



OFFICE OF INSPECTOR GENERAL

Semiannual Report to Congress

April 1, 2016–September 30, 2016

EPA-350-R-16-002
November 2016

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Inspector General Act of 1978, as amended

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Abbreviations

| | |
|--------|--|
| CFR | Code of Federal Regulations |
| CSB | U.S. Chemical Safety and Hazard Investigation Board |
| EPA | U.S. Environmental Protection Agency |
| FY | Fiscal Year |
| NESHAP | National Emission Standards for Hazardous Air Pollutants |
| OIG | Office of Inspector General |

Are you aware of fraud, waste or abuse in an EPA program?

EPA Inspector General Hotline

1200 Pennsylvania Avenue, NW (2431T)
 Washington, DC 20460
 (888) 546-8740
 (202) 566-2599 (fax)
OIG_Hotline@epa.gov

Learn more about our [OIG Hotline](#).

EPA Office of Inspector General

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Message to Congress

During this semiannual period, the hotline operated by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA) received 195 complaints of fraud, waste and abuse. These complaints generated a number of issues for scrutiny through audit, evaluation and investigative work. Also, the OIG made available a new poster encouraging anyone who sees something wrong to report it to our hotline. The OIG completed numerous hotline reviews for which we issued results and recommendations.



Arthur A. Elkins Jr.

Results Stemming From OIG Work on Hotline Complaints

Based on a hotline complaint, we found that an EPA employee had banked so much religious compensatory time that upon retirement the person received a payout for unused time of more than \$32,000. Further, a review of the agency's internal controls for religious compensatory time found that 13 other employees, upon separation, received a total of about \$41,000 for unused time, and additional employees may earn up to nearly \$82,000 in future payments if efforts are not made to reduce their high balances.

As a result of action by the EPA OIG Hotline review process, the agency took emergency steps to reduce the threat of asbestos exposure to residents near the abandoned Old Davis Hospital being demolished in Statesville, North Carolina. After the OIG sent a memo to the agency noting how debris at the site containing asbestos was not being properly treated, the EPA confirmed the potential asbestos risk, informed nearby residents of the problem, obtained funding, kept the debris pile wet, performed air monitoring, secured the site, and completed an emergency removal of 400 tons of debris.

A hotline investigation resulted in an Arlington, Texas, laboratory and its top officials being debarred from federal procurement for a year related to entry of false information in laboratory reports.

Other Key Results

Although progress has been made to improve cleanup at the CTS of Asheville Superfund Site in North Carolina, where several residents had to be moved from their homes due to unsafe levels of the chemical trichloroethylene in the air, improvement can be made to accelerate the pace as well as in communication efforts. Vapor intrusion work plans did not include some prior sampling, and some monitoring was too limited.

Our examination of the Renewable Fuel Standard program found that the EPA has not complied with the requirement to provide a report on the impacts of biofuels every 3 years to Congress, which could result in Congress and others not having sufficient information to make decisions about the standard.

OIG Accomplishments During Reporting Period

- More than \$191 million in questioned costs and recommended efficiencies.
- More than \$243,000 in total fines and recoveries.
- 201 reports issued (39 by EPA OIG and 162 by Single Auditors).
- 73 investigative cases closed.
- 43 administrative actions resulting from investigative cases.
- 208 hotline inquiries closed.

We also found that, with regard to the EPA’s Transit Subsidy Benefits program—through which approximately \$9.6 million a year was spent for subsidies managed by 13 different EPA offices—the agency did not comply with all federal internal control requirements, resulting in at least \$137,000 in unnecessary payments.

In a long-running case, John Bennett, the former Chief Executive Officer of a company that treated and disposed of contaminated soil, was sentenced to 63 months in prison, and ordered to pay \$3.8 million in restitution, for his role in fraud and kickback schemes at the Federal Creosote Superfund site in New Jersey. In another case, a Mississippi man—David L. Frisby—was sentenced to 18 months in prison for defrauding scrap metal brokerage companies out of more than \$144,000.

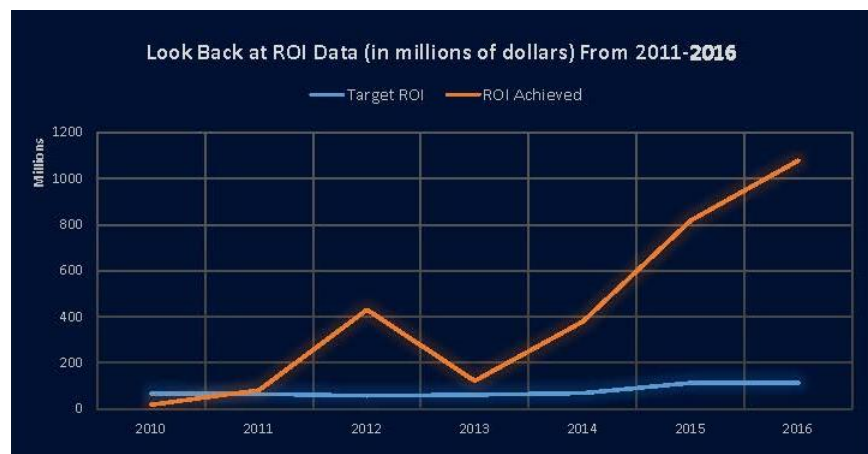
An Atlanta, Georgia, man was found guilty of 97 criminal counts, including assault and robbery of an EPA Special Agent, and sentenced to 55 years in prison (50 years to be served in confinement and the remaining 5 years on probation). The individual had robbed an EPA Criminal Investigation Division Special Agent in Charge at gunpoint and stolen the agent’s vehicle, along with numerous other items. The EPA OIG had responded to the original crime scene and was actively involved in the investigation.

A Saratoga County, New York, man was sentenced to 3 days in jail and 3 years’ probation for making terroristic threats to two federal employees (including one at the EPA). The man had left threatening voice messages and posted numerous threatening comments in internet chat rooms directed at the EPA and other federal employees who enforce environmental laws, including talking about opening fire on agents.

OIG Return on Investment Increases

Over the past 6 years, the OIG endured substantial resource cuts that tested this organization, yet we adapted and prevailed, thanks in large part to successfully managing efficiencies. Despite enduring a government shutdown in 2013, agency sequestration,

increasing congressional demands, budget restrictions and a near 20-percent staff reduction, the OIG’s production, in many ways, has improved. Return-on-investment (ROI) data reveal enormous gains since fiscal years 2011 through 2016 (see graph). This surge is particularly impressive considering the large amount of mandated work that must be done, such as an annual audit of the agency’s financial statements. Further details on ROI are in this report’s “Scoreboard of Results.”



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) is to protect human health and the environment. As America's steward for the environment since 1970, the 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 Office of Inspector General

EPA OIG Peer Reviewed

The systems of quality control for the EPA OIG are peer reviewed by another OIG on a regular basis to ensure that the EPA OIG satisfies professional standards. The last external peer review of the EPA OIG's audit and evaluation offices was completed in June 2015 and the last external peer review of the EPA OIG's investigations office was completed in December 2014. Both reviews gave the EPA OIG the highest rating possible—*pass*. Further details are in Appendix 4.

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 the 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 EPA headquarters in Washington, D.C.; at the EPA's 10 regional offices; and at other EPA locations, including Research Triangle Park, North Carolina, and Cincinnati, Ohio. 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.

Scoreboard of Results

The information below shows taxpayer return on investment for work performed by the EPA OIG during fiscal year (FY) 2016 compared to FY 2016 annual performance goal targets. All results reported are based on goals and plans established based on the Government Performance and Results Act.

| Annual Performance Goal 1: Environmental and business outcome actions taken or realized by the EPA (based on OIG recommendations) | |
|--|---|
| Target: 274 Reported: 285 (107% of goal) | Supporting measures 292 Environmental and management actions implemented or improvements made 1 Critical congressional and public concern addressed 1 Legislative or regulatory change made |
| Annual Performance Goal 2: OIG environmental and business output recommendations, awareness briefing or testimony (for agency action) | |
| Target: 1,094 Reported: 1,127 (103% of goal) | Supporting measures 478 Environmental and management recommendations or referrals for action 521 OIG-identified findings in external reports impacting EPA 32 Environmental and management risks and vulnerabilities identified 96 External awareness briefings, training or testimony given |
| Annual Performance Goal 3: Monetary return on investment – potential monetary return on investment as percentage (220%) of budget | |
| Target: 220% Return on Investment Reported: \$1.07 billion * (2,098% of goal) | Supporting measures \$14.32 Questioned costs \$178.12 Recommended efficiencies, costs saved \$0.33 Fines, penalties, settlements and restitutions resulting from OIG investigations \$14,900.7 Fines, penalties, settlements and restitutions resulting from joint investigations between EPA OIG and other federal entities * \$886.26 Other federal recommended efficiencies (non-EPA unliquidated funds identified by EPA OIG) |
| Annual Performance Goal 4: Criminal, civil and administrative actions reducing risk or loss/operational integrity | |
| Target: 145 Reported: 181 (125% of goal) | Supporting measures 10 Criminal convictions 10 Indictments, informations and complaints 5 Civil actions 66 Administrative actions (other than debarments or suspensions) 28 Suspension or debarment actions 23 Allegations disproved 39 Fraud briefings |
| Other (no targets established) | |
| Savings and recommendations sustained from current and prior periods: <ul style="list-style-type: none"> • \$0.41 million in questioned costs sustained • \$25.79 million in cost efficiencies sustained or realized • 374 recommendations sustained (88% of recommendations issued) Reports Issued: <ul style="list-style-type: none"> • 67 reports issued by EPA OIG • 258 issued by single auditors ** | |

* The total reported return on investment for the EPA OIG of \$1.07 billion does not include the \$14.9 billion settlement reached as a result of efforts by the U.S. Department of Justice Civil Fraud Task Force that developed a civil case against British Petroleum related to the 2010 Deepwater Horizon oil spill in the Gulf of Mexico. The EPA OIG participated on the task force.

**Further details on single audits, which are generally audits of nonfederal entities performed by private firms, are on page 43.

Sources: OIG Performance Measurement Results System and Inspector General Enterprise Management System.

FY 2016 EPA Management Challenges Issued

Attention to agency management challenges—areas with greater vulnerability to waste, fraud, abuse and mismanagement—could result in better protection for the public, and increased confidence in management integrity and accountability. As required by the Reports Consolidation Act of 2000, the OIG reported the following issues that it considered the EPA's major management challenges for FY 2016. The issues are discussed in Report No. [16-N-0206](#), issued June 16, 2016.

- **The EPA Needs to Improve Oversight of States, Territories and Tribes Authorized to Accomplish Environmental Goals:** Oversight of states, territories and tribes requires that the EPA establish consistent baselines to be met and monitoring programs.
- **The EPA Needs to Improve Its Workload Analysis to Accomplish Its Mission Efficiently and Effectively:** EPA program and regional offices need to conduct more systematic workload analyses and identify workload needs.
- **The EPA Needs to Enhance Information Technology Security to Combat Cyber Threats:** Information security challenges for the EPA include improving its information security program and managing contractors that provide support.
- **The EPA Continues to Need Improved Management Oversight to Combat Waste, Fraud and Abuse:** Improvements are needed regarding time and attendance controls, segregation of duties, real property management and travel.



Furthering EPA's Goals and Strategies

When conducting our audit and evaluation work during the second half of FY 2016, we took into account the EPA's five strategic goals and four cross-agency strategies in the agency's FYs 2014–2018 Strategic Plan. The table below shows how our reports on the EPA aligned with the agency's goals/strategies.

OIG-Issued Reports — Linkage to EPA Goals and Strategies

| OIG Report | Report No. | Climate Change/ Air Quality | Protecting America's Waters | Cleaning Communities/ Sustainable Development | Safe Chemicals/ Preventing Pollution | Enforcing Laws/ Ensuring Compliance | Working Toward Sustainable Future | Making Difference in Communities | State, Tribal, Local and International Partnerships | Embracing EPA as High-Performing Organization |
|---|------------|--------------------------------|-----------------------------|--|---|--|-----------------------------------|----------------------------------|---|---|
| EPA Should Timely Deobligate Unneeded Contract, Purchase and Miscellaneous Funds | 16-P-0135 | | | | | | | | | X |
| EPA Needs to Assess Environmental and Economic Benefits of Completed Clean Water State Revolving Fund Green Projects | 16-P-0162 | | X | | | | X | X | | |
| Clean Air Act Facility Evaluations Are Conducted, but Inaccurate Data Hinder EPA Oversight and Public Awareness | 16-P-0164 | X | | | | X | | | | |
| EPA Region 9 Needs to Improve Oversight Over Guam's Consolidated Cooperative Agreements | 16-P-0166 | | X | | | | | | X | |
| EPA Complied With Improper Payment Legislation, but Stronger Internal Controls Are Needed | 16-P-0167 | | | | | | | | | X |
| EPA Region 9 Needs to Improve Oversight Over American Samoa Consolidated Cooperative Agreements | 16-P-0181 | | X | | | | | | X | |
| EPA Needs Better Data, Plans and Tools to Manage Insect Resistance to Genetically Engineered Corn | 16-P-0194 | | | | X | | | | | |
| EPA Improved Its National Security Information Program, but Some Improvements Still Needed | 16-P-0196 | | | | | | | | | X |
| EPA's Key Management Challenges-2016 | 16-N-0206 | X | X | X | X | X | X | X | X | X |
| EPA Region 9 Needs to Improve Oversight Over Commonwealth of the Northern Mariana Islands Consolidated Cooperative Agreements | 16-P-0207 | | X | | | | | | X | |
| Follow-Up Report: EPA Has Completed Actions to Improve Implementation of the Rulemaking Process | 16-P-0211 | | | | | | | | | X |
| EPA Improved Controls Over Billing Reimbursable Interagency Agreement Expenditures to Other Agencies | 16-P-0212 | | | | | | | | | X |
| EPA's Financial Oversight of Superfund State Contracts Needs Improvement | 16-P-0217 | | | | | | | | | X |
| Hawaii Department of Health Needs to Reduce Open Grants and Unspent Funds | 16-P-0218 | | X | | | | | | X | |
| EPA Has Developed Guidance for Disaster Debris but Has Limited Knowledge of State Preparedness | 16-P-0219 | X | | X | X | | | | | |

| OIG Report | Report No. | Climate Change/ Air Quality | Protecting America's Waters | Cleaning Communities/ Sustainable Development | Safe Chemicals/ Preventing Pollution | Enforcing Laws/ Ensuring Compliance | Working Toward Sustainable Future | Making Difference in Communities | State, Tribal, Local and International Partnerships | Embracing EPA as High-Performing Organization |
|---|------------|--------------------------------|-----------------------------|--|---|--|-----------------------------------|----------------------------------|---|---|
| EPA Has Developed Guidance for Disaster Debris but Has Limited Knowledge of State Preparedness | 16-P-0222 | | X | | | X | | | | X |
| EPA Cannot Assess Results and Benefits of Its Environmental Education Program | 16-P-0246 | | | | | | | | | X |
| Audit of Financial Statements for EPA's Hazardous Waste Electronic Manifest System Fund From Inception (October 5, 2012) to September 30, 2014 | 16-F-0251 | | | | | | | | | X |
| Cybersecurity Act of 2015 Report: EPA's Policies and Procedures to Protect Systems With Personally Identifiable Information | 16-P-0259 | | | | | | | | | X |
| EPA Needs to Improve Oversight of Its Transit Subsidy Benefits Program | 16-P-0268 | | | | | | | | | X |
| EPA Has Not Met Certain Statutory Requirements to Identify Environmental Impacts of Renewable Fuel Standard | 16-P-0275 | X | | | | | X | | | X |
| EPA Region 9 Needs to Improve Oversight of San Francisco Bay Water Quality Improvement Fund Grants | 16-P-0276 | | X | | | | | | | X |
| EPA Achieved Scientific Benefits When Using Reimbursable Research Agreements, but Better Estimating of In-Kind Costs Is Needed | 16-P-0279 | | | | | | | | | X |
| EPA Oversight of Travel Cards Needs to Improve | 16-P-0282 | | | | | | | | | X |
| Progress Made, but Improvements Needed at CTS of Asheville Superfund Site in North Carolina to Advance Cleanup Pace and Reduce Potential Exposure | 16-P-0296 | | | X | | | | | | |
| Oregon Health Authority's Prior Labor-Charging Practices Under EPA Grants Did Not Meet Requirements | 16-P-0313 | | X | | X | | X | | | |
| EPA Needs a Risk-Based Strategy to Assure Continued Effectiveness of Hospital-Level Disinfectants | 16-P-0316 | | | | X | | | | | |
| Manchester Band of Pomo Indians Needs to Improve Its Financial Management System and Demonstrate Completion of Grant Work | 16-P-0320 | | X | X | | | | X | | |
| Fiscal Years 2014 and 2013 Financial Statements for the Pesticides Reregistration and Expedited Processing Fund | 16-F-0322 | | | | | | | | | X |
| Fiscal Years 2014 and 2013 Financial Statements for the Pesticide Registration Fund | 16-F-0323 | | | | | | | | | X |
| Enhanced Controls Needed to Prevent Further Abuse of Religious Compensatory Time | 16-P-0333 | | | | | | | | | X |
| Totals | | 4 | 10 | 4 | 5 | 3 | 4 | 3 | 5 | 19 |

Status of Impediments to OIG Efforts

In our semiannual report for the previous period, we reported on several impediments to OIG work. We report here on progress made on those previous items during the current period; there are no new impediments to report.

The EPA Office of Homeland Security, other EPA offices and the OIG have agreed upon an Insider Threat Policy that provides an appropriate role for, and participation by, the OIG. Implementing procedures consistent with that policy are to follow.

The OIG and EPA Office of Homeland Security continue to discuss sharing of information between these offices regarding certain matters involving national security or classified information, and involvement by the Office of Homeland Security or OIG with the Federal Bureau of Investigation on those matters. While we have not reached final agreement on protocols that will govern such cases, as far as the OIG is aware, there are no current cases within OIG purview from which the OIG has been precluded access.

OIG Identifies Funds to Be Put to Better Use and Health and Environmental Concerns

During the semiannual reporting period, a number of reports that we issued noted instances of funds that could potentially be put to better use. For example:

- We identified Superfund State Contracts with available reimbursable funds totaling \$2.3 million that could be used for other projects. (Report No. [16-P-0217](#))
- We found that up to \$156.5 million in FY 2013 Clean Water State Revolving Fund awards could be at risk of misuse due to EPA regions not properly assessing state performance. (Report No. [16-P-0222](#))
- Without adequate internal controls and oversight, more than \$193 million in grant funds to the Pacific Territories (Guam, American Samoa and Commonwealth of the Northern Mariana Islands) may not be administered efficiently and effectively. (Report Nos. [16-P-0166](#), [16-P-0181](#) and [16-P-0207](#), respectively)
- Only one of the EPA's 13 Transit Subsidy Benefits program locations implemented all minimum internal control requirements, increasing the risks of potential waste and abuse for about \$10 million in such payments annually. We found at least \$137,000 in unnecessary payments. (Report No. [16-P-0268](#))

In addition, we found instances in which the EPA can better protect human health and the environment. For example:

- Despite progress made in protecting residents near the CTS of Asheville Superfund site in North Carolina, improvements can be made to accelerate the pace of cleanup and improve vapor intrusion work plans. (Report No. [16-P-0296](#))
- Because the EPA has not complied with requirements to provide a report on the impact of biofuels to Congress every 3 years, Congress and other stakeholders lack key information on biofuel impacts. (Report No. [16-P-0275](#))
- In response to natural disasters, the EPA has limited information on the types of, volumes of and disposal sites for disaster debris that is not hazardous waste and, consequently, the EPA cannot assess states' readiness to manage disaster debris. (Report No. [16-P-0219](#))

Details on these and other issues are in the "Significant OIG Activity" section.

Significant OIG Activity

Congressional Activities

Testimony

Assistant Inspector General for Investigations Testifies on Employee Misconduct

On May 18, 2016, Patrick Sullivan, Assistant Inspector General for Investigations, testified before the U.S. House of Representatives Committee on Oversight and Government Reform on [OIG Investigations of Employee Misconduct at the U.S. Environmental Protection Agency](#). At the committee's request, Mr. Sullivan provided an overview of several cases of EPA employees or contractors who had viewed and downloaded pornography on government-issued computers, as well as other types of misconduct, such as misuse of government funds and equipment. Some of the cases resulted in criminal prosecution, termination of employment and repayments to the EPA.

Mr. Sullivan noted that most of the instances of misconduct had occurred at least 2 years earlier, and the EPA has made significant improvements since then. "I am happy to report that since I last testified before this committee ... in April 2015, the agency's internal adjudication process has dramatically improved." Mr. Sullivan noted that, at the suggestion of the committee, the OIG and agency officials now meet biweekly to address cases. "Misconduct cases are now being addressed faster and more consistently by EPA management. This increased efficiency is the result of the coordination and communication between the OIG and the agency to create a streamlined process to address employee misconduct issues. I believe that this process can serve as a 'best practices' model for the federal government," he said.

Counsel to the Inspector General Testifies on Unimplemented Recommendations

On June 14, 2016, Alan Larsen, Counsel to the Inspector General, testified before the U.S. Senate Committee on Environment and Public Works, Subcommittee on Superfund, Waste Management, and Regulatory Oversight, on [Unimplemented OIG Recommendations at the U.S. Environmental Protection Agency and U.S. Chemical Safety and Hazard Investigation Board](#). Mr. Larsen noted that, as of March 31, 2016, there were 148 recommendations unimplemented by the EPA (89 at least 1 year old) and 10 recommendations unimplemented by CSB (all at least 1 year old). Summaries on unimplemented recommendations are included in each Semiannual Report to Congress.

“Implementation of the OIG’s recommendations is vital to the effectiveness and efficiency of agency programs and operations. The OIG definitely shares this subcommittee’s interest in seeing that the agency is held accountable for addressing the recommendations,” Mr. Larsen said. Mr. Larsen described the tracking process for recommendations, as well as the resolution process for recommendations with which the agency disagrees, and emphasized the importance for the agency to act on recommendations. “The impact of OIG recommendations may be direct cost savings for the EPA or the CSB, or improvements in program efficiency and/or effectiveness. While some of these improvements may not result in direct monetary recoveries, the improvements instead may ensure the integrity of EPA and CSB programs, or result in other benefits that are not readily translated into a dollar savings amount,” he said.

Briefings

Frequent Briefings Provided to Congress

During this reporting period, the OIG provided more than 18 briefings to Congress on the OIG’s work. We regularly offered more focused presentations on individual topics. Additional OIG work receiving congressional interest included: (1) the EPA’s employee integrity cases; (2) the OIG’s ongoing criminal investigation, as well as a separate evaluation, on the cause of, and the EPA’s response to, an August 2015 spill of heavy metals into a tributary to the Animas River in Colorado from the Gold King Mine; and (3) the OIG’s August 2016 report on whether the EPA complied with statutory reporting requirements pertaining to the Renewable Fuel Standard.

We briefed committee staff in preparation for hearings held on employee misconduct at the EPA, and on unimplemented OIG recommendations at the EPA and CSB. During this reporting period, the OIG received many congressional requests for specific data.

Human Health and Environmental Issues

Progress Made, but Improvements Needed at CTS of Asheville Superfund Site in North Carolina to Advance Cleanup Pace and Reduce Potential Exposure

Report No. [16-P-0296](#), issued August 31, 2016



Ambient air sampling inside a home near the CTS of Asheville Superfund site. (EPA photo)

In June 2014, EPA Region 4 moved residents from three homes near the CTS of Asheville Superfund site in North Carolina because of unsafe levels of the harmful chemical trichloroethylene in the air of their homes. Our evaluation of actions taken by the agency found that progress has been made in investigating and cleaning up the site. However, Region 4 could make improvements to accelerate the pace. Vapor intrusion work plans did not include some prior sampling, and some monitoring was too limited. Some investigations were delayed as Region 4 worked to obtain access to private property. In addition, the region's communication efforts were not always effective, which hampered the progress of site investigation. Also, the region had not met its commitment to provide online access to documents. We made 12 recommendations to improve Region 4's procedures. Most of the recommendations are resolved, but three are not and resolution efforts are in progress.

Both a [video and podcast](#) on the CTS of Asheville report are available.

EPA Has Not Met Certain Statutory Requirements to Identify Environmental Impacts of Renewable Fuel Standard

Report No. [16-P-0275](#), issued August 18, 2016

The EPA's Office of Research and Development has not complied with the requirement to provide a report on the impacts of biofuels every 3 years to



Sign on a gasoline dispenser noting the gasoline contains ethanol, considered a renewable fuel. (EPA OIG photo)

Congress. The Renewable Fuel Standard program requires a certain volume of renewable fuel to replace or reduce the quantity of petroleum-based transportation fuel, heating oil or jet fuel. The program seeks to reduce greenhouse gas emissions, expand the nation's renewable fuels sector, and reduce oil imports. The EPA provided a report to Congress in 2011, but the agency has not provided subsequent reports as required. In addition, the EPA's Office of Air and Radiation has not fulfilled requirements to analyze and address any negative air-quality impacts associated with of the standard. Consequently, the EPA, Congress and other stakeholders lack key information on biofuel impacts needed to make science-based decisions about the standard. The agency agreed to take the corrective actions recommended.

A [podcast](#) on the Renewable Fuel Standard report is available.

EPA Needs Better Data, Plans and Tools to Manage Insect Resistance to Genetically Engineered Corn

Report No. [16-P-0194](#), issued June 1, 2016

The EPA's ability to manage and delay increased insect resistance to genetically engineered *Bacillus thuringiensis* corn is hindered by challenges with the Insect Resistance



Adult corn rootworm feeding on a corn plant. (U.S. Department of Agriculture photo)

Management program overseen by the EPA. Changes are needed to the program to increase the agency's ability to proactively detect resistance, confirm and address potential resistance, and share program information with stakeholders. In 2015, the corn crop in the United States was valued at about \$50 billion, and 80 percent of the acreage consisted of genetically engineered *Bacillus thuringiensis* plantings that have reduced insecticide applications by 123 million pounds. We recommended that the agency standardize a testing method for confirming resistance, develop a method to allow researchers and growers to directly report resistance concerns, prepare remedial action plans, and increase requirements for resistance monitoring data. The EPA generally agreed with our recommendations and provided acceptable corrective actions.

A [podcast](#) on the genetically engineered corn report is available.

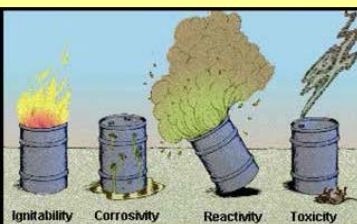
EPA Has Developed Guidance for Disaster Debris but Has Limited Knowledge of State Preparedness

Report No. [16-P-0219](#), issued June 29, 2016

Hazardous Waste

According to the EPA, hazardous waste includes waste that exhibits at least one of four characteristics:

- **Ignitable** – Can readily catch fire.
- **Corrosive** – Acidic or alkaline.
- **Reactive** – Unstable under "normal" conditions.
- **Toxic** – Harmful or fatal when ingested or absorbed.



(EPA image)

The EPA has worked with other federal agencies in response to natural disasters, but, according to EPA staff, the agency has limited information on the types of, volumes of and disposal sites for disaster debris that is not hazardous waste. The EPA can reduce the risk of future unsafe debris disposal practices by improving its understanding and awareness of the quality and completeness of state disaster debris management plans. Without doing so, the EPA cannot assess states' readiness to manage disaster debris, and scenarios where disaster debris is not managed or disposed of in an environmentally sound manner could result. We recommended that the agency establish procedures for EPA regions to obtain necessary information, and develop a plan to provide assistance to states to address the major elements identified in EPA guidance. The EPA agreed with all our recommendations, and the recommendations are resolved.



Household hazardous waste. (EPA photo)

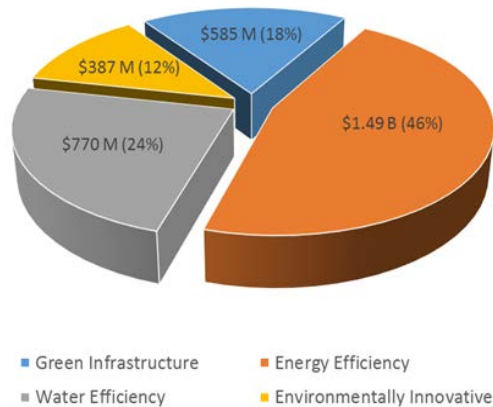
EPA Needs to Assess Environmental and Economic Benefits of Completed Clean Water State Revolving Fund Green Projects

Report No. [16-P-0162](#), issued May 2, 2016

A [podcast](#) on the green projects report is available.

The EPA does not routinely assess the environmental and economic benefits of completed Green Project Reserve projects

Breakdown of the \$3.24 billion in Green Project Reserve work (June 30, 2009 – June 30, 2014)



Source: OIG analysis of EPA National Information Management System.

in the agency's Clean Water State Revolving Fund loan program. From 2009 through 2014, the EPA awarded \$3.24 billion in Green Project Reserve funding to states, for such activities as green infrastructure and water and energy efficiency improvements. We found that the EPA has not designed a system to collect benefits information after project completion to ensure this significant investment in funds was beneficial. Agency and state staff have a perception that benefits collection would be an administrative burden for loan recipients. Despite this perception, we noted that environmental benefits information for some projects had been collected and is available. We recommended that the EPA publicly release benefit findings from internal reports, develop a routine process to collect benefits data, and evaluate and report the information collected to the public. All recommendations are unresolved.

Clean Air Act Facility Evaluations Are Conducted, but Inaccurate Data Hinder EPA Oversight and Public Awareness

Report No. [16-P-0164](#), issued May 3, 2016

Information obtained through the EPA's Enforcement and Compliance History Online website incorrectly indicated that many major Clean Air Act facilities had not received full compliance evaluations in 5 years; the agency's Compliance Monitoring Strategy recommends an evaluation every 2 years. We found that the website data were inaccurate. Most facilities in our review had either received the required evaluation—



EPA evaluates stationary sources of air pollution to evaluate compliance with applicable requirements. (EPA photo)

conducted to ensure facilities complied with laws and regulations for protecting the public from harmful air pollutants—or the facility was no longer considered a major facility and thus did not require the evaluation. Inaccurate data hinder EPA oversight, reduce assurance that delegated compliance programs comply with the agency's strategy, and misinform the public about the status of facilities.

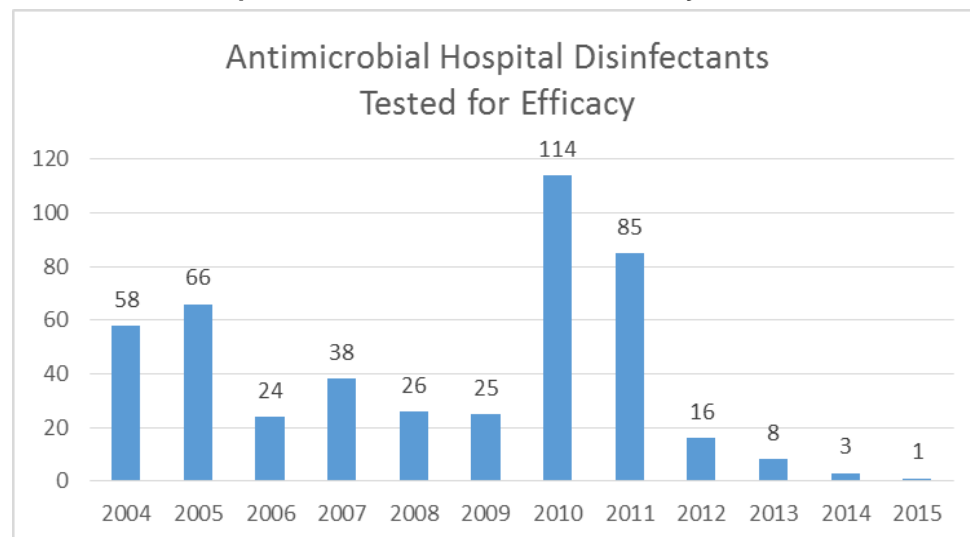
Recommendations made to the EPA included establishing a process to conduct regular data quality checks, correcting database inaccuracies, and adding recordkeeping requirements. The agency accepted all recommendations and provided corrective actions.

EPA Needs a Risk-Based Strategy to Assure Continued Effectiveness of Hospital-Level Disinfectants

Report No. [16-P-0316](#), issued September 19, 2016

As currently designed and implemented, the EPA’s Antimicrobial Testing Program does not assure that hospital-level disinfectant products continue to be effective after they are registered. Antimicrobial pesticides are designed to destroy or suppress harmful bacteria, viruses and other microorganisms on inanimate objects and surfaces in hospitals and other settings. Products found to be effective are reported to the public on an EPA website, and those that do not meet standards need to be brought into compliance. We found that infrequent testing and reliance on voluntary manufacturer participation reduced program effectiveness, and the program’s design does not consider risk factors when prioritizing which products to test. The EPA is currently re-registering all antimicrobial projects and, thereby, recertifying the efficacy of all registered products. However, upon completion of the process, the EPA needs to design a risk-based testing protocol that assures efficacy, and deters and detects noncompliance. The agency agreed with our recommendations.

Antimicrobial hospital disinfectants tested for efficacy, 2004–2015



Source: OIG analysis of EPA data.

Summary Report: Fiscal Year 2015 Reviews of EPA’s Measurement of Environmental Program Performance and Outcomes

Report No. [16-N-0180](#), issued May 19, 2016

This summary report consolidates findings from five OIG reports issued during FY 2015 that expressed a common, significant theme—that the EPA needs to improve data quality and identify performance measures that drive program results. The five reports disclosed

common gaps that the EPA has in establishing program goals and identifying metrics needed to measure the effectiveness and benefits of environmental programs. The control weaknesses in data accuracy, and in collecting and reporting accurate information, impede the EPA's ability to show it has achieved results and produced a benefit from public funds. The OIG made recommendations in each of the reports. Since the agency has either taken or is taking all corrective actions, we made no further recommendations.

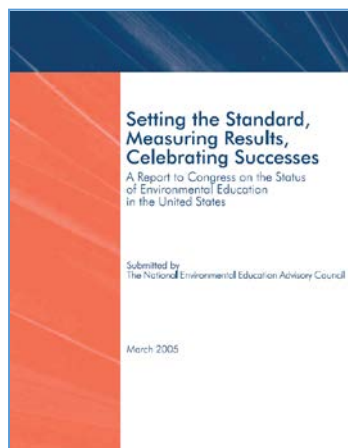
FY 2015 EPA OIG reports addressing need to improve measurement

| Report no. | Report title |
|---------------------------|--|
| 15-P-0032 | <i>EPA Needs to Demonstrate Public Health Benefits of Drinking Water State Revolving Fund Projects</i> |
| 15-P-0198 | <i>Benefits of EPA Initiative to Promote Renewable Energy on Contaminated Lands Have Not Been Established</i> |
| 15-P-0276 | <i>EPA Needs Accurate Data on Results of Pollution Prevention Grants to Maintain Program Integrity and Measure Effectiveness of Grants</i> |
| 15-P-0279 | <i>EPA's Presidential Green Chemistry Challenge Awards Program Lacks Adequate Support and Transparency and Should Be Assessed for Continuation</i> |
| 15-P-0280 | <i>EPA Needs to Track Whether Its Major Municipal Settlements for Combined Sewer Overflows Benefit Water Quality</i> |

Source: OIG analysis.

EPA Cannot Assess Results and Benefits of Its Environmental Education Program

Report No. [16-P-0246](#), issued July 29, 2016



Cover of the 2005 National Environmental Education Advisory Council report.

The EPA's Office of Environmental Education took some steps to address National Environmental Education Advisory Council recommendations made to the EPA in 2005, but the EPA was not timely in implementing them. Key performance management activities were incomplete, and the EPA did not get consistent data from grantees and synthesize program performance data and report results. The EPA Office of Environmental Education awarded over \$16 million in grant funds for FYs 2012 through 2014. Insufficient program and performance management controls create high risk for waste and abuse of public funds. We made various recommendations to the EPA to improve its environmental education program controls. The agency disagreed with most of our findings, and although corrective actions for many recommendations were subsequently agreed to, some remain unresolved with resolution efforts underway.

Follow-Up Report: EPA Has Completed Actions to Improve Implementation of the Rulemaking Process

Report No. [16-P-0211](#), issued June 23, 2016

We followed up on recommendations in a prior report on the efficiency of the EPA's rulemaking process (Report No. [13-P-0167](#)), and found that the EPA completed corrective actions. The Office of Policy developed and issued user guidance for the ADP TRACKER database, which should improve the clarity and implementation of the EPA's Action Development Process. Consistent use of the ADP TRACKER database will assist EPA program offices in following and implementing the EPA's Action Development Process during the development and issuance of EPA rules.

Follow-Up Review: EPA Updated Information for Indoor Mold Research Tools

Report No. [16-P-0308](#), issued September 8, 2016

Corrective actions taken by the agency in response to a 2013 report ([13-P-0356](#)) were sufficient to ensure that licensees were not inappropriately marketing EPA research tools for evaluating indoor mold. The tools were the EPA-patented Mold Specific Quantitative Polymerase Chain Reaction technology and the agency-developed Environmental Relative Moldiness Index. The EPA reviewed websites of active licensees to look for language that suggested EPA endorsement. The agency also finalized its fact sheet on indoor mold to include a discussion on tool limitations.

Agency Business Practices and Accountability

EPA Needs to Improve Oversight of Its Transit Subsidy Benefits Program

Report No. [16-P-0268](#), issued August 16, 2016

The EPA's Transit Subsidy Benefits program for agency employees covers 13 separate locations. Most of the locations did not comply with all of the Office of Management and Budget's 10 minimum internal control requirements. A transit benefit entails providing employees with fare media for taking mass transit to and from work. In 2014, the EPA paid approximately \$9.6 million for transit subsidies managed under the 13 offices. Weak internal controls made EPA transit subsidies vulnerable to potential abuse, and we found

A [podcast](#) on the Transit Subsidy Benefits report is available.

EPA calendar year 2014 transit costs

| Location | Total cost |
|---------------------------------------|--------------------|
| Region 1 (Boston) | \$620,659 |
| Region 2 (New York) | 701,020 |
| Region 3 (Philadelphia) | 895,770 |
| Region 4 (Atlanta) | 287,123 |
| Region 5 (Chicago) | 1,143,291 |
| Region 6 (Dallas) | 408,804 |
| Region 7 (Kansas City) | 100,467 |
| Region 8 (Denver) | 218,345 |
| Region 9 (San Francisco) | 617,028 |
| Region 10 (Seattle) | 448,241 |
| Headquarters (Washington, D.C., Area) | 3,965,515 |
| Research Triangle Park Location | 126,161 |
| Cincinnati Location | 25,857 |
| Total | \$9,558,281 |

Source: OIG analysis of data from EPA regions/offices.

at least \$137,000 in unnecessary payments were made. For example, some separated employees continued to receive and use transit subsidies. Also, one EPA region purchased transit passes for all employees at a discount, when the region could have paid less by just paying the actual costs for only those employees needing passes. The agency concurred with all of our recommendations for improvement.



Transit benefits help reduce road congestion. (EPA photo)

EPA's Financial Oversight of Superfund State Contracts Needs Improvement

Report No. [16-P-0217](#), issued June 27, 2016

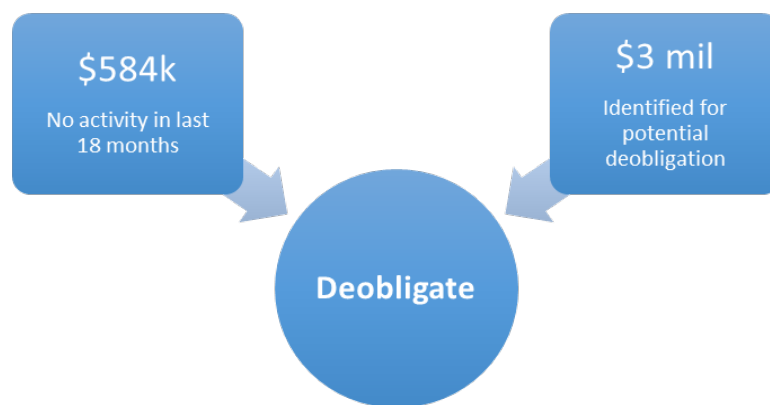
The EPA almost always billed and collected appropriate Superfund State Contract costs, and properly approved and applied credits. However, we found areas where improvements were needed. The EPA incurred Superfund State Contract obligations and expenditures in excess of the authorized cost ceiling for 51 of the 504 active and closed contracts. The EPA did not perform timely or complete and accurate financial closings for 20 contracts. Further, the EPA did not have all the up-to-date information needed for an accurate accrual calculation. With improved oversight, the EPA may manage Superfund State Contracts more effectively, report results more accurately, and increase the availability of funds for cleanups protecting public health. We identified Superfund State Contracts with available reimbursable funds with the potential to increase

appropriated funds by \$2.3 million. The agency agreed with our recommended corrective actions.

EPA Should Timely Deobligate Unneeded Contract, Purchase and Miscellaneous Funds

Report No. [16-P-0135](#), issued April 11, 2016

The EPA did not deobligate \$583,875 from contract, purchase and miscellaneous obligations that had no activity in the last 18 months. Further, we estimated there could be an additional \$2,962,058 that could be deobligated. When the EPA does not timely deobligate unliquidated obligations (an obligation or liability that has not been outlaid, expended or liquidated), the funds cannot be used for other EPA environmental activities that would benefit human health and the environment. During the course of our audit, the agency deobligated \$259,065 of the \$583,875 that we cited, and agreed to deobligate the remaining \$324,810 and as much of the additional \$2,962,058 as appropriate.



EPA Region 9 Needs to Improve Oversight of San Francisco Bay Water Quality Improvement Fund Grants

Report No. [16-P-0276](#), issued August 22, 2016



San Francisco Bay and the Golden Gate Bridge.
(U.S. Geological Survey photo)

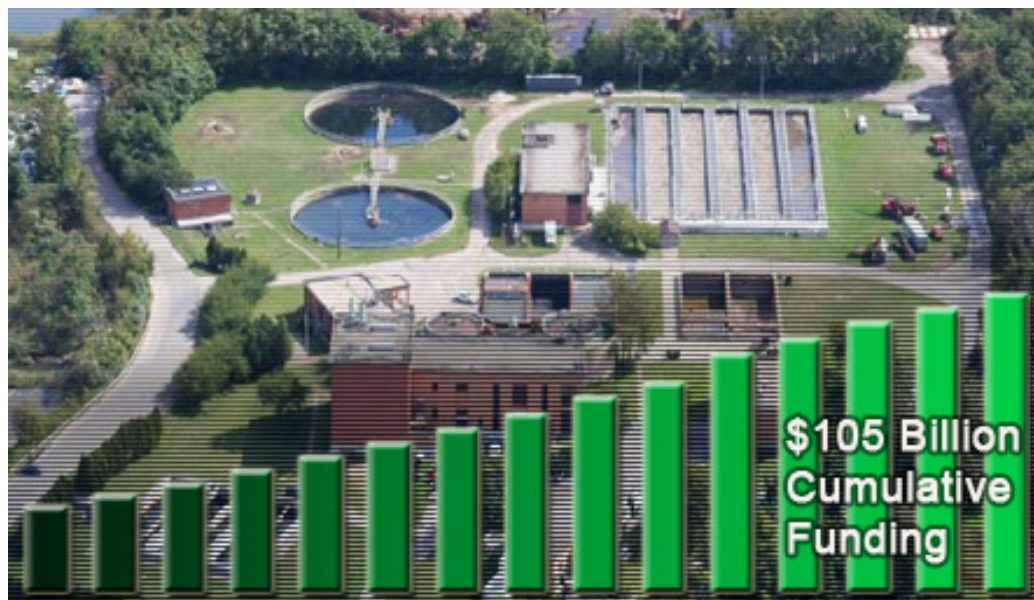
EPA Region 9 did not consistently administer the EPA's San Francisco Bay Water Quality Improvement Fund grants it awarded, and monitor project progress to determine whether proposed outputs, outcomes and milestones were being achieved. The EPA has competitively awarded 33 grants, totaling \$40.9 million, to 18 different recipients, to restore the San Francisco Bay area, with project periods beginning in FY 2009. We found that EPA personnel did not complete baseline monitoring accurately, consistently verify that

grantees submitted required documents and reports, consistently collect progress reports, or review and document monitoring and oversight activities. We recommended that EPA Region 9 provide necessary guidance and training to its personnel. Region 9 agreed with the recommendations and indicated corrective actions will apply to Region 9's entire grants program, not just the San Francisco Bay water program.

EPA Regional Offices Need to More Consistently Conduct Required Annual Reviews of Clean Water State Revolving Funds

Report No. [16-P-0222](#), issued July 7, 2016

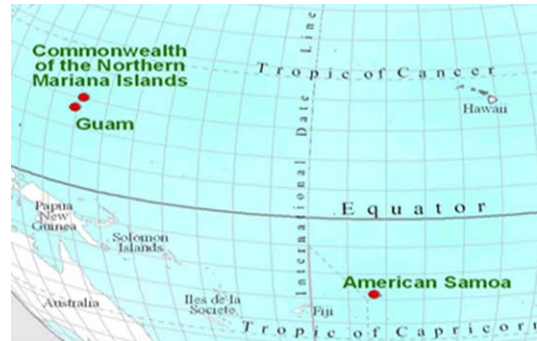
The EPA did not always perform annual reviews of state Clean Water State Revolving Fund grants as required, which may lead to undetected misuse of federal funds. Regions did not always review single audit reports or include single audit findings in program evaluation reports. Since its inception, the Clean Water State Revolving Fund has provided more than \$105 billion to states to help improve water quality. Conducting annual reviews in accordance with applicable guidance allows EPA regions to assess state performance, and helps identify opportunities to improve clean water infrastructure and provide for better use of the fund's billions of dollars. We found that up to \$156 million in FY 2013 grant awards could be at risk of misuse due to EPA regions not properly assessing state fund performance. The agency agreed to take sufficient corrective actions for eight recommendations, but two remain unresolved.



A wastewater treatment plant in Stratford, Connecticut (EPA photo), with an OIG-prepared overlay showing how Clean Water State Revolving Funds have cumulatively exceeded \$105 billion since 2000 by year.

Oversight of Grants for Pacific Territories Need Improvement

In three separate audits of consolidated cooperative agreements (grants) that EPA Region 9 manages for U.S. Pacific Territories—Guam, American Samoa and Commonwealth of the Northern Mariana Islands—we found that internal controls over the funding needed improvement. For all three territories, agreements have inconsistent terms and conditions on payments, in-kind and interagency agreements were inconsistently reported, and EPA project files were not readily available to third parties. Additional weaknesses



A map of the U.S. Pacific territories. (EPA image)



The Guam Environmental Protection Agency building. (EPA OIG photo)

were also noted. EPA Region 9 had awarded a total of \$193 million in grant funds to the three territories for the periods reviewed: \$67 million to Guam in FYs 2009–2014; \$68 million to American Samoa in FYs 2006–2014; and \$58 million to the Commonwealth of the Northern Mariana Islands in FYs 2008–2014. Ensuring those funds are administered efficiently and effectively is important. Region 9 concurred with our recommendations included in all three reports, which follow.

- Report No. [16-P-0166](#), *EPA Region 9 Needs to Improve Oversight Over Guam's Consolidated Cooperative Agreements*, issued May 9, 2016
- Report No. [16-P-0181](#), *EPA Region 9 Needs to Improve Oversight Over American Samoa Consolidated Cooperative Agreements*, issued May 23, 2016
- Report No. [16-P-0207](#), *EPA Region 9 Needs to Improve Oversight Over Commonwealth of the Northern Mariana Islands Consolidated Cooperative Agreements*, issued June 20, 2016



Left: The Agingan Wastewater Treatment Plant in Saipan, Commonwealth of the Northern Mariana Islands. (EPA OIG photo)

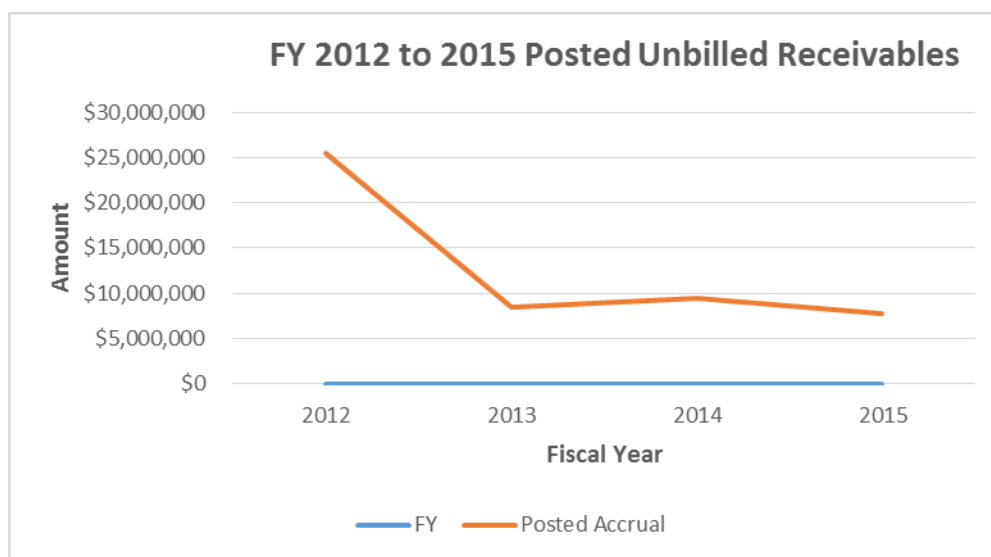
Right: The American Samoa Environmental Protection Agency office building in Pago Pago, which is a green building. (American Samoa Environmental Protection Agency photo)

EPA Improved Controls Over Billing Reimbursable Interagency Agreement Expenditures to Other Agencies

Report No. [16-P-0212](#), issued June 27, 2016

In prior audits, we found that the EPA had not timely billed other federal agencies for reimbursable costs. In this audit, we found that the EPA is billing costs under reimbursable interagency agreements timely and accurately. While the EPA maintained a backlog of unreimbursed expenses, and had a large balance in federal unbilled receivables during FY 2012, the EPA implemented actions to expedite billing older reimbursable costs and reduce federal unbilled receivables. Improvements in the billing process resulted in a sizeable decrease in federal unbilled receivables—from \$26 million in FY 2012 to about \$8 million in FY 2015—a savings of approximately \$18 million.

Federal unbilled receivables balances from FYs 2012 to 2015



Source: OIG analysis of unbilled receivables balances.

Oregon Health Authority's Prior Labor-Charging Practices Under EPA Grants Did Not Meet Requirements

Report No. [16-P-0313](#), issued September 12, 2016

The Oregon Health Authority Public Health Division's practice prior to May 2014 of charging labor, fringe benefits and indirect costs based on budget allocations rather than actual activities resulted in more than \$12 million in unsupported costs. Also, employee certifications for those charging solely to one grant were not sufficient. The Oregon authority received EPA funding in such areas as the Drinking Water State Revolving Fund, Public Water System Supervision, and Lead-Based Paint. Although the division began to properly report costs starting in May 2014, those \$12 million in costs charged

before then are still unsupported and thus questioned. We recommended that the EPA disallow and recover that \$12 million unless the division can provide support for the charges. Resolution is pending.

Manchester Band of Pomo Indians Needs to Improve Its Financial Management System and Demonstrate Completion of Grant Work

Report No. [16-P-0320](#), issued September 21, 2016

EPA Region 9 requested assistance from the OIG to address concerns related to two questionable cash draws made under grants awarded to the Manchester Band of Pomo



A typical dump site usually found in remote forested areas within reservation boundaries. (EPA OIG photo)

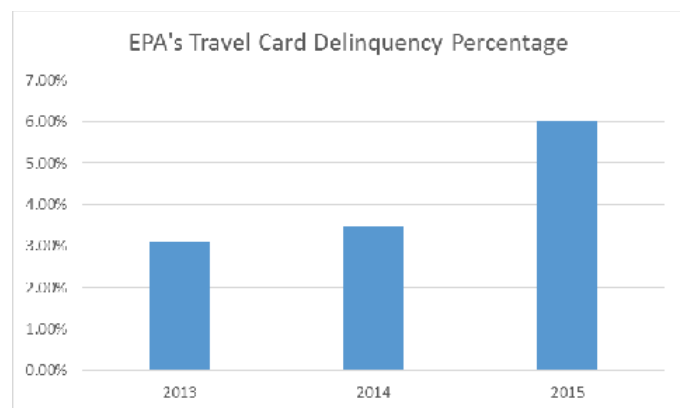
Indians in California. Region 9 was also concerned that grant objectives were not being met. We found that Manchester's inadequate financial system, and shortfalls in completing grant tasks, resulted in all costs claimed being questioned.

Manchester did not have adequate controls to make sure costs claimed were allowable and adequately supported, and cash draw procedures did not meet requirements. As a result, we questioned \$350,721, or 93 percent, of the \$378,679 claimed. Because Manchester also could not provide evidence of completion for a significant portion of the tasks specified in its EPA grant work plans, we questioned the remaining amount claimed. We made various recommendations to EPA Region 9, including that it disallow all costs claimed, unless Manchester can support that costs are allowable and grant tasks completed.

EPA Oversight of Travel Cards Needs to Improve

Report No. [16-P-0282](#), issued August 24, 2016

The Government Charge Card Abuse Prevention Act of 2012 requires Inspectors General to conduct periodic reviews of travel card programs to analyze risks of illegal, improper or erroneous purchases and payments. Our audit found that the EPA does not check travel card bank rebates for accuracy, resulting in the agency not knowing whether travel card rebates received from the bank are accurate. The EPA also did not comply with the legal requirement to return rebates to each appropriation proportionally or to the U.S. Treasury. Instead, the EPA selectively returned travel rebates to only a portion of EPA



Source: OIG analysis of average delinquency data.

appropriations. Rebates totaling \$240,375 in FY 2014 and \$283,789 in FY 2015 were incorrectly returned to only four of 11 EPA appropriations. The OIG recommended that the EPA institute a process to verify the accuracy of travel card rebates, and establish policies and procedures to correctly distribute travel card rebates. The EPA agreed with all recommendations and provided planned corrective actions.

EPA Achieved Scientific Benefits When Using Reimbursable Research Agreements, but Better Estimating of In-Kind Costs Is Needed

Report No. [16-P-0279](#), issued August 22, 2016



Part of an air monitoring station along the I-15 highway corridor in Las Vegas, Nevada, used in the near-road monitoring project the EPA conducted with the U.S. Department of Transportation's Federal Highway Administration. (EPA photo)

The EPA's Office of Research and Development conducted research with other entities under reimbursable agreements that provided benefits to the EPA, and the research was consistent with the EPA's goals and mission. However, the office did not completely or consistently develop cost estimates for its in-kind contributions prior to entering into the reimbursable agreements. In-kind contributions are part of project costs, and include nonmonetary supplies and services, such as personnel, equipment or facilities. Developing more reliable cost estimates for in-kind contributions can better reflect the EPA's research contributions. The EPA agreed with our recommendations for taking corrective actions to improve the reporting of in-kind research costs under reimbursable agreements.

EPA Complied With Improper Payment Legislation, but Stronger Internal Controls Are Needed

Report No. [16-P-0167](#), issued May 10, 2016

The EPA complied with improper payment legislation when reporting improper payments in FY 2015. However, while the EPA initially published its Agency Financial Report in November 2015, the agency found errors and did not publish the revised, final report until January 2016. We also identified errors in the Improper Payments Compliance section of the report, resulting in some overstated improper payments and underreporting of some total dollar outlays. Improvements will result in better use of funds for environmental and supporting programs. We recommended that the agency develop controls to avoid future reporting delays and amend, develop and implement procedures for reliable reporting of some improper payments. The agency concurred with all recommendations.

EPA Improved Its National Security Information Program, but Some Improvements Still Needed

Report No. [16-P-0196](#), issued June 2, 2016



Cover page for Executive Order 13526, *Classified National Security Information*.

Between 2011 and 2013, we issued three reports and 12 recommendations to improve the EPA’s national security information program. Based on those recommendations, the EPA improved its controls by including mandatory training, making nondisclosure agreements more readily available to those needing them, and standardizing performance requirements for employees with a security clearance. The EPA completed corrective actions for all recommendations, except two related to classification guides that are still in process. During our follow-up review, we found that it is taking longer to withdraw clearances after EPA employees leave the agency than it did at the time of a prior report. Although adequate controls are in place to prevent former employees from accessing national security information, the agency agreed with our recommendation to establish controls to ensure that clearances are withdrawn within 30 days of an employee leaving the EPA.

Cybersecurity Act of 2015 Report: EPA’s Policies and Procedures to Protect Systems With Personally Identifiable Information

Report No. [16-P-0259](#), issued August 10, 2016

The EPA has 30 systems that contain sensitive personally identifiable information covered by provisions of the Cybersecurity Act of 2015; none of its systems contain national security information. Safeguarding information and preventing system breaches are essential for ensuring that the EPA retains the trust of the American public. Of the 30 covered systems, two were sampled for our audit, which we were required to perform per the act. We reported our findings to the EPA, and the agency agreed with our results.

Audit of Financial Statements for EPA’s Hazardous Waste Electronic Manifest System Fund From Inception (October 5, 2012) to September 30, 2014

Report No. [16-F-0251](#), issued August 1, 2016

We rendered an unmodified opinion on the EPA’s Hazardous Waste Electronic Manifest System Fund financial statements covering the period from the fund’s inception on October 5, 2012, to September 30, 2014, meaning that the statements were fairly presented and free of material misstatement. The system is being designed to create a means to track off-site shipments of hazardous waste from a generator’s site to the site of the receipt, as well as the disposition of the hazardous waste.

Disclaimers of Opinion Issued for FY 2014 Financial Statements of Two Pesticide Funds

We rendered disclaimers of opinion for the FY 2014 financial statements for two pesticide funds, meaning that we were unable to obtain sufficient evidence to determine whether the statements were fairly presented and free of material misstatement. For both funds, the EPA receives funding from fees paid by pesticide manufacturers and amounts appropriated by Congress. In FY 2014, the EPA allocated its funding to use appropriated amounts, which would expire, and retained funding from fees; thus, significant payroll amounts paid from the appropriations were not charged directly to the funds. This resulted in a loss of the audit trail for reporting separate costs and liabilities. Consequently, the EPA could not adequately support total FY 2014 costs and liabilities of the two pesticide funds. The EPA agreed with our findings and initiated corrective actions. Details on each fund were discussed in separate reports, as follows.

- **Report No. [16-F-0322](#), *Fiscal Years 2014 and 2013 Financial Statements for the Pesticides Reregistration and Expedited Processing Fund*, issued September 22, 2016**

To expedite the process of reassessing and reregistering older pesticide registrations, Congress authorized the EPA to collect fees from pesticide manufacturers for deposit into this fund. We noted a material weakness in that the EPA could not adequately support \$34 million of its FY 2014 fund costs due to the aforementioned reason.

- **Report No. [16-F-0323](#), *Fiscal Years 2014 and 2013 Financial Statements for the Pesticide Registration Fund*, issued September 22, 2016**

To expedite the registration of certain pesticides, Congress authorized the EPA to assess and collect pesticide registration fees for deposit into this fund. We noted a material weakness in that the EPA could not adequately support \$28 million of its FY 2014 fund costs due to the aforementioned reason.

Investigations

Significant Investigations

Executive Sentenced in New Jersey Superfund Site Kickback Scheme

On August 9, 2016, John Bennett, former Chief Executive Officer at Bennett Environmental Inc., a Canadian company that treated and disposed of contaminated soil, was sentenced to 63 months in prison, followed by 2 years of supervised release; fined \$12,500; and ordered to pay \$3.8 million in restitution. The restitution was also related to other defendants previously sentenced in this case. Bennett was sentenced relative to his role in kickback and fraud schemes in connection with obtaining subcontracts for the treatment and disposal of contaminated soil at a New Jersey Superfund site overseen and funded by the EPA and the U.S. Army Corps of Engineers.

Bennett was charged with these crimes in August 2009 and was extradited from Canada to the United States in November 2014 to face trial. After a 3-week jury trial that ended on March 16, 2016, Bennett was convicted of committing major fraud against the United States and conspiring to pay more than \$1.3 million in kickbacks at the Federal Creosote Superfund site in Manville, New Jersey. According to court documents, between 2001 and 2004, Bennett conspired with others at Bennett Environmental to pay kickbacks. The kickbacks included money wired to a co-conspirator's shell company, lavish trips, and entertainment expenses and personal gifts to the project manager at Federal Creosote, in an effort to guarantee the award of soil treatment contracts to his company. As a result of these kickbacks, Bennett Environmental was fraudulently awarded tens of millions of dollars in soil treatment and disposal contracts at Federal Creosote, at higher prices than it otherwise would have bid, causing harm to the EPA.

The investigation at Federal Creosote has resulted in the conviction of 10 individuals and three companies, involving charges of major fraud against the United States, tax fraud, money laundering and obstruction of justice. Criminal fines and restitution of more than \$6 million also have been imposed, and seven of the individuals have been sentenced to serve prison sentences ranging from 5 months to 14 years.

This investigation was conducted jointly with the U.S. Department of Justice's Antitrust Division, including that division's Foreign Commerce Section and the Criminal Division's Office of Internal Affairs, and the Internal Revenue Service's Criminal Investigation Division. Also assisting were U.S. Customs and Border Protection – Department of Homeland Security, the Canadian Department of Justice – International Assistance Group, and the Royal Canadian Mounted Police.

Former Contractor Sentenced for Environmental Fraud Scheme

On July 13, 2016, David L. Frisby, of Kiln, Mississippi, was sentenced to 18 months in prison for defrauding scrap metal brokerage companies out of more than \$144,000. In addition, Frisby was ordered to pay \$144,216 in restitution to his victims. Frisby, formerly of Fultonville, New York, pleaded guilty on December 10, 2015, to one count of conspiracy to commit wire fraud in connection with a scheme in which he and others entered into contracts for the disposal of batteries and other metal waste under false pretenses by shipping them to Korea.

As part of his plea agreement, Frisby admitted he and his co-conspirators falsely held themselves out to be representatives of a scrap metal recycling company authorized by the EPA to dispose of metal waste, and then charged for recycling services never provided. The investigation disclosed that Frisby and his co-conspirators were not authorized by the EPA to provide scrap metal recycling services. Furthering the scheme, Frisby, who formerly served as the Chief Executive Officer of D & L Heritage Enterprises Inc. in Fultonville, provided his co-conspirators with D & L Heritage incorporation documents that were fraudulently altered and emailed to victims. Victims transferred money to bank accounts maintained by Frisby, who retained a portion of the funds for his personal benefit, and transferred the remainder to his co-conspirators overseas.

This investigation was conducted jointly with the EPA Criminal Investigation Division.

Individual Sentenced to 55 Years for Assault on EPA Special Agent in Charge

On July 1, 2016, an Atlanta, Georgia, man—David Blain Wilson—was found guilty of 97 criminal counts, including those related to the assault and robbery of a special agent, and sentenced to 55 years in prison, with the first 50 years to be served in confinement and the remaining 5 years to be served on probation. Wilson also was ordered to pay a \$10,000 fine for hijacking a motor vehicle. On October 22, 2014, Wilson had assaulted and robbed an EPA Criminal Investigation Division Special Agent in Charge in Atlanta. He robbed the agent at gun point and stole her government vehicle—which was used by gang members to pull over other innocent victims to steal their cars—as well as the special agent's EPA law enforcement credentials and badge, EPA-issued cell phone and numerous personal items. EPA OIG special agents had responded to the original crime scene, were involved in surveillance and searches, and were otherwise actively involved in the investigation.

This investigation was conducted jointly with the Atlanta Police Department and the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives.

New York Resident Sentenced for Terroristic Threats Against Federal Employees

On May 11, 2016, a Saratoga County, New York, man was sentenced in Albany County District Court to 3 days in jail and 3 years' supervised probation for making terroristic threats by telephone to two federal employees. The caller, identified as Charles Heimerdinger, left a threatening voice message for an EPA employee and a U.S. Housing and Urban Development employee. The OIG conducted a search of internet chat rooms and discovered that Heimerdinger had posted numerous threatening comments directed at EPA employees and federal law enforcement agents who enforce environmental laws, including threatening to open fire on agents. Heimerdinger also posted numerous references to weapons he possessed that were in violation of New York laws regulating the sale and possession of assault weapons and handguns. Digital evidence, three rifles, a shotgun and two high-capacity magazines were seized from Heimerdinger's residence. The subject was charged with two felony counts for making terroristic threats and pleaded guilty to aggravated harassment in the second degree. As part of his probation, Heimerdinger is prohibited from trespassing on EPA property.

This investigation was conducted jointly with the New York State Police, the U.S. Federal Protective Service, and the U.S. Department of Housing and Urban Development OIG.

Individual Found Guilty of Defrauding Federal Agencies

On July 14, 2016, following a jury trial, Alexander Robert Xavier, of Jensen Beach, Florida, was found guilty of defrauding numerous federal agencies—including the EPA—by issuing fraudulent bonds to insure government construction projects. A jury convicted Xavier of major fraud, mail fraud and making false statements. A sentencing hearing was set for November 4, 2016. According to court documents and evidence at trial, from approximately May 2008 to October 2010, Xavier devised a scheme to unlawfully enrich himself by representing that he was an “individual surety” on various performance and payment bonds—a type of insurance required on major government construction contracts. During the course of the fraud, Xavier pledged over \$25 million in assets to agencies of the United States; however, these assets did not exist. Xavier issued a large number of bonds and dealt with various contractors and government agencies. As a result, Xavier was paid over \$400,000 in bond fees.

This investigation is ongoing and is being conducted jointly with the Criminal Investigation Command of the U.S. Army; the Defense Criminal Investigative Service; the U.S. General Services Administration; and the OIGs of the U.S. Department of Veterans Affairs, the U.S. Department of Defense, the U.S. Department of Energy, the U.S. Department of Housing and Urban Development, and the U.S. Department of State.

Individuals Plead Guilty to Defrauding EPA and Other Agencies

Two Delray Beach, Florida, residents pleaded guilty on April 21, 2016, for their participation in a conspiracy to defraud more than 10 federal agencies—including the EPA—by issuing fraudulent bonds to insure government contracts. Brian J. Garrahan and Kelly A. Spillman each pleaded guilty to one count of conspiracy to commit mail and wire fraud. According to court documents, from approximately June 2008 through June 2013, Garrahan and Spillman conspired with others to obtain payments from government contractors for issuing fraudulent bonds (insurance) for large government contracts. The fraudulent bonds were individual surety bonds—usually signed by Garrahan and two other co-conspirators. Garrahan, Spillman and their co-conspirators issued a large number of bonds dealing with over 100 contractors and at least 15 federal agencies, as well as other entities. More than 10 federal agencies reimbursed contractors over \$4.3 million in bond fees for the fraudulent bonds issued by Garrahan, Spillman and their co-conspirators.

This investigation is ongoing and is being conducted jointly with the Criminal Investigation Command of the U.S. Army; the Defense Criminal Investigative Service; the U.S. General Services Administration; and the OIGs of the U.S. Department of Veterans Affairs, the U.S. Department of Defense, the U.S. Department of Energy, the U.S. Department of Housing and Urban Development, and the U.S. Department of State.

Small Disadvantaged Business Owner Debarred for False Statements

Following a 2015 criminal conviction, on September 15, 2016, Hemal Jhaveri of Lone Tree, Colorado—owner of SofTec Solutions Inc., in Engelwood, Colorado—was debarred from participating in federal procurement and non-procurement programs for a period of 5 years. SofTec made false statements to the U.S. Small Business Administration to retain eligibility in the 8(a) Business Development Program, which benefits small disadvantaged businesses. These statements allowed SofTec to obtain preferential treatment in the award of contracts by several government agencies, including approximately \$1.8 million paid by the EPA under a U.S. General Services Administration contract.

This investigation is ongoing and is being conducted jointly with the OIGs of the U.S. General Services Administration and the U.S. Small Business Administration, the Major Procurement Fraud Unit of the U.S. Army Criminal Investigation Command, the Defense Criminal Investigative Service, and the U.S. Internal Revenue Service Criminal Investigation Division.

EPA Enters Into Settlement Agreement for Improper Use of Grant

The Louisiana Department of Environmental Quality was awarded \$2.5 million in grant funds from the EPA's Diesel Emission Reduction Act Program in 2008. An OIG investigation found that the EPA grant funds were not utilized according to the grant terms and conditions. The funds were awarded to repower marine diesel engines and reduce diesel emissions by retrofitting, upgrading and replacing diesel engines and equipment. The inappropriate use of grant funds centered on two diesel marine vessel engines being remanufactured at the Tier 1 rather than Tier 2 (less polluting) federal emission standard, as indicated in the grant. On September 12, 2016, the EPA sent a final settlement letter to the U.S. Attorney's Office. The EPA accepted the disabling of the two engines as an acceptable settlement in lieu of repaying the \$324,130—the cost of the two engines—as agreed to by all parties.

Consent Decree Approved for Deepwater Horizon Disaster

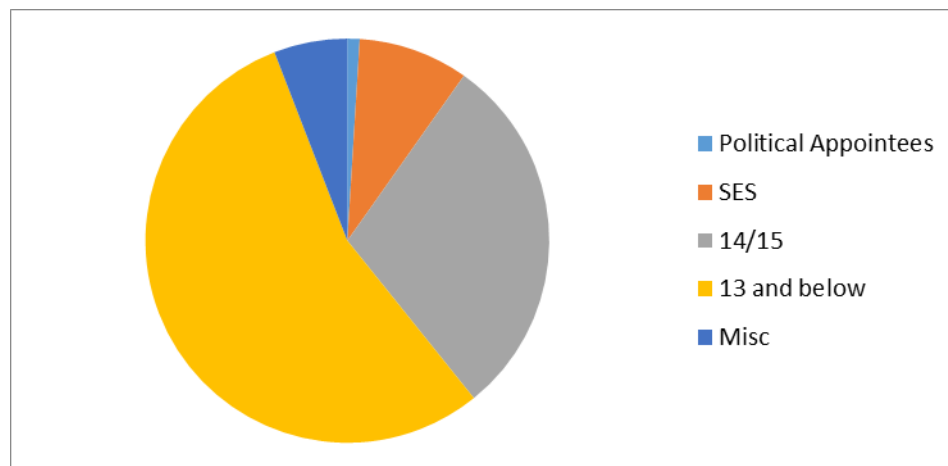
On April 4, 2016, the final consent decree between the United States and British Petroleum was approved in U.S. District Court for the Eastern District of Louisiana, pursuant to damages related to the April 2010 explosion of the Deepwater Horizon mobile oil drilling unit and the subsequent uncontrolled oil spill. British Petroleum was found to be grossly negligent in its practices leading up to the explosion and death of 11 men, and this gross negligence was a key factor in the final settlement with the company for \$14.9 billion in fines, penalties and damages. The EPA OIG participated in the U.S. Department of Justice Civil Fraud Task Force that developed a civil case against British Petroleum. Documents reviewed by the task force included several misrepresentations regarding critical information required to ensure that safe margins and drilling practices were being followed. The investigation further revealed emails among the participants of the drilling process indicating that key British Petroleum personnel had knowledge of these misrepresentations and overlooked them due to time and monetary factors.

Closed Employee Integrity Cases

Statistics on employee integrity investigation cases closed during the semiannual reporting period follow. Such investigations involve allegations of criminal activity or serious misconduct by agency employees that could threaten the credibility of the agency, validity of executive decisions, security of personnel or business information entrusted to the agency, or financial loss to the agency (such as abuse of government bank cards or theft of agency funds). Allegations against former employees involving conflicts of interest are included in this category.

| | Political appointees | SES | GS-14/15 | GS-13 and below | Misc. | Total |
|------------------|----------------------|-----|----------|-----------------|-------|-------|
| Pending 4/1/16* | 1 | 10 | 38 | 59 | 12 | 120 |
| Open* | 0 | 4 | 7 | 13 | 1 | 25 |
| Closed* | 0 | 5 | 13 | 16 | 7 | 41 |
| Pending 9/30/16* | 1 | 9 | 32 | 56 | 6 | 104 |

* Total number of subjects for employee cases.



Special Access Authority Sought for OIG Special Agents

The OIG's Office of Investigations has been working with the agency to get Federal Emergency Response Official badge designation—also referred to as the “red stripe” designation—on the Personal Identification Verification cards for all of the OIG's special agents/criminal investigators. This designation is being sought to better enable OIG special agents to assist the agency and others in the event of a natural disaster, act of terrorism, active shooter incident or other emergency. Although agency officials initially indicated that criminal investigators do not qualify as first responders, the agency now appears to be working to give the OIG this badge designation.

The “red stripe” badge has been designated by the U.S. Department of Homeland Security as the authoritative source to identify and verify federal employees who are needed to respond during times of emergency. It provides fast identification that is universally recognized by law enforcement and public safety officials throughout the nation. Our special agents qualify for the special designation based upon the Department of Homeland Security's 2011 National Incident Management System Guide for the Credentialing of Personnel. Recent active shooter exercises at EPA headquarters underscore the fact that OIG special agents, along with the agency's Criminal Investigation Division special agents, are key armed law enforcement first responders to any such incident.

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. The 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 the CSB. As a result, the EPA OIG has the responsibility to audit, evaluate, inspect and investigate the CSB's programs, and to review proposed laws and regulations to determine their potential impact on the CSB's programs and operations. Details on our work involving the CSB are available on the OIG's [webpage](#) on CSB.

FY 2016 CSB Management Challenges

Report No. [16-N-0221](#), issued June 29, 2016

As required by the Reports Consolidation Act of 2000, the OIG reported the following issues that it considered to be the CSB's major management challenges for FY 2016.

- CSB Should Continue to Address Employee Morale:** CSB management must continue to address employee morale. During hearings in 2014, a House of Representatives committee found “a toxic work environment” at CSB, and noted the former Chairperson’s “disregard for proper board governance.” The newly confirmed CSB Chairperson already has begun implementing initiatives to improve employee morale by creating an environment that encourages open communication.
- CSB Should Increase Its Investigations and Improve Investigative Management Controls:** CSB is not investigating all accidents that fall within its legal jurisdiction, and should increase the number of investigations it conducts. CSB has a “gap” between the number of accidents it investigates and the number of accidents that fall under its statutory responsibility to investigate, as shown in the table. Also, CSB needs to improve controls over investigations it does conduct.

Percent of accidents with fatalities not investigated, by fiscal year

| FY | Investigated | Not investigated | Total | Percent not investigated |
|------|--------------|------------------|-------|--------------------------|
| 2015 | 1 | 26 | 27 | 96% |
| 2014 | 2 | 47 | 49 | 96% |
| 2013 | 2 | 47 | 49 | 96% |
| 2012 | 1 | 64 | 65 | 98% |
| 2011 | 5 | 46 | 51 | 90% |

Sources: CSB budget justifications and other supporting data.

- **CSB Should Establish a Chemical Reporting Regulation:** CSB has not published a chemical incident reporting regulation as required in the Clean Air Act Amendments of 1990.

Audit Reports

CSB Needs to Continue to Improve Agency Governance and Operations

Report No. [16-P-0179](#), issued May 23, 2016



A building in Washington, D.C. with CSB-leased office space (EPA OIG photo)

CSB is not following federal or agency internal control guidance or required federal regulations related to board governance over operational and management activities. CSB did not prepare quorum session summaries on time, post four of nine public meeting transcripts in a timely fashion, create internal guidance over its annual operating budget process, or have documentation supporting its decisions to award contracts for legal services after making micro-purchases and to lease public building space. CSB's former Chairperson did not enforce federal guidance, which resulted in this need for improved internal controls. The lack of internal controls made CSB's \$11 million budget vulnerable to mismanagement. CSB's new Chairperson agreed to act on all our recommendations.

A [podcast](#) on the CSB governance report is available.

CSB Has Improved Its Controls Over Purchase Cards

Report No. [16-P-0260](#), issued August 11, 2016

CSB has improved internal controls governing its purchase card program, for which it spent \$302,556 in FY 2015. CSB needs to continue to follow the regulations. Our audit sample of 11 transactions noted that two transactions totaling \$5,500 were not approved prior to the purchase. For a third transaction, we noted an issue regarding tax charges. We made various recommendations to help CSB improve its purchase card program, and CSB agreed to take the needed actions.

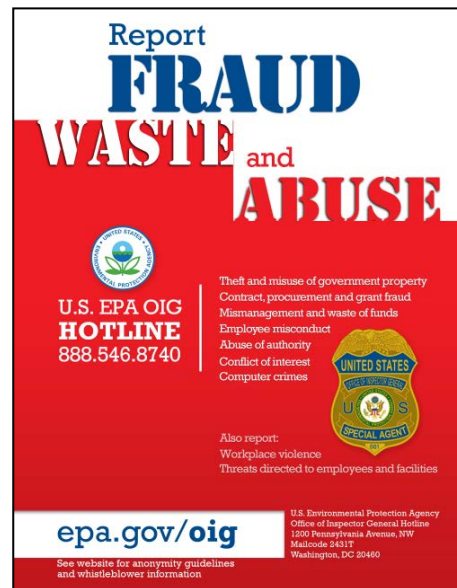
Cybersecurity Act of 2015 Report: CSB's Policies and Procedures to Protect Systems With Personally Identifiable Information

Report No. [16-P-0254](#), issued August 1, 2016

CSB has one system that contains sensitive personally identifiable information covered by provisions of the Cybersecurity Act of 2015; none of its systems contain national security information. Safeguarding information and preventing system breaches are essential for ensuring that CSB retains the trust of the American public. As required by the act, we reported our findings on the system to CSB, and CSB agreed with our results.

Hotline Activities

The purpose of the EPA OIG Hotline is to receive complaints of fraud, waste or abuse in EPA programs and operations, including mismanagement or violations of law, rules or regulations by EPA employees or program participants. Examples of reportable violations include contract, procurement and grant fraud; bribery and acceptance of gratuities; significant mismanagement and waste of funds; conflict of interest; travel fraud; abuse of authority; theft or abuse of government property; and computer crime. As a result of hotline complaints, the OIG may conduct audits and evaluations, as well as investigations. In addition to being responsible for the EPA hotline, we are responsible for the CSB hotline. Details on audit and evaluation work during the semiannual reporting period, as well as investigations, follow.



The EPA OIG recently issued a new [hotline poster](#), which is available on our website or by contacting the EPA OIG.

Audit and Evaluation Reports on EPA Initiated via OIG Hotline

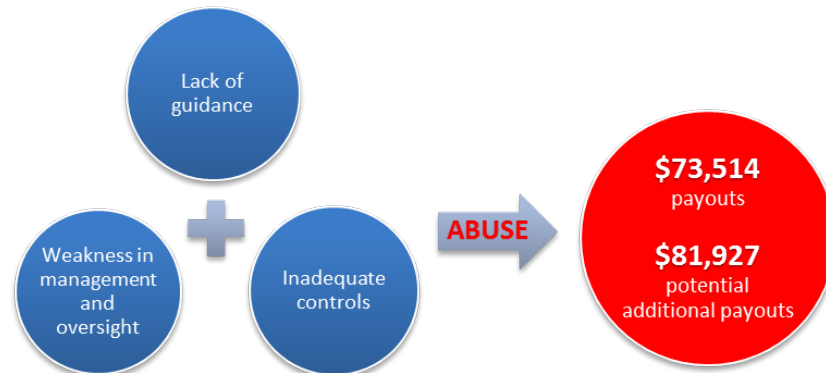
Enhanced Controls Needed to Prevent Further Abuse of Religious Compensatory Time

Report No. [16-P-0333](#), issued September 27, 2016

Based on a hotline complaint, we initiated an audit on the sufficiency of the EPA's policies and procedures governing Religious Compensatory Time. Federal law allows employees to adjust their work schedules to earn time off for religious purposes via compensatory time, which can be earned in advance or be repaid after the religious observance. In the hotline complaint, allegations were made regarding a specific employee. Records indicated that the employee earned compensatory time hours claimed, but the accumulation of the time resulted in the employee receiving upon retirement a payout of \$32,469 for unused time. We also found that the agency's overall internal controls over Religious Compensatory Time enabled 13 other employees to receive upon separation a total of \$41,045 for unused time. Further, if no action is taken to reduce high balances for additional employees, future payments totaling up to \$81,927 could be made. We made various recommendations to the EPA regarding Religious Compensatory

A [podcast](#) on the Religious Compensatory Time report is available.

Time, including that the agency revise policies and procedures and require documentation of intended use plans. The agency generally agreed to take the needed action.



Hawaii Department of Health Needs to Reduce Open Grants and Unspent Funds

Report No. [16-P-0218](#), issued June 28, 2016

We found no evidence to support a hotline allegation that the Hawaii Department of Health pools its Drinking Water State Revolving Funds with Hawaii Department of Transportation funds. We also did not find indications of improper shifting of funds between the Drinking Water State Revolving Fund and other state programs. However, we did note a large amount of unspent funds. We found that the Hawaii Department of Health needed to spend \$12 million from its Drinking Water State Revolving Fund by September 30, 2016, to meet its funding utilization target. We recommended that the



The Ewa Shaft Granular Activated Carbon Treatment Facility, on Hawaii's island of Oahu, received Drinking Water State Revolving Funds. (Hawaii Department of Health photo)

EPA reevaluate the status of fundable projects and the Hawaii Department of Health's progress before awarding Hawaii its FY 2016 allotment of \$8.3 million. The EPA advised that, for state fiscal year 2016, the Hawaii Department of Health has submitted deliverables under the assistance agreement documenting that the department met the relevant financial targets. Accordingly, the EPA planned to award the FY 2016 allotment to Hawaii, provided that Hawaii submits a complete application in a timely manner. We concur with the actions taken.

Significant Investigations of EPA Initiated via OIG Hotline

Texas Laboratory Suspended From Federal Procurement After Debarment

The EPA has debarred an Arlington, Texas, laboratory and its top officials from federal procurement for 1 year for entering or causing the entry of false information in laboratory reports. On June 20, 2016, the EPA Suspension and Debarment official debarred Technical

Testing International LLC, Chief Executive Officer Hardeep Pabley and owner Meera Pabley. The investigation found that false laboratory data were provided by the company to the EPA Emergency and Rapid Response Services contractors—the Brazos River Authority and the city of Dallas—both EPA grantees. Multiple witness interviews and laboratory data supported the allegations, which included quality control issues, potentially falsified gas chromatography/mass spectrometer results, falsifying the signatures of analysts who supposedly performed the analyses, and false numerical data for multiple chemicals. City of Dallas attorneys indicated that of the \$9.5 million EPA grant that the Technical Testing International received, the company only earned \$26,987.

EPA Managers Make False ID Badges

In two separate OIG investigations, two EPA employees were found to have created and possessed laminated copies of their employee EPA Personnel Access and Security System identification badges. During interviews, the employees admitted to photocopying the EPA-issued badges and enlisting the assistance of a subordinate employee to have them laminated. The employees each made a copy of the badge in case they needed to re-enter the EPA building but had left their badge in their office computer.

On April 11, 2016, a GS-15 employee was issued a letter of reprimand for violating EPA Order 3200 regarding the badge program. Starting on June 12, 2016, the other employee—a Senior Executive Service manager—served a 14-day suspension, without pay, for also violating the order. The lesser administrative action against the first employee was due to the employee's claim of never having actually used the fake badge to enter the EPA facility, while the second employee admitted to doing so.

Agency Action Spurred by Hotline Complaints

Action by EPA OIG Hotline Review Process Reduces Asbestos Risk at North Carolina Site

As a result of action by the EPA OIG Hotline review process, the agency took emergency steps to reduce the threat of asbestos exposure to residents near an abandoned hospital being demolished.

In May 2016, the OIG discovered a potential Asbestos National Emission Standards for Hazardous Air Pollutants (NESHAP) violation at the Old Davis Hospital in Statesville, North Carolina. The OIG was conducting research into a hotline complaint in which a Statesville



Exposed debris potentially including significant asbestos-containing material at the Old Davis Hospital in Statesville, North Carolina. (EPA photo)

resident complained that the hospital was being vandalized and had exposed asbestos. During the course of research into the hotline complaint, the OIG discovered and confirmed the following through Region 4 and the state of North Carolina:

- Demolition of the hospital began in July 2015 based on a permit issued by Iredell County. The permit indicated asbestos was not prevalent in the building and no asbestos safeguards, such as removing asbestos-containing material before demolition, were necessary.
- Testing by a private citizen and the state of North Carolina found that the debris pile was in fact contaminated with enough asbestos to trigger the Asbestos NESHAP; this finding prompted North Carolina to halt the demolition in October 2015.
- The Asbestos NESHAP requires that debris piles be kept adequately wet until removed; however, videos of the demolition indicated no wetting of demolished buildings occurred and no barrier was erected to contain rain water run-off.
- A residential neighborhood and a community college surround the demolition site, and videos showed (as of March 2016) residents walking by or observing the site; therefore, residents were exposed to the asbestos beginning in July 2015.

There is no safe level of asbestos exposure, and asbestos exposure can cause asbestosis, lung cancer and mesothelioma. Due to the public health issue, and in conformity with the EPA Administrator's 2016 Policy on Elevation of Critical Health Issues, the OIG on May 27, 2016, issued a memorandum to the Region 4 Regional Administrator noting the problems found at the Old Davis Hospital site. In response, the EPA evaluated the site and confirmed the NESHAP violation, issued a notice to residents to inform their health care providers that they may have been exposed to asbestos, obtained funding, kept the debris pile wet, performed air monitoring, secured the site, and performed an emergency removal of 400 tons of debris. Debris removal was completed on September 1, 2016.

Swift Action by EPA OIG Hotline Addresses Potential Cancer Threat at Louisiana Facility

Due to the swift action of the EPA OIG in reporting a potential issue through its hotline, the EPA ensured that it is taking action to address a potential cancer threat from the Denka Performance Elastomer LLC – Pontchartrain Works facility in LaPlace, Louisiana.



The Denka Performance Elastomer LLC – Pontchartrain Works facility in LaPlace, Louisiana. (EPA photo)

The Denka facility uses chloroprene, a potential cancer threat, to manufacture neoprene rubber. An OIG staff member who works out of the EPA Region 6 office learned from agency staff that there was a possible high-risk emission problem at the Denka facility. The facility may have been emitting carcinogenic pollutants at levels outside of the EPA's acceptable risk range. We found that as of July 7, 2016, the EPA may not have told the citizens of their increased risk of cancer, even though the agency

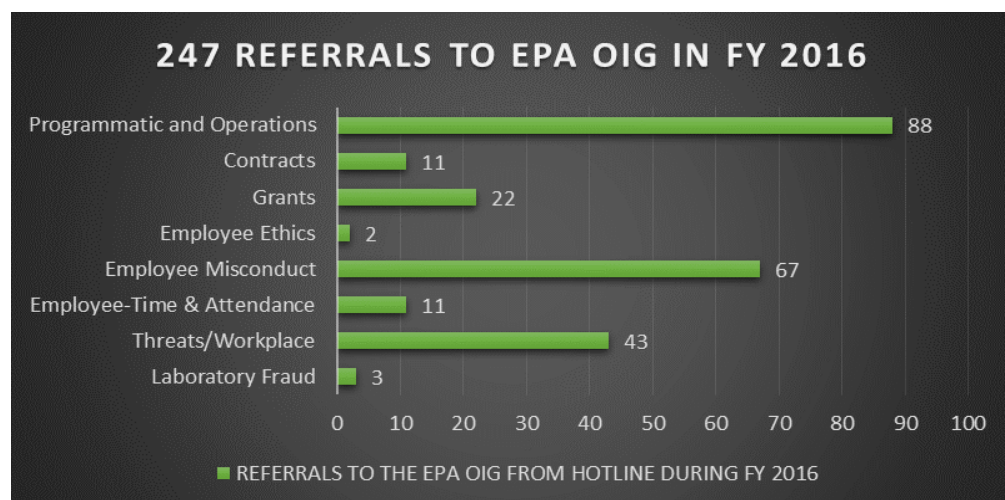
had known about the risk since the fall 2015. The OIG sent a hotline referral memo to Region 6, and the region responded. Region 6 indicated that it is working steadily and transparently to collect more data and address the potential risk from chloroprene to the people living near the Denka facility. Region 6 and the state of Louisiana are in discussions with Denka about installing air pollution controls to significantly reduce chloroprene emissions.

Hotline Statistics

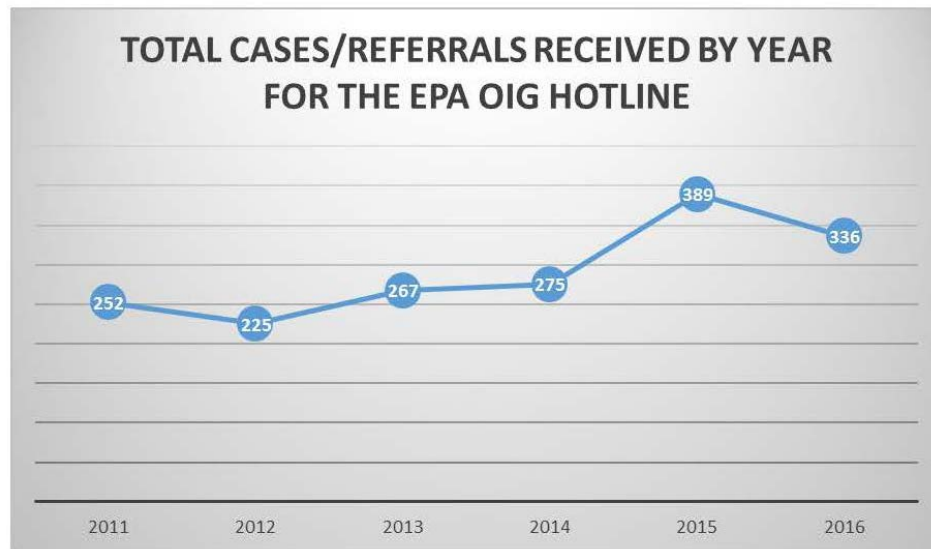
The following table shows OIG hotline activity regarding complaints of fraud, waste and abuse in EPA and CSB programs and operations during the semiannual and annual reporting periods ending September 30, 2016.

| | Semiannual Period (April 1, 2016 - September 30, 2016) | Annual Period (October 1, 2015 - September 30, 2016) |
|---|--|--|
| Issues open at the beginning of the period | 201 | 183 |
| Inquiries received during the period | 195 | 336 |
| Inquiries closed during the period | 208 | 331 |
| Inquiries pending at the end of the period | 188 | 188 |
| Issues referred to others | | |
| OIG offices | 146 | 247 |
| EPA program offices | 40 | 68 |
| Other federal and state/local agencies | 9 | 21 |
| Contacts to the EPA OIG hotline (telephone, voice mail, email, website, podcasts and correspondence) | 4,083 | 8,690 |

The table below details what type of inquiries, by category, the hotline receives that are retained by the EPA OIG and are reviewed by investigation, audit or evaluation. For FY 2016, the hotline sent 247 of the 336 inquiries received to the OIG for review and action.



The hotline at the EPA OIG continues to receive an increased number of contacts every fiscal year. The table below depicts the total number of contacts for the last 6 fiscal years, reflecting interest in the mission of the EPA OIG.



The hotline makes it easy to report allegations of fraud, waste, abuse, mismanagement or misconduct in EPA programs and operations. Employees—as well as contractors, grantees, program participants and members of the general public—may report allegations to the OIG. Complaints may be submitted to the hotline by phone, fax or mail, or electronically using email or the OIG’s online complaint form.

The Inspector General Act of 1978, as amended, and other laws protect those who make hotline complaints. For example, the Whistleblower Protection Enhancement Act of 2012 provided protection to employees who disclose misconduct or misuse of government resources.

Individuals who contact the hotline are not required to identify themselves and may request confidentiality when submitting allegations. However, the OIG encourages those who report allegations to identify themselves so that they can be contacted if the OIG has additional questions. Pursuant to Section 7 of the Inspector General Act, the OIG will not disclose the identity of an employee of the EPA who provides information unless that employee consents or the Inspector General determines that such disclosure is unavoidable during the course of the investigation, audit or evaluation. As a matter of policy, the OIG will provide comparable protection to employees of contractors, grantees and others who provide information to the OIG and request confidentiality.

Individuals who are concerned about the confidentiality or anonymity of electronic communication may submit allegations by telephone or mail.

Other Activities

Quality Control Review of EPA OIG Reports Issued in Fiscal Year 2015

Report No. [16-N-0223](#), issued July 18, 2016

EPA OIG quality assurance staff review and report annually on systemic issues. The FY 2015 review found that the OIG demonstrated high levels of compliance with OIG quality assurance procedures, and received average compliance scores of 90 percent or more. Most of the issues identified during the FY 2014 review have improved. The FY 2015 review noted a few additional areas that involve the presentation of working paper documentation, the quality of indexing, inclusion of the year in annual personal impairment forms, and issuance of multiple reports under one assignment number. The Deputy Inspector General agreed to take the recommended corrective actions.

Examination of Pilot Peer Review Process for Inspectors General That Follow “Blue Book” *Quality Standards for Inspection and Evaluation*

Report No. [16-N-0317](#), issued September 21, 2016

| Blue Book” Standards |
|---|
| 1. Competency |
| 2. Independence |
| 3. Professional Judgment |
| 4. Quality Control |
| 5. Planning |
| 6. Data Collection and Analysis |
| 7. Evidence |
| 8. Records Maintenance |
| 9. Timeliness |
| 10. Fraud, Other Illegal Acts, and Abuse |
| 11. Reporting |
| 12. Followup |
| 13. Performance Measurement |
| 14. Working Relationships and Communication |

We reviewed the Council of the Inspectors General on Integrity and Efficiency’s Inspection and Evaluation pilot External Peer Review process to determine whether the process provided a basis to ensure that standards were achieved, and to identify lessons learned and best practices. We found that the process provides a basis for determining participants’ adherence to seven of the 14 Blue Book standards, and we suggested that all 14 standards be followed to provide a reasonable basis that Inspectors General who adopt the Blue Book quality standards are being adequately evaluated. We also suggested improvements in policy, guidance and an evaluation planning tool, and a council roundtable agreed with our suggestions. We also noted best practices for conducting peer reviews regarding the use of staff from multiple inspection and evaluation units, and the providing of offsite access to documents needed to conduct reviews.

Legislation and Regulations Reviewed

Section 4(a) of the Inspector General Act requires the Inspector General to review existing and proposed legislation and regulations relating to the programs and operations of the EPA and CSB, and to make recommendations concerning their impact. We also review drafts of Office of Management and Budget circulars, memorandums, executive

orders, program operations manuals, directives and reorganizations. The primary basis for our comments is the audit, evaluation, investigation and legislative experiences of the OIG, as well as our participation on the Council of the Inspectors General on Integrity and Efficiency. During the reporting period, we reviewed 41 proposed changes to legislation, regulations, policy, procedures or other documents that could affect the EPA, the CSB, or the Inspector General, and provided comments on two.

EPA OIG Receives Certification Confirming Employee Rights Protected

During this semiannual reporting period, the EPA OIG completed all of the requirements necessary to obtain certification under the Office of Special Counsel’s “2302(c) Certification Program” and submitted the compliance package to the Office of Special Counsel for certification. Per the White House’s 2013 Second Open Government National Action Plan, the Office of Special Counsel certification confirms that an organization keeps its workforce informed about the rights and remedies available to employees under the prohibited personnel practice and whistleblower retaliation provisions of 5 U.S.C § 2302. The Office of Special Counsel has notified the EPA OIG that it is certified under the 2302(c) program.

Other Results of OIG Work

Follow-Up Is Important Aspect of OIG Efforts

For audit and evaluation efforts to be effective, it is important for an OIG to follow up on certain previously issued reports to ensure that appropriate and effective corrective actions have been taken. For the following audit and evaluation reports issued during the semiannual reporting period ending September 30, 2016, our review included follow-up on prior audits and evaluations.

| Report No. | Report Title | Date |
|---------------------------|---|--------------------|
| 16-P-0135 | EPA Should Timely Deobligate Unneeded Contract, Purchase and Miscellaneous Funds | April 11, 2016 |
| 16-P-0167 | EPA Complied With Improper Payment Legislation, but Stronger Internal Controls Are Needed | May 10, 2016 |
| 16-P-0211 | Follow-Up Report: EPA Has Completed Actions to Improve Implementation of the Rulemaking Process | June 23, 2015 |
| 16-P-0212 | EPA Improved Controls Over Billing Reimbursable Interagency Agreement Expenditures to Other Agencies | June 27, 2016 |
| 16-P-0217 | EPA's Financial Oversight of Superfund State Contracts Needs Improvement | June 27, 2016 |
| 16-P-0218 | Hawaii Department of Health Needs to Reduce Open Grants and Unspent Funds | June 28, 2016 |
| 16-P-0222 | EPA Regional Offices Need to More Consistently Conduct Required Annual Reviews of Clean Water State Revolving Funds | July 7, 2016 |
| 16-P-0282 | EPA Oversight of Travel Cards Needs to Improve | August 24, 2016 |
| 16-P-0296 | Progress Made, but Improvements Needed at CTS of Asheville Superfund Site in North Carolina to Advance Cleanup Pace and Reduce Potential Exposure | August 31, 2016 |
| 16-P-0308 | Follow-Up Review: EPA Updated Information for Indoor Mold Research Tools | September 8, 2016 |
| 16-F-0322 | Fiscal Years 2014 and 2013 Financial Statements for the Pesticides Reregistration and Expedited Processing Fund | September 22, 2016 |
| 16-F-0323 | Fiscal Years 2014 and 2013 Financial Statements for the Pesticide Registration Fund | September 22, 2016 |

Also, in compliance with reporting requirements of Section 5(a)(3) of the Inspector General Act of 1978, as amended, we are to identify each significant recommendation described in previous semiannual reports on which corrective action has not been completed. This information is provided in detail in Appendix 3, "Reports With

Corrective Actions Not Completed.” Two examples of why recommendations remained unimplemented are:

- In a report addressing the EPA’s efforts to clean up amphibole asbestos contamination in Libby, Montana, we recommended that the EPA fund and execute a comprehensive amphibole asbestos toxicity assessment to determine (1) the effectiveness of the Libby removal actions, and (2) whether more actions are necessary. The toxicity assessment should include the effects of asbestos on children. The EPA Science Advisory Board should review the toxicity assessment and report to the Office of the Administrator and the Libby Community Advisory Group whether the proposed toxicity assessment can sufficiently protect human health. The goals of the seven National Health and Environmental Effects Research Laboratory projects have been met and, to date, this research has resulted in more than 20 peer reviewed publications, with a few remaining publications in the finalization process. The corrective action milestone date to complete the animal toxicity studies was revised to October 31, 2016, to allow more time for management review of the final report summarizing the studies and their results. (Report No. [2007-P-00002](#))
- In a report evaluating the EPA’s use of special accounts that had high available balances or were at least 10 years old, we recommended that the EPA reclassify or transfer to the Trust Fund, as appropriate, \$27.8 million (plus any earned interest less oversight costs) of the Stringfellow special accounts in annual reviews, and at other milestones including the end of FY 2010, when the record of decision is signed and the final settlement is achieved. The review was following up on the EPA’s progress in implementing a 2006 recommendation to timely review Superfund special accounts to ensure that funds are used consistent with EPA guidance. Region 9 issued a status update memo to the OIG to extend the target action date for this recommendation to September 30, 2023, due to additional work that the state has committed to complete in support of the final sitewide Record of Decision. (Report No. [08-P-0196](#))

Single Audit Reporting Efforts Make Impact

In accordance with the Single Audit Act of 1984 and Office of Management and Budget guidance, nonfederal entities that expend more than \$750,000 in federal funds (usually in the form of grants) are required to have a comprehensive annual audit of their financial statements and compliance with major federal program requirements. The entities receiving the funds include states, local governments, tribes and not-for-profit organizations. The act provides that grantees are subject to one annual comprehensive audit of all their federal programs versus a separate audit of each federal program, hence the term “single audit.” The audits are usually performed by private firms. Federal agencies rely upon the results of single audit reporting when performing their grants management oversight of these entities.

The OIG provides an important customer service to the EPA by performing technical reviews of single audit reports, and issues reports to the EPA for audit resolution and corrective action. These reports recommend that EPA action officials confirm that corrective actions have been taken. If the corrective actions have not been implemented, the EPA needs to obtain a corrective action plan, with milestone dates, for addressing the findings in a single report. For example:

- The single audit report for the state of Vermont for FY 2014 identified two findings related to the Drinking Water State Revolving Fund program that is managed by the Vermont Department of Environmental Conservation. The department did not have adequate procedures to ensure that federal financial status reports were accurate. The department also did not obtain and review subrecipient single audit reports as part of its monitoring responsibilities. The department developed new procedures to correct these deficiencies. EPA Region 1 reviewed these procedures and accepted the department’s corrective actions.
- The single audit report for the Redwood Valley Little River Band of Pomo Indians, California, for FY 2013 identified findings related to various EPA-funded programs. The tribe allocated payroll expenses to its EPA program arbitrarily, based on budgeted amounts, instead of actual costs incurred, as required. To address this issue, EPA Region 9 provided supplemental funds to the tribe to update its accounting system, to add payroll and allocation modules to improve cost tracking. Training was also provided to tribe fiscal staff on the enhancements.

Summary of OIG single audit activity for semiannual period ending September 30, 2016

| No. of reports issued | No. of reports with no further action | No. of findings reported to EPA | Reported questioned costs | Quality review of single audit reports | Deficiency letters issued to single auditors |
|-----------------------|---------------------------------------|---------------------------------|---------------------------|--|--|
| 258 | 1,612 | 609 | \$320,194 | 9 | 8 |

Source: OIG analysis.

The OIG also provides technical assistance and advice to the EPA, single auditors and others as they relate to the single audit process. For example, the OIG's National Single Audit Coordinator participated in a Council of the Inspectors General on Integrity and Efficiency workgroup to update the organization's quality control guide used by federal agencies to perform technical reviews of single audit reports for compliance with generally accepted government auditing standards and the Uniform Guidelines issued by the Office of Management and Budget. Also, the OIG's National Single Audit Coordinator was invited to speak at an Association of Government Accountants' conference, providing training and updates on the Uniform Guidelines and their impact on federal grants and the single audit.

The OIG's single audit team completed nine initial quality reviews of cognizant single audit reports, and issued eight letters of deficiencies for FY 2015 single audit reports as a result of these reviews.

Actions Taken on Reports Result in Improvements

The EPA has taken a number of corrective actions based on audit and evaluation reports issued during the current and prior semiannual reporting periods. Examples follow.

- Our prior and ongoing interest and concerns over recovering expenses under reimbursable interagency agreements resulted in the EPA making a concerted effort to reduce the overall unbilled reimbursable costs, and it achieved \$18 million in reductions. In particular, the agency conducted a Lean Review in 2014 to complete a comprehensive study of the reimbursable agreement process, which now requires a reservation of funds in the budget process that identified reimbursable authority, and developed a report in its Compass Financials accounting system on the funding status of all current reimbursable agreements. Also, the agency issued a resource management directive that sets forth the EPA's financial requirements for the award and management of reimbursable interagency agreements, which ensures that the EPA properly collects, documents and manages reimbursable funds, and recovers the full cost of performing work on behalf of a federal partner. (Report No. [16-P-0212](#))
- Based on our recommendation in a prior report, EPA Region 9 withheld \$8,098,680 of the \$8,787,000 in FY 2015 grant funds to the Hawaii Department of Health, and issued an enforcement letter to require that the department to meet interim corrective action plan targets to award the remaining \$8,098,680 allotted for the fiscal year. Hawaii met the interim targets by January 6, 2016, approximately 3 weeks ahead of schedule. The EPA consequently awarded the remaining funds allotted for the fiscal year on March 3, 2016. (Report No. [16-P-0218](#))
- Based on our recommendation in a 2008 report, in July 2016, the agency reclassified \$5.43 million of the special account for the Stringfellow Superfund site, located in Glen Avon, California, for use on other Superfund sites. Our recommendation was to reclassify or transfer to the trust fund, as appropriate, \$27.8 million (plus any earned interest less oversight costs) of the Stringfellow special accounts in annual reviews, and at other milestones, including the end of FY 2010, when the record of decision is signed and the final settlement is achieved. The EPA's estimated completion date for further action under this recommendation is September 30, 2023. (Report No. [08-P-0196](#))

Projects Generated by Earlier OIG Work

Much of the important work that we do not only results in recommendations, but spurs us to do additional work in similar areas, resulting in further findings. For example:

- The OIG Office of Investigations initially conducted an investigation that resulted in the arrest of an EPA employee in June 2016 for possession of child pornography, related to that employee's use of EPA computer equipment. Based on that investigation, it was determined that the EPA had no tracking records of the employee's computer equipment, and was unaware that computer equipment was even missing. Consequently, the OIG Office of Audit initiated a nationwide audit of the EPA's computer equipment tracking practices.
- Current work on compliance with water quality monitoring requirements emerged from a previous OIG evaluation on how the EPA addresses compliance problems at small community water systems. The most frequently reported Safe Drinking Water Act violations continue to be failure to monitor or report water quality results. The prior review identified some potential best practices that states could use to reduce monitoring and reporting problems, and we are reviewing how states ensure that monitoring and reporting occurs at community water systems.
- A report during the current semiannual reporting period—indicating that the EPA should timely deobligate more than \$3.5 million in unneeded contract, purchase and miscellaneous funds—was conducted after several other audits noted unliquidated obligation issues. We will continue to look at unliquidated obligations.
- In EPA Region 4, we initiated an investigation into numerous missing EPA laptop computers. The investigation resulted in a related investigation that led to the finding that agency property was being stolen and pawned by an EPA employee.
- Our evaluation into management of resistance issues related to herbicide-tolerant genetically engineered crops has ties to a previously issued report on how the EPA needs better data, plans and tools to manage insect resistance to genetically engineered corn. The current evaluation is part of a series of evaluations on the effectiveness of the EPA's activities related to genetically engineered crops.
- A report on how the Manchester Band of Pomo Indians of California needs to improve its financial management of EPA grants, as well as demonstrate completion of grant work, is one of a series of audits we have done about how tribes across the nation manage EPA grant funds, and was initiated after several audits of tribes had found problems. We will continue to perform such audits.

Agency Best Practices Noted

During the semiannual reporting period, several reports that we issued highlighted agency “best practices” of value to other components in the agency. Examples follow.

- In a report on billing interagency agreement expenditures to other agencies, the EPA implemented actions to expedite billing older reimbursable costs and reduce federal unbilled receivables. Actions included obtaining additional funds needed from the U.S. Coast Guard, and reviewing quarterly unliquidated obligation reports from the Federal Emergency Management Agency and notifying that agency of pending billable costs to prevent deobligation of mission assignment funds. Also, the EPA began requiring a seven-digit organization code in the accounting string to ensure that all reimbursable expenses are tied to a reimbursable interagency agreement and are, therefore, billable. The EPA also created a default in its accounting system to reject any reimbursable expenses not tied to a reimbursable agreement, and performed an in-depth analysis of the federal unbilled receivable backlog to recover expenses previously unbilled. (Report No. [16-P-0212](#))
- Based on concerns regarding a lack of internal controls in the Pacific Territory of Guam, in February 2011, Region 9 awarded a contract for development of standard operating procedures and other tasks. Thus far, the contractor has developed over 50 standard operating procedures in areas that include construction services, engineering, engineering services procurement and project management. However, the contractor had not developed accounting procedures to provide assurance that costs are reasonable, allocable and allowable. After the OIG identified accounting procedures as a concern at the Guam Water Authority, EPA Region 9 contracted to have procedures developed. (Report No. [16-P-0166](#))

Statistical Data

Profile of Activities and Results

| Audit and evaluation operations Reviews performed by OIG (\$ in millions) | | |
|--|---|--------------------|
| | April 1, 2016, to September 30, 2016 | FY 2016 |
| Questioned costs * | \$14.00 | \$14.00 |
| Recommended efficiencies * | \$177.93 | \$178.12 |
| Cost savings | \$0.00 | \$0.00 |
| Costs disallowed to be recovered | \$0.00 | \$0.36 |
| Costs disallowed as cost efficiency | \$25.79 | \$25.79 |
| Reports issued by OIG | 39 | 67 |
| Reports resolved (Agreement by agency officials to take satisfactory corrective actions) ** | 108 | 178 |

| Audit and evaluation operations Reviews performed by Single Audit Act auditors (\$ in millions) | | |
|--|---|--------------------|
| | April 1, 2016, to September 30, 2016 | FY 2016 |
| Questioned costs * | \$0.30 | \$0.32 |
| Recommended efficiencies * | \$0.00 | \$0.0 |
| Cost savings | \$0.00 | \$0.00 |
| Costs disallowed to be recovered | \$0.02 | \$0.06 |
| Costs disallowed as cost efficiency | \$0.00 | \$0.00 |
| Single Audit Act reviews | 162 | 258 |
| Agency recoveries Recoveries from audit and evaluation resolutions of current and prior periods (cash collections or offsets to future payments) *** | \$0.5 | \$1.2 |

| Investigative operations (\$ in millions) | | | | | | |
|--|---|--------------|--------------|-------------------------|--------------|--------------|
| | April 1, 2016, to September 30, 2016 | | | FY 2016 | | |
| | EPA OIG only | Joint | Total | EPA OIG only | Joint | Total |
| Total fines and recoveries | \$0.076 | \$0.167 | \$0.243 | \$0.142 | \$0.350 | \$0.0492 |
| Cost savings | \$0.003 | \$0.000 | \$0.003 | \$0.967 | \$0.000 | \$0.967 |
| Cost avoidances | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$0.000 | \$0.000 |
| Civil settlements | \$0.000 | \$14,900.7 | \$14,900.7 | \$0.190 | \$14,903.7 | \$14,903.9 |
| Cases open during period | 45 | 2 | 47 | 94 | 6 | 100 |
| Cases closed during period | 62 | 11 | 73 | 110 | 19 | 129 |
| Indictments/informations of persons or companies | 1 | 1 | 2 | 6 | 4 | 10 |
| Convictions of persons or companies | 0 | 4 | 4 | 3 | 7 | 10 |
| Civil judgments/settlements/filings | 0 | 3 | 3 | 1 | 4 | 5 |

* 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 the EPA's Office of Financial Management and is unaudited.

Audit, Inspection and Evaluation Report Resolution

Table 1: OIG-issued reports with questioned costs for semiannual period ending September 30, 2016 (\$ in thousands)

| Report category | No. of reports | Questioned costs * | Unsupported costs |
|--|----------------|--------------------|-------------------|
| A. For which no management decision was made by April 1, 2016 ** | 10 | \$2,491 | \$181 |
| B. New reports issued during period | 10 | 14,320 | 12,565 |
| Subtotals (A + B) | 20 | 16,811 | 12,746 |
| C. For which a management decision was made during the reporting period: | 3 | 113 | 113 |
| (i) Dollar value of disallowed costs | 0 | 0 | 0 |
| (ii) Dollar value of costs not disallowed | 3 | 0 | 0 |
| D. For which no management decision was made by September 30, 2016 | 16 | 21,957 | 21,595 |

* 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, 2016 (\$ in thousands)

| Report Category | No. of reports | Dollar Value |
|---|----------------|--------------|
| A. For which no management decision was made by April 1, 2016 * | 1 | \$1,729 |
| B. Which were issued during the reporting period | 12 | 178,120 |
| Subtotals (A + B) | 13 | 179,849 |
| C. For which a management decision was made during the reporting period: | 4 | 25,790 |
| (i) Dollar value of recommendations from reports that were agreed to by management | 3 | 20,271 |
| (ii) Dollar value of recommendations from reports that were not agreed to by management | 1 | 5,519 |
| D. For which no management decision was made by September 30, 2016 | 9 | 154,059 |

* 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, 2016, 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 | 39 | 57 |
| Assistance agreements | 9 | 13 |
| Single audits | 16 | 24 |
| Financial statement audits | 4 | 6 |
| Total | 68 | 100 |

Summary of Investigative Results

Summary of investigative activity during reporting period

| | |
|--|-----|
| Cases open as of April 1, 2016 * | 234 |
| Cases opened during period | 47 |
| Cases closed during period | 73 |
| Cases pending as of September 30, 2016 | 208 |

* Adjusted from prior period.

Investigations pending by type as of September 30, 2016

| | Superfund | Management | Split funded | Recovery Act | CSB | Total |
|--------------------|-----------|------------|--------------|--------------|----------|------------|
| Contract fraud | 8 | 11 | 9 | 2 | 0 | 30 |
| Grant fraud | 0 | 22 | 12 | 7 | 0 | 41 |
| Laboratory fraud | 3 | 3 | 2 | 0 | 0 | 8 |
| Employee integrity | 2 | 28 | 47 | 0 | 0 | 77 |
| Program integrity | 1 | 9 | 4 | 0 | 0 | 14 |
| Computer crimes | 0 | 1 | 3 | 0 | 0 | 4 |
| Threat | 1 | 3 | 9 | 0 | 0 | 13 |
| Retaliation | 0 | 1 | 2 | 0 | 0 | 3 |
| Other | 1 | 11 | 6 | 0 | 0 | 16 |
| Total | 16 | 89 | 94 | 9 | 0 | 208 |

Results of prosecutive actions

| | EPA OIG only | Joint * | Total |
|--|--------------|------------------|------------------|
| Criminal indictments/informations/complaints | 1 | 1 | 2 |
| Convictions | 0 | 4 | 4 |
| Civil judgments/settlements/filings | 0 | 3 | 3 |
| Deportations | 0 | 0 | 0 |
| Fines and recoveries (including civil) | \$76,374 | \$14,900,938,716 | \$14,901,015,090 |
| Prison time | 0 months | 711 months | 711 months |
| Prison time suspended | 0 months | 0 months | 0 months |
| Home detention | 0 months | 12 months | 12 months |
| Probation | 22 months | 204 months | 226 months |
| Community service | 100 hours | 0 hours | 100 hours |

* With another federal agency.

Administrative actions

| | EPA OIG only | Joint * | Total |
|----------------------------------|----------------|------------|----------------|
| Suspensions | 2 | 0 | 2 |
| Debarments | 3 | 9 | 12 |
| Other administrative actions | 26 | 3 | 29 |
| Total | 31 | 12 | 43 |
| Administrative recoveries | \$0 | \$0 | \$0 |
| Cost avoidance | \$3,285 | \$0 | \$3,285 |

* With another federal agency.

Appendices

Appendix 1—Reports Issued

The Inspector General Act of 1978, as amended, requires a listing, subdivided according to subject matter, of each report issued by the OIG during the reporting period. For each report, where applicable, the Inspector General Act also requires a listing of the dollar value of questioned costs and the dollar value of recommendations that funds be put to better use.

| Report No. | Report | Date | Questioned Costs | | | Federal Recommended Efficiencies |
|----------------------------|---|---------------|------------------|-------------------|--------------------|----------------------------------|
| | | | Ineligible Costs | Unsupported Costs | Unreasonable Costs | |
| PERFORMANCE REPORTS | | | | | | |
| 16-P-0135 | EPA Should Timely Deobligate Unneeded Contract, Purchase and Miscellaneous Funds | Apr. 11, 2016 | \$0 | \$0 | \$0 | \$3,545,933 |
| 16-P-0162 | EPA Needs to Assess Environmental and Economic Benefits of Completed Clean Water State Revolving Fund Green Projects | May 2, 2016 | 0 | 0 | 0 | 0 |
| 16-P-0164 | Clean Air Act Facility Evaluations Are Conducted, but Inaccurate Data Hinder EPA Oversight and Public Awareness | May 3, 2016 | 0 | 0 | 0 | 0 |
| 16-P-0166 | EPA Region 9 Needs to Improve Oversight Over Guam's Consolidated Cooperative Agreements | May 9, 2016 | 0 | 0 | 0 | 2,332,577 |
| 16-P-0167 | EPA Complied With Improper Payment Legislation, but Stronger Internal Controls Are Needed | May 10, 2016 | 0 | 0 | 0 | 0 |
| 16-P-0179 | CSB Needs to Continue to Improve Agency Governance and Operations | May 19, 2016 | 0 | 0 | 0 | 0 |
| 16-P-0181 | EPA Region 9 Needs to Improve Oversight Over American Samoa Consolidated Cooperative Agreements | May 23, 2016 | 0 | 0 | 0 | 0 |
| 16-P-0194 | EPA Needs Better Data, Plans and Tools to Manage Insect Resistance to Genetically Engineered Corn | Jun. 1, 2016 | 0 | 0 | 0 | 0 |
| 16-P-0196 | EPA Improved Its National Security Information Program, but Some Improvements Still Needed | Jun. 2, 2016 | 0 | 0 | 0 | 0 |
| 16-P-0207 | EPA Region 9 Needs to Improve Oversight Over Commonwealth of the Northern Mariana Islands Consolidated Cooperative Agreements | Jun. 20, 2016 | 0 | 0 | 0 | 0 |
| 16-P-0211 | Follow-Up Report: EPA Has Completed Actions to Improve Implementation of the Rulemaking Process | Jun. 23, 2016 | 0 | 0 | 0 | 0 |
| 16-P-0212 | EPA Improved Controls Over Billing Reimbursable Interagency Agreement Expenditures to Other Agencies | Jun. 27, 2016 | 0 | 0 | 0 | 18,000,000 |
| 16-P-0217 | EPA's Financial Oversight of Superfund State Contracts Needs Improvement | Jun. 27, 2016 | 0 | 0 | 0 | 2,271,000 |
| 16-P-0218 | Hawaii Department of Health Needs to Reduce Open Grants and Unspent Funds | Jun. 28, 2016 | 0 | 0 | 0 | 8,312,000 |
| 16-P-0219 | EPA Has Developed Guidance for Disaster Debris but Has Limited Knowledge of State Preparedness | Jun. 29, 2016 | 0 | 0 | 0 | 0 |
| 16-P-0222 | EPA Regional Offices Need to More Consistently Conduct Required Annual Reviews of Clean Water State Revolving Funds | Jul. 7, 2016 | 0 | 0 | 0 | 0 |
| 16-P-0246 | EPA Cannot Assess Results and Benefits of Its Environmental Education Program | Jul. 29, 2016 | 0 | 0 | 0 | 0 |
| 16-P-0254 | Cybersecurity Act of 2015 Report: CSB's Policies and Procedures to Protect Systems With Personally Identifiable Information | Aug. 1, 2016 | 0 | 0 | 0 | 0 |
| 16-P-0259 | Cybersecurity Act of 2015 Report: EPA's Policies and Procedures to Protect Systems With Personally Identifiable Information | Aug. 10, 2016 | 0 | 0 | 0 | 0 |
| 16-P-0260 | CSB Has Improved Its Controls Over Purchase Cards | Aug. 11, 2016 | 0 | 0 | 0 | 0 |
| 16-P-0268 | EPA Needs to Improve Oversight of Its Transit Subsidy Benefits Program | Aug. 16, 2016 | 0 | 0 | 0 | 137,080 |
| 16-P-0275 | EPA Has Not Met Certain Statutory Requirements to Identify Environmental Impacts of Renewable Fuel Standard | Aug. 18, 2016 | 0 | 0 | 0 | 0 |
| 16-P-0276 | EPA Region 9 Needs to Improve Oversight of San Francisco Bay Water Quality Improvement Fund Grants | Aug. 22, 2016 | 0 | 0 | 0 | 3,451,000 |
| 16-P-0279 | EPA Achieved Scientific Benefits When Using Reimbursable Research Agreements, but Better Estimating of In-Kind Costs Is Needed | Aug. 22, 2016 | 0 | 0 | 0 | 0 |
| 16-P-0282 | EPA Oversight of Travel Cards Needs to Improve | Aug. 24, 2016 | 0 | 0 | 0 | 556,500 |
| 16-P-0296 | Progress Made, but Improvements Needed at CTS of Asheville Superfund Site in North Carolina to Advance Cleanup Pace and Reduce Potential Exposure | Aug. 31, 2016 | 0 | 0 | 0 | 0 |

| Report No. | Report | Date | Questioned Costs | | | Federal Recommended Efficiencies |
|-----------------------------|---|---------------|------------------|---------------------|--------------------|----------------------------------|
| | | | Ineligible Costs | Unsupported Costs | Unreasonable Costs | |
| 16-P-0308 | Follow-Up Review: EPA Updated Information for Indoor Mold Research Tools | Sep. 8, 2016 | 0 | 0 | 0 | 0 |
| 16-P-0313 | Oregon Health Authority's Prior Labor Charging Practices Under EPA Grants Did Not Meet Requirements | Sep. 12, 2016 | 0 | 12,136,214 | 0 | 0 |
| 16-P-0316 | EPA Needs a Risk-Based Strategy to Assure Continued Effectiveness of Hospital-Level Disinfectants | Sep. 19, 2016 | 0 | 0 | 0 | 0 |
| 16-P-0320 | Manchester Band of Pomo Indians Needs to Improve Its Financial Management System and Demonstrate Completion of Grant Work | Sep. 21, 2016 | 174,970 | 197,748 | 0 | 174,970 |
| 16-P-0333 | Enhanced Controls Needed to Prevent Further Abuse of Religious Compensatory Time | Sep. 27, 2016 | 0 | 0 | 0 | 0 |
| | TOTAL PERFORMANCE REPORTS=31 | | \$174,970 | \$12,333,962 | \$0 | \$38,781,060 |
| SINGLE AUDIT REPORTS | | | | | | |
| 16-S-0133 | District of Columbia Water and Sewer Authority – FY 2015 | Apr. 6, 2016 | \$0 | \$0 | \$0 | \$0 |
| 16-S-0134 | Ohio, State of – FY 2015 | Apr. 6, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0136 | Utah, State of – FY 2015 | Apr. 13, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0137 | Maine Municipal Bond Bank, Maine – FY 2015 | Apr. 13, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0138 | Houston, Texas, City of – FY 2014 | Apr. 19, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0139 | New Mexico Environment Department, New Mexico – FY 2015 | Apr. 19, 2016 | 667 | 0 | 0 | 0 |
| 16-S-0140 | Delaware, State of – FY 2015 | Apr. 19, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0141 | Idaho, State of – FY 2015 | Apr. 19, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0142 | Kansas, State of – FY 2015 | Apr. 19, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0143 | Willis, Texas – FY 2014 | Apr. 19, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0144 | Ishpeming, Michigan, City of – FY 2014 | Apr. 25, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0145 | Mecosta, Michigan, County of – FY 2014 | Apr. 25, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0146 | Winnebago, Illinois, Village of – FY 2014 | Apr. 25, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0147 | Commerce, Michigan, Charter Township of – FY 2014 | Apr. 25, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0148 | Duluth, Minnesota, City of – FY 2014 | Apr. 27, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0149 | Pennsylvania, Commonwealth of – FY 2015 | Apr. 27, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0150 | Wisconsin, State of – FY 2015 | Apr. 27, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0151 | Nebraska, State of – FY 2015 | Apr. 27, 2016 | 0 | 18,751 | 0 | 0 |
| 16-S-0152 | Jackson County, Mississippi – FY 2014 | Apr. 27, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0153 | Montana, State of – FYs 2014 & 2015 | Apr. 26, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0154 | South Carolina, State of – FY 2015 | Apr. 27, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0155 | Vermont, State of – FY 2015 | Apr. 27, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0156 | Washington, State of – FY 2015 | Apr. 27, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0157 | Wyoming, State of – FY 2015 | Apr. 27, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0158 | New Hampshire, State of – FY 2015 | Apr. 27, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0159 | Longtown Rural Water District #1, Oklahoma – FY 2014 | Apr. 28, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0160 | Fort Bend Fresh Water Supply District No. 1, Texas – FY 2014 | Apr. 28, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0161 | New York, State of – FY 2015 | Apr. 29, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0163 | Puerto Rico Water Pollution Control Revolving Fund – FY 2015 | Apr. 29, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0165 | Glenwood, Minnesota, City of – FY 2014 | May 2, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0168 | North Koochiching Area Sanitary District, Minnesota – FY 2014 | May 6, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0169 | Warren, Minnesota, City of – FY 2014 | May 6, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0170 | Perham, Minnesota, City of – FY 2014 | May 6, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0171 | Portsmouth, Ohio, City of – FY 2014 | May 6, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0172 | Bad River Band of Lake Superior Tribe of Chippewa Indians, Wisconsin – FY 2014 | May 6, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0173 | Sangamon Valley Public Water District, Illinois – FY 2014 | May 9, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0174 | Elroy, Wisconsin, City of – FY 2014 | May 10, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0175 | Oconto Falls, Wisconsin, City of – FY 2014 | May 10, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0176 | Two Rivers, Wisconsin, City of – FY 2014 | May 10, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0177 | Oconto County, Wisconsin – FY 2014 | May 10, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0178 | Fountain City, Wisconsin, City of – FY 2014 | May 10, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0182 | Denver Urban Renewal Authority, Colorado – FY 2014 | May 19, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0183 | Bay Area Stormwater Management Agencies Association, California – FY 2013 | May 19, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0184 | Old Harbor Tribal Council, Alaska – FY 2014 | May 19, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0185 | Little Rock, Arkansas, City of – FY 2014 | May 25, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0186 | Upper Sioux Community Federal and State Program Department, Minnesota – FY 2013 | May 25, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0187 | Cameron, Wisconsin, Village of – FY 2014 | May 26, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0188 | Turtle Lake, Wisconsin, Village of – FY 2014 | May 26, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0189 | Youngstown, Ohio, City of – FY 2013 | May 26, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0190 | Huron County, Michigan – FY 2014 | May 26, 2016 | 0 | 0 | 0 | 0 |

| Report No. | Report | Date | Questioned Costs | | | Federal Recommended Efficiencies |
|------------|--|---------------|------------------|-------------------|--------------------|----------------------------------|
| | | | Ineligible Costs | Unsupported Costs | Unreasonable Costs | |
| 16-S-0191 | St. Croix Chippewa Indians of Wisconsin, Wisconsin – FY 2014 | May 26, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0192 | Stockbridge Munsee Community, Wisconsin – FY 2013 | May 26, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0193 | Zachary, Louisiana, City of – FY 2014 | May 27, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0195 | Fruitland, Idaho, City of – FY 2014 | May 27, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0197 | Grand Portage Band of Chippewa Indians, Minnesota – FY 2014 | Jun. 1, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0198 | Metropolitan Council of the Twin Cities Area, Minnesota – FY 2014 | Jun. 2, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0199 | Freedom Township Water & Sewer Authority, Pennsylvania – FY 2014 | Jun. 3, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0200 | Environmental Law Institute, District of Columbia – FY 2014 | Jun. 3, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0201 | Duncansville Municipal Authority, Pennsylvania – FY 2014 | Jun. 6, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0202 | Lemoyne, Pennsylvania, Municipal Authority, Borough of – FY 2014 | Jun. 6, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0203 | South Dallas Water Authority, Alabama – FY 2014 | Jun. 8, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0204 | Avon Park, Florida, City of – FY 2014 | Jun. 8, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0205 | Goshen, Indiana, City of – FY 2013 | Jun. 9, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0208 | Mississippi, State of – FY 2015 | Jun. 20, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0209 | Dona Ana Mutual Domestic Water Consumers Association, New Mexico – FY 2014 | Jun. 21, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0210 | North Carolina, State of – FY 2015 | Jun. 21, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0213 | Hayden Lake Recreational Water and Sewer District, Idaho – FY 2013 | Jun. 22, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0214 | Walla Walla, Washington, City of – FY 2014 | Jun. 23, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0215 | Odem Water Association, Idaho, City of – FY 2014 | Jun. 23, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0216 | Arcadia, Florida, City of – FY 2014 | Jun. 24, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0220 | Alderwood Water and Wastewater District, Washington – FY 2014 | Jun. 29, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0224 | Rhineland, Wisconsin, City of – FY 2014 | Jul. 18, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0225 | Greenville, Mississippi, City of – FY 2014 | Jul. 18, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0226 | Racine, Wisconsin, City of – FY 2014 | Jul. 18, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0227 | St. Croix Falls, Wisconsin, City of – FY 2014 | Jul. 18, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0228 | Germantown Hills, Illinois, Village of – FY 2015 | Jul. 18, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0229 | Summit, Mississippi, Town of – FY 2014 | Jul. 18, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0230 | Batesville, Mississippi, City of – FY 2014 | Jul. 18, 2016 | 9,439 | 0 | 0 | 0 |
| 16-S-0231 | Guntown, Mississippi, City of – FY 2014 | Jul. 18, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0232 | Elizabethtown, North Carolina, Town of – FY 2014 | Jul. 19, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0233 | Pamplico, South Carolina, Town of – FY 2014 | Jul. 19, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0234 | Michigan, State of – FY 2015 | Jul. 19, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0235 | Maryland Coastal Bays Foundation Inc., Maryland – FY 2015 | Jul. 20, 2016 | 22,407 | 17,559 | 0 | 0 |
| 16-S-0236 | Huron Conservation District, Michigan – FY 2014 | Jul. 25, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0237 | Fredericksburg Sewer and Water Authority, Pennsylvania – FY 2014 | Jul. 25, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0238 | Richmond Hill, Georgia, City of FY 2014 | Jul. 25, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0239 | Bradford, Pennsylvania, County of – FY 2014 | Jul. 25, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0240 | Okolona, Mississippi, City of – FY 2014 | Jul. 25, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0241 | Windsor, North Carolina, Town of – FY 2014 | Jul. 25, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0242 | Corporation for the Conservation for the San Juan Estuary, Puerto Rico – FY 2014 | Jul. 26, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0243 | Babylon, New York, Town of – FY 2014 | Jul. 26, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0244 | Fremont, Ohio, City of – FY 2013 | Jul. 26, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0245 | Montcalm County, Michigan – FY 2014 | Jul. 26, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0247 | Hammond, Louisiana, City of – FY 2015 | Jul. 28, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0248 | Fort Independence Indian Reservation, California – FY 2014 | Jul. 28, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0249 | Kansas City, Missouri, City of – FY 2014 | Jul. 28, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0250 | Cottonwood Falls, Kansas, City of – FY 2014 | Jul. 28, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0252 | North Franklin Water Works Inc., Louisiana – FY 2014 | Jul. 28, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0253 | Lyons, Kansas, City of – FY 2014 | Jul. 28, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0255 | California Water Pollution Control Revolving Fund – FY 2015 | Jul. 29, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0256 | California Safe Drinking Water Revolving Fund, California – FY 2015 | Jul. 29, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0257 | Sauk-Suiattle Indian Tribe, Washington – FY 2013 | Aug. 8, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0261 | Fargo, North Dakota, City of – FY 2014 | Aug. 11, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0262 | Ray, North Dakota, City of – FY 2014 | Aug. 11, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0263 | Rolla, North Dakota, City of – FY 2014 | Aug. 11, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0264 | Laurel, Montana, City of – FY 2015 | Aug. 11, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0265 | White River Municipal Water District, Texas – FY 2015 | Aug. 11, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0266 | Anthony, Texas, Town of – FY 2014 | Aug. 11, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0267 | Thlopthlocco Tribal Town, Oklahoma – FY 2014 | Aug. 11, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0269 | Las Vegas, New Mexico, City of – FY 2015 | Aug. 15, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0270 | Deming, New Mexico, City of – FY 2015 | Aug. 15, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0271 | Picuris Pueblo, New Mexico – FY 2014 | Aug. 15, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0272 | Estherwood, Louisiana, Village of – FY 2015 | Aug. 15, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0273 | San Ildefonso, New Mexico, Pueblo de – FY 2013 | Aug. 16, 2016 | 0 | 0 | 0 | 0 |

| Report No. | Report | Date | Questioned Costs | | | Federal Recommended Efficiencies |
|--------------------------|---|---------------|------------------|-------------------|--------------------|----------------------------------|
| | | | Ineligible Costs | Unsupported Costs | Unreasonable Costs | |
| 16-S-0274 | McNeil Arkansas Water & Sewer System, Arkansas, City of – FY 2013 | Aug. 16, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0277 | Zachary, Louisiana, City of – FY 2015 | Aug. 18, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0278 | Lutcher, Louisiana, Town of – FY 2015 | Aug. 18, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0280 | Delhi, Louisiana, Town of – FY 2014 | Aug. 18, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0281 | Crystal River, Florida, City of – FY 2014 | Aug. 22, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0283 | North San Saba Water Supply Corporation, Texas – FY 2014 | Aug. 23, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0284 | Iowa Regional Utilities Association, Iowa – FY 2014 | Aug. 23, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0285 | Rural Water District No. 2 Comanche County, Oklahoma – FY 2014 | Aug. 23, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0286 | Rural Water District No. 1 Noble County, Oklahoma – FY 2013 | Aug. 23, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0287 | Anchorage, Alaska, Municipality of – FY 2014 | Aug. 24, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0288 | Redwood Valley Little River Band Pomo Indians, California – FY 2014 | Aug. 24, 2016 | 0 | 168,465 | 0 | 0 |
| 16-S-0289 | Marine Biological Laboratory, Massachusetts – FY 2014 | Aug. 24, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0290 | Rye Water District, New Hampshire – FY 2014 | Aug. 24, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0291 | Alliance to Save Energy, District of Columbia – FY 2014 | Aug. 24, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0292 | Northway Village Council, Alaska – FY 2015 | Aug. 25, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0293 | Post Falls, Idaho, City of – FY 2015 | Aug. 25, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0294 | Decision Science Research Institute Inc. Oregon – FY 2014 | Aug. 25, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0295 | American Samoa Power Authority, American Samoa – FY 2015 | Aug 29, 2016 | 33,523 | 0 | 0 | 0 |
| 16-S-0297 | Washburn, North Dakota, City of – FY 2014 | Aug. 30, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0298 | McLean Sheridan Rural Water District, North Dakota – FY 2014 | Aug. 30, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0299 | Selby, South Dakota, City of – FY 2013-2014 | Aug. 30, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0300 | Spearfish, South Dakota, City of – FY 2014 | Aug. 30, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0301 | Puerto Rico Aqueduct and Sewer Authority, Puerto Rico – FY 2015 | Sep. 1, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0302 | Bond-Madison Water Company, Illinois – FY 2014 | Sep. 1, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0303 | Chicago, Illinois, City of – FY 2015 | Sep. 1, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0304 | DuPage County, Illinois – FY 2014 | Sep. 1, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0305 | Evanston, Illinois, City of – FY 2014 | Sep. 1, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0306 | Massachusetts Clean Water Trust, Massachusetts – FY 2015 | Sep. 6, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0307 | Rock Island, Illinois, City of – FY 2014 | Sep. 6, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0309 | Stephenson County, Illinois – FY 2014 | Sep. 8, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0310 | Oak Lawn, Illinois, Village of – FY 2014 | Sep. 8, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0311 | Jeffersonville, Indiana, City of – FY 2013 | Sep. 8, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0312 | Linton, Indiana, City of – FY 2014 | Sep. 8, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0314 | Chesterton, Indiana, Town of – FY 2014 | Sep. 9, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0315 | Middletown, Indiana, Town of – FY 2014 | Sep. 12, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0318 | Lake Placid Village Inc., New York – FY 2015 | Sep. 19, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0319 | Alexander City, Alabama, City of – FY 2013 | Sep. 19, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0321 | Colorado Rural Water Association Inc., Colorado – FY 2014 | Sep. 20, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0324 | Cut Bank, Montana, City of – FY 2015 | Sep. 22, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0325 | Pala Band of Mission Indians, California – FY 2014 | Sep. 22, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0326 | Gambell, Alaska, Native Village of – FY 2013 | Sep. 22, 2016 | 0 | 27,179 | 0 | 0 |
| 16-S-0327 | Iliamna Village Council, Alaska – FY 2015 | Sep. 22, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0328 | Lake Delton, Wisconsin, Village of – FY 2014 | Sep. 23, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0329 | Cape Girardeau, Missouri, City of – FY 2015 | Sep. 23, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0330 | Kodiak Island Borough, Alaska – FY 2015 | Sep. 23, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0331 | Odessa, Missouri, City of – FY 2015 | Sep. 23, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0332 | Sturgis, Michigan, City of – FY 2014 | Sep. 23, 2016 | 0 | 0 | 0 | 0 |
| 16-S-0334 | Kearney, Nebraska, City of – FY 2015 | Sep. 27, 2016 | 0 | 0 | 0 | 0 |
| | TOTAL SINGLE AUDIT REPORTS=162 | | \$66,036 | \$231,954 | \$0 | \$0 |
| NON-AUDIT REPORTS | | | | | | |
| 16-N-0180 | Summary Report: Fiscal Year 2015 Reviews of EPA's Measurement of Environmental Program Performance and Outcomes | May 19, 2016 | \$0 | \$0 | \$0 | \$0 |
| 16-N-0206 | FY 2016 EPA Management Challenges | Jun. 16, 2016 | 0 | 0 | 0 | 0 |
| 16-N-0221 | FY 2016: U.S. Chemical Safety and Hazard Investigation Board Management Challenges | Jun. 29, 2016 | 0 | 0 | 0 | 0 |
| 16-N-0223 | Quality Control Review of EPA OIG Reports Issued in Fiscal Year 2015 | Jul. 18, 2016 | 0 | 0 | 0 | 0 |
| 16-N-0317 | Examination of Pilot Peer Review Process for Inspectors General That Follow "Blue Book" Quality Standards for Inspection and Evaluation | Sep. 21, 2016 | 0 | 0 | 0 | 0 |
| | TOTAL NON-AUDIT REPORTS=5 | | \$0 | \$0 | \$0 | \$0 |

| Report No. | Report | Date | Questioned Costs | | | Federal Recommended Efficiencies |
|--------------------------------|---|---------------|------------------|-------------------|--------------------|----------------------------------|
| | | | Ineligible Costs | Unsupported Costs | Unreasonable Costs | |
| FINANCIAL AUDIT REPORTS | | | | | | |
| 16-F-0251 | Audit of Financial Statements for EPA's Hazardous Waste Electronic Manifest System Fund From Inception (October 5, 2012) Through September 30, 2014 | Aug. 1, 2016 | \$0 | \$0 | \$0 | \$0 |
| 16-F-0322 | Fiscal Years 2014 and 2013 Financial Statements for the Pesticides Reregistration and Expedited Processing Fund | Sep. 22, 2016 | 0 | 0 | 0 | 0 |
| 16-F-0323 | Fiscal Years 2014 and 2013 Financial Statements for the Pesticide Registration Fund | Sep. 22, 2016 | 0 | 0 | 0 | 0 |
| | TOTAL FINANCIAL AUDIT REPORTS=3 | | \$0 | \$0 | \$0 | \$0 |
| | TOTAL REPORTS ISSUED=201 | | \$241,006 | \$12,565,916 | \$0 | \$38,781,060 |

Appendix 2—Reports Issued Without Management Decisions

For Reporting Period Ended September 30, 2016

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. Office of Management and Budget 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, 2016.

Office of Grants and Debarment

Report No. 13-P-0341, Lead Remediation Association of America, August 6, 2013

Summary: The OIG found that the Lead Remediation Association of America's financial management system did not meet the standards established under the Code of Federal Regulations (CFR). The association's accounting system data were not updated timely, the association made cash draws and submitted its final federal financial report using the grant budget amounts rather than actual costs incurred, and the association did not maintain source documentation to support the costs incurred or claimed as required. The OIG also found that the association did not meet grant objectives. As of the date of our report—2 years after the grant period end date of June 30, 2011—the association had not produced the required DVDs, provided evidence of brochure distribution, or completed required training and workshops. The OIG questioned the \$249,870 claimed and recommended recovery of the \$249,882 drawn.

Agency Explanation: The decision is under appeal.

Region 6—Regional Administrator

Report No. 13-4-0296, Labor-Charging Practices at the New Mexico Environment Department, June 17, 2013

Summary: The OIG found that three of the four New Mexico Environment Department bureaus audited did not always comply with requirements found in the CFR. The Air Quality Bureau and Drinking Water Bureau charged labor, fringe benefits and indirect costs to federal grants based upon budget allocations instead of actual activities performed. Personnel activity reports we received from the Surface Water Quality Bureau to support charges for labor costs incurred prior to July 2006 did not meet requirements. Where employees work on multiple activities or cost objectives, the code requires labor charges to be based upon the after-the-fact distribution of an employee's actual activity and supported by employee-signed personnel activity reports or the equivalent. We questioned \$298,159 in labor, fringe benefits and related indirect costs claimed by the Air Quality Bureau; \$2,974,318 claimed by the Drinking Water Bureau; and \$2,733,798 claimed by the Surface Water Quality Bureau. We also identified an additional \$486,305 charged to a Drinking Water Bureau-administered grant not yet reported to the EPA.

Agency Explanation: A draft agency decision memo was sent to the OIG for review on October 3, 2016, after receiving approval of a regulatory exception for approximately \$4.9 million of the questioned cost. The management decision letter to the New Mexico Environmental Department was signed on February 7, 2014. The issuance of the management decision letter was delayed due to the complexity of the labor-charging finding. Due to various delays encountered, the new planned completion date is December 31, 2016.

Report No. 16-S-0080, New Mexico Environment Department, FY 2014, December 31, 2014

Summary: The OIG found that for Nonpoint Source Implementation grants, one out of two financial reports tested was not filed. For Comprehensive Environmental Response grants, three out of seven financial reports tested were not filed. For State Public Water System Supervision grants, one out of 40 payroll transactions tested had a timesheet that did not agree with the hours charged to the grant. For the Drinking Water State Revolving Fund grants, one out of 40 payroll transactions tested had a timesheet that did not agree with the hours charged to the grant. Also, financial information was not timely, complete and accurate; we noted a number of variances in amounts recorded versus supporting documentation. As a result, the following exceptions were noted related to the department's financial close and reporting process. In addition, the capital asset schedule and listing provided to the auditors

contained numerous material errors within the schedules that required numerous revisions as identified by the auditors.

Agency Explanation: The draft management decision letter for the FY 2014 New Mexico Environment Department single audit was prepared to close the single audit; however, most of the findings were reported again in FY 2015 as well, and closure was delayed until both fiscal years can be reviewed to confirm corrective actions are complete.

Region 8—Regional Administrator

Report No. 12-1-0560, Cheyenne River Sioux Tribe, September 24, 2007

Summary: The tribe did not comply with the financial and program management standards under the CFR and Office of Management and Budget 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: Region 8 addressed the OIG audit with the Cheyenne River Sioux Tribe, completed follow-up evaluations and studies, and has determined that while the tribe was out of compliance with the administrative requirements identified in the OIG's report, there was ample evidence that the underlying work was satisfactorily completed and the overall harm to the federal government was negligible. However, the tribe's underlying policies and procedures that allowed these compliance issues to arise have not yet been updated and, therefore, the risk of recurring noncompliance is high. As a result, Region 8 has placed the tribe under a "high risk" status, provided training to department and financial staff, and reviews the supporting documentation for all expenditures reimbursed, and will continue to do so, until the tribe has (1) updated and implemented policies and procedures that will address the systematic issues identified by the OIG and (2) demonstrated compliance in an agency's review of its future single audits. Region 8 is in communication with the tribe and is awaiting the publication of its FYs 2014 and 2015 single audits. Once published, the EPA indicated that it will be working with the tribe, its cognizant agency (the U.S. Department of the Interior) and others applicable agencies to understand and resolve any outstanding systematic issues, provide training, and jointly develop a monitoring system that will provide tribal leaders and federal agencies assurances that compliance requirements are understood and put into practice. Region 8 indicated that once the tribe has demonstrated the ability to take these steps, the region plans to request a regulatory waiver of the identified compliance issues. Region 8 indicated its examination revealed no fraud, waste or abuse, and that noncompliances were a result of administrative issues rather than problems with completing objectives of the agreements.

Region 9—Regional Administrator

Report No. 13-3-0159, Summit Lake Paiute Tribe, Nevada – FY 2010, February 19, 2013

Summary: The tribe did not file or maintain documentation of compliance for annual reports. Also, the required SF 425 report did not cover the correct period. A similar finding was noted in the prior year audit report. The tribe recorded deferred revenues in the amount of \$804,104 and only \$150,416 in available cash. The single auditor questioned \$653,688. A similar finding was noted in the prior year audit report. The tribe's operating practices did not reflect the processes described in the approved policies and procedures manual. The tribe did not properly reconcile its SF 425 report to the general ledger for certain awards and the single auditor questioned \$20,556. The single auditor also questioned \$76,216 involving amounts paid to the General Assistance Program Director.

Agency Explanation: Region 9 is addressing five audits with Summit Lake—one agreed-upon procedures audit and four single audits. Summit Lake appealed the agreed-upon procedures audit and the Regional Administrator accepted the appeal on August 13, 2014. A Debt Forgiveness Package was received from the tribe requesting that EPA forgive the \$74,418.70 owed as a result of the OIG's agreed-upon procedures review. As of September 30, 2016, Region 9 is still waiting for the EPA Claims Officer's decision on debt forgiveness.

Report No. 13-3-0160, Summit Lake Paiute Tribe, Nevada – FY 2011, February 19, 2013

Summary: The tribe did not file the quarterly narratives for the General Assistance Program. Furthermore, the tribe was unable to locate documentation for two quarterly SF 425 reports. There were no formalized controls regarding the security of the payroll stamp. Also, the single auditor noted issues related to pay rates. A similar finding was noted in the prior year audit report. Budgets prepared excluded the carry-forward amounts from prior periods. Several transactions were not supported by a purchase order or other type of approval prior to the expenditure being made. One transaction charged to travel in the amount of \$2,877 did not appear to be valid and appropriate for the granting requirements, and the single auditors questioned that amount.

Agency Explanation: Region 9 is addressing five audits with Summit Lake—one agreed-upon procedures audit and four single audits. Summit Lake appealed the agreed-upon procedures audit and the Regional Administrator accepted the appeal on August 13, 2014. A Debt Forgiveness Package was received from the tribe requesting that EPA forgive the \$74,418.70 owed as a result of the OIG's agreed-upon procedures review. As of September 30, 2016, Region 9 is still waiting for the EPA Claims Officer's decision on debt forgiveness.

Report No. 14-3-0248, City of Richmond, California – FY 2012, May 8, 2014

Summary: The review found that the Schedule of Expenditures of Federal Awards initially provided for audit was materially misstated, and the prior year schedule did not include expenditures for all prior year programs. As the single auditors began tracing the reported amounts to supporting documentation and comparing the grants listed to the prior year schedule, the single auditors noted a number of material discrepancies. One of the significant errors noted on the original schedule pertained to the Brownfield Assessment and Cleanup Cooperative Agreements, which was included with expenditures of \$262,000; it was discovered that expenditures for FY 2011 had not been included in the prior year schedule and expenditures for FYs 2011 and 2012 of \$906,000 were subsequently reported on the schedule. The single auditors also noted that expenditures for the Brownfield Revolving Loan Fund Cooperative Agreement and Brownfield Cleanup Cooperative Agreement were incurred after the grant project periods. Also, the city did not provide documentation to demonstrate compliance with the grant's Quality Assurance Plan requirements. On May 5, 2014, the OIG reviewed grant information. The city made four drawdowns totaling \$600,000 (project cost) after the budget and project end dates, but the OIG questioned the \$600,000 as unsupported.

Agency Explanation: Resolution on hold.

**Total reports issued before reporting period for which
no management decision had been made as of September 30, 2016 = 7**

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, we are to identify each significant recommendation described in previous semiannual reports on which corrective action has not been completed.

This appendix contains separate tables of unimplemented recommendations for the EPA and CSB. The tables are further divided by: (1) recommendations with past due corrective actions and (2) recommendations with corrective actions that have a future completion date. Many of the recommendations have completion dates in the future due to the complexity or challenging nature of the recommendations.

Below is a listing of the responsible EPA offices that have recommendations included in the following tables. While a recommendation may be listed as unimplemented, the agency may be on track to complete agreed-upon corrective actions by the planned due date. A reason for delay is only shown for those recommendations that are past their original planned completion date. The information regarding reason for delay was provided by the agency and was not verified by the OIG.

Responsible EPA Offices:

| | |
|----------|--|
| OA | Office of the Administrator |
| OAR | Office of Air and Radiation |
| OARM | Office of Administration and Resources Management |
| OCFO | Office of the Chief Financial Officer |
| OCSP | Office of Chemical Safety and Pollution Prevention |
| OECA | Office of Enforcement and Compliance Assurance |
| OGD | Office of Grants and Debarment |
| OEI | Office of Environmental Information |
| OITA | Office of International and Tribal Affairs |
| OLEM | Office of Land and Emergency Management |
| ORD | Office of Research and Development |
| OW | Office of Water |
| Region 2 | |
| Region 5 | |
| Region 6 | |
| Region 7 | |
| Region 9 | |

EPA Reports With Past Due Unimplemented Recommendations

| Report Title/No. | Report Date | Office | Unimplemented Recommendation | Planned Completion Date | Reason for Delay |
|---|-------------|--------|--|--------------------------|---|
| Drinking Water: EPA Needs to Take Additional Steps to Ensure Small Community Water Systems Designated as Serious Violators Achieve Compliance (16-P-0108) | 03/22/16 | OECA | 6. Through the EPA's workgroup focusing on "intractable" water systems: <ol style="list-style-type: none"> a. Work with the relevant EPA program and regional offices (such as the Office of Water and Office of Research and Development) to establish a coordinated Action Plan for achieving workgroup goals that draws expertise and tools across the agency. b. Invite other federal agencies (such as the U.S. Department of Agriculture and U.S. Department of Housing and Urban Development) to assist in identifying and exploring the inclusion of non-EPA tools, options and best management practices that could help small community water systems. | 06/30/16 | OECA has extended the estimated completion date to 10/1/16 to allow additional time for discussions among workgroup members and to obtain input from the new managing director of the program. |
| EPA's Tracking and Reporting of Its Conference Costs Need Improvement (16-P-0081) | 01/07/16 | OCFO | 2. Work with program offices to identify EPA Form 5170A cost reporting issues and revise the form to allow for easier user reporting. 3. Provide additional guidance or training to EPA staff on how to: <ol style="list-style-type: none"> a. Include conference project codes on procurement and training-related costs entered into the financial system. b. Code conference travel authorizations with the correct conference project code. c. Identify all costs associated with a conference. d. Report all conference costs paid with EPA funds, not just those paid by the reporting office. | 03/31/16 06/30/16 | Expected completion date revised to 12/31/16, and on track to be completed by revised due date. Extended to allow time for modifications to be made to the conference spending form. Corrective actions for Recommendations 3.b.-d. have been completed. The expected completion date for 3.a. has been revised to allow for coordination with OARM on developing and implementing a process for ensuring procurements will utilize the conference project codes. |
| EPA's Background Investigation Support Contracts and OPM Billings Need Better Oversight and Internal Controls (16-P-0078) | 12/14/15 | OARM | 5. Require that the Headquarters Procurement Operations Division Director implement a management internal control to ensure Contract Officer invoice reviews are being performed in accordance with the EPA's Invoice Review & Approval Desk Guide. | 04/30/16 | The former Headquarters Procurement Operations Division Director who identified the agreed-upon corrective action departed the EPA before the corrective action could be implemented and institutionalized. In order to get this corrective action back on track, the current Headquarters Procurement Operations Division Director plans to establish a quarterly stand-down day for invoice review. The first stand-down day will be held on 5/18/16, and the requested 6-month extension will enable the Office of Acquisition Management/Headquarters Procurement Operations Division to conduct two such stand-down days and institutionalize this approach. |

| Report Title/No. | Report Date | Office | Unimplemented Recommendation | Planned Completion Date | Reason for Delay |
|--|-------------|--------|--|-------------------------|--|
| Audit of EPA's Fiscal Year 2015 and 2014 Consolidated Financial Statements (16-F-0040) | 11/16/15 | OCFO | 7. Complete the planned corrective actions and continue to research and resolve differences between Compass and the property management system timely. | 06/30/16 | The new planned completion date to be revised to 06/30/17. A change request was submitted in 2015, which is needed to change the reports that show reconciliation differences. OCFO has identified the reasons for the reconciliation differences and apply a manual adjustment to the automated report on the reconciliation spreadsheet as part of the reconciliation process. The purpose of the change request is to eliminate the need for the manual adjustment. Once the change request is approved, time will still be needed for the change to be made to the way the reports function. |
| | | | 36. Complete the corrective actions previously identified in Table 4. | 09/30/16 | The agency has completed a comprehensive review of the existing EPA 1610 manual and identified necessary changes, including a description of the billing requirement. That description will be contained in the revised version of the manual. An interim manual will be issued with the completed billing section to meet the 10/15/16 planned completion date. |
| | | | 38. Follow the terms in the legal source documents when recording interest by ensuring interest is recorded in the system when a receivable becomes past due, either through Compass automatic calculations or manual interest calculations prepared by the Cincinnati Finance Center. | 09/30/16 | The Cincinnati Finance Center has a change request submitted to gain access to a table which houses when interest is to start. The table would help center adhere to legal terms (such as interest to accrual from some date other than the receivable date) and hopefully would enable Compass to accrual interest once a debt becomes delinquent (so staff would not have to 'uncheck' the waive interest flag). This change request is currently working through the process and is expected to be resolved by 12/31/16. |
| EPA Needs to Improve the Recognition and Administration of Cloud Services for the Office of Water's Permit Management Oversight System (15-P-0295) | 09/24/15 | OW | 4. Develop and implement an approved system authorization package (i.e., a risk assessment, System Security Plan, and Authorization to Operate), and perform annual security assessments for the Permit Management Oversight System application. | 05/31/16 | |
| EPA Needs to Track Whether Its Major Municipal Settlements for Combined Sewer Overflows Benefit Water Quality (15-P-0280) | 09/16/16 | OECA | 2. Develop a nationally consistent consent decree tracking and accountability system that includes: <ul style="list-style-type: none"> a. Consent decree milestones. b. Frequency of combined sewer overflow events and changes in combined sewer overflow volumes. c. Effluent and water quality data collected by states and communities at combined sewer overflow outfalls. d. Wherever possible, water quality improvement of municipal impaired waters attributable to combined sewer overflow upgrades. | 04/01/16 | OECA has partially completed corrective actions 1, 2.a., 3.a., and 4.a. The OECA Assistant Administrator has approved an extension to 11/01/16 to complete the remaining open corrective actions and to establish an OECA/regional group to determine how best to obtain and relay the compliance status of individual federal judicial combined sewer overflow consent decree and revise as needed to support relaying combined sewer overflow consent decree compliance status to the public. |

| Report Title/No. | Report Date | Office | Unimplemented Recommendation | Planned Completion Date | Reason for Delay |
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| | | | <p>3. Develop an Annual Commitment System goal that establishes regional goals for monitoring and reporting outcomes associated with combined sewer overflow consent decrees, in order to prioritize consent decree tracking in regional offices.</p> <p>4. Provide information on a public website that links the public to combined sewer overflow consent decree information, and links to information produced under the recommendation pertaining to progress and results.</p> | 02/28/16 04/01/16 | |
| EPA Can Reduce Risk of Undetected Clean Air Act Violations Through Better Monitoring of Settlement Agreements (15-P-0277) | 09/10/15 | OECA | <p>1. Update and reissue the <i>Manual on Monitoring and Enforcing Administrative and Judicial Orders</i> to address:</p> <ol style="list-style-type: none"> Requirements for monitoring of consent decrees, including enforcement file documentation; responsibilities for ensuring applicable Clean Air Act permit applications and draft permits have incorporated consent decree-required emission limits and other requirements; and documentation of EPA management decisions, company follow-up and correspondence. EPA's general responsibilities and process to be used to terminate a consent decree. Documentation needed to demonstrate supervisory review of enforcement staff's consent decree monitoring activities. <p>2. Ensure that all regions have consent decree compliance monitoring systems in place that:</p> <ol style="list-style-type: none"> Track receipt of all consent decree deliverables. Flag overdue consent decree deliverables. Provide timely access to all consent decree deliverables. Document EPA decisions as to whether deliverables meet the consent decree requirements. Record all consent decree violations and EPA decisions on whether and how much stipulated penalties were assessed. Demonstrate supervisory review and approval of enforcement staff's consent decree monitoring activities. | 09/30/16 09/30/16 | Expected completion of corrective actions for Recommendations 1 and 2 were extended by OECA management to 12/31/16, as OECA received more comments than expected from various offices and needs time to address those comments, including comments expected from regions. |
| Internal Controls Needed to Control Costs of Superfund Technical Assessment & Response Team Contracts, as Exemplified in Region 7 (15-P-0215) | 07/20/15 | Region 7 | <p>2. Require the Project Officer to notify the contractor regarding the required schedules and ensure that all are received with the contractor's invoices.</p> <p>3. Require the Project Officer to notify the contractor of the required monthly progress report elements, and ensure that the contractor begins submitting all required elements.</p> | 12/31/15 12/31/15 | Region 7 has received notification that corrective actions have been completed, but is awaiting receipt of documentation confirming all corrective actions have been fully implemented before they can be closed out. Documentation is expected in the second quarter of 2017. |

| Report Title/No. | Report Date | Office | Unimplemented Recommendation | Planned Completion Date | Reason for Delay |
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| | | | 4. Require the Contracting Office to recover the \$1,320 related to the double-billing of Tyvex suits, gloves and air cartridges, and review all other billings on the contract to identify other double-billings and recover any identified costs. | 12/31/15 | |
| | | | 5. Require the Contracting Officer to require the contractor to begin billing Subcontractor C immediately as a subcontractor, consistent with how the costs were proposed and the definition of a subcontractor per the Federal Acquisition Regulation. | 09/30/15 | |
| | | | 6. Require the Contracting Officer to recover the \$2,236 of unallowable General and Administrative costs related to Subcontractor C and review all billings from November 2014 to the present and recover any additional General and Administrative billed to the government. | 12/31/15 | |
| | | | 7. Ensure that the two contractor employees who do not meet the contract qualifications no longer work on the Superfund Technical Assessment & Response Team contract in positions they are not qualified for. | 09/30/15 | |
| | | | 8. Require the Project Officer to review the qualifications of all personnel who have been billed on the contract to ensure they meet contract qualifications, and report any who do not meet the qualifications to the Contracting Officer. | 12/31/15 | |
| | | | 9. Require the Contracting Officer to recover the \$73,971 of billed costs associated with the unqualified employees as of February 4, 2014, as well as any amounts billed for these employees after that date. The Contracting Officer should also recover any costs associated with unqualified personnel identified by the Project Officer in implementing Recommendation 8. | 12/31/15 | |
| | | | 10. Provide training to the Project Officer and Task Order Project Officers on the EPA's Invoice Review & Approval Desk Guide. | 09/30/15 | |
| | | | 12. Ensure that Region 7 staff receive and review the staffing plan from the contractor in accordance with the contract. | 12/31/15 | |
| | | | 13. Require the Contracting Officer to recover \$4,795 related to staffing plans paid for but not received in year one of the contract. | 12/31/15 | |
| | | | 14. Calculate the costs paid out for staffing plans that were not received for year two and recover that amount. | 12/31/15 | |

| Report Title/No. | Report Date | Office | Unimplemented Recommendation | Planned Completion Date | Reason for Delay |
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| | | | <p>15. Conduct training on the proper procedures for performing annual invoice reviews.</p> <p>16. Require the Contracting Officer for the Region 7 Superfund Technical Assessment & Response Team contract to perform quarterly invoice reviews as recommended in the EPA Acquisition Guide and the Invoice Review & Approval Desk Guide.</p> <p>17. Perform a review of all contracts administered by Region 7, evaluate the risks associated with them, and implement quarterly Contracting Officer invoice reviews of contracts deemed to be of a higher risk.</p> <p>18. Develop and implement a management internal control to ensure Contracting Officer invoice reviews are being conducted.</p> <p>20. Develop a tracking system to ensure that the Contracting Officer distributes the indirect rate agreement to the Project Officer and that the contractor's adjustment vouchers are received timely.</p> <p>21. Notify all Region 7 Project Officers of adjustment voucher policies and procedures, emphasizing the Project Officer's responsibility in the process.</p> <p>26. Require the Contracting Officer to review the contract and include all missing information, eliminate repetitive clauses and make corrections to inaccurate clauses.</p> | <p>09/30/15</p> <p>12/31/15</p> <p>12/31/15</p> <p>12/31/15</p> <p>09/30/15</p> <p>09/30/15</p> <p>06/30/15</p> | |
| Some Safeguards in Place for Long-Term Care of Disposed Hazardous Waste, But Challenges Remain (15-P-0169) | 06/17/15 | OLEM | 1. Finalize and issue guidance on evaluating and adjusting the post-closure care period for Resource Conservation and Recovery Act hazardous waste disposal units closed with waste in place. | 12/31/15 | On 12/22/15, the Office of Management and Budget determined the post-closure care guidance was a significant guidance and thus subject to interagency review under Executive Order 12866. The guidance is still undergoing Office of Management and Budget interagency review; therefore OLEM is amending this commitment to revise the completion date of its draft "Guidelines for Evaluating and Adjusting the Post-Closure Care Period for Hazardous Waste Disposal Facilities under Subtitle C of RCRA" to be finalized by 12/31/16. |
| Time and Attendance Fraud Not Identified for Employees on Extended Absence, But Matters of Concern Brought to EPA's Attention (15-P-0167) | 06/15/15 | OA & OARM | 1. Address the specific matters of concern noted in this report pertaining to: <ul style="list-style-type: none"> a. Accuracy of time charges in PeoplePlus. b. Use of a personal computer to conduct official work. c. Safety of the work space for employee on Reasonable Accommodation telework. | 04/30/16 | Delay concerns coordination between the Office of Civil Rights and OARM on the Reasonable Accommodation telework policy. Discussions are being held between the offices to determine expected completion. |

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| Improved Oversight of EPA's Grant Monitoring Program Will Decrease the Risk of Improper Payments (15-P-0166) | 06/11/15 | OGD | 3. Follow up on undocumented costs identified in the OIG finding and require grant recipients to reimburse the agency for costs deemed unallowable based on insufficient and/or unacceptable source documentation. | 12/31/15 | OGD revised the expected completion date for reviewing the documentation provided by grant recipients supporting questioned costs, and requiring reimbursement for unallowable costs associated with grant recipients identified in the audit report. OGD has completed that process for all but one of the identified grant recipients. OGD is awaiting additional documentation to support the questioned costs from that recipient. The recipient is expected to provide OGD sufficient documentation in order to complete its review and require reimbursement of any unallowable costs by 12/31/16. |
| Audit of EPA's Fiscal Years 2014 and 2013 (Restated) Consolidated Financial Statements (15-1-0021) | 11/17/14 | OCFO | 5. Improve and maintain support for how EPA lab renovation projects are funded. 6. Review funding sources of all current and future lab renovations to ensure correct funding is utilized. 7. Develop policies and procedures for capital improvements/betterments to real property, specifically, to address EPA lab renovations which could include bulk purchases of equipment and funding from agency program appropriations other than the Building and Facilities appropriation. 12. Research and resolve differences between Compass and the property management system timely. | 03/31/16 03/31/16 03/31/16 | For Recommendations 5 through 7, the Office of the Controller's Policy, Training and Accountability Division completed a FY 2016 policy call which prioritized how financial policies will be updated moving forward. As a result of the prioritization, policy development related to these actions is scheduled for completion 9/30/17. |
| | | OARM | 14. Require project officers to approve federal disbursements timely. | 09/30/15 03/31/15 | OCFO has resolved \$50 million of the differences between Compass and Maximo as required by the Resource Management Directive System. The differences were partially due to data conversion from the Integrated Financial Management System to Compass. The remaining differences is between the Fixed Assets Subsystem and General Ledger and is due to software overhead vouchers. Reporting and Analysis Staff will continue to clear the differences. New anticipated completion date is 6/30/17. An interim Interagency Agreement Manual will be issued with the completed billing section to meet the 10/15/16 revised estimated completion date. |
| Enhanced EPA Oversight Needed to Address Risks From Declining Clean Air Act Title V Revenues (15-P-0006) | 10/20/14 | OAR | 4. Ensure that EPA regions complete program evaluation reports of authorized state and local permitting authorities within a reasonable period of time following the evaluation, and require that EPA regions publicly issue these program evaluation reports. | 09/30/16 | EPA has developed an EPA Oversight page on our public internet site for Title V, which includes a section for Part 70 program and fee evaluations that have been posted by the EPA regions: https://www.epa.gov/title-v-operating-permits/epa-oversight-operating-permits-program . Note that the Part 70 evaluations can also be found by following a link to EPA Oversight from the Title V homepage: https://www.epa.gov/title-v-operating-permits . |

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| | | | | | completed this calendar year. The Task Force will continue working to include information on privately funded conservation investment in future reports on nonpoint source progress. |
| New Jersey Department of Environmental Protection Needs to Meet Cooperative Agreement Objectives and Davis-Bacon Act Requirements to Fully Achieve Leaking Underground Storage Tank Goals (14-R-0278) | 06/04/14 | Region 2 | 1. Require New Jersey Department of Environmental Protection to establish internal controls to ensure that modifications to the cooperative agreement work plan are in accordance with the requirements of 40 CFR 31.30 and 31.40. | 09/30/15 | The OIG audit was conducted under the former EPA grant regulations. The new Uniform Grants Guidance changed the grants and EPA-specific CFR Part 35 rules, making the guidance much more complicated, and requiring more time to finalize an agencywide policy. New policies under the Uniform Grant Guidelines have caused delays in issuing this policy. The revised estimated date for completion 9/30/2017. |
| EPA Did Not Conduct Thorough Biennial User Fee Reviews (14-P-0129) | 03/04/14 | OW | 5. Apply federal user fee policy in determining whether to (a) charge fees for issuing federal National Pollutant Discharge Elimination System permits in which the EPA is the permitting authority, or (b) request an exception from Office of Management and Budget to charging fees. | 12/31/14 | OW is working with OCFO to request an exception from a National Pollutant Discharge Elimination System user fee from the Office of Management and Budget. Expected completion date is 10/31/17. |
| Improvements Needed in EPA's Smartcard Program to Ensure Consistent Physical Access Procedures and Cost Reasonableness (13-P-0200) | 03/27/13 | OARM | 1. Re-prioritize the remaining facility upgrades by security level from highest to lowest, complete all remaining upgrades according to security level, and require the Security Management Division Director to provide written justification for upgrading Level 1 facilities. | 06/30/14 | 9/30/16 Update: OARM sent the Inspector General an email on September 30, 2016, notifying the OIG that we are revising the completion date of corrective action 1-3 to September 15, 2017. We provided the OIG with a 2014 email to the Office of Management and Budget detailing the reason for the delay. |
| Improvements Needed in EPA Training and Oversight for Risk Management Program Inspections (13-P-0178) | 03/21/13 | OLEM | 7. Revise inspection guidance to recommend minimum inspection scope for the various types of facilities covered under the program and provide more detailed examples of minimum reporting. | 07/31/14 | This action requires development of guidance which will specify the minimum inspection scope for each of the facility types regulated by the Risk Management Program, and revise reporting guidance to provide detailed examples of compliance. Currently, the Administration's priority is to complete a final Risk Management Program regulation by late 2016/early 2017. Following completion of the final regulation, EPA will be required to revise the Risk Management Program on-line reporting system and over a dozen guidance documents to incorporate the regulatory changes. This effort will take 2-3 years and must be completed in that timeframe to give facilities time to review the guidance and comply with the new requirements under the Risk Management Program. The revised completion date is 9/30/18. |
| | | | 8. Develop and implement an inspection monitoring and oversight program to better manage and assess the quality of program inspections, reports, supervisory oversight, and compliance with inspection guidance. | 09/30/14 | This action requires the development of an on-line system for the regions to file/submit each of their inspection reports. This system must allow for quality control and the ability to not only assess the quality of the inspection reports, but identify trends and |

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| | | | | | <p>issues at Risk Management Program facilities in order to better target our inspection efforts. Currently the Administration's priority is to complete a final Risk Management Program regulation by late 2016/early 2017. Following completion of the final regulation, EPA will be required to revise the Risk Management Program on-line reporting system and over a dozen guidance documents to incorporate the regulatory changes. The revised completion date is 9/30/19.</p> |
| <p>Audit of EPA's Fiscal 2012 and 2011 Consolidated Financial Statements (13-1-0054)</p> | <p>11/15/12</p> | <p>OCFO</p> | <p>6. Update EPA's policy for recognizing year-end accruals to require reconciliations of accruals and accrual reversals.</p> | <p>03/31/13</p> | <p>Office of the Controller's Policy, Training and Accountability Division is completing the draft policy and procedures by 9/30/16. The document will be reviewed by the Office of the Controller's Accounting and Cost Analysis Division, the stakeholder, and is expected to be finalized by 12/31/16.</p> |
| <p>Review of Hotline Complaint Concerning Cost and Benefit Estimates for EPA's Lead-Based Paint Rule (12-P-0600)</p> | <p>07/25/12</p> | <p>OCSPP</p> | <p>1. Reexamine the estimated costs and benefits of the 2008 Lead Rule and the 2010 amendment to determine whether the rule should be modified, streamlined, expanded, or repealed.</p> <p>CA3: OCSPP will draft information and analysis submitted to the Office of Management and Budget for Interagency review as part of the Action Development Process.</p> <p>CA4: OCSPP will publish the work practice and cost information as part of the proposed rule.</p> | <p>03/31/15</p> <p>09/30/15</p> | <p>The schedule for the Lead Renovation, Repair and Painting in Public and Commercial Buildings Rulemaking, also identified as the "LRRP PnCB rulemaking," requires the EPA to evaluate whether or not renovation activities on public and commercial buildings create lead-based paint hazards as defined under Section 403 of the Toxic Substances Control Act. OCSPP's Corrective Action Plan, which is contained within the memorandum of 12/28/12, to the OIG, stated that the timeline for developing the LRRP PnCB rulemaking would be subject to both Office of Management and Budget approval of a survey to gather the more extensive information, and a settlement agreement which stipulated that EPA propose a rule by 7/1/15.</p> <p>The settlement agreement has since been amended, and the new date for the proposed rule is now 3/31/17. As a result, the schedule for completion of corrective actions 1-3 and 1-4 (CA3 and CA4) is now as follows:</p> <ul style="list-style-type: none"> • The draft proposed rule is currently scheduled to be submitted to Office of Management and Budget review under Executive Orders 12866 and 13563 by 11/21/16. • The Lead Renovation, Repair, and Painting in Public and Commercial Buildings Rule proposed rulemaking is currently scheduled to be signed by 3/31/17, with publication following 7-10 work days. |

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| Controls Over State Underground Storage Tank Inspection Programs in EPA Regions Generally Effective (12-P-0289) | 02/15/12 | OLEM | 1. Require EPA and states to enter into Memorandums of Agreement that reflect program changes from the 2005 Energy Policy Act and address oversight of municipalities conducting inspections. | 08/01/13 | Reduced extramural resources and personnel, program implementation including inspections and new priority concerns for oil spill response associated with increased oil transportation have delayed, and will continue to delay, effort on this milestone for at least a year or more. In addition, recent enactment of the Water Resources Reform and Development Act place priority responsibilities on the Spill Prevention, Control and Countermeasure program for the next 2 years. Consequently, action on this action cannot begin before June 2017. |
| EPA Needs to Further Improve How It Manages Its Oil Pollution Prevention Program (12-P-0253) | 02/06/12 | OLEM | 1. Improve oversight of facilities regulated by the EPA's oil pollution prevention program by: d. Producing a biennial public assessment of the quality and consistency of Spill Prevention, Control, and Countermeasure Plans and Facility Response Plans based on inspected facilities. CA 1-2. A summary of findings will be developed by October, 2013. These findings will help to identify areas where additional guidance and outreach are needed to improve the quality and consistency of Spill Prevention, Control, and Countermeasure Plans. CA 1-3. The model developed for the Spill Prevention, Control, and Countermeasure program will then be used to develop a review protocol for Facility Response Plans by September, 2013, to examine Facility Response Plan inspections conducted during the FY 2013 inspection cycle. CA 1-4. A summary of findings will be developed by October 2014. These findings will help to identify areas where additional guidance and external outreach are needed to improve the quality and consistency of Facility Response Plans. | 10/31/13 09/30/13 10/31/14 | |
| Audit of EPA's Fiscal 2009 and 2008 (Restated) Consolidated Financial Statements (10-1-0029) | 11/16/09 | OCFO | 27. Ensure that all new financial management systems (including the Integrated Financial Management System replacement system) and those undergoing upgrades include a system requirement that the fielded system include an automated controls to enforce separation of duties. | 12/31/15 | Reduced extramural resources and personnel, program implementation, including inspections and new priority concerns for oil spill response associated with increased oil transportation, have delayed, and will continue to delay, effort on this milestone for at least a year or more. In addition, recent enactment of the Water Resources Reform and Development Act place priority responsibilities on the Spill Prevention, Control and Countermeasure program for the next 2 years. Consequently, action on this action cannot begin before June 2017. |

| Report Title/No. | Report Date | Office | Unimplemented Recommendation | Planned Completion Date | Reason for Delay |
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| Making Better Use of Stringfellow Superfund Special Accounts (08-P-0196) | 07/09/08 | Region 9 | 2. Reclassify or transfer to the Trust Fund, as appropriate, up to \$27.8 million (plus any earned interest less oversight costs) of the Stringfellow special accounts in annual reviews, and at other milestones including the end of FY 2010, when the record of decision is signed and the final settlement is achieved. | 12/31/12 | Region 9 issued a status update memo to the OIG to extend the target action date for Recommendation 2 to 9/30/23 due to additional work that the state has committed to complete in support of the final sitewide Record of Decision. |
| Asbestos Cleanup in Libby Montana (2007-P-00002) | 12/05/06 | OLEM | 1. Fund and execute a comprehensive amphibole asbestos toxicity assessment to determine (1) the effectiveness of the Libby removal actions, and (2) to determine whether more actions are necessary. The toxicity assessment should include the effects of asbestos on children. The EPA Science Advisory Board should review the toxicity assessment and report to the Office of the Administrator and the Libby Community Advisory Group whether the proposed toxicity assessment can sufficiently protect human health. | 09/30/15 | The corrective action milestone date to complete the National Health and Environmental Effects Research Laboratory animal toxicity studies is revised again from 9/30/16 to 10/31/16 to allow more time for management review of the final report summarizing the studies and their results. The goals of the seven National Health and Environmental Effects Research Laboratory projects have been met and, to date, this research has resulted in over 20 peer reviewed publications, with a few remaining publications in the finalization process. |

CSB Reports With Past Due Unimplemented Recommendations

| Report Title/No. | Report Date | Unimplemented Recommendation | Planned Completion Date | Reason for Delay |
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| CSB Did Not Follow Federal Guidance While Managing the Vantage Contract (16-P-0112) | 03/24/16 | 1. Require the CSB's contracting officers, contracting officer's representatives, and the Managing Director to obtain training on the requirements in the Federal Acquisition Regulation, Sections 1.602-2 and 1.604, to better understand their roles and responsibilities. | 09/30/16 | All Board Members, the Office of General Counsel and Procurement were briefed in February 2016. CSB Contracting Officers continue to coach Contract Officer Representatives on their roles and responsibilities. The CSB is also completing a module on their e-Training site to more formally instruct Contract Officer Representatives. Given staff workload, the deadline for completion must be changed. Refresher training modules will be developed and implemented by the end of the calendar year. |
| U.S Chemical Safety and Hazard Investigation Board Needs to Complete More Timely Investigations (13-P-0337) | 07/30/13 | 1. Develop and implement performance indicators related to its first strategic performance goal and objective to complete timely investigations. Indicators should track and measure the efficiency of key phases of the investigation process and clarify the definition of a "timely" completed investigation. Also, address the indicators in the investigation protocol policy. | 12/31/13 | The CSB is analyzing key investigation metrics such as investigator hours, costs and elapsed days to develop performance indicators for various investigation product types. These indicators will be incorporated in the Investigation Product Development and Review procedure of the investigation protocol, which will provide timelines for key milestones. Given staff resources and the investigation workload, the deadline for completion has been changed. Due to other pressing initiatives (closing investigations, Sunshine meetings, business meetings, filling vacancies, etc.), the date of completion was revised to December 31, 2016. |
| | | 2. Revise and publish an annual action plan to comply with GPRA (Government Performance and Results Act) 2010 and update related individual performance plans to ensure that performance indicators are addressed and investigative staff are held accountable for performing key phases in the investigation process. | 12/31/13 | The Board approved the Strategic Plan for 2017-2021 on September 30, 2016. Work to complete the Action Plan is underway. |
| | | 8. Update the investigation protocol policy for all current investigation procedures to include scoping documents and recommendation briefs. Provide formal training to the investigative staff on changes and updates to the investigative process. | 12/31/13 | The team revised this procedure and it was submitted for various internal reviews, but a draft document was not approved, as the protocol efforts were temporarily halted by changes in leadership. In April 2016, the efforts of the protocol team were reinvigorated at the request of the Chairperson, to (1) establish a strategic decision process for incident deployment meetings; and (2) complete Board Order 40, the Investigation Protocol. In June 2016, the protocol team presented a draft of the strategic deployment decision process flow diagram to the Board to be used as a trial aid in deployment decision-making processes by the Leadership Team. The protocol team has continued to make revisions to the deployment process based on this new process, and submitted new versions to the Board and staff for use. In addition, the protocol team began revising Board Order 40 Sections A-F in June, July and August of this year. The protocol team is finalizing the first draft of the protocol |

EPA Reports With Unimplemented Recommendations With Future Dates

| Report Title/No. | Report Date | Office | Unimplemented Recommendation | Planned Completion Date |
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| EPA Offices Are Aware of the Agency's Science to Achieve Results Program, but Challenges Remain in Measuring and Internally Communicating Research Results That Advance the Agency's Mission (16-P-0125) | 03/30/16 | ORD | 1. Create procedures for developing Requests for Application to ensure program office input is considered in the Request for Application development process. | 06/30/17 |
| | | | 2. Create procedures for conducting relevancy reviews to ensure program office input is more consistently and transparently considered in the grant selection process (to the extent permitted by the Federal Grant and Cooperative Agreement Act of 1977 and EPA Order 5700.1). The procedures should include a mechanism for sharing how the results of relevancy reviews impacted award decisions. | 06/30/17 |
| | | | 3. Develop and implement procedures to improve communications with EPA program offices regarding Science to Achieve Results research results. The procedures should: <ol style="list-style-type: none"> a. Ensure that the Science to Achieve Results grant public website is up to date. b. Revise the National Center for Environmental Research Project Officer Manual (or develop a more dynamic tool) to reflect expectations for communicating grant results. c. Clarify and defined roles and responsibilities for communicating research results. | 09/30/17 |
| | | | 4. Establish goals and objectives for the Science to Achieve Results program. | 03/31/17 |
| | | | 5. Establish performance measures or a mechanism to capture and report out on how completed Science to Achieve Results grants have met their performance goals and provided incidental research support to program offices. | 09/30/17 |
| No Intent to Underestimate Costs Was Found, But Supporting Documentation for EPA's Final Rule Limiting Sulfur in Gasoline Was Incomplete or Inaccurate in Several Instances (16-P-0122) | 03/29/16 | OAR | 1. Direct the Office of Transportation and Air Quality to develop a process to provide an enhanced quality assurance review of regulatory impact analysis documents, when the analysis used to support the rulemaking is influential scientific information and/or cannot be made public. | 12/30/16 |
| Drinking Water: EPA Needs to Take Additional Steps to Ensure Small Community Water Systems Designated as Serious Violators Achieve Compliance (16-P-0108) | 03/22/16 | Region 2 | 2. Include in Region 2 formal enforcement orders information about how noncompliant systems can access compliance assistance resources available through the coordinating committee established in Recommendation 1, and request Puerto Rico Department of Health to include this information in its formal enforcement orders. | 03/31/17 |
| | | OECA | 5. Require regions to provide annual justification of the lack of formal enforcement action when regional actions do not comply with the Enforcement Response Policy requirement for formal enforcement action or return to compliance at a priority system. | 12/30/16 |
| Positioning EPA for the Digital Age Requires New Mindsets Toward Printing (16-P-0107) | 03/21/16 | OARM | 1. Update the EPA's main authoritative guidance for printing operations (Printing Management Manual) to include authorization for decentralized operations within the regions. | 09/30/17 |
| | | | 2. Issue guidance to EPA regions and program offices to reiterate role and responsibilities to help reinforce the authority of the Agency Printing Officer and to change behaviors. Guidance should specifically include procedures to facilitate the most efficient and economical methods for printing and inventory management. | 09/30/17 |

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| EPA Has Not Met Statutory Requirements for Hazardous Waste Treatment, Storage and Disposal Facility Inspectors, but Inspection Rates Are High (16-P-0104) | 03/11/16 | OECA | 1. Implement management controls to complete the required Treatment, Storage and Disposal Facility inspections. | 3/31/18 |
| EPA Can Strengthen Its Reviews of Small Particle Monitoring in Region 6 to Better Ensure Effectiveness of Air Monitoring Network (16-P-0079) | 12/17/15 | OAR | 3. Develop a process for ensuring that state and local monitoring agencies are provided with updated data analysis tools for future network assessments. | 03/31/18 |
| | | Region 6 | 5. Strengthen the network assessment review process to ensure the assessments meet minimum EPA requirements and implement EPA guidance. | 03/31/17 |
| Audit of EPA's Fiscal Year 2015 and 2014 Consolidated Financial Statements (16-F-0040) | 11/16/15 | OCFO | 1. Continue planned corrective actions and its outreach to program offices to validate all software costs in development and asset values in production. | 09/30/18 |
| | | | 2. Require staff to ensure all software costs, including adjustments, are accurately recorded in the agency's property management system and Compass; and that an audit trail is maintained for software projects analyzed. | 10/30/18 |
| | | | 26. Implement an internal control process for transferring the management of an application's user access to the Application Management Staff. | 12/31/17 |
| | | | 27. Conduct an inventory of OCFO systems managed by the Application Management Staff and create or update supporting access management documentation for each application. | 12/31/17 |
| | | | 28. Work with the contracting officer to update applicable contract clauses and distribute updated access management documentation to contractors supporting the user account management function for applications managed by the Application Management Staff. This should include establishing a date when the contractors would start using the updated account management documentation. | 03/31/18 |
| | | | 29. Review and update account management documentation and establish procedures for financial systems, as needed, to include implementation of the following controls: <ul style="list-style-type: none"> a. Assign account managers for user accounts. b. Establish role conditions for system access privileges. c. Require approvals to create accounts. d. Monitor use of accounts. e. Notify account managers when accounts are removed or changed. f. Authorize access based on valid authorizations. g. Review accounts for appropriateness of current access privileges. | 12/31/17 |
| EPA Needs Policies and Procedures to Manage Public Pesticide Petitions in a Transparent and Efficient Manner (16-P-0019) | 10/27/15 | OCSPP | 1. Develop policies and standard operating procedures to manage public petitions received by Office of Pesticide Programs in a transparent and efficient manner. These procedures should include direct communication with petitioners by: <ul style="list-style-type: none"> a. Providing a letter to the petitioner acknowledging receipt of the petition. b. Communicating petition decisions to the petitioner in writing. c. Providing updates to petitioners about the status and progress of pending petitions. | 10/31/16 |

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| | | | 2. Train staff managing public pesticide petitions to adhere to the EPA's Records Management Policy. | 11/30/16 |
| | | | 3. Develop and implement an effective petition tracking system for public pesticide petitions. | 10/31/16 |
| | | | 4. Provide criteria and guidelines for submission of public pesticide petitions that provide sufficient information for EPA review. | 10/31/17 |
| EPA Needs to Improve Security Planning and Remediation of Identified Weaknesses in Systems Used to Protect Human Health and the Environment (16-P-0006) | 10/14/15 | OEI | Direct the Senior Agency Information Security Officer to finalize efforts to set Xacta standards and implement Xacta support to simplify most users' tasks within the system. | 12/31/16 |
| EPA Should Collect Full Costs for Its Interagency Agreements and Report Full Costs for Great Lakes Legacy Act (15-P-0300) | 09/30/15 | Region 5 & OCFO | 4. Direct the Great Lakes National Program Office to disclose in the Great Lakes Legacy Act project agreements that EPA's direct labor and indirect costs are not being included, with management's reason for not including these costs. Document the final project costs, including direct and indirect charges, in the closeout memo for each project agreement. | 01/31/17 |
| Unused Earmark Funds for Water Projects Totaling \$6.2 Million Could Be Put to Better Use (15-P-0299) | 09/30/15 | OW | 1. Develop and communicate guidance to EPA regions aimed to further reduce Special Appropriations Act Project grant unliquidated obligations by clarifying: <ul style="list-style-type: none"> a. The time period that is reasonable for a grant to have no financial activity before taking steps to identify the grant as a no-progress grant. b. The guidelines that determine a grant is making reasonable or sufficient progress. 3. Develop and implement a plan to expedite the reduction of unobligated funds. | 11/30/16 11/30/16 |
| Incomplete Contractor Systems Inventory and a Lack of Oversight Limit EPA's Ability to Facilitate IT Governance (15-P-0290) | 09/21/15 | OEI | 5. Implement the recommendation of the EPA's Information Security Task Force to manage the vulnerability management program. | 09/30/17 |
| Enhanced EPA Oversight and Action Can Further Protect Water Resources From the Potential Impacts of Hydraulic Fracturing (15-P-0204) | 07/16/15 | OW | 1. Use authorities under the Safe Drinking Water Act to: <ul style="list-style-type: none"> a. Determine whether the EPA, primacy states and tribes issue permits for hydraulic fracturing using diesel fuels as required by statute, the interpretive memorandum and permitting guidance. b. Report the results of the determination to the public. c. Submit an action plan outlining the steps (along with completion dates) the agency will take if the determination reveals permitting of hydraulic fracturing using diesel fuels is not occurring in accordance with statute, the interpretive memorandum and permitting guidance. | 12/31/16 03/30/17 03/30/17 |
| EPA Does Not Effectively Control or Monitor Imports of Hazardous Waste (15-P-0172) | 07/06/15 | OLEM | 3. Work with U.S. Customs and Border Protection to use the International Trade Data System for hazardous waste imports to enhance domestic compliance monitoring. | 12/31/16 |
| Walker River Paiute Tribe Needs to Improve Its Internal Controls to Comply With Federal Regulations (15-2-0165) | 06/11/15 | Region 9 | 5. Require the Walker River Paiute Tribe to establish internal controls to ensure compliance with federal regulations and tribal policies. | 12/31/16 |

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| | | | <p>6. Require that EPA regions address shortfalls in the financial or accounting expertise among regional Title V program staff as the regions update their workforce plans. This may include resource sharing and collaboration with other EPA regions, or use of outside organizations, as appropriate.</p> <p>7. Require that EPA regions re-assess permitting authority fee structures when revenue sufficiency issues are identified during program evaluations, and require fee demonstrations as necessary.</p> <p>8. Require that EPA regions take action on permitting authorities not in compliance with 40 CFR Part 70 by finding them to be inadequately administered or enforced, and issuing the required Notice of Deficiencies.</p> | <p>09/30/17</p> <p>09/30/17</p> <p>09/30/17</p> |
| EPA Region 6 Mismanaged Coastal Wetlands Planning, Protection and Restoration Act Funds (15-P-0003) | 10/09/14 | Region 6 | <p>1. Reimburse the Task Force (through the U.S. Army Corp of Engineers) questioned costs of \$780,793, unless Region 6 Water Quality Protection Division management provides sufficient and appropriate documentation to demonstrate that questioned costs paid with the Coastal Wetlands Planning, Protection and Restoration Act funds were incurred in accordance with the Coastal Wetlands Planning, Protection and Restoration Act, appropriations law and principles, and interagency agreements.</p> <p>2. Direct the Region 6 Assistant Regional Administrator to work with the OCFO to perform an internal review of the Water Quality Protection Division's Coastal Wetlands Planning, Protection and Restoration Act spending at the end of FY 2014 to identify improper expenditures that occurred in 2008 and 2009, as well as from July 1, 2013, through September 30, 2014. Reimburse the Task Force (through the U.S. Army Corp of Engineers) any questioned costs identified during this review.</p> <p>3. Identify and address any Antideficiency Act violations resulting from questioned costs identified in this report or found by the Region 6 Assistant Regional Administrator's review, and report any violations in accordance with the Antideficiency Act and EPA Directive 2520.</p> <p>5. Take administrative disciplinary actions, in accordance with EPA Directive 2520, against EPA employees responsible for purpose violations or Antideficiency Act violations related to improper Coastal Wetlands Planning, Protection and Restoration Act spending.</p> | <p>12/31/16</p> <p>12/31/16</p> <p>12/31/16</p> <p>12/31/16</p> |
| Cloud Oversight Resulted in Unsubstantiated and Missed Opportunities for Savings, Unused and Undelivered Services, and Incomplete Policies (14-P-0332) | 08/15/14 | OEI | <p>4. Prior to entering into any future Infrastructure-as-a-Service contracts, perform a formal documented analysis to determine whether such contracts are in the EPA's best interest that includes the investments the EPA would have to make to address integration requirements, obstacles and gaps identified as a result of the current Infrastructure-as-a-Service contract.</p> | 10/16/17 |
| Impact of EPA's Conventional Reduced Risk Pesticide Program Is Declining (14-P-0322) | 07/24/14 | OCSPP | <p>1: Reduce participation barriers for the Conventional Reduced Risk Pesticide Program by seeking statutory authority from Congress to reduce application fees for approved Conventional Reduced Risk Pesticide registrations.</p> | 09/30/17 |
| EPA Has Not Implemented Adequate Management Procedures to Address Potential Fraudulent Environmental Data (14-P-0270) | 05/29/14 | OEI | <p>2: Include in the revised Chief Information Officer Procedure 2106 specific due diligence steps for laboratory fraud that provide procedural details on communication and coordination efforts between program and enforcement staff, review and analysis of data for any impacts to human health and the environment, communication of any impact information to data users, and amendment of past environmental decisions impacted by fraudulent data.</p> | 12/31/16 |

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| | | | 3: Provide training on the "Notification Process" and the revised Chief Information Officer Procedure 2106 to the EPA staff working with laboratory data. | 03/31/17 |
| EPA Needs to Improve Management of the Cross-Media Electronic Reporting Regulation Program in Order to Strengthen Protection of Human Health and the Environment (14-P-0143) | 03/21/14 | OEI | 1. Update written Cross-Media Electronic Reporting Regulation Program (CROMERR) business practices and remove references to the Exchange Network Policy and Planning Workgroup and Quality Information Counsel-Exchange Network Subcommittee since they no longer participate in the CROMERR program. Those written practices should include: <ul style="list-style-type: none"> a. EPA Procedure for Approval of State, Tribal, or Local Government Authorized or Delegated Program Applications for Implementing CROMERR; b. EPA Procedure for Implementation of CROMERR for EPA Systems; c. Technical Review Committee Charter; and d. CROMERR authorized program review for approval flowchart. | 03/31/17 |
| EPA's Information Systems and Data Are at Risk Due to Insufficient Training of Personnel with Significant Information Security Responsibilities (14-P-0142) | 03/21/14 | OEI | 1. Define key information security aspects and duties for each security role. This includes identifying, where appropriate, broadly similar characteristics within each role to allow for more precise alignment of roles to applicable training requirements. This also includes ensuring that existing EPA policies, procedures, and guidance fully and consistently define all information security roles and responsibilities currently implemented across the organization. 2. Provide additional training options specific to the federal information security environment and EPA information security roles, such as the processes and controls outlined in National Institute of Standards and Technology Special Publication 800-53. Training should be specific to supporting EPA professionals in executing and performing assigned information security roles and responsibilities in accordance with EPA policies and procedures. For example, vendor training may be warranted for hands-on information security roles, but general orientation training may be suitable for executives. | 12/31/16 12/31/16 |
| Internal Controls Needed to Control Costs of Emergency and Rapid Response Service Contracts, as Exemplified in Region 6 (14-P-0109) | 02/04/14 | Region 6 | 3. Direct Contracting Officers to require that the contractor adjust all its billings to reflect the application of the correct rate to team subcontract other direct costs. | 09/30/24 |
| Audit of EPA's Fiscal 2013 and 2012 Consolidated Financial Statements (14-1-0039) | 12/16/13 | OEI | 12. Conduct training for staff in charge of receiving and analyzing monthly vulnerability management reports to ensure they are knowledgeable of the agency's remediation process for vulnerabilities. This training should include specific information on how to review the provided vulnerability management report and what actions offices must take regarding the identified vulnerabilities. | 09/30/17 |
| Air Quality Objectives for the Baton Rouge Ozone Nonattainment Area Not Met Under EPA Agreement 2A-96694301 Awarded to the Railroad Research Foundation (13-R-0297) | 06/20/13 | Region 6 | 1. Recover federal funds of \$2,904,578 unless the foundation provides a verifiable and enforceable remedy to reduce diesel emissions in the Baton Rouge ozone nonattainment area, as required by the cooperative agreement. CA2: Two of the five rebuilt locomotives will continue to operate in the Baton Rouge nonattainment area. CA3: The remaining three rebuilt locomotives will continue to operate between Baton Rouge and New Orleans until economic conditions in Baton Rouge necessitate moving as many locomotives as possible back to the Baton Rouge nonattainment area. | 9/30/20 9/30/20 |

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| | | | <p>CA5: Railroad Research Foundation will provide locomotive location data to EPA on a quarterly basis showing where the five locomotives were operated.</p> <p>CA6: As a penalty for noncompliance, Railroad Research Foundation will remit to the U.S. EPA \$4,841 for each locomotive for each month any of the five locomotives are operated outside of the restricted area for more than 10-plus consecutive days, outside the Baton Rouge nonattainment area and the Exception area (for other than maintenance).</p> <p>CA7: Each of the five locomotives will operate in Baton Rouge area or the Exception area for 10 years after the date each engine was placed back into service.</p> | <p>09/30/20</p> <p>09/30/20</p> <p>09/30/20</p> |
| EPA is Not Recovering All Its Costs of the Lead Based Paint Fees Program (13-P-0163) | 02/20/13 | OCSPP | 1. Update the March 20, 2009, fees rule to reflect the amount of fees necessary for the program to recover the costs of implementing and enforcing the program. | 1/31/17 |
| EPA Should Update Its Fees Rule to Recover More Motor Vehicle and Engine Compliance Program Costs (11-P-0701) | 09/23/11 | OAR | 1. Update the 2004 fees rule to increase the amount of the Motor Vehicle and Engine Compliance Program costs it can recover. | 12/31/18 |
| EPA Should Revise Outdated or Inconsistent EPA-State Clean Water Act Memoranda of Agreement (10-P-0224) | 09/14/10 | OW & OECA | 2-2. Develop a systematic approach to identify which states have outdated or inconsistent memoranda of agreement; renegotiate and update those memoranda of agreement using the memorandum of agreement template; and secure the active involvement and final, documented concurrence of headquarters to ensure national consistency. | 09/30/17 |

CSB Reports With Unimplemented Recommendations With Future Dates

| Report Title/No. | Report Date | Unimplemented Recommendation | Planned Completion Date |
|--|-------------|--|-------------------------|
| U.S. Chemical Safety and Hazard Investigation Board Needs to Complete More Timely Investigations (13-P-0337) | 07/30/13 | 4. Develop and implement a succession or retention policy to help with any future effects of the turnover rate on CSB's mission. | 12/31/16 |
| U.S. Chemical Safety and Hazard Investigation Board Did Not Take Effective Corrective Actions on Prior Audit Recommendations (11-P-0115) | 02/15/11 | 3. Follow up with Congress on the CSB request for clarification of its statutory mandate. Upon receipt of the response, develop a plan to describe and address the investigative gap, address prior audit recommendations and request the necessary resources to meet CSB's statutory mandate. | 12/31/16 |

Appendix 4—Peer Reviews Conducted

Audits/Evaluations

The Social Security Administration OIG completed an external peer review of the EPA OIG audit organization (which includes the EPA OIG's Office of Audit and Office of Program Evaluation) covering the fiscal year ended September 30, 2014, and issued its report on June 12, 2015. The review was conducted in accordance with guidelines established by the Council of the Inspectors General on Integrity and Efficiency. The external peer review of the EPA OIG audit organization stated that the EPA OIG audit organization's system of quality control was suitably designed and complied with to provide the EPA OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects, and the EPA OIG received a rating of *pass*.

Investigations

The Federal Deposit Insurance Corporation OIG completed a mandated Council of the Inspectors General on Integrity and Efficiency quality assurance review of the EPA OIG Office of Investigations and issued its report on December 2, 2014. The Federal Deposit Insurance Corporation OIG identified no deficiencies and found internal safeguards and management procedures compliant with quality standards.

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: (617) 918-1466

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) 487-2363
Investigations: (312) 353-2507

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) 665-2249

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) 814-2359

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-1-2)
8th Floor
San Francisco, CA 94105
Audit/Evaluation: (415) 947-4527
Investigations: (415) 947-8711

Seattle

U.S. Environmental Protection Agency
Office of Inspector General
Mail Code OIG-173
1200 Sixth Avenue, Suite 900
Seattle, WA 98101
Audit/Evaluation: (206) 553-6906
Investigations: (206) 553-1273

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