



OFFICE OF INSPECTOR GENERAL

EPA-350-R 08-003  
May 2008

*Catalyst for Improving the Environment*

# Semiannual Report to Congress

October 1, 2007 - March 31, 2008



# EPA Inspector General

The Inspector General Act of 1978, as amended, requires the Inspector General to (1) conduct and supervise audits and investigations relating to programs and operations of the Agency; (2) provide leadership and coordination, and make recommendations designed to (a) promote economy, efficiency, and effectiveness; and (b) fully inform the Administrator and the Congress about problems and deficiencies identified by the Office of Inspector General relating to Agency programs and operations.

## Vision

We are catalysts for improving the quality of the environment and Government through problem prevention and identification, and cooperative solutions.

## Mission

Add value by promoting economy, efficiency, and effectiveness within EPA and the delivery of environmental programs. Inspire public confidence by preventing and detecting fraud, waste, and abuse in Agency operations and protecting the integrity of EPA programs.

To find out more about the U.S. Environmental Protection Agency Office of Inspector General and its activities, visit our Website at:

<http://www.epa.gov/oig>

**Cover photos:** *From left:* Setting up for air sampling during an emergency response at Capitol Hill following the 2001 anthrax attacks in Washington, DC (EPA photo); a couple of children drinking water (EPA photo); and work being done at a petroleum refinery, an industry for which we reviewed air standards (photo courtesy U.S. Department of Energy).



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# Message to Congress

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The Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA) continues to make significant improvements in the quality and timeliness of its products. An evaluation of the Fiscal Year (FY) 2007 performance measures for the OIG indicated positive trends in a number of key areas. We decreased the time it took to issue a final report by 22 percent. Further, the average cost of an OIG report decreased by 5.4 percent. Other quality measures showed a 30-percent improvement. Quality products increase the likelihood of the Agency accepting our recommendations for operating more efficiently and better protecting the environment.

On December 4, 2007, we established, in coordination with the Agency, an improved audit resolution process. In addition to appealing to the Audit Resolution Board, a final appeal can now go directly to the Deputy Administrator.

For FY 2008, our budget was increased by \$7.4 million, and we have been working to increase our staffing levels as directed by Congress. Difficulties in the hiring process have hindered our efforts. Of the 62 total staffing actions initiated during the first half of FY 2008, only 6 new staff members had come on board as of March 31, 2008. An additional 56 staffing actions are in various stages of the recruitment and selection process. As a result of this staffing gap, there will likely be additional FY 2008 carryover funds into FY 2009.

During the semiannual period, we conducted many reviews focusing on how well EPA has been protecting the environment. We also noted nearly \$25 million in potential monetary benefits.

EPA earned an unqualified opinion on its FY 2007 financial statements. However, in evaluating internal controls, we noted seven significant deficiencies, and improving the recording and accounting of accounts receivable could result in \$13.5 million in cost efficiencies. We performed quick reaction reviews of five Special Appropriation Act Project grants, and noted \$2.6 million in ineligible costs claimed. Also, for grants involving U.S.-Mexico border water projects, we found that EPA was awarding funds for construction years before the actual construction was to begin. If EPA does not take action, Federal funds will continue to be unspent for several years rather than addressing immediate environmental needs.

A joint investigation with several other organizations resulted in convictions of several U.S. Virgin Island officials involved with a \$1.4 million bribery and kickback scheme. As a result of another investigation, a Florida company was ordered to pay \$1.86 million in restitution stemming from a scheme to sell unnecessary water treatment systems. In another case, a company was sentenced for violating the Clean Water Act for inappropriately discharging waste into storm drains leading to a creek.

EPA regions recovered 56 percent of the total Superfund costs from sites we reviewed, but can recover more. EPA has recovered \$165 million of the \$294 million Superfund costs reviewed. However, EPA determined that it will not attempt to collect between

\$30 million and \$90 million of the remaining \$129 million. EPA needs to improve its efforts in this area.

In response to a congressional request, we examined the progress wastewater treatment facilities made in meeting 2010 goals for reducing nutrients in the Chesapeake Bay watershed. We found that goals may not be met if key facilities are not upgraded in time. We recommended that EPA work with States to establish interim construction milestones for priority facilities.

This semiannual report includes details on these and other issues. We will continue to work with both the Agency and Congress, as we pursue a common goal of safeguarding human health and improving the environment.

A handwritten signature in black ink, appearing to read "Bill A. Roderick", written over a horizontal line.

Bill A. Roderick  
Deputy Inspector General

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<b>Requirement</b>	<b>Subject</b>	<b>Pages</b>
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Section 5(a)(6)	List of reports issued	34-36
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Section 5(a)(10)	Prior audit reports unresolved	30-31, 37-61
Section 5(a)(11)	Significant revised management decisions	None
Section 5(a)(12)	Significant management decisions with which OIG disagreed	None

# OIG Management's Focus

## Measuring Quality of OIG Reports Has Helped Improve Effectiveness

During Fiscal Year (FY) 2007, the U.S. Environmental Protection Agency (EPA) Office of Inspector General (OIG) made noteworthy improvements in the timeliness, quality, and impact of its reports, according to a report published by the OIG in February 2008. Many of these improvements were a result of the OIG's measuring its own performance and then taking necessary actions, and the improvements have been continuing in FY 2008. Measuring the quality of work is important because it provides data that can be used to identify and then focus on areas in which processes can be improved.

The measures indicated significant improvements in the area of timeliness during FY 2007. The number of days from the kickoff date of a project to the date a final report was published decreased from an average of 426 days for the first quarter to 332 days for the fourth quarter. That represents a 22-percent decrease in time to issue a final report. As the *Government Auditing Standards* note, it is important to provide review results to officials in a timely manner.

In part, these timeliness statistics were impacted by the OIG starting to produce quick reaction and early warning reports during the fiscal year. In the current semiannual reporting period ending March 31, 2008, the OIG issued five quick reaction reports that focused on reviews of costs claimed for specific Special Appropriation Act Project grants. These five reports noted \$2.6 million in potential savings; details are provided later in this semiannual report.

Further, teams' efforts to meet the quality characteristics in the OIG quality scorecard improved as the year progressed. The average project score increased from 19.2 in the first quarter to 25.0 in the fourth quarter of FY 2007, a 30-percent increase. The scorecard that the OIG used is designed to objectively evaluate the work leading up to the preparation of a report. The scorecard evaluates the adequacy of the evidence gathered in preparing the report, as well as supervision, planning, significance of findings, readability of reports, and timeliness. Also, for FY 2006, the OIG had received an "unmodified" (clean) opinion based upon an independent peer review of OIG work regarding compliance with generally accepted government auditing standards.

The average cost of an OIG report (excluding the audit of the Agency's financial statements) also decreased during FY 2007, from \$333,000 in the first quarter to \$315,000 in the fourth quarter, a 5.4-percent decrease. Improvements in such areas as timeliness had a direct bearing on reducing costs.

Adhering to the quality assurance characteristics helps to ensure a high percentage of OIG recommendations are accepted by the Agency and thus helps EPA operate more efficiently and better protect the environment.

Our complete report, *Measuring the Quality of Office of Inspector General Reports Issued in Fiscal Year 2007* (Report No. 08-A-0081, issued February 12, 2008) can be viewed at <http://www.epa.gov/oig/reports/2008/20080212-08-A-0081.pdf>.

## **Audit Resolution Appeal Process Improved**

On December 4, 2007, the OIG, in coordination with the Agency, established an improved audit resolution appeal process that allows an appeal to go directly to the Deputy Administrator. The EPA's Audit Management Process Manual, 2750 CHG 2 (Dec. 1998), governs the resolution of disputes between the OIG and an Agency component that arise from OIG reports. The manual establishes an Audit Resolution Board composed of the Chief Financial Officer, EPA General Counsel, and a Regional Administrator or Assistant Administrator not involved in the audit, to "... issue decisions on audit resolution." The OIG proposed that there be a final appeal right to the Deputy Administrator, and the Administrator authorized this change on an interim basis.

## **OIG Budget Boost Initiates Staffing Increases**

The Consolidated Appropriations Act for 2008, passed by Congress and signed by the President in December 2007, provided \$52.6 million (after a 1.56-percent across-the-board rescission) for the EPA OIG for FY 2008. This amount represents an increase of \$7.4 million over the President's budget request.

As directed by Congress during the FY 2008 appropriations process, the OIG has been working to increase its staffing levels. Difficulties in the hiring process have hindered the OIG's efforts to do so as quickly as anticipated. For that reason, the OIG is seeking contractor assistance to help expedite its hiring efforts to planned levels by the end of FY 2008.

Of the 62 total staffing actions initiated during FY 2008 based on the additional funding, only 6 new staff members had come on board as of March 31, 2008. An additional 56 staffing actions are in various stages of the recruitment and selection process. As a result of this staffing gap, there will likely be additional FY 2008 carryover funds into 2009. The OIG will use these carryover funds to support the increased staffing level in FY 2009, realized from the actions initiated during FY 2008. The OIG is also applying available funds to contract work for expert services in support of the OIG's audit, program evaluation, and investigative mission.

As mentioned in the OIG's previous semiannual report, the FY 2008 President's Budget contained a transfer of responsibility for funding contract audit work performed by the Defense Contract Audit Agency from the OIG to EPA's Office of Administration and Resources Management. To assist in the transition, the OIG has funded Defense Contract Audit Agency work in the amount of \$1.8 million for FY 2008.

Following is a table that summarizes the OIG actual and projected resource levels for the period FYs 2000 through 2008. As noted above, a lag in the hiring process created a gap between the funding and staffing levels, which was significant and could not be anticipated because of the late date the Continuing Resolution enacted by Congress became effective. The carryover funds resulting from the gap will be required to fully fund the total staffing level in FY 2009.



### Historical Budget and Manpower Summary

Year	Enacted Budget (after rescissions where applicable)	On-Board Staff (as of October 1)	Expenditures (includes carryover)
2000	\$43,379,700	340	\$39,384,100
2001	\$45,493,700	351	\$41,050,807
2002	\$45,886,000	354	\$45,238,608
2003	\$48,425,200	348	\$46,023,048
2004	\$50,422,800	363	\$52,212,862
2005	\$50,542,400	365	\$61,733,781
2006	\$50,241,000	350	\$49,583,584
2007	\$50,459,000	326	\$48,658,217
2008	\$52,585,000	290	\$50,320,000*
2009	to be determined	349**	\$57,500,000*

\* projected      \*\* target

Sources: OIG archives and analysis and EPA Integrated Financial Management System.

### Agency Has Agreed to Make Improvements as a Result of OIG Work

During this reporting period, EPA agreed to take many actions as a result of OIG work. The following actions related to the OIG's two external goals; further details on each are provided throughout this semiannual report.

#### ***To contribute to improved human health and environmental quality:***

- EPA agreed to work more closely with States to establish interim construction milestones for upgrading wastewater treatment facilities in the Chesapeake Bay watershed.
- EPA agreed to revise its Emergency Response Business Plan for responding to national-level incidents to be better prepared in the event of an attack or an emergency.
- Our followup review on five prior air-related reports found that EPA had generally taken needed corrective actions; EPA will review its Management Audit Tracking System to improve the system's accuracy.
- EPA agreed to take additional steps to improve its Indian General Assistance Program by developing and implementing an overall framework for improving tribal capacity for operating environmental programs.

#### ***To improve EPA's management, accountability, and program operations:***

- EPA Region 8 reclassified approximately \$3 million remaining in special accounts that were no longer needed for the Portland Cement Superfund site, and agreed to reclassify as much as \$5 million more, which will result in up to \$8 million being available to support other Superfund work.
- EPA has deobligated nearly \$7.3 million from Superfund cooperative agreements for four of the six sites in New York and New Jersey that we had cited in a prior report as needing deobligation out of about \$9.6 million.

- EPA is looking into savings of up to \$2.6 million in Special Appropriation Act Project grant funds for five different grants.
- EPA has agreed to bill two Superfund sites about \$1.8 million to recover EPA's cleanup costs from responsible parties.
- EPA continues to move away from using Cost-Plus-Award-Fee contracts, which provide monetary awards to contractors.

It should be noted that improvements resulting in potential monetary benefits result in more funds being available to contribute to improved human health and environmental quality.

## **Congressional Requests Addressed**

During the semiannual period, the OIG performed several reviews specifically requested by Congress.

On December 7, 2007, the House Committee on Oversight and Government Reform requested the EPA OIG to provide a list of recommendations made by the OIG that had not been implemented by Agency officials or Congress, as well as summary information on each recommendation and the status. On February 29, 2008, the OIG provided the committee with details on significant unimplemented recommendations from 26 reports. OIG determined that these recommendations were significant because they could have a material impact on the economy, efficiency, effectiveness, or integrity of EPA programs and operations. We issued our findings more formally in the *Congressionally Requested Report on Office of Inspector General Unimplemented Recommendations* (08-P-0123), issued on March 31, 2008.

Stemming from that congressional request, the OIG has recently undertaken a project to verify and report on the status of Agency actions taken in response to OIG recommendations. This fiscal year, we plan to begin providing inventory reports to EPA senior management on the status of recommendations from selected OIG reports. Also, during our recent followup-related work, we identified issues in the followup process used by the OIG and EPA that we plan to address in subsequent reviews.

As part of a 2005 request from a U.S. Senator seeking information on various issues regarding progress in cleaning up the Chesapeake Bay watershed, we looked at the impact of wastewater treatment facilities on the watershed. These facilities risk not meeting the 2010 goal for nutrient reductions. Although EPA and its State partners have taken a number of steps to lay the foundation for achieving the 2010 wastewater treatment goals, more needs to be done. Further details are on page 7. In response to the 2005 request, we previously issued reports related to agricultural, air deposition, and developed land issues. These reports can be found at <http://www.epa.gov/oig/reports/chesapeake.htm>.

# Significant OIG Activity

## Air

*Helping to make air safe and healthy to breathe.*

### Improvements Needed in Air Toxics Emissions Data Used for Assessments

EPA's National Emissions Inventory (NEI) data indicate an overall decline in air toxics emissions, and we believe implementing maximum achievable control technology (MACT) standards played a role. The quality of EPA's air toxics inventory data has taken on increased importance with EPA's decision to rely on NEI data to conduct residual risk assessments. To better assess remaining public health risk from MACT sources, EPA should improve the reliability of its NEI data.

EPA has issued 96 MACT standards covering 174 categories of industrial sources of air toxics. EPA completed the last standards in 2004. Standards are for such industries as petroleum refining, aluminum production, and pulp and paper. Now, EPA must assess the remaining, or residual, public health risk for each MACT standard. Residual risk assessments require accurate facility-specific emission data in order for EPA to determine the public health risk resulting from exposure to air toxics.



Work being done at a petroleum refinery, an industry for which we reviewed MACT standards (photo courtesy U.S. Department of Energy).

While EPA plans to use NEI data to assess the remaining public health risks from MACT sources of air toxics emissions, the reliability of NEI data for site-specific emissions varies considerably. EPA has not established objectives to define an acceptable level of quality for NEI data used in the residual risk process. Given these uncertainties, EPA could over- or under-estimate public health risk. Over-estimating could result in regulations on industries that are not cost beneficial. Under-estimating could result in EPA regulations not sufficiently protecting public health.

In June 2007, EPA's Science Advisory Board recommended several actions to improve the residual risk assessment process. These included developing a framework for improving the NEI data and analyzing the impact of data uncertainty on risk assessments. EPA has sought public comment on the framework for improving NEI data.

In our report, we recommended that EPA develop data quality objectives for using NEI data in conducting residual risk assessments, and establish requirements for State reporting of air toxics emissions data. EPA agreed

to document its current planning process for residual risk assessments to show that it is equivalent to the data quality objectives process. EPA did not agree to establish air toxics reporting requirements. We do not believe that voluntary reporting provides reasonable assurance that the NEI data are reliable and accurate.

*(Report No. 08-P-0020, Improvements in Air Toxics Emissions Data Needed to Conduct Residual Risk Assessments, October 31, 2007 – Report Cost: \$1,288,566)*

### **Corrective Actions on Air-Related Audit Reports Generally Taken, But Better Documentation Needed**

EPA's Office of Air and Radiation generally took corrective actions to implement recommendations for five air-related reports reviewed, but documentation on actions taken was incomplete.

Audit followup is essential to good management and improving the efficiency and effectiveness of EPA programs and operations. EPA is required to report to Congress on audit followup. For five air-related OIG audits, EPA's documented evidence of completion of agreed-to corrective actions was in the files for only 1 of 29 corrective actions. Further review found that corrective actions had been completed for 26 of the 29 agreed-to recommendations that we reviewed, but for the remaining 3, corrective action had not been implemented within 1 year as required.

EPA's Management Audit Tracking System was incomplete and contained mistakes for 16 of the 29 agreed-to corrective actions reviewed. Prior to issuing our report, EPA updated its tracking system to correct the errors and omissions we noted.

We recommended that EPA biannually review audit management information for accuracy and completeness, complete the certification progress for closing out reports, and maintain a list of specific corrective actions taken. We also recommended that EPA ensure that newly appointed audit followup coordinators receive audit management training before they take over the position's roles and responsibilities. EPA concurred with our recommendations.

*(Report No. 08-P-0080, EPA's Office of Air and Radiation Needs to Improve Compliance with Audit Followup Process, February 12, 2008 – Report Cost: \$142,924)*

## Oversight of Wastewater Upgrades in Chesapeake Bay Watershed Needs Improvement

Wastewater treatment facilities in the Chesapeake Bay watershed risk not meeting the 2010 goal for nutrient reductions if key facilities are not upgraded in time.

As part of our response to a request from a U.S. Senator to look into EPA efforts to clean up the Chesapeake Bay, we looked at progress in controlling discharges from wastewater treatment facilities. Such facilities are responsible for approximately 20 percent of nutrient discharges into the Bay. Of this amount, the 483 largest “significant” facilities account for 95 percent of the nutrient discharges.



The Blue Plains Wastewater Treatment Plant in Washington, DC, a major treatment facility within the Chesapeake Bay watershed (photo courtesy District of Columbia Water and Sewer Authority).

EPA and its State partners have taken a number of steps to lay the foundation for achieving the 2010 wastewater nutrient reduction goals. However, States need to finish adding nutrient limits to the permits, and the facilities will need to make significant reductions before 2010. Even after these reductions are achieved, it will be crucial to maintain the established reductions. Significant challenges include generating sufficient funding and addressing continuing population growth.

We recommended that EPA work with States to establish interim construction milestones for priority facilities, monitor milestone and financial funding progress for these facilities, and continue efforts in developing effective and credible water quality trading programs. EPA

concurred with our recommendations and estimated that wastewater facilities will come close to achieving the nutrient reduction goals in 2010. EPA’s estimate was based on new information that we were not able to evaluate during our review.

*(Report No. 08-P-0049, Despite Progress, EPA Needs to Improve Oversight of Wastewater Upgrades in the Chesapeake Bay Watershed, January 8, 2008 – Report Cost: \$571,638)*

## EPA Addressing Drinking Water Issues Raised by OIG

EPA is addressing all of the evaluation report recommendations that we made from September 2003 to May 2007 regarding EPA's drinking water program.



A couple of children drinking water; we looked into additional EPA challenges regarding drinking water (EPA photo).

EPA oversees implementing the Safe Drinking Water Act for the Nation's 156,000 public water systems. We found that significant developments occurred in many areas since 2003. These included such areas as rule and performance measure developments, drinking water security, source water protection, capacity development, sustainable infrastructure, underground injection control, logic model development, State oversight, and analytical methods development.

Still, the drinking water program faces many challenges, notably limited resources, emerging contaminants and new regulations, and system security issues. We suggested future evaluations in several areas to allow EPA to (1) determine how well its programs are working and (2) more efficiently use its resources. Priority should be given to water security-response capability, chemical security at drinking water facilities, variances/exemptions and waivers, effectiveness of Agency funding, and the contaminant selection process. We suggested several areas in which future evaluations would be beneficial, but did not make any recommendations.

*(Report No. 08-P-0120, Summary of Recent Developments in EPA's Drinking Water Program and Areas for Additional Focus, March 31, 2008 – Report Cost: \$260,084)*

**For details on additional water issues, please refer to:**

- Page 11, "Reviews of Special Appropriation Act Project Grants Note Potential Savings."
- Page 12, "Managing Grants for U.S.-Mexico Border Water Projects Needs Improvement."
- Page 20, "Florida Company Ordered to Pay \$1,863,264 in Restitution."
- Page 20, "Printing Company Sentenced for Making False Statements."
- Page 21, "Company Sentenced for Violating the Clean Water Act."

## **EPA Can Recover More Superfund Money**

EPA regions have recovered 56 percent of the total Superfund costs from sites we reviewed, and can recover more.

EPA regions have recovered \$165 million of \$294 million of the total Superfund costs from sites we reviewed. Potentially responsible parties at these sites have generally paid what they have been billed. EPA has not collected as much as \$129 million (44 percent), and has determined that it will not attempt to recover between \$30 million and \$90 million of this amount. This indicates a potentially significant breakdown in controls over Superfund cost recovery.

Regions generally use similar billing processes to recover their Superfund costs from private parties, but we found some exceptions. For example, we found that two EPA regions discovered they should have billed two sites about \$1.8 million, but did not. These costs are now being billed. One EPA region did not include about \$8 million in a negotiated settlement for a site because the costs were incorrectly assigned to another site.

We recommended that EPA (1) enhance cost recovery guidance for all the regions, (2) implement mechanisms to determine how efficiently it is recovering site costs, and (3) implement performance measures to track how efficiently it is recovering these costs. EPA concurred with all recommendations.

*(Report No. 08-P-0116, EPA Can Recover More Federal Superfund Money, March 26, 2008 – Report Cost: \$478,784)*

## **EPA Can Better Use Nearly \$8 Million from Utah Site's Superfund Special Accounts**

Region 8 can reclassify, or transfer to the Superfund Trust Fund, nearly \$8 million from the special accounts for the Portland Cement site in Salt Lake City, Utah.

Construction was complete at the site in September 2006. The Region had said there would be minimal but undetermined future costs for site maintenance, to be paid from an \$8.5 million balance. However, the Region did not timely review, reclassify, or transfer any of these funds because the Region considered doing so a low priority.

After receiving our draft “Early Warning” report in February 2008, Region 8 reclassified approximately \$3 million from the Portland Cement special accounts. The Region said these funds will be used for cleanup needs at the Libby Superfund site in Montana and Superfund records center site-specific work. The Region documented its plans to reclassify some portion of the remaining special account balance (about \$5 million) after it determines the amount of funds it will reimburse the State of Utah. Had Region 8 more timely reclassified these special account funds, cleanup needs at other sites that receive Trust Fund appropriations may have been met sooner. After the Region reclassifies the

special account funds reviewed, more funds will be available to support other Superfund priorities.

We also found that Region 8 can reclassify, or transfer to the Trust Fund, approximately \$16,000 from special accounts for four other sites.

EPA agreed with our recommendations to reclassify or transfer the \$8 million from the Portland Cement special accounts and the approximately \$16,000 from special accounts for four other sites.

*(Report No. 08-P-0102, Making Better Use of Superfund Special Accounts in Region 8, March 17, 2008 – Report cost part of overall report to follow)*

## **EPA’s National Emergency Response Planning Needs Improvement**

### **EPA’s Emergency Response Business Plan for responding to national-level incidents needs improvement.**

EPA developed the plan in 2006 as the framework for responding to national-level incidents while maintaining an effective day-to-day emergency response and removal program. The plan involves EPA’s resource needs to respond to three different national emergency scenarios (involving various combinations of radiological, biological, and chemical attacks).

EPA’s plan did not disclose the basis for EPA’s resource estimates. EPA management stated they did not consider State and local resources in their resource estimates because they believed they would be working with the affected State and local governments in a unified command structure.



Setting up for air sampling at Capitol Hill following the 2001 anthrax attacks in Washington, DC (EPA photo).

The plan does not satisfy EPA’s need for a framework to respond to incidents of national significance. Assumptions are undocumented, resource requirements unsupported, and internal and external coordination of response planning minimal. The plan may focus EPA’s preparation on the wrong resource allocations, leaving the Agency unprepared. EPA intends to address some of these issues as the plan is revised; the plan is evolving as EPA continues to make progress and improvements.

We recommended that EPA revise the plan to incorporate methodology and assumptions used, the rationale for selecting incidents of national significance, lessons learned from past incidents, logistics of resource deployment, and risk communications. EPA concurred with our recommendations.

*(Report No. 08-P-0055, EPA Should Continue to Improve Its National Emergency Response Planning, January 9, 2008 – Report Cost: \$136,702)*

**For details on an additional land issue, please refer to page 17, “EPA Deobligates Nearly \$7.3 Million Cited in Prior Audit Report.”**



## Reviews of Special Appropriation Act Project Grants Note Potential Savings

At the request of the EPA Office of Water, we initiated reviews of costs claimed under Special Appropriation Act Project grants, and noted various instances of ineligible costs claimed.

Since 1992, EPA has awarded over 5,000 Special Appropriation Act Project grants, totaling over \$5 billion, based on congressional earmarks. EPA awarded these grants to State and local governments and quasi-governmental agencies (such as water improvement districts) to assist in planning, designing, and constructing wastewater and drinking water facilities.

Starting in FY 2007, we began reviewing selected Special Appropriation Act Project grants awarded in Regions 2, 5, 8, and 9. To date, we have identified \$3,456,277 in ineligible and questioned costs claimed that can be recovered, including \$2,603,458 identified in reports published during the semiannual reporting period ending March 31, 2008. Specifically, we identified the following during the latest semiannual reporting period:

- The **City of Bad Axe, Michigan**, purchased two parcels of land totaling \$51,297 without obtaining prior approval as required by Federal regulations. The grantee also paid an engineering firm \$211,143 to design a water treatment facility but did not use the design. As a result, EPA needed to recover \$262,440. Region 5 issued a preliminary determination letter to the grantee on April 9, 2008, reinstating the cost of the land because it was necessary and reasonable for the project. Region 5 agreed with the OIG's conclusion that the engineering costs were not necessary. (*Report No. 08-2-0095, City of Bad Axe, Michigan – Unallowable Costs Claimed Under EPA Grant XP98578301, February 27, 2008 – Report Cost: \$73,616*)
- The **Borough of Carteret, New Jersey**, did not meet the Federal requirements for financial management systems. Based on directions from EPA, the grantee claimed \$1,360,429 in costs for reimbursement for work that was not within the scope of the original project. The grantee also claimed up to \$214,962 in unallowable pre-award costs. The grantee incurred additional project costs that EPA has not reviewed for eligibility that could have been claimed. (*Report No. 08-2-0084, Borough of Carteret, New Jersey - Unallowable Costs Claimed Under EPA Grant XP98247001, February 20, 2008 – Report Cost: \$51,628*)



Stormwater holding pond at the Hill District Stormwater Pumping Station in Carteret (EPA OIG photo).

- The **City of Elizabeth, New Jersey**, claimed and was reimbursed under its Clean Water State Revolving Fund loan for \$335,232 in excess of actual costs incurred. The grantee initially paid for all project construction costs using its internal service funds, and was reimbursed with draws from either State loans or the EPA grant. The grantee did not associate all reimbursements with contract invoice payments. As part of audit resolution, the grantee submitted documentation of additional eligible expenses that Region 2 accepted. (*Report No. 08-2-0062, City of Elizabeth, New Jersey – Excess Clean Water State Revolving Funds Claimed, January 23, 2008 – Report Cost: \$38,479*)
- The **Wayne County (New York) Water and Sewer Authority** claimed and was reimbursed for preaward costs that are unallowable under Federal regulations as well as grant terms and conditions. As a result, EPA will need to recover \$151,947 under Grant No. XP98247201. Also, the grantee’s financial management system does not provide accurate information to ensure costs are claimed in accordance with Federal regulations. (*Report No. 08-2-0045, Unallowable Federal Funds Drawn on EPA Grant No. XP98247201 Awarded to the Wayne County Water and Sewer Authority, New York, December 17, 2007 – Report Cost: \$44,093*)
- The **Village of Laurelville, Ohio**, did not maintain an acceptable financial management system in accordance with Federal regulations to support \$278,448 in drawdown requests submitted to EPA. Invoices provided either did not reconcile to the drawdown spreadsheets or included costs that were not allowable. Further, of the total amount, \$207,476 was also not allowable because it was associated with pre-award expenses, repayment of a loan and interest, a garage extension, office and maintenance equipment, and consultant fees. We also questioned \$5,018 of the overall amount claimed for an ultraviolet disinfection system that was not installed. Region 5 issued a final determination letter on March 28, 2008, agreeing with the audit and requesting repayment of \$278,448 (*Report No. 08-2-0039, Village of Laurelville, Ohio – Unallowable Costs Claimed Under EPA Grant XP97579701, December 5, 2007 – Report Cost: \$79,582*)

We plan to continue auditing Special Appropriation Act Project grants.

## Managing Grants for U.S.-Mexico Border Water Projects Needs Improvement



Construction at the Nogales International Wastewater Treatment Plant in Rio Rico, Arizona (EPA photo).

While EPA has been improving management of grant funds for U.S.-Mexico border water projects, EPA needs to make more changes.

The U.S.-Mexico border region extends more than 2,000 miles from the Gulf of Mexico to the Pacific Ocean, and over 60 miles on each side of the international boundary line.

Many heavily populated unincorporated areas along this border lack adequate sanitation and



A map of the U.S.-Mexico border region (EPA map).

drinking water services. Outhouses are often the only available means of sewage disposal. Pollutants from both countries contaminate shared waters due to inadequate sewage treatment. EPA's Border Program focuses on developing infrastructure to deliver safe drinking water and treat wastewater.

In FYs 2005 and 2006, EPA awarded \$35.1 million to the North American Development Bank to construct border projects that could not be built until they were planned and designed, which takes about 2 years. Since 1998, the bank has accumulated an unliquidated balance of \$233 million by EPA awarding construction grants before design was complete. EPA managers said they provided grant funds in advance to ensure funds were available after planning was completed. If this process continues, between \$34 and \$57 million of the funds Congress appropriated for the program in FYs 2007 and 2008 will not be needed until at least FY 2010.

Also, work plans for grants did not always include specific projects, measures, milestones, or costs associated with projects. When EPA awards grants with incomplete work plans, an overall reduction in accountability results. In January 2008, subsequent to completion of our field work, Regions 6 and 9 began including the additional required information in their grant work plans.

We recommended that EPA require project planning and design be completed before awarding grant funds for construction. We also recommended that EPA develop a plan to fund other projects with the unobligated funds, and prepare work plans that contain required information. Although EPA generally concurred with our recommendations, it expressed reservations about being able to make the changes without the agreement of all program partners, including the Mexican government, U.S. States, and U.S. Department of Agriculture.

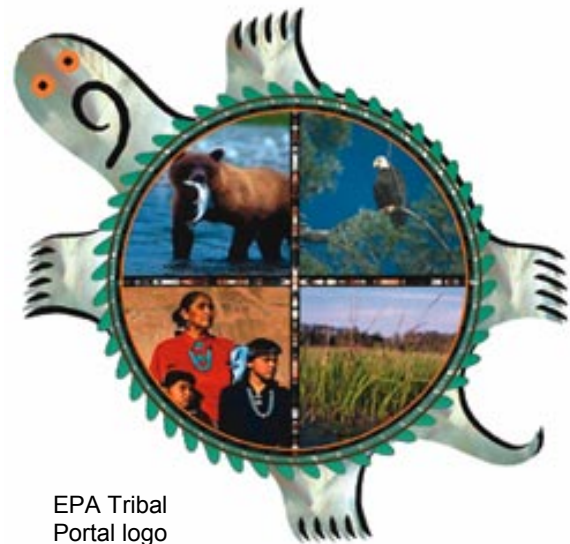
*(Report No. 08-P-0121, Improvements Needed to Ensure Grant Funds for U.S.-Mexico Border Water Infrastructure Program Are Spent More Timely, March 31, 2008 – Report Cost: \$417,493)*

## **Development of Tribal Capacity Needed in the Indian General Assistance Program**

Indian General Assistance Program (IGAP) grants are supposed to help tribes develop environmental programs; over 70 percent of tribes have met at least one of EPA's strategic goals for improving human health and the environment in Indian country. However, only 12 percent of tribes are implementing Federal environmental programs.

Since 1992, EPA has awarded \$455 million in IGAP funds. But many tribes have not developed long-term plans that describe how they will build environmental capacity to operate their environmental programs.

For tribes that do have plans and long-term goals, EPA has not tracked progress against the plans and goals. Of 27 reviewed tribes that have received funding for more than 5 years, 6 had activities limited to outreach, training, and meetings; how the activities will lead to their ability to implement environmental programs is unclear. EPA has not provided a framework for tribes to follow or adapt in order to develop their capacity to implement environmental programs. As a result, it is not clear whether IGAP funding will result in tribes being able to operate their own environmental programs.



EPA Tribal Portal logo (courtesy EPA).

We recommended that EPA develop and implement an overall framework for achieving capacity, take various steps to improve tribes' environmental planning, and revise how IGAP funding is distributed to tribes. EPA concurred with our recommendations, stating that the American Indian Environmental Office is committed to evaluating the IGAP program and incorporating new ways to improve the program's effectiveness.

*(Report No. 08-P-0083, Framework for Developing Tribal Capacity Needed in the Indian General Assistance Program, February 19, 2008 – Report Cost: \$470,169)*

## EPA Should Further Limit Use of Cost-Plus-Award-Fee Contracts

Although EPA has begun to move away from using Cost-Plus-Award-Fee (CPAF) contracts, we believe their use should be further limited and their administration improved.

CPAF contracts are used to motivate contractors to provide a high level of performance by providing base fees and award amounts based on a judgmental evaluation of performance by EPA. While EPA has paid contractors nearly \$16 million in award fees over the past 10 years on the nine contracts reviewed, it has no assurance that using CPAF contracts leads to a higher level of performance than other types of contracts. We found that EPA consistently provided contractors with high ratings and award fees; it



A site in Benton Harbor, Michigan, that had been cleaned up using an EPA Cost-Plus-Award-Fee contract (EPA photo).

appears that award fees are more of an expectation for contractors rather than a factor that motivates excellence. We could not determine if EPA properly awarded fees because it did not sufficiently document the basis for the ratings.

In some contracts, EPA paid a higher base fee than allowed by the EPA Acquisition Regulation. For two contracts, we estimated that EPA overpaid about \$100,000 through July 2007, and could overpay another \$760,000 over the remaining life of these contracts if changes are not made.

Developing and administering CPAF contracts is a labor-intensive process that could be made less burdensome. For example, eliminating the requirement for contractors to submit self evaluations could save up to \$50,000 over the course of a contract.

We recommended that EPA further limit using CPAF contracts by revising the Contracts Management Manual to require that a cost-benefit analysis be conducted prior to the award of any CPAF contract. We also recommended better documenting the basis for decisions and simplifying the CPAF process. EPA agreed with the majority of our recommendations or provided an acceptable alternative.

*(Report No. 08-P-0093, EPA Should Further Limit Use of Cost-Plus-Award-Fee Contracts, February 26, 2008 – Report Cost: \$336,936)*

## **EPA Earns Unqualified Opinion on Financial Statements**

EPA earned an unqualified opinion on its FY 2007 financial statements. That means we found the statements to be fairly presented and free of material misstatements. However, in evaluating internal controls, we noted seven significant deficiencies.

Significant deficiencies are deficiencies in internal control that adversely affect the entity's ability to report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements will not be prevented or detected.

One of the significant deficiencies represented a material weakness in internal controls. This deficiency primarily involved Superfund receivables. During FY 2006, EPA materially understated the FY 2006 asset value for 31 accounts by writing off \$150 million that was collectible. EPA recorded the write-offs based on implementation of its new "Currently Not Collectible" policy, which mandates automatic write-off from accounts receivable for those receivables that had no collection activity for 2 years. However, during FY 2007, EPA collected the \$150 million in receivables written off. EPA restated its FY 2006 financial statements to correct a material understatement of accounts receivable, and reversed the policy that led to the understatement and material weakness.

Further, we noted the following six significant deficiencies:

- EPA did not properly compute an allowance for doubtful accounts.
- In addition to the material weakness discussed above, EPA needs to improve internal controls in recording and accounting for accounts receivable.
- Key applications do not meet Federal and EPA information security requirements.
- EPA needs to improve access and security practices for critical information technology assets.
- EPA needs to improve controls over the Integrated Financial Management System Suspense Table.
- EPA did not maintain adequate documentation for obligating accounting adjustments.

None of these deficiencies resulted in a material misstatement of the FY 2007 financial statements.

Regarding compliance with laws and regulations, we found that EPA did not comply with regulations relating to reconciling intragovernmental transactions. EPA had over \$375 million in net unreconciled differences with 46 of its trading partners.

The Agency agreed with the issues raised and indicated it has begun taking corrective actions. Corrective actions include making various changes in internal controls to improve recording and accounting for accounts receivable that could result in \$13.5 million in cost efficiencies.

*(Report No. 08-1-0032, Audit of EPA’s Fiscal 2007 and 2006 (Restated) Consolidated Financial Statements, November 15, 2007 – Report Cost: \$2,367,128)*

## **EPA Deobligates Nearly \$7.3 Million Cited in Prior Audit Report**

EPA Region 2 has deobligated nearly \$7.3 million from Superfund cooperative agreements for four of the six sites in New York and New Jersey that we had cited in a prior report as needing deobligation.

Our October 2006 review identified \$9.6 million under six agreements with New York and New Jersey that could be deobligated. During this review, we found that EPA Region 2 deobligated nearly \$7.3 million. For one site (Ellis Property), the amount deobligated exceeded what was previously identified because EPA found additional funds that were no longer needed. For three agreements, as the remaining obligated funds are expected to be used for ongoing work, we are not requesting that EPA take additional corrective actions at this time. Details on amounts deobligated follow.

### **Status of Obligations**

Site Name	State	Amount in Prior OIG Report	Amount Deobligated
Imperial Oil	New Jersey	\$5,000,000	\$5,000,000
Ellis Property	New Jersey	500,000	543,500
Burnt Fly Bog	New Jersey	1,000,000	0
Combe Fill South	New Jersey	2,000,000	1,336,578
Syncon Resins	New Jersey	600,000	0
New York Multi-Site	New York	486,744	384,892
<b>Total</b>		<b>\$9,586,744</b>	<b>\$7,264,970</b>

Sources: OIG Report No. 2007-2-00003, the Financial Data Warehouse, and information provided by Region 2 Grants and Contracts Management Branch staff and project officers.

We did not make any recommendations in this followup report because EPA was taking appropriate actions.

*(Report No. 08-2-0099, Followup on Information Concerning Superfund Cooperative Agreements with New York and New Jersey, March 4, 2008 – Report Cost: \$54,227)*

## Several Hotline Reviews Completed

During the semiannual reporting period, the Public Liaison staff completed reviews of several cases submitted through the OIG Hotline.

- Our review of allegations surrounding a lack of EPA monitoring of Florida’s National Pollutant Discharge Elimination System program found that EPA did perform oversight, identify issues requiring corrective action, and follow up on corrective actions taken.
- Regarding an environmental assessment of a proposed gas exploration and development project located at Gunnison National Forest, Spaulding Peak, Colorado, we found that EPA’s lead reviewer did share comments with an environmental group. These comments were not shared with the complainant’s company. The complainant also alleged that the environmental group had a unique and undue influence on EPA’s decision. However, our review of the Agency’s technical specialists review found no evidence to indicate that the environmental group had a unique and undue influence on EPA’s final position. We did recommend that, in the future, the EPA not share information about environmental assessments with other than the requesting agencies.

## Hotline Activity

The following table shows EPA OIG Hotline activity regarding complaints of fraud, waste, and abuse in EPA programs and operations that occurred during the past semiannual period.

	<b>Semiannual Period (October 1, 2007 - March 31, 2008)</b>
<b>Inquiries and Complaints Received During Period</b>	426
<b>Issues Handled by EPA OIG</b>	110
<b>Inquiries Addressed Without Opening a Complaint</b>	108
<b>Complaints Opened</b>	2
<b>Complaints Closed</b>	6
<b>Complaints Open – Beginning of Period</b>	10
<b>Complaints Open – End of Period</b>	6
<b>Issues Referred to Others</b>	316
<b>EPA Program Offices</b>	80
<b>EPA Criminal Investigation Division</b>	18
<b>Other Federal Agencies</b>	42
<b>State/Local Agencies</b>	176



### **U.S. Virgin Islands Officials Found Guilty in \$1.4 Million Bribery and Kickback Scheme**

On February 27, 2008, following a 2-week trial, a Federal jury in St. Thomas found Dean C. Plaskett, former Commissioner of the U.S. Virgin Islands Department of Planning and Natural Resources (DPNR), guilty of demanding and accepting bribes and obstructing justice. The same jury also found Marc A. Biggs, former Commissioner of the Department of Property and Procurement, guilty of demanding and accepting bribes in a \$1.4 million bribery and kickback scheme. Sentencing has been scheduled for July 2, 2008.

In November 2007, Plaskett and Biggs were charged with demanding and accepting a series of bribes and kickbacks in exchange for awarding approximately \$1.4 million in government contracts and then authorizing more than \$1 million in payments on these contracts, despite little or no work having been performed. Plaskett and Biggs were also charged with obstructing justice, stemming from attempts to thwart the criminal investigation into the underlying bribery and kickback scheme.

Plaskett and Biggs were found guilty of demanding and accepting bribes and kickbacks associated with a \$650,000 contract awarded to a “shell” company created by others involved in this elaborate scheme. Plaskett was also found guilty of obstructing justice for attempting to have documents created and backdated to falsely document work never done by the shell company.

To date, four individuals, including three other former U.S. Virgin Islands government officials, have pleaded guilty to felony charges as a result of this investigation. Former DPNR Director of the Division of Environmental Protection Hollis L. Griffin, former Virgin Islands Fire Services employee Earl E. Brewley, and businessman Esmond J. Modeste of Atlanta, Georgia, have pleaded guilty to violating the Federal bribery statute, honest services mail fraud, and structuring currency transactions in furtherance of the underlying bribery and kickback scheme. The three defendants have been sentenced to prison – Griffin for 4 years, Modeste for 30 months, and Brewley for 21 months – and ordered to pay restitution in the approximate amount of \$1.1 million. In addition, former DPNR Director of Permits Brent E. Blyden pleaded guilty to conspiring to obstruct the criminal investigation into the bribery and kickback scheme. Blyden is currently awaiting sentencing.

In early 2000, with Blyden’s assistance, Griffin, Brewley, Modeste, and others formed a sham business by the name of Elite Technical Services (Elite) and used the entity, as well as other companies, to seek and be awarded at least seven government contracts valued at approximately \$1.4 million. The contracts were authorized and awarded by Plaskett, Biggs, Griffin, and Blyden. Although little or no work was completed, payments totaling more than \$1 million were authorized by Plaskett, Biggs, Griffin, and Blyden, and paid to Elite and the other complicit companies. After the contract proceeds were negotiated, Modeste, Brewley, and others kept a portion of the illicit proceeds for themselves and

paid cash bribes and kickbacks totaling between \$300,000 and \$350,000 to government officials, including Plaskett, Biggs, Griffin, and Blyden.

*This investigation is being conducted jointly with the Federal Bureau of Investigation, the Internal Revenue Service Criminal Investigation Division, the U.S. Postal Inspection Service, and the U.S. Virgin Islands Inspector General. (Case Cost: \$228,072)*

### **Florida Company Ordered to Pay \$1,863,264 in Restitution**

All County Water Association, Inc. (ACWA), and company president James Basi were ordered to pay \$1,863,264 in restitution to more than 500 victims of their fraudulent scheme to sell unnecessary water treatment systems to south Florida residents. ACWA and Basi had falsely claimed that local water supplies were injurious to the residents' health. The restitution was ordered by the U.S. District Court for the Southern District of Florida.

The defendants were sentenced for their respective roles in the fraud on December 14, 2007. ACWA, of Hollywood, Florida, was convicted of conspiracy to commit mail and wire fraud and sentenced to 60 months of probation, a \$500,000 fine, and a \$400 special assessment. Basi was convicted of conspiracy to commit mail and wire fraud, mail fraud, wire fraud, and misuse of a government seal. He was sentenced to 41 months in Federal prison, followed by 36 months of supervised release, and ordered to pay a \$25,000 fine and a \$400 special assessment. Lou Banos, a salesman for the company, was convicted of misuse of a government seal and was sentenced to 60 months of probation and ordered to pay a \$100 special assessment.

From approximately May 2002 until July 2007, ACWA, Basi, and Banos falsely advised residents of southern Florida that the quality of their drinking water was impaired, injurious to their health, and potentially life threatening. They then sold, facilitated, financed, installed, and maintained unnecessary water treatment systems for these south Florida residents. The defendants falsely claimed that these systems were capable of removing contaminants, carcinogens, and toxins, including *E. coli* and anthrax, thereby making their municipally-supplied water safe to drink. ACWA used the EPA seal on some of its marketing materials and represented to the residents that their system was "EPA Approved" when it was not. Approximately 2,000 people were victims of this scheme.

*This case is being conducted with the U.S. Postal Inspection Service. (Case Cost: \$744,592)*

### **Printing Company Sentenced for Making False Statements**

On October 25, 2007, Ramallo Brothers Printing, Inc. (Ramallo Brothers), of San Juan, Puerto Rico, was convicted of making false statements to EPA and the Puerto Rico Environmental Quality Board (EQB). The company was sentenced to 4 years of probation, a \$750,000 fine, and an \$800 special assessment. Subsequently, on February 27, 2008, Angel Ramallo-Diaz, former President and Chief Executive officer of the firm, was convicted of negligent discharge of a pollutant into waters of the United States and sentenced to 3 years of probation, a \$25,000 fine, and a \$25 special assessment. These judicial proceedings occurred in the U.S. District Court for the District of Puerto Rico.

Ramallo Brothers created a variety of wastes and byproducts from its printing business, including ink, which were placed in drums and transported to “La Finca” (“The Farm”) on a regular basis. In September 2000, EPA requested information from Ramallo Brothers pertaining to the hazardous substances and industrial wastes that were used, stored, generated, disposed of, or otherwise handled by them at the La Finca location. In June 2001, Ramallo Brothers responded by telling EPA the company had not disposed of any industrial waste at La Finca even though they knew that they had placed, stored, handled, and disposed of industrial waste at the site.

In addition, in February 2005, EQB requested information and documents from Ramallo Brothers concerning the disposal of industrial liquid waste. In response to that request, Ramallo Brothers submitted fraudulent “dump tickets” or manifests reflecting the disposal of the liquid industrial waste at the Puerto Nuevo wastewater treatment plant, even though this plant was closed and not accepting industrial wastewater.

Angel Ramallo-Diaz was also the vice president of Caribbean Forms Manufacturing, Inc. (CFM). The CFM facility used a variety of inks and generated ink and other liquid wastewater. The facility included an outside wastewater storage tank that held the ink and other industrial wastewater. During an inspection at the facility in February 2004, EQB discovered a rupture in a pipe leading to the outside storage tank. The rupture allowed blue ink and other wastewater to leak onto the ground and saturate the area behind the facility. EQB determined that the discharge of ink and wastewater from the pipe reached the Loiza River via a creek that was located behind the manufacturing facility. Neither Ramallo nor CFM had a permit to discharge into the creek or the Loiza River. Ramallo failed to contain the release, thereby allowing the waste to enter into the ground water and the Loiza River.

*This investigation was conducted with the EPA Criminal Investigation Division.  
(Case Cost: \$189,060)*

### **Company Sentenced for Violating the Clean Water Act**

On March 5, 2008, Archer Daniels Midland Company (ADM) was convicted of violating the Clean Water Act and was sentenced to a \$100,000 fine, a \$500 special assessment, and community service. The community service was in the form of a \$50,000 payment to the Tennessee Department of the Environment and Conservation, \$25,000 to the City of Chattanooga, and \$25,000 to the Southern Environmental Enforcement Network.

ADM, based in Decatur, Illinois, owned and operated a cellulose processing facility in Chattanooga, Tennessee, located adjacent to the Chattanooga Creek, a tributary of the Tennessee River. During 2003 and 2004, ADM discharged wastewater containing cotton fibers and other pollutants into storm drains that led to the creek without obtaining the proper permit authorizing such discharge.

*This investigation was conducted with the EPA Criminal Investigation Division.  
(Case Cost: \$26,246)*

## **Assistant Inspector General Testifies for Second Time on EPA's Environmental Justice Activities**

On October 4, 2007, Wade Najjum, the OIG Assistant Inspector General for Program Evaluation, testified before the House Energy and Commerce Subcommittee on Environment and Hazardous Materials during a hearing on EPA's environmental justice programs. This marked the second time in 2007 that Mr. Najjum testified before Congress on how EPA has incorporated environmental justice within its programs and activities.

A 2004 OIG report found that EPA had not identified minority and low-income communities, or defined the term "disproportionately impacted," in accordance with Executive Order 12898 on environmental justice. Even without the creation of these definitions, criteria, or standards from EPA, many regional and program offices individually took steps to implement environmental justice policies. "The result was inconsistency in determining environmental justice communities across EPA regions and programs," said Mr. Najjum. "We concluded that EPA had not fully implemented the Order and was not consistently integrating environmental justice into its day-to-day operations at that time." The OIG made 12 recommendations; EPA disagreed with 11 of them.

A 2006 report found that EPA program and regional offices have not routinely performed environmental justice reviews and that these offices lacked clear guidance to follow when conducting environmental justice reviews. "We concluded that EPA cannot determine whether its programs have a disproportionately high and adverse human health or environmental effect on minority and low-income populations without performing these types of reviews," said Mr. Najjum. Recommendations were made to address these issues, to which EPA agreed.

Mr. Najjum noted in his testimony that EPA has taken some steps to address environmental justice issues since the issuance of the OIG's reports. In 2005, for example, the Administrator reaffirmed EPA's commitment to environmental justice by directing staff to establish measurable commitments that address environmental priorities.

"These are all positive steps but EPA recognizes that more work needs to be done, particularly in its efforts to making environmental justice part of its mission by integrating environmental justice into its decision making, planning, and budgeting processes," said Mr. Najjum. He noted that EPA needs to be able to determine if its "programs, policies, and actions have a disproportionate health or environmental impact on minority or low-income populations."

# Chemical Safety and Hazard Investigation Board

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

*In FY 2004, Congress designated the EPA OIG to serve as the Inspector General for the 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 CSB's programs and operations.*

## **Board Earns Unqualified Opinion on Financial Statements**

CSB received an unqualified opinion on its FYs 2007 and 2006 financial statements. The statements were found to be presented fairly, in all material respects, and in conformity with applicable standards. Further, no material weaknesses involving internal controls over financial reporting were noted, nor were any instances of noncompliance with certain provisions of laws and regulations noted.

The audit was performed by an independent accounting firm. We reviewed the firm's report and related documentation, and found no instances in which the audit did not comply, in all material respects, with generally accepted auditing standards.

In FY 2007, CSB reported a net cost of operations of \$9.4 million. For that year, CSB completed 12 safety products, including 4 full investigation reports, 1 safety study, 4 case studies, and 3 safety bulletins. These products included a total of 83 recommendations for promoting chemical safety and health reduction. In addition, the CSB closed 55 safety recommendations.

We transmitted the financial statement report to CSB on November 15, 2007. The financial statements report is incorporated into CSB's FY 2007 Performance and Accountability Report, which can be found at <http://www.csb.gov>.

## Other Activities

### **OIG Issues 2007 Annual Performance Report Demonstrating Value Added**

The OIG issued its Annual Performance Report for FY 2007, its sixth such annual report. The report presents statistical and narrative summaries of OIG performance, and demonstrates the OIG's value added and return on investment to the public.

This report fulfills the reporting requirements of the Government Performance and Results Act (GPRA) in demonstrating how well the EPA OIG achieved results in FY 2007 compared to its 2007 annual performance targets. It also presents OIG cumulative results for FYs 2003 through 2007 compared to the cumulative goal targets for those periods.

This Annual Performance Report, designed to provide full accountability for the operations of the OIG, supplements the OIG summary statistics presented in EPA's FY 2007 Performance Accountability Report. It specifically includes financial summaries, management challenges, summaries of OIG operations and productivity, narrative highlights of how OIG work is improving EPA operations, and the costs and timeliness of all issued products. The report is available at <http://www.epa.gov/oig/reports/2008/2007EPAOIGAnnualPerformanceReport.pdf>.

### **OIG Reviews EPA's FY 2007 Draft Performance and Accountability Report**

Our review of EPA's FY 2007 draft Performance and Accountability Report found that the report fulfilled GPRA requirements.

Congress directed OIGs to annually review and report on their agencies' general compliance with GPRA. We reviewed the Agency's draft annual Performance and Accountability Report and reported on any omissions and areas where the spirit of transparent accountability envisioned by GPRA can be improved. We did not verify the quality, accuracy, or completeness of the data presented, except for the Agency's presentation of information required by the Inspector General Act amendments of 1988.

EPA's report had some improvements based on what we had suggested in prior years, such as its new discussion of challenges associated with each goal objective area. However, the report had areas that still needed to be structurally strengthened. Based on our review, we provided comments and suggestions. Key examples follow.

- **Better balance and linkages to future needed.** The report needs consistency in the balanced presentation of activities, outputs, outcomes, and results, along with a frank discussion of where and why performance is not being achieved. Also, the report needs to concentrate more on the discussion of actual results and how results translate to outcomes. For many of the objectives within the goal sections, there was a leap to a foregone conclusion of future anticipated results. Without substantive evidence of established trends, such a leap is speculative, if

not misleading. Because this is an annual report of progress toward the long-term goals, the report should emphasize current results in relation to prior progress toward achieving the long-term goals. This report, with few exceptions, neither discusses where and why progress is not being made, nor does it put current performance in context to those long-term goals and aspirations.

- **Better information on partners needed.** Thirty Federal agencies have an environmental mission as well as over 50 State and territorial environmental agencies. Many of the results and challenges depend upon Federal and State partners interacting. This report should better describe the contribution to results or barriers attributable to those partners. General mention is made of a few grantees and Federal agencies, but this mention should be more specific and woven into the fiber of the discussion since the majority of EPA programs are delegated. There is a discussion of the role and contribution to results by industry through the voluntary partnerships, but not of States.
- **Results should better address confluence across goals.** There is an interaction and relationship between many of the programs, objectives, and program measures results. However, presenting results by goals and objectives is narrow, and does not recognize confluence across goals and objectives. EPA should attempt to reference those interactions across goals and measures to present a more consolidated, mutually supportive view of EPA performance.
- **Little or no recognition given to regional goals, initiatives, or results.** We are aware that some of EPA's most significant environmental progress is made through regional activities in local or regional venues. While these may not be prominent national issues or make a significant contribution to national goals, they nonetheless deserve recognition as examples of environmental improvements and results as they relate to the public.
- **Inspector General Act reporting requirements on audit management not complete.** As required by the Inspector General Act, EPA reports statistics on resolution of OIG reports through the Performance and Accountability Report. However, some of the numbers the Agency reported were inconsistent with information the OIG tracked and verified. Also, the Performance and Accountability Report did not include the required description of OIG reports for which final action was not taken within 365 days of a management decision.

In response to our review comments, EPA's Office of the Chief Financial Officer made a number of improvements in the final version of the Agency's Performance and Accountability Report, including listing the Management Challenges in the *Management's Discussion and Analysis*, moderating several of the long-term future results, deleting narratives highlighting incorrect numbers in the status of resolution, and adding a footnote about the discrepancy. However, the Agency did choose to exclude summaries of several OIG reports that were submitted for Appendix A – a listing of program evaluations

Also, for the first time, the Agency produced a *Highlights* version of the Performance and Accountability Report. To present a balanced, accurate picture of EPA performance, we strongly suggested that the Performance and Accountability Report include the Major

Management Challenges, a brief description of targets not met, and a description of other excluded sections of the Performance and Accountability Report with electronic links.

## **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 EPA's programs and operations and to make recommendations concerning their impact. The primary bases for our comments are our audit, evaluation, investigation, and legislative experiences, as well as our participation on the President's Council on Integrity and Efficiency. During the reporting period, we reviewed 23 proposed changes to legislation, regulations, policy, and procedures that could affect EPA and provided comments on 9 of those proposed changes reviewed. We also reviewed drafts of Office of Management and Budget Circulars, program operations manuals, directives, and reorganizations. Details on several items follow.

**Proposed Acquisition Handbook Unit 18.1, *EPA Emergency Contracting*.** EPA's Office of Acquisition Management proposed a new Acquisition Handbook Unit establishing EPA's emergency contracting policy and procedures. The new policy and procedures serve as an EPA-specific supplement to the Emergency Acquisitions Guide issued by the Office of Federal Procurement Policy on May 31, 2007, and Federal Acquisition Regulation Part 18, *Emergency Contracting*. Specifically, these procedures identify pre-emergency and communication planning, emergency operations, post-emergency operations, acquisition flexibilities and tools, and a list of designated essential Agency contracts. The OIG commented that its Office of Investigations is a criminal investigative and law enforcement entity that has an essential mission in emergency situations. To support that mission, the OIG has a number of contracts/orders essential to this office performing effectively during an emergency, and we provided the list of our essential contracts. We also noted that we consider our interagency agreement with the U.S. Public Health Service to be mission critical. We depend on the U.S. Public Health Service for our medical services, such as inoculations and testing.

**Proposed Revision to the Resource Management Directive (RMDS) 2540-03, *Fund Balance with Treasury (FBWT) Management*; and the Standard Form (SF) 224, *Reconciliation Procedure*.** RMDS 2540-03 establishes accounting policy and reconciliation steps for managing FBWT. FBWT is EPA's "checkbook balance" of funds deposited in the Treasury, available to EPA to make authorized expenditures and pay liabilities. We provided several comments on the proposed revision, including:

- We observed that according to section 2e, measuring success is determined based on whether issues were found by "internal reviews" or auditor examination of records. This implies if an error occurs and is not identified, EPA would be successful with its cash management activities. We recommended that additional success measures should be implemented that would encourage lower differences and be internal in nature, rather than relying on an audit or review that would occur much later than the actual event. An example of an internal measure would be keeping differences lower than the Treasury's \$10 million threshold.
- We noted that if the Agency does use manual adjustments, the amount of the manual adjustments is determined by what is needed to reduce the difference with Treasury below Treasury's \$10 million threshold. No limit is placed on the



amount of the manual adjustment. Without a limit, the manual adjustment could dwarf Treasury's threshold. We suggested that the Agency impose a dollar limit on manual adjustments for the SF 224.

## **Examples Demonstrate Results from Audit Followup Reviews**

The OIG has a responsibility to monitor the progress of agreed-upon corrective actions being taken by EPA managers in response to report recommendations. Many recommendations require complex, time consuming actions, but Agency managers are expected to make reasonable efforts to comply with agreed-upon completion schedules. Most open recommendations are completed or are on track for timely implementation.

Below are a few examples of reports highlighted in prior Semiannual Reports to Congress for which Agency management has not implemented the recommended improvements, as well as examples of where the Agency has implemented the recommendations. Appendix 3 provides a list of OIG reports from previous semiannual reporting periods with recommendations on which actions have not been completed. This information will be used as the basis for improved reporting in the future.

### ***Unimplemented***

***EPA's Response to the World Trade Center Collapse: Challenges, Successes, and Areas for Improvement, Report No. 2003-P-00012, August 21, 2003:*** The OIG addressed six questions regarding how EPA responded to the World Trade Center towers collapse and how it could better respond in the future. One of the six questions related to what additional actions, if any, EPA should take to improve its response and recovery efforts in the World Trade Center area related to indoor air quality. The majority of officials contacted indicated EPA did not need to take additional actions to address outdoor ambient air quality concerns, although concerns were expressed regarding indoor contamination. We recommended that EPA implement a testing program to ensure the indoor cleanup effectively reduced health risks from all pollutants of concern, and implement a verification program to determine whether previously cleaned residences have been re-contaminated. Although the Agency has not fully determined the status of actions on all recommendations from this report, the U.S Government Accountability Office recently reported that three recommendations have not been implemented, including one involving the impact of indoor air contamination.

***EPA's Allowing States to Use Bonds to Meet Revolving Fund Match Requirements Reduces Funds Available for Water Projects, Report No. 2007-P-00012, March 29, 2007:*** Congress created the State Revolving Funds to provide States with a continuous source of funding for needed water projects. EPA regulations and policies allowing States to use bonds repaid from State Revolving Fund interest to State Revolving Fund match requirements are resulting in fewer dollars being available for water projects. We recommended that the Assistant Administrator for Water revise the regulations and policy on State match options to no longer allow States to use bonds repaid from the State Revolving Fund to meet State match requirements.

## ***Implemented***

***Followup on Information Concerning Superfund Cooperative Agreements with New York and New Jersey, Report No. 08-2-0099, March 4, 2008:*** We performed this followup review to determine the status of the \$9.6 million in deobligations for cooperative agreements identified in an earlier report. We found that EPA Region 2 had deobligated \$7.3 million from four of the six sites in New York and New Jersey cited in our prior report. Since the remaining funds obligated under the agreements are expected to be used for ongoing work, we did not request that EPA take additional corrective actions at this time.

***Progress Made in Improving Use of Federal Supply Schedule Orders, but More Action Needed, Report No. 2007-P-00037, September 20, 2007:*** The objectives of our audit were to determine whether EPA implemented the agreed-upon corrective actions from a previous OIG report on Federal Supply Schedule orders. EPA implemented all but one of the recommendations in our original report. As a result of this previous report, EPA: (1) published guidance in its Contract Management Manual for issuing orders against the Federal Supply Schedule; (2) provided training to contracting officers; and (3) is acquiring a new, commercial off-the-shelf Federal acquisition system. Regarding the one recommendation not implemented, due to technology challenges, EPA did not provide samples of sole source justifications to program offices as agreed. However, posting justifications on EPA's intranet should resolve the issue.

## **OIG Trains Staff on 2007 Government Auditing Standards Revisions**

Deborah Heckman of the OIG's Office of Planning, Analysis, and Results designed and delivered a training program to 156 staff members on the 2007 revision to the *Government Auditing Standards* issued by the Comptroller General of the United States. The training was given multiple times from Headquarters to provide efficient coverage to nearly all OIG auditors, analysts, and evaluators nationwide, either in person or by video conference. By making each session interactive, this innovative training not only taught OIG staff about the revisions but helped them better understand how specific standards apply to their work.

## **OIG Purchase Card Program Found to Be Effective**

As a required part of the Agency's biennial purchase card review, the OIG reviewed its OIG purchase card program to assess (1) compliance with laws and regulations, (2) efficiency of operations, and (3) adequacy of internal controls. We found the OIG purchase card program to be an effective tool for streamlining the procurement process by applying e-commerce practices and decentralizing purchase authority to save time and money. The OIG has successfully expanded using purchase cards while implementing sound controls and limiting the number of card holders and approving officials. Even though approving officials and cardholders have a greater awareness of purchase card requirements since the last review in 2005, several administrative processes and documentation can be improved. Best practices were also identified during the review.

# Statistical Data

## Profile of Activities and Results

<b>Audit Operations</b> Office of Inspector General Reviews	
October 1, 2007 to March 31, 2008 (\$ in millions)	
<b>Questioned Costs *</b>	
▪ Total	\$2.4
▪ Federal	\$2.1
<b>Recommended Efficiencies *</b>	
▪ Federal	\$22.8
<b>Costs Disallowed to be Recovered</b>	
▪ Federal	\$6.2
<b>Costs Disallowed as Cost Efficiency</b>	
▪ Federal	\$16.6
<b>Reports Issued - Office of Inspector General Reviews</b>	18
<b>Reports Resolved</b> (Agreement by Agency officials to take satisfactory corrective actions) **	103

<b>Audit Operations</b> Other Reviews (Reviews Performed by Another Federal Agency or Single Audit Act Auditors)	
October 1, 2007 to March 31, 2008 (\$ in millions)	
<b>Questioned Costs *</b>	
▪ Total	\$69.6
▪ Federal	\$1.6
<b>Recommended Efficiencies *</b>	
▪ Federal	\$0
<b>Costs Disallowed to be Recovered</b>	
▪ Federal	\$5.5
<b>Costs Disallowed as Cost Efficiency</b>	
▪ Federal	\$0
<b>Reports Issued – Other Reviews</b>	
▪ EPA Reviews Performed by Another Federal Agency	56
▪ Single Audit Act Reviews	44
Total	100
<b>Agency Recoveries</b> Recoveries from Audit Resolutions of Current and Prior Periods (cash collections or offsets to future payments) ***	\$8.7

<b>Investigative Operations</b>	
October 1, 2007 to March 31, 2008 (\$ in millions)	
Total Fines and Recoveries ****	\$3.448
Cost Savings	\$0
Cases Opened During Period	26
Cases Closed During Period	40
Indictments/Informations of Persons or Firms	12
Convictions of Persons or Firms	14
Civil Judgments/Settlements/Filings	3

\* Questioned Costs and Recommended Efficiencies are subject to change pending further review in the audit resolution process. Total Questioned Costs include contracts of other Federal agencies.

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

\*\*\* Information on Recoveries from Audit Resolutions is provided by EPA's Office of Financial Management and is unaudited.

\*\*\*\* Total includes actions resulting from joint investigations.

# Audit Report Resolution

## Status Report on Perpetual Inventory of Reports in Resolution Process for Semiannual Period Ending March 31, 2008

Report Category	No. of Reports	Report Issuance (\$ in thousands)		Report Resolution Costs Sustained (\$ in thousands)	
		Questioned Costs	Recommended Efficiencies	To Be Recovered	As Efficiencies
A. For which no management decision was made by October 1, 2007 *	131	\$57,772	\$14,514	\$10,909	\$0
B. Which were issued during the reporting period	118	\$3,677	\$22,790	\$865	\$16,551
C. Which were issued during the reporting period that required no resolution	37	\$0	\$0	\$0	\$0
Subtotals (A + B - C)	212	\$61,449	\$37,304	\$11,774	\$16,551
D. For which a management decision was made during the reporting period	105	\$17,469	\$21,876	\$11,774	\$16,551
E. For which no management decision was made by March 31, 2008	107	\$43,980	\$15,428	\$0	\$0
F. Reports for which no management decision was made within 6 months of issuance	66	\$41,350	\$14,514	\$0	\$0

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

### Status of Management Decisions on Inspector General Reports

This section presents statistical information as required by the Inspector General Act of 1978, as amended, on the status of EPA management decisions on reports issued by the OIG involving monetary recommendations. As presented, information in Tables 1 and 2 cannot be used to assess results of reviews performed or controlled by this office. Many of the reports were prepared by other Federal auditors or independent public accountants. EPA OIG staff do not manage or control such assignments. Auditees frequently provide additional documentation to support the allowability of such costs subsequent to report issuance.

**Table 1 - Inspector General-Issued Reports with Questioned Costs for Semiannual Period Ending March 31, 2008 (dollars in thousands)**

Report Category	No. of Reports	Questioned Costs *	Unsupported Costs
A. For which no management decision was made by October 1, 2007 **	62	\$57,772	\$37,477
B. New reports issued during period	30	\$3,677	\$2,014
Subtotals (A + B)	92	\$61,449	\$39,491
C. For which a management decision was made during the reporting period	42	\$17,469	\$10,018
(i) Dollar value of disallowed costs	35	\$11,774	\$4,939
(ii) Dollar value of costs not disallowed	7	\$5,695	\$5,079
D. For which no management decision was made by March 31, 2008	50	\$43,980	\$29,473
Reports for which no management decision was made within 6 months of issuance	15	\$41,350	\$27,653

\* Questioned costs include the 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 tracking system.

**Table 2 - Inspector General-Issued Reports with Recommendations that Funds Be Put to Better Use for Semiannual Period Ending March 31, 2008 (dollars in thousands)**

Report Category	No. of Reports	Dollar Value
A. For which no management decision was made by October 1, 2007 *	2	\$14,514
B. Which were issued during the reporting period	4	\$22,790
Subtotals (A + B)	6	\$37,304
C. For which a management decision was made during the reporting period	3	\$21,876
(i) Dollar value of recommendations from reports that were agreed to by management	2	\$16,551
(ii) Dollar value of recommendations from reports that were not agreed to by management	1	\$5,325
(ii) Dollar value of non-awards or unsuccessful bidders	0	\$0
D. For which no management decision was made by March 31, 2008	3	\$15,428
Reports for which no management decision was made within 6 months of issuance	2	\$14,514

\* 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 tracking system.

**Audits with No Final Action as of March 31, 2008, Which Are Over 365 Days Past the Date of the Accepted Management Decision (including Audits in Appeal)**

Audits	Total	Percentage
Program	30	62.5%
Assistance Agreements	2	4.2%
Contract Audits	0	0.0%
Single Audits	15	31.2%
Financial Statement Audits	1	2.1%
<b>Total</b>	<b>48</b>	<b>100.0%</b>

## Summary of Investigative Results

### Summary of Investigative Activity during Period

Cases open as of October 1, 2007	111
Cases opened during period	26
Cases closed during period *	40
Cases pending as of March 31, 2008	97

\* Includes one case closed in a prior period

### Investigations Pending by Type as of March 31, 2008

	Superfund	Management	Split Funded	Total
Contract	7	11	2	20
Assistance Agreement	0	28	2	30
Employee Integrity	0	13	0	13
Program Integrity	2	5	1	8
Computer Crime	0	2	0	2
Laboratory Fraud	2	18	0	20
Other	1	2	1	4
<b>Total</b>	<b>12</b>	<b>79</b>	<b>6</b>	<b>97</b>

### Results of Prosecutive Actions

	EPA OIG Only	Joint **	Total
Criminal Indictments / Informations / Complaints	2	10	12
Convictions	5	9	14
Civil Judgments / Settlements / Filings	1	2	3
Fines and Recoveries (including Civil)	\$8,862	\$3,375,690	\$3,384,552
Prison Time	0 months	41 months	41 months
Prison Time Suspended	0 months	0 months	0 months
Probation	156 months	300 months	456 months
Community Service	240 hours	40 hours	280 months

### Administrative Actions

	EPA OIG Only	Joint **	Total
Suspensions	10	0	10
Debarments	1	1	2
Compliance Agreements	4	0	4
Other Administrative Actions	16	0	16
<b>Total</b>	<b>31</b>	<b>1</b>	<b>32</b>
<b>Administrative Recoveries</b>	<b>\$63,773</b>	<b>\$0</b>	<b>\$63,773</b>

\*\* With another Federal agency.

# Scoreboard of Results

## Scoreboard of OIG Second Quarter (March 31, 2008) Performance Results Compared to Annual Performance Goal Targets

All results reported in FY 2008, from current and prior years' work, are as reported in OIG Performance Measurement and Results System and the Inspector General Operations Reporting system. All data not verified.

OIG FY 2008 Government Performance and Results Act Annual Performance Targets Compared to FY 2008 Second Quarter Results Reported	Supporting Measures
<b>Goal: Contribute to Human Health and Environmental Quality Through Improved Business Practices, Accountability, and Integrity of Program Operations</b>	
<b>Environmental Improvements/Actions/Changes Improvements in Business/Systems/Efficiency Risks Reduced or Eliminated</b>  <i>Target: 347; Reported: 156 (45%)</i>	0 Legislative/regulatory changes/decisions 0 Examples of environmental improvement 0 Environmental best practices implemented 0 Management best practices implemented 6 Environmental policy, process, practice, control changes 22 Management policy, process, practice, control changes 126 Certifications/validations/verifications/corrections 2 Environmental/mgt. risks reduced/eliminated
<b>Environmental and Business Recommendations, Challenges, Best Practices, and Risks Identified</b>  <i>Target: 971; Reported: 332 (34%)</i>	6 Environmental recommendations <i>(for Agency/stakeholder action)</i> 246 Management recommendations <i>(for Agency/stakeholder action)</i> 3 Critical congressional or public management concern addressed 1 Best environmental practice identified 0 Best management practices identified 3 Referrals for Agency action 7 New FMFIA/A-123/mgt. challenges/risks identified 1 Environmental risk identified 65 Followup certifications/validations, verifications
<b>Return on Investment: Potential dollar return as percentage (150%) of OIG budget (\$52.5 million)</b>  <i>Target: \$78.75 M; Reported: \$28.50 M (EPA) (36.2%)</i>	<i>(Dollars in Millions)</i> \$ 2.25 Questioned costs <i>(net EPA)</i> \$ 22.80 Recommended efficiencies, costs saved <i>(EPA)</i> \$ 3.45 Fines, recoveries, settlements
<b>Criminal, Civil, and Administrative Actions Reducing Risk of Loss/Operational Integrity</b>  <i>Target: 80; Reported: 61 (76%)</i>	14 Criminal convictions 12 Indictments/informations/complaints 3 Civil judgments/settlements/filings 32 Administrative actions
<b>Sustained Monetary Recommendations and Savings Achieved from Current and Prior Periods: \$ 28.1 M</b>  <b>Sustained Environmental and Management Recommendations Sustained for Resolution: 101</b> (no goals established)	<i>(Dollars in Millions)</i> \$ 11.6 Questioned costs sustained \$ 16.5 Cost efficiencies sustained or realized 2 Environmental recommendations sustained 99 Management recommendations sustained

Second Quarter Targets = 50% of Annual Goal

**NOTE:** Targets increased to reflect continuation of Defense Contract Audit Agency funding and oversight, from 334 to 347 (outcomes) and from 120% to 150% (dollar return on investment in budget).

# Appendices

## Appendix 1 - Reports Issued

The Inspector General Act 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.	Title	Final Report Issued	Questioned Costs			Federal Recommended Efficiencies
			Ineligible Costs	Unsupported Cost	Unreasonable Costs	
<b>PERFORMANCE REPORTS</b>						
08-P-0020	MACT Implementation Progress and Challenges	31-Oct-07	0	0		0
08-P-0049	Chesapeake Bay Point Sources	8-Jan-08	0	0		0
08-P-0055	Emergency Response Business Plan	9-Jan-08	0	0		0
08-P-0080	Followup Process for Air Evaluation Reports	12-Feb-08	0	0		0
08-P-0083	Tribal Capacity for Indian General Assistance Program	19-Feb-08	0	0		0
08-P-0093	Use of Cost-Plus-Award-Fee Contracts	26-Feb-08	0	0		\$762,000
08-P-0102	Utilization of Superfund Special Accounts – Region 8	17-Mar-08	0	0		\$7,990,100
08-P-0116	Recovery of Superfund Expenditures	26-Mar-08	0	0		0
08-P-0120	Summary Assessment of EPA Drinking Water Program	31-Mar-08	0	0		0
08-P-0121	U.S. Mexico Border Water Projects Grant Program	31-Mar-08	0	0		0
08-P-0123	Congressionally Requested Report on OIG Unimplemented Recs.	31-Mar-08				
	<b>TOTAL PERFORMANCE REPORTS = 11</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,752,100</b>
<b>ASSISTANCE AGREEMENT REPORTS</b>						
08-2-0039	Village of Laurelville, OH (Special Appropriation Act Project)	5-Dec-07	\$207,476	\$65,954	\$5,018	0
08-2-0045	Wayne County, NY (Special Appropriation Act Project)	17-Dec-07	0	0	0	\$151,947
08-2-0062	City of Elizabeth, NJ (Special Appropriation Act Project)	23-Jan-08	0	0	0	\$335,232
08-2-0084	Borough of Carteret, NJ (Special Appropriation Act Project)	20-Feb-08	0	\$1,575,391	0	0
08-2-0095	City of Bad Axe, MI (Special Appropriation Act Project)	27-Feb-08	\$51,297	0	\$211,143	0
08-2-0099	NY/NJ Cooperative Agreement Followup	4-Mar-08	0	0	0	0
	<b>TOTAL ASSISTANCE AGREEMENT REPORTS = 6</b>		<b>\$258,773</b>	<b>\$1,641,345</b>	<b>\$216,161</b>	<b>\$487,179</b>
<b>SINGLE AUDIT REPORTS</b>						
08-3-0017	Genesse County Drain Comm. Div. Water and Waste Services	25-Oct-07	0	0	0	0
08-3-0018	Yankton Sioux Tribe FY 2005	25-Oct-07	0	0	0	0
08-3-0019	Chippewa Cree Tribe FY 2005	25-Oct-07	0	0	0	0
08-3-0024	Fort Bidwell Indian Community Council FY 2005	1-Nov-07	0	0	0	0
08-3-0028	Anvik Tribal Council FY 2005	8-Nov-07	\$734	\$2,200.00	0	0
08-3-0030	Las Vegas Valley Water District FY 2005	13-Nov-07	\$70,129	0	0	0
08-3-0031	Norman, City of FY 2005	13-Nov-07	0	0	0	0
08-3-0033	Association of Farmworker Opportunity	15-Nov-07	0	0	0	0
08-3-0034	Harris County FY 2005	15-Nov-07	0	0	0	0
08-3-0035	Taylor, City of FY 2006	20-Nov-07	0	0	0	0
08-3-0037	Lake Michigan Air Directors Consortium, IL - FY 2006	4-Dec-07	0	0	0	0
08-3-0038	Canton, City of, IL - FY 2006	4-Dec-07	\$3,744	\$1,128	0	0
08-3-0041	Taylor, City of FY 2005	10-Dec-07	0	\$187,393	0	0
08-3-0042	Guam, Government of, FY 2006	10-Dec-07	\$564	\$85,119	0	0
08-3-0043	Water Environment Federation, FY 2005	10-Dec-07	0	0	0	0
08-3-0044	Northern Mariana Islands, Commonwealth of, FY 2006	11-Dec-07	0	\$9,378	0	0
08-3-0047	Pyramid Lake Paiute Tribe, FY 2004	18-Dec-07	0	\$74,555	0	0
08-3-0048	Pyramid Lake Paiute Tribe, FY 2005	18-Dec-07	0	0	0	0
08-3-0050	City of Conrad, MT - FY 2006	8-Jan-08	0	0	0	0
08-3-0051	City of Hartford, SD - FY 2006	8-Jan-08	0	0	0	0
08-3-0052	Battelle Memorial Institute OH - FY 2006	8-Jan-08	0	0	0	0



Report No.	Title	Final Report Issued	Questioned Costs			Federal Recommended Efficiencies
			Ineligible Costs	Unsupported Cost	Unreasonable Costs	
08-3-0053	City of Rockford, IL - FY 2006	8-Jan-08	0	0	0	0
08-3-0054	City of Sun Prairie ,WI - FY 2006	8-Jan-08	0	0	0	0
08-3-0056	City of Wisconsin Rapids, WI - FY 2006	10-Jan-08	0	0	0	0
08-3-0059	City of Douglas, AZ	22-Jan-08	0	0	0	0
08-3-0060	Kingbrook Rural Water System Inc., SD	22-Jan-08	0	0	0	0
08-3-0061	Hoopa Valley Tribe, CA	22-Jan-08	0	0	0	0
08-3-0079	Los Coyotes Band of Indians, CA	11-Feb-08	0	\$10,841	0	0
08-3-0082	Match Be Nash She Wish Band of Pottawatomini Indians - FY 2006	14-Feb-08	0	0	0	0
08-3-0086	Carteret, Borough of FY 2005	21-Feb-08	0	0	0	0
08-3-0087	FOCUS: HOPE - FY 2006	21-Feb-08	0	0	0	0
08-3-0089	Putnam County WV - FY 2005	25-Feb-08	0	0	0	0
08-3-0101	Scott's Run Public Service District WV - FY 2005	12-Mar-08	0	0	0	0
08-3-0103	Guam Waterworks Authority	18-Mar-08	0	0	0	0
08-3-0105	Pace University FY 2005	20-Mar-08	0	0	0	0
08-3-0106	Pace University FY 2006	20-Mar-08	0	0	0	0
08-3-0107	Puerto Rico Water Pollution Control Revolving Fund FY 2005	20-Mar-08	0	0	0	0
08-3-0108	Wyandotte Nation - FY 2006	20-Mar-08	0	0	0	0
08-3-0109	Chippewa Cree Tribe - FY 2006	20-Mar-08	0	0	0	0
08-3-0110	Great Lakes Commission FY 2007	20-Mar-08	0	0	0	0
08-3-0111	Blackfeet Tribe of the Blackfeet Indian Reservation - FY 2005	20-Mar-08	0	\$1,554	0	0
08-3-0112	Wyoming, University of - FY 2006	20-Mar-08	0	0	0	0
08-3-0113	Lower Brule Sioux Tribe - FY 2006	24-Mar-08	0	0	0	0
08-3-0115	Minnesota Public Facilities Authority - FY 2006	25-Mar-08	0	0	0	0
<b>TOTAL SINGLE AUDIT REPORTS = 44</b>			<b>\$75,171</b>	<b>\$372,168</b>	<b>\$0</b>	<b>\$0</b>

**DEFENSE CONTRACT AUDIT AGENCY (DCAA) CONTRACT REPORTS**

08-1-0001	Bionetics Corporation - FY 2005 Incurred Cost	1-Oct-07	0	0	0	0
08-1-0002	The Cadmus Group, Inc. - FY 4/30/2005 Incurred Cost	3-Oct-07	\$4,633	0	0	0
08-1-0003	Metcalf & Eddy, Inc. -FY 2005 Incurred Cost	3-Oct-07	\$1,929	0	0	0
08-1-0004	Black & Veatch Spec. Proj. Corp.-FY2002 Incurred Cost	4-Oct-07	0	0	0	0
08-1-0005	IBM Global Services - Federal - FY 2003 Incurred Cost	4-Oct-07	\$264,947	0	0	0
08-1-0006	IBM Global Services - Federal - FY 2004 Incurred Cost	4-Oct-07	\$65,437	0	0	0
08-1-0007	DynCorp. Inc-FYE 3/31/2003 Incurred Cost (15-month period)	4-Oct-07	\$2,435	0	0	0
08-1-0008	Versar, Inc. - FY 2005 Incurred Cost	5-Oct-07	0	0	0	0
08-1-0009	DPRA, Inc. - FY 03/31/2006 Incurred Cost	11-Oct-07	\$1,760	0	0	0
08-1-0010	CDM Federal Programs Corporation - FY 2005 Incurred Cost	13-Nov-07	0	0	0	0
08-1-0057	Battelle Memorial Institute- Columbus FY 2006 Incurred Cost	10-Jan-08	\$38,512	0	0	0
08-1-0068	Natl Academy of Public Admin - FY 09/30/2005 I/C	24-Jan-08	0	0	0	0
08-1-0071	Environmental Quality Management, Inc. - FY 12/31/04 I/C	29-Jan-08	0	0	0	0
08-1-0076	Booz-Allen & Hamilton, Inc. FYE 3/31/2004 Incurred Cost	5-Feb-08	\$118,251	0	0	0
08-1-0078	ABT Associates Inc. - FYE 3/31/2003 Incurred Cost Audit	7-Feb-08	0	0	0	0
08-1-0088	Arcadis Geraghty & Miller - FY 12/31/2004 Incurred Cost	25-Feb-08	0	0	0	0
08-1-0090	Computer Sciences Corporation- FY 2001 Incurred Cost	25-Feb-08	\$0	0	0	0
08-1-0091	Parsons Engineering Science, Inc - FYE 12/31/03 Incurred Cost	25-Feb-08	\$3,771	0	0	0
08-1-0092	Alpha-Gamma Technologies, Inc. - FY 2003 Incurred Cost	25-Feb-08	\$27,604	0	0	0
08-1-0096	Roy F. Weston-FY 1999 Incurred Cost	28-Feb-08	0	0	0	0
08-1-0100	InfoPro, Inc. - FY 09/30/2005 Incurred Cost	10-Mar-08	0	0	0	0
08-1-0104	S. Cohen and Associates - FY 2005 Incurred Cost	18-Mar-08	0	0	0	0
08-1-0114	Weston Solutions Inc - FY 12/31/2004 Incurred Cost	24-Mar-08	\$197,869	0	0	0
08-1-0118	Integrated Laboratory Systems - FY 2005 Incurred Cost	26-Mar-08	\$81,616	0	0	0
08-1-0119	EA Engineering Science and Technology- FY 2006 Incurred Cost	27-Mar-08	0	0	0	0
08-1-0122	Alpha-Gamma Technologies, Inc. - FY 2004 Incurred Cost	31-Mar-08	\$153,301	0	0	0
08-2-0001	CDM Federal Programs FY 2004 RAC 68-W5-0022	2-Oct-07	\$3,698	0	0	0
08-2-0002	CDM Federal Program Corp. - FY 2004 RAC 68-W9-8210	4-Oct-07	\$18,919	0	0	0
08-2-0003	Weston Solutions, Inc. - FY 2004 RAC - 68-W7-0026	5-Oct-07	0	0	0	0
08-2-0004	CH2MHill, Inc. - FY 2003 RAC - 68-W6-0025	11-Oct-07	0	0	0	0
08-2-0005	Toeroek Associates - FY 2005 Incurred Cost	1-Nov-07	0	0	0	0
08-2-0006	Bevilacqua-Knight Inc. - FY 2005 Incurred Cost	6-Nov-07	0	0	0	0
08-2-0007	Black & Veatch Spec. Proj. Corp.-FY2001 RAC 68-W5-0004	6-Nov-07	0	0	0	0
08-2-0008	Tetra Tech EC, Inc. - FY 2005 RAC 68-W9-8214	6-Dec-07	\$0	0	0	0

Report No.	Title	Final Report Issued	Questioned Costs			Federal Recommended Efficiencies
			Ineligible Costs	Unsupported Cost	Unreasonable Costs	
08-2-0046	Stratus Consulting, Inc. - FY 2005 Incurred Cost	18-Dec-07	0	0	0	0
08-2-0058	CDM Federal Program Corp. - FY 2005 RAC - 68-W9-8210	15-Jan-08	\$13,878	0	0	0
08-2-0072	CDM Federal Programs Corp. FY 2005 RAC - 68-W5-0022	30-Jan-08	\$3,934	0	0	0
08-2-0073	Bristol Environmental & Engineering - FY 2006 Incurred Cost	30-Jan-08	0	0	0	0
08-2-0085	Black & Veatch FY 2002 RAC Spec Projects 68-W5-0004	20-Feb-08	\$60,442	0	0	0
08-2-0097	Black & Veatch Special Proj Corp - FY 2002 RAC 68-W9-9043	28-Feb-08	\$49,981	0	0	0
08-2-0117	TechLaw, Inc. - FY 9/30/2005 Incurred Cost	27-Mar-08	0	0	0	0
08-4-0001	Cadmus Group - FY 2006 CAS 416	2-Oct-07	0	0	0	0
08-4-0002	SAIC - Company 1 - Compensation Follow-Up	2-Oct-07	0	0	0	0
08-4-0003	Eisenstein Malanchuk, LLP - Preaward Accounting System	3-Oct-07	0	0	0	0
08-4-0004	Weston Solutions, Inc. - CAS 414	31-Oct-07	0	0	0	0
08-4-0005	CH2M Hill Companies, Ltd (LTD) - FY 2006 CAS 403	31-Oct-07	0	0	0	0
08-4-0006	SAIC - Company 9 - FY 2006 CAS 403	8-Nov-07	0	0	0	0
08-4-0063	Cadmus Group-CAS 412 (follow-up on ESOP plan)	24-Jan-08	0	0	0	0
08-4-0064	Cadmus Group-Disclosure Statement dated 5/1/03 (Capitalization)	24-Jan-08	0	0	0	0
08-4-0065	Cadmus Group-Cost Impact Analysis-Capita Threshold Computer	24-Jan-08	0	0	0	0
08-4-0066	IBM Federal, Inc.-FY 2006 Accounting System	24-Jan-08	0	0	0	0
08-4-0067	Cadmus Group-CAS 420 (IR&D/B&P)	24-Jan-08	0	0	0	0
08-4-0069	CH2M Hill Companies, Ltd. (LTD) - FY 2006 CAS 415	25-Jan-08	0	0	0	0
08-4-0070	Horsley Witten Group - Preaward Accounting System	28-Jan-08	0	0	0	0
08-4-0075	IBM Federal, Inc. - FY 2006 EDP	4-Feb-08	0	0	0	0
08-4-0077	Horsley Witten Group - Preaward - Initial Pricing	7-Feb-08	0	0	0	0
<b>TOTAL DCAA CONTRACT REPORTS = 56</b>			<b>\$1,112,917</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>FINANCIAL STATEMENT REPORTS</b>						
08-1-0032	Audit of EPA'S FY 2007 & 2006 (Restated) Financial Statements	15-Nov-07	0	0		\$13,550,500
<b>TOTAL FINANCIAL STATEMENT REPORTS = 1</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,550,500</b>
<b>TOTAL REPORTS ISSUED = 118</b>			<b>\$1,446,861</b>	<b>\$2,013,513</b>	<b>\$216,161</b>	<b>\$22,789,779</b>

## Appendix 2 - Reports Issued Without Management Decisions

The Inspector General Act requires a summary of each audit report issued before the commencement of the reporting period for which no management decision has been made by the end of the reporting period (including the date and title of each such report), an explanation of the reasons such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision on each such report. (The OIG provides the summary, the date and title of each such report. The Agency provides the explanation of the reasons such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision on each such report.)

IG Followup Status Codes of Agency's Response at 03/31/2008:

- [ ] No Response
- 0 Resolution Pending Receipt of Additional Information
- 1 Proposed Response Received Awaiting Final Determination
- 2 Incomplete Response Received
- 3 Proposed Response Received in Review Process
- 5 Report Reactivated/Awaiting Response
- 6 Resolution Under Negotiation in Headquarters
- 7 Referred to Audit Resolution Board

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### *Office of Air and Radiation*

**Report No.:** 2004-P-00033  
**Title:** Effectiveness of Strategies to Reduce Ozone Precursors  
**Date Issued:** 09/29/2004

Our analysis of EPA emissions data for "serious," "severe," and "extreme" ozone nonattainment areas indicated that some major metropolitan areas may not have achieved the required 3-percent annual emission reductions in ozone precursor emissions. While EPA air trends reports have emphasized that ozone levels are declining nationally and regionally, only 5 of 25 nonattainment areas designated serious to extreme had substantial downward trends. For some areas, EPA data indicated emission controls for the last 10 years have generally offset growth but have not significantly reduced ozone levels (reductions should be net of growth). States may have used inaccurate data, assumptions, and projections of emission growth, resulting in fewer reductions planned than appropriate. The ozone emissions reduction plan for the Atlanta metropolitan area assumed a growth rate that was about half of the population growth rate the area experienced from 1980 to 2000; a rate that was about one-third of Atlanta's growth rate for employment. The Act requires emission reductions of at least 3 percent annually over and above an area's growth. Since passage of the 1990 Amendments EPA has not issued rules requiring States to demonstrate progress in reducing precursor emissions, despite the Act's requirement to do so. The Agency's response generally agreed with the report's findings except for use of National Emissions Inventory (NEI) data as an indicator as to whether selected nonattainment areas had achieved ozone precursor emission reductions required by the Act. The NEI is the same data EPA used for regulatory planning and for reporting National, regional, and State emission trends to the public.

EPA provided an action plan to the OIG that provided a partial list of actions planned, and we closed 8 of the 25 recommendations (Recs. 3-1, 3-4, 3-6, 6-2, 6-3, 8-1, 8-2, and 8-4). We sent a memo to EPA in May 2005 explaining that, once the final Milestone Compliance Demonstration (MCD) rule is promulgated, we may close out six additional recommendations (Recs. 2-2, 3-3, 5-1, 5-2, 5-3, and 5-5) if the MCD rule adequately addresses these recommendations. Additionally, we explained that we may be able to close six other recommendations (Recs. 2-1, 5-3, 5-4, 6-1, 7-1, and 7-2) that the Agency was considering in concert with its efforts to address the recommendations of the National Academy of Sciences/National Research Council's Clean Air Act Advisory Committee Air Quality Management work group. We also explained that we needed more specifics about the action(s) being taken or planned to address other recommendations (Recs. 3-2, 3-5, 4-1, 4-2, 8-3, 8-5). In May 2006, we met with management and staff of EPA/Research Triangle Park's State and Local Programs Group/Air Quality Policy Division of the Office of Air Quality Planning and Standards (OAQPS), and were told the Agency had decided not to issue the MCD rule. Instead, they planned to issue guidance to EPA regions that they could share with States. They explained that such guidance would be faster than a regulatory approach, and there were only a limited number

of areas at the time that fell into the serious, severe, or extreme non-attainment category under the new .08 ppm, 8-hour ozone standard. Staff acknowledged that more areas may come under these categories in the future.

We did not agree that guidance is an acceptable alternative to following through on the Clean Air Act's (CAA's) mandate to promulgate rules requiring that States demonstrate progress in reducing precursor emissions, including a reliable method to measure ozone precursor emission reduction efforts. We met again with OAQPS in October 2007 regarding the MCD Rule. According to OAQPS, section 182(g)(2) has proven to be both difficult to implement and ineffective in verifying milestone compliance. One problem with the mandate has been that the required 90-day submittal period is not reasonable for assessing actual area-wide emissions reductions. According to OAQPS, it is not possible for States to develop and produce accurate, quality-assured emissions inventories within 90 days. EPA stated that it has struggled to resolve the disconnect between the CAA section 182(g)(2) requirement and the timing of the comprehensive emissions inventory update, but never to the full satisfaction of the mandate. The Agency believes that the other attainment planning and emissions reduction requirements in CAA section 182 and EPA's 8-hour ozone implementation rule (70 FR 71612, November 29, 2005) collectively provide effective technical assurance of continued progress toward attainment of the ozone national ambient air quality standard. These requirements include periodic updated emissions inventory submissions, attainment demonstrations, reasonably available control technology requirements and other enforceable emissions reduction measures, and classification bump-up provisions. The Agency believes these provisions ensure similar progress-based accountability as the MCD mandate.

We continue to believe EPA should issue an MCD rule for serious, severe, and extreme ozone nonattainment areas. The 1990 Act required these areas to demonstrate a 3 percent per year reduction in ozone precursor emissions, net of growth. This would involve developing a local emissions inventory for the area and demonstrating that they actually reduced emissions. While developing such an inventory within 90 days may not be feasible, EPA could seek authority to develop a rulemaking that would implement Congress' intent in passing the 1990 CAA amendments by requiring milestone demonstrations periodically, such as once every 3 years. As noted in our report (pp 38-40): "OAQPS officials were asked if statutory changes in the Act's requirements were sought to remedy the timeframe inconsistencies, to which they replied recommendations on statutory changes could only come from the Assistant Administrator level and no such recommendations had been made." Ozone continues to be a serious human health problem (particularly in major metropolitan areas). In March 2008 EPA issued the .075 ppm ozone National Ambient Air Quality Standard, indicating that ozone is deleterious at lower levels and over longer periods than known at the time Congress passed the 1990 Act. Many more Metropolitan Statistical Areas will likely be in nonattainment. We will continue to followup on the Agency's actions.

#### EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE

OAQPS briefed the OIG on 10/16/07, concerning the ineffectiveness of an MCD rule/guidance considering the recent Ozone Rule impact and Office of Management and Budget (OMB) Good Guidance requirements. OAQPS submitted an alternative solution to OIG and awaits the OIG's response.

#### DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION

Resolution expected by January 2009

IG FOLLOWUP STATUS AS OF 03/31/2008: Incomplete Response Received

**Report No.:** 2005-P-00003  
**Title:** Development of the Proposed MACT for Utility Units  
**Date Issued:** 02/03/2005

Evidence indicated that EPA senior management instructed EPA staff to develop a Maximum Achievable Control Technology (MACT) standard for mercury that would result in national emissions of 34 tons annually, instead of basing the standard on an unbiased determination of what the top performing coal-fired units were achieving in practice. The CAA requires that a MACT standard should, at a minimum, be based on the emissions levels achieved by the top performing 12 percent of units – not a targeted national emissions result. The 34-tons-per-year target was based on the amount of mercury reductions expected to be achieved from the co-benefit of implementing nitrogen oxide and sulfur dioxide controls under a separately proposed, but related, air rule, known as Clean Air Interstate Rule. The 34-ton target was prescribed by EPA senior management, and prior estimates were lower.

Because the results of the MACT standard were prescribed and prior estimates were lower than what was proposed, we believed it was likely that the standard understated the average amount of mercury emissions reductions achieved by the top performing 12 percent of power units. Some EPA officials told us that, in their opinion, the true MACT floor would result in lower mercury emissions than the 34 tons estimated from current MACT floor limits. Thus the MACT standard, if adopted, would not achieve the maximum emission reductions achievable. Further, as proposed, it did not

provide a reasonable basis for comparison in determining which of EPA's two proposed regulatory alternatives (i.e., the MACT standard or the mercury cap-and-trade program) provided the better cost-benefit.

We reported that EPA's cap-and-trade proposal could be strengthened to better ensure that emission reductions would be achieved. Also, the proposal did not adequately address the potential for hot spots, and the provisions for units emitting small amounts of mercury could be improved. Further, we found that EPA's rule development process did not comply with certain Agency and Executive Order requirements, including not fully analyzing the cost benefit of regulatory alternatives and not fully assessing the rule's impact on children's health. On 3/31/05, EPA issued a final rule, the Clean Air Mercury Rule (CAMR), which adopted a cap-and-trade approach to controlling mercury emissions.

Based on EPA's 5/4/05 response to our final report, we agreed to close two recommendations, hold three in abeyance pending the outcome of litigation, and hold four open pending receipt of a corrective action plan for implementing those recommendations. After our report, EPA decided to open CAMR for reconsideration and requested an extension on 1/25/06 for completing its response to our report until the rule reconsideration process was completed. The reconsidered CAMR rule was issued 5/31/06, essentially unchanged from the earlier rule. On 6/19/06, 16 States filed lawsuits challenging CAMR. Since our report raised questions about the data and process EPA used in developing CAMR, we agreed to hold the recommendations in abeyance until the court case is settled. The U.S. Court of Appeals for the District of Columbia Circuit vacated the CAMR rule on 2/8/08. EPA appealed the Court's decision on 3/24/08. We continue to hold the recommendations in abeyance until the Court's ruling on EPA's appeal, and we continue to monitor Agency actions regarding the findings in our report.

#### EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE

Per OIG, resolution on Hold; Beyond Agency Control. EPA received ruling on CAMR and is determining the next action.

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

**Report No.:** 2006-P-00017  
**Title:** Emissions Factors Management, Use, and Benefits  
**Date Issued:** 03/22/2006

Industry, EPA, State, local, and tribal agencies, environmental groups, and others use emissions factors to develop the emissions data that underlie a host of important environmental decisions. These decisions include setting permit limits for industrial facilities, developing control strategies, measuring environmental progress, assessing facility compliance, and demonstrating results under the Government Performance and Results Act of 1993. About 80 percent of emissions determinations are the result of emissions factors. EPA has made progress in emissions factors development since the OIG reviewed the program in 1996, but a large number of factors continue to be rated low. The number of EPA-rated factors increased by nearly 94 percent, from 8,838 in 1996 to 17,110 in 2004. However, the percentage of emissions factors rated below average or poor increased from 56 percent in 1996 to 62 percent in 2004.

EPA faces significant challenges in improving emissions factors. We found (1) conflicting guidance on the appropriate use of emissions factors, (2) a rating system which did not quantify the uncertainty associated with the emission factor, (3) inadequate funding of the emissions factor program, and (4) lack of a comprehensive plan to improve data collection and set emissions factor priorities. EPA guidance states that the user must take into account the uncertainty of the emission factor when considering its use; however, for three industry sectors EPA examined, inappropriate use of emissions factors contributed to more than one million tons of pollutants not being controlled. These management-related issues contribute to the impairment of emissions factor development, hampering achievement of the CAA's requirements and program goals. Without reliable emissions factors, users cannot be sure that (1) air pollution control strategies target the right industries or products, (2) permitting programs establish appropriate emission limits, or (3) air programs are effective in reducing air pollution.

Although EPA is shifting towards more direct, continuous emissions monitoring at major sources, increased demand for low-cost environmental data is driving the need for more quality emissions factors. As such, EPA is implementing a three-pronged plan to revamp its emissions factor program. First, EPA is developing an electronic reporting tool to make it easier for State, local, and tribal agencies to accept, assess the quality, and transmit emissions test data. Second, EPA is upgrading the emissions factors information retrieval (FIRE) system, making it the foundation for an interactive, real-time, easy-to-expand, and enhanced Internet application re-named WebFIRE. Third, EPA is developing a means to estimate quantitatively the uncertainty associated with using emissions factors and sharing that information with users.

EPA generally agreed with our report and provided a corrective action plan to the OIG in August 2006 that enabled the OIG to close 9 of 13 recommendations. We followed up with the Office of Air and Radiation in March 2007 and confirmed that the Agency issued a Quality Management Plan in October 2006 calling for data used for the development of emissions factors to meet data quality requirements; thus, we can now close Rec. 3-2(e). We followed up with the Office of Air and Radiation in the fall of 2007 on the development of an Emissions Factors Strategic Plan, which the Agency provided on 2/8/08. As of 3/31/08, we were awaiting the Agency's official signed Action Plan memorandum stating that it will implement this strategic plan to address the remaining open recommendations. We will continue to monitor the Agency's actions regarding the findings and recommendations in our March 2006 Emissions Factors report.

#### EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE

EPA has submitted Final Strategic Plan for Emission Factors to the OIG and submitting rationale for an alternative corrective action for Rec. 3.3 that if accepted by OIG, audit resolution will occur by 8/15/08.

#### DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION

Expect resolution by August 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: Incomplete Response Received

**Report No.:** 2006-P-00025  
**Title:** Mercury Hot Spots Analysis under CAMR  
**Date Issued:** 05/15/2006

About 40 percent of U.S. man-made airborne mercury is emitted from coal-fired utilities. EPA adopted a nationwide cap-and-trade program to reduce mercury emissions whereby utilities can buy and sell credits among one another in a national emissions market. Utilities that cannot cost-effectively reduce emissions may buy allowances from units that reduced emissions below established allowance limits. Several State agencies and environmental groups objected to the cap-and-trade system. One concern was that a cap-and-trade program could result in localized areas with unacceptably high levels of mercury, or "hotspots." Although the Agency concluded that the Clean Air Mercury Rule (CAMR) will not result in "utility-attributable" hotspots, the OIG found in its evaluation that there were:

- gaps in available data and science for mercury emissions estimates,
- limitations with the model used for predicting mercury deposition,
- uncertainty over how mercury reacts in the atmosphere, and
- uncertainty over how mercury changes to a more toxic form in waterbodies.

Due to the uncertainties associated with the Agency's analysis of the potential for mercury hotspots, the OIG recommended that the Acting Assistant Administrator for OAR work with the Assistant Administrator for the Office of Research and Development to develop and implement a mercury monitoring plan, including milestones and responsible program offices for implementing each component of the plan, to: (1) assess the impact of CAMR, if adopted, on mercury deposition and fish tissue; and (2) evaluate and refine, as necessary, mercury estimation tools and models.

EPA generally agreed with our report and provided a corrective action plan to the OIG in August 2006. After assessing the Agency corrective action plan, the OIG kept the above recommendation open pending the receipt of additional information from the Agency. The Agency responded to our request with additional information, but indicated that it was unsure as to whether fish tissue sampling, specifically, would continue beyond 2008 due to budget limitations. Because data from fish tissue are necessary to monitor the impact of CAMR and the potential for mercury hotspots, the OIG replied to the Agency in January 2007 that the recommendation would remain open. We will review the final Agency budget to determine if a fish tissue sampling plan is a part of the EPA's activities for 2008. Thus, a resolution to this recommendation is on hold while we await final Agency budget information. This report recommendation is also impacted by the U.S. Circuit Court of Appeals for the District of Columbia vacature of the CAMR rule on 2/8/08. EPA appealed the Court's decision on 3/24/08. We will continue to hold the recommendations in abeyance until the Court's ruling on EPA's appeal.

#### EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE

This report remains on hold by OIG due to issue beyond agency control.

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

**Office of Administration and Resources Management**

**Report No.:** 2007-P-00011  
**Title:** Review of Interagency Contracts  
**Date Issued:** 03/27/2007

The U.S. Government Accountability Office has designated management of interagency contracting a governmentwide high-risk area since 2005. We sought to determine whether EPA effectively follows interagency contracting requirements by ensuring products and services meet quality, cost, and timeliness requirements. We also looked into whether opportunities exist to improve EPA's processes for managing interagency contracts. We recommend that the Assistant Administrator for the Office of Administration and Resources Management:

1. Provide guidance to project officers for developing independent government cost estimates or other appropriate cost information, as well as cost reasonableness assessments. These assessments should include an analysis of the fees paid to servicing agencies.
2. Ensure that the Grants Administration Division reviews cost reasonableness assessments prepared by program offices.
3. Provide guidance to project officers for identifying alternatives to the contracting vehicle selected. Office of Acquisition Management's Contracts Management Manual addresses market research and should be consulted for guidance.
4. Strengthen the existing training to include how to develop independent government cost estimates or other appropriate cost information, conducting cost reasonableness assessments, and identifying alternatives.
5. Work with program officials to ensure that project officers' performance standards reflect their responsibilities for managing interagency contracts.

**EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE**

Final corrective actions depend on the issuance of Office of Federal Procurement Policy guidance. While the issuance of this guidance is beyond Office of Grants and Debarment's (OGD's) control, we expect resolution to take place by July 2008.

**DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION**

Expect resolution by July 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: Incomplete Response Received

**Financial Analysis and Rate Negotiation Service Center**

**Report No.:** 2004-1-00099  
**Title:** Lockheed Martin Services Group -FYE 12/31/2002 Incurred Cost  
**Date Issued:** 08/23/2004

Defense Contract Audit Agency (DCAA) questioned indirect costs of \$3,595,399, of which \$2,128 is applicable to EPA contracts. DCAA qualified the audit results pending receipt of assist audit reports. Audit on hold due to other cognizant Federal Agency (Department of Defense (DoD)).

**EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE**

Resolution on hold

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

**Report No.:** 2005-1-00171  
**Title:** Advanced Technologies Systems, Inc. - FY 2003 Incurred Cost  
**Date Issued:** 09/26/2005

DCAA questioned indirect costs for Fiscal Years 2001-2003.

Applicable to Fiscal Year 2001:	\$13,904
Applicable to Fiscal Year 2002:	\$6,891
Applicable to Fiscal Year 2003:	\$13,928

Audit on hold due to other cognizant Federal Agency (Department of Energy).

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
Resolution on hold

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

**Report No.:** 2006-4-00120  
**Title:** National Academy of Sciences - FY 2006 Info Tech System  
**Date Issued:** 07/20/2006

DCAA determined that the contractor's Information Technology system general internal controls are inadequate in part. Audit on hold due to other cognizant Federal Agency (Office of Naval Research).

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
Resolution on Hold

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

**Report No.:** 2006-4-00165  
**Title:** National Academy of Sciences - FY 2006 Indirect/ODC System  
**Date Issued:** 09/27/2006

In DCAA's opinion, the contractor service centers cost system and related internal control policies and procedures are inadequate in part. DCAA's examination noted certain significant deficiencies in the design or operation of the Indirect/Other Direct Costs system process. Audit on hold due to other cognizant Federal Agency

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
Resolution on Hold

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

**Report No.:** 2006-4-00169  
**Title:** National Academy of Sciences - FY 2006 Labor System  
**Date Issued:** 09/29/2006

In DCAA's opinion, the contractor's labor system and related internal control policies and procedures are inadequate in part. DCAA's examination noted certain significant deficiencies in the design or operation of the internal control structure. The assignment is on hold due to other cognizant federal agency.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
Resolution on Hold

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

**Report No.:** 2007-4-00011  
**Title:** National Academy of Sciences – FY 2006 Electronic Timekeeping System  
**Date Issued:** 10/24/2006

DCAA determined that the contractor's Electronic Timekeeping System internal controls are inadequate in part. This audit is on hold awaiting resolution by DoD, the cognizant agency.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
Resolution on Hold

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information



**Report No.:** 2007-1-00016  
**Title:** URS Corporation (c/o URS Greiner, Inc.) – FY 2001 Incurred Cost  
**Date Issued:** 11/13/2006

DCAA questioned a total of \$188,772,784 in direct and indirect costs. Of these, \$5,585,929 are claimed direct costs, of which \$1,328,189 are from EPA Contract No. 68-W9-8225. The questioned indirect expenses impacted all eight fringe, overhead, and General and Administrative rates. Of the questioned indirect costs, EPA's share is \$401,412, for a total of \$1,729,601 in questioned direct and indirect costs. We note that the contractor did not agree with the questioned costs, so the Allowable Cost Worksheet files provided by the contractor are not adjusted for the questioned costs. This audit is on hold awaiting resolution of the questioned costs by DoD, the cognizant agency.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
 Resolution on Hold

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

**Report No.:** 2007-4-00038  
**Title:** Weston Solutions - FY 2006 Floor Checks  
**Date Issued:** 01/08/2007

DCAA expressed no opinion on the adequacy of the contractor's labor accounting system taken as a whole, as it had determined that certain labor practices required corrective action to improve the reliability of the labor accounting system. The conditions are detailed in the "Statement of Conditions and Recommendations" section of the report. This audit will be held open pending the results of the followup audit in 6 months.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
 Resolution on Hold

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

**Report No.:** 2007-1-00059  
**Title:** National Academy of Sciences – FY 12/31/2004 Incurred  
**Date Issued:** 04/05/2007

In DCAA's opinion the claimed direct costs are acceptable, however there are \$787,774 in questioned indirect costs of which \$70,900 are applicable to EPA contracts. This audit is on hold awaiting information on the resolution of the questioned costs by the cognizant Federal Agency (Office of Naval Research).

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
 Resolution on hold

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

**Report No.:** 2007-1-00061  
**Title:** Lockheed Martin Services Group – FY 12/31/2004 I/C  
**Date Issued:** 04/10/2007

DCAA questioned \$34,708,911 in claimed direct costs and proposed indirect costs. Further, DCAA unresolved \$338,864,655 in claimed direct and indirect costs for assist audits not yet received or for received assist audit reports whose impact on the contractor's cost objectives has not yet been calculated. Additionally, DCAA upwardly adjusted (\$48,224,805) in claimed base costs.

Questioned Costs - Direct	\$21,581,464
Questioned Costs - Indirect	<u>13,127,447</u>
Total Questioned Costs	\$34,708,911
EPA ADV Percentage	<u>.02</u>
EPA Share of Questioned Costs	\$694,178

DCAA did not provide any Cumulative Allowable Cost Worksheets or Schedule of Allowable Costs by Cost Element by Contract because the most current year with negotiated indirect rates is CY 1998. DCAA will issue a supplemental audit report upon completion of their analysis of the assist audit results, and as the outstanding fiscal years indirect rates are negotiated, the requested CACWS and Schedule of Allowable Costs by Cost Element by Contract will be provided. This audit is on hold awaiting information on the resolution of the questioned costs by the cognizant Federal Agency (DoD).

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
Resolution on hold

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

**Report No.:** 2007-4-00054  
**Title:** Metcalf & Eddy, Inc. – FY 2007 Labor Floorcheck  
**Date Issued:** 04/19/2007

DCAA determined that certain contractor labor practices require corrective action to improve the reliability of the contractor's labor accounting system. This report is limited to the cited deficiency. Accordingly, DCAA expressed no opinion on the adequacy of the contractor's labor accounting system taken as a whole. This audit is on hold awaiting information on the resolution of the cited deficiencies by the cognizant Federal Agency (DoD).

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
Resolution on hold

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

**Report No.:** 2007-4-00058  
**Title:** Science Applications Intl. Corporation (SAIC) – Companies 1, 6 & 9 – FY 2006 Floorchecks  
**Date Issued:** 04/30/2007

We are closing two audits under this ACN, A/N 4171-2005B13500001, dated 09/25/2006, and A/N 4171-2006B13500001, dated 02/27/2007. This corrects a mixup in the ACNs assigned to requested DCAA audits. In A/N 4171-2005B13500001, dated 09/25/2006, DCAA determined that the floor checks disclosed no significant deficiencies in the contractor's timekeeping or labor system in FY 2005. DCAA did not express an opinion on the adequacy of the contractor's labor accounting system taken as a whole. In A/N 4171-2006B13500001, dated 02/27/2007, DCAA determined that certain labor practices require corrective action to improve the reliability of the contractor's labor accounting system. DCAA did not express an opinion on the adequacy of the contractor's labor accounting system taken as a whole. This audit is on hold waiting on the resolution of the identified deficiency by the cognizant Federal Agency (Defense Contract Management Agency).

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
Resolution on hold

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

**Report No.:** 2007-1-00079  
**Title:** SAIC – FYE 1/31/2005 I/C  
**Date Issued:** 07/18/2007

DCAA submitted three audit reports under this assignment. SAIC Corporate Home Office (Company 9) Report # 2005A101001, SAIC Research & Development (Company 1) Report # 2005B10100001, and SAIC Pacific Technology Service (Company 6) Report # 2005C10100001. DCAA accepted the claimed direct costs at Companies 1 & 6, (there are no claimed direct costs at Company 9), and questioned proposed indirect costs and rates at Companies 1, 6, and 9. DCAA questioned a total of \$17,224,585 of Company 9 claimed indirect expenses (\$9,938,874) and Fringe Benefits costs and rates (\$7,285,711), of which \$7,762,651 was allocated to other companies which do not perform Government work. Questioned indirect costs of \$3,525,230 and \$4,552,250 were allocated to and questioned in the claimed General and Administrative costs and rates of Companies 1 & 6, respectively. The questioned Fringe Benefits rates in Company 9 resulted in questioned fringe benefits costs of \$865,365 and \$519,089 for Companies 1 & 6, respectively. DCAA questioned an additional \$1,995,869 of Company

1 claimed indirect expenses, and an additional \$511,822 of Company 6 claimed indirect expenses. Total questioned costs in Companies 1 & 6 are \$11,969,625, of which \$119,696 are applicable to EPA contracts. This audit is on hold awaiting information on the resolution of the questioned costs by the cognizant Federal Agency (Defense Contract Management Agency).

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
Resolution on hold

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

**Report No.:** 2007-1-00080  
**Title:** Lockheed Martin Services, Inc. – FY 2005 Incurred Cost  
**Date Issued:** 08/06/2007

DCAA questioned \$595,792,539 in claimed direct costs and \$10,982,460 in proposed indirect costs and rates. None of the questioned direct costs are chargeable to any of the EPA contracts. A number of the EPA contracts have indirect ceiling rates which are lower than the contractor's proposed indirect rates, and are not impacted by the questioned indirect expenses and rates. However, there are EPA contract/subcontracts which do not have indirect ceiling rates and are impacted by the questioned indirect rates.

	Questioned Costs		EPA's Share
Indirect Costs	\$17,623,213	1.21%	\$213,531
Adjustment to G&G Base Costs	<u>(6,640,753)</u>	1.21%	<u>(80,462)</u>
Total Questioned Indirect Costs	\$10,982,460		\$133,069

This audit is on hold pending receipt of information on the resolution of the questioned costs by the cognizant Federal Agency (Defense Contract Management Agency).

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
Resolution on hold

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

**Report No.:** 2007-1-00090  
**Title:** ABT Associates Inc. – FY 2002 Incurred Cost  
**Date Issued:** 08/29/2007

DCAA questioned a total of \$2,206,870 in questioned costs, \$5,363 of proposed direct costs, and \$2,201,507 of proposed indirect costs and rates. EPA's share of the questioned indirect costs is \$123,686. None of the questioned direct costs impact an EPA contract. This audit is on hold awaiting information on the resolution of the questioned indirect costs and rates by the cognizant Federal Agency (U.S. Agency for International Development).

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
Resolution on hold

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

**Report No.:** 2007-1-00097  
**Title:** National Academy of Sciences FYE 12/31/2003 Incurred Cost  
**Date Issued:** 09/20/2007

In DCAA's opinion, the contractor's questioned costs increased to \$300,645, of which EPA's portion is \$27,058 (9%) This supplemental report supersedes the report 6171-2003G10110001-S1 dated 3/24/3006 in its entirety. On hold due to other Federal Agency.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
Resolution on hold

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

**Report No.:** 2007-4-00079  
**Title:** Weston Solutions, Inc. – FY 2006 Billing System  
**Date Issued:** 09/25/2007

In DCAA's opinion, the contractor's billing system and related internal control policies and procedures were inadequate in part. This audit is on hold awaiting additional information from the cognizant Federal Agency (DoD).

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
Resolution on hold

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

**Report No.:** 2007-4-00080  
**Title:** National Academy of Sciences – FY 2006 Budget System  
**Date Issued:** 09/26/2007

In DCAA's opinion, the budget and planning system and related internal control policies and procedures are inadequate in part. This audit is on hold awaiting information on the resolution of the inadequacies cited, by the cognizant Federal Agency (Office of Naval Research).

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
Resolution on hold

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

***Grants Interagency Agreements Management Division (GIAMD) – formerly Grants Administration Division***

**Report No.:** 2002-2-00008  
**Title:** MBI International Assistance Agreement  
**Date Issued:** 01/29/2002

MBI did not have adequate justification to support the award of sole source contracts. Also, MBI's procurement practices did not meet Federal requirements. As a result, \$1,301,365, consisting of \$1,201,857 in contract costs and \$99,508 in consultant costs, is not eligible for Federal reimbursement. Further, there were apparent conflicts of interest between MBI, its subsidiary (GRT), and companies created by GRT.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
GIAMD has reviewed the audit and considered the OIG findings and responses from MBI. GIAMD is in agreement with the OIG and will send a letter disallowing all of the questioned costs. The letter will also inform MBI of its disputes rights.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expected resolution by May 30, 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: Report Reactivated/Awaiting Response

**Report No.:** 2003-S-00001  
**Title:** Region 7 Grants Proactive  
**Date Issued:** 05/29/2002

We questioned over \$2 million because the Coordinating Committee on Automotive Repair (CCAR) did not account for the funds in accordance with Federal rules, regulations, and terms of the agreement.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
OIG questioned all costs claimed (\$2,026,837) on three projects between 1995-2001. CCAR has submitted the required indirect cost rate information for the audit period and has provided documentation that its financial management system and time distribution system meet the requirements of EPA's assistance regulations and OMB Circular A-122. However, reconstructed accounting records CCAR submitted in December 2005 for Fiscal Years

1996 and 1997 do not substantiate the costs they charged to the project. EPA requested additional information to substantiate the costs, but CCAR has not responded. EPA will follow up with CCAR and issue the final determination disallowing costs by November 2008

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expected resolution by November 2008.

IG FOLLOWUP STATUS AS OF 03/31/2008: Incomplete Response Received

**Report No.:** 2003-3-00113  
**Title:** American Indian Science & Engineering Society 1999-2001  
**Date Issued:** 04/23/2003

Costs were not approved or were not supported. Questioned costs totaled \$104,760.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
There are three reports under review for the years 1999-2000. The reports include findings of inadequate internal controls and questioned costs totaling \$163,125. These reports have been reviewed and the recipient has submitted responses to the findings indicating that procedures have been implemented and the conditions no longer exist. However, GIAMD has received a subsequently issued audit report for audit period 2002. Although the most this latest report does not question any costs, it contains findings that some of the pre-existing internal control issues still exist. GIAMD is working on a combined resolution addressing the findings in all of the audit reports.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expected resolution October 31, 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: Report Reactivated/Awaiting Response

**Report No.:** 2003-3-00114  
**Title:** American Indian Science & Engineering Society 1999-2001  
**Date Issued:** 04/23/2003

Cost were not approved and not properly supported. Questioned costs totaled \$58,365.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
There are 3 reports under review for the years 1999-2000. The reports include findings of inadequate internal controls and questioned costs totaling \$163,125. These reports have been reviewed and the recipient has submitted responses to the findings indicating that procedures have been implemented and the conditions no longer exist. However, GIAMD has received a subsequently issued audit report for audit period 2002. Although this latest report does not question any costs, it contains findings that some of the pre-existing internal control issues still exist. GIAMD is working on a combined resolution addressing the findings in all of the audit reports.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expected resolution by October 31, 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: Report Reactivated/Awaiting Response

**Report No.:** 2003-3-00121  
**Title:** Association of State & Interstate Water Pollution Control Administrators (ASIWPCA) FY 2001  
**Date Issued:** 05/07/2003

Grantee drew down \$93,986 in excess of expenditures for three EPA programs.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
GIAMD developed a universal method to resolve all of the pending Audit Resolutions for ASIWPCA. There are a total of four audits. An on-site review was conducted in April 2007 to perform transaction testing to confirm if the policies and procedures were being implemented in response to the findings in all of the audits. All additional actions and requested information have been received. A draft Final Determination Letter (FDL) has been completed and comments on the draft have been provided. Resolution is pending the completion of the final FDL draft and ultimate

approval. Due to the complexity of combining issues from all of the audits and volume of the additional documentation, GIAMD expects to issue the FDL by April 30, 2008.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expected resolution by April 2008.

IG FOLLOWUP STATUS AS OF 03/31/2008: Report Reactivated/Awaiting Response

**Report No.:** 2003-4-00120  
**Title:** Geothermal Heat Pump Consortium, Inc. - Costs Claimed  
**Date Issued:** 09/30/2003

Questioned \$1,153,472 due to material financial management deficiencies. The Consortium's financial management system was inadequate in that the Consortium did not: (1) separately identify and accumulate costs for all direct activities, such as membership support and lobbying; (2) account for program income generated by the activities funded by the EPA agreements; (3) prepare or negotiate indirect cost rates; (4) prepare written procedures for allocating costs to final cost objectives; (5) maintain an adequate labor distribution system; and (6) provide adequate support for direct cost allocations. The Consortium also did not (1) competitively procure contractual services or perform any of the required cost and price analyses; and (2) comply with all report requirements.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
OGD reviewing the financial statements and the lobbying disclosure statements to identify allowable cost. Grants Specialist and new Branch Chief are working to resolve the issues of this audit.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expect resolution by January 2009.

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2004-4-00014  
**Title:** Consumer Federation of America Foundation - Costs Claimed  
**Date Issued:** 03/01/2004

EPA awarded the cooperative agreements to the Consumer Federation of America Foundation based on applications that showed labor and other operating costs. The Foundation did not have any employees, space, or overhead expenses. Instead, the Consumer Federation of America, an ineligible lobbying organization, performed the work. Also, the recipient did not manage the funds according to Federal regulations. As a result, the OIG questioned over \$4 million.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
The FDL was sent to the OIG in July 2007. The OIG sent it back requesting that other minor recipients be added to the FDL. GIAMD received revised information from the recipient regarding some contracts. All of this information has been incorporated into the draft FDL package. Also, the Office of General Counsel added more legal wording and returned their comments in February 2008. At present, a deviation is also being drafted for some of the costs. A deviation will reduce the amount from \$4.7 million to \$1.8 million, which will cover the less-than-arms-length procurement issue. The FDL will be signed by April 30, 2008.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expect resolution by May 2008.

IG FOLLOWUP STATUS AS OF 03/31/2008: Incomplete Response Received

**Report No.:** 2005-3-00036  
**Title:** National Indian Health Board (NIHB), FY 2002  
**Date Issued:** 12/30/2004

The Board was allocating salary costs to grants based on pre-determined formulas. No support, in the form of time sheets, was located for those allocations. Also, amounts charged to various grants were not always supported by original documentation. Therefore, the OIG questioned \$31,960 as unsupported.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE

The recipient, NIHB, provided information. However the information provided was not enough to address the audit findings. NIHB claims to have revised its policies to address the time sheet and original document issues, but the policy remains very broad and general. GIAMD continues to work with the recipient to obtain more specific evidence documenting effective corrective actions. FDL is expected to be completed by May 2, 2008.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION

Expect resolution by May 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2005-3-00217  
**Title:** American Indian Science and Engineering Society, FY 2002  
**Date Issued:** 08/30/2005

The Society held \$19,289 in deferred revenue for EPA grant, Surveys, Studies, Investigations, and Special Purpose.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE

There are three reports under review for the years 1999-2000. The reports include findings of inadequate internal controls and questioned costs totaling \$163,125. These reports have been reviewed and the recipient has submitted responses to the findings indicating that procedures have been implemented and the conditions no longer exist. However, GIAMD received this subsequently issued audit report for audit period 2002. Although this latest report does not question any costs, it contains findings that some of the pre-existing internal control issues are still present. GIAMD is working on a combined resolution addressing the findings in all of the audit reports. Final determination is expected October 31, 2008.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION

Expect resolution by October 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2005-3-00226  
**Title:** ASIWPCA, FY 2002  
**Date Issued:** 09/12/2005

Recording of grant expenditures was not done accurately or on a timely basis during the year. The recording of fringe benefits related to direct grant salaries and wages and the recording of indirect costs associated with total direct grant costs were not done monthly. In addition, direct salaries and wages were incorrectly recorded to the NPS grant after the grant period expired. An adjustment was made to properly record these costs to the integrated grant. Because the grants have expired, costs totaling \$11,276 are being questioned due to over-requesting funds in excess of supported costs.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE

GIAMD developed a universal method to resolve all of the pending Audit Resolutions for ASIWPCA. There are a total of four audits. An on-site review was conducted in April 2007 to perform transaction testing to confirm if the policies and procedures were being implemented in response to the findings in all of the audits. All additional actions and requested information have been received. An FDL has been completed and comments on the draft have been provided. Resolution is pending the completion of the final FDL draft and ultimate approval. Due to the complexity of combining issues from all of the audits and volume of the additional documentation, GIAMD expects to issue the FDL by April 30, 2008.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION

Expect resolution April 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: Report Reactivated/Awaiting Response

**Report No.:** 2006-3-00006  
**Title:** Alfred University, FY 2004  
**Date Issued:** 10/13/2005

The University's accounting system provided certified payroll information on an individual grant basis. However, the payroll distribution system did not provide a proportionate breakdown of each employee's total time between each sponsored program he/she may be working on and other non-sponsored activities. The auditor questioned costs of \$649,506, but could not determine the direct impact upon EPA's program.

**EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE**

We received a second Alfred University audit with precisely the same type of findings and decided to combine the two audits. We had received requested information for the first and are now requesting more information to document support needed for the additional findings. This support requires recreating documentation, which includes finding and contacting professors to obtain certification of time and work performed by students who no longer work there, student identification numbers, account numbers used, etc. Documentation received to date has been sufficient to substantiate the support needed in response to the first audit. Based upon previous documentation submitted and sameness of findings, we anticipate all documentation, when received, will be sufficient to support payments made to the students and that costs questioned will be supported through such documentation. An FDL is anticipated by October 30, 2008.

**DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION**  
Expect resolution October 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2006-4-00122  
**Title:** ASIWPCA  
**Date Issued:** 07/31/2006

ASIWPCA did not comply with the financial and program management standards and the procurement standards promulgated in Title 40 Code of Federal Regulations, Subchapter B, Part 30. ASIWPCA (1) could not provide support for any of its general journal entries; (2) included duplicate recorded costs in its accounting system; (3) could not always trace grant draws to the accounting records; (4) could not always support labor charged to the EPA grants; (5) could not support the recorded indirect costs; (6) did not record all of its program income; (7) did not have adequate written procedures for determining reasonable, allocable, and allowable costs; (8) drew EPA grant funds in excess of the funds needed; and (9) did not complete the required single audits for fiscal years ended June 30, 2004, and June 30, 2005. As a result, we questioned as unsupported a total of \$1,883,590 in EPA grant payments for seven grants.

**EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE**

GIAMD developed a universal method to resolve all of the pending Audit Resolutions for ASIWPCA. There are a total of four audits. An on-site review was conducted in April 2007 to perform transaction testing to confirm if the policies and procedures were being implemented in response to the findings in all of the audits. All additional actions and requested information have been received. A followup on-site review was also performed to confirm the corrective actions taken by the recipient. A draft FDL has been completed and comments on the draft have been provided. Resolution is pending the completion of the final FDL draft and ultimate approval. Due to the complexity of combining issues from all of the audits and volume of the additional documentation, GIAMD expects to issue the FDL by April 30, 2008.

**DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION**  
Expect resolution April 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response



**Report No.:** 2006-3-00199  
**Title:** Howard University, FY 2005  
**Date Issued:** 09/07/2006

The University had numerous program noncompliances related to timekeeping, funds matching, sub-recipient monitoring, financial reporting, and equipment disposal.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
GIAMD has requested additional documentation. Staff changes at Howard University have presented some challenges in obtaining complete responsive documentation needed to resolve the findings. GIAMD expects issuing a signed FDL by August 15, 2008.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expect resolution by August 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2006-3-00201  
**Title:** American Water Works Association FY 2004  
**Date Issued:** 09/13/2006

The Association did not comply with its existing procurement policies and procedures. There were two instances where the Association could not produce adequate procurement records in accordance with OMB Circular A-110.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
GIAMD has reassigned audit resolution due to staff departure. GIAMD is working with the recipient to resolve the procurement procedures.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expect resolution by May 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2007-4-00026  
**Title:** International City County Management Association (ICMA)  
**Date Issued:** 11/28/2006

Questioned costs due to (a) lack of competition for contracts, (b) lack of oversight for sub-awards, (c) lack of documentation on sub-grants, and (d) illegal indirect costs.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
The FDL draft from last November required revision and more detailed conversation with ICMA regarding the indirect costs. ICMA has submitted all of the requested information as of February 4, 2008. As a separate action to be included with OGD's Management response, the GIAMD will be preparing and seeking a deviation for one of the questioned contracts. OGD expects to be able to present an acceptable FDL/management response by May 8, 2008.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expect resolution by May 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2007-4-00027  
**Title:** National Rural Water Association (NRWA) – Congressional  
**Date Issued:** 11/30/2006

NRWA's method of allocating indirect costs over total direct costs is contrary to the requirements of OMB Circular A-122. Currently, NRWA does not exclude subcontracts or subawards from its indirect cost allocation base. As a result, the EPA grants are bearing a disproportionate amount of indirect costs. For the period from March 1, 1999, to

February 29, 2004, EPA grants may have been over-allocated by \$2,021,821 in indirect costs. The exact amount of the indirect over-allocation will be determined during negotiation of the indirect cost rate.

**EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE**

GIAMD staff is working with NRWA regarding indirect cost rates and how the NRWA allocated the costs. The NRWA provided insufficient support and GIAMD is following up. The FDL is expected to be completed by June 30, 2008.

**DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION**

Expect resolution by June 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.: 2007-3-00035**  
**Title: National Environmental Health Association - FY 2004**  
**Date Issued: 12/05/2006**

The Association did not establish procedures to ensure that indirect costs were charged to grants in accordance with the indirect cost plan and applicable regulations. Specifically, the Association accumulated "overhead costs" and allocated these costs to the functions of the organizations including Federal grants, and also charged indirect costs to grants based on the indirect cost rate. This could result in a duplication of overhead charges to certain programs. In addition, the Association did not appear to follow a consistent methodology to allocate these costs. The Association had several grant awards that did not coincide directly with the Association's fiscal year-end. Therefore, the grants covered multiple fiscal years. The Association had not established procedures to ensure that grant accounting provided information necessary to report results for the grant period, as well as the Association's fiscal year. In addition, grant reports were not typically prepared from accounting records.

**EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE**

GIAMD is working with the recipient to resolve all indirect cost issues, including having the recipient (1) allocate indirect costs according to the indirect cost plan, (2) establish procedures for indirect cost allocation and overhead to ensure against duplication, (3) establish procedures for ensuring consistency with grant reporting and fiscal year-end reporting, and (4) ensure grant reports are prepared from accounting records. The FDL is anticipated by May 31, 2008.

**DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION**

Expect resolution by May 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.: 2007-3-00037**  
**Title: Alfred University - FY 2005**  
**Date Issued: 12/11/2006**

The University's current system provided certified payroll information on an individual grant basis. However, the payroll distribution system did not provide a proportionate breakdown of each employee's total time between each sponsored program he or she may be working on and other non-sponsored activities. The auditor's questioned costs of \$856,419, but could not determine the direct impact upon EPA's program.

**EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE**

This is the second Alfred University audit with precisely the same type of findings as the first audit for FY 2004. Resolution of both audits will be done at the same time. The Agency had received requested information for the first audit and is now requesting more information to document support needed to respond to the additional findings. This support requires recreating documentation which includes finding and contacting professors to obtain certification of time and work performed by students who no longer work there, student identification numbers, account numbers used, etc. An FDL is anticipated by October 30, 2008.

**DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION**

Expect resolution by October 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2007-3-00103  
**Title:** American Society of Civil Engineers (ASCE) and Affiliates – FY 2005  
**Date Issued:** 05/18/2007

As part of the year-end financial reporting process, ASCE had ineffective controls over the compilation and presentation of its consolidated financial statements in accordance with U.S. generally accepted accounting principles. In order to present the consolidated financial statements in accordance with the generally accepted accounting principles, 37 audit adjustments/reclassifications were proposed to properly reflect current year amounts and 14 audit adjustments were proposed to properly restate prior year amounts previously reported.

**EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE**

Initial contacts by telephone and email were made in fall 2007 to (1) confirm their audit contact, (2) informally discuss ASCE's and Affiliates' reaction to the audit, and (3) obtain information on actions taken to address the audit findings. Followup is needed. By April 8, 2008, GIAMD staff will send a more formal letter requiring action. Audit resolution or final action is anticipated to be complete by September 30, 2008.

**DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION**

Expect resolution by September 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2007-3-00133  
**Title:** National Caucus and Center on Black Aged, Inc. (NCCBA) – FY 2005  
**Date Issued:** 07/24/2007

The NCCBA Federal Cash Transaction Reports did not reconcile to its general ledger.

**EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE**

The OIG found that NCCBA's Federal Cash Transaction Reports did not reconcile to its general ledger. Also, Note 2 of the Notes to the Financial Statement (Concentration of Credit Risk) states that on December 31, 2005, the cash balance in the bank was \$546,291 which exceeded the insured limit by approximately \$446,291. The OIG is reviewing the file on this and will meet with GIAMD on April 9, 2008, to determine next steps. A resolution is anticipated by August 29, 2008.

**DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION**

Expect resolution by August 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2007-3-00136  
**Title:** National Association of Development Organizations & NADO Rsch Found-FY 2005  
**Date Issued:** 07/26/2007

The Federal Cash Transaction Reports (SF 272) required for this grant for both semiannual periods ended June 30, 2005, and December 31, 2005, were not submitted within 15 working days.

**EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE:**

The recipient has satisfactorily submitted the required reports reported as findings in the audits. The final determination has been drafted and should be signed by April 21, 2008.

**DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION**

Expect resolution by April 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Office of Enforcement and Compliance Assurance**

**Report No.:** 2007-P-00025  
**Title:** Followup on Actions in Response to OIG Water Reports  
**Date Issue:** 05/24/2007

We found that EPA is generally undertaking actions for the two water-related Office of Enforcement and Compliance Assurance (OECA) reports in our review. However, several actions in response to individual recommendations were delayed past milestone dates agreed to by the OIG. The following two items were still unresolved. OECA had agreed to develop standard operating procedures (SOP) to fully address audit followup coordinator responsibilities. It was also recommended that OECA obtain approval for any significant changes to corrective action plans involving the deferral of milestone dates for 6 or more months.

**EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE**

OECA has been implementing changes to its audit management and tracking procedures. These changes have been memorialized in an SOP agreed to with the OIG. The SOP is currently under management review. The implementation of the SOP will satisfy all corrective actions included in this plan. OECA anticipates the SOP will be approved and fully implemented no later May 31, 2008.

**DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION**

Expect resolution by May 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: Incomplete Response Received

**Office of Prevention, Pesticides, and Toxic Substances**

**Report No.:** 2007-P-00040  
**Title:** Strategic Agricultural Initiative  
**Date Issued:** 09/25/2007

We evaluated EPA's Strategic Agricultural Initiative (SAI) uses performance measures to demonstrate results. We specifically sought to determine if SAI uses performance measurement tools and efficiency measures that provide for continuous program improvement. The SAI is a program that helps growers of minor crops replace high-risk pesticides phased out or restricted because of the Agency's pesticide reevaluations. Since 2001, the program has given out about \$4 million in grants. According to Agency staff, SAI fills a role within EPA's regulatory framework by helping minor crop growers transition to reduced risk and alternative methods of pest management.

We found that the SAI program has not demonstrated how it fulfills its unique role of helping growers transition away from high-risk pesticides as identified by the Food Quality Protection Act. Specifically, the program does not have a strategic plan or similar documents that link project mission and associated goals, logic model, performance measures, and data the program collected. Headquarters and the regions have inconsistent priorities for implementing the program. This lack of structure makes it difficult to measure and validate results. Also, program databases, used to gather data on project performance, lack definitions and structure and thus contain incomplete and extraneous information. We recommended that EPA develop a needs assessment for the SAI program to demonstrate how it fulfills its role in meeting Food Quality Protection Act requirements. If the need is demonstrated, EPA should create a strategic plan that sets clear priorities for program direction. EPA agreed to reassess the need for the program and develop a strategic plan if determined to be needed. These recommendations should result in approximately \$1.5 million in annual grant funds put to better use because either the grants will no longer be needed or their effectiveness will be enhanced.

**EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE:**

On hold by OIG

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Pending Receipt of Additional Information

**Office of Solid Waste and Emergency Response**

**Report No.:** 2007-P-00029  
**Title:** Resource Conservation and Recovery Act Referrals to Superfund  
**Date Issued:** 08/01/2007

In April 2004, EPA released a study *Superfund: Building on the Past, Looking to the Future (the 120 Day Study)*. It was requested by the then Acting Deputy EPA Administrator. The final report made 102 recommendations for improving the Superfund program. In response, the Acting Deputy EPA Administrator created a Superfund Board of Directors (the Board). Its role was to prepare, coordinate, and execute action plans to address the report's recommendations. We evaluated EPA's progress in responding to three recommendations from the 120 Day Study. Specifically, the Study made several recommendations to determine if Resource Conservation and Recovery Act (RCRA) facilities were causing a burden on the Superfund program. We also evaluated EPA's progress in responding to an OIG recommendation on RCRA financial assurance. We found that EPA completed its work to determine the financial impact of RCRA-regulated facilities on the Superfund program. EPA also responded to OIG recommendations on RCRA financial assurance. However, we found that some of EPA's planned actions to address its Study recommendations were different than the actions recommended. We recommend that the Board review a sample of the implemented Study recommendations to confirm that the actions taken were complete and responsive to the original Study recommendation(s). In October 2007, EPA proposed actions to address this recommendation. However, these actions were not responsive to the OIG's recommendation. In March 2008, OIG requested a meeting with EPA to discuss our recommendation and work to reach agreement on Agency actions to address it.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
The Office of Solid Waste and Emergency response to the final audit report is being evaluated by the OIG.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expect resolution by June 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: Proposed Response Received Awaiting Final Determination

**Office of Water**

**Report No.:** 2007-P-00012  
**Title:** State Revolving Fund Policy Review  
**Date Issued:** 03/28/2007

EPA regulations and policies allowing States to use bonds repaid from State Revolving Fund (SRF) interest to meet SRF match requirements are resulting in fewer dollars being available for water projects. Twenty States have used the Clean Water SRF to repay bonds issued to meet the required fund match, and 16 of those States also did so for the Drinking Water SRF. Current practices have resulted in an estimated \$937 million less available for loans since the inception of the SRF programs.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
Office of Water remains in disagreement with OIG's recommendation relating to the SRF State bond issue, and as of August 18, 2007, Office of Water has been waiting on OIG's formal decision as to whether this matter will be referred to the Audit Resolution Board to be resolved.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Unable to determine at this time

IG FOLLOWUP STATUS AS OF 03/31/2008: Resolution Under Negotiation in Headquarters

**Region 1 - Regional Administrator**

**Report No.:** 2007-1-00037  
**Title:** SRF-New Hampshire 2005 Clean Water Audits  
**Date Issued:** 02/05/2007

We issued an unqualified opinion on the financial statements but identified significant weaknesses in internal controls. We qualified our opinion on compliance with applicable laws and regulations because the State did not comply with the subrecipient monitoring requirements for followup on subrecipient Single Audits.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
Region 1 continues to work with New Hampshire Department of Environmental Services. Target resolution April 2008.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expect resolution by April 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: Incomplete Response Received

**Report No.:** 2007-1-00044  
**Title:** SRF-New Hampshire 2005 Drinking Water Audit  
**Date Issued:** 02/26/2007

We rendered an unqualified opinion on the New Hampshire Drinking Water SRF program financial statements for the year ended June 30, 2005. We noted various reportable conditions that we considered material weaknesses in internal controls. We qualified our opinion on compliance with applicable laws and regulations because the required State match was underfunded by \$228,436, set-aside costs were not separated and identifiable by the actual costs, and the State did not follow up on subrecipient Single Audits.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
Region 1 continues to work with New Hampshire Department of Environmental Services. Target resolution April 2008.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expect resolution by April 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: Incomplete Response Received

**Region 2 - Regional Administrator**

**Report No.:** 2007-2-00039  
**Title:** Special Appropriations Act Project: Middletown, New York  
**Date Issued:** 09/25/2007

The City of Middletown (grantee) claimed costs that were incurred prior to the timeframes provided for in OMB Circular A-87, the Special Appropriations Act Projects guidance, and the grant terms and conditions. These guidelines indicate that costs are eligible as of the beginning of the fiscal year when funds are appropriated. The grant funds were appropriated in FY 2003; therefore, preaward costs incurred after October 1, 2002, were eligible for reimbursement. However, the grantee incurred the entire \$853,002 in total project costs prior to October 1, 2002. Also, the grant conditions only approved preaward costs 90 days prior to the grant award. The costs claimed by the grantee were incurred approximately 15 months prior to the grant award date. As a result, all costs claimed under the EPA grant are ineligible for Federal reimbursement and grants funds of \$433,700 must be repaid.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
Region 2 has received draft approval from the Office of Wastewater Management to amend the grant to allow pre-award costs for this grant. As soon as approval is final, Region 2 will begin the process to amend the grant.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expect resolution by May 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Region 2 - Office of Policy and Management**

**Report No.:** 2005-3-00157  
**Title:** Puerto Rico Environmental Quality Board - FY 2000  
**Date Issued:** 05/05/2005

Due to the costs questioned in specific findings and lack of accounting records, we questioned all costs, totaling \$4,239,228. Region 2 has designated the grantee – the Puerto Rico Environmental Quality Board (PREQB) – as "high risk" and implemented a corrective action plan to get the grantee into compliance.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
PREQB is under a new workplan which has replaced the Corrective Action Plan. CPA review and certification of costs from FY 1999-2001 is complete and Region 2 has received the CPA report.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expect resolution by September 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2005-3-00158  
**Title:** Puerto Rico Environmental Quality Board - FY 2001  
**Date Issued:** 05/05/2005

Due to costs questioned in specific findings and lack of accounting records, we questioned all costs, totaling \$4,631,636. Region 2 has designated the grantee as "high risk" and implemented a corrective action plan to get the grantee into compliance.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
PREQB is under a new workplan which has replaced the Corrective Action Plan. CPA review and certification of costs from FY 1999-2001 is complete and Region 2 has received the CPA report.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expect resolution by September 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2005-3-00159  
**Title:** Puerto Rico Environmental Quality Board - FY 2002  
**Date Issued:** 05/05/2005

Due to costs questioned in specific findings and lack of accounting records, we questioned all costs, totaling \$2,987,768. Region 2 has designated the grantee as "high risk" and implemented a corrective action plan to get the grantee into compliance.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
PREQB is under a new workplan which has replaced the Corrective Action Plan. Among the items directly impacting resolution of the audits are the indirect cost rates. PREQB has received final rates through FY 2005 and will use those rates to request reimbursement of indirect costs for affected years, and will prepare Financial Status Reports for affected grants. There has been corrective action with many of the non-cost findings in these audits, and for those costs from 2002 forward that have been CPA reviewed and certified, the disallowed costs are minimal. The overall workplan, however, seems far from complete. We expect to issue resolution letters on these audits by 9/30/08.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expect resolution by September 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2005-3-00156  
**Title:** Puerto Rico Environmental Quality Board - FY 1999  
**Date Issued:** 05/05/2005

Due to costs questioned in specific findings and lack of accounting records, we are questioning all costs, totaling \$5,503,986. Region 2 has designated the grantee as "high risk" and implemented a corrective action plan to get the grantee into compliance.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
PREQB is under a new workplan which has replaced the Corrective Action Plan. CPA review and certification of costs from FY 1999-2001 is complete and Region 2 has received the CPA report.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expect resolution by September 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2005-3-00168  
**Title:** Puerto Rico Environmental Quality Board - FY 2003  
**Date Issued:** 05/05/2005

Because Puerto Rico's accounting records were inadequate, we questioned all expenditures, totaling \$3,313,010. Region 2 has designated the grantee as "high risk" and implemented a corrective action plan to get the grantee into compliance.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE  
PREQB is under a new workplan which has replaced the Corrective Action Plan. Among the items directly impacting resolution of the audits are the indirect cost rates. PREQB has received final rates through FY 2005 and will use those rates to request reimbursement of indirect costs for affected years, and will prepare Financial Status Reports for affected grants. There has been corrective action with many of the non-cost findings in these audits, and for those costs from 2002 forward that have been CPA reviewed and certified, the disallowed costs are minimal. The overall workplan, however, seems far from complete. We expect to issue resolution letters on these audits by September 30, 2008.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expect resolution by September 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2005-3-00199  
**Title:** Puerto Rico Water Pollution Control Revolving Fund  
**Date Issued:** 06/27/2005

The Fund's administrative expenses of \$184,646 were not reviewed and certified by an independent public accounting firm recognized by EPA. Region 2 has implemented a corrective action plan to get the grantee into compliance.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE:  
CPA review of grantee costs has been completed and grantee is awaiting the report. This audit is estimated to be resolved by September 30, 2008.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION  
Expect resolution by September 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response



**Report No.:** 2006-3-00068  
**Title:** Caribbean Environmental & Development Institute FY 1999  
**Date Issued:** 02/22/2006

Accounting records did not comply with EPA regulations, property and equipment lists were not updated, financial information did not agree with general ledgers, left-over cash from prior grants was used to fund current grants, and monies received from EPA exceeded amount claimed as expenditures by \$152,027.

**EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE**

The CPA review of documentation is complete. Region 2 is currently drafting an audit resolution, which is expected to be completed by 5/31/08.

**DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION**

Expect resolution by May 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2006-3-00069  
**Title:** Caribbean Environment & Development Institute FY 2000  
**Date Issued:** 02/22/2006

Accounting records did not provide information in compliance with EPA regulations, property and equipment lists were not updated, Financial Status Reports could not be reconciled to general ledgers, cash from expired grants was used to pay current expenditures, and the Institute received \$68,467 in monies from EPA in excess of their claimed expenditures.

**EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE**

The CPA review of documentation is complete. Region 2 is currently drafting an audit resolution, which is expected to be completed by 5/31/08.

**DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION**

Expect resolution by May 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2006-3-00164  
**Title:** Puerto Rico, Commonwealth of, PREQB - FY 2004  
**Date Issued:** 07/20/2006

The grantee's fiscal control and accounting procedures were not adequate to provide the financial information necessary for the efficient administration of the entity's operation. The grantee did not: (1) complete the physical inventory of the property and equipment, (2) maintain an adequate numerical sequence in the subsidiary of property and equipment, and (3) include certain additions of property and equipment in the property and equipment listing which were acquired with the Air Pollution Control program funds. The grantee did not submit numerous financial and performance reports under various EPA grants in a timely manner. The auditors noted significant differences between the amounts reported in the Schedule of Expenditures of Federal Awards, the grantee's internal accounting records, and the transactions recorded in the reports issued by the Puerto Rico Treasury Department.

**EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE**

PREQB is under a new workplan which has replaced the Corrective Action Plan. Among the items directly impacting resolution of the audits are the indirect cost rates. PREQB has received final rates through FY 2005 and will use those rates to request reimbursement of indirect costs for affected years, and will prepare Financial Status Reports for affected grants. There has been corrective action with many of the non-cost findings in these audits, and for those costs from 2002 forward that have been CPA reviewed and certified, the disallowed costs are minimal. Many tasks still need to be completed in the overall workplan. We expect to issue resolution letters on these audits by 9/30/08.

**DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION**

Expect resolution by September 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2006-3-00139  
**Title:** New York, State of – FY 2006  
**Date Issued:** 07/26/2007

(1) The auditors noted that the Department of Health had 191 audit reports with findings that were required to have management decisions rendered within 6 months. Of these, only 72 had been completed in a timely manner, 73 required more than 6 months to complete, and 46 had no decision rendered. (2) The Department of Health did not have policies and procedures that adequately recorded, tracked, and provided for the safeguarding of program assets in order to reduce the risk of loss, damage, or misappropriation of assets; have any evidence of a physical inventory of assets taken by the Department, at least once every 2 years; consistently tag and track assets by type and physical location; record items on the asset listing and/or could not locate items appearing on the asset listings; and have any evidence of a policy or procedures in place to insure proceeds from the sale or disposal of the assets could be identified and returned to the Federal program, if necessary. (3) The Department of Environmental Conservation did not issue a formal management decision on the audit finding contained in the single audit report for the New York Environmental Facilities Corporation within the required 6-month time frame.

**EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE**

Corrective action on two of three findings is complete. The grantee needs to address one minor issue on the plan for the third finding. Once that issue is addressed, the audit resolution will be issued, estimated to be by 5/31/08.

**DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION**

Expect resolution by May 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

***Region 8 - Regional Administrator***

**Report No.:** 2007-3-00003  
**Title:** Blackfeet Tribe of the Blackfeet Indian Reservation, FY2004  
**Date Issued:** 10/02/2006

The fixed asset records did not support the amounts reported on the financial statements. The auditor noted that salary advances were increasing substantially each year, and the Tribe was not enforcing the policies and procedures on the use of advances and repayments of advances, and was not approving all advances before payment was made. There was a severe deficiency noted during internal control testing. Time cards were being accepted without employee signatures or the supervisor's signature for authorization of work done during the time period, W-4's were missing, and current pay rates did not agree with the personnel file. A physical inventory of the Tribe's assets had not been taken and reconciled with underlying property records and the general ledger. The Tribe did not have the resources available to fund the deferred revenue amount reported on the statement of net assets. Six purchases did not have supporting documentation. The total amount of transactions not in compliance was \$6,596. The Tribe loaned and expended a portion of the Tribal Worker's Compensation Program reserves.

**EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE**

Due to problems noted by Project Officers and a recent Single Audit, we have decided to do an onsite review in May 2008, and provide compliance assistance to develop and work through issues identified on the Corrective Action Plan and other issues identified during the on-site visit.

**DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION**

Expect resolution by August 2008.

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2007-2-00030  
**Title:** City of Huron, South Dakota – Special Appropriation Act Project Grant  
**Date Issued:** 07/30/2007

The City of Huron, South Dakota, (grantee) did not reduce the costs claimed under grant number XP98838901 (grant) for credits it received from other entities that contributed funds when those credits reduced project costs.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE

Given the specific reference in Title 40 Code of Federal Regulations Part 31.24 that match may be satisfied by cash donations from non-Federal third parties, it appears Huron has provided the proper amount of match (they actually over-matched the project costs) and received the proper amount of Federal funds and, therefore, there is no overpayment of Federal funds. Provided correspondence to OIG on 9/13/07.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION

Expect resolution by April 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Report No.:** 2007-2-00078  
**Title:** Cheyenne River Sioux Tribe  
**Date Issued:** 09/24/2007

The Tribe did not comply with the financial and program management standards under Title 40 Code of Federal Regulations Parts 31 and 35, and OMB Circular A-87. We questioned \$3,101,827 of the \$3,736,560 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 has completed all work under the agreements and has achieved the intended results of the agreements.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE

We are actively working with Tribe to correct issues identified by the OIG. While the cost standards were not fully met, we believe most of the costs questioned are fair and reasonable charges to the grants and were used to support work completed. We are working with the Tribe to help them implement improved administrative systems and related controls. We plan on providing the OIG a proposed response by 04/30/08.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION

Expect resolution by April 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Region 8 - Office of Technical and Management Services**

**Report No.:** 2007-3-00028  
**Title:** Three Affiliated Tribes - FY 2004  
**Date Issued:** 11/20/2006

Several general ledger accounts, including bank accounts, were not reconciled to the supporting documentation until significantly after year-end. The Tribes did not have a system in place to identify those individuals whose personnel costs were allocated to more than one award or cost activity and to ensure that the documentation requirements were satisfied. The Tribes did not update and submit revised financial reports to the awarding agencies. Significant variances were noted between the submitted reports and the information per the Tribe's general ledger. Employees were using General Services Administration vehicles and charged a flat mileage rate for reimbursement under its grants; however, fuel purchases were already charged through various programs, resulting in duplicate charging of fuel costs.

EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE

Three letters have been sent to Tribes requesting written resolutions to audit findings. A verbal request has recently been made with the Tribes to get a written resolution to audit findings.

DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION

Expect resolution by June 2008

IG FOLLOWUP STATUS AS OF 03/31/2008: No Response

**Total reports issued before reporting period for which  
no management decision has been made as of 03/31/08: 65**

## Appendix 3 - Reports with Corrective Action Not Completed

The Inspector General Act, section 5(a)(3), requires identification of each significant recommendation described in previous semiannual reports on which corrective action has not been completed. Below is a listing of OIG reports, limited to the immediate prior 10-year period, containing such recommendations. The report fiscal year is denoted by the beginning of the report number.

Report No.	Report Title
1998	none
1999	none
2000	none
2001-P-00006	Compliance with Enforcement Instruments
2001-1-00073*	Napoleon School District
2001-1-00203*	National Association of Minority Contractors
2001-P 00013	State Enforcement of Clean Water Act Dischargers Can Be More Effective
2002-P-00012	Controlling and Abating Combined Sewer Overflows
2003-P-00010	Implementation, Information, and Statutory Obstacles Impede Achievement of Environmental Results from EPA's National Hardrock Mining Framework
2003-P-00012	EPA's Response to the World Trade Center Collapse
2004-P-00005	Nationwide Identification of Hardrock Mining Sites
2004-P-00021	EPA Needs to Improve Tracking of National Petroleum Refinery Compliance Program Progress and Impacts
2004-P-00030	EPA Needs to Reinforce Its National Pretreatment Program
2005-P-00010	Substantial Changes Needed in Implementation and Oversight of Title V Permits If Program Goals Are to Be Fully Realized
2005-P-00019	PeoplePlus Security Controls Need Improvement
2005-P-00024	Limited Knowledge of the Universe of Regulated Entities Impedes EPA's Ability to Demonstrate Changes in Regulatory Compliance
2005-P-00025	Sustained Commitment Needed to Further Advance Watershed Approach
2005-P-00026	Continued EPA Leadership Will Support State Needs for Information and Guidance on RCRA Financial Assurance
2005-4-00129*	Oregon Department of Environmental Quality Reported Outlays under Cooperative Agreement V99060103
2006-P-00001	Rulemaking on Solvent-Contaminated Industrial Wipes
2006-P-00007	More Information Is Needed on Toxaphene Degradation Products
2006-P-00013	EPA Can Better Manage Superfund Resources
2006-P-00016	EPA Can Better Implement Its Strategy for Managing Contaminated Sediments
2006-P-00017	EPA Can Improve Emissions Factors Development and Management
2006-P-00022	EPA Needs to Better Implement Plan for Protecting Critical Infrastructure and Key Resources Used to Respond to Terrorist Attacks and Disasters
2006-P-00027	EPA Could Improve Its Redistribution of Superfund Payments to Specific Sites
2006-P-00034	EPA Needs to Conduct Environmental Justice Reviews of Its Programs, Policies, and Activities
2006-P-00036	Promising Techniques Identified to Improve Drinking Water Laboratory Integrity and Reduce Public Health Risks
2006-P-00038	Existing Contracts Enabled EPA to Quickly Respond to Hurricane Katrina; Future Improvement Opportunities Exist
2007-P-00002	EPA Needs to Plan and Complete a Toxicity Assessment for the Libby Asbestos Cleanup

Report No.	Report Title
2007-S-00002	Making Better Use of Superfund Special Account Funds for Thermo Chem
2007-2-00003	Information Concerning Superfund Cooperative Agreements with New York and New Jersey
2007-P-00004	Saving the Chesapeake Bay Watershed Requires Better Coordination of Environmental and Agricultural Resources
2007-P-00005	EPA's Management of Interim Status Permitting Needs Improvement to Ensure Continued Progress
2007-P-00007	EPA Could Improve Processes for Managing Contractor Systems and Reporting Incidents
2007-P-00008	EPA Could Improve Controls Over Mainframe System Software
2007-P-00012	EPA's Allowing States to Use Bonds to Meet Revolving Fund Match Requirements Reduces Funds Available for Water Projects
2007-P-00013	Performance Track Could Improve Program Design and Management to Ensure Value
2007-P-00016	Environmental Justice Concerns and Communication Problems Complicated Cleaning Up Ringwood Mines/Landfill Site
2007-P-00018	EPA Did Not Properly Process a Hospital Disinfectant and Sanitizer Registration
2007-P-00021	EPA Can Improve Its Managing of Superfund Interagency Agreements with U.S. Army Corps of Engineers
2007-P-00022	Promoting Tribal Success in EPA Programs
2007-P-00023	Better Enforcement Oversight Needed for Major Facilities with Water Discharge Permits in Long-Term Significant Noncompliance
2007-P-00025	EPA Can Improve Its Oversight of Audit Followup
2007-P-00026	EPA Needs to Take More Action in Implementing Alternative Approaches to Superfund Cleanups
2007-P-00027	Overcoming Obstacles to Measuring Compliance: Practices in Selected Federal Agencies
2007-P-00028	ENERGY STAR Program Can Strengthen Controls Protecting the Integrity of the Label
2007-P-00030	Improved Management Practices Needed to Increase Use of Exchange Network
2007-P-00031	Development Growth Outpacing Progress in Watershed Efforts to Restore the Chesapeake Bay
2007-P-00033	Using the Program Assessment Rating Tool as a Management Control Process
2007-P-00035	EPA Needs to Strengthen Its Privacy Program Management Controls
2007-P-00036	Total Maximum Daily Load Program Needs Better Data and Measures to Demonstrate Environmental Results
2007-P-00037	Progress Made in Improving Use of Federal Supply Schedule Orders, but More Action Needed
2007-P-00041	Voluntary Programs Could Benefit from Internal Policy Controls and a Systematic Management Approach
2007-4-00065	The Environmental Careers Organization Reported Outlays for Five EPA Cooperative Agreements
2007-4-00068	Ozone Transport Commission Incurred Costs Under EPA Assistance Agreements XA98379901, OT83098301, XA97318101, and OT83264901

\* In Administrative Appeal

# 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  
Atlanta, GA 30303  
Audit: (404) 562-9830  
Investigations: (404) 562-9857

### Boston

U.S. Environmental Protection Agency  
Office of Inspector General  
One Congress Street, Suite 1100  
Boston, MA 02114-2023  
Audit: (617) 918-1470  
Investigations: (617) 918-1468

### Chicago

U.S. Environmental Protection Agency  
Office of Inspector General  
77 West Jackson Boulevard  
13th Floor (IA-13J)  
Chicago, IL 60604  
Audit: (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: (513) 487-2360  
Investigations: (513) 487-2364

### Dallas

U.S. Environmental Protection Agency  
Office of Inspector General (6OIG)  
1445 Ross Avenue, Suite 1200  
Dallas, TX 75202-2733  
Audit: (214) 665-6621  
Investigations: (214) 665-2790

### Denver

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

### Kansas City

U.S. Environmental Protection Agency  
Office of Inspector General  
901 N. 5th Street  
Kansas City, KS 66101  
Audit: (913) 551-7878  
Investigations: (913) 551-7875

### New York

U.S. Environmental Protection Agency  
Office of Inspector General  
290 Broadway, Room 1520  
New York, NY 10007  
Audit: (212) 637-3080  
Investigations: (212) 637-3041

### Philadelphia

U.S. Environmental Protection Agency  
Office of Inspector General  
1650 Arch Street, 3rd Floor  
Philadelphia, PA 19103-2029  
Audit: (215) 814-5800  
Investigations: (215) 814-5820

### Research Triangle Park

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

### San Francisco

U.S. Environmental Protection Agency  
Office of Inspector General  
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7th Floor  
San Francisco, CA 94105  
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Investigations: (415) 947-4500

### Seattle

U.S. Environmental Protection Agency  
Office of Inspector General  
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Suite 1920, M/S OIG-195  
Seattle, WA 98101  
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Investigations: (206) 553-1273

### Winchester

U.S. Environmental Protection Agency  
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Winchester, TN 37398  
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