



At a Glance

Why We Did This Review

The purpose of this review was to determine the use of procedures by the U.S. Environmental Protection Agency (EPA), other federal agencies and states to manage the communication of and appropriate action on laboratory data determined to be fraudulent. We refer to this as a due diligence process.

The EPA relies on external laboratories to provide environmental testing data and results. Intentionally falsified or fraudulent data can impact the public's trust in the EPA and could have serious implications for protecting human health and the environment from hazardous or toxic substances.

The report addresses the following EPA goals or cross-cutting strategies:

- *Cleaning up communities and advancing sustainable development.*
- *Addressing climate change and improving air quality.*
- *Protecting America's waters.*

For further information, contact our public affairs office at (202) 566-2391.

The full report is at:
www.epa.gov/oig/reports/2014/20140529-14-P-0270.pdf

EPA Has Not Implemented Adequate Management Procedures to Address Potential Fraudulent Environmental Data

What We Found

The EPA lacks a due diligence process for potential fraudulent environmental data. The agency has three policies and procedures that address how to respond to instances of fraudulent data, but they are all out of date or unimplemented. Our survey of EPA regional offices disclosed that a majority of respondents were unaware there was a policy, and approximately 50 percent expressed the need for such policies and procedures. The EPA plans to issue revised policy by fiscal year 2017. Until then, unimplemented and out-of-date policies and procedures—and lack of EPA staff awareness of those policies that do exist—create risk that EPA staff will fail to properly communicate the information regarding fraudulent data to appropriate program offices and data users; review and analyze the data for potential impacts to human health and the environment; or review and amend, if possible, past environmental decisions that were based on fraudulent data. According to staff of the federal agencies and states we contacted in this evaluation, they also do not have formal, written due diligence processes.

The EPA is not ensuring that fraudulent laboratory environmental data is being communicated to appropriate program offices and data users, reviewed, and analyzed for its impact on human health and the environment.

Further, the EPA does not consistently notify the states when laboratory due diligence activities can begin during or following a fraud investigation that affects state environmental programs. The agency does not have a policy on communicating case information with the states and other regulating parties during investigations, due to the sensitive nature of investigations which could be jeopardized, and because rights of innocents could be threatened and suspects could be unfairly maligned in an ongoing fraud investigation. As a result, laboratory fraud cases may not include a due diligence review. In such cases, potentially negative impacts to human health and the environment due to fraudulent lab data could go undetected.

Recommendations and Planned Corrective Actions

We recommend that the agency incorporate a process to respond to instances of fraudulent data into its current policy until the revised policy is issued. We also recommend that the agency state the details of a laboratory fraud due diligence process in its new policy. Further, we recommend that the agency develop guidelines outlining the response when fraudulent laboratory data is discovered in ongoing criminal investigations. We recommend training on laboratory fraud due diligence processes and procedures for all relevant staff. The EPA agreed with our recommendations and we agreed with the EPA's proposed corrective actions.