



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

JUN 26 2013

OFFICE OF
ADMINISTRATION
AND RESOURCES
MANAGEMENT

MEMORANDUM

SUBJECT: Response to the Office of Inspector General Report No. 13-P-0272: *Early Warning Report: Main EPA Headquarters Warehouse in Landover, Maryland, Requires Immediate EPA Attention*, dated May 31, 2013

FROM: Craig E. Hooks, Assistant Administrator

A handwritten signature in black ink, appearing to read "Craig E. Hooks".

TO: Arthur A. Elkins, Jr., Inspector General
Office of Inspector General

Thank you for the opportunity to respond to the May 31, 2013 OIG Early Warning Report titled, *Main EPA Headquarters Warehouse in Landover, Maryland, Requires Immediate EPA Attention*. We appreciate the OIG's efforts to identify the issues at the Landover warehouse. We took the OIG's findings very seriously and have identified corrective and preventative actions commensurate with the findings. In addition to the changes we are making at this warehouse, we required a review of all other agency warehouses and storage facilities and so far have determined that the conditions of concern identified at the Landover warehouse do not exist at any other agency warehouse or storage facility.

As stated in Acting Administrator Bob Perciasepe's May 23, 2013 memorandum (Attachment 1), prior to receiving your report, we took swift and aggressive actions to address the immediate concerns. In addition to the actions detailed in the Acting Administrator's memorandum, the EPA has continued to take key actions to respond to your report and to ensure the conditions you identified will not recur at an EPA facility. For example, I have included as Attachment 2 the findings of the agency's Breach Evaluation Team Executive Committee. While the Breach Evaluation Team identified improvements that should be made to our policies and procedures for safeguarding information at our warehouses and storage facilities, the team, considering information provided by the OIG and its own investigation, found no evidence of actual unauthorized access, inappropriate use or loss of control of records with Personally Identifiable Information or Sensitive Personally Identifiable Information stored in boxes at the warehouse. As explained in the Team's memorandum, should the OIG or the EPA uncover evidence that actual unauthorized access, inappropriate use or loss of control of records with Personally Identifiable Information or Sensitive Personally Identifiable Information did occur, the agency stands ready to evaluate that evidence and take appropriate action.

In addition to those actions identified in Mr. Perciasepe's memorandum, EPA has now completed the following additional corrective and preventative actions:

- Completed an evaluation of the handling of personally identifiable information located at the warehouse.
- Completed new standard operating procedures (SOPs) that are now in place for the operation and management of the warehouse. The SOPs incorporate best practices identified by other agency warehouse locations.
- Required a review of all EPA warehouse and storage facility operations nationwide. The review so far has determined that all other warehouses and storage facilities are operating effectively with appropriate controls in place.
- Awarded an interim labor services support contract to provide warehouse operations support pending award of a permanent contract.
- Exercised EPA's right under the Landover lease by issuing a 120-day notice to the General Services Administration outlining the agency's intent to release two bays or almost 30,000 square feet of space at the warehouse. As a result, the EPA will reduce its storage capacity at the warehouse by 40% and thereby ensure maintenance of a limited amount of reserve furniture, equipment and supplies. Further, the reduction in space will yield an annual rent avoidance of approximately \$327,000 for the agency.
- Implemented several management controls that will ensure appropriate oversight of the warehouse as well as the contractor and federal staff assigned to the warehouse.
- In coordination with the State Department, improved passport control procedures are being implemented by the Office of International and Tribal Affairs. On a weekly basis, OITA will return all expired passports to the State Department for destruction. The EPA and the State Department will be entering into a Memorandum of Understanding to establish each organization's roles and responsibilities in managing official and diplomatic passports. The State Department will be drafting the MOU.
- Determined the musical instruments stored at the Landover warehouse were acquired several decades ago from another federal agency at no cost to the EPA. The instruments in the warehouse were moved there in 2006 after its previous storage space flooded. All musical equipment stored at the warehouse was inventoried in May and surplussed through GSA on June 13, 2013.

The EPA will continue to take corrective steps to improve the conditions at the warehouse as outlined in Attachment 3. We will also continue to take actions to ensure the conditions you identified do not recur at this facility or other EPA facilities. We will continue to work with the OIG on these actions. If you have any questions regarding the corrective or preventative actions, please contact me or have your staff contact Renee Page, director, Office of Administration, at (202) 564-8400. If you have any questions regarding the corrective or preventative actions identifying OEI as the lead office, please have your staff contact Jeff Wells, acting deputy director of OEI's Office of Information Collection, at (202) 566-1630. For questions related to OITA, please have your staff contact Dennis Cunningham, deputy director of OITA's Office of Management and International Services at (202) 564-6622.

Attachments

**cc: Malcolm Jackson
Michelle Depass
Renee Wynn
Nanci Gelb
Renee Page
John Bashista
Jeff Wells
Dennis Cunningham**



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

MAY 23 2013

OFFICE OF THE
ADMINISTRATOR

MEMORANDUM

SUBJECT: Conditions at the U.S. Environmental Protection Agency's Warehouse in Landover, Maryland

FROM: Bob Perciasepe, Acting Administrator *Bob Perciasepe*

TO: Arthur A. Elkins, Jr., Inspector General

I wish to thank you and your staff for bringing to my attention the conditions at the U.S. Environmental Protection Agency's warehouse in Landover, Maryland. Given the significance of the issues raised by the Office of Inspector General in a preliminary briefing to me on May 15, 2013, and in a second briefing to Nanci Gelb, principal deputy assistant administrator for the Office of Administration and Resource Management, on May 16, 2013, the EPA has taken immediate, aggressive actions to address the situation even before receiving recommendations for action in your forthcoming early warning letter. Once the EPA receives that letter, we will quickly review any recommendations of the OIG that we have not yet addressed. We look forward to working with OIG staff on remedying the immediate concerns at the facility and determining the need for new and enhanced policies and procedures to prevent a similar situation from occurring again at the EPA.

As detailed below, since receiving these briefings, the EPA has:

- issued a stop-work order to Apex Logistics, LLC, ensuring there will be no further access to the site by Apex personnel and that no further costs will be incurred under the Apex contract;
- re-secured the facility, including rekeying all exterior doors and remediating key worker safety concerns;
- inventoried and catalogued 100 percent of the items at the warehouse, excluding one class of furniture that requires the assistance of the manufacturer for cataloguing;
- identified, marked and segregated all surplus furniture, which will enable the reuse of the furniture by the General Services Administration;
- drafted new standard operating procedures for interacting with and maintaining the warehouse, which the EPA intends to implement expeditiously;
- consulted with the U.S. Department of State and implemented immediate changes to existing procedures to ensure safe handling of expired or no longer needed government passports;
- initiated an investigation and review by the agency's Breach Evaluation Team to evaluate any potential concerns with the safeguarding of personally identifiable information and to make recommendations as to how to address any breach or potential breach of the EPA's procedures to protect such information;
- commenced a review of the EPA's records program to identify and strengthen any policies and procedures addressing the transport, storage, access and disposition of agency records, including records that contain personally identifiable information;

- began a review of EPA personnel to determine whether any agency employees failed to perform their duties and, if so, what type of remedial or disciplinary action is appropriate; and
- ordered an agencywide review of warehouses and storage facilities, including directions to EPA senior managers to evaluate the conditions at all warehouses and storage facilities by the close of business on Thursday May 23, 2013.

Chronology of Actions by the EPA to Date

Actions Taken on Friday, May 17, 2013

Upon receiving a briefing by the OIG, the EPA took immediate action to remedy this situation. On Friday, May 17, 2013, OARM Principal Deputy Assistant Administrator Nanci Gelb and senior agency officials from OARM conducted a site visit to the warehouse and developed a plan of action. At 11 a.m. on May 17, 2013, OARM officials convened a meeting of senior managers from OARM, including those from OARM's Office of Administration, Office of Acquisitions Management and Office of Grants and Debarment; the Office of General Counsel; the Office of International and Tribal Affairs; the Office of Environmental Information; and the Office of External Affairs and Environmental Education to discuss each office's role and responsibilities in that action plan. Each office or sub-office left the meeting with clear direction on immediate steps to take in response to the warehouse conditions.

By 4 p.m. on May 17, 2013, the EPA had taken critical actions to remove Apex Logistics, LLC employees from the warehouse and to secure the site. The agency issued a stop-work order to Apex, immediately preventing Apex from completing any additional work under the contract or from incurring any additional reimbursable expenses under the contract. The Office of Acquisitions Management also determined this was the only contract Apex held with the EPA. The EPA's security staff confiscated the EPA contractor badges that had been issued to Apex personnel that were onsite and escorted those personnel off the premises. Contractor employees not at the site on May 17, 2013, had their access badges terminated remotely on May 17, 2013, as well. The EPA rekeyed all perimeter doors to ensure no future access by Apex personnel. The agency evaluated the security-camera system at the facility, determined that the most recent eight days of security-camera recordings were stored on a computer hard drive at the facility and conducted an initial review of the recordings. The EPA reset the warehouse intrusion-detection system to ensure that the system could be activated and deactivated by only the EPA. The EPA also contacted the warehouse landlord to update the landlord on the situation and seek assistance in controlling the site. The agency began the process of cataloguing and indexing the contents of the warehouse. Finally, the agency secured the services of a new contractor and several staff of the EPA to assess the facility during the weekend of May 18-19, 2013. Those actions are discussed below.

In addition to the efforts to secure the facility on or before Friday May 17, 2013, the EPA took key actions within the agency to address information security issues identified by OIG. OITA contacted the Department of State to determine an interim standard operating procedure for the decommissioning of expired or no longer needed government passports for agency personnel. Beginning immediately, the EPA will send expired or unneeded government passports to the Department of State for destruction, until such time as the agency can put in place a passport decommissioning process with the appropriate safeguards. OEI determined that the presence of documents containing personally identifiable information at the warehouse, when considered in light of the other conditions at the warehouse, warranted referring the matter to the EPA's Breach Evaluation Team. The Breach Evaluation Team comprises EPA senior career employees and is tasked with evaluating any breaches or potential breaches of the EPA's procedures for safeguarding personally identifiable information and determining appropriate responses to any breach or potential breach. OARM's Office of Grants and Debarment began the process of determining whether the problems identified with Apex's performance of this

contract provide grounds for a suspension action. If suspended, Apex would be temporarily excluded from receiving future contracts from the EPA and other federal agencies.

Actions Taken by the EPA on Saturday, May 18, 2013, and Sunday, May 19, 2013

EPA personnel worked at the warehouse with new contract employees during the weekend of May 18-19, 2013, to continue to evaluate and secure the site. The EPA initiated a health and safety review of the warehouse. The agency removed all propane tanks that had been brought onsite by Apex employees and secured those tanks outside of the building. Finally, the agency reoperationalized the facility's eye wash station for the safety of the workers in the building.

The EPA also made significant progress creating a new inventory of the warehouse's contents. By the end of the weekend, the agency had numbered and labeled all aisles and shelves in the warehouse. The EPA completed an inventory of all items in the warehouse, except for stationery and a single class of furniture that must be inventoried by the manufacturer. One hundred percent of that inventory was entered into a spreadsheet to enable accurate tracking moving forward. Staff from OARM identified, marked and segregated all surplus furniture, i.e. furniture no longer needed by the EPA. By designating serviceable furniture as surplus, the EPA begins a process where that furniture will be made available to other agencies through the General Services Administration. With regard to stationery, the EPA completed an inventory of approximately 75 percent of the stationery on site. Finally, the agency evaluated all of the boxes of documents on site to assess whether the boxes contained personally identifiable information. The review confirmed that some boxes did contain personally identifiable information in a range of dates. Any boxes that contained even a single document containing personally identifiable information were moved to a gated, locked and secured section of the warehouse. All information learned about the presence of personally identifiable information has been and will continue to be conveyed to the Breach Evaluation Team for consideration.

Actions Taken by the EPA on Monday, May 20, 2013

The EPA continued its aggressive response on Monday, May 20, 2013. On that day, the agency completed its inventory of all stationery at the warehouse. With the inventory of the stationery completed, the agency finalized the spreadsheet cataloging an inventory of all items at the site, except for one type of furniture for which assistance from the manufacturer is required. The EPA began the development of a new security plan for the facility that focuses on both internal and external security measures. This plan will include specifying locations where additional cameras will be placed, how many days of recordings will be preserved for each camera, how often the recordings will be reviewed and any other appropriate security measures. Once the new security plan is in place, the EPA will develop critical standard operating procedures to implement the plan. The EPA also neared completion of its review of the numerous examples of government form 5100, which is the form the agency uses to request action by Apex under the contract. The EPA will use these forms to help identify the source of the various documents and furniture contained at the site. Finally, the agency continued work on the finalization of interim SOPs to safeguard agency documents and resources until permanent SOPs can be established. The SOPs address operational and management procedures and specify internal controls relating to inventory, acquisition, performance reviews and management.

The EPA also continued to take actions and evaluate possible actions with regard to Apex Logistics, the contractor at the facility. While the EPA's stop-work order would prevent Apex from conducting additional work through the current end date of the contract of May 28, 2013, the agency began a legal analysis to determine whether the EPA could terminate the contract for cause before May 28, 2013. OARM's Office of Grants and Debarment and Office of Acquisitions Management continued to work with OGC and OIG to determine whether suspension or debarment of Apex from future government

contracts can be supported by the facts available. The EPA reviewed agency background investigations of Apex employees to help inform future actions. The agency took control of any computers that appeared to have been used by Apex personnel. OARM will work with OEI and OIG to recover any information relevant to the situation that is contained on those computers.

Actions Taken by the EPA on Tuesday, May 21, 2013

On Tuesday, May 21, 2013, the EPA took additional steps to address the situation. At 8 a.m. OARM's Gelb reconvened a group of senior agency officials, including OARM senior officials and those from OARM's Office of Administration, Office of Acquisitions Management and Office of Grants and Debarment as well as those from OGC, OEI and OEAAE. Each office reported on their actions taken to date and key next steps. At 9 a.m. Gelb and representatives from OGC, OEI, OEAAE, OITA, the Office of the Administrator and the Office of Congressional and Intergovernmental Relations briefed me on the agency's actions in response to the briefings by OIG, the current conditions of the warehouse and the plan for continued action.

At that meeting, I directed those present to evaluate the conditions at all warehouses and storage facilities used by the EPA and to take swift action to remedy any concerns identified with the conditions at any of those facilities. Later that day, OARM directed all assistant regional administrators to ensure that all organizations with warehouse or storage facilities conduct a thorough walk-through of their facilities and report the results of that walk-through to OARM by the close of business on Thursday, May 23, 2013. The assistant regional administrators were instructed that the walk-through should ensure that:

- 1) there are standard operating procedures and inventory systems in place that account for 100 percent of all equipment, vehicles, materials and supplies that are located in the facility;
- 2) any and all equipment, vehicles, materials and supplies are stored in an efficient, organized and safe manner;
- 3) there are standard operating procedures that clearly define the roles and responsibilities of all personnel – either contractor or federal employee – that are responsible for managing and operating the warehouse or storage facility;
- 4) for any contractor-run warehouse or storage facility, that there are procedures in place that ensure robust federal oversight of the contract;
- 5) all safety and health requirements for the facility are in place and that all safety and health equipment is operational;
- 6) any materials that are stored in the warehouse or storage facility that contain personally identifiable information are stored in a secure and safe location;
- 7) there are standard operating procedures in place for storage, handling and disposal of personally identifiable information; and
- 8) adequate security procedures are in place to ensure that the perimeter and interior space of the warehouse or storage facility are adequately secured and protected.

Later in the evening of May 21, 2013, Acting Principal Deputy General Counsel Kevin Minoli forwarded these instructions to the agency's regional counsels and deputy regional counsels and asked those individuals to assist the assistant regional administrators in completing this review. Within the EPA's headquarters similar instructions were provided to OIE, the Office of Research and Development, the Office of Solid Waste and Emergency Response and the Office of Air and Radiation. OARM and OGC will provide support to those offices as they examine any warehouse or storage facilities within their control.

In addition, OEI continued its effort to identify and implement improvements to the agency's management of records, including records that contain personally identifiable information. In particular, OEI intends to review and strengthen, if necessary, existing policies and procedures addressing the sensitivity level of records and the identification of such before the transport of those records to a storage or disposal facility. OEI will also ensure that safeguards for protecting personally identifiable information are a part of future records trainings for agency employees. They will work with property management and the Facilities Management Services Division in OARM to identify the established processes for safeguarding personally identifiable information in warehouses and storage facilities and improve those processes where necessary. Finally, OEI will work with the Facilities Management Services Division to revise standard operating procedures to ensure every EPA form 5100 is properly marked, whether for storage or shredding, when the form denotes that the files subject to the Form contain personally identifiable information or other sensitive information.

The EPA also continued its efforts at the warehouse facility on Tuesday May 21, 2013. The agency completed its safety and health audit of the facility to ensure that all of the worker health and safety issues identified by OIG employees or EPA employees had been addressed. Renee Page, director of OARM's Office of Administration, conducted a walk-through of the facility for Gelb and Minoli. The EPA continued work on a contract for interim logistics support until a permanent contract is awarded in June 2013. Finally, OARM began a review of the performance of employees responsible for the oversight and monitoring of the contractor's performance and will determine the appropriate response.

Conclusion

I deeply appreciate the strong relationships we have with OIG and your continued assistance to the EPA. As can be seen from the EPA's aggressive, comprehensive and coordinated response, the EPA took very seriously the conditions at the warehouse identified by OIG. During the past seven days, the EPA has taken significant steps to eliminate the conditions of concern identified by OIG in its initial briefing of agency leadership. I and agency staff will continue to update you and OIG staff on agency actions in the days ahead and will follow up with you as we receive any additional recommendations from your office.

The EPA is committed to addressing the previous conditions at the warehouse and implementing institutional protections to ensure those conditions do not recur at this facility or any other used by the agency. We look forward to working with OIG on any additional recommendations for action that you may have.

cc: Craig Hooks
Michelle DePass
Malcolm Jackson
Brenda Mallory
José Lozano
Tom Reynolds
Arvin Ganesan
Gwendolyn Keyes-Fleming
Kevin Minoli
Nanci Gelb
Charles Sheehan
Renee Wynn
Roxanne Smith
Nancy Grantham

Laura Vaught
Renee Page
Katrina Cherry
Robert Adachi
Craig Ulmer

Gelb, Nanci

From: Battin, Andrew
Sent: Friday, May 31, 2013 4:43 PM
To: Gelb, Nanci
Cc: Wynn, Renee; Guerrero, David; Miller, Kevin; Minoli, Kevin; Noga, Vaughn
Subject: BET-EX Report on Handling of Personally Identifiable Information (PII) at EPA Warehouse
Attachments: BET Ex Cmt Memo - Warehouse final.docx

MEMORANDUM

SUBJECT: Handling of Personally Identifiable Information (PII) at EPA Warehouse

FROM: Andrew T. Battin, Director
Office of Information Collection
Chair, Breach Evaluation Team Executive Committee

TO: Nanci Gelb
Principal Deputy Assistant Administrator
Office of Administration and Resources Management

The Agency's Breach Evaluation Team Executive Committee (BET EX) acts on behalf of the Agency's Chief Information Officer and Senior Agency Official for Privacy in deciding how the Agency responds to breaches of Sensitive Personally Identifiable Information (SPII). The purpose of this memorandum is to notify you that the BET EX has reviewed the findings and circumstances associated with the possible breach of SPII materials stored in boxes at an EPA warehouse. This possible breach was reported to the Breach Evaluation Team (BET) on May 20, 2013 by the Agency's Computer Security Incident Response Capability (CSIRC) Center. Earlier in the day on May 20, 2013, the Office of Administration and Resources Management (OARM) reported the incident to the EPA Call Center following a meeting with the Office of the Inspector General (OIG). The OIG's recent audit of the facility, operated by contractor staff, and a recent visit from the Agency's Privacy Officer to the warehouse, identified several deficiencies in the handling of SPII stored at the location, including the condition of boxes and possible unauthorized access to SPII stored in the boxes. However, to date, neither the OIG nor the BET have identified any actual misuse of PII or SPII stored at the warehouse. We will continue to investigate and monitor the situation and take additional action should such evidence be discovered.

The BET EX understands that approximately 171 boxes of records are being stored at the warehouse in question and that many of the boxes contain PII and SPII. Material shared with the BET EX indicates that there are various types of documents stored in the warehouse that are designated for shredding and contain SPII (driver's license numbers, SSNs, passports). The boxes containing these documents are not properly managed and maintained (i.e., marked and secured), creating a risk that the PII and SPII contents could be breached. Based on the BET review of background materials provided by OARM and BET interviews with the OIG audit team, the OIG investigatory team and OARM management, to date, evidence of actual unauthorized access, inappropriate use, or loss of control of the information stored in the boxes at the warehouse by either EPA or contractor employees has not been uncovered. Both OARM and the OIG conducted a review of the warehouse space and stated that while there were significant concerns with the operations at the warehouse, they found no evidence of actual unauthorized access, inappropriate use or loss of control of the records with PII and SPII stored in the boxes. OIG and OARM's investigation into and response to the conditions at the warehouse continue, and the BET will work closely with those offices to address any new information that is discovered.

Although evidence of an actual SPII breach has not been uncovered at this time, there are numerous procedural, processing and contractor oversight and performance issues associated with the management and maintenance of the Agency's records at this warehouse location. These issues create an environment of potential risk for the safekeeping of these documents which contain PII and SPII. The BET EX recommends that OARM work with the Agency's Privacy and Records Program staffs to fix the immediate problems that were identified at this location, and to ensure that documents at the warehouse, or destined for the warehouse or other facilities in the future, will be managed properly, and that PII and SPII records ready for destruction are properly and promptly destroyed.

Please do not hesitate to contact me or other members of the BET EX, Vaughn Noga or Geoff Cooper, if you have any questions.

cc: Vaughn Noga, OEI
Geoff Cooper, OGC
Renee Wynn, OEI

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Corrective Action Plan (Attachment 3)

**Report No. 13-P-0272, Early Warning Report: Main EPA Headquarters Warehouse in Landover, Maryland,
Requires Immediate EPA Attention**

Corrective Action	Lead Office	Planned Completion Date
Generate an inventory and valuation of the Haworth systems furniture at the warehouse.	OARM	June 2013
Perform a valuation of all loose furniture at the warehouse.	OARM	June 2013
Transfer surplus furniture and equipment to GSA.	OARM	June 2013
Mitigate operational safety findings identified at the warehouse.	OARM	June 2013
Develop security plans for warehouse perimeter and interior space.	OARM	June 2013
Transfer surplus systems furniture to GSA.	OARM	July 2013
Receive and review GSA's written Corrective Action Plan leading to the mitigation of the infrastructure-related safety findings.	OARM	July 2013
Award the permanent labor services support contract to provide warehouse operations support.	OARM	August 2013
Release two bays at the Landover warehouse.	OARM	October 2013
Review and dispose of records remaining at the warehouse.	OARM with technical support from OEI	June 2013
Sample boxes currently designated for shredding at the warehouse - preserve records as needed and destroy remainder.	OARM with technical support from OEI	June 2013
Develop communications to records community related to HQ records transport, centralized shredding services, and identify potential long-term options for OARM or the WCF to consider in a future centralized records/document destruction/shredding service.	OEI	June 2013
Update EPA Form 5100 for records transport and develop a separate form for document/record shredding/destruction.	OARM with technical support from OEI	June 2013
Review and strengthen training on general records management; and on identification, handling, transport, storage and protection of PII or records that are sensitive or that contain PII.	OEI	ongoing