



EPA-350-R-06-005  
October 2006

OFFICE OF INSPECTOR GENERAL

*Catalyst for Improving the Environment*

# Semiannual Report to Congress



April 1, 2006 - September 30, 2006

# EPA Inspector General

The Inspector General Act of 1978, as amended, requires the Inspector General to (1) conduct and supervise audits and investigations relating to programs and operations of the Agency; (2) provide leadership and coordination, and make recommendations designed to (a) promote economy, efficiency, and effectiveness; and (b) prevent and detect fraud and abuse in Agency programs and operations; and (3) fully inform the Administrator and the Congress about problems and deficiencies identified by the Office of Inspector General relating to Agency programs and operations.

## Vision

We are catalysts for improving the quality of the environment and Government through problem prevention and identification, and cooperative solutions.

## Mission

Add value by promoting economy, efficiency, and effectiveness within EPA and the delivery of environmental programs. Inspire public confidence by preventing and detecting fraud, waste, and abuse in Agency operations and protecting the integrity of EPA programs.

**To find out more about the U.S. Environmental Protection Agency's  
Office of Inspector General and its activities, visit our Website at**

**<http://www.epa.gov/oig>**

**Cover photos:** *Clockwise from top left:* Trailers contracted for by EPA in Louisiana; EPA headquarters building in Washington, DC; analyzing a water sample; residential yards and agricultural fields in McFarland, California; and a predatory fish for which mercury contamination is a concern (EPA and OIG photos).



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

OFFICE OF  
INSPECTOR GENERAL

October 27, 2006

**MEMORANDUM**

SUBJECT: Office of Inspector General Semiannual Report to Congress

TO: Stephen L. Johnson  
Administrator

I am pleased to provide you with the Office of Inspector General *Semiannual Report to Congress* for the 6-month period ending September 30, 2006. Many of the reviews that we conducted during the semiannual period provided recommendations to help the Agency achieve its mission of protecting human health and the environment. This report summarizes the areas we reviewed, progress the Agency has made, and our recommendations to help the Agency improve.

The Inspector General Act of 1978, as amended, requires that you forward this report within 30 days of receipt to the appropriate congressional committees. When you transmit the report to Congress, the Act allows you to enclose separately whatever additional comments you deem necessary, and specifies certain information that should be included (5 USC App. 3, Section 5(b)).

I will be happy to discuss, or provide additional information on, any of the items in this report.

  
\_\_\_\_\_  
Bill A. Roderick  
Acting Inspector General

## Message to Congress

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During this semiannual period, we continued to work with the Agency in its efforts to help the Gulf Coast region recover from Hurricane Katrina. We made EPA aware of overcharges on contracts the Agency used to respond to the hurricane, and the Agency is taking action to have the contractors repay those amounts. Also as a result of our Hurricane Katrina findings, EPA met with representatives of the U.S. Army Corps of Engineers to discuss how they can better coordinate their efforts during similar events in the future. We found that EPA has been appropriately handling hazardous material releases and debris management in the areas impacted by Hurricane Katrina, but substantial work remains for the Agency.

EPA has made progress implementing initiatives in its Critical Infrastructure and Key Resources Protection Plan, designed to ensure the resources needed to protect the public in the event of a terrorist attack or other disaster will be available. However, EPA needs to assign formal authority and more accountability to ensure the initiatives are accomplished in a timely manner. We also found that the Agency needs to improve managing Counter Terrorism/Emergency Response equipment so that it can efficiently determine what equipment is available and where it is located.

In response to two of our reports regarding the Superfund, EPA began the process to redistribute or reallocate \$80 million in Superfund payments and obligations. In an audit, we reported that EPA did not make timely redistributions of Superfund cooperative agreement, interagency agreement, and small purchase payments from a general site identifier to specific Superfund sites or a more appropriate general identifier. Based on our audit results, EPA agreed to redistribute \$39 million in Superfund payments to more specific codes, better enabling the recovery of this funding from responsible parties for use on other projects. In response to evaluation report number 2006-P-00013, *EPA Can Better Manage Superfund Resources*, issued during the previous semiannual period, EPA reported to us that they reallocated \$41 million from special accounts and unliquidated obligations to Superfund cleanup at other sites.

EPA needs to increase monitoring for airborne mercury to ensure that the Agency's proposed Clean Air Mercury Rule will not result in localized areas with unacceptably high levels of mercury. Also, we provided the Agency with listings of numerous vulnerabilities in the public drinking water sample analysis process, as well as numerous promising practices for dealing with them. Further, EPA needs to better incorporate environmental justice in its planning to better ensure that adverse environmental problems do not disproportionately impact minority and low-income populations.

We questioned millions of dollars in grant funds awarded by EPA. We questioned over \$66 million that EPA awarded to the State of Alaska over a 2-year period for the Alaska Village Safe Water program. We also questioned \$1.9 million provided to the Association of State and Interstate Water Pollution Control Administrators, and \$782,693 provided to the State of Oregon related to work on the McCormick and Baxter Superfund site in Portland. We recommended that EPA disallow the costs if the grantees do not provide adequate support.

This semiannual report includes details on these and other issues, including a number of investigations that resulted in payments to the Federal government and criminal, civil, or administrative actions. We will continue to work with the Agency and Congress, serving as a catalyst for improving the environment.

A handwritten signature in black ink, appearing to read "Bill A. Roderick", written over a horizontal line.

Bill A. Roderick  
Acting Inspector General

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# A Catalyst for Results

During this reporting period, the U.S. Environmental Protection Agency (EPA) agreed to take various actions as a result of Office of Inspector General (OIG) work, such as agreeing to over \$128 million in questioned costs and recommendations that funds be put to better use. The following actions related to the OIG's two external goals.

## ***To Contribute to Improved Human Health and Environmental Quality...***

- EPA met with representatives of the U.S. Army Corps of Engineers to discuss how each responded to Hurricane Katrina and ways they can better coordinate their efforts during similar future events.
- EPA agreed to better incorporate environmental justice in its planning, and to develop guidance for environmental justice reviews to better ensure adverse environmental problems do not disproportionately impact minority and low-income populations.
- EPA agreed to set milestones to better implement its plans to obtain and safeguard the resources it needs to protect the public in the event of a terrorist attack or a disaster.
- EPA plans to increase its monitoring efforts to evaluate the impact of the Clean Air Mercury Rule on mercury levels in waterbodies and fish tissue.
- EPA agreed to make greater efforts to identify and minimize fraud in the drinking water laboratory community; such fraud could result in increased exposure to contaminants.
- EPA, as it works to fulfill the provisions of the 2005 Energy Policy Act, will pay special attention to ensuring that, during inspections, it identifies underground storage tanks near drinking water sources to ensure drinking water is not contaminated.

## ***To Improve EPA's Management, Accountability, and Program Operations...***

- EPA is taking action to have contractors repay \$183,875 in overcharges for contracts used to respond to Hurricane Katrina.
- EPA agreed to redistribute \$39 million in Superfund site costs to more appropriate site identifiers, better enabling the recovery of this funding from responsible parties for use on other projects.
- EPA will look into disallowing over \$2 million in unsupported labor costs spent by the Alaska Department of Environmental Conservation for fiscal years ended June 30, 2003 and 2004, as well as the remaining grant balances of over \$64 million.
- EPA requested that America's Clean Water Foundation repay an estimated \$5.6 million paid to a contractor.
- EPA will look into recovering close to \$1.9 million from the Association of State and Interstate Water Pollution Control Administrators unless the Association is able to reconstruct its accounting records to meet minimum financial standards.
- EPA agreed to better control \$110 million in Government furnished property that contractors are using.

We provide details on these and other issues throughout this semiannual report. Results for the year are available in the Agency's annual performance report.

## Significant OIG Activity

### Hurricane Katrina Response Oversight

#### EPA Appropriately Handled Hazardous Material Releases and Debris Management After Hurricane Katrina

**EPA established quality and timely approaches for rapidly identifying, prioritizing, and assessing the impact of hazardous material releases following Hurricane Katrina, as well as handling hurricane-generated hazardous debris and waste.**

Hurricane Katrina created an estimated 86 million cubic yards of debris, caused more than 7 million gallons of oil to spill, and produced floodwaters that deposited hazardous substances in sediments. The hurricane passed over 18 Superfund National Priorities List sites and more than 400 industrial facilities that store or manage hazardous materials.



Segregation of household waste at an EPA collection site (EPA OIG photo).

EPA was the Federal agency with lead responsibility for addressing hurricane-generated hazardous debris and waste.

EPA coordinated with State, local, and other Federal government agencies to assess potential environmental and human impacts from the hurricane and provided quality and timely information for determining risks and impacts. EPA provided information on chemicals present in sediment samples, and assessed results of damage or releases at all Superfund National Priorities List sites, more than 400 industrial facilities, and approximately 850 underground storage tanks.

EPA distinguished between hazardous and nonhazardous debris, provided the public with information on how to properly dispose of household hazardous waste, collected over 2.5 million hazardous waste containers, and worked with States to address challenges in Katrina recovery and cleanup efforts.

We did not make any recommendations.

*(Report No. 2006-P-00023, EPA Provided Quality and Timely Information on Hurricane Katrina Hazardous Material Releases and Debris Management, May 2, 2006 – Report Cost: \$447,800)<sup>1</sup>*

<sup>1</sup> Report costs are estimates calculated by multiplying a project's staff days by the applicable "full" cost billing rates, including overhead, in effect at that time. Report costs listed in this Semiannual Report to Congress include followup work and other updates, and may be higher than the costs provided in individual reports on the dates they were issued.

## Existing Contracts Allowed Quick Response; Improvement Opportunities Exist

**EPA's existing contracts awarded for responding to natural disasters worked as intended and allowed EPA to quickly respond to Hurricane Katrina. Nonetheless, opportunities for improvement exist.**



Trailers contracted for by EPA to temporarily house employees in Metairie, Louisiana (EPA OIG photo).

EPA's Katrina response efforts involved sending numerous personnel to the area and purchasing equipment and services to support them. EPA's ability to operate under catastrophic conditions was commendable. Almost immediately after the hurricane struck, EPA personnel were in affected areas, assessing damage and action plans to protect the public. Existing contracts limited cost risk because EPA did not have to quickly award a large number of noncompetitive sole source contracts.

EPA still needed to award about \$9 million in noncompetitive contracts during its Katrina response efforts, and we noted areas where EPA can improve for future disasters. EPA must ensure that contracts are flexible, provide sufficient details on what is being obtained, avoid unnecessarily long periods of performance, adequately support price reasonableness determinations, and ensure procurements are used to address the disaster.

EPA needed to improve reviewing contractor invoices to help prevent paying duplicate, unallowable, and/or unreasonable costs. Contractors overcharged EPA \$18,298 in duplicate payments and \$54,734 by using inappropriate indirect cost and labor rates, and EPA initiated action during the course of our audit to have contractors repay those amounts. We also noted \$110,843 in inappropriate boat rental costs, and EPA has initiated action to recoup the excess payments. We noted EPA property purchased for hurricane relief was not initially safeguarded and recorded properly. We made various recommendations to EPA, and the Agency agreed to take sufficient corrective actions on all recommendations.

*(Report No. 2006-P-00038, Existing Contracts Enabled EPA to Quickly Respond to Hurricane Katrina; Future Improvement Opportunities Exist, September 27, 2006 – Report Cost: \$462,870)*

## Lessons Learned Regarding EPA's Response to Hurricane Katrina

**EPA took extraordinary and generally successful actions in its response to Hurricane Katrina, although we identified lessons learned regarding coordination, using tankers to provide drinking water, and querying and verifying the quality of some data.**

EPA, as well as Mississippi and Louisiana, generally took successful actions to assess and restore public drinking water supplies after Hurricane Katrina. EPA also provided timely and high quality information to address wastewater, hazardous material, and debris concerns. EPA officials said planning and good working relationships were key factors in responding successfully to Hurricane Katrina.



Debris field resulting from a storm surge (EPA OIG photo).

EPA actions generally improved upon the lessons learned from EPA's response to the collapse of the World Trade Center towers following the 2001 attacks. In some respects this can be attributed to the fact that EPA and States have experience in responding to hurricanes and have addressed lessons learned from prior hurricanes. In our opinion, the importance placed on the lessons learned from the collapse of the World Trade Center towers by the EPA Administrator also helped EPA respond successfully to Hurricane Katrina.

While efforts were generally successful, we identified three lessons learned:

- Coordination within EPA, with State and local officials, and with the U.S. Army Corps of Engineers could have been better. In some instances, coordination problems resulted in duplicate work.
- Initially, some hotels in Louisiana used potentially hazardous tanker trucks to transport drinking water to New Orleans. Louisiana, with assistance from EPA, quickly corrected this situation after it came to their attention. No adverse health effects were identified as a result of using the tanker trucks.
- Louisiana officials reported problems querying and verifying the quality of data in EPA's database used to collect floodwater results.

EPA has initiated actions to address the issues noted in our report for responding to future disasters.

*(Report No. 2006-P-00033, Lessons Learned: EPA's Response to Hurricane Katrina, September 14, 2006 – Report Cost: \$64,808)*

## **EPA OIG Agents Participate in Hurricane Katrina Fraud Task Force Efforts**

Since September 2005, the EPA OIG has deployed six Special Agents on several missions to the affected Gulf States to participate in Hurricane Katrina Fraud Task Force efforts; to meet with EPA officials, government contractors, Federal prosecutors, and local and State law enforcement officials; and to conduct investigative steps in addressing allegations of fraud. To date, investigative efforts by the EPA OIG have addressed several allegations of labor and equipment cost mischarging and impersonating EPA officials to further a scheme or artifice to defraud. While some allegations have been disproven or are currently pending prosecution, others have successfully resulted in administrative suspensions (pending debarment), cease and desist letters for wrongful activity, and recommendations for financial adjustments.

OIG Special Agents participate at the Hurricane Katrina Fraud Task Force Joint Command Center and have access to Task Force databases, intelligence, and staff for operational support during investigations conducted in the affected Gulf States. The EPA OIG continues to aggressively pursue tips and leads concerning allegations of fraud, and is actively supported by the Task Force.

## EPA Needs to Monitor Impact of Clean Air Mercury Rule on Hotspots

**EPA needs to do additional monitoring to ensure that its proposed Clean Air Mercury Rule will not result in “utility-attributable” hotspots – waterbodies where fish contain unsafe levels of mercury caused by utility emissions.**

About 40 percent of U.S. manmade airborne mercury is emitted from coal-fired electric utilities. Although airborne mercury is generally not considered to be a serious health concern, once mercury enters waterbodies, it can contaminate fish and present a human health risk when people eat the fish. In December 2003, EPA proposed a cap-and-trade program for reducing mercury emissions from utilities. The program would set a national cap on emissions and establish emission “allowances” for utilities. Utilities that reduced their emissions below their allowance could earn credits that could be sold to other utilities that were unable to reduce their emissions. Several State agencies and environmental groups expressed concern that this program could result in localized hotspots.



A fisherman holding a walleye, a predatory fish for which mercury contamination is a concern (EPA photo).

In support of the Rule, EPA conducted a detailed analysis of mercury emissions and deposits, and concluded that “utility-attributable” hotspots would not occur because of the trading program.

However, while EPA brought significant scientific,

technical, and modeling expertise to bear in researching the potential for “utility-attributable” hotspots, we found uncertainties with several key variables in the analysis. Specifically, we noted:

- Gaps in available data and science for mercury emissions estimates,
- Limitations with the model used for predicting mercury deposition,
- Uncertainty over how mercury reacts in the atmosphere, and
- Uncertainty over how mercury changes to a more toxic form in waterbodies.

Based on our interpretation of the Rule and the “utility-attributable” wording, EPA could not require additional utility emission reductions if utilities contributed significantly—but not solely—to a mercury hotspot. The Rule and “utility-attributable” wording could limit EPA’s ability to mitigate human health hazards.

We recommended that EPA develop and implement a mercury monitoring plan to assess the impact of the Clean Air Mercury Rule, if adopted, on mercury deposition and fish tissue, and evaluate and refine mercury estimation tools and models. If the Rule is adopted, EPA should clarify the role of the “utility-attributable” hotspot definition in making future changes to the standards. EPA adopted the Rule after we

issued our final report. The Agency agreed that it needs additional monitoring, and said the Rule does not establish the “utility-attributable” hotspot definition as a prerequisite for future changes.

(Report No. 2006-P-00025, *Monitoring Needed to Assess Impact of EPA’s Clean Air Mercury Rule on Potential Hotspots, May 15, 2006 – Report Cost: \$265,268*)

## EPA Is Reducing Nonroad Mobile Source Emissions, But Can Do More

**EPA has issued nonroad mobile source emission control regulations that, when fully implemented, should result in significant emission reductions, but challenges remain and EPA needs to do more.**

Nonroad sources of emissions include farm and lawn equipment, marine vessels, and aircraft (see table). Emissions from nonroad mobile sources can present significant health and environmental hazards due to releasing toxic and other air pollutants.

Until the mid-1990s, emissions from nonroad mobile sources were largely uncontrolled, but since then various regulations have been issued. Most recently, the 2004 Nonroad Diesel Engines Rule uses a systems approach involving a combination of engine modifications, reduced sulfur content in diesel fuel, and exhaust controls. However, many of the approximately five million nonroad diesel engines in the United States still do not need to follow EPA emissions standards, and EPA has been relying on voluntary efforts and incentive programs. Although a mandatory retrofit program may achieve increased health

Nonroad Engine Categories	
Category	Application
Land-Based Diesel Engines	Backhoes, tractors, material-handling equipment, airport service vehicles, generators, and pumps
Land-Based Spark-Ignition Engines	<p><b>Small Spark-Ignition Engines:</b> Lawnmowers, string trimmers, leaf blowers, and chain saws fueled with gasoline</p> <p><b>Large Spark-Ignition Engines:</b> Forklifts, generators, compressors, and welders fueled with liquefied petroleum gas, gasoline, or natural gas</p> <p><b>Recreational Vehicles:</b> Off-highway motorcycles, all-terrain vehicles, and snowmobiles fueled with gasoline</p>
Marine Engines and Vessels	<p><b>Marine Spark-Ignition Engines:</b> Outboard engines, personal water craft, and gasoline-fueled stern drive and inboard engines</p> <p><b>Marine Diesel Engines:</b> Recreational yachts, fishing boats, tug and towboats, dredgers, and coastal and ocean-going vessels</p>
Locomotives	Diesel-powered engines used in freight and passenger rail, line-haul, local, and switch-yard service
Aircraft	All types of aircraft (ground support equipment not included)

Source: EPA, Mobile Source Emissions: Past, Present, and Future.

protection sooner, such a requirement from the Federal level can only come through a change in the Clean Air Act.

EPA faces significant challenges in addressing nonroad emissions, particularly among small gasoline engine, marine, and aircraft categories. The role that other government entities and international communities play in regulating emissions from these sources hinders EPA's progress in achieving reductions. EPA also needs to address technical challenges, including the availability of low sulfur fuel, the diversity of nonroad engines, and the wide range of applications.

Our report provided information on EPA's efforts to address nonroad emissions and made no recommendations.

*(Report No. 2006-P-00039, Progress Report on EPA's Nonroad Mobile Source Emissions Reduction Strategies, September 27, 2006 – Report Cost: \$460,208)*

For details on additional air issues, please refer to:

Page 23: "Clean Air Markets Division Business System Lacked Key Security Tools"

Page 29: "Business Owner Sentenced for Using Improper Practices to Remove Asbestos"

Page 30: "Motorcycle Importer Sentenced for Smuggling"

## Promising Techniques Noted for Improving Drinking Water Lab Integrity

**We identified numerous vulnerabilities in the process used to analyze public drinking water samples, several of which are not addressed by EPA's required oversight processes. We provided the Agency with listings of these vulnerabilities as well as numerous promising practices for dealing with them.**



Microbiological analysis of a water sample (EPA photo).

Between Fiscal Years 2000 and 2003, the OIG Office of Investigations noted an increase in laboratory fraud. The Safe Drinking Water Act provides that a laboratory must obtain approval by EPA or a State before analyzing public drinking water samples for compliance with health-based standards. EPA certification and a national accreditation program provide oversight of the labs. If laboratories do not properly analyze drinking water samples, they will increase the risk of public exposure to harmful contaminants.

States that have implemented new techniques to detect laboratory integrity problems have found additional deficiencies, inappropriate procedures, and even cases of fraud. Their findings and those of our investigators show how laboratory integrity can be, and has been, compromised.

We developed promising practices by consulting an expert panel and various EPA and State personnel. Promising practices include:

- Encouraging ethical conduct agreements in EPA-certified labs,
- Developing a training program on fraud,
- Improving guidance on fraud awareness,
- Performing enhanced onsite and followup audits,
- Conducting data accuracy reviews,
- Using data validation and verification techniques,
- Reviewing raw electronic data,
- Considering a procurement policy to offset economic pressures, and
- Establishing a fraud hotline.

We recommended that EPA assess drinking water laboratory integrity and incorporate promising practices to better identify inappropriate procedures and fraud into the laboratory oversight process. Specific recommendations included reforms to laboratory oversight processes, policy, guidance, and training, as well as improving awareness of vulnerabilities and collecting data to resolve uncertainty. EPA generally agreed with our recommendations.

*(Report No. 2006-P-00036, Promising Techniques Identified to Improve Drinking Water Laboratory Integrity and Reduce Public Health Risks, September 21, 2006 – Report Cost: \$766,755)*

## Small Drinking Water Systems Continue to Face Challenges

**Small drinking water systems continue to face challenges regarding financial/management matters and regulatory/compliance issues in providing water that is safe to drink.**

Of the approximately 54,000 community water systems in the United States, about 85 percent serve communities of 25 to 3,330 people each, and overall serve about 10 percent of the Nation’s population.

Benefits and Barriers to Consolidation	
Pros	Cons
<ul style="list-style-type: none"> <li>▪ Economies of scale</li> <li>▪ Increased financial opportunities</li> <li>▪ Eliminating duplicative services</li> <li>▪ Increased reliability</li> <li>▪ Increased flexibility</li> <li>▪ Enhanced health protection</li> <li>▪ Skill improvements</li> <li>▪ Service efficiency</li> </ul>	<ul style="list-style-type: none"> <li>▪ Loss of community independence</li> <li>▪ Differing management goals</li> <li>▪ Conflicting regulations</li> <li>▪ Cost and benefit inequities</li> <li>▪ Workforce reduction/layoffs</li> <li>▪ Equipment reduction</li> <li>▪ Public confidence</li> <li>▪ Debt</li> </ul>

Source: EPA OIG analysis

Various organizations have attempted initiatives to assist small drinking water systems in overcoming their challenges; we noted State and third-party initiatives that could be used as best practices by others. Consolidation, also known as regionalization, is an approach EPA can consider (see the pros and cons of consolidation in the table). We recommended that EPA work with States to identify successful approaches to working with small drinking water systems

to obtain financing, as well as compile data on best practices to share with those systems.

*(Report No. 2006-P-00026, Much Effort Needed to Help Small Drinking Water Systems Overcome Challenges, May 30, 2006 – Report Cost: \$200,430)*

For details on additional water issues, please refer to:

- Page 14: “EPA Grants Supported Restoring the Chesapeake Bay”
- Page 15: “Ongoing Audit Leads to EPA Action to Recover Millions in Grant Funds”
- Page 16: “Grants to Association Totaling Nearly \$1.9 Million Questioned”
- Page 31: “Grantees Sentenced”
- Page 32: “Laboratory Technician Sentenced”
- Page 34: “Use of National Rural Water Association Grants Reviewed”

## Underground Storage Tank Programs Changing Due to New Act

**EPA and State underground storage tank programs are devoting significant resources to implement the changes needed to fulfill provisions of the 2005 Energy Policy Act.**

The Act created new Federal requirements for underground storage tank programs. EPA's oversight of State programs involves approving or developing performance agreements with States, distributing Federal funds, and compiling program performance data States have submitted. More than 650,000 underground storage tanks exist nationwide. The most common underground storage tanks are those at gasoline stations. Cleanup actions have occurred at approximately 420,000 of 450,000 tanks with confirmed releases.

The Act became law while we were reviewing EPA's oversight of State underground storage tank programs. This changed the requirements and some procedures for the programs. Therefore, we discontinued our review, but informed EPA of key issues it should keep in mind when implementing provisions of the new Act:

- EPA should identify tanks near drinking water sources during inspections.
- States and EPA should use information collected on how close tanks are to drinking water sources to prioritize actions.
- EPA should implement oversight mechanisms to ensure the quality of data States submitted.

We recommended that EPA take these issues into account, and EPA generally agreed.

*(Report No. 2006-M-00014, OIG Findings on EPA Oversight of the Underground Storage Tank Program, September 18, 2006 – Report Cost: \$295,595)*

For details on additional land issues, please refer to:

Page 2: "EPA Appropriately Handled Hazardous Material Releases and Debris Management After Hurricane Katrina"

Page 16: "Outlays of \$782,693 by Oregon Questioned"

Page 21: "EPA Can Improve Redistributing Superfund Payments from General Site Identifiers"

Page 25: "Contamination Problems Reviewed in California Agricultural Community"

Page 29: "Three Sentenced in Kickback Scheme"

## **EPA Needs to Conduct Environmental Justice Reviews**

**Although required to do so by Executive Order, EPA has not sufficiently directed its offices to conduct environmental justice reviews.**

Environmental justice reviews seek to identify and address disproportionately high and adverse human health or environmental effects on minority and low-income populations. Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, was signed in 1994. In August 2001, and again in November 2005, the EPA Administrator issued a memorandum reaffirming the Agency’s commitment to environmental justice. However, neither of these two memos specifically directed program and regional offices to assess whether any of their programs, policies, or activities had disproportionately high and adverse human health or environmental effects on minority and low-income populations. Without these environmental justice reviews, EPA cannot determine its impact relative to the goals of the Executive Order.

We recommended that EPA have its program and regional offices identify which programs, policies, and activities need environmental justice reviews to ensure minority and low-income populations are not disproportionately impacted by adverse health or environmental conditions, and establish plans to conduct the reviews. We also recommended that EPA designate an office to compile the results of such reviews and make recommendations to senior leadership as needed. The Agency agreed with our recommendations.

*(Report No. 2006-P-00034, EPA Needs to Conduct Environmental Justice Reviews of its Programs, Policies, and Activities, September 18, 2006 – Report Cost: \$158,214)*

## **EPA Should Better Measure Outcomes of Food Quality Protection Act Efforts**

**Although EPA has made progress in implementing requirements of the Food Quality Protection Act, it needs to focus more on environmental and human health outcomes achieved rather than actions taken.**

EPA’s Proposed Overall Strategic Measures for Reducing Pesticide Risk
<ul style="list-style-type: none"> <li>■ Reduce the number of acute poisoning incidents from pesticides in and around the home</li> <li>■ Reduce level of currently registered pesticides in the general population</li> <li>■ Reduce pesticide residues in 20 foods most commonly eaten by children</li> </ul>

Source: EPA Office of Pesticide Programs internal workgroup

The Food Quality Protection Act of 1996 changed the way EPA’s Office of Pesticide Programs regulates pesticides, including the introduction of aggregate exposure and cumulative risk assessments. The Act also required the Office of Pesticide Programs to take into account children’s unique patterns of exposure and vulnerability regarding pesticides.

EPA has primarily measured its success by adhering to its reregistration schedule rather than by actual reductions in risk to children's health. While the Agency lacks outcome measures to assess the specific impact of actions taken, it has recently taken steps to develop better measures, such as identifying some key overall strategic measures for reducing risk (see table). Nonetheless, significant challenges remain.

By integrating existing data into a suite of performance measures, EPA can better track the effectiveness of regulatory decisions and program performance; we recommended that EPA implement a suite of such output and outcome measures. Also, EPA can more efficiently measure the impact of the Act on children's health through examining pesticide exposure data and changes in usage patterns, substitutions, and import trends; we recommended such action. EPA generally agreed with our recommendations.

*(Report No. 2006-P-00028, Measuring the Impact of the Food Quality Protection Act: Challenges and Opportunities, August 1, 2006 – Report Cost: \$234,614)*

For details on a homeland security issue, please refer to:  
Page 19: "EPA Needs to Better Implement Plan to Protect Critical Infrastructure and Key Resources from Attack"

**EPA Needs to Improve Managing Earmark Grants**

**EPA has not managed earmark grants in accordance with Agency policy and regulations.**

An earmark is a portion of an appropriation designated by Congress to be spent on a particular project. Past Inspector General audits of grants identified problems with either EPA oversight or grantee management of earmark grants. We reviewed 17 prior audits and investigations to determine whether EPA should take additional actions to improve overall management of earmark grants.

List of Dollars Questioned	
Report / Investigation	Questioned Costs
Alaska Department of Environmental Conservation (2003)	\$33,887,200
Alaska Department of Environmental Conservation (2004)	32,976,401
Investigation	2,100,000
MBI International	1,301,365
Geothermal Heat Pump Consortium	1,153,472
Association of Metropolitan Sewerage Agencies	681,413
National Association of Minority Contractors (2001)	636,069
Investigation	230,000
University of Nevada, Reno	21,260
<b>Total Costs</b>	<b>\$72,987,180</b>

Although EPA has taken actions to improve grants management, we noted several areas of concern. In particular, some employees and recipients held inappropriate perceptions that because earmark grants have already been approved by Congress, the Agency has limited control over them. Also, Agency policies do not provide specific options for EPA staff to follow to address concerns with earmark projects, such as problematic workplans.

Source: Prior EPA OIG reports and investigative documentation

EPA policies require that earmark grants be managed the same as any other assistance agreement. However, for earmark grants, past audits and investigations found:

- Incomplete grant work plans,
- Improper accounting and financial procedures,
- Noncompliance with grant terms and conditions,
- Noncompliance with applicable laws and regulations, and
- Conflicts of interest.

EPA's insufficient management of some earmark grants over the past 10 years led us to question nearly \$73 million in Federal grant funding (see table), and EPA was unable to identify the environmental outcomes achieved from millions of additional Federal dollars. We recommended that EPA issue a memorandum emphasizing Agency policies on earmarks and improve pertinent training courses. EPA concurred with our recommendations.

*(Report No. 2006-P-00037, EPA Needs to Emphasize Management of Earmark Grants, September 26, 2006 – Report Cost: \$116,135)*

## Over \$66.8 Million in Grant Funding to Alaska Questioned

**Two Single Audit Act audits questioned over \$1.1 million each in labor costs for the State of Alaska because State employees did not account for their activities in accordance with Federal requirements. We also questioned the \$64.6 million balance of the EPA grants.**

Alaska identified Federal expenditures for EPA grants under the Alaska Village Safe Water program of \$33,887,200 for the year ended June 30, 2003 (2003), and \$32,976,401 for the year ended June 30, 2004 (2004). While the single auditor questioned \$1,166,051 (2003) and \$1,115,721 (2004) in labor costs for those years, we questioned the balance of the EPA grant amounts of \$32,721,149 (2003) and \$31,860,680 (2004) because the State:

- Claimed disbursements that were advances and not actual costs,
- Did not correctly report assets and expenditures,
- Did not follow procurement procedures, and
- Did not adequately monitor its subrecipients.

We made several recommendations, including disallowing \$1,166,051 (2003) and \$1,115,721 (2004) in labor costs, disallowing the remaining \$32,721,149 (2003) and \$31,860,680 (2004) of costs until the State provides actual cost data, and requiring the State to perform sufficient oversight of its subrecipient.

*(Report No. 2006-3-00167, Single Audit Report for the State of Alaska Department of Environmental Conservation for the Year Ended June 30, 2003, July 26, 2006 – OIG cost for this report: \$60,882; and Report No. 2006-3-00168, Single Audit Report for the State of Alaska Department of Environmental Conservation for the Year Ended June 30, 2004, July 26, 2006 – OIG cost for this report: \$62,440)*

## EPA Grants Supported Restoring the Chesapeake Bay

**EPA awarded assistance agreements (grants) that helped meet the goals of the Clean Water Act and the Chesapeake 2000 Agreement.**



A pipeline distributing storm water in the Chesapeake Bay watershed, funded under an EPA grant (EPA OIG photo).

The Chesapeake Bay and its tributaries have been on EPA's impaired waters list since 1998. The Chesapeake 2000 Agreement established goals and commitments to restore and protect the Bay. Chesapeake Bay partners and the media have expressed concerns about the slow progress of Bay cleanup, and EPA stated it will not be able to meet the Agreement's 2010 cleanup goals. We conducted a review to determine whether EPA was targeting grant funding to meet goals.

In fiscal years 2003, 2004, and 2005, Congress appropriated \$23 million each year for EPA's Chesapeake Bay Program. These grants funded activities designed primarily to reduce the nutrients

and sediment entering the Bay and its tributaries, monitor ongoing efforts to restore Bay water quality, and model (estimate) the results of Bay implementation strategies.

We found that efforts funded by grants contributed to EPA's overall Bay restoration program. EPA funded State restoration programs and technical project grants. EPA estimated that as of March 2006, the program partners had achieved 37 percent of the nitrogen reduction goal, 53 percent of the phosphorus reduction goal, and 47 percent of the sediment reduction goal.

The report did not contain recommendations.

*(Report No. 2006-P-00032, EPA Grants Supported Restoring the Chesapeake Bay, September 6, 2006 – Report Cost: \$187,667)*

## **Ongoing Audit Leads to EPA Action to Recover Millions in Grant Funds**

**During an audit of the America's Clean Water Foundation, we identified concerns about the recipient's cash management and procurement practices. Based on two memoranda we issued to the Agency about our concerns, EPA returned a subsequent grant application and took action to recover funds.**

EPA awarded three assistance agreements to the America's Clean Water Foundation to perform environmental risk assessments at agricultural facilities and to assist States, tribes, and territories in complying with the Clean Water Act. The grants were awarded to the Foundation based on a congressional earmark. The Foundation had drawn down funds in excess of costs incurred under the grants, had not paid a contractor for costs recorded in the accounting system, and had not complied with Federal regulations in procuring contracts under the grant. We notified EPA of these concerns in a memorandum on December 15, 2005.

To assist the Agency in addressing the Foundation's contract procurement issues, we issued a second memorandum on June 15, 2006, regarding the costs the contractor incurred. Our review of the contractor's records found that the Foundation did not have fair and reasonable prices from the contractor. The contract included fixed rates for on-farm assessments that were significantly higher than the actual costs of the assessments. The contractor also billed the Foundation for licensing fees of \$500,000 for 2004 and 2005, but actually incurred no costs.

In response to our memoranda, the Agency took several actions. First, EPA returned the Foundation's application for a subsequent grant for almost \$5 million. Second, EPA sent a letter requesting the Foundation repay an estimated \$5.6 million that it had paid to the contractor and claimed under the Federal grant. While EPA has taken action to address some of our concerns with the Foundation, we expect to issue a final report with additional recommendations in December 2006.

*(Memorandum No. 2006-M-00003, America's Clean Water Foundation – Recorded Costs for EPA Grants X82835301, X783142301, and X82672301, December 15, 2005; and Memorandum No. 2006-M-00011, Environmental Management Solutions – Recorded and Billed Costs under EPA Grants X82835301 and X83142301, June 15, 2006 – Report Cost: Ongoing)*

## Grants to Association Totaling Nearly \$1.9 Million Questioned

**We questioned \$1,883,590 in grants that EPA paid to the Association of State and Interstate Water Pollution Control Administrators because the Association did not comply with financial and project management standards and Federal procurement standards.**

EPA awarded seven assistance agreements to the Association to assist States, tribes, and territories in complying with the Clean Water Act. However, we found that the Association:

- Could not provide support for any of its general journal entries,
- Included duplicate recorded costs in its accounting system,
- Could not always trace grant draws to accounting records,
- Could not always support labor costs charged to EPA grants,
- Could not support recorded indirect costs,
- Did not record all program income,
- Did not have adequate written procedures for determining funds needed,
- Drew EPA grant funds in excess of funds needed, and
- Did not complete required single audits.

We made various recommendations, including that EPA recover the \$1,883,590 paid unless the Association is able to reconstruct its accounting records to meet minimum financial standards. The Association stated that it has already made many improvements and will continue to work to implement and address any remaining concerns.

*(Report No. 2006-4-00122, Association of State and Interstate Water Pollution Control Administrators Incurred Costs for Seven EPA Assistance Agreements, July 31, 2006 – Report Cost: \$90,657)*

## Outlays of \$782,693 by Oregon Questioned

**We questioned \$782,693 in unallowable and unsupported outlays for a cooperative agreement awarded to Oregon.**

EPA awarded a cooperative agreement to the Oregon Department of Environmental Quality on July 22, 1997. The award, as amended, provides \$9,372,588 to the State for remedial design and actions at the McCormick and Baxter Superfund site in Portland, Oregon.

We questioned \$782,693 of unallowable and unsupported outlays consisting of contract outlays of \$505,122 due to not complying with Federal procurement requirements; prepaid expenses of \$33,553 reported under a contract with a Federal agency; and other contract outlays of \$244,018 for issues previously raised by the contractor's cognizant auditor, work performed outside the scope of the contract, and costs not supported by invoice details.

We recommended that EPA disallow the \$782,693 unallowable and unsupported contract outlays.

*(Report No. 2006-4-00147, Oregon Department of Environmental Quality Reported Outlays under Cooperative Agreement V99060102, September 21, 2006 – Report Cost: \$213,777)*

## **Deficiencies in Single Audit of Natural Resources Defense Council Noted**

**In our quality control review of a Single Audit Act audit of the Natural Resources Defense Council, Inc., we found that the single auditor – PricewaterhouseCoopers, LLP – did not adequately test and document the auditee’s compliance or properly report on the auditee’s lack of compliance with indirect cost proposal requirements.**

We conducted this quality control review because our September 2005 audit of the Natural Resources Defense Council identified significant questioned costs due to inadequate support for costs claimed. In addition to noting the compliance issues, our review of the single audit for the year ended June 30, 2003, also identified technical deficiencies involving differentiating between major and nonmajor programs and the single auditor documenting its basis for materiality for compliance testing.

We recommended that for future single audits, PricewaterhouseCoopers ensure it appropriately tests procurements and sufficiently documents analyses. The single auditor generally agreed.

*(Report No. 2006-S-00002, Quality Control Review of PricewaterhouseCoopers, LLP, Single Audit of Natural Resources Defense Council, Inc., for Year Ended June 30, 2003 – OIG cost for this report: \$82,634)*

## **\$1.4 Million in Grants to Cortina Indian Rancheria Questioned**

**Based on Single Audit Act reviews of EPA grants awarded to the Cortina Indian Rancheria of the Wintun Indians of California (located in Williams, California), for the 4 years ended December 31, 2004, we questioned all \$1,431,319 in expenditures related to those grants.**

Cortina Indian Rancheria received grant awards under various EPA programs, including general assistance grants for the Tribe to plan, develop, and establish environmental programs, and air grants to conduct air quality assessments. For each of the 3 years ending with the grantee’s fiscal year ended December 31, 2003, the independent auditor issued a disclaimer of opinion on the financial statements and an adverse opinion on the report on major program compliance. In the fiscal year ended December 31, 2004, the independent auditor issued a qualified opinion on the financial statements and a qualified opinion on the report on major program compliance. Although the independent auditor did not question costs, we have questioned all EPA expenditures because of the magnitude and type of findings identified in the single audit reports. While the independent auditor did note that some findings would have resulted in questioned costs, due to systemic deficiencies, the single auditor could not quantify the questioned costs. Given the nature of the findings, we recommended that Region 9 consider placing appropriate restrictions/grant conditions upon the grantee

by considering this grantee to be “high risk,” in accordance with Title 40, Code of Federal Regulations, Part 31.12.

*(Report No. 2006-3-00169, Cortina Indian Rancheria, California, FY 2001, August 2, 2006; Report No. 2006-3-00170, Cortina Indian Rancheria, California, FY 2002, August 2, 2006; Report No. 2006-3-00171, Cortina Indian Rancheria, California, FY 2003, August 2, 2006; and Report No. 2006-3-00172, Cortina Indian Rancheria, California, FY 2004, August 2, 2006 – OIG cost for these reports: \$2,604)*

For details on an additional grants issue, please refer to:  
Page 34: “Use of National Rural Water Association Grants Reviewed”

## EPA Needs to Better Implement Plan to Protect Critical Infrastructure and Key Resources from Attack

**While EPA made progress in implementing the initiatives in the Critical Infrastructure and Key Resources Protection Plan, EPA must assign formal authority and more accountability to ensure it accomplishes the initiatives in a timely manner, so that the resources needed to protect the public are available in the event of a terrorist attack or other disaster.**

Homeland Security Presidential Directive No. 7 requires Federal agencies to identify, prioritize, and protect critical infrastructure and key resources from terrorist attacks; in 2004, EPA issued its plan on how it intends to do so. The plan involves protecting equipment and implementing enhancements to the Agency's response capability. In some cases, EPA did not obtain assets or sufficiently protect assets. EPA missed, or did not establish, milestones for initiatives; some managers responsible for implementing initiatives were not aware of the plan.



A Mobile Environmental Radiation Laboratory that EPA considers to be a Critical Infrastructure and Key Resources asset (EPA OIG photo).

Our review also looked at progress EPA made in addressing our 2004 recommendations on managing Counter Terrorism/Emergency Response equipment. The Agency still needs to improve management so that it can efficiently determine what equipment is available and where it is located.

We recommended that EPA establish overall accountability for Critical Infrastructure and Key Resources Protection Plan management as well as program office accountability for implementing initiatives in the plan. We also recommended that EPA require better controls over equipment. EPA generally agreed with our recommendations and indicated corrective actions were planned and underway.

*(Report No. 2006-P-00022, EPA Needs to Better Implement Plan for Protecting Critical Infrastructure and Key Resources Used to Respond to Terrorist Attacks and Disasters, April 26, 2006 – Report Cost: \$300,217)*

## EPA Can Improve Oversight of Government Furnished Property

**EPA needs to improve its management and administrative controls over property that contractors use.**

As of September 30, 2005, EPA's contractor-supplied records identified \$110 million in EPA-provided property for 153 contracts. EPA can either perform the administrative

functions over this property itself or have the Defense Contract Management Agency perform the functions.

EPA did not have accurate and reliable records to indicate:

- Which contractors had received EPA-provided property,
- The dollar value of the property provided, or
- Whether contractors had performed the required annual inventories.

Also, EPA needs to improve administering its interagency agreements with the Defense Contract Management Agency. Neither EPA nor the other agency were administering some contracts. Further, EPA had paid the Defense Contract Management Agency about \$10,000 to administer property for some contracts that did not have any such property.

EPA agreed with our recommendations to strengthen its policies and procedures, as well as its administering the interagency agreement with the Defense Contract Management Agency, and initiated corrective actions while our audit was progressing.

*(Report No. 2006-P-00035, EPA Needs to Strengthen Oversight of Government Furnished Property, September 19, 2006 – Report Cost: \$116,760)*

For details on an additional contract issue, please refer to:  
Page 3: "Existing Contracts Allowed Quick Response; Improvement Opportunities Exist"

## EPA Can Improve Redistributing Superfund Payments from General Site Identifiers

**EPA did not timely redistribute Superfund cooperative agreement, interagency agreement, and small purchase payments from a general site identifier to specific Superfund sites.**

When EPA cannot readily identify costs incurred for certain response activities to a specific site, EPA assigns a general site identifier, and subsequently will redistribute the costs to a more appropriate general identifier when such costs are paid.

However, the finance offices that we reviewed did not timely record costs to specific site identifiers, as required. As of January 2006, the finance offices recorded \$39 million in a general account. Those payments remained undistributed for periods ranging from

2 months to 10 years. As a result, the \$39 million may not be considered in settlement negotiations and oversight billings, and thus may not be able to be recovered from responsible parties.

Payments Undistributed to Sites - Status as of January 2006	
Cooperative Agreements	\$31,532,427
Interagency Agreements	6,165,253
Small Purchases	1,798,890
<b>Total</b>	<b>\$39,496,570</b>

Source: EPA financial records

Subsequent to our bringing the issue to EPA's attention, EPA provided unaudited data reports that indicated the undistributed costs were reduced

to \$13 million as of May 12, 2006. Besides recommending that EPA redistribute the remaining amount, we recommended that EPA develop written procedures, provide training, and change cooperative agreement conditions to require recipients to provide detail for distributing costs within 24 hours of receiving funds. EPA agreed with our recommendations and began corrective actions.

*(Report No. 2006-P-00027, EPA Could Improve Its Redistribution of Superfund Payments to Specific Sites, July 31, 2006 – Report Cost: \$323,396)*

## Chemical Safety and Hazard Investigation Board Earns Unqualified Opinion on Financial Statements

**The U.S. Chemical Safety and Hazard Investigation Board (CSB) earned an unqualified opinion on its fiscal 2005 and 2004 financial statements from an independent accounting firm.**

CSB is an independent Federal agency created by the Clean Air Act Amendments of 1990. CSB's mission is to investigate industrial chemical accidents, make investigative findings known to the public, and issue safety recommendations to prevent future accidents. In fiscal 2004, Congress designated the EPA OIG to serve as CSB's Inspector General, which includes the responsibility for an annual audit of CSB's financial statements.

The independent accounting firm found the financial statements to be presented fairly, in all material respects, and in conformity with applicable standards. It noted no material weaknesses involving the internal controls over financial reporting, nor did it note any instances of noncompliance with certain provisions of laws and regulations. However, the independent auditors did note that CSB needs to strengthen its Information Technology security controls as required by the Federal Information Security Management Act and Office of Management and Budget Circular A-130. CSB has planned or initiated actions to resolve this issue.

*(Report No. 2006-1-00080, Audit of U.S. Chemical Safety and Hazard Investigation Board's Fiscal 2005 and 2004 Financial Statements, September 28, 2006 – Report Cost: \$97,079)*

### **Clean Air Markets Division Business System Lacked Key Security Tools**

**EPA's Clean Air Markets Division Business System lacked key security management tools that it could use to proactively identify potential security weaknesses.**

The Federal Information Security Management Act requires agencies to develop policies and procedures dealing with the Agency's information assets. The Clean Air Markets Division Business System is the data system that EPA's Office of Air and Radiation uses to support the market-based emissions trading program. While the Office of Air and Radiation had substantially complied with many of the controls tested, we found that the Clean Air Markets Division Business System was operating without an up-to-date risk assessment or effective practices to ensure that all production services were monitored for known security vulnerabilities. The Office of Air and Radiation agreed with the findings and has moved forward aggressively to implement the recommendations.

*(Report No. 2006-P-00024, Information Security Series: Security Practices Clean Air Markets Division Business System – Report Cost: \$96,461)*

### **EPA Protection of Sensitive Information Assessed**

**EPA can improve its protection of sensitive personal information by identifying all personally identifiable information and ensuring Agency policy includes specific requirements.**

In response to an informal request from the Office of Management and Budget, the President's Council on Integrity and Efficiency/Executive Council on Integrity and Efficiency asked the Inspectors General to assess their respective agency's compliance with Office of Management and Budget Memorandum M-06-16, regarding protection of sensitive agency information. To assess EPA's compliance with the Office of Management and Budget memorandum, which included relevant National Institute of Standards and Technology requirements and additional actions, we completed a template developed for that purpose by the President's Council on Integrity and Efficiency/Executive Council on Integrity and Efficiency Federal Audit Executive Council Information Technology Committee.

EPA has taken steps to protect its sensitive personal information. EPA created a Personally Identifiable Information Workgroup, which produced a three-phase action plan. On August 23, 2006, the Chief Information Officer issued an interim policy for protecting personally identifiable information, which addresses specific safeguards for protecting personally identifiable information that is accessed remotely or physically removed. Also, EPA updated the Standard Configuration Document for Blackberry devices to safeguard information.

However, the Agency still needs to identify all personally identifiable information, and establish a baseline of all Agency systems that contain it. The Agency has not yet identified all instances where personally identifiable information is being transported and/or stored offsite, when backup media that contain personally identifiable information are being stored at remote sites, and whether transportation and storage methods use encryption.

In addition, the Chief Information Officer's interim policy does not include specific requirements for: 1) training and accountability measures; 2) using a Virtual Private Network for all remote access of personally identifiable information, and 3) encrypting backup media that are transported and/or stored offsite.

We forwarded this report to the President's Council on Integrity and Efficiency for consolidation with other Federal agency OIG reports, and subsequent submission to the Director, Office of Management and Budget.

*(Report No. 2006-S-00006, Assessing EPA's Efforts to Protect Sensitive Information, September 19, 2006 – Report Cost: \$22,716)*

## **EPA Can Improve Incident Reporting Practices**

**Although EPA has made progress improving its information security program, the Agency can improve its incident reporting practices.**

While EPA has established Agency-wide policies and procedures for reporting information security incidents, EPA needs to take further steps to:

- Implement its incident handling program to ensure all violations are consistently reported,
- Develop and train personnel on local incident reporting procedures,
- Implement its centralized virus/spyware/malware reporting system, and
- Make security trend information available to personnel with significant security responsibilities.

Shortcomings in these areas have contributed to the incomplete implementation of EPA's incident reporting program and security incidents going unreported.

In accordance with the Federal Information Security Management Act, we reported our findings to the Agency for submission to the Office of Management and Budget.

*(Report No. 2006-S-00008, Fiscal Year 2006 Federal Information Security Management Act Report: Status of EPA's Computer Security Program, September 25, 2006 – Report Cost: \$73,392)*

### Contamination Problems Reviewed in California Agricultural Community

**In response to a request, we reviewed contamination concerns regarding the agricultural community of McFarland, California, and noted areas where EPA can improve.**

During the 1980s, residents of McFarland noticed health problems that they attributed to water, air, and soil contamination. A study by State and county officials noted unusually

high rates of cancer, but it could make no causal association between health data and the contaminants. We looked at EPA efforts in the area as a result of issues raised by concerned citizens and an environmental group.



Residential yards in McFarland beside agricultural fields with spray-applied pesticides (EPA OIG photo).

EPA developed preliminary remediation goals for McFarland using a lifetime residential exposure of 30 years based on Agency Superfund guidance, but we believe a 70-year lifetime exposure assumption better reflects the intent of the National Contingency Plan and would better protect the public. EPA appears to have conducted air and soil sampling activities appropriately, although it should consider analyzing the synergistic effects of multiple contaminants. While

EPA exceeded requirements in its efforts to keep the McFarland community informed, it can take additional actions that will further strengthen its community relations efforts.

We recommended that EPA identify available sources of information on the toxicology of contaminant mixtures that may be found in drinking water, and continue to support research characterizing the joint toxic action of contaminants in drinking water. We also made several suggestions, such as providing an explanation for not using the 70-year lifetime exposure assumption. EPA disagreed with some of our conclusions, such as using the 70-year lifetime exposure assumption.

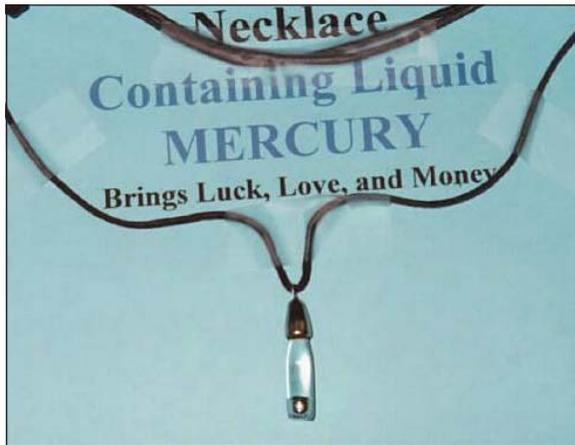
*(Report No. 2006-P-00041, Review of Environmental Concerns at McFarland, California, September 28, 2006 – Report Cost: \$302,694)*

### EPA Properly Addressing Ritualistic Use of Mercury

**We concluded that EPA has been taking the appropriate level of action in dealing with using mercury in rituals.**

A complainant alleged that EPA did not adequately address problems related to the ritualistic use of mercury. Some people use mercury as part of folk remedies and religious

practices. These uses may pose health risks because mercury vapors can cause health problems, such as damage to the nervous system.



A necklace containing liquid mercury in the pendant (EPA photo).

EPA staff and the complainant agree that the ritualistic use of mercury poses a health risk, but differ on how to address the risks. The complainant wants EPA to regulate using mercury and take action in what the complainant believes are the many homes contaminated by the ritualistic use of mercury. However, EPA believes it does not need to establish regulations, and starting the process to establish such regulations would drive the practice underground. EPA has addressed the issue by providing community education and outreach, and purchasing 63 portable mercury analyzers for measuring mercury levels. We agree with EPA's assessment about regulating the ritualistic use of mercury, and believe the actions taken by EPA are consistent with current legal requirements.

The complainant also alleged that EPA had falsified a study on measuring mercury vapor levels or had deliberately designed the study to fail. According to the complainant, if EPA had performed the experiments differently, the results may have been more realistic. However, we found no evidence that EPA had inadequately designed the study or falsified the results.

*(Report No. 2006-P-00031, EPA Is Properly Addressing the Risk of Using Mercury in Rituals, August 31, 2006 – Report Cost: \$67,161)*

## **No Wrongdoing in Security System Purchase**

**During our review of a complaint submitted to the OIG, we found that EPA spent \$712,629 to purchase an IRIS Scan Security System that, due to a subsequent Federal policy change, EPA no longer needed.**

In July 2003, EPA Region 6 ordered the IRIS Scan Security System, which reads the iris patterns in the colored part of a person's eyes, for use in its Dallas, Texas, office. Region 6 personnel said EPA's Office of Administration and Resources Management directed them to purchase the system, as part of that Office's effort to research security systems for EPA-wide use.

However, in August 2004, the Department of Homeland Security issued Presidential Directive 12, implemented in February 2005, indicating that all U.S. Government agencies were to use a "Smartcard" security system. This directive rendered obsolete the IRIS system in Region 6. Region 6 terminated the contract after it had already paid for \$712,629 in equipment and services. The remaining \$339,371 that EPA had obligated for the project reverted back to the U.S. Treasury and was no longer available for EPA use.

Although we noted the lost funding, we found no instances of wrongdoing. Because the funding loss was not reversible, we did not issue a formal report. However, we

recommended that the Agency attempt to sell the purchased equipment or surplus the equipment for another Federal agency to use.

## **EPA Met Requirements at Georgia Superfund Site**

**The OIG reviewed complaints forwarded by a congressional member regarding EPA's actions at a Georgia Superfund site, and found that EPA met Superfund removal action requirements.**

We examined the appropriateness of EPA's removal actions at the Prestige Chemical site in Senoia, Georgia, and EPA's claims for reimbursement of costs and expenses. We also responded to concerns the county administrator and sheriff raised regarding EPA's actions and the site's threat to public safety. We found that EPA met Superfund removal action requirements at the site, and cleanup costs were determined in a settlement between the site owner and EPA. Also, the on-scene coordinator's decision to pursue the removal as "time-critical" rather than "classic emergency" accorded with the National Contingency Plan and therefore did not jeopardize public safety.

While EPA acted appropriately, we made recommendations that we believe will improve how EPA handles similar situations. EPA should better differentiate and more clearly communicate the implications for each type of removal action. Communities will then have better expectations and feel less of the confusion and frustration that existed at the Prestige site. EPA should also consider maintaining a more complete action log at all sites, including phone calls and other communications. That step would document how EPA addressed public safety concerns. EPA agreed with our recommendations.

## **Additional Complaints Reviewed**

We looked at whether the Potomac Yard buildings being constructed in Arlington, Virginia, for occupancy by EPA, violated "green" building policies, particularly regarding daylight. We found that despite not incorporating some features advocated in the EPA Facilities Manual, the buildings should comply with requirements. Although an early calculation for daylight and view credits had not been completed correctly, a more recent and properly completed spreadsheet showed the view credit can be achieved, although there is not enough daylight to claim the daylight credit. The design of the windows, the window coverings, and access restrictions should mitigate the security threats posed with having windows occupy 66 percent of the buildings' walls, and no further action was needed.

We researched a complaint that the State of Florida did not aggressively enforce its National Emissions Standard for Hazardous Air Pollutants program through compliance and enforcement inspections. We found no evidence to support the allegations.

## **Hotline Activity**

The following table provides EPA OIG Hotline activity regarding complaints of fraud, waste, and abuse in EPA programs and operations that occurred during the past semiannual and annual periods:

	<b>Semiannual Period (April 1, 2006 - September 30, 2006)</b>	<b>Annual Period (October 1, 2005 - September 30, 2006)</b>
Inquiries and Complaints Received During Period	356	564
Issues Handled by EPA OIG	95	187
Inquiries Addressed Without Opening a Complaint	93	170
Complaints Opened	2	17
Complaints Closed	14	30
Complaints Open - Beginning of Period	24 *	25 *
Complaints Open - End of Period	12	12
Issues Referred to Others	261	377
EPA Program Offices	76	113
EPA Criminal Investigation Division	14	35
Other Federal Agencies	29	43
State/Local Agencies	142	186

\* Corrected from previous semiannual report.

## Financial Fraud

### **Business Owner Sentenced for Using Improper Practices to Remove Asbestos**

On July 6, 2006, Wallace Heidelmark was sentenced in U.S. District Court for the Eastern District of Pennsylvania to 24 months in prison, followed by 36 months of supervised release, and ordered to pay a \$5,000 fine, a special assessment of \$300, and restitution in the amount of \$41,541.17 for mail fraud and improperly removing asbestos. Indoor Air Quality, Inc., the Phoenixville, Pennsylvania, company owned and operated by Heidelmark, was sentenced to 2 years probation and was ordered to pay a \$100,000 fine, a special assessment of \$1,200, and restitution in the amount of \$41,541.17. Heidelmark and the company are jointly and severally liable for the amount of the restitution.

Heidelmark and Indoor Air Quality, Inc., removed asbestos from homes and commercial buildings in the Philadelphia area. The indictment, issued in August 2005, charged the defendants with mail fraud, false statements, and failure to comply with Federal requirements for removing and handling asbestos.

The defendants operated a scheme to defraud homeowners by promising to use proper techniques in removing asbestos from their residences. The defendants routinely failed to use the promised techniques; instead, they removed asbestos without adequate water and failed to keep the removed asbestos adequately wet. The defendants also regularly falsified air testing at the conclusion of asbestos removal jobs by sending blank, unused air sample canisters to a testing lab instead of an air sample from the residence where the removal job occurred. The defendants would then tell the homeowners that the building's air had passed the post-removal air test.

*The investigation was conducted jointly with the EPA Criminal Investigation Division, with cooperation from the Occupational Safety and Health Administration. (Case Cost: \$316,705)*

### **Three Sentenced in Kickback Scheme**

On July 19, 2006, Ronald Check, Jr., James Vagra, and Gary Sanders were sentenced in U.S. District Court for the Eastern District of Pennsylvania on a conspiracy charge. Check, Jr., the President of Grace Industries, Inc. (Grace), was sentenced to 60 months of probation, the first 6 months to be served under house arrest, and was ordered to pay a \$5,000 fine and a special assessment of \$200. Vagra, a former Project Manager for Grace, was sentenced to 6 months in prison followed by 3 years supervised release, and was ordered to pay a \$32,382 fine and a \$200 special assessment. Sanders, a former site foreman for Grace, was sentenced to 60 months of probation and was ordered to pay a \$32,382 fine and a \$200 special assessment.

In 1996, Tetra Tech Nus, Inc. (Tetra Tech), was awarded a contract by the EPA to serve as the prime contractor in the cleanup of the Berkley Products Superfund site in Denver,

Pennsylvania. In 2000, Tetra Tech awarded a subcontract to Grace to construct a landfill cap at the Berkley Products site. James Risner, the Project Manager for Tetra Tech, was responsible for overseeing the work performed by Grace. Risner solicited kickbacks in the amount of approximately \$129,531 from Check, Jr., in exchange for certifying that the work performed by Grace was completed in a satisfactory manner. Risner, in turn, kicked back approximately half of all money he received to Vagra. Vagra, in turn, provided half of that money to Sanders. Vagra and Sanders each received \$32,382 of the kickback money. Risner provided Grace with phony invoices in the amount of the kickbacks to disguise the illegal payments.

On February 16, 2006, Risner, Check, Jr., and Sanders each pled guilty to one count of conspiracy to violate the anti-kickback statute and one count of conspiracy to defraud the Internal Revenue Service (IRS). Vagra pled guilty to the same charges on March 1, 2006. In addition to the sentences imposed above, Grace paid \$113,711 to the IRS, which represented amounts due because Grace had previously deducted the kickback payments as business expenses. Vagra paid \$12,177 to the IRS because he failed to report the income he had received from the kickback payments. Sanders also paid \$21,527 to the IRS for having underreported his income. Risner is scheduled to be sentenced in November 2006.

*(Case Cost: \$64,268)*

### **Former Grantee Employee Sentenced for Embezzlement**

On July 6, 2006, Susan Close was sentenced in U.S. District Court for the District of Oregon to 21 months in prison, followed by 36 months of probation, and was ordered to pay \$268,863 in restitution and a \$100 special assessment. Close was the former office manager of the Tillamook County Soil and Water Conservation District, Tillamook, Oregon, a recipient of EPA grant funds.

As the office manager for the District from 2000 until her resignation in June 2005, Close was solely responsible for managing the finances of the organization, including making purchases and paying bills. While employed, she devised a scheme to embezzle money from the organization to pay for personal expenses. Close made unauthorized charges to a credit card belonging to the organization for personal items including clothing, vacations, gifts, jewelry, and furniture. Close then paid the credit card bill with the organization's funds, some of which were derived from EPA grants. On January 23, 2006, Close was suspended from participating in Federal procurement and nonprocurement activities. In February 2006, Close pled guilty to one count of theft from a program receiving Federal funds.

*This investigation was conducted jointly with the Federal Bureau of Investigation and the Tillamook County Sheriff's Office. (Case Cost: \$112,297)*

### **Motorcycle Importer Sentenced for Smuggling**

On August 17, 2006, Andrew Wright was sentenced in U.S. District Court for the Middle District of Georgia, Valdosta Division, to 27 months in prison, followed by 36 months probation, and was ordered to pay \$20,675 in restitution and a \$900 special assessment. The sentence stems from charges that Wright imported and sold grey market motorcycles into the United States under false pretenses. The grey market motorcycles did not meet

the Department of Transportation Federal Motor Vehicle Safety Standards or EPA Emission Standards.

In March 2006, Wright was found guilty during a 3-day trial of smuggling grey market motorcycles into the United States, making false statements to the Government by falsely reporting the motorcycles would not be used on the road, mail fraud for mailing certification labels that fraudulently represented the motorcycles as meeting Department of Transportation and EPA standards, and wire fraud for receiving payment by wire for two motorcycles he fraudulently represented to his customers could be used on the public roads.

*This investigation was conducted jointly with the Department of Homeland Security Immigration and Customs Enforcement and the Department of Transportation Office of Inspector General. We also received assistance from the Department of Homeland Security Customs and Border Patrol, the Department of Transportation National Highway Traffic Safety Administration, and the EPA Office of Transportation and Air Quality. (Case Cost: \$175,768)*

## **Grantees Sentenced**

On September 6, 2006, Russell John Mullins, Pasquale Benenati, Jr., James Dale Cole, Jr., and the firm R.J. Mullins and Associates were sentenced in U.S. District Court for the Central District of California on various charges including mail fraud and theft from programs receiving Federal funds. Mullins, a professional land surveyor and owner of R.J. Mullins and Associates, was sentenced to 9 months of home detention, 24 months of probation, and 500 hours of community service. In addition, he was ordered to pay a fine of \$40,000 and a \$200 special assessment. R.J. Mullins and Associates was sentenced to 36 months probation and was ordered to pay a \$150,000 fine and an \$800 special assessment. Benenati, the owner of an aerial surveying company, was sentenced to 12 months of probation and was ordered to pay a \$5,000 fine and a \$100 special assessment. Cole, Jr., an employee of Mullins between 1983 and 1993, and subsequently the owner of J.D. Cole and Associates, was sentenced to 24 months of probation and 500 hours of community service, and was ordered to pay a \$10,000 fine and a \$100 special assessment.

From 1993 through 2002, Mullins was employed by the Mohave Water Agency (MWA), a public entity located in Apple Valley, California, responsible for a number of public works projects including the EPA-financed Mojave River Pipeline. As an employee of MWA, he was precluded from obtaining MWA contracts. Mullins devised a scheme to secretly obtain surveying contracts with the MWA despite his employment with that government agency. Mullins used his position at the MWA to assist Cole, Jr., and J.D. Cole and Associates in obtaining surveying jobs with the MWA, first by recommending to his supervisors that work be granted and later personally granting work to J.D. Cole and Associates. In exchange for the work, Cole, Jr., paid an amount of the money earned to R.J. Mullins and Associates. Mullins also entered into an agreement with Benenati whereby his company, Aero Tech, would be awarded contracts by MWA. R.J. Mullins and Associates and J.D. Cole and Associates secretly performed the ground control survey work. Aero Tech concealed the other companies' participation on the contracts.

Mullins concealed the income he received on MWA projects from the MWA and the EPA by filing false Statements of Economic Interest with the County Clerk in spite of his duty

as a government employee to provide full disclosure. R.J. Mullins and Associates received over \$1,100,000 in gross receipts from MWA.

*This case was worked jointly with the Federal Bureau of Investigation and the San Bernardino Sheriff's Office. (Case Cost: \$34,693)*

## **Laboratory Fraud**

### **Laboratory Technician Sentenced**

On April 7, 2006, Thomas R. Austin was sentenced in U.S. District Court for the District of Alaska to 36 months of probation and was ordered to pay a \$1,000 fine and a \$100 special assessment. This follows Austin's January 25, 2006, guilty plea to making a false statement under the Clean Water Act.

Between April 2001 and August 2003, Austin was a laboratory technician with Alyeska Pipeline Service Company, Valdez, Alaska. Austin admitted that in March 2002, he falsified laboratory data provided to the EPA under Alyeska's National Pollutant Discharge Elimination System permit. Specifically, on March 24, 2002, while performing water sample analysis, Austin performed an undocumented manual modification of criteria on a laboratory sample. Austin submitted a hard copy report indicating that the sample had passed the established criteria when, in fact, it had not. As a result, the data from the sample analysis were unreliable and of unknown quality.

Based on the March 2002 result falsifications, Austin was terminated from employment with Alyeska in July 2003. At that time, Alyeska hired an outside environmental consulting firm to verify the results of an internal investigation of Austin's actions which Alyeska initiated in February 2003. The consulting firm corroborated Alyeska's findings that Austin had actually falsified and changed 102 data samples. These findings were further corroborated by EPA's investigation. On May 31, 2006, Austin was debarred under the Clean Water Act.

*(Case Cost: \$58,840)*

### **University of Connecticut Pays \$558,233 as a Result of a Compliance Agreement**

On June 27, 2006, the University of Connecticut (UConn) paid \$558,233 to reimburse various government customers for laboratory analyses that were deemed unreliable. UConn made these payments as a result of a January 19, 2006, compliance agreement between UConn and EPA.

EPA and the Connecticut Department of Environmental Protection awarded numerous grants for laboratory analyses to the Environmental Research Institute, UConn's specialized service facility. The investigation determined that the Institute routinely performed improper manual integrations and data manipulations of the laboratory data. As a result of the investigation, it was determined that from January 2000 through May 2002, the laboratory data and results provided to the various government agencies were false.

*A related article on this case appeared in the April 2006 Semiannual Report to Congress. (Case Cost: \$321,679)*

## **Special Operations**

### **Co-conspirator Sentenced**

On July 18, 2006, Michael E. Sullivan was sentenced in the U.S. District Court for the Southern District of Ohio, Western Division, to 6 months of home detention and 12 months of probation. Sullivan was ordered to pay a \$31,300 fine and a \$100 special assessment. This sentencing follows Sullivan's March 15, 2006, guilty plea to a charge of conspiracy.

In the spring of 2002, Sullivan's co-conspirator, Lawrence M. Fradkin, a former EPA official, recommended that a contractor whose contract he oversaw enter into a subcontract with a university to develop a database that identified EPA scientists and their areas of expertise for use by the private sector. Fradkin recommended that the university hire Sullivan to develop the database. Fradkin conspired with Sullivan to defraud the Government of \$60,000, of which Sullivan took \$30,000. Fradkin had developed the database on EPA time and sent it to Sullivan, who submitted it to the university. Fradkin was previously convicted and sentenced for conspiracy, making a false statement, and accepting an unlawful gratuity.

*A related article on this case appeared in the April 2005 Semiannual Report to Congress. (Case Cost: \$249,485)*

### **Certification Procedure Change**

As a result of an EPA OIG investigation, the EPA has implemented a new procedure that requires all EPA attorneys to sign an annual certification attesting that they are active members of a State bar association, as required by their job description. This procedure will protect the Agency's interests by safeguarding against Agency attorneys performing their job duties without the requisite professional license.

*(Case Cost: \$25,500)*

For details on an additional investigations issue, please refer to:  
Page 4: "EPA OIG Agents Participate in Hurricane Katrina Fraud Task Force Efforts"

## Use of National Rural Water Association Grants Reviewed

**In response to a congressional request, we examined grants EPA awarded to the National Rural Water Association. We also looked at how the Association measures environmental benefits of grants.**

The Association is a nonprofit organization representing 49 States. Since October 2000, it has received over \$70 million from EPA to provide training and technical assistance to rural water systems. Our review sought to answer several questions, and we found the following regarding each question:

- **What environmental benefits result from the EPA grants to the Association?**  
For EPA grants awarded after January 1, 2005, the Association included outputs for work done but did not link the outputs to environmental outcomes and measures. Consequently, we could not measure environmental benefits. The grants do not require measuring outcomes.
- **What improvements can the Association make in administering the program?**  
The number of organizations eligible to perform work for the Association can be expanded to include nonmember organizations. Also, rather than distributing funds equally to all States, the Association should take into account States' needs and sizes. The work plans for the various subgrants result in a "one-size-fits-all" approach where the Association treats each State association identically, regardless of its geographic size, number of water systems, or operators.
- **Are other options available for awarding some rural water assistance funds?**  
Congress could avoid earmarking funds for the Association, and could require EPA to award grants competitively based on State needs.

We recommended that EPA develop a way to link future Association grant awards to environmental outcomes and measures, and review work plans to ensure individual States will meet their needs and maximize environmental results achieved with EPA grant funds. The Agency agreed with the recommendations and will start implementing them in the fall of 2006.

*(Report No. 2006-S-00003, Congressional Request Regarding EPA Grants to the National Rural Water Association, May 30, 2006 – Report Cost: \$187,689; and Report No. 2006-S-00005, EPA Grants to the National Rural Water Association, September 12, 2006 – Report Cost: \$16,047)*

## Studies Addressing EPA Organizational Structure Reviewed

**Thirteen studies, articles, publications, and reports we reviewed identified organizational structure issues regarding EPA's cross-media management and regional offices. The studies also discussed how changes to the organizational structure would improve the quality of environmental information and the reliability of science for decision making.**

We conducted this review based on the interest of the Senate Committee on Environment and Public Works. The information we collected was strictly the viewpoint of the studies' authors and not those of the OIG.

EPA was established in 1970 to merge key anti-pollution programs. While it was initially intended to be organized around functions such as research, monitoring, and enforcement, instead it was organized along media lines such as air, land, and water. Consequently, some scholars and practitioners have called for reform of the Agency's media program structure and environmental statutes.

The authors' findings focused on the following:

- **Cross-Media Management.** EPA's current organizational structure, based on disparate environmental laws, does not consider that problems with various media are interrelated.
- **Regional Offices.** EPA's 10 regional offices do not adequately consider the geographic connectivity of environmental issues that cross regional boundaries.
- **Reliable Information.** EPA does not always have reliable data to support its positions on the environment or to measure effectively its programs' successes at improving the environment.
- **Reliable Science.** EPA does not always utilize reliable science to support its rules and regulations. Consequently, the authors believe that EPA may pass regulations that may not fully address environmental problems.

We included the last two findings because some authors maintained that organizational changes were necessary to improve in these areas.

*(Report No. 2006-P-00029, Studies Addressing EPA's Organizational Structure, August 16, 2006 – Report Cost: \$415,825)*

## **Documents from OIG World Trade Center Report Provided**

**EPA received a request from 19 members of the New York congressional delegation asking that it comply with the recommendations in the OIG's 2003 World Trade Center report and provide all referenced documents in the report.**

The request specifically cited OIG recommendations calling for EPA to:

- Take action to ensure that public pronouncements regarding health risks and environmental quality are adequately supported with available data and analysis,
- Implement a testing program to ensure that the indoor cleanup effectively reduced health risks from all pollutants of concern, and
- Consider expanding the cleanup program to workplaces.

At EPA's request, the OIG assisted in the response by collecting and providing to each requestor over 60 electronic files consolidated from over 100 workpapers from the OIG report. The OIG report, *EPA's Response to the World Trade Center Collapse: Challenges, Successes, and Areas for Improvement*, Report No. 2003-P-00012, was issued August 21, 2003. EPA responded separately on its actions in response to the World Trade Center disaster.

## **Acting Inspector General Testifies that EPA Has Improved Grants Management But Can Do More**

On May 18, 2006, Acting Inspector General Bill Roderick testified before the House Transportation and Infrastructure Subcommittee on Water Resources and Environment on how the OIG has helped EPA identify and correct deficiencies in managing its grants programs. Mr. Roderick testified on the results of an OIG review, conducted at the request of Committee Chairman Don Young, on whether EPA held its supervisors and their project officers accountable for grants management.

“This work showed that while EPA has made progress to establish accountability, more needed to be done to measure supervisor and staff performance of their grants management responsibilities,” Mr. Roderick said. The OIG made recommendations to help EPA fully establish a system of accountability for grants management, which EPA agreed to implement.

In Fiscal Year 2005, EPA awarded approximately \$4 billion – over half of its budget – in grants to State, local, and tribal governments; universities; and nonprofit organizations.

Also, Mr. Roderick testified that the OIG has looked at other grants management issues the past few years beyond accountability. The OIG has evaluated EPA’s progress in opening more discretionary grants to competition and promoting competition. “Without competition, EPA could not be assured that it was funding the best products based on merit or accomplishing its mission with a reasonable return on taxpayer’s investment,” said Mr. Roderick.

The OIG has also reviewed the Clean Water State Revolving Fund and the Alaska Village Safe Water Program to determine whether EPA adequately measures the environmental results of these programs to ensure that they are positively affecting human health and the environment. “EPA has made some progress in this area, yet we continue to see this as a management challenge.”

Mr. Roderick testified that EPA has made progress overall in improving grants management; EPA’s leadership has a clear commitment to address many of the problems and weaknesses identified by the OIG, the Government Accountability Office, and Congress. However, he stated that more can and should be done to improve grant accountability, increase grant competition, and measure environmental results. “Given the billions of dollars EPA awards every year, we will continue to monitor EPA’s progress to ensure that it builds on the improvements made in managing its grants,” concluded Mr. Roderick.

## EPA's Key Management Challenges

In an April 2006 memorandum to the Administrator, the OIG identified the 2006 key management challenges for EPA. The following table lists these management challenges; identifies challenges that had been listed in prior years; and provides links among these challenges, EPA's strategic goals, and the President's Management Agenda.

EPA's Top Management Challenges Reported by the Office of Inspector General	FY 2004	FY 2005	FY 2006	Link to EPA Strategic Goal	Link to President's Management Agenda
<b>Managing for Results:</b> Focusing on the logic of design, measures of success (outputs and outcomes), and measures of efficiency, so that EPA programs and processes can be set up to evaluate results and make necessary changes.	★	★	✓	Cross-Goal	Integrating Performance and Budget
<b>Agency Efforts in Support of Homeland Security:</b> Implementing a strategy to effectively coordinate and address threats.	✓	✓	✓	Cross-Goal	Homeland Security
<b>Data Standards and Data Quality:</b> Improving the quality of data used to make decisions and monitor progress, and data accessibility to EPA's partners.	★★	★★	✓	Cross-Goal	E-Government
<b>EPA's Use of Assistance Agreements to Accomplish Its Mission:</b> Improving the management of the billions of dollars of grants awarded by EPA.	✓	✓	✓	Cross-Goal	Financial Performance
<b>Emissions Factors for Sources of Air Pollution:</b> Needing reliable emission factors and data for targeting the right control strategies, ensuring permitting is done properly, and measuring the effectiveness of programs in reducing air pollution.			✓	Goal 1	
<b>Human Capital Management:</b> Implementing a strategy that will result in a competent, well-trained, and motivated workforce.	✓	✓	✓	Cross-Goal	Human Capital
<b>Voluntary, Alternative, and Innovative Practices and Programs:</b> Applying voluntary approaches and innovative or alternative practices to provide flexible, collaborative, market-driven solutions for measurable results.			✓	Cross-Goal	
<b>Efficiently Managing Water and Wastewater Resources and Infrastructure:</b> Requiring huge investments to replace, repair, and construct systems that are wearing out, such as drinking water, treatment and supply, and wastewater treatment and disposal systems.			✓	Goal 2	
<b>Information Technology Systems Development and Implementation:</b> Overseeing information technology projects to ensure they meet planned budgets and schedules.			✓	Cross-Goal	E-Government
<b>Data Gaps:</b> Deciding what environmental and other indicators will be measured, providing data standards and common definitions to ensure that sufficient, consistent, and usable data are collected.			✓	Cross-Goal	E-Government

- ★ The Working Relationships with the States and Linking Mission to Management challenges in FY 2004 and 2005 were consolidated into Managing for Results in FY 2006.
- ★★ The Information Resources Management and Data Quality challenges in FY 2004 and 2005 were consolidated into Data Standards and Data Quality in FY 2006.

We removed three of last year's challenges from this year's list because of the progress EPA has made regarding these challenges and the growing significance of other challenges. Specifically:

- **Superfund Evaluation and Policy Identification:** We removed this challenge because EPA is taking, or has completed, steps to address most of the key issues highlighted. This involved EPA's developing an action plan to respond to the majority of the 108 recommendations in its internal review, and agreeing to implement OIG recommendations to better manage Superfund resources.
- **Challenges in Addressing Air Toxics Program Goals:** Although this challenge remains an important issue, EPA has expanded its efforts to address air toxics by increasing funding from \$89.9 million in 1999 to \$108.2 million in 2006. EPA has also completed its Clean Air Act requirement to issue technology-based standards for categories of major stationary sources.
- **Information Security:** We removed this challenge because EPA has demonstrated steady progress in this area, primarily through strengthened policies and procedures of the Office of Environmental Information. We noted that EPA scored an "A+" on the 2005 Congressional Federal Information Security Management Act Report Card.

These challenges remain important and we will continue to monitor EPA's efforts to ensure that the Agency continues to make progress.

## Other Activities

### Sharing Opportunities to Improve Grant Accountability

**During the semiannual period, Melissa Heist, Assistant Inspector General for Audit, spoke at two conferences where she highlighted the EPA OIG's work with the U.S. Comptroller General's Domestic Working Group to strengthen accountability for the Federal Government's \$450 billion annual investment in grants.**

The Domestic Working Group, made up of Federal Inspectors General, the Government Accountability Office, and State and local auditors, collaborated to produce a *Guide to Opportunities for Improving Grant Accountability*. The Guide provides examples of steps organizations have taken to help strengthen accountability over grant funds.

At the Intergovernmental Audit Forum's Biennial Forum, held in May 2006, and the Institute of Internal Auditors' Annual Government Auditing Conference, in September 2006, Ms. Heist discussed ways auditors at all levels of government can use the Guide to ensure grant programs are properly designed, monitored, and evaluated to achieve results. She shared examples of promising practices in the areas of establishing internal control systems, developing performance measures, assessing grantee capability, monitoring performance, and evaluating results. She talked about ways the Guide has been used to improve grant accountability at the Department of the Interior, the Department of Education, and EPA.

### OIG Researches and Reaches Out to Formulate Planning Priorities

**During this 6-month period, the OIG executed an ambitious customer driven planning process to develop a Fiscal Year 2007 work plan that addresses EPA's most significant environmental and management risks, priorities, and challenges. Fifty percent of the OIG's new planned assignments resulted from stakeholder input.**

The planning process included developing separate comprehensive compendiums of risks, challenges, and opportunities each for Agency-wide management, media-specific areas, as well as regional cross-goal and management issues. Data were collected, categorized, and summarized from research of EPA's stakeholders and staff, external literature, previous OIG work, and EPA's strategic planning. We used the compendiums of risks and challenges to populate a database from which the highest priorities were recorded by category and scored by frequency of identification by EPA leadership.

As part of the planning process, we met with each EPA Assistant and Regional Administrator to obtain their input. Prior to the meetings, we provided the Assistant and Regional Administrators with the compendiums to help facilitate discussion and their identification of the highest priority issues. At the meetings, we asked them what they believe are the most significant priorities and risks across the Agency and in their specific areas of responsibility that the OIG could address. We also sought feedback about OIG strengths and areas for



improvement. As a result of these outreach meetings, 50 percent of the OIG’s new planned assignments for Fiscal Year 2007 are in direct response to requests and significant priority areas identified, while about 25 percent each are for required/mandatory audits and OIG self-initiated assignments (see chart).

We developed summary lists, by category, of the significant risks, challenges, and opportunities most frequently mentioned by the Assistant and Regional Administrators, as well as similar lists of significant risks, challenges, and priorities identified by EPA leadership for each Media/Goal.

The Compendium of Risks, Challenges, and Opportunities; the consolidated list of priority risks, challenges, and opportunities; and feedback on OIG strengths and areas for improvement identified by the EPA leadership are available on the OIG Website: [www.epa.gov/oig/planning.htm](http://www.epa.gov/oig/planning.htm).

## Legislation, Regulations, and Policies Reviewed

Section 4(a) of the Inspector General Act requires the Inspector General to review existing and proposed legislation and regulations relating to the program and operation of EPA and to make recommendations concerning their impact. The primary basis for our comments are the audit, evaluation, investigation, and legislative experiences of the OIG, as well as our participation on the Presidents Council on Integrity and Efficiency.

During the reporting period, we reviewed 21 proposed changes to legislation, regulations, policy, and procedures that could affect government-wide operations, including those of EPA, and provided comments on 8 of those reviewed. We also reviewed drafts of Office of Management and Budget Circulars, program operations manuals, directives, and reorganizations. Details on several items follow.

**Generally Accepted Government Auditing Standards Draft Revisions:** The EPA OIG provided several significant comments and suggestions to the U.S. Government Accountability Office in response to Exposure Draft Revisions to the Generally Accepted Government Auditing Standards (GAGAS), including:

- **Consistency of Requirements:** The Standards need to make a clearer distinction in using the words “must” and “should.” We believe that the concept of “Standards” represents a minimum unconditional requirement and should not be equivocated. We believe that the “should” statements need to either be changed to “must” or be removed or relegated to commentary as “desirable.”
- **Quality Assurance:** We suggested that the Standards explicitly state that either internal quality assurance reviews (even if limited) and external peer reviews be performed in compliance with GAGAS, or that discussion be provided on where the GAGAS standards do not apply.
- **Planning:** These standards describe the necessity and requirements for audit planning at an assignment level, but do not address the broader concept of audit assignment

selection when there should be some rigorous criteria about the application of limited audit resources. We believe that what an audit organization chooses to audit, and how it makes its selections, are as important to the overall effectiveness of the audit effort as individual assignment planning.

- ***Balance:*** We believe that interpreting objectivity to explicitly include balance will promote a greater acceptance of the audit as a tool for better future performance. Also, auditors should explicitly recognize sound or exemplary conditions and opportunities for improving future performance, as well as weaknesses for corrective action, as the basis for recommendations and savings.
- ***Recognition of Stakeholders Interest:*** The Standards should require acknowledging stakeholder interest and outcomes when considering audit objectives or planning as part of the discussion of risk.
- ***Audit Followup:*** We suggested that the Standards include language requiring audit organizations to report on the status of open recommendations at least annually to the heads of audited organizations. We further suggested that these Standards require that auditors verify, with evidence, that any actions reported by the audited entity to resolve recommendations do satisfy the nature of the recommendations.

**Office of Management and Budget Audit Bulletin 01-02 Revision:** The proposed revision would limit what internal control deficiencies get reported to management or referred to in a Management Letter, potentially resulting in the readers of the audit report not being aware of the additional internal control concerns. Therefore, we recommended that “other deficiencies in internal control” that are not required to be included in the audit report but that the auditor considers necessary to communicate should be separately communicated to management in writing. If a letter containing other deficiencies in internal control is issued, the auditor shall refer to that letter in the auditor’s report on internal control (see Chapter 5 of Government Auditing Standards). Readers of the audit report should be aware of the existence of such a letter.

**Draft EPA Order - EPA Federal Credentials for Inspections and Enforcement of Federal Environmental Statutes:** We suggested that the Agency not issue any credentials to State/tribal inspectors until one of two things happens: (1) the State/tribe documents that an appropriate background check was done, or (2) EPA issues final regulations requiring appropriate background checks for State/tribal inspectors. We believe the interim approach that relies on what background checks the State and tribal governments have performed, as a condition for State/tribal employment, is insufficient. If a State/tribe does not conduct background checks as a condition of employment, there may be State/tribal inspectors conducting work without any background check. The draft order says that there will be no requirement for checks until a new regulation is issued. This may leave the Agency open to potential vulnerabilities until EPA issues a new regulation. We also suggested that the Agency add a requirement to conduct a periodic inventory of issued and unissued credentials to maintain proper control over sensitive/accountable property and include a requirement that the credential bearer must sign a statement that they have read the order and agree to comply with each of the provisions of the order.

**Draft EPA Order - Food at the EPA Conferences, Workshops or Observances:**

We questioned how the Agency can effectively enforce the rules over the distinctions that govern who is eligible to receive EPA-supplied food at a variety of different EPA events. Typically, the kind of events for which food may be provided would include a variety of people, only some of whom would be eligible to consume the food provided. We recommended that this policy focus on the basic intent and substantive applicability instead of selectively determining who is eligible to receive EPA-supplied food at an event, because it is not reasonably enforceable.

# Statistical Data

## Profile of Activities and Results

<b>Audit Operations Office of Inspector General Reviews</b>		
	April 1, 2006 to September 30, 2006 (dollars in millions)	Fiscal 2006
<b>Questioned Costs *</b>		
■ Total	\$4.20	\$4.24
■ Federal	\$4.00	\$4.03
<b>Recommended Efficiencies *</b>		
■ Federal	\$683.1**	\$686.7
<b>Costs Disallowed to be Recovered</b>		
■ Federal	\$33.5	\$35.9
<b>Costs Disallowed as Cost Efficiency</b>		
■ Federal	\$90.5	\$94.1
<b>Reports Issued - Office of Inspector General Reviews</b>	32	65
<b>Reports Resolved</b> (Agreement by Agency officials to take satisfactory corrective actions) ***	121	269

<b>Audit Operations Other Reviews (Reviews Performed by Another Federal Agency or Single Audit Act Auditors)</b>		
	April 1, 2006 to September 30, 2006 (dollars in millions)	Fiscal 2006
<b>Questioned Costs *</b>		
■ Total	\$139.2	\$203.2
■ Federal	\$71.5	\$82.9
<b>Recommended Efficiencies *</b>		
■ Federal	\$2.00	\$2.12
<b>Costs Disallowed to be Recovered</b>		
■ Federal	\$0.35	\$3.05
<b>Costs Disallowed as Cost Efficiency</b>		
■ Federal	\$0.00	\$0.06
<b>Reports Issued - Other Reviews</b>		
■ EPA Reviews Performed by Another Federal Agency	126	257
■ Single Audit Act Reviews	111	206
■ Total	237	463
<b>Agency Recoveries</b>		
Recoveries from Audit Resolutions of Current and Prior Periods (cash collections or offsets to future payments) ****	\$4.72	\$4.73

<b>Investigative Operations</b>		
	April 1, 2006 to September 30, 2006 (dollars in millions)	Fiscal 2006
Fines and Recoveries (including civil) *****	\$1.4	\$30.8
Cases Opened During Period	50	123
Cases Closed During Period *****	96	175
Indictments/Informations of Persons or Firms	10	17
Convictions of Persons or Firms	10	25
Civil Judgments/Settlements/Filings	2	8

\* Questioned Costs and Recommended Efficiencies are subject to change pending further review in the audit resolution process. Total Questioned Costs include contracts of other Federal agencies.

\*\* Includes \$639 million not reported from the prior reporting period.

\*\*\* Reports Resolved are subject to change pending further review.

\*\*\*\* Information on Recoveries from Audit Resolutions is provided by EPA's Financial Management Division and is unaudited.

\*\*\*\*\* Total includes actions resulting from joint investigations.

\*\*\*\*\* Includes one case closed in a prior period.

# Audit Report Resolution

## Status Report on Perpetual Inventory of Reports in Resolution Process for Semiannual Period Ending September 30, 2006

Report Category	No. of Reports	Report Issuance (\$ in thousands)		Report Resolution Costs Sustained (\$ in thousands)	
		Questioned Costs	Recommended Efficiencies	To Be Recovered	As Efficiencies
A. For which no management decision was made by April 1, 2006 *	161	\$91,280	\$647,461	\$32,431	\$46,324
B. Which were issued during the reporting period	269	75,528	46,200	1,441	44,144
C. Which were issued during the reporting period that required no resolution	163	0	0	0	0
Subtotals (A + B - C)	267	166,808	693,661	33,872	90,468
D. For which a management decision was made during the reporting period	121	49,424	688,115	33,872	90,468
E. For which no management decision was made by September 30, 2006	146	117,384	5,546	0	0
F. Reports for which no management decision was made within 6 months of issuance	75	43,335	3,610	0	0

\* Any difference in number of reports and amounts of questioned costs or recommended efficiencies between this report and our previous semiannual report results from corrections made to data in our audit tracking system.

## Status of Management Decisions on Inspector General Reports

This section presents statistical information as required by the Inspector General Act of 1978, as amended, on the status of EPA management decisions on reports issued by the OIG involving monetary recommendations. As presented, information contained in Tables 1 and 2 cannot be used to assess results of reviews performed or controlled by this office. Many of the reports were prepared by other Federal auditors or independent public accountants. EPA OIG staff do not manage or control such assignments. Auditees frequently provide additional documentation to support the allowability of such costs subsequent to report issuance.

**Table 1 - Inspector General-Issued Reports with Questioned Costs for Semiannual Period Ending September 30, 2006 (dollar value in thousands)**

Report Category	Number of Reports	Questioned Costs *	Unsupported Costs
A. For which no management decision was made by April 1, 2006 **	81	\$91,280	\$43,225
B. New reports issued during period	34	75,528	71,654
Subtotals (A + B)	115	166,808	114,879
C. For which a management decision was made during the reporting period	42	49,424	17,764
(i) Dollar value of disallowed costs	29	33,872	4,289
(ii) Dollar value of costs not disallowed	13	15,552	13,475
D. For which no management decision was made by September 30, 2006	73	117,384	97,115
Reports for which no management decision was made within 6 months of issuance	46	43,335	25,481

\* Questioned costs include the 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 tracking system.

**Table 2 - Inspector General-Issued Reports with Recommendations that Funds Be Put to Better Use for Semiannual Period Ending September 30, 2006 (dollar value in thousands)**

Report Category	Number of Reports	Dollar Value
A. For which no management decision was made by April 1, 2006 *	8	\$647,461
B. Which were issued during the reporting period	4	46,200
Subtotals (A + B)	12	693,661
C. For which a management decision was made during the reporting period	6	688,115
(i) Dollar value of recommendations from reports that were agreed to by management	6	90,468
(ii) Dollar value of recommendations from reports that were not agreed to by management	1	597,647
(iii) Dollar value of non-awards or unsuccessful bidders		
D. For which no management decision was made by September 30, 2006	6	5,546
Reports for which no management decision was made within 6 months of issuance	5	3,610

\* 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 tracking system.

**Audits with No Final Action as of September 30, 2006, Which Are Over 365 Days Past the Date of the Accepted Management Decision (Including Audits in Appeal)**

<b>Audits</b>	<b>Total</b>	<b>Percentage</b>
Program	24	37.0%
Assistance Agreements	25	38.4%
Contract Audits	0	0.0%
Single Audits	16	24.6%
Financial Statement Audits	0	0.0%
<b>Total</b>	<b>65</b>	<b>100.0%</b>

# Summary of Investigative Results

## Summary of Investigative Activity During Period

Cases open as of April 1, 2006	212
Cases opened during period	50
Cases closed during period *	96
Cases pending as of September 30, 2006	166

## Investigations Pending by Type as of September 30, 2006

	Superfund	Management	Total
Contract	14	11	25
Assistance Agreement	0	33	33
Employee Integrity	2	28	30
Program Integrity	1	27	28
Computer Crime	0	6	6
Laboratory Fraud	8	29	37
Other	1	6	7
<b>Total</b>	<b>26</b>	<b>140</b>	<b>166</b>

## Results of Prosecutive Actions

	EPA OIG Only	Joint **	Total
Criminal Indictments / Informations / Complaints	0	10	10
Convictions	0	10	10
Civil Judgments / Settlements / Filings	2	0	2
Fines and Recoveries (includes Civil) ***	\$543,719	\$862,557	\$1,406,276
Prison Time	60 months	78 months	138 months
Prison Time Suspended	60 months	0 months	60 months
Probation	108 months	384 months	492 months
Community Service	0 hours	1,000 hours	1,000 hours

## Administrative Actions

	EPA OIG Only	Joint **	Total
Suspensions	2	0	2
Debarments	5	3	8
Voluntary Exclusions	5	2	7
Other Administrative Actions	11	1	12
<b>Total</b>	<b>23</b>	<b>6</b>	<b>29</b>

\* Includes one case closed in a prior period.

\*\* With another Federal agency.

\*\*\* Includes an adjustment for a prior period.

# Scoreboard of Results

## Scoreboard of Cumulative Results Compared to Fiscal Year 2006 Annual Performance Goal Targets

All results reported in Fiscal Year 2006, from current and prior years' work, as reported in the OIG Performance Measurement and Results System and the Inspector General Operations Reporting system. All data not verified.

Strategic Goals; With OIG Government Performance and Results Act Annual Performance Targets Compared to Fiscal Year 2006 Results Reported	Supporting Measures
<b>Goal: Contribute to Human Health and Environmental Quality Through Improved Business Practices, Accountability, and Integrity of Program Operations<sup>1</sup></b>	
<b>Environmental Improvements/Actions/Changes Improvements in Business/Systems/Efficiency Risks Reduced or Eliminated</b> ● <ul style="list-style-type: none"> <li>▪ Target: 303</li> <li>▪ Reported: 407 (134%)</li> </ul>	1 Legislative/regulatory change/decision 1 Example of environmental improvement 3 Best practices implemented 73 Policy, process, practice, control changes (including actions taken/closed before report) 312 Certifications/validations/verifications/corrections 17 Environmental risks reduced/eliminated
<b>Environmental and Business Recommendations Challenges, Best Practices, and Risks Identified</b> ● <ul style="list-style-type: none"> <li>▪ Target: 925</li> <li>▪ Reported: 1,024 (111%)</li> </ul>	915 Recommendations (for Agency action) 48 Critical congressional/public management concerns addressed 34 Best practice identified (to be transferred) 13 Referrals for Agency action 8 New FMFIA/A-123/Management challenges/risks identified 6 Environmental risks identified
<b>Return on Investment: Potential dollar return as percentage of OIG budget (\$49 million)</b> ● <ul style="list-style-type: none"> <li>▪ Target: \$73.5 million</li> <li>▪ Reported: \$809.6 million Federal<sup>2</sup> (1,100%)</li> </ul>	<i>(dollars in millions)</i> \$ 87.0 Questioned costs (Federal) <sup>3</sup> \$ 691.8 Recommended efficiencies, <sup>2</sup> costs saved (Federal) \$ 30.8 Fines, recoveries, settlements (includes actions taken prior to report issuance)
<b>Criminal, Civil, and Administrative Actions Reducing Risk of Loss/Operational Integrity</b> ● <ul style="list-style-type: none"> <li>▪ Target: 80</li> <li>▪ Reported: 121 (151%)</li> </ul>	25 Criminal convictions 17 Indictments/informations/complaints 8 Civil judgments/settlements/filings 56 Administrative actions 15 Allegations disproved
<b>Sustained Monetary Recommendations and Savings Achieved from Current and Prior Periods</b> <ul style="list-style-type: none"> <li>▪ Target: no goal established</li> <li>▪ Reported: \$157.2 million</li> </ul>	<i>(dollars in millions)</i> \$ 63.1 Questioned costs sustained (Total) \$ 94.1 Cost efficiencies sustained or realized

● = At or over 100 percent annual target   ● = At or over 80 percent annual target   ● = Below 65 percent annual target

<sup>1</sup> This scoreboard, which represents OIG external performance reporting requirements under the Government Performance and Results Act, consolidates similar measures that were previously presented separately as Goal 1 (environmental) and Goal 2 (business practices). The Office of Management and Budget, seeking to reduce the number of “vital-few” measures Government-wide, has specifically endorsed this change.

<sup>2</sup> Includes \$2.7 million from previous year Superfund review not before captured, \$39 million from a Superfund financial audit of undistributed costs, and \$639 million from a program evaluation of Superfund Special Accounts/Unliquidated Obligations.

<sup>3</sup> Includes nearly \$67 million from audits of grants to State of Alaska and its grantees.

# Appendices

## Appendix 1 - Reports Issued

The Inspector General Act 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 Number	Title	Final Report Issued	Questioned Costs			Recommended Efficiencies (Funds Be Put To Better Use)
			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
<b>PERFORMANCE REPORTS</b>						
2006-P-00022	EPA Needs to Better Implement CIPP	25-Apr-06	0	0	0	0
2006-P-00023	Katrina - Land	2-May-06	0	0	0	0
2006-P-00024	INFOSEC Series: Security Practices OAR	4-May-06	0	0	0	0
2006-P-00025	Mercury Hot Spots Analysis under CAMR	11-May-06	0	0	0	0
2006-P-00026	Small Drinking Water Systems	30-May-06	0	0	0	0
2006-P-00027	Undistributed Superfund Costs	26-Jul-06	0	0	0	\$39,000,000
2006-P-00028	Measuring the Impact and Progress of FQPA	1-Aug-06	0	0	0	0
2006-P-00029	EPA's Organizational Structure Study	8-Aug-06	0	0	0	0
2006-P-00031	Ritualistic Uses of Mercury	29-Aug-06	0	0	0	0
2006-P-00032	AA - Purpose and Use of Chesapeake Bay Grants	31-Aug-06	0	0	0	0
2006-P-00033	Katrina - Lessons Learned	14-Sep-06	0	0	0	0
2006-P-00034	EJ Survey	18-Sep-06	0	0	0	0
2006-P-00035	Management of Government Furnished Equipment	19-Sep-06	0	0	0	0
2006-P-00036	Evaluation of Drinking Water Laboratory Procedures	21-Sep-06	0	0	0	0
2006-P-00037	AA - Earmarks Consolidated	22-Sep-06	0	0	0	0
2006-P-00038	Hurricane Katrina	26-Sep-06	0	0	0	\$183,875
2006-P-00039	Nonroad Emission Reduction Strategies	27-Sep-06	0	0	0	0
2006-P-00041	Review of Environmental Concerns at McFarland California	28-Sep-06	0	0	0	0
	<b>TOTAL PERFORMANCE REPORTS = 18</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$39,183,875</b>
<b>ASSISTANCE AGREEMENT REPORTS</b>						
2006-4-00122	ASIWPCA Incurred Costs for Seven Grants	31-Jul-06	\$0	\$1,883,590	\$0	0
2006-4-00147	Oregon DEQ Reported Outlays under Agreement V99060102	21-Sep-06	\$782,693	0	0	0
	<b>TOTAL ASSISTANCE AGREEMENT REPORTS = 2</b>		<b>\$782,693</b>	<b>\$1,883,590</b>	<b>\$0</b>	<b>\$0</b>
<b>SINGLE AUDIT REPORTS</b>						
2006-3-00097	Joplin, City of FY 2004	10-Apr-06	0	0	0	0
2006-3-00098	Burlington, City of FY 2004	10-Apr-06	0	0	0	0
2006-3-00099	Aberdeen, City of FY 2004	11-Apr-06	0	0	0	0
2006-3-00100	Monmouth, City of - FY 2004	18-Apr-06	0	0	0	0
2006-3-00101	Little Falls, City of - FY 2004	24-Apr-06	0	0	0	0
2006-3-00102	Lawrenceville, City of - FY 2004	21-Apr-06	0	0	0	0
2006-3-00104	Arkansas for Medical Sciences, University of FY 2004	24-Apr-06	0	0	0	0
2006-3-00108	Massachusetts Water Pollution Abatement Trust - FY 2004	26-Apr-06	0	0	0	0
2006-3-00109	Hood River, City of - FY 2004	26-Apr-06	0	0	0	0
2006-3-00110	California Air Pollution Control Officers Assoc FY 2004	9-May-06	0	0	0	0
2006-3-00111	National Tribal Environmental Council, Inc. FY 2003	15-May-06	0	0	0	0
2006-3-00112	AWWA Research Foundation, FY 2004	15-May-06	0	0	0	0
2006-3-00113	Green Bay Metropolitan Sewerage District - FY 2004	15-May-06	0	0	0	0
2006-3-00114	Tampa Bay Water (A Regional Water Supply Authority)-FY 2004	15-May-06	0	0	0	0
2006-3-00115	Kansas City, City of FY 2004	16-May-06	\$302,963	\$403,820	0	0
2006-3-00116	Nucla, Town of, FY 2004	18-May-06	0	0	0	0
2006-3-00117	West Virginia, State of FY 2004	18-May-06	0	0	0	0
2006-3-00118	Falls Church, City of FY 2004	18-May-06	0	0	0	0
2006-3-00119	Sparks, City of FY 2004	22-May-06	0	0	0	0
2006-3-00120	Stowe, Town of - FY 2003	25-May-06	0	0	0	0
2006-3-00121	Stowe, Town of - FY 2004	25-May-06	0	0	0	0
2006-3-00122	Warren, Town of - FY 2003	1-Jun-06	0	0	0	0
2006-3-00123	Warren, Town of - FY 2004	5-Jun-06	0	0	0	0
2006-3-00124	Santa Barbara County Air Pollution Control District, CA	1-Jun-06	0	0	0	0
2006-3-00125	McAdoo Borough Sewer Authority, FY 2003	1-Jun-06	0	0	0	0
2006-3-00126	McAdoo Borough Sewer Authority	1-Jun-06	0	0	0	0
2006-3-00127	Lincoln, Town of - FY 2003	1-Jun-06	0	0	0	0

Report Number	Title	Final Report Issued	Questioned Costs			Recommended Efficiencies (Funds Be Put To Better Use)
			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
2006-3-00128	Lincoln, Town of - FY 2004	1-Jun-06	0	0	0	0
2006-3-00129	Cross City, Town of	1-Jun-06	0	0	0	0
2006-3-00130	Hopkinsville Water Environment Authority	5-Jun-06	0	0	0	0
2006-3-00131	Chippewa Cree Tribe	5-Jun-06	0	0	0	0
2006-3-00132	Lilly Borough Sewer Authority, FY 2003	5-Jun-06	0	0	0	0
2006-3-00133	Dale, Town of - FY 2004	5-Jun-06	0	0	0	0
2006-3-00134	Lilly Borough Sewer Authority, FY 2004	6-Jun-06	0	0	0	0
2006-3-00135	Flowood, City of - FY 2004	6-Jun-06	0	0	0	0
2006-3-00136	Owens Valley Indian Water Commission	8-Jun-06	0	0	0	0
2006-3-00137	Enlarged Hepaibah Public Service District	8-Jun-06	0	0	0	0
2006-3-00138	Westlake, City of, Louisiana	19-Jun-06	0	0	0	0
2006-3-00139	Picuris Pueblo, New Mexico	19-Jun-06	0	0	0	0
2006-3-00140	Lake Washington Sanitary District	20-Jun-06	0	0	0	0
2006-3-00141	Sycamore, City of	20-Jun-06	0	0	0	0
2006-3-00142	Mabel, City of FY 2003	20-Jun-06	0	0	0	0
2006-3-00143	Mountain Lake, City of	22-Jun-06	0	0	0	0
2006-3-00144	Lonsdale, City of	22-Jun-06	0	0	0	0
2006-3-00145	Mabel, City of FY 2004	22-Jun-06	0	0	0	0
2006-3-00146	Macomb, City of	22-Jun-06	0	0	0	0
2006-3-00147	Mountain Lake, City of FY 2004	22-Jun-06	0	0	0	0
2006-3-00148	Lovilia, City of, Capital Projects Fund	22-Jun-06	0	0	0	0
2006-3-00149	Walford, City of	22-Jun-06	0	0	0	0
2006-3-00150	Woodward, City of	22-Jun-06	0	0	0	0
2006-3-00151	Saint Augusta, City of	26-Jun-06	0	0	0	0
2006-3-00152	Davison, City of	5-Jul-06	0	0	0	0
2006-3-00153	Le Center, City of	5-Jul-06	0	0	0	0
2006-3-00154	Annadale, City of	5-Jul-06	0	0	0	0
2006-3-00155	Battle Lake, City of	6-Jul-06	0	0	0	0
2006-3-00156	Battle Lake, City of	6-Jul-06	0	0	0	0
2006-3-00157	Aledo, City of	6-Jul-06	0	0	0	0
2006-3-00158	Aledo, City of	6-Jul-06	0	0	0	0
2006-3-00159	Kearney, City of	6-Jul-06	0	0	0	0
2006-3-00160	Kearney, City of	6-Jul-06	0	0	0	0
2006-3-00161	West Concord, City of	10-Jul-06	0	0	0	0
2006-3-00162	Sequatchie County	10-Jul-06	0	0	0	0
2006-3-00163	Sequatchie County	10-Jul-06	0	0	0	0
2006-3-00164	Puerto Rico, Commonwealth of, EQB - FY 2004	20-Jul-06	0	0	0	0
2006-3-00165	Puerto Rico Water Pollution Control Revolving Fund - FY 2003	20-Jul-06	0	0	0	0
2006-3-00166	Puerto Rico Water Pollution Control Revolving Fund - FY 2004	20-Jul-06	0	0	0	0
2006-3-00167	Alaska, State of-FY 2003 Single Audit Report	26-Jul-06	0	\$33,887,200	0	0
2006-3-00168	Alaska, State of-FY 2004 Single Audit Report	26-Jul-06	0	\$32,976,401	0	0
2006-3-00169	Cortina Indian Rancheria of CA FY 2001	2-Aug-06	0	\$409,276	0	0
2006-3-00170	Cortina Indian Rancheria FY 2002	2-Aug-06	0	\$244,507	0	0
2006-3-00171	Cortina Indian Rancheria FY 2003	2-Aug-06	0	\$408,370	0	0
2006-3-00172	Cortina Indian Rancheria FY 2004	2-Aug-06	0	\$369,166	0	0
2006-3-00173	Greater Harrison County Public Service District - FY 2004	3-Aug-06	0	0	0	0
2006-3-00174	New York State Environmental Facilities Corporation-FY 2003	3-Aug-06	0	0	0	0
2006-3-00175	New York State Environmental Facilities Corporation-FY 2004	3-Aug-06	0	0	0	0
2006-3-00176	Spirit Lake, City of - FY 2004	7-Aug-06	0	0	0	0
2006-3-00177	Lemars, City of - FY 2004	7-Aug-06	0	0	0	0
2006-3-00178	New York, State of - FY 2004	9-Aug-06	0	0	0	0
2006-3-00179	New Mexico Finance Authority - FY 2004	10-Aug-06	0	0	0	0
2006-3-00180	Shoshone & Arapaho Joint Prog. of the Wind River Reservation	14-Aug-06	0	0	0	0
2006-3-00181	Lincoln County Rural Water System, Inc., FY 2003	15-Aug-06	0	0	0	0
2006-3-00182	Lincoln County Rural Water System, Inc., FY 2004	15-Aug-06	0	0	0	0
2006-3-00183	North Lake Recreational Sewer & Water District FY 2004	15-Aug-06	0	0	0	0
2006-3-00184	Association of Bay Area Governments FY 2004	15-Aug-06	0	0	0	0
2006-3-00185	Guam Waterworks Authority FY 2004	15-Aug-06	0	\$115,000	0	0
2006-3-00186	Sac & Fox Nation of Missouri, FY 2004	16-Aug-06	0	0	0	0
2006-3-00187	Kickapoo Tribe in Kansas, FY 2004	16-Aug-06	0	0	0	0
2006-3-00188	Seminole Nation of Oklahoma FY 2004	16-Aug-06	\$8,905	0	0	0
2006-3-00189	Pueblo of Zia, NM, FY 2004	21-Aug-06	0	0	0	0
2006-3-00190	Rosebud Sioux Tribe, FY 2004	21-Aug-06	0	\$145,259	0	0
2006-3-00191	Fort Yukon, Native Village of FY 2004	7-Sep-06	0	0	0	0
2006-3-00192	Athabaskan Tribal Government, Council of FY 2004	7-Sep-06	0	0	0	0
2006-3-00193	West Virginia, State of - FY 2005	25-Aug-06	0	0	0	0
2006-3-00194	Association of Metropolitan Sewerage Agencies - FY 2004	25-Aug-06	\$2,373	\$0	0	0
2006-3-00195	New Mexico Environment Department - FY 2004	25-Aug-06	0	0	0	0
2006-3-00196	Natural Resources Defense Council - FY 2004	25-Aug-06	0	0	0	0
2006-3-00197	Iowa, State of - FY 2005	5-Sep-06	0	0	0	0
2006-3-00198	Banks Township Municipal Authority-FY 2003	5-Sep-06	0	0	0	0
2006-3-00199	Howard University, FY 2005	7-Sep-06	0	0	0	0
2006-3-00200	Swinomish Indian Tribal Community FY 2004	13-Sep-06	0	0	0	0

Report Number	Title	Final Report Issued	Questioned Costs			Recommended Efficiencies (Funds Be Put To Better Use)
			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
2006-3-00201	AMERICAN WATER WORKS ASSOCIATION FY 2004	13-Sep-06	0	0	0	0
2006-3-00202	San Juan Pueblo, FY 2004	18-Sep-06	0	0	0	0
2006-3-00203	Indian Township Tribal Government, FY 2002	18-Sep-06	0	0	0	0
2006-3-00204	Indian Township Tribal Government, FY 2003	18-Sep-06	0	0	0	0
2006-3-00205	Indian Township Tribal Government, FY 2004	19-Sep-06	0	0	0	0
2006-3-00206	Big Valley Rancheria Band of Pomo Indians FY 2003	19-Sep-06	0	0	0	0
2006-3-00207	American Society of Civil Engineers and Affiliates - FY 2004	26-Sep-06	0	0	0	0
2006-3-00208	South Carolina, State of - FY 2005	26-Sep-06	\$0	\$791,941	0	0
2006-3-00209	Paiute-Shoshone Indians of the Bishop Community - FY 2002	28-Sep-06	0	0	0	0
2006-3-00210	Paiute-Shoshone Indians of the Bishop Community FY 2003	28-Sep-06	0	0	0	0
2006-3-00211	Paiute-Shoshone Indians of the Bishop Community FY 2004	28-Sep-06	0	0	0	0
	<b>TOTAL SINGLE AUDIT REPORTS = 111</b>		<b>\$314,241</b>	<b>\$69,750,940</b>	<b>\$0</b>	<b>\$0</b>
<b>OIG ISSUED CONTRACTS REPORTS</b>						
2006-2-00017	E&E Data Input CAS 402 noncomp - Cost Impact	26-Apr-06	\$1,109,439	0	0	0
2006-4-00093	Mixed Funding Claim - Bofors-Nobel Superfund Site	4-Apr-06	0	0	0	0
2006-4-00097	Army Creek Mixed Funding Claim No. 2	27-Apr-06	\$123,552	0	0	0
2006-4-00102	Armour Road Superfund Site Mixed Funding Claim	9-May-06	\$140,038	\$20,000	0	0
2006-4-00131	E&E Accounting System	21-Aug-06	0	0	0	0
2006-4-00139	White House Mixed Funding Claim Number 2	7-Sep-06	0	0	0	0
	<b>TOTAL OIG ISSUED CONTRACTS REPORTS = 6</b>		<b>\$1,373,029</b>	<b>\$20,000</b>	<b>\$0</b>	<b>\$0</b>
<b>DCAA CONTRACT REPORTS</b>						
2006-1-00042	MACTEC Engineering&Consulting(purchased by MACTEC)/I/C 2003	6-Apr-06	0	0	0	0
2006-1-00043	Black & Veatch Special Projects Corp.-FY2001 Incurred Cost	20-Apr-06	\$76,022	0	0	0
2006-1-00045	Tetra Tech EC, Inc. - FY 10/1/2004 Incurred Cost	12-May-06	\$2,138	0	0	0
2006-1-00046	Portage Environmental, Inc. - FYE 12/31/2003 Incurred Cost	8-May-06	0	0	0	0
2006-1-00047	Integrated Laboratory Systems - FY 2003 Incurred Cost	16-May-06	\$2,637	0	0	0
2006-1-00048	MACTEC Federal Programs, Inc. - FY 2003 Incurred Cost	23-May-06	\$260	0	0	0
2006-1-00049	Tetra Tech, Inc. - CFYE 9/28/2003 Incurred Cost	26-May-06	\$18,413	0	0	0
2006-1-00050	Neptune & Company - FY 12/31/2004 Incurred Cost	21-Jun-06	0	0	0	0
2006-1-00051	SoBran Inc. - FYE 9/30/2004 - Incurred Cost	21-Jun-06	0	0	0	0
2006-1-00052	Welsco Federal Services LLC - FYE 9/30/2004 Incurred Cost	21-Jun-06	0	0	0	0
2006-1-00053	Project Resources, Inc. -- FYE 12/31/2003 Incurred Cost	7-Aug-06	\$2,943	0	0	0
2006-1-00054	KBM Group, Inc. - FY 12/31/2004 Incurred Cost	12-Jul-06	0	0	0	0
2006-1-00055	KBM Group, Inc.- FY2003 Incurred Cost	13-Jul-06	0	0	0	0
2006-1-00056	Computer Sciences Corp.-Applied Tech Div. -CFY 3/31/2003 I/C	20-Jul-06	\$187,481	0	0	0
2006-1-00057	Black & Veatch Spec. Proj. Corp.-FY2002 Incurred Cost	27-Jul-06	\$8,118	0	0	0
2006-1-00058	Midwest Research Institute FYE 6/30/2004 Incurred Cost	31-Jul-06	0	0	0	0
2006-1-00059	Geologics Corporation - FYE 12/31/2003 Incurred Costs	4-Aug-06	0	0	0	0
2006-1-00060	Arrowhead Services Inc.-FY2001 Incurred Cost	8-Aug-06	0	0	0	0
2006-1-00061	Industrial Economics, Inc. - FYE 12/31/2003 Incurred Cost	16-Aug-06	0	0	0	0
2006-1-00062	International Resources Group, LTD - FY 12/31/2002 I/C	16-Aug-06	0	0	0	0
2006-1-00063	CDM Federal Programs Corp- FYE 12/31/2003 Incurred Cost	17-Aug-06	0	0	0	0
2006-1-00064	DCT, Incorporated - FY 12/31/2004 Incurred Cost	22-Aug-06	0	0	0	0
2006-1-00065	Industrial Economics, Inc - FY 12/31/2004 Incurred Cost	22-Aug-06	0	0	0	0
2006-1-00066	Guardian Environmental Services, Inc. - FY 10/31/2004 I/C	1-Sep-06	0	0	0	0
2006-1-00067	WRS Infrastructure & Environment, Inc. - FY 12/31/2004 I/C	1-Sep-06	0	0	0	0
2006-1-00068	Environmental Health & Eng - FY 12/31/2004 Incurred Cost	8-Sep-06	0	0	0	0
2006-1-00069	Systems Research & Applications - FY 6/30/2004 Incurred Cost	13-Sep-06	\$7,367	0	0	0
2006-1-00070	CH2M Hill, Inc. - FY 12/31/2004 Incurred Cost	12-Sep-06	\$860,309	0	0	0
2006-1-00073	Eastern Research Group - FY 12/31/2004 Incurred Cost	20-Sep-06	0	0	0	0
2006-1-00074	Cadmus Group, Inc. - FYE 4/30/2004 Incurred Cost	21-Sep-06	0	0	0	0
2006-1-00075	FEV ENGINE TECHNOLOGY - FY 12/31/2004 INCURRED COST	21-Sep-06	\$39,400	0	0	0
2006-1-00076	Northbridge Environ Mgt Consul - FY 12/31/2004 Incurred Cost	21-Sep-06	0	0	0	0
2006-1-00077	Environmental Restoration, LLC - FY 12/31/2004 Incurred Cost	26-Sep-06	0	0	0	0
2006-1-00078	Earth Tech Remediation Services - FY 9/30/2004 I/C	27-Sep-06	\$15,696	0	0	0
2006-1-00079	EC/R Incorporated FYE 12/31/2003 Incurred Cost	28-Sep-06	0	0	0	0
2006-2-00016	Infopro, Inc. - FY 2001 Incurred Cost	25-Apr-06	\$18,685	0	0	0
2006-2-00018	Battelle Memorial Institute - BCO - MAAR 6 Special-EPC05030	8-May-06	0	0	0	0
2006-2-00020	SciComm, Inc. - FY2003 Incurred Cost	10-May-06	0	0	0	0
2006-2-00021	Tetra Tech NUS Inc.-FY 2002 RAC 68-W6-0045	14-Jun-06	\$44,119	0	0	0
2006-2-00022	Onyx Special Services - Review of G&A Rate	14-Jun-06	0	0	0	0
2006-2-00023	Tetra Tech NUS, Inc. - FY2002 RAC 68-S6-3003	15-Jun-06	\$22,599	0	0	0
2006-2-00024	Tetra Tech EM Inc.-FY2002 RAC Close-out 68-W6-0037	27-Jun-06	0	0	0	0
2006-2-00025	Tetra Tech EMI -FYE 9/30/03 RAC Annual Close-out 68-W6-0037	11-Jul-06	0	0	0	0
2006-2-00026	Weston Solution, Inc. - FY 2002 RAC 68-W7-0026	13-Jul-06	0	0	0	0
2006-2-00027	Tetra Tech NUS, Inc.-FY2001 RAC 68-S6-3003	20-Jul-06	\$94,884	0	0	0
2006-2-00028	Gruzen Samton -CACS - 68-W0-1049	30-Aug-06	\$2,635	0	0	0
2006-2-00029	CDM Federal Program Corp. - FY 2002 Annual RAC 68-W9-8210	16-Aug-06	0	0	0	0
2006-2-00030	Tetra Tech NUS-FYE 9/30/2003 RAC Annual Close-out 68-W6-0045	17-Aug-06	0	0	0	0
2006-2-00031	Nobis Engineering, Inc. - Preaward - PR-HQ-05-10957	22-Aug-06	0	0	0	\$2,056,502
2006-2-00032	Perrin Quarles Associates - FYE 12/31/2004 Incurred Cost	22-Aug-06	0	0	0	0

Report Number	Title	Final Report Issued	Questioned Costs			Recommended Efficiencies (Funds Be Put To Better Use)
			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
2006-2-00034	Tetra Tech NUS, Inc. - FY 2003 RAC 68-S6-3003	28-Sep-06	0	0	0	0
2006-4-00089	Syracuse Research Corporation - FY 2006 Billing System	3-Apr-06	0	0	0	0
2006-4-00090	National Academy of Sciences - CAS FY 2006 CAS 418	3-Apr-06	0	0	0	0
2006-4-00091	Tetra Tech, A&E Division - FY 2006 CAS 408	3-Apr-06	0	0	0	0
2006-4-00092	IBM Federal, Inc. - FY 12/31/2006 IBM OPS Audit	3-Apr-06	0	0	0	0
2006-4-00094	Computer Sciences Corporation - FY 2006 Floor Check	18-Apr-06	0	0	0	0
2006-4-00095	Battelle Memorial Inst - BCO-Voucher Review #100004,11/22/05	24-Apr-06	0	0	0	0
2006-4-00096	Metcalf & Eddy, Inc. - FY 2006 Floor Check	24-Apr-06	0	0	0	0
2006-4-00098	Systems Research & Applications - FY 2006 Labor Cost Chrg	27-Apr-06	0	0	0	0
2006-4-00099	Syracuse Research Corporation - FY 2006 CAS 414	2-May-06	0	0	0	0
2006-4-00100	Black & Veatch SPC- FY 2005 MAAR 6 (Floor Check)	8-May-06	0	0	0	0
2006-4-00101	Systems Research & Applications - FY 2006 CAS 415	8-May-06	0	0	0	0
2006-4-00103	Environmental Quality Management, Inc. - Paid Voucher Review	12-May-06	0	0	0	0
2006-4-00104	Metcalf & Eddy, Inc. - FY 2006 CAS 409	22-May-06	0	0	0	0
2006-4-00105	Metcalf & Eddy, Inc. - FY 2006 CAS 408	22-May-06	0	0	0	0
2006-4-00106	IBM Federal, Inc. - FY 2006 CAS 404	1-Jun-06	0	0	0	0
2006-4-00107	Systems Research & Applications, Corp. - Purchasing System	5-Jun-06	0	0	0	0
2006-4-00108	Alpine Geophysics - Accounting System Review	6-Jun-06	0	0	0	0
2006-4-00109	Eastern Research Group - CAS 403 Compliance	7-Jun-06	0	0	0	0
2006-4-00110	EG&G - FY 2006 General Controls	21-Jun-06	0	0	0	0
2006-4-00111	Tetra Tech NUS - FY 2006 CAS 408	23-Jun-06	0	0	0	0
2006-4-00112	Pegasus Technical Services - FY 2006 Acctg System Followup	23-Jun-06	0	0	0	0
2006-4-00113	Eastern Research Group - CAS 418 Compliance	27-Jun-06	0	0	0	0
2006-4-00114	Battelle - ICAPS - FY 2006 Purchasing System	28-Jun-06	0	0	0	0
2006-4-00115	Battelle - ICAPS - FY 2006 EDP System	29-Jun-06	0	0	0	0
2006-4-00116	Eastern Research Group - FY 2006 Financial Capability	11-Jul-06	0	0	0	0
2006-4-00117	Matrix Environmental & Geotechnical Svs - FY 2006 Floorcheck	12-Jul-06	0	0	0	0
2006-4-00118	Midwest Research Institute - FY 2005 Financial Capability	13-Jul-06	0	0	0	0
2006-4-00119	Weston Solutions, Inc. - CFY 2005 - Budget System	18-Jul-06	0	0	0	0
2006-4-00120	National Academy of Sciences - FY 2006 Info Tech System	20-Jul-06	0	0	0	0
2006-4-00121	CH2M Hill, Inc. (INC) - FY 2006 CAS 404	27-Jul-06	0	0	0	0
2006-4-00123	CH2M Hill, Inc. (INC) - FY 2006 CAS 409	31-Jul-06	0	0	0	0
2006-4-00124	CH2M Hill Inc (LTD) - CAS 408	1-Aug-06	0	0	0	0
2006-4-00125	Pegasus Technical Services - FY 2006 Voucher Review Followup	7-Aug-06	0	0	0	0
2006-4-00126	National Academy of Sciences - FY 2006 Paid Vouchers	8-Aug-06	0	0	0	0
2006-4-00127	Tetra Tech EC Inc. - CAS 404	8-Aug-06	0	0	0	0
2006-4-00128	Tetra Tech EC Inc. - CAS 409	14-Aug-06	0	0	0	0
2006-4-00129	CDM Federal Program Corp - FY 2006 MAAR 6 - Floor Check	15-Aug-06	0	0	0	0
2006-4-00130	Nobis Engineering, Inc. - Financial Cap Risk Assessment	17-Aug-06	0	0	0	0
2006-4-00132	Syracuse Research Corporation - FY 2006 Financial Capabil	25-Aug-06	0	0	0	0
2006-4-00133	Cadmus Group, Inc. - FY 2006 CAS 404	25-Aug-06	0	0	0	0
2006-4-00134	Cadmus Group - FY 2006 CAS 409	25-Aug-06	0	0	0	0
2006-4-00135	Shaw Environmental & Infrastructure, Inc. - Accounting Sys	31-Aug-06	0	0	0	0
2006-4-00136	National Academy of Sciences - FY 2006 Control Env/Acct. Sys	31-Aug-06	0	0	0	0
2006-4-00137	HCD International - Accounting System Review	1-Sep-06	0	0	0	0
2006-4-00138	Tetra Tech EC Inc. - Other Internal Control-ODC	1-Sep-06	0	0	0	0
2006-4-00140	IBM Federal, Inc. - FY 2006 CAS 409	12-Sep-06	0	0	0	0
2006-4-00141	Systems Research & Applications - FY 2006 Accounting System	15-Sep-06	0	0	0	0
2006-4-00142	Systems Research & Applications - FY 2006 Billing System	15-Sep-06	0	0	0	0
2006-4-00143	Tetra Tech EC Inc. - Budget System	15-Sep-06	0	0	0	0
2006-4-00144	Shaw Environmental & Infrastructure, Inc. - CAS 407	19-Sep-06	0	0	0	0
2006-4-00145	Weston Solutions, Inc. - CAS 404	19-Sep-06	0	0	0	0
2006-4-00146	Tetra Tech EC Inc. - CAS 403	19-Sep-06	0	0	0	0
2006-4-00148	Weston Solutions, Inc. - CAS 409	19-Sep-06	0	0	0	0
2006-4-00149	EG&G - FY 2006 CAS 404	20-Sep-06	0	0	0	0
2006-4-00150	Weston Solutions, Inc. - FY Accounting System	21-Sep-06	0	0	0	0
2006-4-00151	Arcadis Geraghty & Miller - FY 2006 MAAR Floor Check	21-Sep-06	0	0	0	0
2006-4-00152	CH2M Hill, Inc. (INC) FY 2006 Labor System/Floorcheck	25-Sep-06	0	0	0	0
2006-4-00153	Syracuse Research Corporation - FY 2006 Acctg for Labor	25-Sep-06	0	0	0	0
2006-4-00154	SAIC - Company 9 - EDP General Controls	25-Sep-06	0	0	0	0
2006-4-00155	Battelle - BCO - FY 2006 CAS 409	25-Sep-06	0	0	0	0
2006-4-00156	CH2M Hill, Inc. (INC) - FY 2006 Direct Voucher Review	25-Sep-06	0	0	0	0
2006-4-00157	FEV Engine Technology - FY 2006 Mod Finan Cap. Risk Assess.	26-Sep-06	0	0	0	0
2006-4-00158	FEV Engine Technology - FY 2006 MAARS 13	26-Sep-06	0	0	0	0
2006-4-00159	Stratus Consulting, Inc. - FY 2005 MAAR 6	26-Sep-06	0	0	0	0
2006-4-00160	Shaw Environmental & Infrastructure, Inc. - MAARS 13	26-Sep-06	0	0	0	0
2006-4-00161	Shaw Environmental & Infrastructure, Inc - FY 2005 CAS 404	26-Sep-06	0	0	0	0
2006-4-00162	Systems Research & Applications - FY 2006 CAS 416	27-Sep-06	0	0	0	0
2006-4-00163	Arcadis Geraghty & Miller - FY 2006 Accounting System Review	27-Sep-06	0	0	0	0
2006-4-00164	Battelle - OCEO - FY 2006 CAS 403	27-Sep-06	0	0	0	0
2006-4-00165	National Academy of Sciences - FY 2006 Indirect/ODC System	27-Sep-06	0	0	0	0
2006-4-00166	CH2M Hill Companies, Ltd. (LTD)-FY 2006 Detail Financial Cap	28-Sep-06	0	0	0	0
2006-4-00167	Syracuse Research Corporation - FY 2006 MAAR 13	28-Sep-06	0	0	0	0

Report Number	Title	Final Report Issued	Questioned Costs			Recommended Efficiencies (Funds Be Put To Better Use)
			Ineligible Costs	Unsupported Costs	Unreasonable Costs	
2006-4-00168	Battelle - BCO - FY 2006 CAS 404	28-Sep-06	0	0	0	0
2006-4-00169	National Academy of Sciences - FY 2006 Labor System	29-Sep-06	0	0	0	0
2006-4-00170	Tetra Tech EM, Inc. - CAS 404	29-Sep-06	0	0	0	0
<b>TOTAL DCAA CONTRACT REPORTS = 126</b>			<b>\$1,403,706</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,056,502</b>
<b>FINANCIAL STATEMENT REPORTS</b>						
2006-1-00080	2005 CSB Financial Statement Audit	29-Sep-06	\$0	\$0	\$0	\$0
<b>TOTAL FINANCIAL STATEMENT REPORTS = 1</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SPECIAL REVIEW REPORTS</b>						
2006-S-00002	QCR of NRDC FY 2003 Single Audit-PriceWaterhouseCoopers	25-May-06	0	0	0	0
2006-S-00003	Congressional Request - Grants to National Rural Water Assoc	30-May-06	0	0	0	0
2006-S-00004	Delta Institute FY 2003 Single Audit QCR	16-Aug-06	0	0	0	0
2006-S-00005	AA - National Rural Water Assoc - Congressional	5-Sep-06	0	0	0	0
2006-S-00006	Assessing EPA's Efforts to Protect Sensitive Information *	19-Sep-06	0	0	0	0
2006-S-00007	AA - America's Clean Water Foundation-Grant Costs	19-Sep-06	0	0	0	\$4,960,000
<b>TOTAL SPECIAL REVIEW REPORTS = 6</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,960,000</b>
<b>TOTAL REPORTS ISSUED = 270</b>			<b>\$3,873,669</b>	<b>\$71,654,530</b>	<b>\$0</b>	<b>\$46,200,377</b>

\* Not included in Agency resolution process.

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