Improve Processes for Preserving Text Messages as Federal Records	<a href="#">17-P-0062</a>									X
Management Alert: Certain State, Local and Tribal Data Processing Practices Could Impact Suitability of Data for 8-Hour Ozone Air Quality Determinations	<a href="#">17-P-0106</a>	X								
Risk for EPA's Fiscal Year 2016 Purchase Card and Convenience Check Program Warrants an Audit	<a href="#">17-P-0113</a>									X
Backlog of Leaking Underground Storage Tank Cleanups in Indian Country Has Been Reduced, but EPA Needs to Demonstrate Compliance With Requirements	<a href="#">17-P-0118</a>			X						
Fraud Controls for EPA's Contract Laboratory Program Are Adequate, but Can Be Strengthened With Formal Risk Assessment and Investigative Information Sharing	<a href="#">17-P-0119</a>					X				X
EPA Has Adequate Controls to Manage Advice From Science and Research Federal Advisory Committees, but Transparency Could Be Improved	<a href="#">17-P-0124</a>									X
EPA's 2014 Early-Out and Buyout Activities Aided Workforce Restructuring Goals, and Continued Monitoring of Progress Can Show Value of Restructuring	<a href="#">17-P-0140</a>									X

# Status of Whistleblower Retaliation and Interference With Independence

## *Whistleblower Retaliation*

Section 5(a)(20) of the Inspector General Act of 1978, as amended, requires a detailed description of any instances of whistleblower retaliation noted by the EPA OIG. This is to include information about the official found to have engaged in retaliation, and the consequences the agency imposed to hold the official accountable. There were no whistleblower retaliation cases within the semiannual period ending March 31, 2017.

## *Interference With Independence*

Section 5(a)(21) of the Inspector General Act of 1978, as amended, requires a detailed description of any attempt by the establishment to interfere with the independence of the EPA OIG. This is to include budget constraints designed to limit the OIG's capabilities, and incidents where the establishment has resisted OIG oversight or delayed OIG access to information. There were no instances of interference with independence within the semiannual period ending March 31, 2017.

# OIG Identifies Funds to Put to Better Use and Health and Environmental Concerns

During the semiannual reporting period, we issued reports that noted instances of funds that could potentially be put to better use. For example:

- We estimated that the agency could save approximately \$1,184,000 for a 2-year period (\$592,000 annually) by using purchase cards instead of purchase orders. By using purchase cards, the EPA can obtain refunds and point-of-sale discounts, and can reduce administrative costs. (Report No. [17-P-0001](#))
- A breach of information in the Compass Financials database, which houses Personally Identifiable Information belonging to employees and vendors, could cost the EPA as much as \$3.5 million. This would include the costs to detect, recover, investigate and manage the incident response, along with costs that result in after-the-fact activities and efforts to contain additional costs. Improving controls for Compass Financials could prevent those costs. (Report No. [17-F-0046](#))

In addition, we found instances in which the EPA can better protect human health and the environment. For example:

- We found that the EPA can better prevent deaths and serious injuries caused during residential fumigations by amending sulfuryl fluoride labels and monitoring compliance. We recommended that the EPA implement a process to evaluate label changes for all three brands of sulfuryl fluoride to require secured tenting and fumigation management plans. (Report No. [17-P-0053](#))
- We found that EPA Region 5 had the authority and sufficient information to issue a Safe Drinking Water Act Section 1431 emergency order to protect Flint, Michigan, residents from lead-contaminated water as early as June 2015—much earlier than it had actually issued such an order. To avoid future public health harm through drinking water contamination, we recommend that the EPA clarify for its employees how its emergency authority can and should be used to intervene in a public health threat. (Report No. [17-P-0004](#))

Details on these and other issues are in the “Significant OIG Activity” section.

# Significant OIG Activity

## Congressional Activities

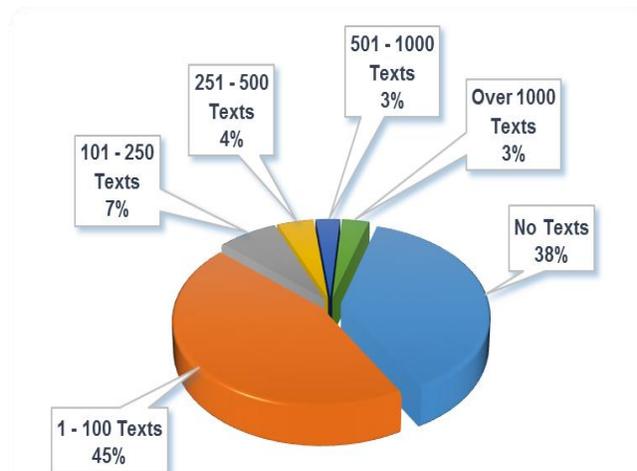
### Report

#### Congressionally Requested Audit: EPA Needs to Improve Processes for Preserving Text Messages as Federal Records

Report No. [17-P-0062](#), issued December 21, 2016

As a result of a congressional inquiry into whether the EPA preserves text messages as federal records, we did not find instances where the agency used text messages to intentionally

A [podcast on the text messages report](#) is available.



Volume of text messages for EPA employees using government-issued mobile devices through the EPA's Working Capital Fund during the first quarter of FY 2015. (EPA OIG image)

circumvent the Federal Records Act. The EPA implemented policies and procedures for preserving text messages, and also took steps to make employees aware of updated guidance. However, EPA management still needs to address the agency's records management and Freedom of Information Act practices. In particular, the agency needs to strengthen controls over documenting procedures for responding to congressional requests, provide additional instructions to employees regarding Freedom of Information Act requests, and preserve non-transitory text message records before mobile devices are replaced or messages are deleted. The agency agreed to take needed corrective actions.

### Briefings

During this reporting period, the OIG provided more than 18 briefings to Congress on the OIG's work. Specific OIG work receiving much congressional interest included our work related to water contamination in Flint, Michigan; the Gold King Mine release in Colorado; and recent employee integrity reports. Several briefings were scheduled to introduce OIG staff and work to various committee staff of the 115th Congress. During the reporting period, the OIG also received many congressional requests for specific data.

## Human Health and Environmental Issues

### Management Alert: Drinking Water Contamination in Flint, Michigan, Demonstrates a Need to Clarify EPA Authority to Issue Emergency Orders to Protect the Public

Report No. [17-P-0004](#), issued October 20, 2016

After Flint switched its drinking water supply in April 2014, inadequate treatment exposed many of the city's residents to lead. We found that EPA Region 5 had the authority and sufficient information to issue a Safe Drinking Water Act

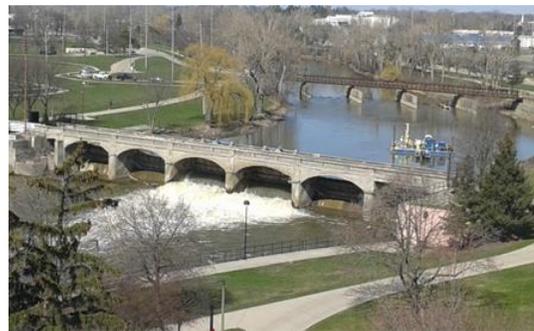
A [podcast and video](#) on the Flint report are available.



Flint Water Plant, Flint, Michigan.  
(EPA OIG photo)

Section 1431 emergency order to protect Flint residents as early as June 2015. Although EPA Region 5 did not issue an emergency order, because the region concluded that state actions were a jurisdictional bar, EPA guidance allows the EPA to take action if it deems state actions to be insufficient. Ultimately, in January 2016, EPA headquarters issued an emergency order to take specific actions on the public health threat. We issued this management alert report to

prevent agency delays in the future. We recommended that the agency update guidance for its employees on emergency authority to avoid harm to the public through drinking water contamination. The OIG's evaluation of the Flint drinking water crisis is ongoing, and we expect to issue an additional report.



Flint River in Flint, Michigan. (EPA OIG photo)



An EPA emergency response vehicle in Flint, Michigan. (EPA OIG photo)

## Additional Measures Can Be Taken to Prevent Deaths and Serious Injuries From Residential Fumigations

Report No. [17-P-0053](#), issued December 12, 2016

The EPA can better prevent deaths and serious injuries caused during residential fumigations by amending sulfuryl fluoride labels and monitoring compliance. Since



A Florida residence is fumigated with sulfuryl fluoride to combat drywood termites. (EPA OIG photo)

2002, at least 11 deaths and two serious injuries occurred during residential fumigations in California and Florida—the two U.S. states with the most fumigation treatments. Compliance with current pesticide use requirements does not always prevent adverse impacts. We identified multiple factors that contributed to these adverse impacts, such as not requiring secure tenting around structures undergoing fumigation, ineffective devices used to detect pesticide levels inside of structures, and pesticide applicators not attending mandatory training. The agency provided acceptable corrective actions for all seven recommendations.

A [podcast](#) on the residential fumigations report is available.

## Backlog of Leaking Underground Storage Tank Cleanups in Indian Country Has Been Reduced, but EPA Needs to Demonstrate Compliance With Requirements

Report No. [17-P-0118](#), issued March 6, 2017

The EPA was unable to demonstrate how it was complying with the requirements of the Energy Policy Act of 2005 to give priority in Indian country to releases from leaking underground storage tank sites that present the greatest threats to human health or the environment. The EPA had a prioritization process to make annual funding decisions, but this process was minimally documented, relied on inconsistent regional criteria, and lacked transparency. As a result, we did not find evidence that the EPA's process for selecting and funding sites for cleanup actions prioritized those sites presenting the greatest threat to human health or the environment. Delays in cleanup at higher-risk sites could result in prolonged exposure to hazardous contaminants, such as gasoline leaks contaminating groundwater. The agency agreed with the recommendations, provided corrective actions, and initiated improvements.

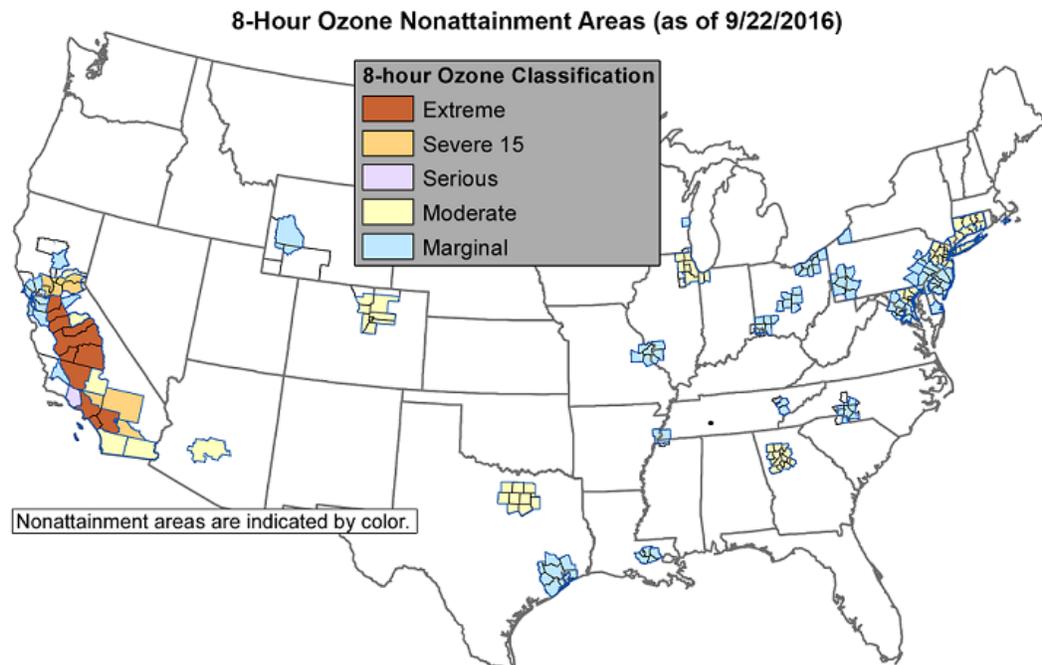


An underground storage tank being removed. (EPA photo)

## Management Alert: Certain State, Local and Tribal Data Processing Practices Could Impact Suitability of Data for 8-Hour Ozone Air Quality Determinations

Report No. [17-P-0106](#), issued February 6, 2017

Air monitoring data on ozone that the EPA received from Georgia and South Carolina were not always processed according to recommended practices. This processing included making certain quality control adjustments to data before they were reported to the EPA's Air Quality System, which is used to determine whether an area's air quality meets the National Ambient Air Quality Standard for ozone. A nonattainment designation means that an area's air contains unhealthy levels of pollution, and the state must develop a plan to improve air quality. Generally, the EPA does not recommend adjusting raw data before reporting them to the Air Quality System, but our analysis of 3 years of nationwide data showed that about 26 percent of the hourly data reported were different than the originally recorded values. Thus, there is a risk that other monitoring agencies were improperly adjusting their data. We alerted the EPA to this risk. Designation determinations can have significant implications for public health and an area's economy. Pending completion of our ongoing work, we made no recommendations. The agency has initiated actions to assess these risks.



National map of the 8-hour ozone nonattainment areas (2008 standard), as of September 22, 2016. (EPA image)

## EPA Has Adequate Controls to Manage Advice From Science and Research Federal Advisory Committees, but Transparency Could Be Improved

Report No. [17-P-0124](#), issued March 13, 2017

We found that the EPA has an effective system of controls to address the advice and recommendations from its eight science and research federal advisory committees. The 1972 Federal Advisory Committee Act and EPA guidance and policy establish procedures by which the agency should manage these committees, including assigning Designated Federal Officers as committee managers and making the committee process transparent. To increase transparency, the EPA should directly respond to all federal advisory committee products, and Designated Federal Officers should post all responses online. Further, in addition to program offices, Designated Federal Officers should track the status of recommendations. The agency agreed with all recommendations, and corrective actions are pending or have been completed.

Science and research federal advisory committees at the EPA
1. Board of Scientific Counselors
2. Chemical Safety Advisory Committee
3. Children's Health Protection Advisory Committee
4. Clean Air Scientific Advisory Committee
5. Environmental Laboratory Advisory Board
6. Federal Insecticide, Fungicide, and Rodenticide Act Scientific Advisory Panel
7. Human Studies Review Board
8. Science Advisory Board

Source: OIG summary of information in individual committee charters.



Members of the Science Advisory Board, an EPA federal advisory committee, attend a meeting. (EPA photo)

## Agency Business Practices and Accountability

### EPA's 2014 Early-Out and Buyout Activities Aided Workforce Restructuring Goals, and Continued Monitoring of Progress Can Show Value of Restructuring

Report No. [17-P-0140](#), issued March 23, 2017

The EPA used its voluntary early retirement and voluntary separation incentive payment authorities in 2014 to buy out employees in certain targeted positions. The EPA paid \$11.3 million in incentives to get 456 employees to voluntarily leave the agency, plus paid \$4.9 million in annual leave payments to those employees, for total payments of about \$16.2 million. This action helped the agency accomplish certain restructuring goals, including reducing the size of offices, reducing the number of highly graded positions, and eliminating surplus positions. Although progress has been made in filling positions designated for restructuring, not all restructuring goals had been achieved at the time we concluded our review. We made various recommendations to help the agency better monitor its restructuring efforts, and the agency agreed with our recommendations.



### Fraud Controls for EPA's Contract Laboratory Program Are Adequate, but Can Be Strengthened With Formal Risk Assessment and Investigative Information Sharing

Report No. [17-P-0119](#), issued March 6, 2017

The EPA's Contract Laboratory Program has instituted four of five internal controls that provide reasonable assurance that the potential for lab fraud is minimized. However, one component—risk assessment—is carried out informally, and the risk assessments and associated controls to address those risks have not been formally defined. Formal risk assessments would provide assurance that program controls address risks, as well as a clear picture of efforts to address lab performance deficiencies. We recommended that the EPA conduct and document a formal risk assessment of the Contract Laboratory Program. In addition, we recommended that investigative units from both the agency and the EPA OIG share information from lab fraud findings with EPA program and regional offices. The agency

Since the 1980 inception of the Contract Laboratory Program, 180 labs in the program have performed over 3.7 million analyses from more than 20,900 sites, at an expense of approximately \$431.5 million.

agreed to take the corrective actions, while the OIG completed its corrective action of sharing information.

### **EPA’s Fiscal Years 2016 and 2015 Consolidated Financial Statements**

Report No. [17-F-0046](#), issued November 15, 2016

We rendered an unmodified opinion on the EPA’s consolidated financial statements for FYs 2016 and 2015, meaning they were fairly presented and free of material misstatement. However, we noted the following material weaknesses:

- The EPA’s accounting for software continues to be a material weakness.
- The EPA incorrectly recorded unearned revenue for Superfund special accounts, and did not reconcile unearned revenue for those accounts.

We also noted significant deficiencies involving the following issues:

#### **EPA OIG Is One of Few OIGs to Perform Financial Statement Audits With In-House Staff**

Having qualified staff and being able to offer the taxpayer significant savings, the EPA OIG is one of few OIGs in the federal government that conducts financial statement audits of its agency using in-house staff. When the EPA OIG sought to contract out its financial statement auditing in 2007 per Office of Management and Budget (OMB) Circular A-76, “Performance of Commercial Activities,” the EPA OIG submitted its own bid and came in more than \$1 million under the lowest acceptable bid from a certified public accounting firm. The EPA OIG team that audits financial statements is led by an experienced certified public accountant, and many of the team members are also certified public accountants. In addition, the EPA OIG audits the financial statements for EPA pesticide and e-manifest funds.

- The EPA wrote off cash differences with the U.S. Department of the Treasury without adequate support.
- The EPA did not clear suspense transactions timely.
- The EPA erroneously reclassified a real property capital lease.
- The EPA did not have controls to monitor direct access to the Compass database.
- The EPA did not have adequate documentation for restoring application controls at the National Computer Center.
- The EPA needs to improve off-site storage of data backups.

The agency generally agreed with our findings and recommendations.

### **EPA’s Purchase Order Process Needs to Improve and Achieve Better Value**

Report No. [17-P-0001](#), issued October 13, 2016

In FY 2015, up to 1,714 purchases at the EPA could have been made with purchase cards, as opposed to purchase orders, to achieve cost savings as required by the Federal Acquisition Regulation. In addition, the EPA’s acquisition system did not always provide descriptions for supplies and services purchased. These conditions occurred because of inadequate policies, procedures and training. We recommended that the agency update its

policies, procedures and checklists; require acquisition and program personnel to be trained; and promote greater use of purchase cards. The agency provided planned corrective action plans and completion dates for all 10 recommendations.

**Risk for EPA’s Fiscal Year 2016 Purchase and Convenience Check Program Warrants an Audit**

Report No. [17-P-0113](#), issued February 14, 2017

We assessed that the risk to the EPA’s purchase card and convenience check program was high enough to warrant an audit because of noncompliance with existing internal controls. The Government Charge Card Abuse Prevention Act of 2012 requires each

Inspector General to conduct periodic assessments of its agency’s purchase card and convenience check program to identify and analyze risks of illegal, improper or erroneous purchases and payments. Our risk assessment noted that none of the 18 transactions reviewed were in compliance with all 14 of the internal controls tested. Because we conducted a risk assessment, we did not issue recommendations; however, due to the noncompliance noted, we will conduct a full audit of the program in FY 2017. The agency already initiated actions to address the instances of noncompliance.



A sample government purchase card. (U.S. General Services Administration)

**Status of EPA’s Implementation of the DATA Act**

Report No. [17-P-0050](#), issued December 2, 2016

The EPA has taken steps to implement the Digital Accountability and Transparency Act of 2014, also known as the DATA Act. The act directs federal agencies to report financial and payment information on a website accessible to taxpayers and policy makers. As required, the EPA plans to go live with this website in May 2017, using partial data and a phased-in approach. The agency has completed the first three steps of the eight-step process for implementing the DATA Act, as established by OMB and the U.S. Department of the Treasury (see table). The EPA was implementing Steps 4 and 5 at the time of our audit, with plans to complete Steps 6 through 8 by May 2017. The agency has identified potential mitigations to address risks to DATA Act implementation.

**DATA Act implementation plan for agencies**

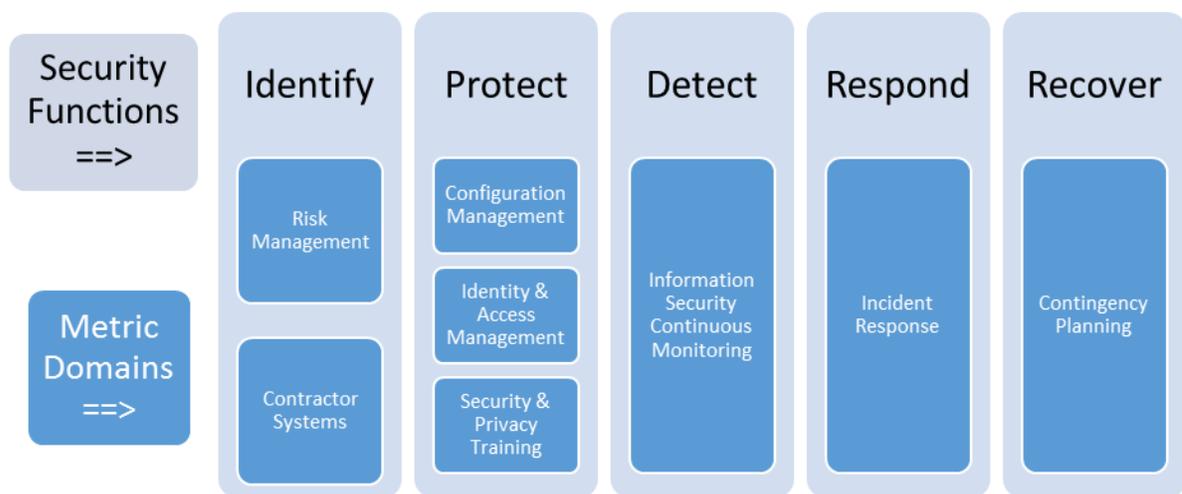
Steps for agencies	
1	Organize team
2	Review elements
3	Inventory data
4	Design and strategize
5	Prepare data for submission to broker
6	Test broker implementation
7	Update systems
8	Submit data

Source: OMB’s and Treasury’s DATA Act Implementation Playbook.

### Improvements Needed in EPA’s Information Security Program

Report No. [17-P-0044](#), issued November 14, 2016

The EPA needs to take additional steps to achieve managed and measurable information security function areas to mitigate cybersecurity risks. A robust but agile information security infrastructure is paramount to combat cybersecurity attacks, and we annually review the EPA’s cybersecurity per the Federal Information Security Modernization Act of 2014. Our FY 2016 review found that the EPA’s information security function areas—Identify, Protect, Detect, Respond and Recover—as well as their corresponding metric domains, did not meet the defined requirements to be considered effective. The EPA agreed with our results, and we made no recommendations based on our analysis.



Cybersecurity Framework Security Functions and corresponding FY 2016 Inspector General Federal Information Security Modernization Act of 2014 metric domains. (EPA OIG graphic)

### Acquisition Certifications Needed for Managers Overseeing Development of EPA’s Electronic Manifest System

Report No. [17-P-0029](#), issued November 7, 2016

We found that program and project managers responsible for overseeing the development of the EPA’s Electronic Manifest System (also known as the e-Manifest system) did not obtain the required federal certification necessary to oversee a major acquisition. The e-Manifest system is being designed to create a means to track off-site shipments from hazardous waste generators. Ineffective oversight could cause project delays that postpone the EPA’s ability to provide emergency responders with data about hazardous waste shipments. The EPA agreed with our recommendations, completed corrective actions for one recommendation, and provided planned corrective action for the other.

**The e-Manifest system is being designed to create a means to track off-site shipments of hazardous waste from a generator’s site to the site of the receipt and disposition of the hazardous waste.**

## Investigations

### **Individual Sentenced for Defrauding EPA and Other Agencies**

On December 1, 2016, Alexander Robert Xavier, of Jensen Beach, Florida, was sentenced in the U.S. District Court for the Southern District of Florida to 12 ½ years in prison related to a fraudulent surety bond scheme that impacted numerous federal agencies and government contractors. Xavier also was ordered to pay more than \$4 million in restitution to 14 federal agencies—including the EPA—as well as contractors. Also, effective October 26, 2016, Xavier and three of his companies were suspended from participation in federal contracts and assistance programs pending the resolution of legal proceedings. A jury previously found Xavier guilty of major fraud, mail fraud and making a false statement to the U.S. Department of the Army in July 2016. The evidence at trial showed that Xavier issued a large number of worthless bonds to various contractors performing work for various government agencies.

The \$4 million restitution was joint and several with two other co-defendants—Kelly A. Spillman and Brian J. Garrahan, both of Delray Beach, Florida—for their participation in the fraudulent insurance bond scheme. On April 21, 2016, Spillman and Garrahan pleaded guilty to conspiracy to commit mail and wire fraud. Effective March 6, 2017, Garrahan, Quantum Partners (a company owned by Garrahan) and Spillman were debarred for 5 years from participating in federal procurement and non-procurement programs. Further, on March 22, 2017, an additional 22 entities related to Garrahan and/or Spillman were similarly debarred for 5 years.

*This investigation is ongoing and is being conducted jointly with the Criminal Investigation Command of the U.S. Army; the Defense Criminal Investigative Service; the U.S. General Services Administration; and the OIGs of the U.S. Departments of Veterans Affairs, Defense, Energy, Housing and Urban Development, and State.*

### **Construction Companies Violated Disadvantaged Business Enterprise Program**

On December 15, 2016, Wallace Construction Corp. and Rosciti Construction Inc., both of Providence, Rhode Island, signed a civil settlement agreement with the U.S. Department of Justice (DOJ) to pay the U.S. government \$1 million to resolve civil allegations that they violated the False Claims Act by submitting claims earmarked for minority, women-owned or small businesses that they were not entitled to receive. Both companies also entered into administrative agreements with the EPA's Office of Suspension and Debarment. It was alleged that Wallace was not at the time a legitimate

disadvantaged business enterprise and lacked the capacity to perform necessary work on the projects.

*This investigation was conducted jointly with the U.S. Attorney's Office for the District of Rhode Island, and the OIGs of the U.S. Departments of Transportation and Education.*

### **Man Convicted of Fraud in Scheme to Collect Stimulus Funds**

On March 15, 2017, a jury convicted a Republic of Korea person on multiple fraud charges for deceiving U.S. municipalities into spending federal stimulus money on his company's foreign-made products. He was convicted on five counts of wire fraud and three counts of fraudulent importation of goods into the United States. A sentencing date has not yet been scheduled.

Heon Seok Lee had served as President of KTurbo Inc. in the Republic of Korea and President of its subsidiary—KTurbo USA Inc.—with an office and warehouse in Illinois. From January 2010 to February 2011, Lee directed others to procure contracts for KTurbo to provide centrifugal turbo blowers to municipal wastewater treatment facilities in the United States, receiving American Recovery and Reinvestment Act funds from the EPA. Lee and others sent at least five email communications to U.S. municipal wastewater treatment facilities falsely representing that KTurbo would manufacture and deliver turbo blowers in compliance with the “Buy American” provision of the Recovery Act. Lee had nine turbo blowers sent to the KTurbo facility in Illinois from Korea that already were largely assembled in Korea but had “Assembled in USA” placards. Lee and others did not intend to perform substantial transformation of the turbo blowers. In total, Lee and others intended to fraudulently obtain over \$1.3 million in Recovery Act funds.

*This case is being conducted with Interpol, the U.S. Department of Homeland Security, and DOJ.*

### **Two Individuals and Company Indicted for Falsifying Water Samples**

Two Florida men and a Florida company were indicted on charges related to a scheme to falsify water samples during testing of new water lines. On December 15, 2016, in the U.S. District Court for the Middle District of Alabama, Billy Ray Roberson Sr. of Milton, and Darin Lewis of Crestview, as well as the company Roberson Excavation Inc., headquartered in Milton, were indicted and charged with conspiring to commit wire fraud.

Roberson was the owner and president of Roberson Excavation. According to court documents, in 2014, the Dale County Water Authority in Alabama hired Roberson Excavation to replace water lines in the Marley Mill neighborhood. The project was valued at approximately \$1 million and funded through the EPA's State Revolving Fund program. By February 2015, Roberson Excavation was 3 months behind schedule on the

job and paying penalties of \$500 for each day the project went incomplete. At that time, Roberson allegedly instructed his site supervisor, Lewis, to falsify the testing required before the lines went into operation, including tests used to determine whether harmful bacteria were present in the water.

On February 16, 2017, Lewis pleaded guilty to one count of conspiring to commit wire fraud related to the case. Roberson and Roberson Excavation are scheduled for trial on June 5, 2017. Lewis is scheduled to be sentenced on June 29, 2017.

Effective on February 27, 2017, Roberson, Roberson Excavation, Roberson Underground Utilities LLC (a company started by Roberson), Lewis, and A Southern Co. LLC (a company owned by Lewis) were all suspended from participation in federal contracts and assistance programs pending the resolution of these legal proceedings.

*This investigation is ongoing and being conducted jointly with the EPA Criminal Investigation Division.*

### **State University Office Returns Clean Water Act Grant Funds**

Between January and March 2017, a state university office of local government returned \$368,400 to the EPA after an investigation disclosed that the office did not spend EPA Clean Water Act grant funds that the office had told the EPA it had expended. In total, the investigation questioned approximately \$486,709 in grant funds from calendar years 2012 to 2015. The investigation is ongoing.

### **Federal Security Officer Assaulted With Gun in EPA Region 4 Office**

A woman was charged with assault for attacking a security officer at the EPA Region 4 building in Atlanta, Georgia, grabbing the officer's gun and then firing a shot. On February 8, 2017, the woman allegedly entered the EPA Region 4 reception area asking to use the EPA library, refused to provide identification, became belligerent, engaged in a physical confrontation with a security officer, removed the security officer's weapon from the holster, and fired a single round before being apprehended. No one was injured by the shot. On February 22, 2017, an indictment was issued charging the woman with one count of assaulting a federal officer.

*This investigation is ongoing and is being conducted jointly with the U.S. Department of Homeland Security's Federal Protective Service.*

### **Bar Notices Issued After Threatening Emails Sent**

On November 3, 2016, a bar notice was issued for an individual who sent a threatening email to Gina McCarthy, the former EPA Administrator. In the email, the individual

mentioned the harmful use of glyphosate and provided personal contact information. During an interview at the individual's home, an SKS assault rifle was found. The subject advised during the interview of having a mental illness (paranoid schizophrenia), and admitted to threatening McCarthy and other politicians for years via the internet. The individual did not have a criminal history but was known by federal law enforcement agencies for making prior threats to politicians. The bar notice prohibits the individual from entering the EPA Region 6 and headquarters buildings. The case was declined for prosecution by DOJ.

Also on November 3, 2016, another bar notice was issued for a different citizen who sent a threatening email to an EPA employee. The subject sent 18 additional emails to the employee. The impetus for the emails appeared to be frustration over the National Pollutant Discharge Elimination System permit process. The investigation found that the individual had an extensive criminal history. The bar notice prohibits the citizen from entering an EPA facility. The case was declined for prosecution by DOJ.

### **EPA Employee Removed for Payroll Fraud**

On January 27, 2017, a GS-13 employee was terminated from the EPA for fraudulently receiving payroll funds in excess of what was appropriate. The employee, who was assigned to an EPA office in California, was authorized to telework full-time due to a reasonable accommodation agreement. Management discovered that the employee had moved out of state and was believed to have been teleworking from the new location for several months while still receiving the higher locality pay associated with the California office. The employee was overpaid approximately \$12,000. The EPA is pursuing collection of these funds.

### **EPA Employee Terminated for Personnel Violations**

On December 9, 2016, a GS-12 employee was terminated from the EPA for violating a warning letter and for not working days that the employee recorded as worked in the official EPA timekeeping system. The employee had been issued a warning letter in 2014 after making false, malicious or unfounded statements against co-workers and government officials. Evidence was found showing that the employee violated the warning letter. Further, while the employee worked from home full-time under a reasonable accommodation agreement for a medical condition, the investigation disclosed that the employee was frequently absent from the approved telework location. In addition, the person was found to be in violation of the medical telework agreement. The employee was terminated from the EPA for conduct unbecoming a federal employee and failure to follow instructions.

### **EPA Employee Resigns From Agency, Pleads Guilty to Theft**

On November 4, 2016, an EPA GS-8 employee resigned from federal service, and on December 20, 2016, pleaded guilty to theft in state court stemming from theft from an employee association. The EPA employee, who was a co-president of an EPA regional employee association, confessed to stealing \$424 in cash entrusted to the position and using the funds for personal gain. The employee also confessed to shredding \$488 in checks associated with the same fundraiser instead of depositing them into the employee association account. In September 2016, the employee was placed on indefinite suspension without pay, pending the outcome of the criminal investigation and associated judicial proceedings. The employee was sentenced by the district court to 6 months of probation, a \$250 fine, and \$424 in restitution.

### **EPA Employee Retires After Time-and-Attendance Violations**

On October 28, 2016, an EPA GS-9 employee retired from federal service while administrative action was pending, due to investigative findings that the employee falsified time-and-attendance records for a year and a half. The EPA had been in the process of preparing a letter to the employee proposing a 30-day suspension, based on 177 hours of inaccurate reporting, including 115 hours of absences without leave and 37 instances of failing to follow leave procedures. The former employee was issued a debt letter for overpayment of \$6,822, and the EPA is pursuing collection of the funds.

### **EPA Employee Suspended for Lack of Disclosure**

On December 2, 2016, an EPA GS-11 employee received a 3-day suspension for lack of candor after it was found that the employee did not properly disclose a prior criminal offense. As part of a background investigation, documentation showed that the employee had been indicted in 2010 on two felony counts of witness tampering. In 2011, the employee was convicted and sentenced to 2 years' confinement (suspended sentence) and 5 years' probation, and ordered to pay a \$1,500 fine. The investigation determined that the employee was not truthful in completing the SF-85P, *Questionnaire for Public Trust Positions*, since prior indictment was not disclosed.

### **Former Employee Arrested for Violent Threats**

On December 19, 2016, a former EPA employee was arrested in California for felony threats (threatening to kidnap or injure a person). The former employee allegedly made numerous threatening communications in the form of phone calls and emails to many individuals within the EPA organization, including the then EPA Administrator Gina McCarthy and her executive office staff. These communications allegedly included threats of death and bodily harm for perceived wrongs that occurred during the former employee's termination process. Charges against the individual are pending.

## U.S. Chemical Safety and Hazard Investigation Board

The U.S. Chemical Safety and Hazard Investigation Board (CSB) was created by the Clean Air Act Amendments of 1990. CSB's mission is to investigate accidental chemical releases at facilities, report to the public on the root causes, and recommend measures to prevent future occurrences.



In FY 2004, Congress designated the EPA Inspector General to serve as the Inspector General for CSB. As a result, the EPA OIG has the responsibility to audit, evaluate, inspect and investigate CSB's programs, and to review proposed laws and regulations to determine their potential impact on the CSB's programs and operations. Details on our work involving CSB are available on this OIG [webpage](#).

### *Audit Reports*

#### **CSB Has Effective “Identify” and “Recover” Information Security Functions, but Attention Is Needed in Other Information Security Function Areas**

Report No. [17-P-0045](#), issued November 14, 2016

CSB needs to take additional steps to achieve an overall managed and measurable information security program that can effectively mitigate cybersecurity risks. The Federal Information Security Modernization Act of 2014 requires the OIG to annually evaluate CSB's information security program designed to protect CSB's operations and assets. We found that two of the five information security function areas at CSB (Identify and Recover) were effective. However, we found that improvements are needed for the other three areas reviewed (Protect, Detect and Respond). We discussed specifics with CSB, which agreed with our results.

#### **Audit of the U.S. Chemical Safety and Hazard Investigation Board's Fiscal Years 2016 and 2015 Financial Statements**

Report No. [17-F-0047](#), issued November 15, 2016

The firm that audited CSB's financial statements for FYs 2016 and 2015 on behalf of the EPA OIG found the statements to be fairly presented and free of material misstatements. The firm noted no matters involving the internal control and the CSB operation that it considered to be a material weakness. However, the firm identified a significant deficiency in that CSB's internal controls over financial reporting were not sufficiently designed to detect and correct material errors in the agency's financial statements. Specifically, the firm found that CSB did not disclose in a note a \$1 million material

difference on net outlays, did not prepare explanations for other material differences, did not properly record calculated imputed costs, and did not record an accrual for all agency liabilities. CSB corrected all errors noted, and concurred with recommendations to improve policies and procedures.

### **CSB Complied With Improper Payment Legislation Requirements for Fiscal Year 2016**

Report No. [17-P-0123](#), issued March 9, 2017

CSB was fully compliant with legislation for improper payments during FY 2016. Legislation requires agencies to report on, reduce and recapture improper payments. Inspectors General are also required to determine whether the agencies for which they are responsible comply with the legislation. We found that, as required, CSB published its Performance and Accountability Report and posted that report and accompanying materials on its website. Also, CSB conducted a risk assessment and did not identify any programs and activities that are susceptible to significant improper payments. We did not make any recommendations.

## Hotline Activities

The purpose of the EPA OIG hotline is to receive complaints of fraud, waste or abuse in EPA programs and operations, including mismanagement or violations of law, rules or regulations by EPA employees or program participants. Examples of reportable violations include contract, procurement and grant fraud; bribery and acceptance of gratuities; significant mismanagement and waste of funds; conflict of interest; travel fraud; abuse of authority; theft or abuse of government property; and computer crime. As a result of hotline complaints, the OIG may conduct audits and evaluations, as well as investigations. In addition to being responsible for the EPA hotline, we are responsible for the CSB hotline. Details on investigations during the semiannual reporting period follow.

### *Significant Investigations of EPA*

#### **EPA Employee Resigns After Time-and-Attendance Violations**

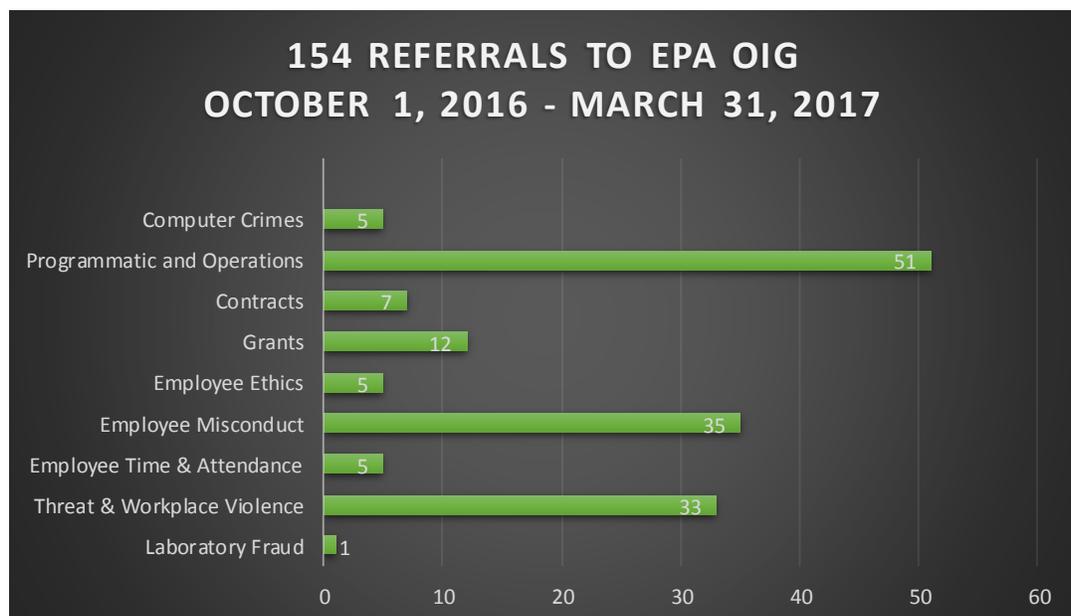
On March 15, 2017, an EPA GS-13 employee resigned from federal service after being interviewed by the OIG in connection with a hotline complaint regarding time-and-attendance violations. The investigation found that the employee submitted and attested time-and-attendance records claiming to be in work status while the employee was, in fact, on personal travel. It was determined that the employee took seven international trips over a 6-year period, each time claiming regular and/or telework hours. The OIG conducted a limited audit of the employee's time-and-attendance records to compare the travel activity with the corresponding time-and-attendance records. Based on the audit, the employee claimed 109.5 hours of work, valued at \$5,707, while on personal travel. An investigative report was provided to EPA management, but the employee resigned before the agency could administratively adjudicate this matter.

### Hotline Statistics

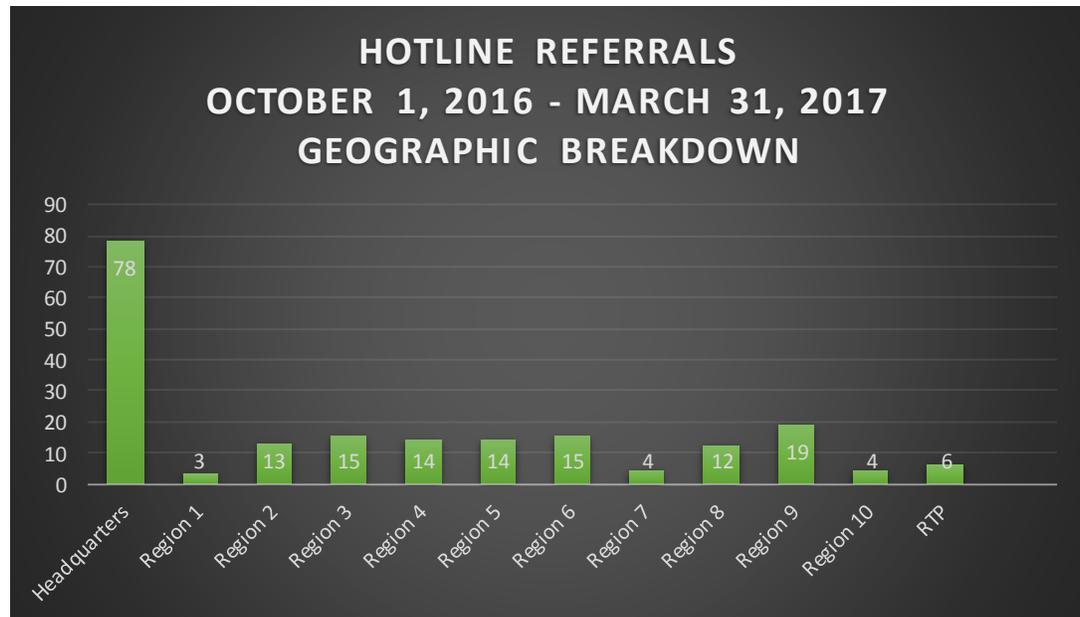
The following table shows EPA OIG hotline activity regarding complaints of fraud, waste and abuse in EPA programs and operations during the semiannual reporting period ending March 31, 2017.

	Semiannual period (October 1, 2016 - March 31, 2017)
Issues open at the beginning of the period	188
Inquiries received during the period	197
Inquiries closed during the period	93
Inquiries pending at the end of the period	292
<b>Issues referred to others</b>	
<b>OIG offices</b>	154
<b>EPA program offices</b>	35
<b>Other federal, state and local agencies</b>	8
<b>Contacts to the EPA OIG Hotline (telephone, voice mail, emails, website and correspondence)</b>	4,683

The table below details the categories of inquiries the EPA OIG hotline receives that are retained by the EPA OIG and are reviewed by investigation, audit or evaluation. For the semiannual period, the hotline sent 154 out of the 197 inquiries received to the OIG for review and action.



The EPA OIG hotline receives complaints pertaining to all of the EPA regions as well as headquarters. The table below details the total number (197) of inquiries for the semiannual period by headquarters and region.



The hotline makes it easy to report allegations of fraud, waste, abuse, mismanagement or misconduct in the programs and operations of the EPA. Employees—as well as contractors, grantees, program participants and members of the general public—may report allegations to the OIG. Complaints may be submitted to the hotline by phone, fax or mail, or electronically by using email or the OIG’s online complaint form. Individuals who are concerned about the confidentiality or anonymity of electronic communication may submit allegations by telephone or mail.

The Inspector General Act of 1978, as amended, and other laws protect those who make hotline complaints. For example, the Whistleblower Protection Enhancement Act of 2012 provided protection to employees who disclose misconduct or misuse of government resources.

Individuals who contact the hotline are not required to identify themselves and may request confidentiality when submitting allegations. However, the OIG encourages those who report allegations to identify themselves so that they can be contacted if the OIG has additional questions. Pursuant to Section 7 of the Inspector General Act, if a hotline complainant is an EPA employee, the OIG will not disclose the employee’s identity unless that employee consents or the Inspector General determines that such disclosure is unavoidable during the course of the investigation, audit or evaluation. As a matter of policy, the OIG will provide comparable protection to employees of contractors, grantees and others who provide information to the OIG and request confidentiality.

## Other Activities

### Legislation and Regulations Reviewed

Section 4(a) of the Inspector General Act requires the Inspector General to review existing and proposed legislation and regulations relating to the program and operation of the EPA and to make recommendations concerning their impact. We also review drafts of OMB circulars, memorandums, executive orders, program operations manuals, directives and reorganizations. The primary basis for our comments is the audit, evaluation, investigation and legislative experiences of the OIG, as well as our participation on the Council of the Inspectors General on Integrity and Efficiency. During the reporting period, we reviewed 28 proposed changes to legislation, regulations, policy, procedures or other documents that could affect the EPA or the Inspector General, and provided comments on two.

# Other Results of OIG Work

## Follow-Up an Important Aspect of OIG Efforts

For audit and evaluation efforts to be effective, it is important for an OIG to follow up on certain previously issued reports to ensure that appropriate and effective corrective actions have been taken. For the reports listed below that were issued during the semiannual reporting period ending March 31, 2017, our review included follow-up.

Report No.	Report Title	Date
<a href="#">17-P-0044</a>	Improvements Needed in EPA's Information Security Program	November 14, 2016
<a href="#">17-P-0045</a>	CSB Has Effective "Identify" and "Recover" Information Security Functions, but Attention Is Needed in Other Information Security Function Areas	November 14, 2016
<a href="#">17-F-0046</a>	EPA's Fiscal Years 2016 and 2015 Consolidated Financial Statements	November 15, 2016
<a href="#">17-P-0062</a>	Congressionally Requested Audit: EPA Needs to Improve Processes for Preserving Text Messages as Federal Records	December 21, 2016
<a href="#">17-P-0113</a>	Risk for EPA's Fiscal Year 2016 Purchase Card and Convenience Check Program Warrants an Audit	February 14, 2017
<a href="#">17-P-0123</a>	CSB Complied With Improper Payment Legislation Requirements for Fiscal Year 2016	March 9, 2017

Also, in compliance with reporting requirements of Section 5(a)(3) of the Inspector General Act of 1978, as amended, we are to identify each significant recommendation described in previous semiannual reports on which corrective action has not been completed. This information is provided in detail in Appendix 3, "Reports With Corrective Actions Not Completed." Two examples of why recommendations remained unimplemented follow:

- In a 2009 report evaluating the agency's financial statements, we recommended that the agency ensure that all new financial management systems (including the Integrated Financial Management System replacement system) and those undergoing upgrades include a system requirement that the fielded system include automated controls to enforce separation of duties. In addition to many corrective actions that have already been completed, the Office of the Chief Financial Officer's Office of Technology Solutions plans to modify Compass user profiles to create specific security roles to allow Compass Security Officers to better manage user access. It also plans to enhance the Access Request Form application to add additional controls and automatic logic to check for approved waivers on file to prevent users from submitting security options that violate the separation of duties policy. The completion of these corrective actions have been extended to

December 31, 2017, due to other, high priority projects. The Office of Technology Solutions indicated it will seek additional resources to complete these tasks. (Report No. [10-1-0029](#))

- In a 2012 report evaluating the EPA’s steps to ensure the quality and consistency of oil spill prevention and response plans and how the EPA tracks violators under the Clean Water Act Section 311 program, we recommended that the agency improve oversight of facilities regulated by the EPA’s oil pollution prevention program by:
  - a. Developing procedures for updating and issuing new guidance to ensure the regulated community has access to the most current guidance.
  - b. Implementing a risk-based strategy toward inspections that identifies unknown facilities and directs inspection resources toward facilities where the potential for spills poses the greatest risks.
  - c. Consistently interpreting regulations and the EPA’s authority to enforce regulations.
  - d. Producing a biennial public assessment of the quality and consistency of Spill Prevention, Control and Countermeasure Plans and Facility Response Plans based on inspected facilities.

While the agency has completed actions to address items “a” through “c,” for item “d” it still plans to develop a summary of findings to help identify areas where additional guidance and outreach are needed to improve the quality and consistency of Spill Prevention, Control and Countermeasure Plans. The model is then to be used to develop a review protocol for Facility Response Plans to examine Facility Response Plan inspections conducted during the FY 2013 inspection cycle. A summary of findings is to be developed to help identify areas where additional guidance and external outreach are needed to improve the quality and consistency of Facility Response Plans. Reduced resources and available personnel and other priorities have delayed effort on this milestone for at least a year. In addition, recent enactment of the Water Resources Reform and Development Act places additional priority responsibilities on the Spill Prevention, Control and Countermeasure program. Consequently, action on this corrective action is not expected to begin until at least June 2017. (Report No. [12-P-0253](#))

## Single Audit Reporting Efforts Make Impact

In accordance with the Single Audit Act of 1984 and OMB guidance, nonfederal entities that expend more than \$750,000 in federal funds (usually in the form of grants) are required to have a comprehensive annual audit of their financial statements and compliance with major federal program requirements. The entities receiving the funds include states, local governments, tribes and not-for-profit organizations. The act provides that grantees are subject to one annual comprehensive audit of all their federal programs versus a separate audit of each federal program, hence the term “single audit.” The audits are usually performed by private firms. Federal agencies rely upon the results of single audit reporting when performing their grants management oversight of these entities.

The OIG provides an important customer service to the EPA by performing technical reviews of single audit reports, and issues reports to the EPA for audit resolution and corrective action. The OIG’s reports recommend that EPA action officials confirm that the corrective actions have been taken. If the corrective actions have not been implemented, the EPA needs to obtain a corrective action plan, with milestone dates, for addressing the findings in a single report. For example:

- The single audit report for the Maryland Coastal Bay Foundations Inc. for FY 2015 identified six findings related to the Comprehensive Estuarine Management program. The foundation claimed unallowable costs related to excessive severance pay to terminated employees, unsupported bonuses and unnecessary conference travel costs under the EPA grant. EPA Region 3 substantially concurred with the single audit report findings and required the foundation to repay \$38,289.
- The single audit report for the Massachusetts Clean Water Trust for FY 2015 reported that the trust fund allowed loan payments to one borrower outside of the loan period and significantly prior to the project start period. This finding raised concerns regarding the allowability of such payments. We raised this matter with Region 1, and the region worked with the recipient to determine the best course of action. The recipient developed internal controls to help ensure such payments would not take place in the future.

**Summary of OIG single audit activity for the semiannual period ending March 31, 2017**

No. of reports issued	No. of findings reported to EPA	Reported questioned costs	Quality review of single audit reports	Deficiency letters issued to single auditors
148	328	\$74,506	0	0

Source: OIG analysis.

The OIG also provides technical assistance and advice to the EPA, single auditors and others as they relate to the single audit process. For example, the EPA OIG National Single Audit Coordinator was invited to present at the American Institute of Certified Public Accountants' National Training for Government and Non-Profit Entities. The coordinator presented information on common single audit challenges that EPA grantees face, and fielded technical questions from single auditors and grant recipients.

## Actions Taken on Reports Result in Improvements

The EPA has taken a number of corrective actions based on audit and evaluation reports issued during the current and prior semiannual reporting periods. Examples follow.

- As a result of actions taken by the agency in response to EPA OIG recommendations to improve scientific integrity training, the agency won a prestigious 2016 bronze Telly Award (from more than 13,000 entries). In two reports, the OIG noted weaknesses in staff awareness of scientific integrity policy, and recommended that the Office of Research and Development work with EPA offices to initiate both outreach on policy and mandatory training. The agency agreed, completed development of the scientific integrity training, and administered the training to all EPA staff (with an ongoing requirement for all new staff). As part of this effort, EPA Scientific Integrity program staff worked with the agency's Office of Multimedia to create whiteboard training videos on scientific integrity. The introductory video, "Scientific Integrity at EPA," won the award. (Report Nos. [11-P-0386](#) and [13-P-0364](#))
- The EPA took various actions as a result of our audit on text messaging practices to improve processes and eliminate business risks. Actions included publishing a new records policy, issuing instructions on text messages, issuing instructions on managing social media, holding a records management day, holding records training and implementing training for Freedom of Information Act professionals. (Report No. [17-P-0062](#))
- As a result of our work, and before our management alert report was issued, the EPA contacted air monitoring agencies to determine the extent that monitoring agencies may be inappropriately adjusting data based on the results of certain quality control tests. The agency also initiated a review to assess whether certain adjustments to ozone monitoring data could impact the EPA's determinations as to whether air quality meets national ozone standards. (Report No. [17-P-0106](#))
- We made two recommendations to the Assistant Administrator for Administration and Resources Management to monitor voluntary early retirement and voluntary incentive payment authority activities still underway and determine the value of those activities as a workforce tool. The office concurred with both recommendations and completed corrective actions. (Report No. [17-P-0140](#))

## Projects Generated by Earlier OIG Work

Much of the important work that we do not only results in recommendations, but spurs us to do additional work in similar areas, resulting in further findings. For example:

- In 2016, we issued a report noting that the EPA needs better data, plans and tools to manage insect resistance to genetically engineered corn. We subsequently initiated another project to assess the EPA's management and oversight of resistance issues related to herbicide-tolerant genetically engineered crops. Our objectives are to determine (1) what processes and practices, including alternatives, the EPA has provided to delay herbicide resistance; (2) what steps the EPA has taken to determine and validate the risk to human health and the environment for approved pesticides to be used to combat herbicide resistant weeds; and (3) whether the EPA independently collects and assesses data on, and mitigates actual occurrences of, herbicide resistance in the field.
- We assessed that the risk of illegal, improper and erroneous purchases for the EPA's purchase card and convenience check program was high enough to warrant an audit because of noncompliance with existing internal controls. OMB Circular A-123, Appendix B, prescribes policies and procedures to maintain internal controls to reduce the risk of fraud, waste and error in the government charge card program. As a result of this assessment, we decided to conduct a full audit of the program in FY 2017, and the agency already has initiated actions to address the instances of noncompliance noted.
- The Hazardous Waste Electronic Manifest Establishment Act of 2012 requires the EPA OIG to conduct an annual audit of the financial statements of the electronic manifest (e-Manifest) fund. As part of the mandatory audit, the EPA OIG conducted an additional audit to determine whether EPA management complied with applicable laws, regulations and agency guidance in the development of the e-Manifest system. We found that the program and project managers assigned to the e-Manifest system development project lacked the required acquisition certifications necessary to oversee a major acquisition and information technology investment, such as the e-Manifest system.

## Agency Best Practices Noted

During the semiannual reporting period, several reports that we issued highlighted agency “best practices” of value to other components in the agency. Examples follow.

- The EPA’s Office of Land and Emergency Management developed an electronic laboratory data validation package—the Electronic Data Exchange and Evaluation System—that is being made available to other agency programs via pilot implementations. A new version of system is in the works, which will incorporate added controls based on a current Contract Laboratory Program lab fraud case. This demonstrates Office of Land and Emergency Management’s view of the Electronic Data Exchange and Evaluation System as a dynamic system that will be periodically updated to reflect changes in the program. (Report No. [17-P-0119](#))
- The EPA has taken steps to implement the DATA Act. The EPA plans to go live in May 2017 using partial data and a phased-in approach to comply with the key legislative milestone. The EPA is following the OMB’s and the U.S. Department of the Treasury’s eight-step DATA Act implementation strategy. The EPA has made the following progress on these steps: (1) established a DATA Act work group with the right mix of personnel needed to oversee implementation of the act, (2) performed a review of the data elements and determined where the data will be extracted in the EPA’s systems, and (3) documented an initial inventory of EPA data elements and systems against data elements. (Report No. [17-P-0050](#))
- The EPA took action during our audit to improve the purchase order process. The EPA implemented guidance to provide a complete description of supplies and services used. Further, the agency agreed to provide, and started providing, training to its divisions and the regions. The agency also stated that it would continue the activities of an annual Independent Verification and Validation Review and peer reviews to periodically check for accuracy and completeness of the description of requirement fields. (Report No. [17-P-0001](#))

# Statistical Data

## Profile of Activities and Results

Audit and evaluation operations OIG reviews		Audit and evaluation operations Reviews performed by Single Audit Act auditors	
		October 1, 2016 – March 31, 2017 (\$ in millions)	
Questioned costs *	\$0.07	Questioned costs *	\$0.075
Recommended efficiencies *	\$7.06	Recommended efficiencies *	\$0.000
Cost savings	\$0.00	Cost savings	\$0.000
Costs disallowed to be recovered	\$0.28	Costs disallowed to be recovered	\$0.052
Costs disallowed as cost efficiency	\$0.00	Costs disallowed as cost efficiency	\$0.000
Reports issued by OIG	17	Single Audit Act reviews	148
Reports resolved (Agreement by agency officials to take satisfactory corrective actions) **	6	Agency recoveries Recoveries from audit resolutions of current and prior periods (cash collections or offsets to future payments) ***	\$11.45

Investigative operations (\$ in millions)			
October 1, 2016 – March 31, 2017			
	EPA OIG only	Joint	Total
Criminal fines and recoveries	\$0.000	\$4.416	\$4.416
Cost savings	\$0.0008	\$0.0097	\$0.0105
Civil settlements	\$0.0038	\$1.0096	\$1.0134
Administrative recoveries	\$0.375	\$0.000	\$0.375
Cases opened during period	63	12	75
Cases closed during period	51	18	69
Indictments/informations of persons or companies	1	7	8
Convictions of persons or companies	1	2	3
Civil judgments/settlements/filings	1	6	7

\* Questioned costs and recommended efficiencies are subject to change pending further review in the audit resolution process.

\*\* Reports resolved are subject to change pending further review.

\*\*\* Information on recoveries from audit resolutions is provided by the EPA's Office of Financial Management and is unaudited.

## Audit, Inspection and Evaluation Report Resolution

**Table 1: OIG-issued reports with questioned costs for semiannual period ending March 31, 2017 (\$ in thousands)**

Report category	No. of reports	Questioned costs *	Unsupported costs
A. For which no management decision was made by October 1, 2016 **	16	\$21.96	\$21.60
B. New reports issued during period	2	0.07	0.07
Subtotals (A + B)	18	22.03	21.67
C. For which a management decision was made during the reporting period:	6	6.75	6.70
(i) Dollar value of disallowed costs	2	0.07	6.68
(ii) Dollar value of costs not disallowed	4	6.68	0.02
D. For which no management decision was made by March 31, 2017	12	6.28	3.58

\* Questioned costs include unsupported costs.

\*\* Any difference in number of reports and amounts of questioned costs between this report and our previous semiannual report results from corrections made to data in our audit, inspection and evaluation tracking system.

**Table 2: OIG-issued reports with recommendations that funds be put to better use for semiannual period ending March 31, 2017 (\$ in thousands)**

Report Category	No. of reports	Dollar Value
A. For which no management decision was made by October 1, 2016 *	9	\$154.06
B. Which were issued during the reporting period	2	0.07
Subtotals (A + B)	11	154.13
C. For which a management decision was made during the reporting period:	8	121.95
(i) Dollar value of recommendations from reports that were agreed to by management	4	121.73
(ii) Dollar value of recommendations from reports that were not agreed to by management	4	0.22
D. For which no management decision was made by March 31, 2017	3	17.33

\* Any difference in number of reports and amounts of funds put to better use between this report and our previous semiannual report results from corrections made to data in our audit, inspection and evaluation tracking system.

**Audits, inspections and evaluations with no final action as of March 31, 2017, over 365 days past the date of the accepted management decision (including audits, inspections and evaluations in appeal)**

Audits, inspections and evaluations	Total	Percentage
Program	52	65
Assistance agreements	8	10
Single audits	15	19
Financial statement audits	5	63
<b>Total</b>	<b>80</b>	<b>100</b>

## Summary of Investigative Results

### Summary of investigative activity during reporting period

Cases open as of October 1, 2016 *	207
Cases opened during period	75
Cases closed during period	69
Cases pending as of March 31, 2017	213
<b>Complaints</b>	
Complaints open as of October 1, 2016	37
Complaints opened during period	49
Complaints closed during period	59
Complaints pending as of March 31, 2017	27

\* Adjusted from prior period.

### Investigations pending by type as of March 31, 2017

	Superfund	Management	Split funded	Recovery Act	CSB	Total
Contract fraud	6	10	9	2	0	27
Grant fraud	0	17	13	7	0	37
Laboratory fraud	2	4	1	0	0	7
Employee integrity	2	32	49	0	0	83
Program integrity	1	5	5	0	0	11
Computer crimes	0	4	3	0	0	7
Threat	6	9	7	1	0	23
Other	1	10	6	1	0	18
<b>Total</b>	<b>18</b>	<b>91</b>	<b>93</b>	<b>11</b>	<b>0</b>	<b>213</b>

### Results of prosecutive actions

	EPA OIG only	Joint *	Total
Criminal indictments/informations/complaints **	1	7	8
Convictions	1	2	3
Civil judgments/settlements/filings	1	6	7
Criminal fines and recoveries	\$683	\$4,415,147	\$4,415,830
Civil recoveries	\$3,800	\$1,009,564	\$1,013,364
Prison time	18 months	150 months	168 months
Prison time suspended	0 months	0 months	0 months
Home detention	0 months	0 months	0 months
Probation	66 months	36 months	102 months
Community service	0 hours	0 hours	0 hours

\* With another federal agency.

\*\* Sealed indictments are not included in this category.

**Administrative actions**

	EPA OIG only	Joint *	Total
Suspensions	0	9	9
Debarments	0	27	27
Other administrative actions	41	15	56
<b>Total</b>	<b>41</b>	<b>51</b>	<b>92</b>
<b>Administrative recoveries</b>	<b>\$374,983</b>	<b>\$0</b>	<b>\$374,983</b>
<b>Cost avoidance</b>	<b>\$796</b>	<b>\$9,745</b>	<b>\$10,541</b>

\* With another federal agency.

**Summary of investigative reports issued and referrals \***

Number of investigative reports issued	11
Number of persons referred to DOJ for criminal prosecution	31
Number of persons referred to state and local authorities for criminal prosecution	3
Number of criminal indictments and informations resulting from any prior referrals to prosecutive authorities	8

\* "Investigative reports" are comprised of final reports of investigation, final summary reports, interim reports of investigation, and supplemental reports of investigation. In calculating the number of referrals, corporate entities were counted as "persons."

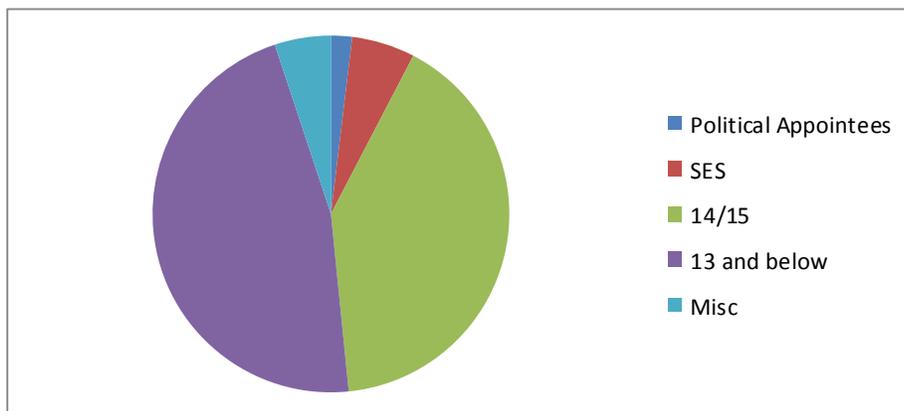
**Employee integrity cases\***

	Political appointees	SES	GS-14/15	GS-13 and below	Misc.	Total
<b>Pending 10/1/16</b>	1	9	32	56	5	<b>103</b>
<b>Opened*</b>	2	2	39	35	7	<b>85</b>
<b>Closed*</b>	0	2	8	16	0	<b>26</b>
<b>Pending 3/31/17 **</b>	3	9	63	78	13	<b>166</b>

\* Integrity investigation cases involve allegations of criminal activity or serious misconduct by agency employees that could threaten the credibility of the agency, the validity of executive decisions, the security of personnel or business information entrusted to the agency, or financial loss to the agency (such as abuse of government bank cards or theft of agency funds). Allegations against former employees are included under "Miscellaneous." The chart below provides the breakdown by grade and number of employees who are the subject of employee integrity investigations.

\*\* Pending amounts as of 3/31/17 may not add up due to investigative developments resulting in subjects being added or changed.

**Breakdown, by Grade and Number of Employees, of Employee Integrity Cases**



# Appendices

## Appendix 1—Reports Issued

The Inspector General Act of 1978, as amended, requires a listing, subdivided according to subject matter, of each report issued by the OIG during the reporting period. For each report, where applicable, the Inspector General Act also requires a listing of the dollar value of questioned costs and the dollar value of recommendations that funds be put to better use.

Report No.	Report	Date	Questioned Costs			Federal Recommended Efficiencies
			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
<b>PERFORMANCE REPORTS</b>						
17-P-0001	EPA's Purchase Order Process Needs to Improve and Achieve Better Value	October 13, 2016	\$0	\$0	\$0	\$1,184,000
17-P-0004	Management Alert: Drinking Water Contamination in Flint, Michigan, Demonstrates a Need to Clarify EPA Authority to Issue Emergency Orders to Protect the Public	October 20, 2016	0	0	0	0
17-P-0029	Acquisition Certifications Needed for Managers Overseeing Development of EPA's Electronic Manifest System	November 7, 2016	0	0	0	0
17-P-0044	Improvements Needed in EPA's Information Security Program	November 14, 2016	0	0	0	0
17-P-0045	CSB Has Effective "Identify" and "Recover" Information Security Functions, but Attention Is Needed in Other Information Security Function Areas	November 14, 2016	0	0	0	0
17-P-0050	Status of EPA's Implementation of the DATA Act	December 2, 2016	0	0	0	0
17-P-0053	Additional Measures Can Be Taken to Prevent Deaths and Serious Injuries From Residential Fumigations	December 12, 2016	0	0	0	0
17-P-0062	Congressionally Requested Audit: EPA Needs to Improve Processes for Preserving Text Messages as Federal Records	December 21, 2016	0	0	0	0
17-P-0106	Management Alert: State, Local and Tribal Data Processing Practices Could Impact Suitability of Data for 8-Hour Ozone Air Quality Determinations	February 6, 2017	0	0	0	0
17-P-0113	Risk for EPA's Fiscal Year 2016 Purchase Card and Convenience Check Program Warrants an Audit	February 14, 2017	0	0	0	0
17-P-0118	Backlog of Leaking Underground Storage Tank Cleanups in Indian Country Has Been Reduced, but EPA Needs to Demonstrate Compliance With Requirements	March 6, 2017	0	0	0	0
17-P-0119	Fraud Controls for EPA's Contract Laboratory Program Are Adequate, but Can Be Strengthened With Formal Risk Assessment and Investigative Information Sharing	March 6, 2017	0	0	0	0
17-P-0123	CSB Complied With Improper Payment Legislation Requirements for Fiscal Year 2016	March 9, 2017	0	0	0	0
17-P-0124	EPA Has Adequate Controls to Manage Advice From Science and Research Federal Advisory Committees, but Transparency Could Be Improved	March 13, 2017	0	0	0	0
17-P-0140	EPA's 2014 Early-Out and Buyout Activities Aided Workforce Restructuring Goals, and Continued Monitoring of Progress Can Show Value of Restructuring	March 23, 2017	0	0	0	0
	<b>TOTAL PERFORMANCE REPORTS = 15</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,184,000</b>
<b>FINANCIAL AUDIT REPORTS</b>						
17-F-0046	EPA's Fiscal Years 2016 and 2015 Consolidated Financial Statements	November 15, 2016	\$0	\$0	\$0	\$3,500,000
17-F-0047	Audit of the U.S. Chemical Safety and Hazard Investigation Board's Fiscal Years 2016 and 2015 Financial Statements	November 15, 2016	0	0	0	0
	<b>TOTAL FINANCIAL AUDIT REPORTS = 2</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,500,000</b>
<b>SINGLE AUDIT REPORTS</b>						
17-S-0002	Terre Haute, Indiana, City of – FY 2014	October 11, 2016	\$0	\$0	\$0	\$0
17-S-0003	Westerville, Ohio, City of – FY 2014	October 13, 2016	0	0	0	0
17-S-0004	Door County, Wisconsin – FY 2014	October 21, 2016	0	0	0	0
17-S-0005	Ouzinkie, Alaska, Native Village of – FY 2015	October 21, 2016	0	0	0	0
17-S-0006	Union Sanitary District, California – FY 2015	October 25, 2016	0	0	0	0
17-S-0007	Dunsmuir, California, City of – FY 2014	October 25, 2016	0	0	0	0

Report No.	Report	Date	Questioned Costs			Federal Recommended Efficiencies
			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
17-S-0008	Sun'aq Tribe of Kodiak, Alaska – FY 2015	October 25, 2016	0	0	0	0
17-S-0009	Henning, Minnesota, City of – FY 2014	October 25, 2016	0	0	0	0
17-S-0010	Sitka, Alaska, City & Borough – FY 2015	October 25, 2016	0	0	0	0
17-S-0011	Lansing, Michigan, City of – FY 2015	October 25, 2016	0	0	0	0
17-S-0012	Bisbee, Arizona, City of – FY 2015	October 26, 2016	0	0	0	0
17-S-0013	Wayne, Michigan, Charter County of – FY 2015	October 26, 2016	0	0	0	0
17-S-0014	Genesee County Land Bank Authority, Michigan – FY 2015	October 26, 2016	0	0	0	0
17-S-0015	Southern Illinois University, Illinois – FY 2015	October 26, 2016	0	0	0	0
17-S-0016	Westchester, Illinois, Village of – FY 2015	October 26, 2016	0	0	0	0
17-S-0017	Speedway, Indiana, Town of – FY 2014	October 26, 2016	0	0	0	0
17-S-0018	Freeport, Illinois, City of – FY 2015	October 26, 2016	0	0	0	0
17-S-0019	Wood Dale, Illinois, City of – FY 2015	October 26, 2016	0	0	0	0
17-S-0020	Moore County, North Carolina – FY 2015	October 28, 2016	0	0	0	0
17-S-0021	Belhaven, North Carolina, Town of – FY 2015	October 28, 2016	0	0	0	0
17-S-0022	Franklin, North Carolina, Town of – FY 2015	October 28, 2016	0	0	0	0
17-S-0023	Hillsborough, North Carolina, Town of – FY 2015	October 28, 2016	0	0	0	0
17-S-0024	Hope Mills, North Carolina, Town of – FY 2015	October 28, 2016	0	0	0	0
17-S-0025	Greenville, North Carolina, City of – FY 2015	October 28, 2016	0	0	0	0
17-S-0026	Gregory, South Dakota, Municipality of – FYs 2013 and 201	November 2, 2016	0	0	0	0
17-S-0027	Grand Traverse Regional Land Conservancy, Michigan – FY 2015	November 3, 2016	0	0	0	0
17-S-0028	Onslow Water and Sewer Authority, North Carolina – FY 2015	November 3, 2016	0	0	0	0
17-S-0030	Newport, North Carolina, Town of – FY 2015	November 3, 2016	0	0	0	0
17-S-0031	Midland, North Carolina, Town of – FY 2015	November 3, 2016	0	0	0	0
17-S-0032	Kendall, Wisconsin, Village of – FY 2014	November 3, 2016	0	0	0	0
17-S-0033	South Suburban Mayors/Managers Association, Illinois – FY 2013	November 3, 2016	0	0	0	0
17-S-0034	Riverdale, Illinois, Village of – FY 2015	November 4, 2016	0	0	0	0
17-S-0035	Leyden, Illinois, Township of – FY 2015	November 4, 2016	0	0	0	0
17-S-0036	Carlock, Illinois, Village of – FY 2015	November 4, 2016	0	0	0	0
17-S-0037	Akiak Native Community, Alaska – FY 2014	November 4, 2016	0	0	0	0
17-S-0038	Larkspur, Colorado, Town of – FY 2014	November 4, 2016	0	0	0	0
17-S-0039	Nye County, Nevada – FY 2015	November 7, 2016	0	0	0	0
17-S-0040	Missouri System, Missouri, University of – FY 2015	November 7, 2016	0	0	0	0
17-S-0041	Columbus, Nebraska, City of – FY 2015	November 8, 2016	0	0	0	0
17-S-0042	Gretna, Nebraska, City of – FY 2015	November 8, 2016	0	0	0	0
17-S-0043	Sauk Village, Illinois, Village of – FY 2015	November 8, 2016	0	0	0	0
17-S-0048	Clarkson University, Nevada – FY 2015	November 17, 2016	0	0	0	0
17-S-0049	Fort Madison, Iowa, City of – FY 2015	November 21, 2016	0	0	0	0
17-S-0051	Girard, Kansas, City of – FY 2014	December 7, 2016	0	0	0	0
17-S-0052	Habermatolel Pomo of Upper Lake, California – FY 2014	December 8, 2016	0	0	0	0
17-S-0054	Downriver Community Conference, Michigan – FY 2015	December 8, 2016	0	0	0	0
17-S-0055	Franklin, Illinois, Village of – FY 2015	December 9, 2016	0	0	0	0
17-S-0056	Lorain, Ohio, City of – FY 2014	December 9, 2016	0	0	0	0
17-S-0057	Jourdanton, Texas, City of – FY 2014	December 13, 2016	0	0	0	0
17-S-0058	Mapleton, Minnesota, City of – FY 2014	December 13, 2016	0	0	0	0
17-S-0059	Oak Creek, Wisconsin, City of – FY 2014	December 13, 2016	0	0	0	0
17-S-0060	Fox Lake, Illinois, Village of – FY 2015	December 13, 2016	0	0	0	0
17-S-0061	Florida Rural Water Association Inc., Florida – FY 2015	December 21, 2016	0	0	0	0
17-S-0063	McCaysville, Georgia, City of – FY 2015	December 21, 2016	0	0	0	0
17-S-0064	Murray, Kentucky, City of – FY 2015	December 21, 2016	0	0	0	0
17-S-0065	Surgoinsville, Tennessee, Town of – FY 2015	December 21, 2016	0	0	0	0
17-S-0066	Hancock County, Tennessee – FY 2015	December 21, 2016	0	0	0	0
17-S-0067	Campbell County, Tennessee – FY 2015	December 21, 2016	0	0	0	0
17-S-0068	Helena, Alabama, Utilities Board of the City of – FY 2015	December 21, 2016	0	0	0	0
17-S-0069	Jones County, Georgia – FY 2015	December 22, 2016	0	0	0	0
17-S-0070	Lexington-Fayette Urban County Government, Kentucky – FY 2015	December 22, 2016	0	0	0	0
17-S-0071	Barbourville Utility Commission, Kentucky – FY 2015	December 22, 2016	0	0	0	0
17-S-0072	Frankfort Electric & Water Power Board, Kentucky – FY 2015	December 22, 2016	0	0	0	0
17-S-0073	White House, Tennessee, City of – FY 2015	December 22, 2016	0	0	0	0
17-S-0074	Bend, Oregon, City of – FY 2015	December 23, 2016	0	0	0	0
17-S-0075	Cottage Grove, Wisconsin, Village of – FY 2014	December 23, 2016	0	0	0	0
17-S-0076	Dallas, Wisconsin, Village of – FY 2014	December 23, 2016	0	0	0	0
17-S-0077	Hart County Water and Sewer Authority, Georgia – FY 2015	December 23, 2016	0	0	0	0
17-S-0078	Canton, Georgia, City of – FY 2015	December 23, 2016	0	0	0	0
17-S-0079	Cornelius, Oregon, City of – FY 2015	December 28, 2016	0	0	0	0
17-S-0080	Newberg, Oregon, City of – FY 2015	December 28, 2016	0	0	0	0
17-S-0081	Harper Woods, Michigan, City of – FY 2014	December 28, 2016	0	0	0	0

Report No.	Report	Date	Questioned Costs			Federal Recommended Efficiencies
			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
17-S-0082	Kenyon, Minnesota, City of – FY 2014	December 28, 2016	0	0	0	0
17-S-0083	Allendale County, South Carolina – FY 2015	December 28, 2016	0	0	0	0
17-S-0084	Joplin, Missouri, City of – FY 2015	December 29, 2016	0	0	0	0
17-S-0085	Georgetown, Delaware, Town of – FY 2015	December 30, 2016	0	0	0	0
17-S-0086	Waverly, Nebraska, City of – FY 2015	December 30, 2016	0	0	0	0
17-S-0087	Cottdonale, Florida, City of – FY 2014	December 30, 2016	0	0	0	0
17-S-0088	Kings Mountain, North Carolina, City of – FY 2015	December 30, 2016	0	0	0	0
17-S-0089	Yadkin Valley Sewer Authority, North Carolina – FY 2015	December 30, 2016	0	0	0	0
17-S-0090	Kinston, North Carolina, City of – FY 2015	December 30, 2016	0	0	0	0
17-S-0091	Greenville Rancheria, California – FY 2014	January 10, 2017	0	67,073	0	0
17-S-0092	Chesapeake Beach, Maryland, Town of – FY 2015	January 24, 2017	0	0	0	0
17-S-0093	Johnstown, Pennsylvania, City of – FY 2015	January 24, 2017	0	0	0	0
17-S-0094	Dorchester, Nebraska, Village of – FY 2015	January 24, 2017	0	0	0	0
17-S-0095	Olney Springs, Colorado, Town of – FY 2014	January 24, 2017	0	0	0	0
17-S-0096	Blue Lake Rancheria Tribe, California – FY 2014	January 24, 2017	0	0	0	0
17-S-0097	Huntington Park, California, City of – FY 2015	January 24, 2017	0	0	0	0
17-S-0098	Yukon River Inter-Tribal Watershed Council, Alaska – FY 2015	January 24, 2017	0	0	0	0
17-S-0099	Douglas, Nebraska, County of – FY 2015	January 25, 2017	0	0	0	0
17-S-0100	Garland, Nebraska, Village of – FY 2015	January 25, 2017	0	0	0	0
17-S-0101	Greenville, Mississippi, City of – FY 2015	January 27, 2017	0	0	0	0
17-S-0102	Batesville, Mississippi, City of – FY 2015	January 27, 2017	0	0	0	0
17-S-0103	Tallapoosa, Georgia, City of – FY 2015	January 27, 2017	0	0	0	0
17-S-0104	Moultrie, Georgia, City of – FY 2015	January 27, 2017	0	0	0	0
17-S-0105	Research Triangle Institute, North Carolina – FY 2015	January 30, 2017	0	0	0	0
17-S-0107	Woodland-Davis Clean Water Agency – FY 2015	February 7, 2017	0	0	0	0
17-S-0108	Buckeye, Arizona, City of – 2015	February 8, 2017	0	0	0	0
17-S-0109	Dunsmuir, California, City of – FY 2015	February 8, 2017	0	0	0	0
17-S-0110	Pit River Tribe, California – FY 2014	February 10, 2017	0	0	0	0
17-S-0111	Southern California, University of – FY 2015	February 10, 2017	0	0	0	0
17-S-0112	Big Park Domestic Waste Water Improve. Dist., Arizona – FY 2015	February 10, 2017	0	0	0	0
17-S-0114	Maui, County of, Hawaii – FY 2015	February 16, 2017	0	0	0	0
17-S-0115	Anaconda-Deer Lodge County, Montana – FY 2015	February 23, 2017	0	0	0	0
17-S-0116	South Adams County Water & Sanitation Dist., Colorado – FY 2015	February 28, 2017	0	0	0	0
17-S-0117	Paonia, Colorado, Town of – FY 2015	February 28, 2017	0	0	0	0
17-S-0120	Colorado Rural Water Association, Colorado – FY 2015	March 6, 2017	0	0	0	0
17-S-0121	Left Hand Water District, Colorado – FY 2015	March 7, 2017	0	0	0	0
17-S-0122	Elmwood Park, Illinois, Village of – FY 2015	March 7, 2017	0	0	0	0
17-S-0125	Monroe, Louisiana, City of – FY 2015	March 13, 2017	0	0	0	0
17-S-0126	Laurel, Mississippi, City of – FY 2015	March 13, 2017	0	0	0	0
17-S-0127	Oakland County, Michigan – FY 2015	March 15, 2017	0	0	0	0
17-S-0128	Montcalm County, Michigan – FY 2015	March 15, 2017	0	0	0	0
17-S-0129	Detroit/Wayne County Port Authority, Michigan – FY 2015	March 15, 2017	0	0	0	0
17-S-0130	Pueblo De San Ildefonso, New Mexico – FY 2015	March 16, 2017	0	0	0	0
17-S-0131	Portales, New Mexico, City of – FY 2015	March 15, 2017	0	0	0	0
17-S-0132	Livonia, Michigan, City of – FY 2015	March 20, 2017	0	0	0	0
17-S-0133	Elbow Lake, Minnesota, City of – FY 2015	March 20, 2017	0	0	0	0
17-S-0134	Camden, New Jersey, City of – FY 2015	March 20, 2017	0	0	0	0
17-S-0135	Rochester New York, University of – FY 2015	March 20, 2017	0	0	0	0
17-S-0136	Illinois, University of – FY 2015	March 20, 2017	0	0	0	0
17-S-0137	Shasta Valley Resource Conservation District, California – FY 2014	March 21, 2017	0	0	0	0
17-S-0138	Globe, Arizona, City of – FY 2015	March 21, 2017	0	0	0	0
17-S-0139	Lyon County Nevada – FY 2015	March 21, 2017	0	0	0	0
17-S-0141	Herman, Minnesota, City of – FY 2015	March 21, 2017	0	0	0	0
17-S-0142	Chicago Park District, Illinois – FY 2015	March 21, 2017	0	0	0	0
17-S-0143	Big Valley Rancheria Band of Pomo Indians, California – FY 2014	March 21, 2017	7,433	0	0	0
17-S-0144	Morrison, Illinois, City of – FY 2016	March 21, 2017	0	0	0	0
17-S-0145	Burlington Water District, Oregon – FY 2015	March 22, 2017	0	0	0	0
17-S-0146	Kansas City Board of Public Utilities, Kansas – FY 2015	March 22, 2017	0	0	0	0
17-S-0147	Ingham County, Michigan – FY 2015	March 24, 2017	0	0	0	0
17-S-0148	Macomb County, Michigan – FY 2015	March 24, 2017	0	0	0	0
17-S-0149	Annadale, Minnesota, City of – FY 2015	March 24, 2017	0	0	0	0
17-S-0150	Logansport, Indiana, City of – FY 2014	March 28, 2017	0	0	0	0
17-S-0151	Floyds Knobs Water Company Inc., Indiana – FY 2015	March 28, 2017	0	0	0	0
17-S-0152	San Pablo, California, City of – FY 2015	March 29, 2017	0	0	0	0
17-S-0153	Santa Barbara, California, City of – FY 2015	March 29, 2017	0	0	0	0
17-S-0154	Arecibo, Puerto Rico, Municipality of – FY 2015	March 30, 2017	0	0	0	0

Report No.	Report	Date	Questioned Costs			Federal Recommended Efficiencies
			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
17-S-0155	London, Kentucky, City of – FY 2015	March 30, 2017	0	0	0	0
17-S-0156	Greenwood, Mississippi, City of – FY 2015	March 30, 2017	0	0	0	0
17-S-0157	West Point, Mississippi, City of – FY 2015	March 30, 2017	0	0	0	0
17-S-0158	North Miami Beach, Florida, City of – FY 2015	March 30, 2017	0	0	0	0
17-S-0159	Calhoun, Georgia, City of – FY 2015	March 30, 2017	0	0	0	0
17-S-0160	Richmond Hill, Georgia, City of – FY 2015	March 30, 2017	0	0	0	0
17-S-0161	Bunnell, Florida, City of – FY 2015	March 30, 2017	0	0	0	0
17-S-0162	Monroe County, Georgia – FY 2015	March 30, 2017	0	0	0	0
17-S-0163	Montgomery County, North Carolina – FY 2015	March 30, 2017	0	0	0	0
17-S-0164	Greene County, North Carolina – FY 2015	March 30, 2017	0	0	0	0
	<b>TOTAL SINGLE AUDIT REPORTS = 148</b>		<b>\$7,433</b>	<b>\$67,073</b>	<b>\$0</b>	<b>\$0</b>
	<b>TOTAL REPORTS ISSUED = 165</b>		<b>\$7,433</b>	<b>\$67,073</b>	<b>\$0</b>	<b>\$4,684,000</b>

## Appendix 2—Reports Issued Without Management Decisions or Comment

### For Reporting Period Ended March 31, 2017

Section 5(a)(10)(B) of the Inspector General Act of 1978, as amended, requires a summary of each audit, inspection and evaluation report issued during the reporting period for which no establishment comment was returned within 60 days of providing the report to the establishment. The literal language of Section 5(a)(10)(B) requests the OIG to track reports issued prior to commencement of the reporting period. However, given that this provision was intended to codify the February 27, 2015, semiannual requests from Senators Grassley and Johnson, the OIG interprets this provision to apply to reports within the semiannual period. There were no reports for which we did not receive a response within 60 days during the semiannual period.

Section 5(a)(10)(A) of the Inspector General Act of 1978, as amended, requires a summary of each audit, inspection and evaluation report issued before the commencement of the reporting period for which no management decision had been made by the end of the reporting period, an explanation of the reasons such management decision had not been made, and a statement concerning the desired timetable for achieving a management decision on each such report. OMB Circular A-50 requires resolution within 6 months of a final report being issued. In this section, we report on audits and evaluations with no management decision or resolution within 6 months of final report issuance. In the summaries below, we note the agency's explanation of the reasons a management decision has not been made as of March 31, 2017.

#### Office of Administration and Resources Management

##### **Report No. 16-P-0135, EPA Should Timely Deobligate Unneeded Contract, Purchase and Miscellaneous Funds, April 11, 2016**

*Summary:* The EPA did not deobligate \$583,875 from contract, purchase and miscellaneous obligations that had no activity in the last 18 months. Further, we estimated there could be an additional \$2,962,058 that could be deobligated. EPA guidance requires deobligating inactive obligations without any activity for 6 months or more. Further, federal and agency guidance requires unliquidated obligations to be reviewed at least annually. However, EPA personnel did not adequately review or monitor outstanding obligations to ensure amounts remaining were valid. Consequently, the EPA was unable to reprogram unneeded funds to other environmental activities that could result in benefits for human health and the environment.

*Agency Explanation:* A certification of completion memo certifying the completion of all recommendations cited in the OIG report was submitted on April 5, 2017.

#### Office of Chemical Safety and Pollution Prevention

##### **Report No. 16-F-0322, Fiscal Years 2014 and 2013 Financial Statements for the Pesticides Reregistration and Expedited Processing Fund, September 22, 2016**

*Summary:* We rendered a disclaimer of opinion on the Pesticides Reregistration and Expedited Processing Fund financial statements for FY 2014, meaning that we were unable to obtain sufficient evidence to determine if they were fairly presented and free of material misstatement. We noted a material weakness in that the EPA could not adequately support \$34 million of its FY 2014 fund costs. In FY 2014, the EPA allocated its pesticide funding to use appropriated amounts, which would expire, and retained funding received from fees. Therefore, significant payroll amounts paid from appropriations were not charged directly to the fund or other pesticide programs. This resulted in the loss of the audit trail for reporting separate costs and liabilities for the fund and other pesticide programs. In FY 2014, the EPA chose to significantly exceed the statutory target set out in the fund. The agency agreed with our recommendation, and in October 2015 eliminated the practice of averaging to offset over- or under-collection of maintenance fees from previous years. The agency plans to set the per product maintenance fee at an amount designed to collect the target amount of fees authorized by Congress. The recommendation will remain open until we can confirm FY 2016 maintenance fee collections.

*Agency Explanation:* The OIG follow-up audit started in September 2016. Confirmation of FY 2016 maintenance fee collection is ongoing.

**Office of Grants and Debarment****Report No. 13-P-0341, Lead Remediation Association of America, August 6, 2013**

*Summary:* The OIG found that the Lead Remediation Association of America's financial management system did not meet the standards established under the Code of Federal Regulations. The association's accounting system data were not updated timely, the association made cash draws and submitted its final federal financial report using the grant budget amounts rather than actual costs incurred, and the association did not maintain source documentation to support the costs incurred or claimed as required. The OIG also found that the association did not meet grant objectives. As of the date of our report—2 years after the grant period end date of June 30, 2011—the association had not produced the required DVDs, provided evidence of brochure distribution, or completed required training and workshops. The OIG questioned the \$249,870 claimed and recommended recovery of the \$249,882 drawn.

*Agency Explanation:* The Lead Remediation Association of America appealed the agency's initial decision, but did not appeal the Dispute Decision Official decision requiring it to reimburse the EPA \$249,420. In resolution of the audit, the association was able to offset unallowed costs with other acceptable incurred expenses totaling \$208,264 and has been billed for the remaining \$41,156. Before the recipient receives another grant award from the EPA, it is to complete the mandatory online non-profit grant training, as well as undergo a pre-award certification review to ensure that all of their administrative and financial management systems are in compliance with federal regulations.

**Report No. 16-S-0291, Alliance to Save Energy, District of Columbia – FY 2014, August 24, 2016**

*Summary:* The Alliance to Save Energy conducts activities under agreements for which the resource provider does not receive commensurate benefits, and for which the related revenue should be accounted for as a contribution transaction; these agreements have been accounted for as exchange transactions. The alliance's lease agreements for offices in Washington, D.C., were not sufficiently analyzed to determine the appropriate accounting for leasehold improvements and deferred lease incentives. The same individual responsible for receiving payments is also responsible for recording the payments in the general ledger and for making physical bank deposits, and the general ledger entries are not reviewed and approved before being posted. Employees were reimbursed for credit card charges even when receipts or other evidence justifying the expenses were not provided. General journal (adjusting) entries were posted to the general ledger during the year without evidence of proper review and approval.

*Agency Explanation:* The Office of Grants and Debarment has reached out to the recipient and is awaiting a copy of the recipient's corrective action plan, as well as other documentation that supports resolution of this financial statement finding. The Office of Grants and Debarment is requesting an extension of May 31, 2017, to resolve this audit.

**Region 7—Regional Administrator****Report No. 16-S-0151, Nebraska, State of – FY 2015, April 27, 2016**

*Summary:* As part of the calendar year 2014 attestation examination, the single auditor noted that the agency did not maintain adequate documentation to support federal charges for employees. During the calendar year 2014 attestation of the agency, the single auditor noted multiple federal issues with payroll allocation. The single auditor questioned \$59,868, which included \$18,751 for the EPA assistance agreement Performance Partnership Grants. Questioned costs noted were for salaries only; related employee benefits, including health insurance and retirement, were not included in these totals but would also be unallowable. Some employees documented leave used only; some coded all of their time to general administrative work codes that did not reflect the split between federal and state programs; and other employees simply coded fewer hours to the grants than what were actually being charged.

*Agency Explanation:* Region 7 has reviewed the actions taken by the U.S. Department of Agriculture to address this finding. The department does have a system in place to document employee time by project/activity. However, as the auditors noted, three staff members who worked a portion of their time on pesticides enforcement coded their time to an incorrect code. Corrective actions were taken and work documentation used to substantiate the charges to the EPA. The management decision letter will be issued upon receipt of the 2016 state of Nebraska single audit report and review of prior period findings to ensure corrective actions have been properly implemented.

**Region 8—Regional Administrator****Report No. 12-1-0560, Cheyenne River Sioux Tribe, September 24, 2007**

*Summary:* The tribe did not comply with the financial and program management standards under the CFR and OMB Circular A-87. We questioned \$3,101,827 of the \$3,736,560 in outlays reported. The tribe's internal controls were not sufficient to ensure that outlays reported complied with federal cost principles, regulations and grant conditions. In some instances, the tribe also was not able to demonstrate that it had completed all work under the agreements and had achieved the intended results.

*Agency Explanation:* Region 8 addressed the OIG audit with the Cheyenne River Sioux Tribe, completed follow-up evaluations and studies, and has determined that while the tribe was out of compliance with the administrative requirements identified in the OIG's report, there was ample evidence that the underlying work was satisfactorily completed and the overall harm to the federal government was negligible. However, the tribe's underlying policies and procedures that allowed these compliance issues to arise have not yet been updated and, therefore, the risk of recurring noncompliance is high. As a result, Region 8 has placed the tribe under a "high risk" status, provided training to department and financial staff, and reviews the supporting documentation for all expenditures reimbursed, and will continue to do so, until the tribe has (1) updated and implemented policies and procedures that will address the systematic issues identified by the OIG and (2) demonstrated compliance in an agency's review of its future single audits. Region 8 is in communication with the tribe and is awaiting the publication of its FYs 2014 and 2015 single audits. Once published, the EPA indicated that it will be working with the tribe, its cognizant agency (the U.S. Department of the Interior) and other applicable agencies to understand and resolve any outstanding systematic issues, provide training, and jointly develop a monitoring system that will provide tribal leaders and federal agencies assurances that compliance requirements are understood and put into practice. Region 8 indicated that once the tribe has demonstrated the ability to take these steps, the region plans to request a regulatory waiver of the identified compliance issues. Region 8 indicated its examination revealed no fraud, waste or abuse, and that noncompliances were a result of administrative issues rather than problems with completing objectives of the agreements.

**Report No. 16-S-0153, Montana, State of – FYs 2014 and 2015, April 26, 2016**

*Summary:* The Department of Environmental Quality provides low interest loans to local governments and communities for water pollution control and drinking water projects through the Clean Water State Revolving Fund and Drinking Water State Revolving Fund programs. During the audit, the single auditor noted that the department had not submitted Federal Funding Accountability and Transparency Act reports for its loans for either fund. Also, for funds provided to Montana State University–Bozeman, a fiscal manager review of expenses charged to research and development grant funds was not consistently documented during the audit period. Further, the University of Montana–Missoula's Office of Research Sponsored Programs represented that grant expenditure reports, both summary and detail, were run monthly and reviewed at least quarterly by grant accountants, but the single auditor could not confirm from inspection of various grant files whether the reviews actually had been performed.

*Agency Explanation:* The state's Department of Environmental Quality has consistently reported to the EPA's Public Benefits Reporting system the information required by the Federal Funding Accountability and Transparency Act; however, during the audit, the department discovered that the Public Benefits Reporting system was not importing the data to the Federal Funding Accountability and Transparency Act system as expected. The department worked with the EPA to resolve the data incompatibility issues between the two federal systems without success. At that time, the department decided to manually update the required data into the Federal Funding Accountability and Transparency Act system. Both the Drinking Water and Clean Water Revolving Fund loan programs are now current with the Federal Funding Accountability and Transparency Act reporting process. The report is expected to be closed by April 25, 2017.

**Report No. 16-S-0182, Denver Urban Renewal Authority, Colorado – FY 2014, May 19, 2016**

*Summary:* The auditors tested two quarterly reports and found that certain information in the reports was inaccurate when reported to the EPA. The authority failed to report under the Federal Financial Assistance Transparency Act or register in the Federal Subaward Reporting System in the month following when the grant obligation was made.

*Agency Explanation:* The agency indicated it discussed these issues, including the corrective actions, with the Denver Urban Renewal Authority in March 2015, before the audit was finalized. In regard to finding 2014-001, related to inaccurate information in two of the quarterly reports submitted to the EPA, the auditor noted that both reports were corrected in the next quarterly cumulative report. The auditor recommended that a detailed review of the reports be performed by someone other than the preparer prior to the reports being submitted. As stated in their response to the auditor, "the Authority has processes in place and will enhance existing processes to ensure that a detailed review

including agreeing amounts and other information reported to supporting documentation and reconciliation to cash draw schedules will be performed by management other than the preparer prior to the submission of reports to the Environmental Protection Agency. Additionally, evidence of this detailed review will be maintained with the supporting documents used to prepare the report." In regard to finding 2014-002 related to the subrecipient's registering and reporting in the Federal Financial Assistance Transparency Act, the authority agreed with the finding and registered in the Federal Subaward Reporting System.

### **Region 9—Regional Administrator**

#### **Report No. 13-3-0159, Summit Lake Paiute Tribe, Nevada – FY 2010, February 19, 2013**

*Summary:* The tribe did not file or maintain documentation of compliance for annual reports. Also, the required SF 425 report did not cover the correct period. A similar finding was noted in the prior year audit report. The tribe recorded deferred revenues in the amount of \$804,104 and only \$150,416 in available cash. The single auditor questioned \$653,688. A similar finding was noted in the prior year audit report. The tribe's operating practices did not reflect the processes described in the approved policies and procedures manual. The tribe did not properly reconcile its SF 425 report to the general ledger for certain awards and the single auditor questioned \$20,556. The single auditor also questioned \$76,216 involving amounts paid to the General Assistance Program Director.

*Agency Explanation:* Region 9 is addressing five audits with Summit Lake—one agreed-upon procedures audit and four single audits. Summit Lake appealed the agreed-upon procedures audit and the Regional Administrator accepted the appeal on August 13, 2014. A Debt Forgiveness Package was received from the tribe requesting that EPA forgive the \$74,418 owed as a result of the OIG's agreed-upon procedures review. As of January 4, 2017, the Deputy Associate General Counsel and acting Claims Officers authorized the write-off of the debt and any applicable interest, handling and penalty costs pursuant to 40 CFR 13.32(a). Region 9 is working with the tribe to address all four single audits.

#### **Report No. 13-3-0160, Summit Lake Paiute Tribe, Nevada – FY 2011, February 19, 2013**

*Summary:* The tribe did not file the quarterly narratives for the General Assistance Program. Furthermore, the tribe was unable to locate documentation for two quarterly SF 425 reports. There were no formalized controls regarding the security of the payroll stamp. Also, the single auditor noted issues related to pay rates. A similar finding was noted in the prior year audit report. Budgets prepared excluded the carry-forward amounts from prior periods. Several transactions were not supported by a purchase order or other type of approval prior to the expenditure being made. One transaction charged to travel in the amount of \$2,877 did not appear to be valid and appropriate for the granting requirements, and the single auditors questioned that amount.

*Agency Explanation:* Region 9 is addressing five audits with Summit Lake—one agreed-upon procedures audit and four single audits. Summit Lake appealed the agreed-upon procedures audit and the Regional Administrator accepted the appeal on August 13, 2014. A Debt Forgiveness Package was received from the tribe requesting that EPA forgive the \$74,418 owed as a result of the OIG's agreed-upon procedures review. As of January 4, 2017, the Deputy Associate General Counsel and acting Claims Officers authorized the write-off of the debt and any applicable interest, handling and penalty costs pursuant to 40 CFR 13.32(a). Region 9 is working with the tribe to address all four single audits.

#### **Report No. 14-3-0248, City of Richmond, California – FY 2012, May 8, 2014**

*Summary:* The review found that the Schedule of Expenditures of Federal Awards initially provided for audit was materially misstated, and the prior year schedule did not include expenditures for all prior year programs. As the single auditors began tracing the reported amounts to supporting documentation and comparing the grants listed to the prior year schedule, the single auditors noted a number of material discrepancies. One of the significant errors noted on the original schedule pertained to the Brownfield Assessment and Cleanup Cooperative Agreements, which was included with expenditures of \$262,000; it was discovered that expenditures for FY 2011 had not been included in the prior year schedule and expenditures for FYs 2011 and 2012 of \$906,000 were subsequently reported on the schedule. The single auditors also noted that expenditures for the Brownfield Revolving Loan Fund Cooperative Agreement and Brownfield Cleanup Cooperative Agreement were incurred after the grant project periods. Also, the city did not provide documentation to demonstrate compliance with the grant's Quality Assurance Plan requirements. On May 5, 2014, the OIG reviewed grant information. The city made four drawdowns totaling \$600,000 (project cost) after the budget and project end dates, but the OIG questioned the \$600,000 as unsupported.

*Agency Explanation:* The two grants questioned in the single audit were awarded to the Richmond Community Redevelopment Agency and not the city of Richmond. The Richmond Community Redevelopment Agency is not

longer in existence. Region 9 has requested that the OIG review this single audit and provide guidance on resolution since one of these grants—city of Richmond—is not the successor in interest.

### **Region 10—Regional Administrator**

#### **Report No. 16-S-0326, Gambell, Alaska, Native Village of – FY 2013, September 22, 2016**

*Summary:* The single auditor included a “going-concern” emphasis-of-matter paragraph in the audit report. Four findings were reported, and we had concerns with \$27,179 in questioned costs. The single audit report was filed over 2 years late and all findings were repeat findings from the prior years. Due to the severity of the findings and the going concern issue reported by the single auditor, and their adverse impact upon the Native Village of Gambell’s accounting system and management of funds, we recommended that the EPA consider applying specific grant conditions, in accordance with 2 CFR § 200.207. Also, we recommended that the EPA input these findings into the Grantee Compliance Database and consider this information as a part of future pre-award decisions.

*Agency Explanation:* Region 10 is addressing the four audit findings and \$27,179 in questioned costs. The Native Village of Gambell did not meet the response deadline for submission of requested documentation related to this audit. In accordance with 40 CFR § 31.43, the region likely will initiate one or more enforcement actions and require special conditions as detailed in 2 CFR § 200.207, particularly as it relates to any future awards. All relevant documentation has been and will be entered into the Grantee Compliance Database.

**Total reports issued before reporting period for which  
no management decision had been made as of March 31, 2017 = 12**

## Appendix 3—Reports With Corrective Action Not Completed

In compliance with reporting requirements of Sections 5(a)(3) and 5(a)(10)(C) of the Inspector General Act of 1978, as amended, we are to identify each significant recommendation described in previous semiannual reports on which corrective action has not been completed, and provide a summary of each audit, inspection and evaluation report for which there are any outstanding unimplemented recommendations. We are also to identify the aggregate potential cost savings of the unimplemented recommendations.

This appendix contains separate tables of unimplemented recommendations for the EPA and CSB. The tables are further divided by: (1) recommendations with past due corrective actions and (2) recommendations with corrective actions that have a future completion date. Many of the recommendations have completion dates in the future due to the complexity or challenging nature of the recommendations.

There is a total potential cost savings of \$103.33 million for the current open and unimplemented recommendations for the EPA, of which \$13.00 million was sustained by the agency. Sustained cost is the dollar value of questioned costs, recommended efficiencies or cost savings identified by the OIG during an audit/evaluation and agreed to in whole or in part by the agency. Once the agency sustains a recommendation and any dollar value associated with the recommendation, the agency then moves to recover the money. There were \$0.40 million cost savings for the CSB. The recommendations that would result in cost savings are shown in the tables of unimplemented recommendations.

Below is a listing of the responsible EPA offices that have recommendations included in the following tables. While a recommendation may be listed as unimplemented, the agency may be on track to complete agreed-upon corrective actions by the planned due date. A reason for delay is only shown for those recommendations that are past their original planned completion date. The information regarding reason for delay was provided by the agency and was not verified by the OIG.

### Responsible EPA Offices:

OA	Office of the Administrator
OAR	Office of Air and Radiation
OARM	Office of Administration and Resources Management
OCFO	Office of the Chief Financial Officer
OCSPP	Office of Chemical Safety and Pollution Prevention
OECA	Office of Enforcement and Compliance Assurance
OGD	Office of Grants and Debarment
OEI	Office of Environmental Information
OLEM	Office of Land and Emergency Management
OW	Office of Water
Region 2	
Region 4	
Region 6	
Region 7	
Region 8	
Region 9	

## EPA Reports With Past Due Unimplemented Recommendations

Report Title/No./Date	Office	Unimplemented Recommendation	Planned Completion Date	Cost Savings Recommended (in Millions)	Cost Savings Sustained (in Millions)	Reason for Delay
Religious Compensatory Time Is Subject to Abuse <a href="#">16-P-0333</a> 09/27/16	OARM	3. Develop training on the proper use of Religious Compensatory Time and require all managers approving, and employees using, Religious Compensatory Time to complete the course.	3/31/17	\$0	\$0	OARM is providing a training session on the policy, scheduled for 4/27/17.
Progress Made but Improvements Needed at CTS of Asheville Superfund Site in North Carolina to Advance Cleanup Pace and Reduce Potential Exposure <a href="#">16-P-0296</a> 08/31/16	Region 4	9. Include an updated table of Projected Future Activities and Schedules with each community update.  10. Close out the site-specific on-scene coordinator web page by adding information on the site's Superfund status, updating the contact information, and providing a link to the Superfund Site Profile web page where new information will be posted.  11. Add documents to the EPA's Superfund Site Profile web page for the site, including: a. Status of removal and remedial activities. b. The 2016 community involvement plan and community updates. c. Frequently requested documents, including recent and historical work plans, sampling schedules, result reports and action plans. d. Pollution reports for removal actions conducted since 2012 and a link to older reports on the on-scene coordinator web page. e. Administrative records for removal and remedial actions. f. Other site documents as appropriate to support removal and remedial site actions and activities.	03/31/17  12/31/16  12/31/16	\$0	\$0	
EPA Regional Offices Need to More Consistently Conduct Required Annual Reviews of Clean Water State Revolving Funds <a href="#">16-P-0222</a> 07/7/16	OW	8. Evaluate regional approaches to conducting the annual reviews of Clean Water State Revolving Fund programs, and address issues to ensure regions perform consistent reviews in accordance with the annual review guidance.	09/30/16	\$0	\$0	In 2017, EPA headquarters Clean Water State Revolving Fund participated in four State annual reviews and plans to continue this practice in future years.

Report Title/No./Date	Office	Unimplemented Recommendation	Planned Completion Date	Cost Savings Recommended (in Millions)	Cost Savings Sustained (in Millions)	Reason for Delay
EPA Region 9 Needs to Improve Oversight Over Guam's Consolidated Cooperative Agreements <a href="#">16-P-0166</a> 05/09/16	Region 9	1. Work with the recipient, the Guam Legislature, and if necessary the U.S. Congress, to enforce the utilization of all program income funds, as specified by 40 CFR Part 31 and the Consolidated Cooperative Agreement. If control of the program income funds are not returned to Guam Environmental Protection Agency, EPA should: (1) temporarily withhold cash payments; (2) partly suspend or terminate the current award; or (3) withhold future awards.	09/30/16			A new proposed corrective action date is 9/30/17. Recipient is in the process of drafting legislation to remedy the situation.
		2. Verify the program income received by the Guam Legislature for Guam Environmental Protection Agency-generated activities from 2010 to when the Guam Legislature relinquishes control. Take appropriate action to recover program income funding still controlled by the Guam Legislature up to \$2,015,719.	09/30/16	\$2.015	\$0	A new proposed corrective action date is 9/30/17. Recipient has not provided audited records for the accounts in question.
		17. Train the Guam Environmental Protection Agency Safe Drinking Water Information System administrator and cross-train Guam Environmental Protection Agency staff in Safe Drinking Water Information System administrator duties.	09/30/16			A new proposed corrective action date is 9/30/17. Recipient has not yet hired a qualified individual to run the Safe Drinking Water Information System at General Education Provision Act.
		18. Verify Guam Environmental Protection Agency Safe Drinking Water Information System data accuracy and completeness.	09/30/2016			A new proposed corrective action date is 9/30//17. Recipient has not provided data to the EPA to enable verification.
Clean Air Act Facility Evaluations Are Conducted, but Inaccurate Data May Hinder EPA Oversight and Public Awareness <a href="#">16-P-0164</a> 05/03/16	Region 8	2. Ensure that the Integrated Compliance Information System-Air database is updated to reflect the correct source classification, operational status and Full Compliance Evaluations for facilities within the assignment's scope, including facilities initially identified as Clean Air Act major operating facilities.	10/01/16	\$0	\$0	There is a total of 10 facilities that need to be researched and corrected. Originally expected to be completed by 12/31/16, the Texas Commission on Environmental Quality's project to send its Clean Air Act data via electronic data transmission has not been completed. A revised estimated completion date is still under consideration.

Report Title/No./Date	Office	Unimplemented Recommendation	Planned Completion Date	Cost Savings Recommended (in Millions)	Cost Savings Sustained (in Millions)	Reason for Delay
Significant Data Quality Deficiencies Impede EPA's Ability to Ensure Companies Can Pay for Cleanups <a href="#">16-P-0126</a> 03/31/16	OLEM & OECA	1. Comply with the material weakness reporting requirements as prescribed by the Federal Managers' Financial Integrity Act and OMB Circular A-123 by identifying the weaknesses from, and data quality and control deficiencies in, Resource Conservation and Recovery Act and Superfund financial assurance in the EPA's Federal Managers' Financial Integrity Act reports for 2016.  CA15: Conduct a system requirements feasibility analysis of the financial assurance data system to improve data quality and establish appropriate controls for the data systems, review existing systems for tracking financial assurance instruments, identify opportunities for communication among the financial assurance systems, and assess means to better monitor national compliance.	03/31/17	\$0	\$0	Additional time is needed to analyze data associated with the automation of the financial assurance business processes. The anticipated revised completion date is 9/26/17.
Drinking Water: EPA Needs to Take Additional Steps to Ensure Small Community Water Systems Designated as Serious Violators Achieve Compliance <a href="#">16-P-0108</a> 03/22/16	Region 2  OECA	2. Include in Region 2 formal enforcement orders information about how noncompliant systems can access compliance assistance resources available through the coordinating committee established in Recommendation 1, and request Puerto Rico Department of Health to include this information in its formal enforcement orders.  5. Require regions to provide annual justification of the lack of formal enforcement action when regional actions do not comply with the Enforcement Response Policy requirement for formal enforcement action or return to compliance at a priority system.	03/31/17  12/30/16	\$0	\$0	Due to delays in staffing at Puerto Rico agencies after the November 2016 election, the initial meeting of the Coordinating Committee will take place in April 2017. At that meeting and subsequently, the additional resources will be identified, then the attachment will be updated. The revised estimated completion date is 6/30/17.  The staff was unable to complete this corrective action timely. The office requires additional time to review policy matters and coordinate with regions. The revised due date is 6/29/17.
EPA's Tracking and Reporting of Its Conference Costs Need Improvement <a href="#">16-P-0081</a> 01/07/16	OCFO	2. Work with program offices to identify EPA Form 5170A cost reporting issues and revise the form to allow for easier user reporting.	03/31/16	\$0	\$0	More time is needed to implement fixes to the conference spending form. OCFO now expects to complete this action by 6/30/17.

Report Title/No./Date	Office	Unimplemented Recommendation	Planned Completion Date	Cost Savings Recommended (in Millions)	Cost Savings Sustained (in Millions)	Reason for Delay
		3. Provide additional guidance or training to EPA staff on how to: <ol style="list-style-type: none"> <li>Include conference project codes on procurement and training-related costs entered into the financial system.</li> <li>Code conference travel authorizations with the correct conference project code.</li> <li>Identify all costs associated with a conference in the financial system.</li> <li>Report all conference costs paid with EPA funds, not just those paid by the reporting office.</li> </ol>	06/30/16			More time is needed to implement an appropriate process for ensuring procurements will utilize the conference project codes. OCFO now expects to complete this action by 6/30/17.
Audit of EPA's Fiscal Years 2015 and 2014 Consolidated Financial Statements <a href="#">16-F-0040</a> 11/16/15	OCFO	36. Complete the corrective actions previously identified in Table 4.  38. Follow the terms in the legal source documents when recording interest by ensuring interest is recorded in the system when a receivable becomes past due, either through Compass automatic calculations or manual interest calculations prepared by the Cincinnati Finance Center.	09/30/16  09/30/16	\$0	\$0	The Combined Federal Campaign has submitted a request to gain access to a table, which houses when interest starts. That would help the Cincinnati Finance Center to adhere to legal terms (such as interest accrual from a date other than the receivable date) and hopefully would enable Compass to accrue interest once a debt becomes delinquent. This applies to both recommendations.
EPA Needs to Improve the Recognition and Administration of Cloud Services for the Office of Water's Permit Management Oversight System <a href="#">15-P-0295</a> 09/24/15	OW	4. Develop and implement an approved system authorization package (i.e., a risk assessment, System Security Plan, and Authorization to Operate), and perform annual security assessments for the Permit Management Oversight System application.	05/31/16	\$0	\$0	OW's Project Management Office Director stated that all Inspector General correspondence related to permit management oversight be sent to the Chief Information Officer. OW is to wait for a drafted response from the Office of Environmental Information as it relates to cloud offerings since they are the responsible party.
Internal Controls Needed to Control Costs of Superfund Technical Assessment & Response Team Contracts, as Exemplified in Region 7 <a href="#">15-P-0215</a> 07/20/15	Region 7	3. Require the Project Officer to notify the contractor of the required monthly progress report elements, and ensure that the contractor begins submitting all required elements.	12/31/15	\$0	\$0	
Time and Attendance Fraud Not Identified for Employees on Extended Absence, But Matters of Concern Brought to EPA's Attention <a href="#">15-P-0167</a> 06/15/15	OA	1. Address the specific matters of concern noted in this report pertaining to: <ol style="list-style-type: none"> <li>Accuracy of time charges in PeoplePlus.</li> <li>Use of a personal computer to conduct official work.</li> <li>Safety of the work space for employees on reasonable accommodation telework.</li> </ol>	04/30/16	\$0	\$0	The corrective action is delayed because of difficulty in assessing responsibilities and roles between OARM and the Office of Civil Rights on the Reasonable Accommodations Telework Policy. The Office of Civil Rights has had a change of management and is considering this issue in light of that.

Report Title/No./Date	Office	Unimplemented Recommendation	Planned Completion Date	Cost Savings Recommended (in Millions)	Cost Savings Sustained (in Millions)	Reason for Delay
Improved Oversight of EPA's Grant Monitoring Program Will Decrease the Risk of Improper Payments <a href="#">15-P-0166</a> 06/11/15	OGD	3. Follow up on undocumented costs identified in the OIG finding and require grant recipients to reimburse the agency for costs deemed unallowable based on insufficient and/or unacceptable source documentation.	12/31/15	\$0.507	\$0	In the process of being extended to 5/30/17. The OIG did not concur with the resolution of the Chehalis Tribe's advanced monitoring review. Region 10 requested additional justification and alternative documentation from the recipient, with an 04/26/17 deadline.
Walker River Paiute Tribe Needs to Improve Its Internal Controls to Comply With Federal Regulations <a href="#">15-2-0165</a> June 11, 2015	Region 9	5. Require the Walker River Paiute Tribe to establish internal controls to ensure compliance with federal regulations and tribal policies.	12/31/16	\$0	\$0	The target for all deliverables has been extended to 6/30/17.
Audit of EPA's Fiscal Years 2014 and 2013 (Restated) Consolidated Financial Statements <a href="#">15-1-0021</a> 11/17/14	OCFO	5. Improve and maintain support for how EPA lab renovation projects are funded.  6. Review funding sources of all current and future lab renovations to ensure correct funding is utilized.  7. Develop policies and procedures for capital improvements/betterments to real property, specifically, to address EPA lab renovations which could bulk purchases of equipment and funding from agency program appropriations other than the Buildings & Facility appropriation.	3/31/16	\$0	\$0	For Recommendations 5 through 7, the Office of the Controller's Policy, Training and Accountability Division completed a FY 2016 policy call that prioritized how financial policies will be updated moving forward. As a result of the prioritization, policy development related to these actions is scheduled for completion 9/30/17.
EPA Region 6 Mismanaged Coastal Wetlands Planning, Protection and Restoration Act Funds <a href="#">15-P-0003</a> 10/09/14	Region 6	1. Reimburse the Task Force (through the U.S. Army Corps of Engineers) questioned costs of \$780,793, unless Region 6 Water Quality Protection Division management provides sufficient and appropriate documentation to demonstrate that questioned costs paid with Coastal Wetlands Planning, Protection, and Restoration Act funds were incurred in accordance with Coastal Wetlands Planning, Protection, and Restoration Act appropriations laws and principles, and interagency agreements.  2. Direct Region 6 Assistant Regional Administrator to work with the OCFO to perform an internal review of the Water Quality Protection Division's Coastal Wetlands Planning, Protection, and Restoration Act	12/31/16	\$0.78	\$0	OCFO, Office of General Counsel and Region 6 will send an agency response to the OIG justifying questioned cost and addressing open recommendations. The EPA plans to complete the agreed-to actions for the remaining recommendations by 6/30/17.

Report Title/No./Date	Office	Unimplemented Recommendation	Planned Completion Date	Cost Savings Recommended (in Millions)	Cost Savings Sustained (in Millions)	Reason for Delay
		<p>spending at the end of FY 2014 to identify improper expenditures that occurred in 2008 and 2009, as well as from July 1, 2013, through September 30, 2014. Reimburse the Task Force (through the U.S. Army Corps of Engineers) any questioned costs identified during the review.</p> <p>3. Identify and address any Antideficiency Act violations resulting from questioned costs identified in this report or found by the Region 6 Assistant Regional Administrator's review, and report any violations in accordance with the Antideficiency Act and EPA Directive 2520.</p> <p>5. Take administrative disciplinary actions, in accordance with EPA Directive 2520, against EPA employees responsible for purpose violations or Antideficiency Act violations related to improper Coastal Wetlands Planning, Protection, and Restoration Act spending.</p>				
<p>Nutrient Pollution: EPA Needs to Work with States to Develop Strategies for Monitoring the Impact of State Activities on the Gulf of Mexico Hypoxic Zone  <a href="#">14-P-0348</a>                      09/03/14</p>	<p>OW</p>	<p>1. Work with the state and federal Task Force members in the Mississippi River Watershed to develop and enhance monitoring and assessment systems that will track the environmental results of state nutrient reduction activities, including their contribution to reducing the size of the Gulf of Mexico hypoxic zone.</p>	<p>6/30/15</p>	<p>\$0</p>	<p>\$0</p>	<p>The Nonpoint Source Measure Workgroup has continued to make progress reviewing and discussing available and achievable common measures that all Hypoxia Task Force states can use to track progress. The EPA has assembled information on the conservation practices funded by the agency's 3199 nonpoint source control stats. States have compiled data on state-funded practices. The workgroup is identifying potential sources of private conservation investments and is anticipating that U.S. Department of Agriculture's National Resource Conservation service will release a national data sharing policy to describe a process for states to access U.S. Department of Agriculture conservation practice implementation information. Based on a preliminary data analysis and with anticipation of the U.S. Department of Agriculture's forthcoming national</p>

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						data sharing policy, the workgroup expects that a Nonpoint Source Measures Report can be completed this calendar year. The task force will continue working to include information on privately funded conservation investment in future reports on nonpoint source progress. A revised expected completion date is still under review. The Hypoxia Task Force continues to work on its first nonpoint source measures report and anticipates issuing a first report describing progress to date by 6/1/17.
EPA Has Made Progress in Assessing Historical Lead Smelter Sites But Needs to Strengthen Procedures <a href="#">14-P-0302</a> 06/17/14	OLEM	5. Following completion of the 2012 Strategy, create and post a summary of the results of EPA's efforts to address sites included in the strategy and, as applicable, any findings and recommendations on the EPA's website.	12/31/15	\$0	\$0	OLEM is revising the corrective action milestone date from 3/31/17 to 4/28/17. Additional time is needed to complete the review process.
EPA Did Not Conduct Thorough Biennial User Fee Reviews <a href="#">14-P-0129</a> 03/04/14	OW	5. Apply federal user fee policy in determining whether to (a) charge fees for issuing federal National Pollutant Discharge Elimination System permits in which the EPA is the permitting authority, or (b) request an exception from OMB to charging fees.	12/31/14	\$17.8	\$0	This recommendation is revised to 10/1/17 to allow OW to continue working with OCFO to request an exception from a National Pollutant Discharge Elimination System user fee.
New Jersey Department of Environmental Protection Needs to Meet Cooperative Agreement Objectives and Davis-Bacon Act Requirements to Fully Achieve Leaking Underground Storage Tank Goals <a href="#">14-R-0278</a> 06/04/14	Region 2	1. Require New Jersey Department of Environmental Protection to establish internal controls to ensure that modifications to the cooperative agreement work plan are in accordance with the requirements of 40 CFR 31.30 and 31.40.	09/30/15	\$0	\$0	The policy required to implement this corrective action is delayed because of new policies under the Uniform Grant Guidelines. The revised expected completion date is 9/30/17.
The EPA Needs to Improve Timeliness and Documentation of Workforce and Workload Management Corrective Actions <a href="#">13-P-0366</a> 08/30/13	OCFO	1. Notify all the EPA's action officials that when they extend planning completion dates by more than 6 months they must provide the OIG with written notification that includes the new milestone dates.  CA1.3 - Conduct Management Accountability Reviews to review audit follow-up documentation and Quality Assurance/Quality Control data in Management Audit Tracking System.	09/30/15	\$0	\$0	Revised estimated completion date is 9/30/18 due to loss in contractor support. OCFO transitioned its audit management function to the Office of the Controller, and is evaluating its plan for implementing the remainder of the onsite Management Audit Tracking System Data Quality Assurance Reviews, as part of the Management Accountability Reviews conducted in offices and regions.

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Improvements Needed in EPA's Smartcard Program to Ensure Consistent Physical Access Procedures and Cost Reasonableness <a href="#">13-P-0200</a> 03/27/13	OARM	1. Re-prioritize the remaining facility upgrades by security level from highest to lowest, complete all remaining upgrades according to security level, and require the Security Management Division Director to provide written justification for upgrading Level 1 facilities.	06/30/14	\$0	\$0	Physical Access Control Systems solutions have been added to the Approved Products List. The EPA has selected compliant, proven products and begun moving ahead with the remaining upgrades. On 12/16/14, we notified OMB of our revised implementation plan. We anticipate initiating the remaining Physical Access Control Systems upgrades as follows: Facility Security Level 2 facilities by Q4 FY 2016 – 9/30/17.
Improvements Needed in EPA Training and Oversight for Risk Management Program Inspections <a href="#">13-P-0178</a> 03/21/13	OLEM	7. Coordinate with the Assistant Administrator for Enforcement and Compliance Assurance to revise inspection guidance to recommend minimum inspection scope for the various types of facilities covered under the program and provide detailed examples of minimum reporting.  8. Coordinate with the Assistant Administrator for Enforcement and Compliance Assurance to develop and implement an inspection monitoring and oversight program to better manage and assess the quality of program inspections, reports, supervisory oversight, and compliance with inspection guidance.	07/31/14  09/30/14	\$0	\$0	The two remaining corrective actions have been delayed by actions and deadlines associated with implementation of Executive Order 13650, <i>Improving Chemical Facility Safety and Security</i> , which lays out a comprehensive set of actions to advance chemical facility safety and security, including federal coordination of inspections. In March 2016, the OLEM Assistant Administrator approved to revise the corrective action milestone date from 9/30/16 to 9/30/18. This action requires development of guidance which will specify the minimum inspection scope for each of the facility types regulated by the Risk Management Plan program and revise reporting guidance to provide detailed examples of compliance, with the expectation of completing a final Risk Management Plan regulation by late 2016/early 2017. Following completion of the final regulation, the EPA will be required to revise the Risk Management Plan on-line reporting system and over a dozen guidance documents to incorporate the regulatory changes. This effort will take 2-3 years and must be completed in that timeframe to give facilities time to review the guidance and comply with the new requirements under the Risk Management Plan program. Therefore, this action item must be delayed until after the completion of that work.

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Review of Hotline Compliant Concerning Cost and Benefit Estimates for EPA's Lead-Based Paint Rule <a href="#">12-P-0600</a> 07/25/12	OCSPP	1. Consistent with a retrospective and flexible EPA regulatory culture, reexamine the estimated costs and benefits of the 2008 Lead Rule and the 2010 amendment to determine whether the rule should be modified, streamlined, expanded, or repealed.  CA1-3: Draft information and analysis submitted to OMB for Interagency review as part of the Action Development Process.  CA1-4: Work practice and cost information is published as part of proposed rule.	3/31/15  9/30/15	\$0	\$0	EPA was sued on the 2008 Lead Renovation, Repair and Painting final rule for, among other things, failing to meet its statutory obligation to address renovations in Public and Commercial buildings. EPA entered into a settlement agreement that included establishment of a timeline for action on renovations in public and commercial buildings. The agreement has been amended several times, with the latest deadline for issuing a proposed rule being 3/31/17. In June 2016, the agency notified the litigants that EPA will not meet the 3/31/17 deadline. A new deadline has not been agreed upon with the litigants.
Controls Over State Underground Storage Tank Inspection Programs in EPA Regions Generally Effective <a href="#">12-P-0289</a> 02/15/12	OLEM	1. Require EPA and states to enter into Memorandums of Agreement that reflect program changes from the 2005 Energy Policy Act and address oversight of municipalities conducting inspections.	08/01/13	\$0	\$0	On 7/15/15, the revised Underground Storage Tank regulations were published, to be effective 10/13/15. States were given 3 years (10/13/18) to submit their application to receive State Program Approval or the application to get their current State Program Approval status renewed. We agreed we would require all states to update their current Memorandums of Agreement with EPA at the same time. Therefore, our expected completion date is 10/13/18.
EPA Needs to Further Improve How It Manages Its Oil Pollution Prevention Program <a href="#">12-P-0253</a> 02/06/12	OLEM	2. Improve oversight of facilities regulated by EPA's oil pollution prevention program by: d. Producing a biennial public assessment of the quality and consistency of Spill Prevention, Control, Countermeasure Plans and Facility Response Plans based on inspected facilities.  CA1-2: A summary of findings will be developed by October, 2013. These findings will help to identify areas where additional guidance and outreach are needed to improve the quality and consistency of Spill Prevention, Control, Countermeasure Plans.	10/31/13	\$0	\$0	1.d 1-2 through 1-4 reduced extramural resources and available personnel, program implementation priorities including inspections, and new priority concerns for oil spill response associated with increased oil transportation have delayed, effort on this milestone for at least a year or more. In addition, recent enactment of the water Resources Reform and Development act place additional priority responsibilities on the Spill Control and Countermeasure program for the next 2 years. Consequently, action on this corrective action cannot begin before June 2017.

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		<p>CA1-3: The model developed for the Spill Prevention, Control, Countermeasure program will then be used to develop a review protocol for Facility Response Plan by September 2013, to examine Facility Response Plan inspections conducted during the FY 2013 inspection cycle.</p> <p>CA1-4: A summary of findings will be developed by October 2014. These findings will help to identify areas where additional guidance and external outreach are needed to improve the quality and consistency of Facility Response Plans.</p>	<p>9/30/13</p> <p>10/31/14</p>			
<p>Agreed-Upon Procedures Applied to EPA Grants Awarded to Summit Lake Paiute Tribe, Sparks, Nevada  <a href="#">12-2-0072</a>  11/10/11</p>	Region 9	<p>2. Require the tribe to implement internal controls to ensure that:</p> <p>a. Employees document all hours worked in accordance with 2 CFR Part 225 requirements.</p> <p>b. The chairman's consent to use his signature stamp for timesheet approval is independently verified.</p> <p>c. Leave allocation complies with 2 CFR Part 225 requirements.</p>	07/31/12	\$0	\$0	Plan to follow-up with recipient for supporting documents.
<p>Audit of EPA's Fiscal 2009 and 2008 (Restated) Consolidated Financial Statements  <a href="#">10-1-0029</a>  11/16/09</p>	OCFO	<p>27. Ensure that all new financial management systems (including the Integrated Financial Management System replacement system) and those undergoing upgrades include a system requirement that the fielded system include an automated controls to enforce separation of duties.</p> <p>CA8 - Office of Technology Solutions will modify Compass user profiles to create specific security roles to allow Compass Security Officers to better manage user access.</p> <p>CA9 - Office of Technology Solutions will enhance the Access Request Form application to add additional controls and automatic logic to check for approved waivers on file to prevent users submit security options that violate the separation of duties policy.</p>	12/31/15	\$0	\$0	Corrective actions extended due to other high priority projects. OCFO's Office of Technology Solutions will seek additional resources to complete these tasks.

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Making Better Use of Stringfellow Superfund Special Accounts <a href="#">08-P-0196</a> 07/09/08	Region 9	2. Reclassify or transfer to the Trust Fund, as appropriate, \$27.8 million (plus any earned interest less oversight costs) of the Stringfellow special accounts in annual reviews, and at other milestones including the end of Fiscal Year 2010, when the record of decision is signed and the final settlement is achieved.	12/31/12	\$27.8	\$0	In 2012, a new area of groundwater contamination was identified that is commingling with and will directly impact the cleanup of existing Stringfellow contamination, requiring further investigations. Due to the additional investigations at the site, the anticipated date to complete the sitewide Record of Decision was 12/31/15. In July 2016, Region 9 issued a memo to notify the OIG of the extension for estimated completion date to 9/30/23 due to additional work that the state has committed to complete in support of the final sitewide Record of Decision.
<b>Totals</b>				<b>\$48.902</b>	<b>\$0.000</b>	

## **CSB Reports With Past Due Unimplemented Recommendations**

No CSB reports had past due unimplemented recommendations.

## EPA Reports With Unimplemented Recommendations With Future Dates

Report Title/No./Date	Office	Unimplemented Recommendation	Planned Completion Date	Cost Savings Recommended (in Millions)	Cost Savings Sustained (in Millions)
Religious Compensatory Time Is Subject to Abuse <a href="#">16-P-0333</a> 09/27/16	OCFO	4. Modify the EPA's payroll and time and attendance system to include the enhanced internal controls, preventing employees from accumulating Religious Compensatory Time hours inconsistent with revised policies and procedures	9/30/18	\$0	\$0
EPA Needs a Risk-Based Strategy to Assure Continued Effectiveness of Hospital-Level Disinfectants <a href="#">16-P-0316</a> 09/19/16	OCSP	1. Suspend administering the current Antimicrobial Testing Program until completion of the one-time re registration process.  2. Develop a risk-based antimicrobial testing strategy to assure the effectiveness of public health pesticides used in hospital settings once products are in the marketplace. At a minimum, the strategy should: a. Include a framework for periodic testing to assure products continue to be effective after resignation. b. Define a program scope that is flexible and responsive to current and relevant public health risks. c. Identify risk factors for selecting products to test. d. Identify the method to be used for obtaining samples for testing. e. Designate a date to commence risk-based post-registration testing.	11/30/17  11/30/18	\$0	\$0
Progress Made but Improvements Needed at CTS of Asheville Superfund Site in North Carolina to Advance Cleanup Pace and Reduce Potential Exposure <a href="#">16-P-0296</a> 08/31/16	Region 4	12. Develop and implement sitewide hydrologic and water-quality monitoring that will integrate the planned monitoring of the fractured bedrock; the ongoing monitoring of wells used for drinking water, the removal action system at the eastern springs, and ambient air at the western springs; and the yet-to-be designed and implemented monitoring for the interim remedial action.	06/30/17	\$0	\$0
EPA Oversight of Travel Card Needs to Improve <a href="#">16-P-0282</a> 08/24/16	OCFO	4. Revise travel card policy to institute stronger controls for timely travel card payments, adverse actions for late payments, and the requirement to use the travel card for all travel expenses.  5. Strengthen internal controls in Concur so that lodging and rental car expenses on vouchers can only result in a bank card payment.  6. Require each travel cardholder (before any future travel is approved) to complete training that covers the importance of split payments; timely payments; and the consequences of failure to comply, so that disciplinary action can be taken against late-paying cardholders.	6/30/17	\$0.032	\$0

Report Title/No./Date	Office	Unimplemented Recommendation	Planned Completion Date	Cost Savings Recommended (in Millions)	Cost Savings Sustained (in Millions)
EPA Region 9 Needs to Improve Oversight of San Francisco Bay Water Quality Improvement Fund Grants <a href="#">16-P-0276</a> 08/22/16	Region 9	<p>1. Issue a memorandum (or memoranda) and provide training to grant specialists, project officers and managers associated with the San Francisco Bay Water Quality Improvement Fund grants regarding the importance of:</p> <ul style="list-style-type: none"> <li>a. Accurate and timely baseline monitoring.</li> <li>b. Verifying grantees provide required documents through the life of the grant.</li> <li>c. Providing evidence and follow-up of and responses received regarding missing documents or concerns identified during baseline monitoring.</li> <li>d. Holding staff accountable for grant management</li> </ul> <p>2. Develop a mechanism or quality review process to verify the accuracy of San Francisco Bay Water Quality Improvement Fund baseline monitoring and the effectiveness of project oversight.</p> <p>4. Develop a mechanism or quality review process so managers can verify that project officers exercise effective oversight.</p>	<p>9/30/17</p> <p>09/30/17</p> <p>09/30/17</p>	\$0	\$0
EPA Regional Offices Need to More Consistently Conduct Required Annual Reviews of Clean Water State Revolving Funds <a href="#">16-P-0222</a> 07/7/16	OARM	9. Develop and implement a plan to ensure administrative baseline monitoring reviews are completed as required by scheduling reviews around peaks in workloads.	10/01/17	\$0	\$0
EPA Has Developed Guidance for Disaster Debris but Has Limited Knowledge of State Preparedness <a href="#">16-P-0219</a> 06/29/16	OLEM	2. Develop and implement a plan to provide assistance to all states on developing disaster debris management plans that address the major elements identified in EPA's guidance.	09/30/17	\$0	\$0
EPA Region 9 Needs to Improve Oversight Over Commonwealth of the Northern Mariana Islands Consolidated Cooperative Agreements <a href="#">16-P-0207</a> June 20, 2016	Region 9	<p>1. Disallow and recover the \$1,082,982 in Department of Environmental Quality unsupported labor costs unless Department of Environmental Quality provides support that complies with 2 CFR Part 225, Appendix B, Section 8.h, requirements and Consolidated Cooperative Agreement terms.</p> <p>2. Disallow and recover the \$402,197 in Commonwealth Utilities Corporation unsupported labor costs unless Commonwealth Utilities Corporation provides support that complies with 2 CFR Part 225, Appendix B, Section 8.h, requirements and Consolidated Cooperative Agreement terms.</p>	<p>09/30/17</p> <p>09/30/17</p>	<p>\$1.083</p> <p>\$0.402</p>	<p>\$0</p> <p>\$0</p>
EPA Needs Better Data, Plans and Tools to Manage Insect Resistance to Genetically Engineered Corn <a href="#">16-P-0194</a> 06/01/16	OCSP	5. Make Compliance Assurance Program reports and resistance monitoring data publically available on the EPA's website.	07/31/17	\$0	\$0

Report Title/No./Date	Office	Unimplemented Recommendation	Planned Completion Date	Cost Savings Recommended (in Millions)	Cost Savings Sustained (in Millions)
		6. Improve the EPA's website by adding more general information about biotechnology and genetically engineered crops, specifically <i>Bacillus thuringiensis</i> corn and insect resistance.	07/31/17		
EPA Region 9 Needs to Improve Oversight Over Guam's Consolidated Cooperative Agreements <a href="#">16-P-0166</a> 05/09/16	Region 9	3. For the period from FY 2010 to when the Guam legislature relinquishes control, obtain and review detailed Guam Environmental Protection Agency transactions for program income receipts and expenditures for all program income funds to verify expenditures are allowable costs per 40 CFR Part 31, and take appropriate action to recover unallowable costs.  15. Require the project officer to oversee Guam Environmental Protection Agency activities and confirm input of all un-entered Safe Drinking Water Information System data to eliminate the backlog.  16. Require the project officer to oversee Guam Environmental Protection Agency activities to confirm input of current Safe Drinking Water Information System data in a timely, accurate and complete manner.	09/30/17  09/30/17  09/30/17	\$0	\$0
Significant Data Quality Deficiencies Impede EPA's Ability to Ensure Companies Can Pay for Cleanups <a href="#">16-P-0126</a> 03/31/16	OLEM & OECA	3. Periodically assess and report to agency management progress against Federal Managers' Financial Integrity Act corrective action plans for Resource Conservation and Recovery Act and Superfund financial assurance weaknesses.	9/30/17	\$0	\$0
EPA Offices Are Aware of the Agency's Science to Achieve Results Program, but Challenges Remain in Measuring and Internally Communicating Research Results That Advance the Agency's Mission <a href="#">16-P-0125</a> 09/27/16	ORD	1. Create procedures for developing Request for Applications to ensure program office input is considered in the Request for Applications development process.  2. Create procedures for conducting relevancy reviews to ensure program office input is more consistently and transparently considered in the grant selection process (to the extent permitted by the Federal Grant and Cooperative Agreement Act and EPA Order 5700.1). The procedures should include a mechanism for sharing how the results of relevancy reviews impacted award decisions.  3. Develop and implement procedures to improve communications with EPA program offices regarding Science to Achieve Results (research results). The procedures should: a. Ensure that the Science to Achieve Results grant public website is up to date. b. Revise the National Center for Environmental Research Project Officer Manual (or develop a more dynamic tool) to reflect expectations for communicating grant results. c. Clarify and define roles and responsibilities for communicating research results.	06/30/17  06/30/17  09/30/17	\$0	\$0

Report Title/No./Date	Office	Unimplemented Recommendation	Planned Completion Date	Cost Savings Recommended (in Millions)	Cost Savings Sustained (in Millions)
		5. Establish performance measures or a mechanism to capture and report out on how completed Science to Achieve Results grants have met their performance goals and provide incidental research support to program offices.	09/30/17		
Positioning EPA for the Digital Age Requires New Mindsets Toward Printing <a href="#">16-P-0107</a> 03/21/16	OARM	1. Update the EPA's main authoritative guidance for printing operations (Printing Management Manual) to include authorization for decentralized operations within the regions.  2. Issue guidance to EPA regions and program offices to reiterate roles and responsibilities to help reinforce the authority of the Agency Printing Officer and to change behaviors. Guidance should specifically include procedures to facilitate the most efficient and economical methods for printing and inventory management.	09/30/17  09/30/17	\$0	\$0
EPA Has Not Met Statutory Requirements for Hazardous Waste Treatment, Storage and Disposal Facility Inspections, but Inspection Rates Are High <a href="#">16-P-0104</a> 03/11/16	OECA	1. Implement management controls to complete the required Treatment, Storage and Disposal Facility inspections.  CA-1: Formalize existing process for prioritizing Research Conservation and Recovery Act Treatment, Storage and Disposal Facility inspections based on the risks posed to human health and the environment.  CA-2: Revise OECA policies and procedures to clarify those facilities that properly fall within the definition of a Treatment, Storage and Disposal Facility.  CA-3: Strategically prioritize inspections, addressing hazardous waste management facilities that present the greatest concerns. EPA will approach OMB about whether a clarification to the statute is appropriate or necessary.	12/31/17  03/31/18  02/28/17	\$0	\$0
EPA Can Strengthen Its Reviews of Small Particle Monitoring in Region 6 to Better Ensure Effectiveness of Air Monitoring Network <a href="#">16-P-0079</a> 12/17/15	OAR	3. Develop a process for ensuring that state and local monitoring agencies are provided with updated data analysis tools for future network assessments.	03/31/18	\$0	\$0
Audit of EPA's Fiscal Years 2015 and 2014 Consolidated Financial Statements <a href="#">16-F-0040</a> 11/16/15	OCFO	1. Continue planned corrective actions and its outreach to program offices to validate all software costs in development and asset values in production.  2. Require staff to ensure all software costs, including adjustments, are accurately recorded in the agency's property management system and Compass; and that an audit trail is maintained for software projects analyzed.	09/30/18  10/30/18	\$0	\$0

Report Title/No./Date	Office	Unimplemented Recommendation	Planned Completion Date	Cost Savings Recommended (in Millions)	Cost Savings Sustained (in Millions)
		<p>26. Implement an internal control process for transferring the management of an application's user access to the Application Management Staff.</p> <p>27. Conduct an inventory of OCFO systems managed by the Application Management Staff and create or update supporting access management documentation for each application.</p> <p>28. Work with the contracting officer to update applicable contract clauses and distribute updated access management documentation to contractors supporting the user account management function for applications managed by the Application Management Staff. This should include establishing a date when the contractors would start using the updated account management documentation.</p> <p>29. Review and update account management documentation and establish procedures for financial systems, as needed, to include implementation of the following controls:</p> <ul style="list-style-type: none"> <li>a. Assign account managers for user accounts.</li> <li>b. Establish role conditions for system access privileges</li> <li>c. Require approvals to create accounts.</li> <li>d. Monitor use of accounts.</li> <li>e. Notify account managers when accounts are removed or changed.</li> <li>f. Authorize access based on valid authorizations.</li> <li>g. Review accounts for appropriateness of current access privileges.</li> </ul>	<p>12/31/17</p> <p>03/31/18</p> <p>12/31/17</p> <p>12/31/17</p>		
EPA Needs Policies and Procedures to Manage Public Pesticide Petitions in a Transparent and Efficient Manner <a href="#">16-P-0019</a> 10/27/15	OCSP	4. Provide criteria and guidelines for submission of public pesticide petitions that provide sufficient information for EPA review.	10/31/17	\$0	\$0
Incomplete Contractor Systems Inventory and a Lack of Oversight Limit EPA's Ability to Facilitate IT Governance <a href="#">15-P-0290</a> 09/21/15	OEI	5. Implement the recommendation of the EPA's Information Security Task Force to manage the vulnerability management program.	09/30/17	\$0	\$0

Report Title/No./Date	Office	Unimplemented Recommendation	Planned Completion Date	Cost Savings Recommended (in Millions)	Cost Savings Sustained (in Millions)
EPA's Oversight of State Pesticide Inspections Needs Improvement to Better Ensure Safeguards for Workers, Public and Environment Are Enforced <a href="#">15-P-0156</a> 5/15/15	OECA	<p>1. In conjunction with the Office of Chemical Safety and Pollution Prevention, revise the Federal Insecticide, Fungicide, and Rodenticide Act Project Officer Manual to include specific guidance for:</p> <ul style="list-style-type: none"> <li>a. Reporting, documenting and retaining records from project officer inspection reviews.</li> <li>b. Providing documentation on how a state's enforcement actions are consistent with the state's enforcement policies and procedures.</li> <li>c. Selecting inspection files for review.</li> <li>d. Documenting closeout meetings with states.</li> </ul> <p>2. Ensure that required Federal Insecticide, Fungicide, and Rodenticide Act project officer training is conducted periodically and the above guidance is included in the training.</p> <p>CA-2: Conduct training for states and tribes.</p> <p>CA-3: Convert 3-day training content to E-learning module to post online and make available to Federal Insecticide, Fungicide, and Rodenticide Act project officers.</p>	06/30/17        06/30/17  12/30/18	\$0	\$0
Conditions in the U.S. Virgin Islands Warrant EPA Withdrawing Approval and Taking Over Management of Some Environmental Programs and Improving Oversight of Others <a href="#">15-P-0137</a> 04/17/15	Region 2	<p>13. To improve oversight of the Underground Storage Tank/Leaking Underground Storage Tank program, establish an updated Underground Storage Tank/Leaking Underground Storage Tank Memorandum of Agreement with the U.S. Virgin Island that reflect changes and new provisions results from the Energy Policy Act of 2005. The Memorandum of Agreement should also outline roles, responsibilities and expectations.</p> <p>18. Develop a plan to address currently uncompleted tasks and activities, and develop a schedule for reprogramming grant funds to accomplish these task if the U.S. Virgin Islands does not or cannot complete them. Upon completion of the financial management corrective actions, follow the Office of Chief Financial Officer's Resource Management Directive System 2520-03 to determine whether any of the current unspent funds of approximately \$37 million under the U.S. Virgin Islands' assistance agreements could be put to better use.</p>	09/30/18        09/30/18	\$0        \$37.0	\$0        \$0
Audit of EPA's Fiscal Years 2014 and 2013 (Restated) Consolidated Financial Statements <a href="#">15-1-0021</a> 11/17/14	OCFO	<p>2. Require the Reporting and Analysis Staff to coordinate with Office of Administration and Resources Management project officers to receive software project cost support once placed into service.</p> <p>3. Document and support project costs for all software costs placed into service over the past 7 years.</p>	10/31/18	\$0	\$0

Report Title/No./Date	Office	Unimplemented Recommendation	Planned Completion Date	Cost Savings Recommended (in Millions)	Cost Savings Sustained (in Millions)
Enhanced EPA Oversight Needed to Address Risks From Declining Clean Air Act Title V Revenues <a href="#">15-P-0006</a> 10/20/14	OAR	1. Assess whether the EPA's 1993 fee schedule guidance sufficiently addresses current program issues and requirements related to how Title V fees should be collected, retained, allocated and used. Revise the fee guidance as necessary and re-issue to EPA regions.	09/30/17	\$0	\$0
		2. Issue guidance requiring EPA regions to periodically obtain and assess authorized state and local permitting authorities' Title V program revenues, expenses and accounting practices to ensure that permitting authorities collect sufficient Title V revenues to cover Title V program costs.	09/30/17		
		3. Establish a fee oversight strategy, including a hierarchy of actions and related timeframes, to ensure that EPA regions take consistent and timely actions to identify and address violations of 40 CFR Part 70 Title V fee revenues, expenses and accounting practices.	09/30/17		
		5. Require that EPA regions periodically emphasize and include reviews of Title V fee revenue and accounting practices in Title V program evaluations.	09/30/17		
		6. Require that EPA regions address shortfalls in the financial or accounting expertise among regional Title V program staff as the regions update their workforce plans. This may include resource sharing and collaboration with other EPA regions, or use of outside organizations, as appropriate.	09/30/17		
		7. Require that EPA regions re-assess permitting authority fee structures when revenue sufficiency issues are identified during program evaluations, and require fee demonstrations as necessary.	09/30/17		
		8. Require that EPA regions take action on permitting authorities not in compliance with 40 CFR Part 70 by finding them to be inadequately administered or enforced, and issuing the required Notice of Deficiencies.	09/30/17		
		Cloud Oversight Resulted in Unsubstantiated and Missed Opportunities for Savings, Unused and Undelivered Services, and Incomplete Policies <a href="#">14-P-0332</a> 07/24/14	OEI		

Report Title/No./Date	Office	Unimplemented Recommendation	Planned Completion Date	Cost Savings Recommended (in Millions)	Cost Savings Sustained (in Millions)
Internal Controls Needed to Control Costs of Emergency and Rapid Response Services Contracts, as Exemplified in Region 6 <a href="#">14-P-0109</a> 02/04/14	Region 6	3. Direct Contracting Officers to require that the contractor adjust all its billings to reflect the application of the correct rate to team subcontract Other Direct Costs.	09/30/24	\$0	\$0
Audit of EPA's Fiscal 2013 and 2012 Consolidated Financial Statements <a href="#">14-1-0039</a> 12/16/13	OEI	12. Conduct training for staff in charge of receiving and analyzing monthly Vulnerability Management reports to ensure they are knowledgeable of the agency's remediation process for vulnerabilities. This training should include specific information on how to review the provided Vulnerability Management report and what actions offices must take regarding the identified vulnerabilities.	09/30/17	\$0	\$0
Air Quality Objectives for the Baton Rouge Ozone Nonattainment Area Not Met Under EPA Agreement 2A-96694301 Awarded to the Railroad Research Foundation <a href="#">13-R-0297</a> 06/20/13	Region 6	1. Recover federal funds of \$2,904,578 unless the foundation provides a verifiable and enforceable remedy to reduce diesel emissions in the Baton Rouge ozone nonattainment area, as required by the cooperative agreement.  CA2: Two of the five rebuilt locomotives will continue to operate in the Baton Rouge nonattainment area.  CA3: The remaining three rebuilt locomotives will continue to operate in Baton Rouge and New Orleans until economic conditions in Baton Rouge necessitate moving as many locomotives as possible back to the Baton Rouge non-attainment area.  CA5: Railroad Research Foundation will provide locomotive location data to EPA on a quarterly basis showing where the five locomotives were operated.  CA6: As a penalty for noncompliance, Railroad Research Foundation will remit to the U.S. EPA \$4,841 for each locomotive for each month any of the five locomotives are operated outside of the restricted area for more than 10-plus consecutive days outside the Baton Rouge non-attainment area and the Exception area (for other than maintenance).  CA7: Each of the five locomotives will operate in Baton Rouge area or the exception area for 10 years after the date each engine was placed back into service.	09/30/20  09/30/20  09/30/20  09/30/20	\$2.905	\$0
EPA Needs to Improve Air Emissions Data for the Oil and Natural Gas Production Sector <a href="#">13-P-0161</a> 02/20/13	OAR	2. Prioritize and update existing oil and gas production emission factors that are in greatest need of improvement and develop new emission factors for key oil and gas production processes that do not currently have emission factors.		\$0	\$0

Report Title/No./Date	Office	Unimplemented Recommendation	Planned Completion Date	Cost Savings Recommended (in Millions)	Cost Savings Sustained (in Millions)
		CA2.3 - The EPA will revise the Electronic Reporting Tool to accommodate those non-traditional measurement techniques identified in the cross-office strategy and fully developed by the 4th Q of FY 2017.	9/30/18		
		CA2.4 - The EPA will set forth procedures for developing emissions factors based on data collected with non-traditional measurement techniques and incorporate those procedures into WebFIRE (Web Information Retrieval System).	9/30/19		
EPA Should Update Its Fees Rule to Recover More Motor Vehicle and Engine Compliance Program Costs <a href="#">11-P-0701</a> 09/23/11	OAR	1. Update the 2004 fees rule to increase the amount of Motor Vehicle and Engine Compliance Program costs it can recover.	12/31/18	\$13.000	\$13.000
EPA Should Revise Outdated or Inconsistent EPA-State Clean Water Memoranda of Agreement <a href="#">10-P-0224</a> 09/14/10	OECA	2-2. Develop a systematic approach to identify which states have outdated or inconsistent Memorandums of Agreements; renegotiate and update those Memorandums of Agreements using the Memorandum of Agreements template; and secure the active involvement and final, documented concurrence of Headquarters to ensure national consistency.	9/30/17	\$0	\$0
<b>Totals</b>				<b>\$54.422</b>	<b>\$13.000</b>

## CSB Report With Unimplemented Recommendations With Future Dates

Report Title/No./Date	Unimplemented Recommendation	Planned Completion Date	Cost Savings Recommended (in Millions)	Cost Savings Sustained (in Millions)
CSB Needs to Continue to Improve Agency Governance and Operations <a href="#">16-P-0179</a> 05/23/16	6. Include General Services Administration in any future office leasing plans and revisit office needs for a potential adjustment or supplement to the Washington, D.C., and Denver office leases to reduce space within the General Services Administration benchmarks.	10/20/22	\$0.402	\$0
<b>Totals</b>			<b>\$0.402</b>	<b>\$0</b>

## Appendix 4—Closed Projects Not Publicly Disclosed

### For Reporting Period Ended March 31, 2017

Section 5(a)(19) of the Inspector General Act of 1978, as amended, requires detailed descriptions of each investigation involving a senior government employee (at least at the GS-15 level) where allegations of misconduct were substantiated. Section 5(a)(22) requires detailed descriptions of each investigation conducted by the OIG involving a senior government employee that was closed and not disclosed to the public; and detailed descriptions of the particular circumstances of each inspection, evaluation and audit conducted by the OIG that was closed and was not publicly disclosed.

Details on each investigation conducted by the OIG involving both senior and non-senior employees closed during the semiannual reporting period ending March 31, 2017, are provided below. This includes descriptions of investigations where allegations of misconduct involving a senior government employee were substantiated. We are also including, separately, a listing of each investigation conducted by the OIG and closed during the semiannual reporting period involving non-employees, including grant recipients, contractors and former EPA employees.

There were no instances of inspections, evaluations and audits that were closed and not publicly disclosed during the semiannual period ending March 31, 2017.

### *Investigations Involving Senior Employees Not Publicly Disclosed*

#### **CASE NUMBER: OI-AR-2014-ADM-0090**

An EPA Senior Executive Service-level official was allegedly involved in altering and/or had knowledge that position descriptions and resumes were being altered to assist EPA employees in obtaining promotions and other individuals in obtaining employment at the EPA. During the investigation, email files were reviewed and provided evidence to support the allegation. The case was referred to the Office of Special Counsel, which concluded that prohibited personnel practices had occurred. The Office of Special Counsel recommended and conducted training for the entire staff of the employee's office. In addition, the EPA Office of Suspension and Debarment ordered the employee to complete 24 hours of training in federal contracting and grants ethics, procurement integrity, and conflicts of interest. The employee is responsible for payment of the training and must report the results and completion to the Office of Suspension and Debarment. The Senior Executive Service-level employee also allegedly failed to act after being made aware that another Senior Executive Service-level employee was misusing an EPA air card while on personal leave outside of the country. The allegation was inconclusive. The case was referred to DOJ on July 15, 2014, and was declined for prosecution on December 4, 2014.

#### **CASE NUMBER: OI-HQ-2016-ADM-0062**

An EPA GS-15 employee allegedly did not properly oversee the training review process required for the credentialing of the inspectors managed by the employee. Following investigative interviews and review of documents, investigators determined that the allegation of improper oversight was supported. No credible information was developed to believe that any criminal activity occurred. As a result of the investigative findings, EPA management implemented closer supervision and accounting of supervisory review and certification of the credentialing of inspectors. They also improved the tracking and recordkeeping system for training and issued a reminder of the requirement that training certificates be held by both the supervisor and the inspector.

#### **CASE NUMBER: OI-HQ-2016-ADM-0053**

An EPA OIG GS-15 employee allegedly circumvented the hiring process to employ individuals the subject knew. During the investigative process, additional allegations were established, including the allegation that the employee had taken a substantial amount of Personally Identifiable Information from a previous federal agency of employment that contained names, addresses and Social Security numbers of personnel who were employed at that agency. These and other allegations associated with this case

were supported; one allegation was not supported. A Report of Investigation was provided to OIG management for action and a notice of proposed removal was issued, but the employee resigned from the EPA during the notice period and was subsequently hired by another federal agency. The case was referred to DOJ on May 9, 2016, and was declined for prosecution the same day.

**CASE NUMBER: OI-HQ-2014-ADM-0071**

An EPA GS-15 employee allegedly committed time-and-attendance fraud. During the investigation, additional allegations were developed and referred to EPA management, such as the improper certification of inspector training records and improper guidance on recording religious compensatory time. The allegation of time-and-attendance fraud was unsupported; however, EPA management responded to the OIG referral with multiple actions to reconcile the training record and religious compensatory time issues.

**CASE NUMBER: OI-HQ-2014-ADM-0120**

An EPA GS-15 employee allegedly provided false information regarding education history during background investigations. The OIG investigation supported the allegation. The OIG presented the investigative findings to the EPA for administrative action. The EPA proposed to remove the employee from federal service and then entered into a settlement agreement with the employee, allowing the employee to retire. The EPA and the employee subsequently modified the settlement agreement to allow the employee to transfer to another federal agency. The case was referred to DOJ on November 19, 2015, and was declined for prosecution the same day.

**CASE NUMBER: OI-AT-2017-CAC-0039**

An EPA OIG GS-15 employee allegedly used unprofessional language and intimidating behavior toward colleagues. Over 40 interviews revealed that the manager used foul language in the office even after being counseled regarding this conduct. The frequent bullying and intimidating behavior—present throughout the employee's tenure—made staff uncomfortable and reluctant to engage the individual. The manager was terminated while in probationary status. The case was not referred to DOJ.

**CASE NUMBER: OI-AR-2014-ADM-0073**

An EPA GS-15 employee allegedly failed to disclose outside income on the required *Confidential Financial Disclosure Report* form (OGE Form 450). The investigation findings did not support the allegation.

***Investigations Involving Non-Senior Employees Not Publicly Disclosed***

**CASE NUMBER: OI-AR-2012-ADM-0144**

A GS-14 EPA employee serving as a Contracting Officer Representative allegedly committed multiple contracting violations. Because of the ongoing investigation, the employee resigned from the EPA. The results of numerous interviews and reviews of documents supported the allegations that the employee inappropriately handled EPA contracts. The investigation determined that the former employee's new position in the private sector potentially involved government contracts, and the matter was referred to the EPA Office of Suspension and Debarment. As a result, the former employee entered into an agreement with the Office of Suspension and Debarment to voluntarily abstain from managing or directing federal contracts for 3 years. Additionally, during the course of the investigation, it was found that the former employee used an EPA "800" phone number for personal conference calls. As such, management changed the number's passcode and began to monitor the usage.

**CASE NUMBER: OI-AR-2016-ADM-0003**

An EPA GS-13 employee was allegedly using EPA lab equipment for personal use; the testing equipment allegedly had data stored on it that was not from EPA testing. The investigation did not support the allegations; testing performed by the subject was identified as government-related and/or directed by the subject's supervisor.

**CASE NUMBER: OI-PH-2015-ADM-0038**

An EPA GS-13 employee allegedly claimed per diem and mileage reimbursements improperly, and was alleged to have used a personal cell phone for official business. The investigation determined that the employee was entitled to receive the per diem in question; this allegation was not supported. However, the investigation found that the employee claimed full mileage reimbursement rates when reduced reimbursement rates should have been claimed. This allegation was supported, but the EPA determined that a full mileage reimbursement rate was appropriate in this instance as it was in the best interest of the government. Further, it was determined that the employee conducted work on a personal cell phone multiple times because a government-issued cell phone had not been issued to the employee; this allegation was referred to EPA management. EPA management stated that it would take action regarding the referral by ensuring there is an adequate pool of loaner phones available for use, and they would inform employees that if they use a personal phone for agency business they are entitled to reimbursement for that usage. EPA management also indicated they would remind employees that if they use a personal phone to text or email, they must adhere to recordkeeping requirements.

**CASE NUMBER: OI-AR-2015-ADM-0050**

An EPA GS-13 employee allegedly viewed pornographic material on a government-issued computer. The allegation was supported and the employee received a 45-day suspension without pay.

**CASE NUMBER: OI-AR-2015-ADM-0120**

An EPA GS-13 employee allegedly did not report involvement with an outside company, owned by the employee's spouse, to EPA management. The investigation determined that, at that time, the employee was not required to submit a *Confidential Financial Disclosure Report* form (OGE Form 450). The employee has since disassociated from the spouse's company and is now required to submit the OGE Form 450.

**CASE NUMBER: OI-DE-2015-ADM-0054**

An EPA GS-13 employee allegedly misused a government-issued travel card and the EPA's travel management system to facilitate personal travel in conjunction with official travel at the government-contracted rate, fraudulently submitted documentation to receive travel compensatory time off, and used a government-issued travel card to make personal purchases and then claimed the card was stolen to avoid repayment. The investigation was inconclusive regarding the misuse of the travel management system to accommodate personal travel; however, evidence supported the allegation that the subject used a government-issued travel card to pay for the price differences in airfare instead of a personal credit card. The last two allegations were not supported. This investigation was referred to EPA management, and the subject was issued a Letter of Reprimand based on the misuse of the government travel card.

**CASE NUMBER: OI-DA-2016-ADM-0107**

An EPA GS-13 employee allegedly lost EPA inspection credentials. During the investigation, the employee found the credentials and returned them to EPA management. The allegation was supported but no administrative action was deemed warranted.

**CASE NUMBER: OI-DA-2016-ADM-0066**

An EPA GS-13 employee allegedly violated the EPA telework policy and was allegedly under the influence of alcohol or drugs during work hours. The telework violation was supported; the employee admitted taking a family member to a doctor on official government time without using leave. There was insufficient evidence to support the drug or alcohol allegation. This investigation was referred to EPA management, and the employee was suspended from telework privileges for 6 months.

**CASE NUMBER: OI-AT-2016-ADM-0087**

An EPA OIG GS-13 employee allegedly displayed a lack of candor when questioned by OIG investigators concerning a relationship with a GS-15 supervisor who was on the hiring panel that recommended the employee for OIG employment. The investigation supported the allegation. OIG management conducted an additional review and determined that the employee did not intentionally withhold information from investigators, and no action was deemed warranted.

**CASE NUMBER: OI-HQ-2016-ADM-0081**

An EPA OIG GS-13 employee allegedly made cash advances using an EPA-issued travel card while not in travel status. The investigation supported the allegation. According to the employee, two of the cash advances were made when mistakenly thinking there was a credit due to the account; consequently, the employee intentionally charged the advances in an effort to be reimbursed for the credit. The employee mistakenly used the travel card on two additional occasions instead of using a personal credit card. The employee received a written warning from OIG management, the employee made a written statement to OIG management outlining a plan of corrective action, and the employee completed EPA travel card training.

**CASE NUMBERS: OI-DE-2016-ADM-0105 and OI-HQ-2016-ADM-0090**

An EPA OIG GS-13 employee allegedly committed time-and-attendance fraud. The allegation was supported because the employee later admitted to committing the fraud. During the investigation, additional allegations were developed concerning the employee potentially posing a threat to the employee and others. Upon further questioning, the employee denied having access to firearms, and investigators directed the employee to contact the EPA employee assistance program, which the employee agreed to do. Before the investigation was completed, the employee committed suicide. The OIG worked with the local police on the death investigation to ensure that law enforcement had access to any information needed regarding the employee's employment.

**CASE NUMBER: OI-CH-2016-CAC-0052**

An EPA GS-12 employee allegedly made a threatening statement to a supervisor during a meeting. Interviews of all witnesses were conducted and the investigation determined the allegation was not supported. However, EPA officials decided to suspend the employee for 10 days for disrespectful behavior toward a supervisor.

**CASE NUMBER: OI-SA-2014-ADM-0065**

An EPA GS-12 employee allegedly failed to disclose criminal and financial indebtedness when completing official government forms. The investigation supported the allegation. During an employment suitability background investigation, the Office of Personnel Management discovered criminal and financial indebtedness information regarding the employee that had not been listed on the employee's *Declaration for Federal Employment* form (OF-306) and the *Questionnaire for Public Trust Positions* form (SF-85P). The EPA's Personnel Security Branch requested documentation evidencing the paying down of accumulated debts from the employee. The documentation tendered by the employee was determined to be fraudulent. The employee also provided false information to the EPA concerning criminal history and failed to pay accrued personal debts, which included an EPA travel card balance of \$10,226. The employee retired after being presented with a letter from EPA management of proposed removal.

**CASE NUMBER: OI-DA-2014-CAC-0115**

An EPA GS-9 employee allegedly stole two government-issued laptops valued at \$4,156 for personal gain. The subject of the investigation was no longer employed by the EPA when questioned by investigators. The subject admitted culpability and returned the computers to the EPA. The case was closed as there was no financial loss to the government. As the computers were new and scheduled for imaging and distribution, no Personally Identifiable Information was found to be stored on the computers.

**CASE NUMBER: OI-HQ-2015-ADM-0059**

An EPA GS-09 employee allegedly committed a lewd act in an EPA restroom. The allegation was not supported.

**CASE NUMBER: OI-PH-2016-CAC-0076**

An EPA GS-06 employee allegedly forged the initials of EPA employees on Freedom of Information Act Approval Checklist documents, threatened an EPA employee, and bypassed the required Freedom of Information Act online processing procedures. The investigation supported the allegation that the employee forged Freedom of Information Act documents. The investigation was inconclusive regarding the allegation of a threat, and it did not support the allegation that the employee bypassed the required Freedom of Information Act online processing procedures. The employee resigned from the EPA prior to the EPA management receiving the OIG report of investigation.

***Investigations Involving Non-Employees Not Publicly Disclosed*****CASE NUMBER: OI-DA-2013-CFR-0093**

A New Mexico native tribe, which received three EPA grants totaling almost \$2 million, allegedly had missing and/or incomplete quarterly reports, and drew down over \$1 million for incurred costs that the tribal council never paid. This investigation confirmed that the tribal council had overdue indirect cost rate proposals, was non-responsive to OMB A-133 audit inquiries, submitted missing/incomplete quarterly reports, and drew down money for incurred costs never paid. In addition, the U.S. Internal Revenue Service revoked the council's non-profit status due to failure to submit tax returns for 3 years. Due to these issues, the EPA placed the grant awards on termination status. The tribal council's former business manager was responsible for all financial transactions, including maintenance of the accounting system and the drawdown requests to the EPA. The investigation determined the business manager used grant funds for unintended purposes, and the individual was debarred from participation in federal procurement and non-procurement programs for 3 years.

**CASE NUMBER: OI-DA-2013-CFR-0047**

The investigation was initiated based on information received regarding possible bidding/competition violations committed by an EPA contractor and its subcontractor. The investigation findings did not support the allegation.

**CASE NUMBER: OI-AT-2016-CAC-0050**

A disinfection device company was allegedly displaying the EPA seal on its products and website without authorization from the EPA. In addition, the company allegedly asserted in sales literature that its product was "recommended or endorsed" by the EPA. The investigation confirmed that the official seals of the EPA and the U.S. Department of Energy were prominently displayed on the company's homepage, linked web pages and product literature. The EPA seal was also found to be displayed on the product itself. The EPA issued a Cease and Desist Notice directing the company to cease imprinting the EPA seal on the devices and to remove the seal from current devices in the facility, the company's website, brochures and other print media. The OIG confirmed that the company complied with the cease and desist order.

**CASE NUMBER: OI-AT-2015-CFR-0127**

A trustee for a hazardous waste landfill allegedly conducted unpermitted hazardous waste treatment and disposal operations. It was also alleged that the state's Department of Health and Environmental Control falsely reported information to the EPA related to the landfill site. The investigation did not support the allegation. A review of EPA records failed to identify any EPA funding directly linked to the site or the Department of Health and Environmental Control's oversight activities of the site. As the complaint alleged possible violations of federal environmental statutes, it was referred to the EPA Criminal Investigation Division for follow-up investigation.

**CASE NUMBER: OI-WI-2016-CAC-0101**

A former EPA Criminal Investigation Division Special Agent allegedly called an EPA Office of the Administrator employee and insisted on speaking to the EPA Administrator about alleged medical mistreatment. The former employee allegedly became more agitated as the call progressed and used excessive profanity, claiming lack of care on the part of the EPA. The Office of the Administrator employee felt that the caller was seriously unstable and might "take some kind of action." The investigation found that the former employee had made profane and harassing communications to both the EPA and the U.S. Department of Labor and its contract doctors. The OIG worked with the local police department and the Federal Protective Service on the investigation. The local county attorney's office accepted the case for prosecution and the former employee was charged with Harassing Communications. A Dismissal Agreement was entered between the former employee and the county attorney whereby the former employee agreed to have no further contact with the EPA and to make no threatening communications to the U.S. Department of Labor. The county attorney agreed to dismiss without prejudice the charges in the summons. Any violation of the terms in the agreement will result in the former employee being arrested and charged.

**CASE NUMBER: OI-AR-2011-CFR-2785**

An EPA contractor who was a manager at an EPA records center allegedly had performance issues and made threatening statements to colleagues. Though the investigation did not determine any criminal activity had occurred, the company president determined there was merit to the accusations and terminated the manager.

**CASE NUMBER: OI-AR-2011-CFR-2780**

There were allegations of potential fraud related to a Clean Water State Revolving Fund stimulus grant awarded to a municipality. There was also an allegation of a potential conflict of interest by an employee who had been employed with both the municipality and the contractor. The investigation was unable to identify any direct federal funds going toward purchases for equipment by the municipality. The investigation also was unable to determine any direct EPA funding tied to the allegation. The financial matter was subsequently referred to the EPA OIG Office of Audit for further analysis.

**CASE NUMBER: OI-AR-2013-CFR-0015**

A former official for a tribe pleaded guilty to one count of embezzlement and theft from an Indian tribal organization. Over a 6-year period, the former official traveled in an official capacity as the environmental director for the tribe, sought and received reimbursement totaling approximately \$25,000 for travel expenses from third parties, and then converted that reimbursement to their own use. Because the former official was already reimbursed for the costs of that travel, the third-party reimbursement belonged to the tribe and not the individual. The former official was sentenced to 1 year of probation.

**CASE NUMBER: OI-AR-2014-CAC-0102**

A U.S. General Services Administration contractor was arrested while attempting to steal two construction lights, copper piping, one laptop, two hard drives, and 18 mobile devices from the EPA headquarters building. A search warrant was obtained and executed on the residence of the contractor, where additional laptops and hard drives were seized. The contractor pleaded guilty to one count of destruction of property less than \$1,000 and one count of theft second degree. The contractor was sentenced to 180 days of incarceration, suspending all but the days required to place the contractor in a residential drug treatment program, as well as 18 months of probation and restitution of \$500.

**CASE NUMBER: OI-SA-2016-CAC-0102**

An EPA contractor allegedly heard a member of the public threaten to shoot an EPA On-Scene Coordinator in the head if they met to discuss cleanup on the person's property. The subject was interviewed and denied making the statement. The EPA On-Scene Coordinator sought and was granted a 30-day protection order by a local judge.

**CASE NUMBER: OI-AR-2012-CFR-0159**

Allegations of potential fraud related to EPA grants awarded to an environmental institute were made. Specifically, it was alleged that the grantee had an inappropriate relationship with a subcontractor. It was further alleged that the grantee may have provided kickbacks to EPA employees to secure the grants. Although the allegations were not supported, it was found that the subcontractor had unintentionally not completed its application for women-owned small business status, even though the grantee claimed the subcontractor's work on the grants toward the grants' disadvantaged business enterprise requirements. Upon notification by the EPA OIG, the subcontractor took corrective action and ensured completion of its status. Additionally, because of weaknesses identified regarding the EPA's grant disadvantaged business enterprise requirements, the OIG issued a Management Implication Report to the EPA's Office of Grants and Debarment to notify it of the weaknesses.

**CASE NUMBER: OI-AT-2015-CAC-0118**

An environmental industrial cleaners company allegedly continued to associate its products on its website and sales materials with the EPA Safer Choice Program—previously known as the Design for the Environment Program—after its partnership with the EPA program was terminated. It was also alleged that the company provided false information to the EPA program to obtain its initial Design for the Environment Program partnership. The first allegation was supported; the latter allegation was not.

The investigation confirmed that the product literature for nine of the company's products displayed the program logo. In addition, the company's sales materials made claims associating its products with the EPA. The EPA ordered the company to remove the program logo from its website and sales materials. The OIG confirmed that all logos and references to participation in the EPA programs were removed from the web pages and sales materials. Shortly thereafter, the company shut down its website completely.

**CASE NUMBER: OI-HQ-2017-CAC-0020**

After an EPA GS-12 employee received notice of termination of employment and was escorted to the office to remove personal items, the former employee allegedly made a threatening gesture and comment toward the supervisor. Witness interviews were conducted, and the investigation supported the allegation. Because the employee was removed from federal service, the case was closed. The case was declined for prosecution by DOJ.

**CASE NUMBER: OI-DA-2015-CFR-0121**

A watershed protection committee allegedly submitted false information to obtain grant funds under the Clean Water Act. The review of budget information submitted by the committee disclosed numerous discrepancies with regard to summary-level budget information when compared to detailed information provided. Interviews of stakeholders disclosed there was no agreement for the grantees to provide grant matching funds from their budgets to the EPA. Interviews of personnel who prepared the budget plan disclosed information that stakeholders had provided tacit approval for the matching funds. The overall findings indicated that miscommunication and misunderstanding with regard to matching fund commitments and in-kind matching services led to the allegations made. The allegation was not supported and the investigation was closed.

**CASE NUMBER: OI-SA-2016-CAC-0088**

The EPA Region 9 mailroom in San Francisco, California, received a suspicious letter from an individual. In the letter, the individual claimed to have been assaulted, tortured and almost murdered by a bioterrorism group masquerading as a film crew in Los Angeles, California. The individual included a tissue with what appeared to be blood on it and asked for it be analyzed because it contained a "biological weapon consisting of a vector by which a fungal infection is introduced into a human target." The investigative liaison with the Federal Bureau of Investigation, U.S. Postal Inspection Service, and local police determined that the subject had a history of mental illness and was a known letter writer to various public officials. The case was declined for prosecution by DOJ. A security notice was posted at the Region 9 EPA building and the case was closed.

**CASE NUMBER: OI-SE-2015-CFR-0110**

The administrator of an Alaskan tribe allegedly misappropriated EPA grant funds for personal use and/or use of family members totaling approximately \$615,000. A financial analysis of the payroll records, bank statements, checks and Automated Clearing House transactions of the tribe was conducted. The analysis showed no information to support the allegation.

**CASE NUMBER: OI-SA-2014-CAC-0066**

A former tribal administrator and the tribe's enrollment clerk allegedly embezzled EPA grant funds. Records showed that, while employed with the tribe, the tribal administrator and enrollment clerk were fraudulently paid from an account in which EPA grant funds were commingled. Through interviews and document reviews, it was discovered that the tribal administrator and the clerk received approximately \$16,500 in addition to their salary with no justification or supporting documentation. In addition, OIG agents learned that the tribal administrator was being investigated by the National Gaming Commission and U.S. Internal Revenue Service for receiving an additional \$27,500 from the tribe's casino account (no EPA funds). The allegations were supported, and the tribal administrator and the clerk were charged with one count of Grand Theft in the Superior Court of California. However, due to reasonable doubt and low dollar amount, the District Attorney's office later dropped the charge.

**CASE NUMBER: OI-AR-2012-CFR-0175**

An EPA subcontractor allegedly misrepresented himself as an employee of the prime contractor. The investigation determined a teaming arrangement had existed between the subcontractor and the prime

contractor and that the subcontractor mistakenly believed he could represent himself as the prime contractor to the EPA. The investigation did not identify any criminal activity, and the case was closed.

**CASE NUMBER: OI-NE-2017-CAC-0029**

A potential threat was sent in a letter to then EPA Administrator Gina McCarthy. A preliminary review of the letter by investigators did not yield evidence of an actual threat to the Administrator or any EPA entity in the letter itself. The letter contained disjointed thoughts and tended to ramble. The author of the letter had been interviewed by an outside law enforcement agency in 2015, and it was not believed that the individual posed any threat. Based on the inability to discern any actual threat in the mailing, the results of prior interaction with law enforcement, and the notification of Administrator McCarthy's detail as to the investigative results, the case was closed.

**CASE NUMBER: OI-SA-2016-CFR-0010**

An Alaskan tribal council was allegedly fraudulently billing hours on an EPA Indian General Assistance Program grant. After contacting the assigned EPA grant specialist, it was found that a post-award monitoring desk review was already underway. The purpose of the review was to examine the council's administrative and financial management of EPA grants, as well as its adherence to the terms and conditions of the grants. Supporting documentation related to three drawdowns for grant expenditures was reviewed. No system weaknesses or deficiencies were found. The EPA found the council's financial management and administration of EPA grants to be in compliance with applicable federal regulations. The allegation was not supported.

**CASE NUMBER: OI-SE-2013-CAC-0033**

Two immersion survival suits were stolen from an EPA laboratory. In a joint investigation with the county sheriff's office, a subject was identified and arrested during a sting operation for possessing stolen EPA property. A search of the subject's cell phone yielded several photos of additional EPA property that was previously listed on a sales website and identified as stolen from the EPA lab. The individual entered into a felony diversion agreement with the county prosecuting attorney's office.

**CASE NUMBER: OI-AR-2014-CFR-0070**

A company allegedly used the letters "EPA," which could possibly gain that company an unfair marketing advantage. The case was referred to EPA's Office of General Counsel. The office determined that the use of the letters "E-P-A" and lack of any overt claim of a connection with the U.S. Environmental Protection Agency did not warrant action from the office. The case was closed.

**CASE NUMBER: OI-HQ-2016-CAC-0009**

The OIG discovered a threatening post on a social media website. The threat was directed at then EPA Administrator Gina McCarthy. The OIG coordinated efforts with federal, state and local law enforcement agencies. Additional security personnel were added to the residence of the former Administrator. Due to the inability to identify a subject, and a change of the Administrator position, the case was closed.

**CASE NUMBER: OI-AT-2017-CAC-0044**

A masonry company allegedly used labels and logos associated with the EPA Safer Choice Program—previously known as the Design for the Environment Program—without authorization on its website and product sales materials. The investigation confirmed the EPA program logo was prominently displayed on the company's website and sales materials. A review of EPA records confirmed that neither the company, its parent company, nor its products were partnered with the EPA program. The EPA issued a Cease and Desist Notice directing the company to cease printing the EPA program logo on brochures, and to remove the logo from the company website. The OIG confirmed the removal of the program logos from the company's website and sales materials.

**CASE NUMBER: OI-AT-2016-CAC-0104**

A former EPA employee allegedly failed to return an EPA-issued laptop and a cell phone after separating from the agency. It was also alleged that the former employee failed to respond to the EPA's requests to return the property. The former employee was contacted and made aware of the investigation by the OIG, and subsequently returned the property to the EPA.

**CASE NUMBER: OI-DE-2017-CAC-0055**

A former EPA employee posted potentially threatening statements on a current EPA employee's social media website. The former employee was interviewed, admitted to posting the comments, and apologized for the post. A "Be on the Lookout Notice" was issued and provided to two EPA regions regarding the former employee.

**CASE NUMBER: OI-AR-2016-CAC-0033**

An EPA contractor allegedly conducted outside business during work hours on an EPA contract. The investigation determined that the contractor had used her EPA email account and scanner to send herself invoices pertaining to the other job. However, it amounted to approximately 20 minutes each month and did not necessarily occur during official work hours. No action was taken, as the contractor was no longer working on the EPA contract and it appeared that she mistakenly believed it was authorized as "de minimis."

**CASE NUMBER: OI-HQ-2017-ADM-0022**

An EPA employee reported becoming ill after consuming baked goods purchased from a bake sale at the EPA. The employee reported that the baked goods "smelled odd." The OIG investigated whether another EPA employee had intentionally provided tainted baked goods for the bake sale. The investigation determined that the employee who had provided the baked goods had inadvertently melted the bags containing the baked goods while affixing decorations with a hot glue gun. The employee removed the items from the bake sale once it was realized that they were contaminated. No evidence of malicious activity was found.

**CASE NUMBER: OI-NE-2013-CAC-0086**

The OIG and the Federal Protective Service were notified of a plastic bag containing a white powder found in an EPA employee's cubicle; the agencies conducted the investigation jointly. Subsequent testing of the substance confirmed that the material did not present any potential hazard. The investigation did not identify any individual who may have left the white powder, but did disclose that the material in the bag appeared to be a variety of deodorizers and was left at that location due to complaints regarding offensive odors in the office.

**CASE NUMBER: OI-DE-2017-CAC-0065**

A North Dakota man allegedly threatened to shoot two EPA employees and a pipeline employee who were attempting to make contact with the man at his residence surrounding clean-up efforts associated with an oil spill on the man's property. Due to the remote location of the incident, the county sheriff's department mediated the incident on behalf of the OIG to the satisfaction of all parties. Through interviews of members involved, it was determined that the man was making indirect comments regarding the gravel trucks speeding through his property, and not threatening the three employees. All members agreed it was a miscommunication. The allegation was not supported.

**CASE NUMBER: OI-AT-2015-CAC-0129**

A pest control company was allegedly displaying the EPA logo on its website and promotional materials without authorization from the agency. The investigation determined that the EPA logo referenced in the complaint was actually the official EPA identifier, not the agency's seal. EPA officials had previously contacted the company and requested that the logo in question be removed from its website; however, no action was taken by the company. The EPA issued a Cease and Desist Notice directing the company to cease the use of the identifier on its website and other media. Again, the company failed to comply with the order. Further investigation identified several pest control companies operating under the name of the subject company. It was determined that three of the companies were operated by one individual, and only those companies were using the EPA identifier on their websites. Investigators contacted the company and were told that the identifier was removed from all three websites. The OIG confirmed that the EPA identifier had indeed been removed from all three websites and accompanying web links.

## Appendix 5—Peer Reviews Conducted

### Audits/Evaluations

The Social Security Administration OIG completed an external peer review of the EPA OIG audit organization (which includes the EPA OIG's Office of Audit and Office of Program Evaluation) covering the fiscal year ended September 30, 2014, and issued its report on June 12, 2015. The review was conducted in accordance with guidelines established by the Council of the Inspectors General on Integrity and Efficiency. The external peer review of the EPA OIG audit organization stated that the EPA OIG audit organization's system of quality control was suitably designed and complied with to provide the EPA OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects, and the EPA OIG received a rating of *pass*.

The EPA OIG conducted an external peer review of the system of quality control for the audit organization of the U.S. Department of Education OIG. Our review covered the period April 1, 2012, through March 31, 2015. We conducted the review in accordance with *Government Auditing Standards* and guidelines established by the Council of the Inspectors General on Integrity and Efficiency. We provided a final report to the U.S. Department of Education OIG on October 27, 2015. In our opinion, the U.S. Department of Education OIG audit organization's system of quality control in effect for the year ending March 31, 2015, was suitably designed and complied with to provide that OIG with reasonable assurance of performance and reporting in conformity with applicable professional standards in all material respects. The U.S. Department of Education OIG received an external peer review rating of *pass*.

### Investigations

The Federal Deposit Insurance Corporation OIG completed a mandated Council of the Inspectors General on Integrity and Efficiency quality assurance review of the EPA OIG Office of Investigations and issued its report on December 2, 2014. The Federal Deposit Insurance Corporation identified no deficiencies and found internal safeguards and management procedures compliant with quality standards.

In November 2014, an EPA OIG inspection team began performing a quality assurance review of the U.S. Department of Education OIG Investigation Services office, per the Council of the Inspectors General on Integrity and Efficiency. We issued our final report on September 15, 2015. Overall, in our opinion, the system of internal safeguards and management procedures for the investigative function of the Department of Education OIG for the year ended October 30, 2014, was in compliance with standards established by the Council of the Inspectors General on Integrity and Efficiency and Attorney General guidelines.

## Appendix 6—OIG Mailing Addresses and Telephone Numbers

### Headquarters

U.S. Environmental Protection Agency  
Office of Inspector General  
1200 Pennsylvania Ave., NW (2410T)  
Washington, DC 20460  
(202) 566-0847

### Offices

#### Atlanta

U.S. Environmental Protection Agency  
Office of Inspector General  
61 Forsyth Street, SW, Suite 12-T-24  
Atlanta, GA 30303  
Audit/Evaluation: (404) 562-9830  
Investigations: (404) 562-9857

#### Boston

U.S. Environmental Protection Agency  
Office of Inspector General  
5 Post Office Square, Suite 100 (OIG15-1)  
Boston, MA 02109-3912  
Audit/Evaluation: (617) 918-1470  
Investigations: (617) 918-1466

#### Chicago

U.S. Environmental Protection Agency  
Office of Inspector General  
77 West Jackson Boulevard  
13th Floor (IA-13J)  
Chicago, IL 60604  
Audit/Evaluation: (312) 353-2486  
Investigations: (312) 353-2507

#### Cincinnati

U.S. Environmental Protection Agency  
Office of Inspector General  
26 West Martin Luther King Drive  
Cincinnati, OH 45268-7001  
Audit/Evaluation: (513) 487-2363  
Investigations: (312) 353-2507

#### Dallas

U.S. Environmental Protection Agency  
Office of Inspector General (6OIG)  
1445 Ross Avenue, Suite 1200  
Dallas, TX 75202-2733  
Audit/Evaluation: (214) 665-6621  
Investigations: (214) 665-2249

#### Denver

U.S. Environmental Protection Agency  
Office of Inspector General  
1595 Wynkoop Street, 4th Floor  
Denver, CO 80202  
Audit/Evaluation: (303) 312-6969  
Investigations: (303) 312-6868

#### Kansas City

U.S. Environmental Protection Agency  
Office of Inspector General  
11201 Renner Boulevard  
Lenexa, KS 66219  
Audit/Evaluation: (913) 551-7878  
Investigations: (214) 665-2249

#### New York

U.S. Environmental Protection Agency  
Office of Inspector General  
290 Broadway, Room 1520  
New York, NY 10007  
Audit/Evaluation: (212) 637-3049  
Investigations: (212) 637-3041

#### Philadelphia

U.S. Environmental Protection Agency  
Office of Inspector General  
1650 Arch Street, 3rd Floor  
Philadelphia, PA 19103-2029  
Audit/Evaluation: (215) 814-5800  
Investigations: (215) 814-2359

#### Research Triangle Park

U.S. Environmental Protection Agency  
Office of Inspector General  
Mail Drop N283-01  
Research Triangle Park, NC 27711  
Audit/Evaluation: (919) 541-2204  
Investigations: (919) 541-1027

#### San Francisco

U.S. Environmental Protection Agency  
Office of Inspector General  
75 Hawthorne Street (IGA-1)  
8th Floor  
San Francisco, CA 94105  
Audit/Evaluation: (415) 947-4527  
Investigations: (415) 947-8711

#### Seattle

U.S. Environmental Protection Agency  
Office of Inspector General  
Mail Code OIG-173  
1200 Sixth Avenue, Suite 900  
Seattle, WA 98101  
Audit/Evaluation: (206) 553-6906  
Investigations: (206) 553-1273

#### Winchester

U.S. Environmental Protection Agency  
Office of Inspector General  
200 S. Jefferson Street, Room 314  
P.O. Box 497  
Winchester, TN 37398  
Investigations: (423) 240-7735