



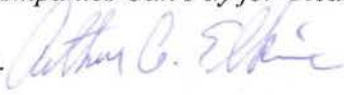
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

AUG 13 2016

THE INSPECTOR GENERAL

MEMORANDUM

SUBJECT: Acceptance of Corrective Actions Plan for Office of Inspector General Report No. 16-P-0126, *Management Alert: Significant Data Quality Deficiencies Impede EPA's Ability to Ensure Companies Can Pay for Cleanups*, March 31, 2016

FROM: Arthur A. Elkins Jr. 

TO: Mathy Stanislaus, Assistant Administrator
Office of Land and Emergency Management

Cynthia Giles, Assistant Administrator
Office of Enforcement and Compliance Assurance

We have reviewed your May 6 and July 7, 2016, responses and email communications on the subject report. We accept the agency's corrective action plan for all report recommendations (Recommendations 1-3) and have closed these recommendations in our audit tracking system. Please update the agency's Management Audit Tracking System as you complete the planned corrective actions. Please notify my staff if there is a significant change in the agreed-to corrective actions.

If you or your staff have any questions, please contact Carolyn Copper, Assistant Inspector General for Program Evaluation, at (202) 566-0829 or copper.carolyn@epa.gov; or Tina Lovingood, Director for Land Cleanup and Waste Management Evaluations, at (202) 566-2906 or lovingood.tina@epa.gov.

cc: Kecia Thornton, Audit Follow-Up Coordinator, Office of Land and Emergency Management
Gwendolyn Spriggs, Audit Follow-Up Coordinator, Office of Enforcement and Compliance Assurance
Nic Grzegorzewski, Agency Follow-Up Coordinator
Frank Benenati, Associate Administrator for Public Affairs
Melissa Harrison, Press Secretary, Office of Public Affairs
Carolyn Copper, Assistant Inspector General for Program Evaluation
Christine El-Zoghbi, Deputy Assistant Inspector General for Program Evaluation
Tina Lovingood, Director, Land Cleanup and Waste Management Evaluations, Office of Inspector General

EPA (OLEM and OECA) Corrective Actions for Management Alert Report: *Significant Data Quality Deficiencies Impede EPA's Ability to Ensure Companies Can Pay for Cleanups*, Report Number: 16-P-0126

In response to OIG Recommendation 1, the Agency agreed to multiple corrective actions. The corrective actions and milestone dates are listed in the table below, lines 1-15. **Recommendation 1:** “*Comply with the material weakness reporting requirements as prescribed by FMFIA and Office of Management and Budget Circular A-123 by identifying the weaknesses from, and data quality and control deficiencies in, RCRA and Superfund financial assurance in the EPA’s FMFIA reports for 2016.*”



	Estimated/Actual Completion Date	EPA Corrective Actions
1	August 1, 2016	<p>Formally communicating the need to address this issue [weaknesses from, and data quality and control deficiencies in, RCRA and Superfund financial assurance] via a memorandum from the Director of the Office of Resource Conservation and Recovery to the EPA Regional RCRA Directors and RCRA Enforcement Managers.</p> <p><i>(See also CERCLA action #12.)</i></p>
2	September 30, 2016	<p>Raising this issue directly with the states on various conference calls, such as the State Permit Writers, Financial Assurance, and RCRAInfo Data calls delineating (1) any existing controls in state grants and the NPM Guidance/Annual Commitment System that can be tangible and trackable measures, (2) the extent to which states are currently meeting EPA requirements and/or policies on financial assurance data management and oversight, such as the requirement in state grant agreements to enter financial assurance data within 30 days of receipt and (3) the resulting gaps in financial assurance coverage. Document the issues discussed and addressed on each conference call.</p>
3	September 30, 2016	<p>Discussing the issue at meetings with states, including meetings of the Association of State and Territorial Solid Waste Management Officials and delineating: (1) any existing controls in state grants and the NPM Guidance/Annual Commitment System that can be tangible and trackable measures, (2) the extent to which states are currently meeting EPA requirements and/or policies on financial assurance data management and oversight, such as the requirement in state grant agreements to enter financial assurance data within 30 days of receipt and (3) the resulting gaps</p>

	Estimated/Actual Completion Date	EPA Corrective Actions
		in financial assurance coverage. Document issues discussed and addressed on each conference call.
4	September 30, 2016	<p>ORCR, in coordination with OCE, will implement a process for producing reports on financial assurance data gaps for EPA regions and states that includes establishing:</p> <ul style="list-style-type: none"> • Reasonable milestones throughout the year (e.g., the program’s annual work planning process), to serve as checkpoints with each of the EPA regions regarding the review and accuracy of the RCRA financial assurance data • The frequency of the review of the data gaps • How the results of the data reviews will be used • Review data input processes to improve data integrity, and • A quality assurance and quality control regimen for RCRA financial assurance compliance and data entry updates. <p><i>(See also CERCLA action #8.)</i></p>
5	September 30, 2016	<p>Engage the RCRAInfo Financial Assurance Expert Group to identify other methods for improving data quality.</p> <p><i>(See also CERCLA action #13.)</i></p>
6	August 31, 2016	<p>Evaluating the need and demand for RCRAInfo training on and guidance related to the financial assurance module, including in the needs assessment cost estimation or other financial assurance topics necessary to ensure approved financial assurance instruments are sufficient for future cleanups.</p> <p>Further, to support cost effective training, include the development of online or web-based training and job aids.</p> <p><i>(See also CERCLA action #14.)</i></p>

	Estimated/Actual Completion Date	EPA Corrective Actions
7	December 31, 2016	Assessing possible improvements that can be made in the upcoming Version 6 update of RCRAInfo, as well as any subsequent versions (Bullet 7, page 3, May 6, 2016 Agency response) <i>(See also action #15.)</i>
8	September 30, 2016	OSRTI, in coordination with OSRE, will implement a process for producing reports on financial assurance data gaps for EPA regions and states that includes establishing: <ul style="list-style-type: none"> • Reasonable milestones throughout the year (e.g., the program’s annual work planning process), to serve as checkpoints with each of the EPA regions regarding the review and accuracy of the CERCLA financial assurance data • The frequency of the review of the data • How the results of the data reviews will be used • Determine if additional actions beyond informing and coordinating with a region are needed when data deficiencies are observed, and • A quality assurance and quality control regimen for CERCLA financial assurance compliance and data entry updates <i>(See also RCRA action #4.)</i>
9	N/A	<i>Combined with action #8. (See also RCRA action #4.)</i>
10	July 13, 2016	OSRE and OCE will hold regular monthly calls with the states and EPA regions where various financial assurance topics are discussed, which may include the financial health of various organizations with financial assurance obligations. OSRTI and ORCR will be included or updated on the topics discussed as needed.
11	September 30, 2016	Establish regular monitoring points to assess corporations and organizations that may be in danger of failing the financial test for RCRA and/or CERCLA and determine if EPA will seek additional information from the entity and whether any change to the financial assurance is warranted.

	Estimated/Actual Completion Date	EPA Corrective Actions
12	August 1, 2016	Formally communicating the need to address this issue via a memorandum from the Office of Site Remediation and Technology Innovation and the Office of Site Remediation and Enforcement to the EPA Regional Superfund Directors. <i>(See also RCRA action #1.)</i>
13	September 30, 2016	Convene a CERCLA Expert Group including regional and state staff to identify other methods for improving data quality. <i>(See also RCRA action #5.)</i>
14	August 31, 2016	Evaluating the need and demand for CERCLA training on and guidance related to CERCLA financial assurance data integrity, including in cost estimation or other financial assurance topics necessary to ensure approved financial assurance instruments are sufficient for future cleanups. Further, to support cost effective training, include the development of online or web-based training and job aids. <i>(See also RCRA action #6.)</i>
15	March 31, 2017	OLEM and OECA are also planning to conduct a systems requirements feasibility analysis of the financial assurance data systems to improve data quality and establish appropriate controls for the data systems, review existing systems for tracking financial assurance instruments, identify opportunities for communication among the financial assurance systems, and assess means to better monitor national compliance. If a new financial assurance application is developed to support Superfund, the need for additional guidance and training will be evaluated to support the new application so that users will have training and appropriate guidance support when the application is released.

In response to OIG recommendation 2, the Agency agreed with the actions OIG recommended and provided a milestone completion date of September 30, 2016. **Recommendation 2:** *“Develop and, as required, include in the EPA’s FMFIA reports corrective actions that have been taken, are underway, or are planned to address the material weakness.”*

In response to OIG recommendation 3, the Agency agreed to periodically assess and report to agency management, progress against FMFIA corrective action plans, as applicable, to RCRA and CERCLA financial assurance data system weaknesses. The Agency provided a milestone completion date of September 30, 2017. **Recommendation 3:** *“Periodically assess and report to agency management progress against FMFIA corrective action plans for RCRA and Superfund financial assurance weaknesses.”*