



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

OCT 19 2017

OFFICE OF
AIR AND RADIATION

MEMORANDUM

SUBJECT: Agency's Final Response to Office of Inspector General's report, *Improved Data and EPA Oversight Are Needed to Assure Compliance with the Standards for Benzene Content in Gasoline* (No. 17-P-0249)

FROM: Sarah Dunham 
Acting Assistant Administrator
Office of Air and Radiation

TO: Carolyn Copper
Assistant Inspector General
Office of Program Evaluation
Office of Inspector General

As stated in the June 8, 2017 memo from Inspector General Arthur Elkins announcing the release of the report *Improved Data and EPA Oversight Are Needed to Assure Compliance with the Standards for Benzene Content in Gasoline*, the agency has the option of providing a written final response to the OIG's final report, which will be posted online. After further consultation with the OIG, the Office of Air and Radiation revises the corrective actions and timelines for Recommendations #1, #2, #3, #6, and #9:

Recommendation 1: Improve controls over the reporting system to assure that facility-submitted data are of the quality needed to assess compliance with the regulations. For example, these controls should provide reasonable assurance that:

- a. Volumes and average benzene concentrations in facilities' annual benzene reports match those calculated based on their batch reports.
- b. Benzene concentrations in facility batch reports and annual benzene reports contain two decimal places.
- c. Production dates match the compliance year in facility reports.
- d. Facilities use only valid product codes in their reports.
- e. Only valid company and facility identification numbers are used.
- f. Maximum average benzene concentrations for the second compliance period and beyond match the corresponding annual average benzene concentrations.
- g. Import companies aggregate their facilities and submit just one annual benzene report.
- h. All required reports are submitted.

Response 1: OAR agrees that this recommendation would further enhance our oversight of the gasoline benzene program. However, addressing this recommendation would require substantial new investment in our IT systems. The FY2018 President's Budget Request does not provide for an investment of the size necessary to implement the OIG's recommended IT improvements. OAR expects limited discretionary funds for IT projects in FY2018 and is focusing on effectively operating and maintaining existing registration and compliance data systems for the fuels programs. We will seek to build the necessary IT investments into the next budget formulation opportunity (for FY2020), and the associated Capital Planning and Investment Control plan.

Planned completion date: FY2020.

Recommendation 2: Consult with the Office of Enforcement and Compliance Assurance to determine whether additional reporting controls are needed to enable enforcement staff to more efficiently conduct compliance assurance activities. Document the decisions made.

Response 2: OAR agrees that this recommendation would further enhance our oversight of the gasoline benzene program. While we are coordinating with OECA on benzene and other fuels program reporting controls on an ongoing basis, OAR agrees to meet with OECA to specifically determine whether additional reporting controls are needed for the benzene gasoline program and will draft a memo about the outcome of that meeting for the OIG.

Planned Completion Date: By April, 2018.

Recommendation 3: Revise the benzene regulations to require that attest engagements verify annual average benzene concentrations and volumes with batch reports, to ensure that credits needed or generated are correct.

Response 3: OAR agrees that this recommendation could further enhance our oversight of the gasoline benzene program but addressing this recommendation requires a change to our compliance regulations, which necessitates the promulgation of a rule. OAR agrees to propose specifications to address this recommendation in the next appropriate proposed fuels rule. However, OAR notes that all rules follow an established rule making process so the content of final rules cannot be pre-determined.

Planned Completion Date: FY2020.

Recommendation 6: Ensure the integrity of benzene credit trading by developing and implementing a process to verify the annual average benzene concentration and total volume values that facilities input into the trading database are supported by batch reports.

Response 6: OAR agrees that this recommendation would further enhance our oversight of the gasoline benzene program. However, addressing this recommendation would require substantial new investment in our IT systems. The FY2018 President's Budget Request does not provide for an investment of the size necessary to implement the OIG's recommended IT improvements. OAR expects limited discretionary funds for IT projects in FY2018 and is focusing on effectively operating and maintaining existing registration and compliance data systems for the fuels programs. We will seek to build the necessary IT investments into the next budget formulation opportunity (for FY2020), and the associated Capital Planning and Investment Control plan.

Planned Completion Date: FY2020.

Recommendation 9: Revise the annual benzene report so that facilities must report the number of benzene deficits or credits at the end of the current reporting year.

Response 9: OAR agrees that this recommendation could further enhance our oversight of the gasoline benzene program but addressing this recommendation requires a change to our compliance regulations, which necessitates the promulgation of a rule. OAR agrees to propose specifications to address this recommendation in the next appropriate proposed fuels rule. However, OAR notes that all rules follow an established rule making process so the content of final rules cannot be pre-determined.

Planned Completion Date: FY2020.

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If you have any questions regarding this response, please contact Benjamin Hengst, Associate Director, Office of Transportation and Air Quality, at (202) 564-1495.

Attachment

Cc: Betsy Shaw
Chris Grundler
Marc Vincent
Byron Bunker