



U.S. ENVIRONMENTAL PROTECTION AGENCY OFFICE OF INSPECTOR GENERAL

Semiannual Report to Congress

April 1, 2012–September 30, 2012



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EPA-350-R-12-003

November 2012

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Inspector General Act of 1978, as amended

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Abbreviations

CIGIE	Council of the Inspectors General on Integrity and Efficiency
CSB	U.S. Chemical Safety and Hazard Investigation Board
DCAA	Defense Contract Audit Agency
EPA	U.S. Environmental Protection Agency
FY	Fiscal Year
OEI	Office of Environmental Information
OIG	Office of Inspector General

Cover photos: *Clockwise, from top left:* a view of work being done with Recovery Act funds at the Gilt Edge Mine Superfund site in Lawrence County, South Dakota (EPA OIG photo); examples of pharmaceuticals that may pose disposal problems (EPA photo); and students in a Richmond, California, Environmental Job Training program (EPA photo).

Hotline

To report fraud, waste, or abuse, contact us through one of the following methods:

e-mail:	OIG_Hotline@epa.gov	write:	EPA Inspector General Hotline 1200 Pennsylvania Avenue NW Mailcode 2431T Washington, DC 20460
phone:	1-888-546-8740		
fax:	202-566-2599		
online:	http://www.epa.gov/oig/hotline.htm		



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Message to Congress

During this semiannual period, we issued reports designed to help the U.S. Environmental Protection Agency (EPA) in its efforts to improve human health and the environment. One example is our audit of EPA's activities concerning the disposal of pharmaceutical waste. Since 1980, EPA has not used its authority to determine whether pharmaceuticals may qualify as hazardous waste. The improper disposal of pharmaceutical waste in water bodies around the country has raised serious concerns. We recommended that EPA establish a process to review pharmaceuticals for regulation as hazardous waste and develop an outreach and compliance assistance plan for health care facilities managing such waste. In another report, we noted that although EPA stated that its economic analysis for its 2008 Lead Rule underwent extensive intra-Agency review and was approved by the Office of Management and Budget prior to publication, EPA used limited data to develop the rule's cost and benefit estimates. We recommended that EPA reexamine the costs and benefits of the 2008 Lead Rule and a 2010 amendment to determine whether the rule should be modified, streamlined, expanded, or repealed.



Arthur A. Elkins, Jr.

Regarding Agency business practices and accountability, we found that EPA did not have effective oversight of contractor-held property, and overstated such property by \$34.6 million in the fiscal year 2010 financial statements. In another report, we noted that EPA did not recover \$11 million in indirect costs on reimbursable interagency agreements for which EPA had provided goods or services to another agency. An audit of a grant found that the grantee did not comply with applicable financial management regulations and we recommended that EPA should recover about \$1.2 million in questioned costs. These recovered funds could be used for other essential environmental protection activities.

On September 30, 2012, funding under the American Recovery and Reinvestment Act of 2009 expired. The Office of Inspector General (OIG) received \$20 million to oversee the expenditure of the \$7.2 billion EPA received under the Recovery Act. We spent \$18.6 million of the funds we received, and I am pleased to report that our audit, evaluation, and investigative work resulted in \$28.3 million in monetary benefits. During the most recent semiannual reporting period, we found that an Oregon firm did not provide support to show that \$9 million in Recovery Act funds drawn were reasonable, allocable, and allowable, and we recommended that EPA should disallow and recover that amount. We also questioned whether some materials used for Recovery Act projects in South Dakota and Indiana met the Recovery Act's Buy American requirement. Our work related to the Recovery Act also included conducting outreach both with the Agency and those receiving funds from EPA. We conducted 175 such awareness briefings and outreach sessions, and they played an important part in the OIG's efforts to help deter fraud, waste, and

abuse. Although our Recovery Act funding has expired, we will continue to review the Agency's expenditure of Recovery Act funds as part of our regular oversight activities.

During this reporting period, we issued several reports related to homeland security. Our review of EPA's implementation of its Radiation Network system, which monitors environmental radioactivity in the United States, disclosed weaknesses involving broken monitors, late filter changes, monitors that have not been installed, and unresolved contracting issues. Our review of EPA's National Security Information program found that the Agency can create, receive, handle, and store classified material needed to fulfill its responsibilities related to homeland security, although we noted some areas for potential improvement.

Our investigative work also produced significant results. A Maryland man was convicted at a trial of selling more than \$9 million in phony bio-diesel credits. The government is seeking forfeiture of property and bank accounts already seized by the government, as well as any other proceeds traceable to the offense, in order to satisfy a money judgment of \$9 million. In another case, several telemarketers for a Florida company were sentenced to home detention and/or supervised release on charges related to their falsely claiming a relationship between their product and EPA. Also, a South Dakota woman was sentenced to prison for embezzling funds from a tribal organization.

I am very proud to announce that, for their work concerning the Deepwater Horizon oil spill, a multi-disciplinary team of our auditors, evaluators, and attorneys received the prestigious Alexander Hamilton Award from the Council of the Inspectors General on Integrity and Efficiency. This award is the highest honor bestowed by the Council and recognizes achievements in improving the integrity, efficiency, or effectiveness of Executive Branch agency operations.

Our work would not be possible without support from Agency leadership and Congress. With our renewed focus on ensuring that the Agency and the OIG are responsible stewards of taxpayer dollars, our work will continue to add value and assist the Agency in accomplishing its mission of safeguarding the health of the American people and protecting the environment.



Arthur A. Elkins, Jr.
Inspector General

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About EPA and Its Office of Inspector General

U.S. Environmental Protection Agency

The mission of the U.S. Environmental Protection Agency (EPA or Agency) is to protect human health and the environment. As America's steward for the environment since 1970, EPA has endeavored to ensure that the public has air that is safe to breathe, water that is clean and safe to drink, food that is free from dangerous pesticide residues, and communities that are protected from toxic chemicals. EPA's fiscal year (FY) 2012 enacted budget was \$8.4 billion.

EPA Office of Inspector General

The Office of Inspector General (OIG), established by the Inspector General Act of 1978, as amended, 5 U.S.C. App. 3, is an independent office of EPA that detects and prevents fraud, waste, and abuse to help the Agency protect human health and the environment more efficiently and cost effectively. OIG staff are located at headquarters in Washington, DC; at EPA's 10 regional offices; and at other EPA locations including Research Triangle Park, North Carolina, and Cincinnati, Ohio. The OIG's enacted budget for FY 2012 was \$51.9 million with 358 full-time equivalent positions. The EPA Inspector General also serves as the Inspector General for the U.S. Chemical Safety and Hazard Investigation Board (CSB). Our vision, mission, and goals are as follows:

Vision

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

Mission

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

Goals

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

Key Topics

Recovery Act

The American Recovery and Reinvestment Act of 2009 (Recovery Act) provided EPA OIG \$20 million for oversight activities. The OIG conducted audits, evaluations, investigations, and other reviews to ensure economy and efficiency, and to prevent and detect fraud, waste, and abuse in EPA's disbursement of the \$7.2 billion it received under the Recovery Act. OIG assignments include reviews based on concerns raised by the public.



Since the inception of the Recovery Act in 2009 through September 30, 2012, when our Recovery Act funding expired, the OIG expended \$18.6 million of the \$20 million in Recovery Act funds it had received, or 93 percent. Our audit, evaluation, and investigative work resulted in \$28.3 million in monetary benefits (such as questioned costs and savings), or a 152 percent return on investment. The OIG produced 49 audit and evaluation reports. We had received 91 complaints related to EPA Recovery Act funds. We had conducted 175 Recovery Act awareness briefings and outreach sessions. Investigative efforts have resulted in 5 indictments/convictions, 3 civil actions, and 24 administrative actions taken (such as suspensions, debarments, and disciplinary actions). Although the OIG's Recovery Act funding has expired, we are continuing to review how EPA Recovery Act funding was spent.

Details on OIG Recovery Act efforts during the semiannual reporting period ending September 30, 2012, follow.

Cooperative Agreement Funding of \$9 Million Questioned

Cascade Sierra Solutions, Eugene, Oregon, did not provide support to show that \$9 million in Recovery Act funds drawn under a cooperative agreement were reasonable, allocable, and allowable in accordance with applicable laws, regulations, and cooperative agreement terms and conditions.

EPA provided \$9 million to Cascade Sierra Solutions under a cooperative agreement to create a revolving loan program for heavy duty diesel trucks to save fuel and reduce emissions. We noted financial management system issues pertaining to cash draws, revolving fund accounting, project costs, and progress reporting. Also, procurements did not meet competition or cost-price analysis requirements. Further, reporting of the number of jobs created or retained with Recovery Act funds did not comply with

guidance. As a result, we questioned the \$9 million drawn under the cooperative agreement as unallowable costs.

We recommended that EPA disallow and recover the \$9 million and consider suspension and debarment of Cascade Sierra Solutions. EPA generally agreed with the recommendations and said it initiated corrective actions, but Cascade Sierra Solutions generally did not agree.

(Report No. 12-R-0749, Examination of Costs Claimed Under EPA Cooperative Agreement 2A-83440701 Awarded Under the Recovery Act to Cascade Sierra Solutions, Eugene, Oregon, September 4, 2012)

Site Visits Note Issues Regarding Buy American Requirements

As a result of site visits, we questioned whether two Recovery Act funding recipients were meeting the Recovery Act's Buy American requirements.

EPA provided \$2,935,228 in Recovery Act funding for Pacific Western Technologies. Part of the funding went to a subcontractor to perform the drilling and grouting portion of diversion ditch repair at the Gilt Edge Mine Superfund site project in **Lawrence County, South Dakota**. Pacific Western Technologies did not have adequate controls to ensure



Grouting pipes for the Gilt Edge Mine Superfund site project labeled *Made in Korea*. (EPA OIG photo)

that its subcontractors and vendors complied with the Buy American and Davis-Bacon Act provisions of the Recovery Act. Non-American-made steel grouting pipes were used in the project. As a result, we questioned \$349,635 in costs incurred, consisting of ineligible pipe costs of \$88,712 and unsupported field inspection costs of \$260,923. Also, Pacific Western Technologies did not verify whether subcontract vendor employees who worked at the site were paid according to Davis-Bacon Act requirements. We recommended that EPA advise the contracting officer to designate the grouting pipe cost of \$88,712 as ineligible costs. We also recommended that EPA disallow and recover field inspection costs. Pacific Western Technologies indicated it is working with the

contracting officer to deobligate \$88,712. The contractor proposed, and EPA accepted, \$2,551 as the amount of ineligible field supervision costs. *(Report No. 12-R-0601, American Recovery and Reinvestment Act Site Visit of the Division Ditch Repair Project at the Gilt Edge Mine Superfund Site, Lawrence County, South Dakota, July 25, 2012)*

The **City of Nappanee, Indiana**, received a \$4,875,000 loan from the Indiana Finance Authority, including \$1,769,000 in Recovery Act funds. The city used these funds to rehabilitate and improve its wastewater treatment plant. We noted in our draft report 7 of 32 instances where the city could not demonstrate compliance with Buy American

requirements. In response, the city provided documentation and agreed to take corrective actions to replace two items with products that meet Buy American requirements. We agree that six of the seven items now comply with the requirements. For the one remaining item, the city could not demonstrate that it was manufactured in the United States as required. As a result, the project is not eligible for the \$1,769,000 of Recovery Act funds authorized by the state unless EPA exercises a regulatory option. We recommended that EPA employ appropriate procedures to ensure compliance with the Buy American requirements. Neither EPA nor the recipient agreed with our conclusions. (*Report No. 12-R-0789, American Recovery and Reinvestment Act Site Visit of Wastewater Treatment Plant Improvements Project, City of Nappanee, Indiana, September 12, 2012*)



Label on a Kaeser blower indicating product was made in Germany. (EPA OIG photo)

Dollars Leveraged Not Always Verified for Brownfields Efforts

EPA project officers verified grant recipient reported outputs and outcomes for Recovery Act brownfields assessments completed, acres ready for reuse, and cleanups completed, but did not always verify dollars leveraged.

EPA awarded \$87.3 million in Recovery Act brownfields assessment, cleanup, and revolving loan fund grants to state agencies, tribes, non-profits, local communities and commissions, and other entities. Dollars leveraged are additional non-EPA resources invested in the project as a result of the use of grant funds. EPA anticipated leveraging \$450–\$600 million for brownfields work by 2012.

EPA guidance includes requirements for grant recipients to report, and for EPA project officers to review, grant output and outcome information in the online Assessment, Cleanup and Redevelopment Exchange System. However, the guidance does not specify the documentation needed to support dollars leveraged. Recipients were unclear as to what could be counted as dollars leveraged, and some project officers were not aware of the requirement to verify reported dollars leveraged. As a result, EPA's Office of Brownfields and Land Revitalization and others may not be able to rely on the dollars leveraged data in the online system, which is reported to Congress and the public. Dollars leveraged may not be realized until after grants are completed, and EPA has to rely on recipients to report this information after their grants are completed, which may be as late as the end of 2014.

We recommended that EPA create a checklist for grant recipients and project officers that defines dollars leveraged and identifies specific types of supporting documents needed. EPA agreed with our recommendations and provided intended corrective actions.

(Report No. 12-R-0898, EPA Can Improve Its Reporting of Dollars Leveraged From the American Recovery and Reinvestment Act Brownfields Program, September 27, 2012)

Task Force Investigates Potential Recovery Act Fraud, Waste, and Abuse

A task force created by EPA OIG's Office of Investigations reviewed numerous Recovery Act projects during the semiannual reporting period and worked on allegations related to fraud, noncompliance with Recovery Act provisions, and employment of illegal workers.

The EPA OIG created the task force to expand upon the Office of Investigation's initial three-pronged strategy involving (1) stakeholder education; (2) outreach; and (3) identification and investigation of potential instances of fraud, waste, and abuse in EPA programs funded by the Recovery Act. The task force included 33 EPA OIG special agents who were hired as temporary employees with Recovery Act funding. Task force members sought to determine whether Recovery Act funding recipients were complying with Buy American provisions; the Davis-Bacon Act (involving wage requirements); and, if applicable, rules governing surety bonds.

During the approximately 9 months of its existence, the task force visited all 51 Superfund sites that received Recovery Act funding. In addition, the task force reviewed approximately 250 other projects that received Recovery Act funds involving Clean Water and Drinking Water State Revolving Fund activities. The task force members interviewed hundreds of people.

The task force worked with Assistant U.S. Attorneys and the U.S. Department of Justice to prosecute individuals who committed fraud or failed to comply with Recovery Act provisions. The team also worked with U.S. Immigration and Customs Enforcement related to actions to remove illegal workers from the United States.

The efforts started by the task force are being continued by permanent OIG special agents following the September 30, 2012, expiration of Recovery Act funding.

Homeland and Cyber Security

The OIG conducts reviews to help EPA prevent and deal with terrorist attacks and other threats, including threats to its information technology systems and resources.

Management Weaknesses of Radiation Network System Need Attention

Our review of EPA's implementation of its Radiation Network system disclosed weaknesses involving broken monitors, late filter changes, monitors that had not been installed, and unresolved contracting issues.

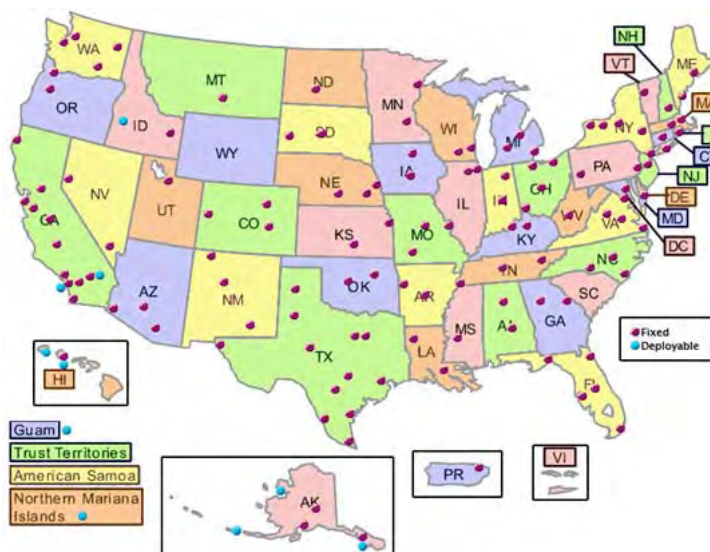
The Radiation Network system monitors environmental radioactivity in the United States and provides data for assessing public exposure and environmental impacts during nuclear emergencies and routine conditions. The Radiation Network system played a critical role in monitoring radiation levels in the United States during the March 2011 Japan nuclear incident.

Broken Radiation Network monitors and late filter changes impaired this critical infrastructure asset. During the Japan nuclear incident, 25 of the 124 installed Radiation Network monitors were out of service for an average of 130 days. Additionally, 6 of the 12 monitors sampled had gone over 8 weeks without a filter change. Parts shortages and insufficient contract oversight contributed to repair delays. Out-of-service monitors and

unchanged filters may reduce the quality and availability of critical data needed to assess radioactive threats. EPA remains behind schedule for installing Radiation Network monitors and did not fully resolve contracting issues identified in a 2009 OIG report.

We recommended that EPA improve planning and management of parts availability, filter replacement, and installation of the remaining Radiation Network monitors. We also recommended that EPA require contracting officers and their representatives to formally evaluate Radiation Network contractors annually and

Location of Radiation Network monitors nationwide (April 2011)



Source: EPA Japan Nuclear Emergency: Radiation Monitoring website, <http://www.epa.gov/japan2011/rert/radnet-data-map.html/>.

ensure that the Agency's Management Audit Tracking System is accurate and current. The Agency concurred with the recommendations except for developing metrics for evaluating frequency of filter changes and completing contractor performance evaluations, both of which are considered unresolved.

(Report No. 12-P-0417, Weaknesses in EPA's Management of the Radiation Network System Demand Attention, April 19, 2012)

EPA Generally Meeting National Security Information Requirements

Through its National Security Information program, EPA can create, receive, handle, and store classified material needed to fulfill its responsibilities related to its homeland security, emergency response, and continuity missions. Nonetheless, we noted some areas for potential improvement.

Executive Order 13526, *Classified National Security Information*, prescribes a uniform system for classifying, safeguarding, and declassifying national security information. We performed this review on EPA's National Security Information infrastructure as required by the Reducing Over-Classification Act. Under its classified National Security Information program, EPA has assigned responsibilities and provided guidance, training, and oversight. EPA program offices provide secure equipment and space, following specifications. EPA has procedures in place to enable employees to obtain security clearances and classify information. Annual reports are prepared on the status of the program.

We found that EPA's National Security Information program needs improved internal controls to address deficiencies. These deficiencies involved the storage of signed nondisclosure agreements in employees' Official Personnel Folders; ensuring the completion of annual refresher training; the prompt withdrawal of a clearance when a cleared employee leaves EPA; and updating EPA's regulation, policies, and guidance for the program. We recommended that EPA issue a directive to establish needed controls and the Agency agreed to take appropriate alternate corrective actions.

(Report No. 12-P-0543, EPA's National Security Information Program Could Be Improved, June 18, 2012)

EPA Needs to Improve Network Security Monitoring Program

EPA's deployment of a Security Incident and Event Management tool for network security monitoring did not comply with EPA's system life cycle management procedures.

Continuously monitoring network threats through intrusion detection and prevention systems is essential. Establishing clear procedures for assessing the current and potential

business impact of incidents is critical, as is implementing effective methods of collecting, analyzing, and reporting data.

EPA did not develop a comprehensive deployment strategy for the Security Incident and Event Management tool to incorporate all of EPA's offices or a formal training program on how to use the tool. When EPA staff are not able to use an information technology investment, the investment has limited value. Also, EPA does not have a computer security log management policy consistent with federal requirements, which can result in logged data not being available when needed and security controls not being implemented. Further, EPA did not follow up with staff to confirm whether corrective actions were taken to address known information security weaknesses.

We recommended that EPA develop and implement a strategy to incorporate EPA's headquarters program office within the Security Incident and Event Management environment, develop formal training for using the tool, develop or revise policy as needed for audit logging, and require that the Senior Agency Information Security Officer be addressed on all Office of Environmental Information security reports and reviews. EPA agreed to take the recommended corrective actions.

(Report No. 12-P-0899, Improvements Needed in EPA's Network Security Monitoring Program, September 27, 2012)

EPA Should Improve Security Controls for Its Network Directory Service System

EPA is not managing key facets of its network directory service system, inhibiting EPA's compliance with key risk management practices and placing EPA's information and systems at risk.

A directory service provides a centralized location to store information about the users, computers, and other equipment on a network and provides integrated services that are used to manage network users, services, and devices. EPA uses a commercial product for its directory service system. EPA implements this system using multiple servers in various locations on its network to provide authentication and authorization.

We found that EPA's Office of Environmental Information does not manage key system management documentation, system administration functions, the granting and monitoring of privileged accounts, and the application of environmental and physical security controls associated with its directory service system. The office is not keeping key management documentation associated with the system current and complete and does not have an oversight process to ensure regions and program offices are managing their delegated responsibilities in accordance with Agency and federal requirements.

We recommended that EPA undertake a number of corrective actions to address specific deficiencies and improve its management of the Agency's network directory service system. EPA agreed with most of the recommendations and took steps to correct several of the identified weaknesses. However, two recommendations, regarding environmental and physical security controls, remain unresolved.

(Report No. 12-P-0836, EPA Should Improve Management Practices and Security Controls for Its Network Directory Service System and Related Servers, September 20, 2012)

Other Significant OIG Activity

Human Health and the Environment

EPA Procedures for Hazardous Waste Pharmaceuticals Need Improvement

Since 1980, EPA has not used its authority to determine whether pharmaceuticals may qualify as hazardous waste. EPA also has not established a process for the regular identification and review of pharmaceuticals that may qualify for regulation as hazardous waste.

EPA has the authority under the Resource Conservation and Recovery Act to regulate hazardous waste pharmaceuticals to ensure safe management and disposal practices, but EPA has not been using this authority. We identified eight chemicals found in pharmaceuticals that meet EPA's criteria for regulation as acute hazardous waste, but



Examples of pharmaceuticals. (EPA photo)

wastes containing these chemicals are not regulated as such. There are over 100 drugs that federal occupational safety organizations have identified as hazardous but may not have been reviewed by EPA to determine whether they may qualify as hazardous waste. Also, some health care facilities, such as hospitals, may be unaware of federal hazardous waste regulations.

In 2008, EPA proposed an amendment to the Universal Waste Rule to address pharmaceutical wastes. However, no action on the rule has occurred since the close of the public comment period in 2009. During our review, EPA staff informed us that the Agency has decided to develop another proposal, and EPA anticipates the proposal will be available for public comment in spring 2013.

We recommended that EPA establish a process to review pharmaceuticals for regulation as hazardous waste and develop an outreach and compliance assistance plan for health care facilities managing hazardous waste pharmaceuticals. The Agency agreed with all recommendations and is implementing corrective actions to address them.

(Report No. 12-P-0508, EPA Inaction in Identifying Hazardous Waste Pharmaceuticals May Result in Unsafe Disposal, May 25, 2012)

EPA's Economic Analysis for Lead Rule Used Some Limited Data

Although EPA stated that its economic analysis for its 2008 Lead; Renovation, Repair, and Painting Rule (Lead Rule) underwent extensive intra-Agency review and was approved by the Office of Management Budget prior to publication, EPA used limited data to develop the rule's cost and benefit estimates.

The purpose of the Lead Rule was to address lead-based paint hazards created by renovation, repair, and painting activities that disturb lead-based paint in target housing. Federal agencies are required to analyze the costs and benefits of significant regulatory actions. A hotline complaint questioned aspects of the rule.

We did not conclude that EPA violated policies or failed to follow requirements in conducting its analysis. Rather, EPA conducted its economic analysis under time pressures and subsequently used its discretion to complete its analysis using some limited data and approaches. EPA's economic analyses were limited in that:

- The estimated cleaning and containment work practice costs to comply with the rule were not based on a statistically valid survey.
- EPA did not quantitatively analyze or include some of the costs outlined in Agency guidance.
- EPA did not include the cost to renovation businesses of securing additional liability insurance.
- EPA recommended additional work practices in a training program that, while not required by the rule, would likely result in additional cost because the regulated community would view these practices as required.

Further, an EPA science advisory committee reported that limitations in the Agency's data for estimating intelligence quotient changes in children exposed to lead dust during renovations would not adequately support a rigorous cost-benefit analysis.

We recommended that EPA reexamine the costs and benefits of the 2008 Lead Rule and a 2010 amendment to determine whether the rule should be modified, streamlined, expanded, or repealed. We also recommend that EPA add a disclaimer to its training program materials to communicate the differences between required and recommended work practices. In its response to the report, EPA disagreed with the first recommendation but agreed with the second.

(Report No. 12-P-0600, Review of Hotline Complaint Concerning Cost and Benefit Estimates for EPA's Lead-Based Paint Rule, July 25, 2012)

EPA Could Improve Verification for SmartWay Transport Program

Recent studies corroborate EPA's claims that its SmartWay Transport Partnership program helps remove marketplace barriers in order to deploy fuel efficient technologies faster. However, to calculate SmartWay program emission reductions, EPA relies on self-reported industry data. EPA performs some checks of data provided by industry, but there is no independent direct verification of EPA data submitted by SmartWay participants and EPA could improve the process.

EPA established the SmartWay Transport Partnership in 2004. It is a voluntary collaboration between EPA and the freight industry (carriers, shippers, logistics companies, etc.) to improve fuel efficiency and reduce environmental impacts from freight transport. According to EPA, there are almost 2,900 SmartWay partners that employ about 650,000 trucks.

There is an incentive for carriers to obtain and maintain high scores. Carrier performance scores are listed on EPA's SmartWay website. The carriers that receive the highest scores are more likely to be selected by shippers. As more shippers join SmartWay, the economic incentives for carriers to achieve higher scores on EPA's website may increase, which could also increase the potential that a carrier would submit data that overstate its scores. In our view, the SmartWay Transport Partnership program may lose its value if EPA does not protect the integrity of its program by implementing some form of direct verification or other measures to deter companies from submitting data that result in overstated scores.



An example of an EPA-certified SmartWay tractor. (EPA photo)

We recommended that EPA develop and implement direct verification or other measures to verify the accuracy of a sample of the self-reported industry data for the SmartWay Transport Partnership. EPA agreed with the OIG on the importance of ensuring the integrity of program results and proposed a five-step process to better ensure the accuracy of partner data.

(Report No. 12-P-0747, EPA Could Improve the SmartWay Transport Partnership Program by Implementing a Direct Data Verification Process, August 30, 2012)

EPA's Review of Applications for Research Grant Did Not Follow All Procedures and Lacked Transparency

EPA's National Center for Environmental Research did not follow all applicable policies and procedures in reviewing applications submitted under a water research grant, and did not communicate with grant applicants in a transparent, appropriate, accurate, and timely manner.

Based on a request from EPA's Assistant Administrator for Research and Development, which stemmed from concerns raised by a grant applicant, we examined EPA's review process for "Science to Achieve Results" grant Request for Applications EPA-G2009-STAR-F1, "Advancing Public Health Protection through Water Infrastructure Sustainability." For this request, EPA had voided the results of a December 2009 peer review panel due to concerns over expertise and innovativeness, and completed a second peer review in June 2010.

We found that the National Center for Environmental Research did not follow the review process required by the Code of Federal Regulations. Also, although EPA subsequently issued a class exception, it did not make this known to the public. Also, for more than half of the 72 applications reviewed during each peer review, at least 1 of the 3 assigned peer reviewers did not provide written comments addressing each evaluation criterion as required. Further, the National Center for Environmental Research did not have a clearly defined "firewall" policy for its peer review process. The process used to select reviewers for the June 2010 review, in our view, was inconsistent with descriptions of the National Center for Environmental Research's firewall practice published in prior National Academies reports. The issues noted stemmed from a lack of program procedures and management controls, resulting in delays and additional costs for EPA.

The National Center for Environmental Research was not transparent in communicating its decision to conduct a second review. Declination letters did not sufficiently explain why applicants were not selected or note the option to request a debriefing. Such ineffective communications with grant applicants can potentially damage the reputation of the Science to Achieve Results grant program.

We recommended that EPA ensure that the National Center for Environmental Research makes the public aware of its class exception from the Code of Federal Regulations and establishes and adheres to improved procedures and management controls for its firewall and communication with applicants. EPA agreed with the intent of our recommendations.

(Report No. 12-P-0864, EPA's Review of Applications for a Water Research Grant Did Not Follow All Review Procedures and Lacked Transparency, September 25, 2012)

Limited Public Comment Obtained on EPA's Regulatory Flexibility Act Reviews

An essential aspect of Regulatory Flexibility Act Section 610 reviews is obtaining public comment on the impact of regulations, but we found that EPA receives little to no public comment when Section 610 review notices are published in the Federal Register.

Under Section 610, agencies are required to review rules which have or will have a significant economic impact on a substantial number of small entities anytime within 10 years of promulgation, to determine whether such regulations should be continued as written or should be amended or rescinded.

EPA's ability to conduct effective retrospective reviews is dependent on feedback from the public and the regulated community. We found that the shortage of comments may be the result of the following reasons:

- If small business concerns are identified, the Agency is mandated to address these during the initial rulemaking process, which could result in concerns being addressed at the outset.
- EPA is required by a number of other statutes to conduct retrospective reviews so the Agency may have already reviewed and modified regulations before the 10-year mark.
- Waiting 10 years after a rule is finalized may not be the optimal time to seek feedback; some rules may benefit from a review closer to issuance.
- Some of the stakeholders in the regulated community that we contacted were unaware of the purpose or execution of the Section 610 reviews.

We recommended that EPA coordinate the Section 610 reviews with other required retrospective reviews, and implement additional public outreach efforts to increase awareness of the Section 610 purpose and process. The Agency indicated that it is committed to coordinating Section 610 reviews with other required reviews when appropriate, and it agreed to implement additional public outreach.

(Report No. 12-P-0579, Limited Public Comment on EPA's Regulatory Flexibility Act Section 610 Reviews, July 20, 2012)

Agency Business Practices and Accountability

EPA Should Improve Controls for Managing Contractor-Held Property

EPA did not have effective oversight of contractor-held property. EPA did not fully implement corrective actions from an FY 2006 OIG audit report on contractor-held property, and overstated contractor-held property by \$34.6 million in FY 2010 financial statements.

Accurate contractor-held property records help the Agency safeguard property and report property in financial statements. However, we found that EPA does not have effective oversight of contractor-held property and did not fully implement actions from the FY 2006 report. EPA overstated contractor-held property by \$34.6 million in its FY 2010 financial statements because the property was listed in the wrong funding appropriation.

We recommended that EPA quantify the universe of contractor-held property and assign more resources to the property administration function. We also recommended that EPA designate contractor-held property as a significant deficiency, develop and implement policies and procedures for property staff as well as internal controls for financial staff, and train property staff and contracting officers on current and new responsibilities over contracts with government property. In addition, we recommended that EPA revise or update the corrective action plan for the 2006 audit report. EPA agreed with the recommendations and proposed acceptable corrective action plans to address them.

(Report No. 12-P-0388, EPA Should Improve Controls for Managing Contractor-Held Property, April 3, 2012)

EPA Could Recover More Indirect Costs Under Reimbursable Interagency Agreements

EPA did not recover \$11 million in indirect costs on reimbursable interagency agreements through which EPA had provided goods or services to another agency and was to be reimbursed for its expenses.

Federal entities are required to recognize the full cost of goods and services provided among federal entities (full cost includes both direct and indirect costs). For 54 of 59 reimbursable interagency agreements reviewed, EPA did not bill other federal agencies the full amount of indirect costs. This occurred because EPA interpreted policies as excluding indirect costs and exempted itself from recovering indirect costs under 19 statutory authorities, did not include indirect costs on awards prior to implementation

of the policy, and did not use current indirect cost rates. Also, calculating and billing errors occurred.

We estimated that EPA could have recovered \$11 million in indirect costs based on rates for FYs 2010 and 2011. Based on amounts remaining in open agreements, we calculated that an additional \$2.5 million could be billed during the remaining project periods. The additional indirect costs recovered could be used to pay for other environmental activities. We recommended that EPA revise its policies, and correct about \$584,000 in billing errors noted. EPA agreed, and has begun updating its policies and correcting billing errors.

(Report No. 12-P-0835, EPA Could Recover More Indirect Costs Under Reimbursable Interagency Agreements, September 19, 2012)

Costs Claimed by a North Carolina Grant Recipient Questioned

The North Carolina Rural Economic Development Center, Inc., did not comply with regulatory requirements for a grant. Therefore, EPA should recover \$1,192,500 in questioned costs from the grantee.

EPA Region 4 initially provided the grantee \$994,100 to help fund a \$1,046,421 project under Section 104 of the Clean Water Act. The grant was amended, bringing the total award to \$1,192,500. We found that the grantee did not properly allocate direct costs between state and federal funding sources. Therefore, EPA should recover \$1,192,500 in costs questioned under the grant. The grantee failed to properly allocate costs because EPA provided incorrect guidance and monitoring of the grant.

We recommended that EPA disallow all costs paid under the grant and recover \$1,192,500. EPA and the grantee disagreed with our findings and recommendation. Region 4 provided a corrective action plan indicating that the grantee will submit a plan outlining full accounting for the allocation of costs between state and federal funding sources for the project. With the grantee's plan, the region can determine the reasonableness, allocability, and allowability of costs. We consider the corrective actions taken to be incomplete because the grantee has not demonstrated it has properly accounted for the reimbursement of subcontract costs in its accounting and billing systems.

(Report No. 12-4-0499, Costs Claimed by the North Carolina Rural Economic Development Center, Inc., Under EPA Grant No. X96418405, May 23, 2012)

Office of Environmental Information Should Strengthen Controls Over Mobile Devices

EPA's Office of Environmental Information (OEI) has no organization-wide standard operating procedures that explain responsibilities for OEI employees and contractors regarding mobile devices.

OEI provides technology services for EPA including telecommunications. Executive Order 13589 requires agencies to assess device usage and establish controls on unused or underutilized equipment or services. The EPA OIG had received a hotline complaint regarding misuse of mobile devices within OEI.

OEI does not have effective controls for the five areas of concern noted in the hotline complaint: issuance, disconnection, multiple devices, inappropriate use, and tracking and recovery. There is no guidance on determining the need for or frequency of mobile device upgrades. OEI has not established controls to determine when to disconnect devices. Over a 6-month period, 68 OEI employees had zero usage of their mobile devices, incurring costs of about \$29,360. Additionally, eBusiness, a Web application for obtaining devices and monitoring usage, does not correctly reflect the number of devices issued to employees. As a result, EPA may be paying for service on mobile devices when the devices were not used. We also found that one OEI employee and one contractor made costly personal international phone calls.

We recommended that OEI implement standard operating procedures to cover all aspects of issuance, disconnection, multiple devices, inappropriate use, and tracking and recovery. We also recommended that OEI take appropriate action on unauthorized calls identified, and that OEI finalize Agency-wide procedures. OEI concurred with the majority of our recommendations and described planned corrective actions.

(Report No. 12-P-0427, Office of Environmental Information Should Strengthen Controls Over Mobile Devices, April 25, 2012)

Costs for Preparing *Bay Journal* Questioned

A cooperative agreements recipient—the Alliance for the Chesapeake Bay, Inc.—achieved the intended result of producing the *Bay Journal*, but did not comply with requirements regarding procurement and financial management.

EPA awarded the recipient five cooperative agreements between August 2005 and July 2010, with a total approved project cost of \$3.6 million, to promote public education, outreach, and participation in the restoration of the Chesapeake Bay. One of the tasks under the cooperative agreements was to produce and publish the *Bay Journal*. An

anonymous hotline complaint had expressed concerns associated with the publication of the *Bay Journal*.

The recipient did not prepare and document a cost or price analysis, nor evaluate the performance of its *Bay Journal* contractor. Also, its federal financial reports were not supported by its accounting records. We questioned project costs totaling \$1,357,035. The recipient's written policies and procedures do not include necessary guidance to ensure compliance with the Code of Federal Regulations. When recipients do not complete the required cost or price analysis, we have no assurance that costs are fair and reasonable.

We recommended that EPA disallow the total questioned project costs of \$1,357,035 and recover \$1,189,864 of federal funds paid under the cooperative agreements. We also recommended that EPA require the recipient to improve its procurement internal controls and ensure that future federal financial reports are supported by accounting system data. We recommended that certain special conditions be included for all active and future EPA awards to the recipient until the region determines that the recipient has met all applicable federal financial and procurement requirements. Both EPA and the recipient disagreed with our recommendations.

(Report No. 12-4-0720, Examination of Costs Claimed Under EPA Cooperative Agreements CB-97324701 Through CB-97324705 Awarded to Alliance for the Chesapeake Bay, Inc., August 22, 2012)

Great Lakes National Program Needs to Improve Internal Controls

Although Great Lakes Legacy Act of 2002 program funding has increased five-fold in the last 7 years, the program has not established needed internal controls to ensure effective operations.

EPA's Great Lakes National Program Office performs sediment remediation using partnerships with nonfederal sponsors to accomplish the work. The nonfederal sponsor is required to provide a minimum of 35 percent of the effort in cash or in-kind contributions to the project.



Equipment cleaning sediment at Kinnickinnic River site, Wisconsin. (EPA photo)

The Great Lakes National Program Office was not timely in forwarding project agreements to the EPA finance center, did not track and record actual in-kind contributions, and did not perform final accounting timely. Additionally, the office did not always include exact due dates and amounts for payments in its project agreements from nonfederal sponsors and did not verify a nonfederal sponsor's financial capability.

We recommended that EPA develop and implement policies and procedures for the Great Lakes National Program Office that address the establishment of accounts receivable, recording of in-kind contributions, completion of final accounting, and reviews of the financial capability of nonfederal sponsors. EPA took action to address our recommendations or provided an action plan for recommendations.

(Report No. 12-P-0407, Great Lakes National Program Should Improve Internal Controls to Ensure Effective Legacy Act Operations, April 9, 2012)

Environmental Job Training Program Needs Controls to Prevent Duplication

EPA effectively established and adhered to competitive criteria for its Environmental Job Training program. However, we noted that EPA does not have internal controls to identify and prevent duplication with other EPA job training programs.

EPA's Environmental Job Training program recruits and teaches individuals from solid and hazardous waste-impacted communities the skills needed to secure employment in the environmental field. Recruitment focuses on low-income, minority, unemployed, and under-employed people. In FY 2011, EPA awarded 22 job-training grants collectively valued at over \$6.5 million.



Students in Richmond, California's, job training program. (EPA photo)

We found that EPA did not have internal controls to identify and prevent duplication with other EPA job training programs. Consequently, there is some risk of duplication. Other EPA programs that could possibly duplicate Environmental Job Training activities include the Superfund Job Training Initiative; Environmental Justice Small Grant Program; and the Surveys, Studies, Investigations and Special Purpose Activities Relating to Environmental Justice grant program.

We recommended that EPA establish internal controls for coordination with other EPA-funded job training programs to prevent duplication of effort and spending. The Agency agreed with the recommendation and committed to improve internal controls.

(Report No. 12-P-0843, Environmental Job Training Program Implemented Well, But Focus Needed on Possible Duplication With Other EPA Programs, September 21, 2012)

EPA Did Not Properly Migrate General Ledger Balances to Compass

EPA did not properly migrate general ledger balances to the Compass Financial system from the Integrated Financial Management System.

In October 2011, EPA's Office of the Chief Financial Officer replaced the Integrated Financial Management System with Compass. All relevant reference and general ledger data were to be migrated to Compass from the old system.

In a quick reaction review, we found differences in certain FY 2012 beginning balances, abnormal balances, and Agency adjustments to beginning balances. The errors we found are indicators of internal control and oversight weaknesses in the migration of balances. The Agency stated that the differences were due to the mapping for vendor code information, trading partner designations, and corrections to budget entries. These errors occurred because EPA did not properly review and populate vendor-type information and ensure proper oversight of the migration plan. Because of the general ledger account differences and lack of supporting details, EPA cannot ensure the reliability of the FY 2012 balances used to generate the financial statements.

We recommended that EPA determine whether the supporting data elements in the beginning balances of the general ledger account and treasury symbol were properly migrated to Compass, adjust the accounts with abnormal balances, and correct the general ledger crosswalk. The Agency stated it has taken corrective actions and will provide supporting documentation.

(Report No. 12-P-0559, EPA Did Not Properly Migrate General Ledger Balances to Compass From the Integrated Financial Management System, July 9, 2012)

EPA Data Standards Plan Completed But Additional Steps Needed

Although EPA completed the steps listed in its 2005 corrective action plan to close out the Agency-level weakness on data standards, the actions taken were either incomplete or lacked steps to help management determine the overall effectiveness of the Agency's implementation of data standards.

In FY 2005, EPA recognized data standards as an Agency-level weakness and OEI developed a corrective action plan to address this weakness. EPA's corrective action plan was based on completing three concurrent courses of action: (1) communicating with EPA program offices on the need to implement data standards more fully, (2) tracking program implementation of data standards, and (3) verifying progress in implementing data standards. We determined that EPA:

- Developed a data standards training program, but took no steps to identify who needed the training or track whether the appropriate personnel took the training.
- Created data standards report cards, but these report cards were inaccurate because EPA offices did not update the system used to create the report cards.
- Completed two conformance reviews to determine system compliance with the data standards, but management made no plans to conduct additional reviews.

We made various recommendations to correct the conditions noted, and the Agency concurred with the recommendations.

(Report No. 12-P-0519, EPA Data Standards Plan Completed But Additional Steps Are Needed, June 5, 2012)

Technical Network Vulnerability Assessed at Various Locations

The OIG conducted testing at three locations to identify network vulnerabilities. If not resolved, these vulnerabilities can expose EPA's assets to unauthorized access and potentially harm the Agency's networks.

This testing, done in conjunction with our annual audit of EPA's information security program as required by the Federal Information Security Management Act, found physical security control weaknesses and vulnerabilities on networked resources at the sites visited. These include the following:

- The Region 1 facility review identified Internet Protocol addresses with potentially 18 high-risk and 166 medium-risk vulnerabilities. *(Report No. 12 P-0518, Results of Technical Network Vulnerability Assessment: EPA Region 1, June 5, 2012)*
- The Region 6 facility review identified Internet Protocol addresses with potentially 35 critical risk, 217 high-risk, and 878 medium-risk vulnerabilities. Additionally, our server room assessments revealed a lack of adequate monitoring of environmental controls and a lack of controls over granting access to the server room. *(Report No. 12-P-0659, Results of Technical Network Vulnerability Assessment: EPA Region 6, August 10, 2012)*
- The review at EPA's National Vehicle and Fuel Emissions Laboratory in Ann Arbor, Michigan, identified Internet Protocol addresses with potentially 9 critical-risk, 70 high-risk, and 297 medium-risk vulnerabilities. *(Report No. 12-P-0900, Results of Technical Network Vulnerability Assessment: EPA's National Vehicle and Fuel Emissions Laboratory, September 27, 2012)*

EPA information security personnel acknowledged the existence of the identified potential security weaknesses and began immediate remediation of the issues.

Reviews Disclose Need for Improved Computer Room Security Controls

Two separate reviews of the security posture and in-place environmental controls of computer rooms at several locations disclosed the need for improved controls.

- Our review at the Radiation and Indoor Environments National Laboratory, Las Vegas, Nevada, disclosed a number of security and environmental control deficiencies. These control deficiencies hinder the safeguarding of critical information technology assets and associated data. We made various recommendations for remediating the deficiencies, and EPA agreed to take sufficient corrective actions. (*Report No. 12-P-0847, EPA's Radiation and Indoor Environments National Laboratory Should Improve Its Computer Room Security Controls, September 21, 2012*)
- Our review at the Ariel Rios building, Washington, DC, and the Potomac Yard building, Arlington, Virginia, disclosed numerous security and environmental control deficiencies. These control deficiencies greatly reduce the ability of OEI to safeguard critical information technology assets and associated data from the risk of damage and/or loss. We made various recommendations for remediating the deficiencies. The Agency agreed with some of the recommendations but questioned others, and those questioned recommendations remain unresolved. (*Report No. 12-P-0879, EPA's Office of Environmental Information Should Improve Ariel Rios and Potomac Yard Computer Room Security Controls, September 26, 2012*)

Pesticide Funds Earn Unqualified Opinions

We rendered unqualified, or clean, opinions on the FYs 2011 and 2010 financial statements for two funds EPA uses to collect fees related to pesticides.

The Pesticide Registration Improvement Act authorized EPA to assess and collect pesticide registration fees to expedite registering certain pesticides; the fees are deposited into the Pesticide Registration Fund. In our opinion, the financial statements for the funds were fairly presented and free of material misstatement. We noted one material weakness in internal controls. EPA materially understated the payroll and benefits payable and related payroll expenses included in FY 2011 gross costs. The Agency's practice of transferring employees and expenses and liabilities from the Pesticide Registration Fund to the Environmental Programs and Management Fund for cash flow reasons led to the understatement. The transfer removed the base upon which the leave accrual and benefits payable amounts are calculated. The FY 2010 accruals for the Pesticide Registration Fund were \$239,000 while the FY 2011 accruals were \$8,000. We also noted one significant deficiency in internal controls. EPA did not record accounts receivable for a Pesticide Registration Fund fee until the payments were 18 months overdue. The Agency

agreed with our findings and recommendations and initiated corrective actions. *(Report No. 12-1-0522, Fiscal Years 2011 and 2010 Financial Statements for the Pesticide Registration Fund, June 6, 2012)*

To expedite reregistering older pesticides and assessing them against modern health and environmental testing standards, Congress authorized EPA to collect fees from pesticide manufacturers; the fees are deposited into the Pesticides Reregistration and Expedited Processing Fund. In our opinion, the financial statements for the funds were fairly presented and free of material misstatement. We noted one material weakness in internal controls. In FY 2011, EPA materially understated the fund's payroll and benefits payable, and related payroll expenses included in gross costs. The Agency's practice of transferring employees and expenses and liabilities from the Pesticides Reregistration and Expedited Processing Fund to the Environmental Programs and Management Fund for cash flow reasons led to the understatement. The transfer removed the base upon which the leave accrual and benefits payable amounts are calculated. As a result, payroll and benefits payable were materially understated. The FY 2010 accruals for the Pesticides Reregistration and Expedited Processing Fund were \$2,269,000 while the FY 2011 accruals were \$17,000. The Agency agreed with our findings and recommendations and initiated corrective actions. *(Report No. 12-1-0521, Fiscal Years 2011 and 2010 Financial Statements for the Pesticides Reregistration and Expedited Processing Fund, June 6, 2012)*

No Misuse of Tribal Clean Water Act Section 106 Funds Found in EPA Region 8

During a review conducted in response to a hotline complaint, we found that EPA Region 8 used funds as intended under the Clean Water Act Section 106.

Section 106 authorizes EPA to provide federal assistance to Indian tribes to establish and implement water pollution control programs. A hotline complaint alleged that Region 8 withheld funds meant for tribal programs, provided funds to the U.S. Geological Survey that did not benefit tribes, and provided ineffective tribal support by separating decision making between two offices. We found that Region 8:

- Funded tribal Section 106 programs based on the region's review of tribal work plans and did not inappropriately withhold funds. Region 8 determined that tribal work plans did not warrant the level of funds requested and thus did not award all program funds to the tribes.
- Proved that the funds provided to the U.S. Geological Survey benefitted the tribes. However, Region 8 does not have an effective method for gaining tribal approval for special projects/associated program support costs.
- Properly followed Agency guidance by housing regional program managers separately from the regional grants management office, but there were opportunities for improvement.

We recommended that the Office of Water and Region 8 develop additional guidance on the use of Section 106 tribal grants funds, and that Region 8 evaluate the effectiveness of its team approach to tribal technical assistance. Both the Office of Water and Region 8 concurred with our recommendations.

(Report No. 12-P-0453, Alleged Misuse of Tribal Clean Water Act Section 106 Funds in EPA Region 8, May 4, 2012)

Investigations

Telemarketers for Florida Company Convicted and Sentenced

A number of former telemarketers for a Florida company were sentenced to home detention and/or supervised release on charges related to their falsely claiming a relationship between their product and EPA.

An investigation of FBK Products, LLC, and its employees began after numerous complaints were received that FBK had engaged in a telemarketing scam by claiming a fraudulent relationship between EPA and their product, Septic Remedy. During sales calls, the FBK telemarketers falsely associated their product with EPA and/or governmental actions.

On April 25, 2012, two former telemarketers from FBK were convicted and sentenced in the U.S. District Court, Southern District of Florida, West Palm Beach Division. Laura Janey was convicted on one count of making false statements and sentenced to 12 months of supervised release. Cheryl Stephenson was convicted on two counts of wire fraud and sentenced to 24 months of supervised release and ordered to pay \$626 in restitution.

On September 13, 2012, three additional former FBK employees were convicted and sentenced. Richard Chiat and Mitchell Friedman, both former managers, were convicted of conspiracy to commit wire fraud and sentenced to 8 months home detention plus 1 year of supervised release. They were also ordered to pay \$5,323 in restitution and a \$100 special assessment. Gregory Weiss, a former general manager/partner, was also convicted of one count of conspiracy to commit wire fraud and received the same sentence.

In February 2012, four other former telemarketers from the company—Mary Ann Moore, Joseph Nouerand, Christopher Lincoln, and Mohamed Plaisir—had each been convicted and sentenced to 24 months of supervised release.

Woman Sentenced to Prison for Embezzling From Tribal Organization

A South Dakota woman was sentenced to prison for embezzling funds from a tribal organization.

On May 25, 2012, in the U.S. District Court for the District of South Dakota, Western Division, Rhonda Azure was sentenced to 12 months and 1 day of imprisonment to be followed by 3 years of supervised release. She was also ordered to pay \$75,000 in restitution and a \$100 assessment to the Victim Assistance Fund. Azure pleaded guilty to

conspiracy to commit theft in February 2012. Azure, along with three other people, embezzled funds from the Mni Sose Intertribal Water Rights Coalition, an organization that received federal assistance from EPA, by cashing Mni Sose checks and keeping the money for their own use.

This case was investigated by the EPA OIG and the U.S. Department of the Interior.

Man Convicted for Selling Phony Bio-Diesel Fuel Credits

A Perry Hall, Maryland, man was convicted of selling more than \$9 million in phony bio-diesel fuel credits.

On June 25, 2012, after a week-long trial in the U.S. District Court for the District of Maryland, Northern Division, Rodney Hailey was convicted of selling phony bio-diesel fuel credits. Hailey's company, Clean Green Fuel, made more than \$9 million selling fake bio-diesel fuel credits to oil companies, brokers, and producers. Hailey used the money to charter private jets, buy jewelry, and purchase more than a dozen luxury cars.

Companies that make or import gasoline or diesel are required to use a certain amount of renewable fuel. To meet their mandate, companies can buy credits that represent renewable fuel that another company has produced. Between March 2009 and December 2010, Hailey sold more than 35 million credits, called renewable identification numbers—or RINs—representing more than 23 million gallons of fuel. EPA was unable to verify whether the production plant even existed.

This investigation was conducted as part the District of Maryland Asset Forfeiture/Money Laundering Task Force, including the U.S. Marshals Service, the Baltimore County Police Department, and the Internal Revenue Service—Criminal Investigation; the EPA Criminal Investigation Division; the U.S. Postal Inspection Service; and the EPA OIG.

Man Convicted for Wire Fraud

A Spring, Texas, man was sentenced to 3 years probation, including 4 months of home detention, on one count of wire fraud related to his inappropriately using funds provided for travel and moving expenses for a position he accepted in the Commonwealth of the Northern Mariana Islands.

On August 13, 2012, David P. Preston pleaded guilty and was sentenced on one count of wire fraud in U.S. District Court, Southern District of Texas. In addition to the probation, he was ordered to pay \$28,000 in restitution and a \$100 special assessment. In August 2010, Preston applied for a position at the Commonwealth of the Northern Mariana Islands Commonwealth Utility Corporation, an agency receiving EPA funds. After being

hired for the position of drinking water/wastewater manager, he requested an advance of funds for the shipment of his household goods and for the purchase of airline tickets for his family to relocate to the islands. The utility corporation provided the funds to Preston for travel and moving expenses, but he converted those funds for personal benefit while continuing to reside in Texas. Preston had never moved to the Commonwealth or reported for work.

Woman Sentenced for Theft of Law Enforcement Items

A Chester, Maryland, woman was sentenced to probation in connection with the disappearance of an EPA special agent's bag and credentials.

On June 6, 2012, Victoria Lynn Tillbery pleaded guilty to one count of theft in District Court for Queen Anne's County, Maryland. Tillbery was sentenced to 12 months of probation, ordered to pay a former EPA OIG special agent \$1,195 in restitution, and complete 40 hours of community service.

In March 2012, an EPA OIG special agent mistakenly left his bag behind after leaving a restaurant. The bag contained the special agent's credentials and badge, a government-issued credit card and cellular phone, and other items. When the agent returned to retrieve the bag, Tillbery, a waitress at the restaurant, stated that someone else had taken the bag. The investigation determined that Tillbery had in fact removed the agent's bag. The property was not recovered.

OIG Employee Sentenced for Theft of Laptop Computer

On September 19, 2012, an EPA OIG information technology specialist was convicted for the theft of a government laptop computer. The employee was convicted in U.S. District Court, District of Maryland, of one count of theft. The employee was sentenced to 1 year probation, and ordered to perform 50 hours of community service and pay a \$25 special assessment. OIG management plans to take appropriate administrative action.

Upon notification that a new laptop computer was missing from OIG headquarters, OIG special agents and others used the anti-theft software installed on the computer and other investigative techniques to determine the stolen laptop was located in a Maryland residence. The residence, belonging to the OIG information technology specialist, was searched and numerous computer-related items were seized, including the stolen laptop.

EPA Employee Demoted for Role in Telephone Calling Scheme

In April 2012, an EPA employee was demoted from a GS-12 to a GS-9 pay grade and reassigned due to involvement in a telephone calling scheme. The scheme involved using government telephone lines that gave inmates at a prison in Illinois access to EPA

telephone lines in order to make personal telephone calls from prison. The employee reportedly received compensation for performing this act.

EPA Employee Retires While Under Investigation

In May 2012, an EPA employee retired while under investigation. It was alleged that the employee committed time and attendance fraud, conducted personal business on government-issued computer equipment, and violated the Hatch Act. When interviewed, the employee admitted to conducting personal business on government time.

Other Activities

FY 2012 Management Challenges Presented to Agency

On July 5, 2012, the EPA OIG provided to EPA Administrator Lisa P. Jackson a list of management challenges confronting EPA. According to the Government Performance and Results Act Modernization Act of 2010, major management challenges are programs or management functions that have greater vulnerability to waste, fraud, abuse, and mismanagement, and a failure to perform well could seriously affect the ability of the agency of the federal government to achieve its mission or goals. The FY 2012 challenges were based primarily on our audit, evaluation, and investigative work. Those challenges are:

- **Oversight of delegations to states.** EPA may authorize states to implement environmental laws and regulations, and it relies heavily on authorized states to do so. However, EPA does not abrogate its oversight responsibility and, while EPA has renewed its attention to oversight of programs delegated to states, more work remains.
- **Safe reuse of contaminated sites.** EPA has increasingly emphasized the reuse of contaminated or once-contaminated properties, but continues to face challenges in this area. EPA needs new strategies that take the Agency beyond merely encouraging accountable parties to fulfill requirements, and focus on providing the information, resources, and authorities needed.
- **Limited capability to respond to cyber security attacks.** As technology continues to advance and EPA increases its automated systems to further integrate EPA data and services with the Internet, having a strong information technology infrastructure that addresses security is critical to protecting the Agency against cyber-attacks.
- **EPA's framework for assessing and managing chemical risks.** Given the vast number of chemicals for which EPA needs to perform risk assessments and management, we continue to identify challenges to EPA's ability to manage chemical risks.
- **Workforce planning.** EPA has not developed sufficient analytical methods, nor does it collect the data needed, to sufficiently measure its workload and the corresponding workforce levels needed to carry out that workload.

OIG Reviews Its Own Policies and Procedures, as Well as Independent Referencing

On June 4, 2012, the EPA OIG issued Report No. 12-N-0516, *Analysis of Office of Inspector General Policies and Procedures Addressing the CIGIE Quality Standards*. This review analyzed whether the EPA OIG's policies and procedures complied with the Council of the Inspectors General on Integrity and Efficiency's (CIGIE's) *Quality Standards for Federal Offices of Inspector General* (known as the "Silver Book"), along with the EPA OIG's own internal standards. The review found that the EPA OIG has policies and procedures or other guidance to satisfy the Silver Book requirements in all except one area. The one area involved the lack of guidance on training for the auditors and evaluators and the responsibility of key managers to ensure their staff members have the skills necessary to match the OIG's needs. In response, on June 28, 2012, the OIG issued an Inspector General Statement, *Guidelines for Meeting and Recording OIG Staff Training Requirements in Compliance with Generally Accepted Government Auditing Standards*. The report also noted that 21 of the 28 policies and procedures reviewed were past the required review date prescribed by the EPA OIG, and the OIG initiated actions to update the policies and procedures.

On April 19, 2012, the EPA OIG issued Report No. 12-N-0416, *Quality Assurance Report: Assessing the Quality of the Independent Referencing Process During Fiscal Year 2011*. To assess the process, the review surveyed EPA OIG managers regarding consistency among the OIG's Quality Assurance staff, timeliness of the reviews, best practices, and areas for improvement. Overall, the majority of the managers who responded to the survey believed that the independent referencing process was effective and efficient, and that the referencers were consistent and timely once reviews began. However, concern was expressed that the wait time for referencing to start once a project was submitted for referencing was too long. Various areas for improvement were identified and eight recommendations were issued to improve consistency of reviews and timeliness. The OIG has initiated actions on these recommendations.

Legislation, Regulations, and Policies Reviewed

Section 4(a) of the Inspector General Act requires the Inspector General to review existing and proposed legislation and regulations relating to the program and operation of EPA and to make recommendations concerning their impact. We also reviewed drafts of Office of Management and Budget circulars, memoranda, executive orders, program operations manuals, directives, and reorganizations. The primary basis for our comments are the audit, evaluation, investigation, and legislative experiences of the OIG, as well as our CIGIE participation. During the reporting period, we reviewed 65 proposed changes to legislation, regulations, policy, procedures, and other documents that could affect EPA and/or the Inspector General, and provided comments on 9. Details on two significant items follow.

Proposed Update to EPA Manual 2750, *Audit Management Procedures*. EPA's Office of the Chief Financial Officer proposed numerous revisions to update EPA Manual 2750, *Audit Management Procedures*, which had last been issued in 1998. The revised manual provides the Agency with a more comprehensive "one stop shop" for audit management guidance that ensures consistent procedures throughout the audit management and resolution process. Additionally, the updated guidance refines roles, responsibilities, and terminology for carrying out the Agency's responsibilities under the Inspector General Act Amendments of 1988 and Office of Management and Budget Circular A-50. We provided a number of comments to help strengthen and clarify the manual and more clearly define the roles, responsibilities, terminology and authorities of both the Agency and the OIG. One comment included stating that nothing in the manual shall be construed to conflict with or limit in any way the obligations or the authority of the OIG pursuant to the Inspector General Act of 1978 as amended, or any other statute, nor the OIG's exercise of its discretion in carrying out its obligations and authority. The Agency agreed with the majority of our comments or proposed acceptable alternative language to address our comments. The revision of EPA Manual 2750 was initiated by an OIG recommendation for the Office of the Chief Financial Officer to update and revise the guidance, as well as expedite the resolution process. The obsolete audit resolution process and the outdated EPA Manual 2750 were included among the Agency Internal Control Weaknesses reported by the OIG for several years. The revised EPA Manual 2750 was issued on September 28, 2012.

Proposed Revision to EPA Order 4850, *National Security Information*, and Establishment of EPA Manual 4850, *National Security Information*. EPA's Office of Administration and Resources Management, Security Management Division, proposed the establishment of EPA Manual 4850 to formalize the program's policies and procedures for EPA employees and non-federal personnel who have access to classified National Security Information; and a revision to EPA Order 4850 to provide more clarity to roles and responsibilities, and to update the content of the order based upon recently issued federal guidance. A section of the order and manual provide that the Agency shall make the determination as to whether:

- EPA personnel requesting Sensitive Compartmented Information access have a requirement and a valid need to know;
- A program office or region has a valid need for the build-out of a Sensitive Compartmented Information facility or secure facility; and
- A program office or region has a requirement for installation of the Joint Worldwide Intelligence Communications System, the Homeland Secure Data Network, or Secure Video Teleconference Systems.

We raised concerns that these sections encroach upon the Inspector General's independence. If the Agency is to be the determination office regarding the need for OIG

investigators, auditors, and evaluators to have access to Sensitive Compartmented Information, that role would conflict with an important provision of the Inspector General Act. The Agency's determination role may impede the OIG's ability to pursue investigations, audits, and evaluations and thus may potentially impede the OIG in carrying out its statutory responsibilities. As of September 30, 2012, we were working with the Agency to address our concerns.

Small Business Innovative Research Activities Reported to Congress

The OIG is required by Section 5143 of the National Defense Authorization Act of 2012, (Public Law No. 112-81) to report on reducing vulnerability to fraud, waste, and abuse in the Small Business Innovative Research program. EPA OIG has worked with EPA's Small Business Innovative Research program staff to reduce vulnerabilities to fraud, waste, and abuse. For the period October 1, 2011, to September 1, 2012, EPA did not refer any cases involving Small Business Innovative Research to the OIG.

U.S. Chemical Safety and Hazard Investigation Board

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



In FY 2004, Congress designated the EPA Inspector General to serve as the Inspector General for CSB. As a result, the EPA OIG has the responsibility to audit, evaluate, inspect, and investigate CSB's programs, and to review proposed laws and regulations to determine their potential impact on CSB's programs and operations. Details on our work involving CSB are available at <http://www.csb.gov/service.default.aspx>.

CSB Should Improve Its Recommendations Process

CSB did not consistently achieve its goals and standards, as outlined in its current strategic plan, for timely implementation of its safety recommendations.

CSB issues recommendation reports to government agencies, companies, trade associations, labor unions, and other groups. The reports contain specific, measurable safety recommendations designed to prevent future accidents. However, these recommendations are only suggestions for actions; CSB does not have the authority to enforce its safety recommendations. In 2004, CSB created the Office of Recommendations to work with recipients to pursue closure of safety recommendations by recipients' taking acceptable actions.

As of December 2010, CSB had issued 588 safety recommendations, of which 218 (37 percent) were open while actions were in progress to resolve them. Of the 218 open recommendations, 54 (nearly 25 percent) were open for more than 5 years. However, as noted, CSB does not have enforcement authority and implementation of some of its recommendations may face lengthy regulatory processes. Nonetheless, CSB can establish better internal controls and processes for safety recommendations to increase the likelihood that recipients will implement CSB safety recommendations.

We recommended that the CSB Chairperson update board orders that establish policies for the Recommendation Program, timeliness of board votes, and coordination between CSB offices. We also recommended that the Chairperson make full use of CSB's Total Records and Information Management system and implement a formal advocacy program for safety recommendation implementation. CSB concurred with all our

recommendations except one involving implementing guidelines that define the length of time notation items can be calendared before a vote must be taken. We consider that recommendation unresolved but we are working toward a resolution. CSB has redrafted Board Order 022 to improve the data quality of its recommendation information. CSB plans to update Board Order 040 to enhance collaboration between investigations and recommendations personnel.

(Report No. 12-P-0724, U.S. Chemical Safety and Hazard Investigation Board Should Improve Its Recommendations Process to Further Its Goal of Chemical Accident Prevention, August 22, 2012)

FY 2012 Management Challenges Presented to CSB

On September 19, 2012, the EPA OIG provided the following two management challenges to CSB:

- **Clarifying CSB's statutory mandate.** CSB has an investigative gap between the number of accidents that it investigates and the number of accidents that fall under its statutory responsibility to investigate. CSB believes it is operating according to its statutory mandate and cites a lack of resources to investigate the additional accidents cited. In a letter dated November 5, 2009, CSB requested that Congress clarify CSB's statutory mandate as it relates to investigating chemical accidents. To date, there has been no response from Congress. CSB needs to follow up with the relevant congressional committees on the status and resolution of this issue.
- **Promulgating a chemical incident reporting regulation.** CSB has not published a chemical incident reporting regulation as envisioned in the Clean Air Act Amendments. In 2008, the U.S. Government Accountability Office recommended that CSB publish a regulation requiring facilities to report all chemical accidents. In 2009, CSB notified the public of a proposed reporting regulation. Public stakeholder comments to the proposed reporting regulation indicated it was no longer necessary. The comments stated that Internet search engines and alerts that notify CSB in almost real time of incidents did not exist when the requirement for the regulation was established in the 1980s. CSB should submit a preliminary plan to OMB noting its determination that such a rule should be repealed to make the organization's regulatory program more effective, streamlined, and less burdensome in achieving its objectives.

Statistical Data

Profile of Activities and Results

Audit and evaluation operations Office of Inspector General reviews (\$ in millions)		
	April 1, 2012, to September 30, 2012	FY 2012
Questioned costs *	\$13.3	\$24.9
Recommended efficiencies *	\$6.0	\$378
Costs disallowed to be recovered	\$0	\$0.0
Costs disallowed as cost efficiency	\$13.0	\$52.0
Reports issued by OIG	46	71
Reports resolved (Agreement by Agency officials to take satisfactory corrective actions) **	520	887

Audit and evaluation operations Reviews performed by Single Audit Act auditors (\$ in millions)		
	April 1, 2012, to September 30, 2012	FY 2012
Questioned costs *	\$12.9	\$15.8
Recommended efficiencies *	\$0.0	\$0.0
Costs disallowed to be recovered	\$0.0	\$0.0
Costs disallowed as cost efficiency	\$0	\$0
Single Audit Act reviews	474	816
Agency recoveries Recoveries from audit and evaluation resolutions of current and prior periods (cash collections or offsets to future payments) ***	\$2.7	\$2.7

Investigative operations (\$ in millions)		
	April 1, 2012, to September 30, 2012	FY 2012
Total fines and recoveries ****	\$0.29	\$3.99
Cost savings	\$0	\$0
Cost avoidances	\$0	\$0
Civil settlements	\$0	\$0.2
Cases open during period	94	168
Cases closed during period	88	125
Indictments/informations of persons or firms	13	31
Convictions of persons or firms	11	18
Civil judgments/settlements/filings	0	1

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

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

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

**** Fines and recoveries resulting from joint investigations.

Audit, Inspection, and Evaluation Report Resolution

Status report on perpetual inventory of reports in resolution process for semiannual period ending September 30, 2012

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 April 1, 2012*	122	\$24,738	\$0	\$1,220	\$0
B. Which were issued during the reporting period	505	\$26,279	\$3,839	\$96	\$2,546
C. Which were issued during the reporting period that required no resolution	375	\$0	\$0	\$0	\$0
Subtotals (A + B - C)	252	\$51,017	\$3,839	\$1,316	\$2,546
D. For which a management decision was made during the reporting period	472	\$8,051	\$13,701	\$1,145	\$13,022
E. For which no management decision was made by September 30, 2012	159	\$42,966	\$0	\$0	\$0
F. Reports for which no management decision was made within 6 months of issuance	69	\$14,019	\$0	\$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 OIG reports

This section presents additional statistical information that is 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. Tables 1 and 2 cannot be used to assess results of reviews performed or controlled by the OIG. 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 September 30, 2012 (\$ in thousands)

Report category	No. of reports	Questioned costs *	Unsupported costs
A. For which no management decision was made by April 1, 2012 **	26	\$24,738	\$21,444
B. New reports issued during period	19	\$26,279	\$14,325
Subtotals (A + B)	45	\$51,017	\$35,769
C. For which a management decision was made during the reporting period:	21	\$8,051	\$5,004
(i) Dollar value of disallowed costs	21	\$1,316	\$2,729
(ii) Dollar value of costs not disallowed	0	\$6,418	\$2,275
D. For which no management decision was made by September 30, 2012	23	\$42,966	\$30,445
Reports for which no management decision was made within 6 months of issuance	4	\$14,958	\$14,788

* Questioned costs include unsupported costs.

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

Table 2: Inspector general-issued reports with recommendations that funds be put to better use for semiannual period ending September 30, 2012 (\$ in thousands)

Report Category	No. of reports	Dollar value
A. For which no management decision was made by April 1, 2012 *	0	\$0
B. Which were issued during the reporting period	5	\$6,079
Subtotals (A + B)	5	\$6,079
C. For which a management decision was made during the reporting period:	0	\$0
(i) Dollar value of recommendations from reports that were agreed to by management	0	\$0
(ii) Dollar value of recommendations from reports that were not agreed to by management	0	\$0
(iii) Dollar value of nonawards or unsuccessful bidders	0	\$0
D. For which no management decision was made by September 30, 2012	0	\$0
Reports for which no management decision was made within 6 months of issuance	0	\$0

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

Audits, inspections, and evaluations with no final action as of September 30, 2012, over 365 days past the date of the accepted management decision (including audits, inspections, and evaluations in appeal)

Audits, inspections, and evaluations	Total	Percentage
Program	38	53
Assistance agreements	11	15
Contract audits	0	0
Single audits	21	29
Financial statement audits	2	3
Total	72	100

Hotline Activity

The following table shows EPA OIG hotline activity regarding complaints of fraud, waste, and abuse in EPA programs and operations during the semiannual reporting period and for the annual period ending September 30, 2012.

	Semiannual period (April 1, 2012 - September 30, 2012)	Annual period (October 1, 2011 - September 30, 2012)
Issues open at the beginning of the period	100	118
Inquiries received during the period	114	225
Inquiries closed during the period	102	231
Inquiries pending at the end of the period	112	112
Issues referred to others		
OIG offices	80	148
EPA program offices	25	60
Other federal agencies	6	7
State/local agencies	3	10

Summary of Investigative Results

Summary of investigative activity during reporting period

Cases open as of April 1, 2012	248
Cases opened during period	94
Cases closed during period	88
Cases pending as of September 30, 2012	254

Investigations pending by type as of September 30, 2012

	Superfund	Management	Split funded	Recovery Act	Chemical Safety Board	Total
Contract fraud	6	11	8	16	0	41
Assistance agreement fraud	1	22	10	21	0	54
Employee integrity	4	37	34	0	1	76
Program integrity	2	12	7	7	0	28
Computer crimes	0	5	17	0	0	22
Threat	0	1	3	0	0	4
Retaliation	0	0	1	0	0	1
Other	4	10	10	4	0	28
Total	17	98	90	48	1	254

Results of prosecutive actions

	EPA OIG only	Joint *	Total
Criminal indictments/informations/complaints	11	2	13
Convictions	8	3	11
Civil judgments/settlements/filings	0	0	0
Deportations	1	0	1
Fines and recoveries (including civil)	\$19,070	\$103,200	\$122,270
Prison time	24 months	12 months	36 months
Prison time suspended	24 months	0 months	24 months
Home detention	18 months	4 months	22 months
Probation	156 months	72 months	228 months
Community service	90 hours	0 hours	90 hours

* With another federal agency.

Administrative actions

	EPA OIG only	Joint *	Total
Suspensions	3	0	3
Debarments	3	12	15
Other administrative actions	30	2	32
Total	36	14	50
Administrative recoveries	\$169,574	\$0	\$169,574
Cost avoidance	\$0	\$0	\$0

* With another federal agency.

Appendices

Appendix 1—Reports Issued

The Inspector General Act of 1978, as amended (IG 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 IG 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. This listing includes a section for reports involving the American Recovery and Reinvestment Act of 2009.

Report no.	Report title	Date	Questioned Costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
PERFORMANCE REPORTS						
12-P-0388	EPA Should Improve Controls for Managing Contractor-Held Property	Apr. 03 2012	\$0	\$0	\$0	\$0
12-P-0407	Great Lakes National Program Should Improve Controls for Legacy Act Operations	Apr. 10, 2012	0	0	0	0
12-P-0417	Weaknesses in EPA's Management of Radiation Network System Demand Attention	Apr. 19, 2012	0	0	0	0
12-P-0427	Office of Environmental Information Should Strengthen Controls Over Mobile Devices	Apr. 25, 2012	0	0	0	29,360
12-P-0453	Hotline - Use of Tribal 106 Funds	May 04, 2012	0	0	0	0
12-P-0508	EPA Inaction in Identifying Hazardous Waste Pharmaceuticals May Impact Disposal	May 25, 2012	0	0	0	0
12-P-0518	Results of Technical Network Vulnerability Assessment: EPA's Region 1	Jun. 05, 2012	0	0	0	0
12-P-0519	EPA Data Standards Plan Completed but Additional Steps Are Needed	Jun. 05, 2012	0	0	0	0
12-P-0543	EPA's National Security Information Program Could Be Improved	Jun. 18, 2012	0	0	0	0
12-P-0559	EPA Did Not Properly Migrate General Ledger Balances to Compass	Jul. 09, 2012	0	0	0	0
12-P-0579	Limited Public Comment on EPA's Regulatory Flexibility Act Section 610 Reviews	Jul. 19, 2012	0	0	0	0
12-P-0600	Hotline Complaint on Cost and Benefit Estimates for EPA's Lead-Based Paint Rule	Jul. 25, 2012	0	0	0	0
12-P-0659	Results of Technical Network Vulnerability Assessment: EPA's Region 6	Aug. 10, 2012	0	0	0	0
12-P-0747	EPA Could Improve SmartWay Transport Partnership Program Data Verification	Aug. 30, 2012	0	0	0	0
12-P-0835	Indirect Costs on Interagency Agreements	Sep. 19, 2012	0	0	0	3,108,000
12-P-0836	EPA Should Improve Controls for Network Directory Service System and Servers	Sep. 20, 2012	0	0	0	0
12-P-0843	Job Training Program Implemented Well, But Focus Possible Duplication Needed	Sep. 21, 2012	0	0	0	0
12-P-0847	Radiation and Indoor Environments National Lab Computer Room Security Controls	Sep. 21, 2012	0	0	0	0
12-P-0864	EPA's Review of Applications for Water Research Grant Did Not Follow All Procedures	Sep. 25, 2012	0	0	0	0
12-P-0879	Ariel Rios and Potomac Yard Computer Room Security Controls	Sep. 26, 2012	0	0	0	0
12-P-0899	Improvements Needed in EPA's Network Security Monitoring Program	Sep. 27, 2012	0	0	0	0
12-P-0900	Vulnerability Assessment of EPA's National Vehicle and Fuel Emissions Laboratory	Sep. 27, 2012	0	0	0	0
	TOTAL PERFORMANCE REPORTS = 22		\$0	\$0	\$0	\$3,137,360
SINGLE AUDIT REPORTS						
12-3-0382	Marinette, Wisconsin, City of - FY 2010	Apr. 02, 2012	\$0	\$0	\$0	\$0
12-3-0384	Superior, Wisconsin, City of - FY 2010	Apr. 02, 2012	0	0	0	0
12-3-0385	Two Rivers, Wisconsin, City of - FY 2010	Apr. 02, 2012	0	0	0	0
12-3-0386	Whitehall, Wisconsin, City of - FY 2010	Apr. 02, 2012	0	0	0	0
12-3-0389	Owatonna, Minnesota, City of - FY 2010	Apr. 03, 2012	0	0	0	0
12-3-0390	New Prague, Minnesota, City of - FY 2010	Apr. 03, 2012	0	0	0	0
12-3-0391	Moose Lake, Minnesota, City of - FY 2010	Apr. 03, 2012	0	0	0	0
12-3-0392	Minneota, Minnesota, City of - FY 2010	Apr. 03, 2012	0	0	0	0
12-3-0393	Medford, Minnesota, City of - FY 2010	Apr. 03, 2012	0	0	0	0
12-3-0394	Western Michigan Strategic Alliance, Michigan - FY 2009	Apr. 03, 2012	0	0	0	0
12-3-0395	Salem, New Jersey, City of - FY 2010	Apr. 03, 2012	0	0	0	0
12-3-0396	Newcomb, New York, Town of - FY 2010	Apr. 03, 2012	0	0	0	0
12-3-0397	Sublette County School District No. 9, Wyoming	Apr. 04, 2012	0	0	0	0
12-3-0398	St. Louis Junior College District of Missouri - FY 2011	Apr. 04, 2012	0	0	0	0
12-3-0399	Buckeye, Arizona, Town of - FY 2011	Apr. 05, 2012	0	0	0	0
12-3-0400	Astoria, Oregon, City of - FY 2011	Apr. 05, 2012	0	0	0	0
12-3-0401	Osceola County, Michigan - FY 2011	Apr. 05, 2012	0	0	0	0
12-3-0402	Lenoir, North Carolina, City of - FY 2011	Apr. 05, 2012	0	0	0	0
12-3-0403	Munich, North Dakota, City of - FY 2010	Apr. 06, 2012	0	0	0	0
12-3-0404	Northwood, North Dakota, City of - FY 2010	Apr. 06, 2012	0	0	0	0
12-3-0405	Custer Health Organization, North Dakota - FY 2010	Apr. 06, 2012	0	0	0	0
12-3-0406	Rhineland, Wisconsin, City of - FY 2010	Apr. 06, 2012	0	0	0	0
12-3-0418	Jette Meadows Water and Sewer District Montana - FY 2010	Apr. 24, 2012	0	0	0	0
12-3-0419	Lavale Sanitary Commission, Maryland - FY 2011	Apr. 24, 2012	0	0	0	0
12-3-0420	Pennsboro, West Virginia, City of - FY 2011	Apr. 24, 2012	0	0	0	0
12-3-0421	Prentiss County, Mississippi - FY 2009	Apr. 24, 2012	0	0	0	0
12-3-0422	Crossville, Tennessee, City of - FY 2011	Apr. 24, 2012	0	0	0	0
12-3-0423	Putnam Public Service District-Wastewater Fund, West Virginia - FY 2011	Apr. 24, 2012	0	0	0	0
12-3-0424	Putnam Public Service District-Water Fund, West Virginia - FY 2011	Apr. 24, 2012	0	0	0	0
12-3-0425	Smyth, Virginia, County of - FY 2011	Apr. 24, 2012	0	0	0	0
12-3-0426	Waushara County, Wisconsin - FY 2010	Apr. 24, 2012	0	0	0	0
12-3-0428	Allegan, Michigan, City of - FY 2011	Apr. 25, 2012	0	0	0	0
12-3-0429	Star Valley Ranch, Wyoming - FY 2011	Apr. 26, 2012	0	0	0	0

Report no.	Report title	Date	Questioned Costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
12-3-0430	Dillingham, Alaska, City of - FY 2011	Apr. 26, 2012	0	0	0	0
12-3-0431	Madison School District, Michigan - FY 2011	Apr. 26, 2012	0	0	0	0
12-3-0432	Lawton, Michigan, Village of - FY 2011	Apr. 26, 2012	0	0	0	0
12-3-0433	Mitchell County, North Carolina - FY 2011	Apr. 26, 2012	0	0	0	0
12-3-0435	Lancaster, New Hampshire, Town of - FY 2009	Apr. 30, 2012	0	99,257	0	0
12-3-0436	Andrews, North Carolina, Town of - FY 2011	Apr. 30, 2012	0	0	0	0
12-3-0437	Tilton Northfield Water District, New Hampshire - FY 2011	Apr. 30, 2012	0	0	0	0
12-3-0438	R&T Water Supply, North Dakota - FY 2010	Apr. 30, 2012	0	0	0	0
12-3-0439	Lower Big Blue Natural Resources District, Nebraska - FY 2011	Apr. 30, 2012	0	0	0	0
12-3-0440	Henderson County, Tennessee - FY 2011	Apr. 30, 2012	0	0	0	0
12-3-0441	McMinnville, Tennessee, City of - FY 2011	Apr. 30, 2012	0	0	0	0
12-3-0442	Frederick County, Maryland - FY 2011	May 02, 2012	0	0	0	0
12-3-0443	Bluefield Sanitary District, West Virginia - FY 2011	May 02, 2012	0	0	0	0
12-3-0444	New Jersey, State of - FY 2011	May 03, 2012	0	0	0	0
12-3-0445	Pennsylvania, Commonwealth of - FY 2011	May 03, 2012	0	0	0	0
12-3-0446	Montour County, Pennsylvania - FY 2010	May 03, 2012	0	0	0	0
12-3-0447	Independence-Cross Creek Joint Sewer Authority, Pennsylvania - FY 2010	May 03, 2012	0	0	0	0
12-3-0448	Foxburg Area Water & Sewer Authority, Pennsylvania - FY 2010	May 03, 2012	0	0	0	0
12-3-0449	Ironton, Ohio, City of - FY 2010	May 03, 2012	0	0	0	0
12-3-0450	Lester Prairie, Minnesota, City of - FY 2011	May 03, 2012	0	0	0	0
12-3-0451	Murray City, Ohio, Village of - FY 2010	May 03, 2012	0	0	0	0
12-3-0452	Pittsfield, Illinois, City of - FY 2011	May 03, 2012	0	0	0	0
12-3-0454	Dayton, Ohio, City of - FY 2010	May 04, 2012	0	0	0	0
12-3-0455	Rhineland, Wisconsin, City of - FY 2010	May 04, 2012	0	0	0	0
12-3-0456	Brookneal, Virginia, Town of - FY 2011	May 06, 2012	0	0	0	0
12-3-0457	Loyalsock Township, Pennsylvania - FY 2010	May 07, 2012	0	0	0	0
12-3-0458	Brooke County Public Service District, West Virginia - FY 2011	May 09, 2012	0	0	0	0
12-3-0459	Clean Fuels Ohio, Ohio - FY 2011	May 09, 2012	0	0	0	0
12-3-0460	Chicago Metropolitan Agency for Planning, Illinois - FY 2011	May 09, 2012	0	0	0	0
12-3-0461	Aiken County, South Carolina - FY 2011	May 14, 2012	0	0	0	0
12-3-0462	Cape Fear Public Utility Authority, North Carolina - FY 2011	May 14, 2012	0	0	0	0
12-3-0463	Carolina Beach, North Carolina, Town of - FY 2011	May 14, 2012	0	0	0	0
12-3-0464	Orangeburg, South Carolina, City of - FY 2011	May 14, 2012	0	0	0	0
12-3-0465	Robbinsville, North Carolina, Town of - FY 2011	May 14, 2012	0	0	0	0
12-3-0466	Wisconsin Rapids, Wisconsin, City of - FY 2010	May 14, 2012	0	0	0	0
12-3-0467	Knox County, Tennessee, West Knox Utility District of - FY 2011	May 16, 2012	0	0	0	0
12-3-0468	Benton Harbor, Michigan, City of - FY 2010	May 16, 2012	0	0	0	0
12-3-0469	Butler, Ohio, County of - FY 2010	May 16, 2012	0	0	0	0
12-3-0470	Buffalo Island Regional Water District, Arkansas - FY 2011	May 17, 2012	0	0	0	0
12-3-0471	Gardner Community Water Association Inc., Louisiana - FY 2011	May 16, 2012	0	0	0	0
12-3-0472	Shoshone Joint School District #312, Idaho - FY 2011	May 16, 2012	0	0	0	0
12-3-0473	Union Grove, Wisconsin, Village of - FY 2010	May 16, 2012	0	0	0	0
12-3-0474	Richland, New York, Town of - FY 2009	May 16, 2012	0	0	0	0
12-3-0475	Brandon, South Dakota, City of - FY 2010	May 16, 2012	0	0	0	0
12-3-0476	Ocean Shore, Washington, City of - FY 2010	May 16, 2012	0	0	0	0
12-3-0477	Eagle Nest, New Mexico, Village - FY 2011	May 16, 2012	0	0	0	0
12-3-0478	Elephant Butte, New Mexico, City of - FY 2011	May 16, 2012	0	0	0	0
12-3-0479	Hammond, Louisiana, City of - FY 2011	May 17, 2012	0	0	0	0
12-3-0480	Oakdale, Louisiana, City of - FY 2011	May 17, 2012	0	0	0	0
12-3-0481	Ville Platte, Louisiana, City of - FY 2011	May 17, 2012	0	0	0	0
12-3-0482	Youngsville, Louisiana, City of - FY 2011	May 17, 2012	0	0	0	0
12-3-0483	Ulen, Minnesota, City of - FY 2011	May 17, 2012	0	0	0	0
12-3-0484	Port Byron, Illinois, Village of - FY 2011	May 17, 2012	0	0	0	0
12-3-0485	Tulsa, Oklahoma City, of - FY 2011	May 17, 2012	0	0	0	0
12-3-0486	Pinedale, Wyoming, Town of - FY 2010	May 17, 2012	0	0	0	0
12-3-0487	Orono-Veazie Water District, Maine - FY 2010	May 17, 2012	0	0	0	0
12-3-0488	Southern Maine Regional Planning Commission, Maine - FY 2011	May 17, 2012	0	0	0	0
12-3-0489	New Hampshire, State of - FY 2011	May 21, 2012	0	0	0	0
12-3-0491	New Berlin Municipal Authority, Pennsylvania - FY 2010	May 21, 2012	0	0	0	0
12-3-0492	Greene, North Carolina, County of - FY 2011	May 21, 2012	0	0	0	0
12-3-0493	High Point, North Carolina, City of - FY 2011	May 21, 2012	0	0	0	0
12-3-0494	Montgomery, Pennsylvania, Redevelopment Authority of the County of - FY 2010	May 21, 2012	0	0	0	0
12-3-0495	Florida, State of - FY 2011	May 22, 2012	0	0	0	0
12-3-0496	Tennessee, State of - FY 2011	May 22, 2012	0	0	0	0
12-3-0497	Zuni, New Mexico, Pueblo - FY 2010	May 22, 2012	0	226,693	0	0
12-3-0498	North Carolina, State of - FY 2011	May 22, 2012	0	0	0	0
12-3-0500	Madison Lake, Minnesota, City of - FY 2010	May 23, 2012	0	0	0	0
12-3-0501	Norwich Township, Pennsylvania - FY 2010	May 23, 2012	0	0	0	0
12-3-0502	Charles City, Iowa, City of - FY 2011	May 23, 2012	0	0	0	0
12-3-0503	Granville, New York, Village of - FY 2010	May 23, 2012	0	0	0	0
12-3-0504	Claywood Park Public Service District, West Virginia - FY 2011	May 23, 2012	0	0	0	0
12-3-0505	Beckley, West Virginia, City of - FY 2011	May 23, 2012	0	0	0	0
12-3-0506	Enid, Oklahoma, City of - FY 2010	May 24, 2012	0	0	0	0
12-3-0507	Lower Platte North Natural Resources District, Nebraska - FY 2011	May 24, 2012	0	0	0	0
12-3-0509	Hinsdale, New Hampshire, City of - FY 2010	May 30, 2012	0	0	0	0

Report no.	Report title	Date	Questioned Costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
12-3-0510	New Castle Conservation District, Delaware - FY 2011	May 30, 2012	0	0	0	0
12-3-0511	Southern New Hampshire Planning Commission, New Hampshire - FY 2011	May 30, 2012	0	0	0	0
12-3-0512	Windsor, Vermont, Town of - FY 2011	May 30, 2012	0	0	0	0
12-3-0513	Allenstown, New Hampshire, Town of - FY 2010	May 31, 2012	0	0	0	0
12-3-0514	Upper Blackstone Water Pollution Abatement District, Massachusetts - FY 2011	May 31, 2012	0	0	0	0
12-3-0517	Bath, West Virginia, Municipality of - FY 2011	Jun. 04, 2012	0	0	0	0
12-3-0520	Wilmington, Delaware, City of - FY 2011	Jun. 05, 2012	0	0	0	0
12-3-0523	Union Grove, Wisconsin, Village of - FY 2010	Jun. 06, 2012	0	0	0	0
12-3-0524	Ocean Shores, Washington, City of - FY 2010	Jun. 06, 2012	0	0	0	0
12-3-0525	Cape Charles, Virginia, Municipal Corporation of - FY 2011	Jun. 06, 2012	0	0	0	0
12-3-0526	Bristol, Rhode Island, Town of - FY 2011	Jun. 06, 2012	0	0	0	0
12-3-0527	Armstrong Conservation District, Pennsylvania - FY 2010	Jun. 07, 2012	0	0	0	0
12-3-0528	Harrisburg, Illinois, City of - FY 2011	Jun. 07, 2012	0	0	0	0
12-3-0529	Ipava, Illinois, Village of - FY 2011	Jun. 07, 2012	0	0	0	0
12-3-0530	Payson, Illinois, Village of - FY 2011	Jun. 08, 2012	0	0	0	0
12-3-0531	Saginaw, Michigan, City of - FY 2011	Jun. 08, 2012	0	0	0	0
12-3-0532	Millsboro, Delaware, Town of - FY 2011	Jun. 08, 2012	0	0	0	0
12-3-0533	Southern Maryland Maryland, College of - FY 2011	Jun. 11, 2012	0	0	0	0
12-3-0534	Highlands, North Carolina, Town of - FY 2011	Jun. 12, 2012	0	0	0	0
12-3-0535	LaBarge, Wyoming, Town of - FY 2011	Jun. 12, 2012	0	0	0	0
12-3-0536	Pinedale, Wyoming, Town of - FY 2010	Jun. 12, 2012	0	0	0	0
12-3-0537	Washakie County School District #1, Wyoming - FY 2011	Jun. 12, 2012	0	0	0	0
12-3-0538	Tuckaseeige Water & Sewer Authority, North Carolina - FY 2011	Jun. 12, 2012	0	0	0	0
12-3-0539	Warsaw, North Carolina, Town of - FY 2011	Jun. 13, 2012	0	0	0	0
12-3-0540	Ypsilanti, Michigan, City of - FY 2011	Jun. 13, 2012	0	0	0	0
12-3-0541	Delaware Center for Inland Bays Inc., Delaware - FY 2011	Jun. 13, 2012	0	413,381	0	0
12-3-0542	Marlin, Texas City, of - FY 2010	Jun. 14, 2012	0	0	0	0
12-3-0544	White Sulphur Springs, West Virginia, City of - FY 2011	Jun. 18, 2012	0	0	0	0
12-3-0545	Lansing, Michigan, City of - FY 2011	Jun. 18, 2012	0	0	0	0
12-3-0546	Seabrook, New Hampshire, Town of - FY 2010	Jun. 19, 2012	0	0	0	0
12-3-0547	North Providence, Rhode Island, Town of - FY 2011	Jun. 19, 2012	0	0	0	0
12-3-0549	Ludlow, Massachusetts, Town of - FY 2010	Jun. 19, 2012	0	0	0	0
12-3-0550	Jay, Vermont, Town of - FY 2011	Jun. 19, 2012	0	0	0	0
12-3-0551	Hardwick, Vermont, Town of - FY 2011	Jun. 19, 2012	0	0	0	0
12-3-0552	Rutland Regional Planning Commission, Vermont - FY 2011	Jun. 19, 2012	0	0	0	0
12-3-0553	Springfield, Vermont, Town of - FY 2011	Jun. 19, 2012	0	0	0	0
12-3-0554	Grantsville, West Virginia, Town of - FY 2011	Jun. 22, 2012	0	0	0	0
12-3-0555	Pedro Bay Village Council, Alaska - FY 2010	Jun. 27, 2012	13,686	0	0	0
12-3-0556	Marmet, West Virginia, Municipality of - FY 2011	Jun. 28, 2012	0	0	0	0
12-3-0557	Pound, Virginia, Town of - FY 2011	Jun. 28, 2012	0	0	0	0
12-3-0558	Salem, West Virginia, Municipality of - FY 2011	Jun. 28, 2012	0	0	0	0
12-3-0561	Davis, West Virginia, Municipality of - FY 2011	Jul. 12, 2012	0	0	0	0
12-3-0562	East Franklin Township, Pennsylvania	Jul. 12, 2012	0	0	0	0
12-3-0563	Nitro Regional Wastewater Utility, West Virginia	Jul. 12, 2012	0	0	0	0
12-3-0564	Hinton, West Virginia, Municipality of - FY 2011	Jul. 12, 2012	0	0	0	0
12-3-0565	Gratz Borough Municipal Authority, Pennsylvania	Jul. 12, 2012	0	0	0	0
12-3-0566	Petersburg, West Virginia, Municipality of - FY 2011	Jul. 12, 2012	0	0	0	0
12-3-0568	Brattleboro, Vermont, Town of - FY 2011	Jul. 16, 2012	0	0	0	0
12-3-0569	Rutland, Vermont, City of - FY 2011	Jul. 16, 2012	0	0	0	0
12-3-0570	St. Albans, Vermont, City of - FY 2011	Jul. 16, 2012	0	0	0	0
12-3-0571	Republic City of Washington - FY 2010	Jul. 18, 2012	0	0	0	0
12-3-0572	Water Environment Federation and Subsidiary - FY 2011	Jul. 18, 2012	0	0	0	0
12-3-0573	Grand Isle Town of Louisiana - FY 2011	Jul. 18, 2012	0	0	0	0
12-3-0574	Tulsa University of Oklahoma - FY 2011	Jul. 18, 2012	0	0	0	0
12-3-0575	Wardensville, West Virginia, Town of - FY 2011	Jul. 18, 2012	0	0	0	0
12-3-0576	Seattle, City of, Washington - FY 2010	Jul. 18, 2012	0	0	0	0
12-3-0577	Machias, Maine, Town of - FY 2011	Jul. 18, 2012	0	0	0	0
12-3-0578	Mount Union, Pennsylvania, Borough of - FY 2010	Jul. 18, 2012	0	0	0	0
12-3-0580	East Providence, Rhode Island, City of - FY 2011	Jul. 19, 2012	0	0	0	0
12-3-0581	Grafton City of Illinois - FY 2011	Jul. 19, 2012	0	0	0	0
12-3-0582	Athabasca, Council of Tribal Governments, Alaska - FY 2011	Jul. 19, 2012	4,532	0	0	0
12-3-0583	Bay-Lake Regional Planning Commission, Wisconsin - FY 2011	Jul. 19, 2012	0	0	0	0
12-3-0584	Children's Hospital of Philadelphia, PA, Foundation and Controlled Affiliates - FY 2011	Jul. 20, 2012	0	0	0	0
12-3-0585	Schuylkill River Development Corporation, Pennsylvania - FY 2009	Jul. 20, 2012	0	0	0	0
12-3-0586	Constructors Association of Western Pennsylvania, Pennsylvania - FY 2010	Jul. 20, 2012	0	0	0	0
12-3-0587	Pine Creek Municipal Authority, Pennsylvania - FY 2011	Jul. 20, 2012	0	0	0	0
12-3-0588	Broad Top City Water Authority, Pennsylvania - FY 2010	Jul. 20, 2012	0	0	0	0
12-3-0589	Walton/Okaloosa/Santa Rosa Regional Utility Authority, Florida - FY 2010	Jul. 20, 2012	0	0	0	0
12-3-0590	Washington Town of Louisiana - FY 2010	Jul. 20, 2012	0	0	0	0
12-3-0591	National Center for Manufacturing Sciences and Subsidiaries - FY 2011	Jul. 20, 2012	0	0	0	0
12-3-0592	Havre de Grace, Maryland, City of - FY 2011	Jul. 23, 2012	0	0	0	0
12-3-0593	Moultrie, Georgia, City of - FY 2011	Jul. 23, 2012	0	0	0	0
12-3-0594	Niles, Michigan, City of - FY 2011	Jul. 23, 2012	0	0	0	0
12-3-0595	Amarillo, Texas, City of - FY 2011	Jul. 23, 2012	0	0	0	0
12-3-0596	Morristown, Tennessee, Town of	Jul. 24, 2012	0	0	0	0

Report no.	Report title	Date	Questioned Costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
12-3-0597	Charleston, Arkansas, City of - FY 2011	Jul. 24, 2012	0	0	0	0
12-3-0598	Alvarado, Texas, City of - FY 2011	Jul. 24, 2012	0	0	0	0
12-3-0599	Belen, New Mexico, City of - FY 2011	Jul. 24, 2012	0	0	0	0
12-3-0602	Richmond, Vermont, Town of - FY 2011	Jul. 26, 2012	0	0	0	0
12-3-0603	North Miami Beach, Florida, City of - FY 2011	Jul. 26, 2012	0	0	0	0
12-3-0604	Marlborough, Massachusetts, City of - FY 2011	Jul. 26, 2012	0	0	0	0
12-3-0605	St. Augustine Beach, Florida, City of - FY 2011	Jul. 26, 2012	0	0	0	0
12-3-0606	Hedrick, Iowa, City of - FY 2011	Jul. 26, 2012	0	0	0	0
12-3-0607	Port Allen, Louisiana, City of - FY 2011	Jul. 26, 2012	0	0	0	0
12-3-0608	Cozad, Nebraska, City of - FY 2011	Jul. 26, 2012	0	0	0	0
12-3-0609	LaPlata, Maryland, Town of - FY 2011	Jul. 26, 2012	0	0	0	0
12-3-0610	Warsaw, Kentucky, City of - FY 2011	Jul. 26, 2012	0	0	0	0
12-3-0611	Miami-Dade Water and Sewer Department, Florida - FY 2011	Jul. 26, 2012	0	0	0	0
12-3-0612	Benton Harbor, Michigan, City of - FY 2011	Jul. 26, 2012	0	0	0	0
12-3-0613	New York, State of - FY 2011	Jul. 26, 2012	0	0	0	0
12-3-0614	Tredyffrin Township, Pennsylvania - FY 2010	Jul. 26, 2012	0	0	0	0
12-3-0615	Dubuque, Iowa, City of - FY 2011	Jul. 26, 2012	0	0	0	0
12-3-0616	Idaho, State of - FY 2011	Jul. 26, 2012	0	0	0	0
12-3-0617	Lehigh County Authority, Pennsylvania - FY 2011	Jul. 27, 2012	258,247	0	0	0
12-3-0618	Mansfield, Louisiana, City of - FY 2010	Jul. 27, 2012	0	0	0	0
12-3-0619	Monroe, Louisiana, City of - FY 2011	Jul. 27, 2012	0	0	0	0
12-3-0620	Pawnee, Oklahoma, City of - FY 2011	Jul. 27, 2012	0	0	0	0
12-3-0621	Shawnee, Oklahoma, City of - FY 2011	Jul. 27, 2012	0	0	0	0
12-3-0622	Martinville, Louisiana, City of - FY 2011	Jul. 27, 2012	0	0	0	0
12-3-0623	Bloomington Utility District of Sullivan County, Tennessee - FY 2011	Jul. 30, 2012	0	0	0	0
12-3-0624	Windham Regional Commission, Vermont - FY 2011	Jul. 31, 2012	0	0	0	0
12-3-0625	Afton, Wyoming, Town of - FY 2011	Jul. 31, 2012	0	0	0	0
12-3-0626	Meeteetse, Wyoming, Town of - FY 2011	Jul. 31, 2012	0	0	0	0
12-3-0627	Franklin City of LA - FY 2011	Aug. 01, 2012	0	0	0	0
12-3-0628	Washtenaw County, MI - FY 2011	Aug. 01, 2012	0	0	0	0
12-3-0629	Yucaipa Valley Water District, CA - FY 2011	Aug. 01, 2012	0	0	0	0
12-3-0630	Santee Sioux Nation, NE, Organizational Unit - FY 2011	Aug. 01, 2012	0	0	0	0
12-3-0631	South Lyons Township Sanitary District, Illinois - FY 2011	Aug. 03, 2012	0	0	0	0
12-3-0632	Riverton, Wyoming, City of - FY 2011	Aug. 03, 2012	0	0	0	0
12-3-0633	Scappoose, Oregon, City of - FY 2011	Aug. 06, 2012	0	0	0	0
12-3-0634	Tigard, Oregon, City of - FY 2011	Aug. 06, 2012	0	0	0	0
12-3-0635	Chilhowee, Missouri, City of - FY 2011	Aug. 06, 2012	0	0	0	0
12-3-0636	Pottlatch, Idaho, City of - FY 2010	Aug. 08, 2012	0	0	0	0
12-3-0637	Taos, New Mexico, Town of - FY 2011	Aug. 08, 2012	0	0	0	0
12-3-0638	Rio Rancho, New Mexico, City of - FY 2011	Aug. 08, 2012	0	0	0	0
12-3-0639	San Miguel County, New Mexico- FY 2011	Aug. 08, 2012	0	0	0	0
12-3-0640	Opelousas, Louisiana, City of - FY 2011	Aug. 08, 2012	0	0	0	0
12-3-0641	Perkins, Oklahoma, City of - FY 2011	Aug. 08, 2012	0	0	0	0
12-3-0642	Questa, New Mexico, Village of - FY 2011	Aug. 08, 2012	0	0	0	0
12-3-0643	Westlake, Louisiana, City of - FY 2011	Aug. 08, 2012	0	0	0	0
12-3-0644	Iron River, Michigan, City of - FY 2011	Aug. 08, 2012	0	0	0	0
12-3-0645	Northlake, Illinois, City of - FY 2011	Aug. 08, 2012	0	0	0	0
12-3-0646	Spring Creek Joint Sewer Authority, Pennsylvania - FY 2010	Aug. 08, 2012	0	0	0	0
12-3-0647	Winchester, New Hampshire, Town of - FY 2011	Aug. 08, 2012	0	0	0	0
12-3-0648	Orbisonia-Rockhill Joint Municipal Authority, Pennsylvania - FY 2010	Aug. 08, 2012	0	0	0	0
12-3-0649	Pleasantville Borough, Pennsylvania - FY 2010	Aug. 08, 2012	0	0	0	0
12-3-0650	Williamsport Sanitary Authority, Pennsylvania - FY 2011	Aug. 08, 2012	0	0	0	0
12-3-0651	Upper Pottsgrove Township, Pennsylvania- FY 2010	Aug. 08, 2012	0	0	0	0
12-3-0652	College Park, Georgia, City of - FY 2011	Aug. 08, 2012	0	0	0	0
12-3-0653	Gloucester City, New Jersey, City of - FY 2010	Aug. 09, 2012	0	0	0	0
12-3-0654	West Milford Municipal Utilities Authority, New Jersey - FY 2011	Aug. 09, 2012	0	0	0	0
12-3-0655	Albany County, New York - FY 2010	Aug. 09, 2012	0	0	0	0
12-3-0656	Camden, New Jersey, City of - FY 2010	Aug. 09, 2012	0	0	0	0
12-3-0657	Bridgeport, Nebraska, City of - FY 2011	Aug. 09, 2012	0	0	0	0
12-3-0658	Chesapeake Research Consortium Inc., Maryland - FY 2011	Aug. 09, 2012	0	0	0	0
12-3-0660	Grosse Point Woods, Michigan, City of - FY 2011	Aug. 10, 2012	0	0	0	0
12-3-0661	Ottawa, Illinois, City of - FY 2011	Aug. 10, 2012	0	0	0	0
12-3-0662	Three Rivers, Michigan, City of -FY 2011	Aug. 10, 2012	0	0	0	0
12-3-0663	Northern Mariana Islands, Commonwealth of - FY 2010	Aug. 10, 2012	129,940.0	0	0	0
12-3-0664	Edgewater, Florida, City of - FY 2011	Aug. 10, 2012	0	0	0	0
12-3-0665	Plum Borough Municipal Authority, Pennsylvania - FY 2010	Aug. 10, 2012	0	0	0	0
12-3-0666	Sheridan, Wyoming, City of - FY 2011	Aug. 10, 2012	0	0	0	0
12-3-0667	Fremont County, Wyoming - FY 2011	Aug. 10, 2012	0	0	0	0
12-3-0668	Wyoming, University of - FY 2011	Aug. 10, 2012	0	0	0	0
12-3-0669	Puerto Rico Aqueduct and Sewer Authority - FY 2011	Aug. 10, 2012	0	0	0	0
12-3-0670	Richfield Springs, New York, Village of - FY 2011	Aug. 10, 2012	0	0	0	0
12-3-0671	Lonsdale, Minnesota, City of - FY 2011	Aug. 15, 2012	0	0	0	0
12-3-0672	Litchfield, Minnesota, City of - FY 2011	Aug. 15, 2012	0	0	0	0
12-3-0673	Community Action Duluth Inc., Minnesota - FY 2011	Aug. 15, 2012	0	0	0	0

Report no.	Report title	Date	Questioned Costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
12-3-0674	Galeton Area School District, Pennsylvania - FY 2011	Aug. 16, 2012	0	0	0	0
12-3-0675	Lake Michigan Air Directors Consortium, Illinois - FY 2011	Aug. 16, 2012	0	0	0	0
12-3-0676	Wyoming, State of - FY 2011	Aug. 16, 2012	0	0	0	0
12-3-0677	Macatawa Area Coordinating Council, Michigan - FY 2011	Aug. 16, 2012	0	0	0	0
12-3-0678	New Mexico, Environment Department - FY 2011	Aug. 16, 2012	0	0	0	0
12-3-0679	Mercedes, Texas, City of - FY 2011	Aug. 16, 2012	0	0	0	0
12-3-0680	Economic Development and Industrial Corporation of Boston, Massachusetts - FY 2011	Aug. 16, 2012	0	0	0	0
12-3-0681	Newport, Oregon, Port of - FY 2011	Aug. 16, 2012	0	0	0	0
12-3-0682	Onondaga County, New York - FY 2010	Aug. 16, 2012	0	0	0	0
12-3-0683	St. Johns, Arizona, City of - FY 2011	Aug. 16, 2012	0	0	0	0
12-3-0684	Ely, Nevada, City of - FY 2011	Aug. 16, 2012	0	0	0	0
12-3-0685	Florence, Oregon, City of - FY 2011	Aug. 16, 2012	0	0	0	0
12-3-0686	Bogalusa, Louisiana, City of - FY 2011	Aug. 16, 2012	0	0	0	0
12-3-0687	Dallas, Texas, City of - FY 2011	Aug. 16, 2012	0	0	0	0
12-3-0688	Alamo, Texas, City of - FY 2011	Aug. 16, 2012	0	0	0	0
12-3-0689	Southwest Research Institute Inc., Texas - FY 2011	Aug. 16, 2012	0	0	0	0
12-3-0690	Hawaii, Hawaii, County of - FY 2011	Aug. 17, 2012	0	0	0	0
12-3-0691	Keokuk, Iowa, City of - FY 2011	Aug. 17, 2012	0	0	0	0
12-3-0692	Knoxville, Iowa, City of - FY 2011	Aug. 17, 2012	0	0	0	0
12-3-0693	Cuba, New York, Town of - FY 2010	Aug. 17, 2012	0	0	0	0
12-3-0694	Erwin, New York, Town of - FY 2010	Aug. 17, 2012	0	0	0	0
12-3-0695	Colorado, State of - FY 2011	Aug. 17, 2012	0	9,208,356	0	0
12-3-0696	Passaic Valley Sewerage Commissioners, New Jersey - FY 2010	Aug. 17, 2012	0	0	0	0
12-3-0697	Goodlettsville, Tennessee, City of - FY 2011	Aug. 17, 2012	0	0	0	0
12-3-0698	Helen, Georgia, City of - FY 2011	Aug. 17, 2012	0	0	0	0
12-3-0699	Paintsville, Kentucky, City of - FY 2011	Aug. 17, 2012	0	0	0	0
12-3-0700	Sacramento, Kentucky, City of - FY 2011	Aug. 17, 2012	0	0	0	0
12-3-0701	Montevallo, Alabama, Waterworks and Sewer Board of the City of - FY 2011	Aug. 20, 2012	0	0	0	0
12-3-0702	Spartanburg County, South Carolina - FY 2011	Aug. 20, 2012	0	0	0	0
12-3-0703	Caswell Beach, North Carolina, Town of - FY 2011	Aug. 20, 2012	0	0	0	0
12-3-0704	Adrian, Missouri, City of - FY 2011	Aug. 20, 2012	0	0	0	0
12-3-0705	Ronda, North Carolina, Town of - FY 2011	Aug. 20, 2012	0	0	0	0
12-3-0706	Waleska, Georgia, City of - FY 2011	Aug. 20, 2012	0	0	0	0
12-3-0707	Holly Springs, North Carolina, Town of - FY 2011	Aug. 20, 2012	0	0	0	0
12-3-0708	Watertown School District No. 14-4, South Dakota - FY 2011	Aug. 20, 2012	0	0	0	0
12-3-0709	Bliss, Idaho, City of - FY 2011	Aug. 20, 2012	0	0	0	0
12-3-0710	St. Helens, Oregon, City of - FY 2011	Aug. 20, 2012	0	0	0	0
12-3-0711	Millersburg, Oregon, City of - FY 2011	Aug. 20, 2012	0	0	0	0
12-3-0712	Wickiup Water District, Oregon - FY 2010	Aug. 20, 2012	0	0	0	0
12-3-0713	Asbury Park, New Jersey, City of - FY 2010	Aug. 20, 2012	0	0	0	0
12-3-0714	Daniel, Utah, Town of - FY 2011	Aug. 21, 2012	0	0	0	0
12-3-0715	Encampment, Wyoming, Town of - FY 2011	Aug. 21, 2012	0	0	0	0
12-3-0716	Lennox, South Dakota, City of - FY 2010	Aug. 21, 2012	0	0	0	0
12-3-0717	Pine Haven, Wyoming, Town of - FY 2011	Aug. 21, 2012	0	0	0	0
12-3-0718	Ava, Missouri, City of - FY 2011	Aug. 21, 2012	0	0	0	0
12-3-0719	Wisconsin, State of - FY 2011	Aug. 21, 2012	0	0	0	0
12-3-0721	Canastota, New York, Village of - FY 2011	Aug. 22, 2012	0	67,068	0	0
12-3-0722	Iberville Parish Waterworks District No. 2, St. Gabriel, Louisiana - FY 2011	Aug. 22, 2012	0	0	0	0
12-3-0723	Bonham, Texas, City of - FY 2011	Aug. 22, 2012	0	0	0	0
12-3-0725	Puerto Rico, Environmental Quality Board, Government of - FY 2010	Aug. 22, 2012	0	0	0	0
12-3-0726	Charleston Sanitary District, Oregon - FY 2011	Aug. 22, 2012	0	0	0	0
12-3-0727	Houston, Missouri, City of - FY 2010	Aug. 22, 2012	0	0	0	0
12-3-0728	Kansas City, Missouri, City of - FY 2011	Aug. 22, 2012	0	0	0	0
12-3-0729	American Falls, Idaho, City of - FY 2011	Aug. 22, 2012	0	0	0	0
12-3-0730	Grace, Idaho, City of - FY 2011	Aug. 22, 2012	0	0	0	0
12-3-0731	Bayou Descannes Water System Inc., Basile, Louisiana - FY 2011	Aug. 22, 2012	0	0	0	0
12-3-0732	Belmond, Iowa, City of - FY 2011	Aug. 22, 2012	0	0	0	0
12-3-0733	Leon, Iowa, City of - FY 2011	Aug. 23, 2012	0	0	0	0
12-3-0734	Onondaga Environmental Institute Inc., New York - FY 2010	Aug. 23, 2012	0	0	0	0
12-3-0735	Stratford, Iowa, City of - FY 2011	Aug. 23, 2012	0	0	0	0
12-3-0736	Main South Community Development Corporation, Massachusetts - FY 2011	Aug. 23, 2012	0	0	0	0
12-3-0737	Kearney, Nebraska, City of - FY 2011	Aug. 23, 2012	0	0	0	0
12-3-0738	Treasure Coast Regional Planning Council, Florida - FY 2011	Aug. 23, 2012	0	0	0	0
12-3-0739	Wise County, Virginia - FY 2011	Aug. 23, 2012	0	0	0	0
12-3-0740	Uinta County School District 6, Lyman, Wyoming - FY 2011	Aug. 23, 2012	0	0	0	0
12-3-0741	Puerto Rico Water Pollution Control Revolving Fund - FY 2011	Aug. 27, 2012	0	0	0	0
12-3-0742	Grass Valley, California, City of - FY 2011	Aug. 27, 2012	0	0	0	0
12-3-0744	Sun Valley Public Service District, West Virginia - FY 2011	Aug. 29, 2012	0	0	0	0
12-3-0745	Louisiana, State of - FY 2011	Aug. 29, 2012	0	0	0	0
12-3-0746	Kansas, State of - FY 2011	Aug. 29, 2012	0	0	0	0
12-3-0748	Delaware, State of - FY 2011	Aug. 31, 2012	0	1,280	0	0
12-3-0750	Wayne, Nebraska, City of - FY 2011	Sep. 04, 2012	0	0	0	0
12-3-0751	California, State of - FY 2011	Sep. 04, 2012	43,600	0	0	0
12-3-0752	Nevada, State of - FY 2011	Sep. 04, 2012	0	0	0	0
12-3-0753	Washington, State of - FY 2011	Sep. 04, 2012	0	0	0	0

Report no.	Report title	Date	Questioned Costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
12-3-0754	Texas, State of - FY 2011	Sep. 04, 2012	33,007	2,375,619	0	0
12-3-0755	Barnesville, Minnesota, City of - FY 2011	Sep. 05, 2012	0	-	0	0
12-3-0756	Mecosta County, Michigan - FY 2011	Sep. 05, 2012	0	-	0	0
12-3-0757	Howard Lake, Minnesota, City of - FY 2011	Sep. 05, 2012	0	-	0	0
12-3-0758	Austin, Texas, City of - FY 2011	Sep. 05, 2012	0	-	0	0
12-3-0759	Berlin, New Hampshire, City of - FY 2011	Sep. 06, 2012	0	-	0	0
12-3-0760	Pilot Grove, Missouri, City of - FY 2011	Sep. 06, 2012	0	-	0	0
12-3-0761	Sergreant Bluff, Iowa, City of - FY 2011	Sep. 06, 2012	0	-	0	0
12-3-0762	Miles, Montana, City of - FY 2011	Sep. 06, 2012	0	-	0	0
12-3-0763	Michigan Department of Environmental Quality - FY 2010 and 2011	Sep. 06, 2012	50	18,937	0	0
12-3-0764	Selby, South Dakota, City of - FY 2010	Sep. 06, 2012	0	0	0	0
12-3-0765	Southeast Water Users District North Dakota -FY 2011	Sep. 06, 2012	0	0	0	0
12-3-0766	Shelby, Montana, City of - FY 2011	Sep. 06, 2012	0	0	0	0
12-3-0767	Boston Redevelopment Authority, Massachusetts - FY 2011	Sep. 06, 2012	0	0	0	0
12-3-0768	Sioux Falls, South Dakota, City of - FY 2011	Sep. 06, 2012	0	0	0	0
12-3-0769	East Berlin Area Joint Authority, Pennsylvania - FY 2011	Sep. 06, 2012	0	0	0	0
12-3-0770	Narragansett, Rhode Island, Town of - FY 2011	Sep. 06, 2012	0	0	0	0
12-3-0771	Apalachicola, Florida, City of - FY 2011	Sep. 07, 2012	0	0	0	0
12-3-0772	Louisville, Georgia, City of - FY 2011	Sep. 07, 2012	0	0	0	0
12-3-0773	Arcadia, Florida, City of - FY 2011	Sep. 07, 2012	0	0	0	0
12-3-0774	Graceville, Florida, City of - FY 2011	Sep. 07, 2012	0	0	0	0
12-3-0775	Indian Township Tribal Government, Maine - FY 2011	Sep. 07, 2012	0	0	0	0
12-3-0776	Neosho, Missouri, City of - FY 2011	Sep. 10, 2012	0	0	0	0
12-3-0777	South Sioux City, Nebraska, City of - FY 2011	Sep. 10, 2012	0	0	0	0
12-3-0778	Newburg, Missouri, City of - FY 2011	Sep. 10, 2012	0	0	0	0
12-3-0779	Alexandria, Minnesota, City of - FY 2011	Sep. 10, 2012	0	0	0	0
12-3-0780	Hampton Roads Clean Cities Corporation, Virginia - FY 2011	Sep. 10, 2012	0	0	0	0
12-3-0781	Hollywood, Florida, City of - FY 2011	Sep. 10, 2012	0	0	0	0
12-3-0782	Hennepin County, Minnesota - FY 2011	Sep. 10, 2012	0	0	0	0
12-3-0783	Johnsonburg Municipal Authority, Pennsylvania - FY 2011	Sep. 10, 2012	0	0	0	0
12-3-0784	Benson, Minnesota, City of - FY 2011	Sep. 10, 2012	0	0	0	0
12-3-0785	Darlington, Indiana, Town of - FY 2011	Sep. 11, 2012	0	0	0	0
12-3-0786	Tipton, Missouri, City of - FY 2011	Sep. 11, 2012	0	0	0	0
12-3-0787	Stuart, Iowa, City of - FY 2011	Sep. 11, 2012	0	0	0	0
12-3-0788	Lead, South Dakota, City of - FY 2011	Sep. 11, 2012	0	0	0	0
12-3-0790	Pittsboro, North Carolina, Town of - FY 2011	Sep. 12, 2012	0	0	0	0
12-3-0791	Sharpsville, Pennsylvania, Borough of - FY 2011	Sep. 12, 2012	0	0	0	0
12-3-0792	Polson, Montana, City of - FY 2010	Sep. 12, 2012	0	0	0	0
12-3-0793	Ray, North Dakota, City of - FY 2011	Sep. 12, 2012	0	0	0	0
12-3-0794	First Tennessee Development District, Tennessee - FY 2011	Sep. 12, 2012	0	0	0	0
12-3-0795	Natchez Water Works, Mississippi - FY 2011	Sep. 12, 2012	0	0	0	0
12-3-0796	Lula, Georgia, City of - FY 2011	Sep. 12, 2012	0	0	0	0
12-3-0797	Butte-Silver Bow Montana City and County - FY 2011	Sep. 13, 2012	0	0	0	0
12-3-0798	Baggs, Wyoming, Town of - FY 2011	Sep. 13, 2012	0	0	0	0
12-3-0799	Sunbury, Pennsylvania City of - FY 2010	Sep. 13, 2012	0	0	0	0
12-3-0800	Prince's Lake Indiana, Town of - FY 2011	Sep. 13, 2012	0	0	0	0
12-3-0801	Flushing, Ohio, Village of - FY 2011	Sep. 13, 2012	0	0	0	0
12-3-0802	Clinton Elementary School District #32, Montana	Sep. 13, 2012	0	0	0	0
12-3-0803	Metropolitan Sewer Subdistrict, South Carolina - FY 2011	Sep. 13, 2012	0	0	0	0
12-3-0804	North Hudson Sewerage Authority, New Jersey - FY 2011	Sep. 13, 2012	0	0	0	0
12-3-0805	Lake County, Michigan - FY 2011	Sep. 13, 2012	0	0	0	0
12-3-0806	Pendleton, South Carolina, Town of - FY 2011	Sep. 13, 2012	0	0	0	0
12-3-0807	Red Bay, Alabama, City of - FY 2011	Sep. 13, 2012	0	0	0	0
12-3-0808	Russellville, Kentucky, City of - FY 2011	Sep. 13, 2012	0	0	0	0
12-3-0809	Watauga River Regional Authority of Carter County, Tennessee - FY 2011	Sep. 14, 2012	0	0	0	0
12-3-0810	Tioga County Soil and Water Conservation District, New York - FY 2011	Sep. 14, 2012	0	0	0	0
12-3-0811	SRC Inc., New York - FY 2011	Sep. 14, 2012	0	0	0	0
12-3-0812	Augusta, Georgia, City of - FY 2011	Sep. 14, 2012	0	0	0	0
12-3-0813	Upper-Lower River Road, County Water and Sewer District, Montana - FY 2012	Sep. 14, 2012	0	0	0	0
12-3-0814	Sheridan, Montana, Town of - FY 2011	Sep. 17, 2012	0	0	0	0
12-3-0815	Superior, Montana, Town of - FY 2011	Sep. 17, 2012	0	0	0	0
12-3-0816	Big Bear Lake, California, City of - FY 2011	Sep. 17, 2012	0	0	0	0
12-3-0817	Ute Mountain Ute Tribe, Colorado - FY 2011	Sep. 17, 2012	0	0	0	0
12-3-0818	Elko County, Nevada - FY 2011	Sep. 17, 2012	0	0	0	0
12-3-0819	Santa Cruz County Resources Conservation District, California - FY 2011	Sep. 17, 2012	0	0	0	0
12-3-0820	Hermosa Beach, California, City of - FY 2011	Sep. 17, 2012	0	0	0	0
12-3-0821	Hughson California, City of - FY 2011	Sep. 17, 2012	0	0	0	0
12-3-0822	Lemoore, California, City of - FY 2011	Sep. 17, 2012	0	0	0	0
12-3-0823	Titusville, Florida, City of - FY 2011	Sep. 17, 2012	0	0	0	0
12-3-0824	Brodhead Creek Regional Authority, Pennsylvania - FY 2011	Sep. 18, 2012	0	0	0	0
12-3-0825	Canistota, South Dakota, Municipality - FY 2010-2011	Sep. 18, 2012	0	0	0	0
12-3-0826	Newell, South Dakota, Municipality of - FY 2010	Sep. 18, 2012	0	0	0	0
12-3-0827	Partners HealthCare System Inc. and Affiliates, Massachusetts	Sep. 18, 2012	0	0	0	0
12-3-0828	Roslyn, South Dakota, Municipality of - FY 2011	Sep. 18, 2012	0	0	0	0
12-3-0829	Ogden City Corporation, Utah - FY 2011	Sep. 18, 2012	0	0	0	0
12-3-0830	Chicago, Illinois, City of - FY 2011	Sep. 19, 2012	0	0	0	0

Report no.	Report title	Date	Questioned Costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
12-3-0831	Maui County, Hawaii - FY 2011	Sep. 19, 2012	0	0	0	0
12-3-0832	Walton, Indiana, Town of - FY 2011	Sep. 19, 2012	0	0	0	0
12-3-0833	Placer County, California - FY 2011	Sep. 19, 2012	0	0	0	0
12-3-0834	Rio Dell, California, City of - FY 2011	Sep. 19, 2012	0	0	0	0
12-3-0837	Allegan, Michigan, County of - FY 2011	Sep. 20, 2012	0	0	0	0
12-3-0838	Carrabelle, Florida, City of - FY 2011	Sep. 20, 2012	0	0	0	0
12-3-0839	BDW Water System Association, North Dakota - FY 2011	Sep. 20, 2012	0	0	0	0
12-3-0840	Mosinee, Wisconsin, City of - FY 2011	Sep. 20, 2012	0	0	0	0
12-3-0841	Saint Peter, Minnesota, City of - FY 2011	Sep. 20, 2012	0	0	0	0
12-3-0842	Hibbing, Minnesota, City of - FY 2011	Sep. 20, 2012	0	0	0	0
12-3-0844	Durham, New Hampshire, Town of - FY 2011	Sep. 21, 2012	0	0	0	0
12-3-0845	Payson, Arizona, Town of - FY 2011	Sep. 21, 2012	0	0	0	0
12-3-0846	Inland Empire Utilities Agency, California	Sep. 21, 2012	0	0	0	0
12-3-0848	Ripley, Tennessee, City of - FY 2011	Sep. 21, 2012	0	0	0	0
12-3-0849	Central New York Regional Planning and Development Board, New York - FY 2011	Sep. 21, 2012	0	0	0	0
12-3-0850	Alliance for the Chesapeake Bay Inc., Maryland - FY 2011	Sep. 21, 2012	0	0	0	0
12-3-0851	Woodburn, Oregon, City of - FY 2011	Sep. 21, 2012	0	0	0	0
12-3-0852	Elgin, Oregon, City of - FY 2011	Sep. 20, 2012	0	0	0	0
12-3-0853	Durand, Illinois, Village of - FY 2011	Sep. 24, 2012	0	0	0	0
12-3-0854	University of California, California - FY 2011	Sep. 24, 2012	0	0	0	0
12-3-0855	L'anse, Michigan, City of - FY 2011	Sep. 24, 2012	0	0	0	0
12-3-0856	Keokuk, Iowa, City of - FY 2011	Sep. 24, 2012	0	0	0	0
12-3-0857	Churchill County, Nevada - FY 2011	Sep. 24, 2012	0	0	0	0
12-3-0858	Eastern Municipal Water District, California - FY 2011	Sep. 24, 2012	0	0	0	0
12-3-0859	Woodland California, City of - FY 2011	Sep. 24, 2012	0	0	0	0
12-3-0860	Commonwealth Utilities Corporation, MP - FY 2011	Sep. 24, 2012	0	0	0	0
12-3-0861	Miami, Arizona, Town of - FY 2010	Sep. 24, 2012	0	0	0	0
12-3-0862	Aurora, South Dakota, City of - FY 2010	Sep. 24, 2012	0	0	0	0
12-3-0863	Hawaii Department of Health - FY 2011	Sep. 24, 2012	0	0	0	0
12-3-0865	Valdosta, Georgia, City of - FY 2011	Sep. 25, 2012	0	0	0	0
12-3-0866	Tampa, Florida, City of - FY 2011	Sep. 25, 2012	0	0	0	0
12-3-0867	Pell City, Alabama, City of - FY 2011	Sep. 25, 2012	0	0	0	0
12-3-0868	Forsyth County, Georgia - FY 2011	Sep. 25, 2012	0	0	0	0
12-3-0869	Cameron, Missouri, City of - FY 2011	Sep. 25, 2012	0	0	0	0
12-3-0870	Coachella Valley Water District, California - FY 2010	Sep. 25, 2012	0	0	0	0
12-3-0871	North Bay Village, Florida, City of - FY 2011	Sep. 25, 2012	0	0	0	0
12-3-0872	Fargo, North Dakota, City of - FY 2011	Sep. 25, 2012	0	0	0	0
12-3-0873	Richmond Hill, Georgia, City of - FY 2011	Sep. 25, 2012	0	0	0	0
12-3-0874	Duquense, Missouri, City of - FY 2011	Sep. 25, 2012	0	0	0	0
12-3-0875	Dixie County, Florida - FY 2011	Sep. 25, 2012	0	0	0	0
12-3-0876	Boone County Regional Sewer District, Missouri - FY 2011	Sep. 25, 2012	0	0	0	0
12-3-0877	Springfield, Missouri, City of - FY 2011	Sep. 25, 2012	0	0	0	0
12-3-0878	Bonifay, Florida, City of - FY 2011	Sep. 25, 2012	0	0	0	0
12-3-0880	Upton, Wyoming, Town of - FY 2011	Sep. 26, 2012	0	0	0	0
12-3-0881	Duluth, Minnesota, City of - FY 2011	Sep. 26, 2012	0	0	0	0
12-3-0882	Madison County Industrial Development and Building Authority, Georgia - FY 2011	Sep. 26, 2012	0	0	0	0
12-3-0883	Pinedale, Wyoming, Town of - FY 2011	Sep. 26, 2012	0	0	0	0
12-3-0884	Milbank, South Dakota, City of - FY 2011	Sep. 26, 2012	0	0	0	0
12-3-0885	Minneapolis, Minnesota, City of - FY 2011	Sep. 26, 2012	0	0	0	0
12-3-0886	Minong, Wisconsin, Village of - FY 2011	Sep. 26, 2012	0	0	0	0
12-3-0887	Illinois, State of - FY 2011	Sep. 26, 2012	0	0	0	0
12-3-0888	Stevens Point, Wisconsin, City of - FY 2011	Sep. 26, 2012	0	0	0	0
12-3-0889	Waldo, Wisconsin, Village of - FY 2011	Sep. 26, 2012	0	0	0	0
12-3-0890	Iva, South Carolina, Town of - FY 2010	Sep. 26, 2012	0	0	0	0
12-3-0891	Park County, Wyoming - FY 2011	Sep. 26, 2012	0	0	0	0
12-3-0892	Dassel, Minnesota, City of - FY 2009	Sep. 26, 2012	0	0	0	0
12-3-0893	Jonesboro, Louisiana, Town of - FY 2011	Sep. 26, 2012	0	0	0	0
12-3-0894	Nebraska, State of - FY 2011	Sep. 26, 2012	0	44,000	0	0
12-3-0895	Council Bluff, Iowa, City of - FY 2011	Sep. 26, 2012	0	0	0	0
12-3-0896	Ohio, State of - FY 2011	Sep. 26, 2012	0	0	0	0
12-3-0897	Fort Madison, Iowa - FY 2011	Sep. 26, 2012	0	0	0	0
12-3-0901	Iowa, State of - FY 2011	Sep. 27, 2012	0	0	0	0
12-3-0902	Faribault, Minnesota, City of - FY 2011	Sep. 27, 2012	0	0	0	0
12-3-0903	Truckee Meadows Water Authority, Nevada - FY 2011	Sep. 28, 2012	0	0	0	0
12-3-0904	Angels, California, City of - FY 2011	Sep. 28, 2012	0	0	0	0
12-3-0905	West Florida Regional Planning Council, Florida - FY 2011	Sep. 28, 2012	0	0	0	0
TOTAL SINGLE AUDIT REPORTS = 474			\$483,062	\$12,454,591	\$0	\$0
ATTESTATION REPORTS						
12-4-0490	Costs Proposed by Industrial Economics, Inc., EPA Solicitation No. SOL-HQ-12-00003	May 21, 2012	\$0	\$0	\$0	\$0
12-4-0499	Costs Claimed by the North Carolina Rural Economic Center, Inc., Grant No. X96418405	May 23, 2012	1,192,500	0	0	0
12-4-0515	Option Period 2 Cost Proposal, Contract EP-S9-11-01, by SFS Chemical Safety, Inc.,	Jun. 4, 2012	0	0	0	327633
12-4-0548	Option Period 1 Cost Proposal, Contract EP-S9-11-01, by SFS Chemical Safety, Inc.,	Jun. 19, 2012	0	0	0	374235
12-4-0720	Costs Claimed, EPA Cooperative Agreements, for Alliance for the Chesapeake Bay, Inc.	Aug. 22, 2012	1,187,277	101,907	0	0
TOTAL ATTESTATION REPORTS = 5			\$2,379,777	\$101,907	\$0	\$701,868

Report no.	Report title	Date	Questioned Costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 REPORTS						
12-R-0601	Site Visit at the Gilt Edge Mine Superfund Site, Lawrence County, South Dakota	Jul. 25, 2012	\$91,263	\$0	\$0	\$0
12-R-0749	Costs Claimed Under Cooperative Agreement Awarded to Cascade Sierra Solutions	Sep. 4, 2012	9,000,000	0	0	0
12-R-0789	Site Visit of Wastewater Treatment Plant Improvements Project, Nappanee, Indiana	Sep. 12, 2012	0	1,769,000	0	0
12-R-0898	EPA Can Improve Its Reporting of Dollars Leveraged From Brownfields Program	Sep. 27, 2012	0	0	0	0
	TOTAL AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 REPORTS = 4		\$ 9,091,263	1,769,000	\$0	\$0
FINANCIAL STATEMENT REPORTS						
12-1-0521	FYs 2011 and 2010 Pesticides Reregistration and Expedited Processing Fund	Jun. 06, 2012	\$0	\$0	\$0	\$0
12-1-0522	FYs 2011 and 2010 Pesticide Registration Fund	Jun. 06, 2012	0	0	0	0
	FINANCIAL STATEMENT REPORTS = 2		\$0	\$0	\$0	\$0
NON-AUDIT REPORTS						
12-N-0416	Assessing the Quality of the Independent Referencing Process During Fiscal Year 2011	Apr. 19, 2012	\$0	\$0	\$0	\$0
12-N-0434	OIG Compendium of Unimplemented Recommendations as of March 31, 2012	Apr. 30, 2012	0	0	0	0
12-N-0516	Analysis of OIG Policies and Procedures Addressing CIGIE Quality Standards	Jun. 04, 2012	0	0	0	0
	TOTAL NON-AUDIT REPORTS = 3		\$0	\$0	\$0	\$0
U.S. CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD REPORTS						
12-P-0724	CSB Should Improve Its Recommendations Process	Aug. 22, 2012	\$0	\$0	\$0	\$0
	TOTAL U.S. CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD REPORTS = 1		\$0	\$0	\$0	\$0
	TOTAL REPORTS ISSUED = 511		\$11,954,102	\$14,325,498	\$0	\$3,839,228

Appendix 2—Reports Issued Without Management Decisions

For Reporting Period Ended September 30, 2012

The Inspector General Act of 1978, as amended, requires a summary of each audit report issued before the commencement of the reporting period for which no management decision had been made by the end of the reporting period, an explanation of the reasons such management decision had not been made, and a statement concerning the desired timetable for achieving a management decision on each such report. OMB Circular A-50 requires resolution within 6 months of a final report being issued. In this section, we report on audits with no management decision or resolution within 6 months of final report issuance. In the summaries below, we note the Agency's explanation of the reasons a management decision has not been made, the Agency's desired timetable for achieving a management decision, and the OIG follow-up status as of September 30, 2012.

Office of the Administrator

Report No. 12-P-0113, EPA Must Improve Oversight of State Enforcement, December 9, 2011

Summary: The OIG found that EPA does not administer a consistent national enforcement program. Despite efforts by the Office of Enforcement and Compliance Assurance and the EPA regions to improve state enforcement performance, state enforcement programs frequently do not meet national goals and states do not always take necessary enforcement actions. The OIG recommended that EPA establish clear national lines of authority for enforcement that include centralized authority over resources to establish a consistent national enforcement program. The OIG also recommended that EPA cancel outdated guidance and policies, and consolidate and clarify remaining enforcement policies, so that state governments and the regulated community have a clear understanding of national enforcement expectations. In addition, the OIG recommended that EPA establish clear benchmarks for state performance and a clear policy describing when and how EPA will intervene in states. Finally, the OIG recommended that EPA establish procedures to move resources to intervene decisively, when appropriate, under its escalation policy.

Agency Explanation: Resolution for this audit is being handled by the Office of Enforcement and Compliance Assurance. That office and the OIG met in August 2012 to discuss unresolved corrective actions and are still working to resolve agreed-upon actions and due dates.

OIG Follow-Up Status: Incomplete response.

Office of Administration and Resources Management

Report No. 10-P-0112, Results of Hotline Complaint Review of EPA Region 9 Hiring under the Federal Career Intern Program, April 26, 2010

Summary: The hotline allegations against EPA Region 9 were unsubstantiated. We identified that the region engaged in a prohibited personnel practice. Neither the Office of Personnel Management nor EPA prohibits the use of a job fair and registration code as recruiting and hiring methods. However, Region 9 engaged in a prohibited personnel practice by giving four Federal Career Intern Program job fair participants improper advantages not provided to others attending the job fair.

Agency Explanation: Office of Personnel Management Pathways Program regulations were finalized and effective July 10, 2012. EPA has drafted its Pathways Programs Bulletin and submitted it for comments. Completion is expected by October 31, 2012.

OIG Follow-Up Status: Incomplete response.

Report No. 10-P-0177, EPA's Revised Hiring Process Needs Additional Improvements, August 9, 2010

Summary: This report reviewed EPA's appointment process managed by its Office of Administration and Resources Management to determine how the new process for filling vacancies can be more efficient and effective. The OIG found that EPA had not implemented critical technology upgrades or obtained other resources necessary for the service center concept to succeed. Also, service centers did not consistently provide program managers with the best

candidates, and data quality and recruitment action processes need improvement. OIG recommendations included making changes to EPA Order 1110.8A5, *EPA Reorganization Policy*.

Agency Explanation: The Office of Human Resources met with the OIG on September 26, 2012. The Office of Human Resources proposed a modification to the Reorganization Form to address recommendation 3(2-3). The OIG is considering the language and will provide feedback to the Office of Human Resources.

OIG Follow-Up Status: Proposed response received in review process.

Report No. 11-P-0722, EPA Should Prepare and Distribute Security Classification Guides, September 29, 2011

Summary: This report evaluated the scope and nature of EPA's classified national security information infrastructure, and its ability to provide information to those who need it. OIG found that EPA has not established any official classification guides even though EPA Administrators have taken original classification actions. EPA's National Security Information Handbook requires that a classification guide be developed for each system, plan, program, or project that involves classified information. OIG recommended that the Administrator ensure the preparation, review, and approval of appropriate security classification guides that conform to the requirements of Executive Order 13526, Classified National Security Information, and EPA's national security information handbook. We also recommend that the Administrator ensure the distribution of classification guides to users of EPA's originally classified information and to program offices that work in related subject areas. The Office of Administration and Resources Management, which responded on behalf of the Agency, did not agree with the report's conclusions and the recommendations are unresolved.

Agency Explanation: This audit is designated by the OIG as "resolution on hold - beyond Agency control." Therefore an expected resolution date cannot be determined at this time.

OIG Follow-Up Status: Resolution on hold – beyond Agency control.

Office of Air and Radiation

Report No. 04-P-00033, Effectiveness of Strategies to Reduce Ozone Precursors, September 29, 2004

Summary: 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 trend 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. EPA provided an action plan to the OIG that provided a partial list of actions planned, and we closed 8 of the 25 recommendations. We believed that we may have been able to close six recommendations once the final Milestone Compliance Demonstration rule was promulgated. However, in May 2006, EPA told us it had decided not to issue the rule; it instead planned to issue guidance that EPA regions could share with states. We did not agree that guidance is an acceptable alternative. As of September 12, 2008, the Agency had not agreed with the other recommendations and had not submitted a complete response that addresses all the recommendations in the report. We will continue to follow up on the Agency's actions.

Agency Explanation: Meetings were held with subject matter experts and local (Research Triangle Park) OIG staff in April/May 2012 to develop a mutually acceptable approach for closing the remaining two open corrective actions. The OIG briefed Office of Air Radiation senior staff on June 27, 2012, about proposed revised approach to closing two open corrective actions; briefed local OIG staff on July 26, 2012. Anticipated completion date is December 31, 2015.

OIG Follow-Up Status: Incomplete response.

Report No. 09-P-0151, EPA Does Not Provide Oversight of Radon Testing Accuracy and Reliability, May 12, 2009

Summary: EPA does not perform oversight of radon testing device accuracy or reliability. The 1988 Indoor Radon Abatement Act required that EPA establish proficiency programs for firms offering radon-related services, including testing and mitigation. EPA established and operated proficiency programs until 1998, when it disinvested in these programs. EPA asserts that it shares oversight responsibility with states and industry, including the two national proficiency programs operating under private auspices. However, without oversight, EPA cannot assure that radon testing devices provide accurate data on indoor radon risks or that radon testing laboratories accurately analyze and

report radon results. We recommended that EPA disclose that while radon testing is recommended, EPA cannot provide assurance that commercially available radon testing devices or testing laboratories are accurate and reliable. EPA generally agreed with this recommendation and stated that it will review and revise both its Web-based and printed public materials, as appropriate. However, the Agency did not provide information on how it intends to characterize the accuracy and reliability of radon testing in its public documents, and more information is needed.

Agency Explanation: The program spoke with the OIG recently regarding a new time frame. The program is writing a new Quality Assurance Project Plan and is reanalyzing the data based on that Quality Assurance Project Plan to ensure compliance with EPA's quality assurance requirements. The analysis and accompanying memorandum to the OIG should be completed by their next progress check after September 2012.

OIG Follow-Up Status: Incomplete response.

Office of Grants and Debarment

Report No. 12-3-0007, Cascade Sierra Solutions, Oregon – FY 2010, October 11, 2011

Summary: This review found that internal controls over project /customer file documentation are deficient. It was difficult for the recipient to timely substantiate evidence of compliance for installation of verified technologies for EPA and U.S. Department of Energy grants. The review also found that personnel had limited knowledge of generally accepted accounting principles, specifically as they relate to accounting for financial receivables, loan fees, and allowance for losses. Due to the internal control findings reported by the single auditor, and the inability of the recipient's accounting system to ensure that federal costs are allowable under its grants, we questioned \$2,767,077 in reported EPA federal expenditures.

Agency Explanation: The OIG suspended and the Office of Grants and Debarment deferred action on this single audit review so that Cascade Sierra Solutions could respond to OIG draft report OA-FY11-A-0062 on grant 2A-83440701 for the SmartWays project.

OIG Follow-Up Status: Report reactivated – waiting for response.

Report No. 12-4-0224, Examination of Costs Claimed Under Cooperative Agreement X7-83325501 Awarded to Kathleen S. Hill, January 23, 2012

Summary: We found that the recipient did not have a financial management system that met federal standards. The recipient did not have adequate controls to ensure that costs claimed were in accordance with Code of Federal Regulations requirements. The recipient's cash draws did not comply with 40 Part 30 requirements or the terms and conditions of the cooperative agreement. As a result, we questioned \$80,721 of the \$726,587 claimed under the cooperative agreement.

Agency Explanation: The recipient has provided some documentation to support costs. The Office of Grants and Debarment reviewer is currently evaluating the submitted documents and requested clarification on some issues. Office of Grants and Debarment hopes to issue a management decision for the audit by November 30, 2012.

OIG Follow-Up Status: No response.

Financial Analysis and Rate Negotiation Service Center

Report No. 06-4-00165, National Academy of Sciences—FY 2006 Indirect/Other Direct Costs System, September 27, 2006

Summary: In the Defense Contract Audit Agency's (DCAA's) opinion, the contractor's service centers cost system and related internal control policies and procedures were inadequate in part. DCAA's examination noted certain significant deficiencies in the design or operation of the Indirect/Other Direct Costs system process.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

OIG Follow-Up Status: Resolution pending receipt of additional information.

Report No. 07-1-00061, Lockheed Martin Services Group—FY 12/31/2004 I/C, April 10, 2007

Summary: DCAA questioned \$34,708,911 in claimed direct costs and proposed indirect costs. Further, DCAA did not audit \$338,864,655 in claimed direct and indirect costs for assist audits not yet received or for received assist audit reports, the impact of which on the contractor's cost objectives has not yet been calculated. Additionally, DCAA upwardly adjusted \$48,224,805 in claimed base costs. EPA's share of the questioned costs totals \$694,178. DCAA did not provide any Cumulative Allowable Cost Work Sheet or Schedule of Allowable Costs by Cost Element by Contract because the most current year with negotiated indirect rates is calendar year 1998. DCAA will issue a supplemental audit report upon completion of its analysis of the assist audit results, and as the outstanding fiscal years' indirect rates are negotiated, the requested Cumulative Allowable Cost Work Sheet and Schedule of Allowable Costs by Cost Element by Contract will be provided.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

OIG Follow-Up Status: Resolution pending receipt of additional information.

Report No. 07-4-00058, Science Applications Intl. Corporation—Companies 1, 6, and 9—FY 2006 Floorchecks, April 30, 2007

Summary: On September 25, 2006, DCAA determined that the floorchecks disclosed no significant deficiencies in the contractor's timekeeping or labor system in FY 2005. On February 27, 2007, DCAA determined that certain labor practices require corrective actions 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.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

OIG Follow-Up Status: Resolution pending receipt of additional information.

Report No. 07-1-00080, Lockheed Martin Services, Inc.—FY 2005 Incurred Cost, August 6, 2007

Summary: 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 that 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 that do not have indirect ceiling rates and are impacted by the questioned indirect rates. EPA's share of questioned indirect costs totals \$133,069.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

OIG Follow-Up Status: Resolution pending receipt of additional information.

Report No. 08-4-0002, Science Applications Intl. Corp—Company 1 Compensation Follow-Up, October 2, 2007

Summary: In DCAA's opinion, the contractor's compensation 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 that could adversely affect the contractor's ability to record, process, summarize, and report compensation in a manner that is consistent with applicable government contract laws and regulations.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

OIG Follow-Up Status: Resolution pending receipt of additional information.

Report No. 08-1-0114, Weston Solutions Inc.—FY 12/31/2004 Incurred Cost, March 24, 2008

Summary: DCAA determined that the contractor's claimed direct costs are acceptable; however, DCAA questioned \$2,082,837 in proposed indirect costs and rates. Further, DCAA applied penalties in accordance with Federal Acquisition Regulation 42.709, and identified expressly unallowable costs subject to penalty that had been allocated to various contracts specified in Federal Acquisition Regulation 42.709(b), including 11 EPA contracts. Of the

questioned costs, EPA's total share of questioned costs is \$197,869, of which \$164,163 is questioned overhead costs and \$33,706 is the questioned general and administrative costs.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

OIG Follow-Up Status: Resolution pending receipt of additional information.

Report No. 08-1-0130, Morrison Knudsen Corporation—FY 1999 Incurred Costs, April 15, 2008

Summary: DCAA questioned \$3,705,233 in claimed direct costs and \$3,472,023 in proposed indirect costs and rates, a total of \$7,177,256 in questioned costs. EPA's share of questioned costs is \$57,369.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

OIG Follow-Up Status: Resolution pending receipt of additional information.

Report No. 08-1-0131, Washington Group International, Inc.—FY 2001 Incurred Costs, April 15, 2008

Summary: DCAA questioned \$2,208,686 of claimed direct costs and \$13,757,945 of proposed indirect costs and rates, a total of \$15,966,631. EPA's share of the questioned costs is \$44,648.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

OIG Follow-Up Status: Resolution pending receipt of additional information.

Report No. 09-1-0034, Lockheed Martin Services Group—FY 2006 Incurred Cost, November 24, 2008

Summary: DCAA questioned \$23,672,344 in claimed direct and proposed indirect costs and rates. Of this, \$381,582 is claimed direct costs and \$23,290,762 is proposed indirect costs and rates. DCAA also did not audit \$159,778,286 in claimed subsidiary and subcontracts costs. EPA's share of the questioned costs is 3 percent, or \$11,448 in claimed direct costs and \$698,722 in proposed indirect costs, a total of \$710,170.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

OIG Follow-Up Status: Resolution pending receipt of additional information.

Office of Enforcement and Compliance Assurance

Report No. 12-P-0113, EPA Must Improve Oversight of State Enforcement, December 9, 2011

Summary: The OIG found that EPA does not administer a consistent national enforcement program. Despite efforts by the Office of Enforcement and Compliance Assurance and the EPA regions to improve state enforcement performance, state enforcement programs frequently do not meet national goals and states do not always take necessary enforcement actions. The OIG recommended that EPA establish clear national lines of authority for enforcement that include centralized authority over resources to establish a consistent national enforcement program. The OIG also recommended that EPA cancel outdated guidance and policies, and consolidate and clarify remaining enforcement policies, so that state governments and the regulated community have a clear understanding of national enforcement expectations. In addition, the OIG recommended that EPA establish clear benchmarks for state performance and a clear policy describing when and how EPA will intervene in states. Finally, the OIG recommended that EPA establish procedures to move resources to intervene decisively, when appropriate, under its escalation policy.

Agency Explanation: The Office of Enforcement and Compliance Assurance and the OIG met in August 2012 to discuss unresolved corrective actions and are still to working to resolve agreed-upon actions and due dates.

OIG Follow-Up Status: Incomplete response.

Region 1—Regional Administrator**Report No. 12-3-0056, Indian Township, Maine, Tribal Government – FY 2010, November 7, 2011**

Summary: This review found that the tribe had various funding issues related to EPA grants, including closed grants with unexpended balances, active grants with variances between funds available and funds to expend, and grants with over expended funds. The review also found that the tribe did not maintain a comprehensive schedule of general capital assets with supporting detail. The tribe did not have an adequate segregation of duties over cash management and their procurement policy did not comply with current regulatory requirements, including provisions for suspension and debarment.

Agency Explanation: The tribe sent an e-mail on September 19, 2012, stating that it has been working on the new policies and has requested to be put on the agenda of the tribal council to present the new policies. The tribe indicated it hopes to present them at the next meeting.

OIG Follow-Up Status: No response.

Region 2—Regional Administrator**Report No. 12-3-0198, Onondaga Environmental Institute New York – FY 2009, January 2012**

Summary: This review found that the organization lacks sufficient internal controls over the financial records and the preparation of the financial statements to prevent or detect errors in the financial data, including those which may be material in relation to the financial statements. Assets and liabilities, along with related revenue and expense accounts, were materially misstated and, in some instances, adequate supporting documentation was not available. The review also found that the organization lacks adequate professional expertise and technical skill to maintain complete and accurate financial records, along with adequate supporting documentation.

Agency Explanation: The grantee's corrective action plan is not fully satisfactory to Region 2. We continue to have dialogue with the grantee, and will be reviewing this situation shortly. We expect to close this single audit by March 31, 2013.

OIG Follow-Up Status: No response.

Region 4—Regional Administrator**Report No. 10-4-0001, Internal Control Weaknesses under EPA Grant Nos. I004802070 and BG96483308, Awarded to the Eastern Band of Cherokee Indians, Cherokee, North Carolina, October 5, 2009**

Summary: The OIG received a Hotline complaint regarding EPA assistance agreement nos. I004802070 and BG96483308, awarded to the Eastern Band of Cherokee Indians, Cherokee, North Carolina. The grantee did not have a conflict of interest, as alleged, and its Standard Form 272s were correct and prepared in compliance with federal requirements, EPA policies, and grant terms and conditions. However, during the course of our examination, we identified significant deficiencies in internal controls concerning equipment purchases and segregation of duties. Some purchase authorizations were dated the same day equipment was delivered, three quotes were not always obtained, and purchases were not always properly authorized. Also, one employee was authorized to write grant proposals; solicit funding to carry out the program goals; prepare budgets; oversee the expenditure of funds; and purchase, maintain, repair, and inventory all equipment. We recommended that EPA require the grantee to comply with its internal control policies and establish additional internal controls as needed.

Agency Explanation: Region 4 submitted a memorandum to the OIG updating the corrective actions and supporting their completion. The OIG's status is "proposed acceptable response – awaiting final determination." The projected completion is October 30, 2012.

OIG Follow-Up Status: Proposed acceptable response – awaiting final determination.

Region 5—Regional Administrator**Report No. 11-R-0700, American Recovery and Reinvestment Act Site Visit of Wastewater Treatment Plant—Phase II Improvement Projects, City of Ottawa, Illinois, September 23, 2011**

Summary: The city could not provide sufficient documentation to support that some manufactured goods used on the project met the Buy American requirements of Section 1605 of the Recovery Act. The documentation did not demonstrate clearly that items were either manufactured in the United States or substantially transformed in the United States. As a result, the state's use of over \$3.8 million of Recovery Act funds on the project is prohibited by Section 1605 of the Recovery Act, unless a regulatory option is exercised. We recommended that the Regional Administrator employ the procedures set out in Title 2 of the Code of Federal Regulations to resolve the noncompliance on the Ottawa project.

Agency Explanation: The OIG does not agree with the Agency's final determination – this audit is in dispute.

OIG Follow-Up Status: Resolution under negotiation in headquarters.

Report No. 12-R-0377, American Recovery and Reinvestment Act Site Visit of Wastewater Treatment Plant, Village of Itasca, Illinois, March 30, 2012

Summary: This review found that the Village of Itasca did not comply with the Buy American requirements of the Recovery Act. Steel pipes and fittings used in the project were manufactured in foreign countries. We also identified other manufactured goods that did not comply with the Buy American requirements of the Recovery Act. As a result, the project is not eligible for the \$10 million of Recovery Act funds authorized by the state, unless EPA exercises a regulatory option.

Agency Explanation: The OIG does not agree with the Agency's final determination – this audit is in dispute.

OIG Follow-Up Status: Proposed response received in review process.

Region 7—Regional Administrator**Report No. 12-3-0322, Great Bend, Kansas, City of – FY 2012, March 8, 2012**

Summary: This review found that the City of Great Bend incurred \$36,000 in excess contract costs that were not supported by change orders and approved by the city council. Instead, city engineers approved the contract costs. In addition, city personnel did not have the necessary skills and expertise needed to record the financial transactions and prepare the financial statements. Further, city personnel did not have the necessary skills and knowledge to identify all federal awards received and expended and to prepare the appropriate financial statements required under Office of Management and Budget Circular A-133.

Agency Explanation: Awaiting additional response from the City of Great Bend. This report should be closed before the next semiannual reporting period, or by February 28, 2013.

OIG Follow-Up Status: No response.

Report No. 12-3-0346, Linn, Missouri, City of – FY 2011, March 13, 2012

Summary: This review found that the city lacked proper segregation of duties, and that personnel lacked expertise to prepare financial statements.

Agency Explanation: Awaiting additional response from the City of Linn. This report should be closed before the next semiannual reporting period, or by February 28, 2013.

OIG Follow-Up Status: No response.

Region 8—Regional Administrator**Report No. 2007-4-00078, Cheyenne River Sioux Tribe, September 24, 2007**

Summary: 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 in

outlays reported. The tribe's internal controls were not sufficient to ensure that outlays reported complied with federal cost principles, regulations, and grant conditions. In some instances, the tribe also was not able to demonstrate that it had completed all work under the agreements and had achieved the intended results.

Agency Explanation: The Region 8 Grants Office has completed an analysis of over \$2 million in costs questioned by the OIG. Region 8 has determined that only \$15,000 should have been questioned and so the region submitted a request for deviation in order to move forward from EPA's Office of Grants and Debarment. Based on the Office of Grants and Debarment's guidance, the region is working on an alternate approach, which is to retract the decision to disallow the costs, since the region review indicated that the amount not documented adequately is not material. The region will need to revise its documentation and work with the OIG to get concurrence on this approach. This process will not be completed by September 30, 2012. The region plans to engage the OIG in October 2012 and get resolution within a few months after that.

OIG Follow-Up Status: No response.

Region 9—Regional Administrator

Report No. 10-P-0112, Results of Hotline Complaint Review of EPA Region 9 Hiring under the Federal Career Intern Program, April 26, 2010

Summary: The hotline allegations against EPA Region 9 were unsubstantiated. We identified that the region engaged in a prohibited personnel practice. Neither the Office of Personnel Management nor EPA prohibits the use of a job fair and registration code as recruiting and hiring methods. However, Region 9 engaged in a prohibited personnel practice by giving four Federal Career Intern Program job fair participants improper advantages not provided to others attending the job fair.

Agency Explanation: The OIG had referred the subject audit to the Office of Special Counsel for resolution. The status of the three recommendations listed in the final report is still undecided. Recommendation 1 is directed to Region 9 and is pending for the Office of Special Counsel decision.

OIG Follow-Up Status: Resolution on hold beyond Agency control.

**Total reports issued before reporting period for which
no management decision had been made as of September 30, 2012 = 23**

Appendix 3—Reports With Corrective Action Not Completed

In compliance with reporting requirements of Section 5(a)(3) of the Inspector General Act of 1978, as amended, "Identification of Reports Containing Significant Recommendations Described in Previous Semiannual Reports on Which Corrective Action Has Not Been Completed," and to help EPA managers gain greater awareness of outstanding commitments for action, we developed a *Compendium of Unimplemented Recommendations*. This separate document provides the information required in appendix 3 to this Semiannual Report to Congress. This compendium (available upon request or at <http://www.epa.gov/oig/reports/2013/20121031-13-N-00035.pdf>) is produced semiannually for Agency leadership and Congress based on Agency reports on the status of actions taken on OIG recommendations and OIG selective verification of that reported status.

Appendix 4—Peer Reviews Conducted

Peer Review Conducted of This OIG

Report on the External Quality Control Review of the Audit Organization of the U.S. Environmental Protection Agency, Office of Inspector General (Report No. A-07-12-01109, issued May 1, 2012)

On May 1, 2012, the U.S. Department of Health and Human Services OIG provided the EPA OIG with the final peer review report on the EPA OIG's audit organization. The review, covering the period October 1, 2008, through September 30, 2011, was conducted in accordance with CIGIE guidelines and *Government Auditing Standards*. The peer review found that the EPA OIG's system of quality control "was suitably designed and complied with to provide EPA OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects." EPA OIG received a peer review rating of *pass*, with no deficiencies cited.

Peer Reviews Conducted by This OIG

On May 9, 2012, the EPA OIG issued a quality assessment review report on the investigative operations of the U.S. Department of Energy OIG. We reviewed the system of internal safeguards and management procedures in effect for the period May 1, 2010, through April 30, 2011. Our review was conducted in conformity with the *Quality Standards for Investigations* and the *Quality Assessment Review Guidelines* established by CIGIE, and the Attorney General's *Guidelines for Office of Inspectors General with Statutory Law Enforcement Authority*, as applicable. In our opinion, the system of internal safeguards and management procedures for the investigative function were in compliance with the established quality standards and the applicable Attorney General guidelines. These safeguards and procedures provide reasonable assurance of conforming with professional standards in the planning, executing, and reporting of investigations.

Also during the semiannual reporting period, the EPA OIG conducted an external peer review of the system of quality control for the audit organization of the U.S. Department of Agriculture OIG. Our review covers the period April 1, 2009, through March 31, 2012. This review has been conducted in accordance with guidelines established by CIGIE and *Government Auditing Standards*. The entrance conference for the U.S. Department of Agriculture OIG was held April 5, 2012. Issuance of the final report is anticipated during the next semiannual reporting period.

Appendix 5—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/Evaluation: (404) 562-9830
Investigations: (404) 562-9857

Boston

U.S. Environmental Protection Agency
Office of Inspector General
5 Post Office Square, Suite 100 (OIG15-1)
Boston, MA 02109-3912
Audit/Evaluation: (617) 918-1470
Investigations: (703) 347-8740

Chicago

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

Cincinnati

U.S. Environmental Protection Agency
Office of Inspector General
26 West Martin Luther King Drive
Cincinnati, OH 45268-7001
Audit/Evaluation: (513) 487-2360
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/Evaluation: (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/Evaluation: (303) 312-6969
Investigations: (303) 312-6868

Kansas City

U.S. Environmental Protection Agency
Office of Inspector General
11201 Renner Boulevard
Lenexa, KS 66219
Audit/Evaluation: (913) 551-7878
Investigations: (312) 353-2507

New York

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

Philadelphia

U.S. Environmental Protection Agency
Office of Inspector General
1650 Arch Street, 3rd Floor
Philadelphia, PA 19103-2029
Audit/Evaluation: (215) 814-5800
Investigations: (215) 814-2367

Research Triangle Park

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

San Francisco

U.S. Environmental Protection Agency
Office of Inspector General
75 Hawthorne Street (IGA-1)
7th Floor
San Francisco, CA 94105
Audit/Evaluation: (415) 947-4521
Investigations: (415) 947-8711

Seattle

U.S. Environmental Protection Agency
Office of Inspector General
1200 6th Avenue, 19th Floor
Suite 1920, M/S OIG-195
Seattle, WA 98101
Audit/Evaluation: (206) 553-6906
Investigations: (206) 553-1273

Washington

U.S. Environmental Protection Agency
Office of Inspector General
Potomac Yard
2733 Crystal Drive
Arlington, VA 22202
Investigations: (703) 347-8740

Winchester

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

Report fraud, waste or abuse

e-mail: OIG_Hotline@epa.gov

write: EPA Inspector General Hotline

1200 Pennsylvania Avenue NW

Mailcode 2431T

Washington DC 20460

fax: 202-566-2599 · phone: 1-888-546-8740

www.epa.gov/oig/hotline.htm



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