

Office of Inspector General Semiannual Report to the Congress

October 1, 2000 through
March 31, 2001

EPA Inspector General Vision Statement

We are agents of positive change striving for continuous improvement in our Agency's management and program operations, and in our own offices.

Mission

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 and currently inform the Administrator and the Congress about problems and deficiencies identified by the Office of Inspector General relating to the administration of Agency programs and operations.

Strategic Plan Goals

1. Contribute to improved environmental quality and human health.
2. Improve EPA's management and program operations.
3. Produce timely, quality, and cost-effective products and services that meet customer needs.
4. Enhance diversity, innovation, teamwork, and competencies.

Foreword

Consistent with the vision of Congress and the Administration that government become more results-oriented, the Office of Inspector General (OIG) established a new organizational structure which became effective January 2, 2001. This reorganization addresses the OIG's corporate vision and values to promote environmental quality, human health, and good government through problem prevention and cooperative solutions. It also supports our efforts to be a more responsive, customer-oriented organization by facilitating the expansion of OIG product lines and by fostering a workplace which embraces diversity, innovation, and teamwork.

This organizational change is the result of an OIG journey towards improved performance which began in 1998, and it places strong emphasis on human capital by supporting the development of employee competencies in leadership, management, and technical areas. A matrix management approach to assignments will allow OIG employees to work on a wider variety of assignments in different locations with different teams and supervisors. This reorganization delayers management levels so that employees have fewer levels of review and more direct access to senior OIG management.

In addition, the new organizational structure enables the OIG to more effectively implement the concepts of the Government Performance and Results Act by linking planning, budgeting, and accountability. It contributes to the achievement of the goals in EPA's strategic plan through a centralized planning process which focuses on targeted areas, includes full stakeholder involvement, and integrates science, public interest, and program information.

Another benefit of the reorganization is improved communication with EPA managers and staff. Communication is a critical component of all OIG efforts, especially our commitment to work collaboratively with EPA to resolve management challenges in the near future. These challenges represent systemic weaknesses or vulnerabilities, reported annually to Congress, which can undermine the success of EPA's management and program operations.

Our new structure provides a solid foundation for the OIG's efforts to continuously improve its performance, and I am certain that it will greatly enhance our ability to be agents of positive change. As a result, I believe that we can be highly effective in assisting EPA and the new Administrator with protecting human health and safeguarding the natural environment.

Nikki L. Tinsley
Inspector General

Profile of Activities and Results

October 1, 2000 to March 31, 2001

Audit Operations (\$ in millions)			
OIG-Managed Reviews (Reviews Performed by EPA, Independent Public Accountants, and State Auditors)		Other Reviews (Reviews Performed by Another Federal Agency or Single Audit Act Auditors)	
Questioned Costs *		Questioned Costs *	
- Total	\$25.2	- Total	\$2.4
- Federal	\$23.9	- Federal	\$2.4
Recommended Efficiencies *		Recommended Efficiencies *	
- Federal	\$0.2	- Federal	\$0
Costs Disallowed to be Recovered		Costs Disallowed to be Recovered	
- Federal	\$15.1	- Federal	\$3.2
Costs Disallowed as Cost Efficiency		Costs Disallowed as Cost Efficiency	
- Federal	\$0	- Federal	\$0
Reports Issued - OIG-Managed Reviews		Reports Issued - Other Reviews	
- EPA Reviews Performed by OIG	26	- EPA Reviews Performed by Another Federal Agency	133
- EPA Reviews Performed by Independent Public Accountants	0	- Single Audit Act Reviews	87
- EPA Reviews Performed by State Auditors	0	Total	220
Total	26	Agency Recoveries - Recoveries from Audit Resolutions of Current and Prior Periods (cash collections or offsets to future payments) **	\$2.2
Reports Resolved (Agreement by Agency officials to take satisfactory corrective actions) ***	102		

Investigative Operations	
Fines and Recoveries (including civil) ****	\$2.1M
Investigations Opened	13
Investigations Closed	25
Indictments of Persons or Firms	14
Convictions of Persons or Firms	16
Administrative Actions Against EPA Employees / Firms	14
Civil Filings/Settlements	1

* Questioned Costs and Recommended Efficiencies subject to change pending further review in audit resolution process.
 ** Information on recoveries from audit resolution is provided from EPA Financial Management Division and is unaudited.
 *** Reports Resolved are subject to change pending further review.
 **** Total includes actions resulting from joint investigations.

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Goal 1: Contribute to Improved Environmental Quality and Human Health

The work of the OIG is designed to assist EPA in achieving its environmental goals, thus contributing to environmental improvements. The following represent some examples of the more significant efforts under this OIG goal.

EPA Must Address Barriers to Prevent Future Human Health Tragedies

Although EPA attempted in the 1970s and 1980s to address contaminant asbestos exposure like that in Libby, Montana, those attempts did not result in regulations or other controls that might have protected the citizens of Libby.

In November 1999, the media ran a series of newspaper articles reporting that miners and their families in the Libby area died or became ill from exposure to asbestos-contaminated vermiculite ore mined there since the 1920s. Subsequently, the media reported that EPA officials knew about the problem but did not take action.

We found that EPA only recently took specific action to address the asbestos exposure at Libby. Currently, EPA is focusing on an aggressive Superfund cleanup at that location, but has yet to identify and prevent potential asbestos contamination at other mining sites and related facilities.

Various barriers prevented EPA from sufficiently addressing asbestos-contaminated vermiculite. Authority for taking action was shared among EPA offices and other Federal agencies. This fragmented authority and jurisdiction, when combined with ineffective communication, made taking actions difficult. Limitations in science and technology and health effects data also impeded EPA's efforts at determining the degree of health risk at Libby. Furthermore, due to funding constraints and competing priorities, EPA emphasized other areas, such as asbestos in schools, rather than asbestos-contaminated vermiculite.

EPA has begun taking actions regarding Superfund cleanup at Libby. Also, EPA has traced, evaluated, and planned to take action on at least 16 sites throughout the country that received asbestos-contaminated vermiculite from Libby. We recommended that EPA, in partnership with other Federal organizations and States, assess asbestos or asbestos-contaminated ore, rock, and mineral processing sources and facilities that may be similar although unrelated to Libby. Should the Libby-related work and/or these assessments find concerns regarding human health and the environment, we recommend that EPA determine short and long-term actions necessary to resolve the problems. Some of these actions could include Superfund removal, changes in the Toxic Substances Control Act or the Clean Air Act regulations, or statutory changes. We issued the final report (2001-S-7) on March 31, 2001. A response to the final report is due June 29, 2001.

***Better Planning
Needed to Reduce
Region 7 Nonpoint
Source Pollution***

EPA had not converted its overall target to reduce nonpoint source pollution into targets for each region's contribution to achieving the national goal. Furthermore, Region 7 had not adopted a regional strategy with established targets for nonpoint source pollution abatement in its four states.

The State of Missouri assessed its watersheds and developed a nonpoint source management plan in line with EPA guidance. However, Missouri had not completed comprehensive plans to restore all of its priority watersheds. As a result, Missouri funded local projects on segments of impaired water rather than focus on restoring priority watersheds. While the projects should reduce pollution, they did not have measures on the amount of pollution reduction to be achieved.

We recommended the Acting Regional Administrator work with the Office of Water to develop nonpoint source pollution reduction targets, to ensure Missouri develops comprehensive plans to restore watersheds, and to establish measures of reduced pollution. We issued the final report (2001-P-00003) on February 20, 2001. Because Region 7 and the State of Missouri adequately addressed all report issues in response to the draft report, no response to the final report is required.

***Combined Sewer
Overflows in
Region 2
Addressed with
Varying Degrees
of Success***

Despite steady water quality improvement in EPA Region 2 over the past two decades, Combined Sewer Overflows have continued to impair New York and New Jersey water bodies, according to 1998 Water Quality Reports. Nonetheless, we found that certain communities, including New York City, made significant efforts to address Combined Sewer Overflows, resulting in varying degrees of success.

Combined Sewer Overflow represents the discharge of untreated waste, wastewater, and stormwater into a water body when a combined sewer system exceeds capacity. Neither New York nor New Jersey fully implemented EPA's 1994 Combined Sewer Overflow Control Policy. New York renewed 64 percent (44 of 69) of its Combined Sewer Overflow permits without change, thus failing to address new elements in the 1994 Policy. New Jersey reissued its general permits for all its permittees without revising the general permit to include certain long-term control planning elements. Barriers to effective Combined Sewer Overflow activities by permittees included: (a) economic stresses, (b) interjurisdictional disagreements, and (c) high costs. Furthermore, both states have large permittees operating under administrative consent orders and judicial court orders that predate the Policy.

Both New York City and Westchester County took active approaches to implement Combined Sewer Overflow controls, spending a total of more than a billion dollars on capital improvements and control technologies. Different approaches by New Jersey permittees also met with varying levels of success.

We recommended that the Regional Administrator work with New York and New Jersey to establish a plan with milestones to ensure timely updates and aggressive

monitoring of Combined Sewer Overflow permits. We issued our final report (2001-P-00001) on January 3, 2001. A response to the report was due April 3, 2001.

***EPA Should
Improve
Monitoring of
Violators'
Compliance with
Enforcement
Instruments***

EPA's annual enforcement accomplishment reports did not accurately represent the actual environmental benefits resulting from enforcement activities. For example, the fiscal 1999 report stated that enforcement actions resulted in the reduction of more than 6.8 billion pounds of pollutants. This may have been either an understatement or overstatement, since violators did not always comply with the enforcement instruments and EPA did not have comprehensive data. Also, EPA's enforcement performance measures were inadequate to determine the program's actual accomplishments.

EPA regions often did not adequately monitor compliance with enforcement instruments, nor take further enforcement actions against violators who did not comply or did not comply timely. We could find no evidence of monitoring around the due dates for compliance in more than 50 percent of the cases reviewed. We found no evidence of compliance in 25 percent of the cases, and an additional 30 percent were late in complying or EPA did not know whether compliance was timely. EPA did not take further enforcement actions in 85 percent of cases where violators did not timely comply, or EPA did not know whether they did. In 87 percent of the cases where the files contained no evidence of compliance, EPA issued the instruments for significant violations.

We recommended that EPA's Acting Assistant Administrator for Enforcement and Compliance Assurance: (1) establish a performance measure for ensuring that facilities under a formal enforcement action return to compliance; (2) identify a more accurate method for reporting actual, rather than estimated, accomplishments resulting from EPA's enforcement activities; and (3) issue baseline guidance for monitoring violators' efforts to comply with enforcement instruments and consider further enforcement actions when violators fail to comply with instrument requirements. We also recommended that all Regional Administrators adequately monitor violators' actions, consider further enforcement actions when appropriate, and determine the status of those cases where our review showed no evidence of violator compliance.

We issued our final report (2001-P-00006) on March 29, 2001. In responding to our draft report, EPA agreed that efforts to ensure the terms of compliance with judicial instruments should be tracked as a performance measure. EPA also agreed to clarify language on claimed benefits in its future reports. EPA has begun to take steps to improve tracking and enforcing compliance with requirements in enforcement instruments. However, EPA still needs to track both judicial and administrative instruments as a performance measure. A response to the final report is due June 28, 2001.

***Improvements
Needed to
Strengthen
Montana's RCRA
Enforcement
Program***

Montana's Department of Environmental Quality did not always appropriately classify Resource Conservation and Recovery Act (RCRA) violators or initiate timely enforcement actions in accordance with its enforcement agreement with EPA Region 8. Specifically, Montana did not:

- Take timely initial enforcement actions to compel facilities to quickly return to compliance.
- Consider economic benefit or multi-day components in its penalty calculations.
- Adequately document penalty decisions or a facility's full return to physical compliance.
- Consistently record penalty information into the RCRA Information System.

Also, EPA Region 8 staff did not adequately update the RCRA Information System.

Montana could have benefitted from more effective case monitoring, a more collaborative internal team approach, and adequately documenting its RCRA activities in the facility files.

We recommended that the EPA Regional Administrator require Montana to comply with its new enforcement agreement, escalate recalcitrant facilities for formal enforcement action, fully calculate and document penalties, and adequately document violator classifications and a facility's full return to compliance. We also recommended that Region 8 officials work with Montana staff to better prioritize enforcement requests, monitor case progress, and implement cross-training and information-sharing plans.

We issued our final report (2001-P-00004) on March 28, 2001. In response to the draft report, Region 8 officials agreed with the recommendations and most of the findings, but Montana did not. A response to the final report is due June 28, 2001.

***Company Exposes
Workers to Health
Risks, Pleads***

On December 8, 2000, Construction Personnel, Inc. (CPI), also known as Service Management, Inc., pleaded guilty to a criminal information filed on November 8, 2000, in U.S. District Court, District of Colorado. CPI pleaded to seven counts, including false claims, conspiracy, false statements, wire fraud, money

***Guilty to
Conspiracy and
Immigration
Violations***

laundering, aiding and abetting, and immigration violations of encouraging/inducing unauthorized aliens.

On the same date, CPI also pleaded guilty to a five-count criminal information in the Eastern District of Tennessee. Those charges included conspiracy, wire fraud, money laundering, and felony and misdemeanor violations of encouraging and inducing unauthorized aliens. The firm's president, Roy Weaver, and vice president, Ron Goodwin, pleaded guilty to conspiracy, wire fraud, and a felony violation of

inducing aliens. Tina Voiles, a payroll clerk, pleaded guilty to a misdemeanor violation of inducing aliens. Also on that date, CPI pleaded guilty in the Middle District of Louisiana to a criminal information charging conspiracy, wire fraud, money laundering, and violations of immigration laws.

The defendants provided hourly laborers to various construction and demolition contractors, including contractors who performed asbestos abatement work. The majority of the workers were unauthorized aliens, not legally eligible to work in the United States. The defendants knowingly hired these aliens and provided them, or assisted them in obtaining, the documents necessary to work in asbestos abatement. These documents included health certificates, social security cards or numbers, and asbestos training certificates and licenses, many of which were false.

The fraudulent scheme undercut Federal and state laws designed to protect workers and the public from health risks by requiring workers to be properly trained and certified to remove, handle, and dispose of asbestos-containing material.

This investigation was conducted by the EPA OIG as part of the Tennessee Environmental Crimes Strike Force.

***Southbay Utilities,
Inc., Sentenced for
Clean Water Act
Violations***

In November 2000, Southbay Utilities, Inc., and its corporate president were sentenced in U.S. District Court, Middle District of Florida, to pay fines and restitution totaling more than \$1.7 million for violations of the Federal Water Pollution Control Act, often called the Clean Water Act.

Southbay Utilities was ordered to pay fines and restitution totaling \$1,295,400 to various environmental protection funds and to the United States, while Paul L. Paver, corporate president, was sentenced to pay fines and restitution totaling \$455,025 to the Middle District of Florida Environmental Resolution Trust Fund and the United States.

More recently, on March 27, 2001, Eli Ray Bontrager, a former vice president of Southbay Utilities, was indicted in U.S. District Court, Middle District of Florida, for one count of violating the Clean Water Act and four counts of witness tampering.

Shortly after Southbay Utilities' wastewater treatment plant began operation in 1976, its drain fields became saturated, making the plant unable to process the amount of effluent discharged. To relieve the pressure on the drain fields, Southbay Utilities installed underground bypass pipes without notifying government regulators. These bypass pipes allowed 1½ tons of nitrogen to pass directly into Dryman Bay without adequate treatment.

Excess nitrogen can spawn algae blooms that deplete oxygen needed by fish and block sunlight essential to the growth of plant life, a key source of food and shelter for marine life. These actions undermined the EPA's efforts and investment of millions of dollars to restore the watershed. The plant has since been closed.

This investigation was conducted by the EPA OIG, EPA Criminal Investigation Division, the Federal Bureau of Investigation, the Internal Revenue Service, and the Florida Department of Law Enforcement, acting together as members of the Tampa Bay Environmental Crimes Task Force.

***North Carolina
Improves its
NPDES Permit
Enforcement
Program***

As a result of a recent EPA OIG audit, North Carolina made improvements to its National Pollution Discharge Elimination System (NPDES) enforcement program that will improve protection of public health and the environment.

In September 2000, we reported (2000-P-00025) that EPA Region 4 needed to strengthen its oversight of North Carolina's NPDES enforcement program. In response, Region 4 developed a regional policy for oversight of minor facilities covering all states in the Region. The Region also committed to taking enforcement actions against significant noncompliers when the state and facility involved have not resolved the violation within 30 days after the Region's notice.

North Carolina, in response to our audit and after negotiations with Region 4:

- Developed a technique to detect violations of daily maximum limits in all permits and refer these violations to its regional offices for followup action.
 - Committed to incorporate economic benefit into penalties for egregious violations and chronic repeat violations.
 - Developed a storm water enforcement strategy that was negotiated with EPA Region 4.
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- Agreed to require permittees to use more sensitive test methods for chlorine and mercury.
 - Agreed to require all animal facilities that have a subsequent discharge to surface waters to apply for coverage under an NPDES Concentrated Animal Feeding Operation permit.

In addition, North Carolina's Department of Environment and Natural Resources agreed to request delegation authority from the State's Environmental Management Commission to establish deadlines for compliance without issuance of Special Orders by Consent.

Audit Leads to Improved Coordination Related to Endangered Species Protection

Following a recommendation in an EPA OIG audit to encourage better coordination of efforts related to water quality standards, EPA, the Fish and Wildlife Service, and the National Marine Fisheries Service signed a memorandum of agreement establishing procedures to enhance coordination on the protection of endangered and threatened species under Section 7 of the Endangered Species Act and the Clean Water Act. The memorandum of agreement directs EPA and the Services to establish local/regional review teams to identify upcoming priorities and workload requirements and generally ensure close coordination on the full range of activities involving water quality and endangered/threatened species protection.

We recommended in our September 2000 report, *Proactive Approach Would Improve EPA's Water Quality Standards Program* (2000-P-00023), that EPA encourage collaborative processes with EPA regions, states, tribes, and the Services in conducting triennial reviews and standards revisions.

Audit Leads to Uniform Federal Policy for Implementing Environmental Quality Systems

An EPA OIG audit led to a task force establishing uniform Federal policy to resolve inconsistencies and deficiencies in the way various Federal agencies assure the quality of environmental data, which should result in efficiencies and improved data. In response to our March 1997 audit report (7100132) on environmental data quality issues related to Federal facility Superfund sites, EPA worked with the Departments of Defense and Energy to establish the Intergovernmental Data Quality Task Force. These agencies charged the task force with developing guidelines for environmental data quality systems for environmental activities conducted by the agencies.

In November 2000, the task force issued the Uniform Federal Policy for Implementing Environmental Quality Systems. This policy will serve as the high-level policy for documenting and implementing acceptable quality systems for Federal agencies, and for resolving inconsistencies and deficiencies in the ways Federal agencies assured the quality of environmental data. The benefits of a consistent Federal policy for quality systems across Federal agencies include:

- Improving the effectiveness of Federal environmental programs by focusing on results, quality of data and services, and customer satisfaction.
- Clarifying roles and responsibilities in managing and overseeing environmental data and technology programs.
- Having sufficient confidence in the systems so that duplicative oversight can be minimized.
- Enhancing accountability and public confidence in environmental decisions.

Goal 2: Improve EPA's Management and Program Operations

The Office of Inspector General assesses EPA's management and program operations to identify best practices, areas for improvement, and cooperative solutions to problems. The OIG's work is designed to promote efficiency and effectiveness within EPA. The following represent some examples of the more significant efforts under this OIG goal.

EPA Earns Unqualified Opinion on Financial Statements

EPA earned an unqualified opinion on its fiscal 2000 financial statements. This is a major accomplishment for the Agency. Nonetheless, the Agency needs to further improve its financial statement preparation processes to ensure accuracy, timeliness, and better day-to-day management. In evaluating EPA's internal controls, we noted certain matters that we consider to be reportable conditions, but none are believed to be a material weaknesses which would prevent the presentation of reliable financial statement amounts.

We did not identify any instances of noncompliance with laws and regulations that would result in material misstatements to the audited financial statements. However, we did note EPA was not in substantial compliance with Statement of Federal Financial Accounting Standards No. 4 that requires EPA to determine the full costs of its activities, regularly accumulate and report cost of activities, and use appropriate costing methodologies. We also noted noncompliance related to reconciliation of intra-governmental transactions and financial system security.

EPA continues to make progress with completing Federal Financial Management Improvement Act remediation plan actions. EPA made significant improvements in the financial statement preparation process, financial system security plan, and federal trading partner information.

In a February 15, 2001, response to our draft report, the Agency generally concurred

with our recommendations and has completed or planned a number of corrective actions. However, the Agency disagreed with our conclusions that the process for preparing financial statements was a reportable condition and that there was noncompliance with the managerial cost accounting standard. We issued the final report (2001-1-00107) on February 28, 2001. A response to our final report is due by May 30, 2001.

***Plan to Enhance
State and Tribal
Superfund Roles
Needs Measurable
Goals***

To encourage greater state and tribal participation, EPA developed a *Plan to Enhance the Role of States and Tribes in the Superfund Program* in March 1998. EPA funded pilot projects with eight states and nine tribes, and concluded that the pilots successfully overcame barriers and helped states and tribes agree upon mutual expectations, enabling quicker cleanups of more sites.

Although EPA concluded that its pilot projects to enhance the roles of states and tribes in the Superfund program were successful, we found that EPA's plan to implement these projects did not have measurable goals and EPA did not fully track costs. We noted that EPA's lack of performance goals and measures for the pilot program limited EPA's ability to document its success. Also, while EPA had a record of how much it provided the states and tribes for the pilot projects, it did not track other implementation and oversight costs.

We issued our final report (2001-M-00002) on November 17, 2000. EPA responded to the report on February 6, 2001. EPA agreed to work with regions to develop a strategy to: communicate needed information; develop customized plans; collect baseline information; establish appropriate measures; and track total costs.

***Chicago Public
Schools Misspend
Asbestos
Abatement Funds***

We questioned \$14.4 million of the \$14.6 million claimed by the Chicago Public Schools under an EPA asbestos abatement loan because the district either did not spend the money as authorized or did not maintain sufficient documentation for us to determine whether the money was used as authorized.

EPA provided the Chicago Public Schools with a loan of \$14.6 million under the Asbestos School Hazard Abatement Reauthorization Act of 1990, to assist the district in the abatement of asbestos in 20 schools. Specifically, we questioned:

- \$1.8 million for unauthorized activities outside the statutory limits of the
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Act, approved scope of work, or approved project period.

- \$1.4 million in funds in excess of the final claimed costs.
- \$11.2 million because lump-sum contracts included both authorized abatement work and other unauthorized work, and we could not quantify the eligible and ineligible costs due to a lack of supporting documentation.

We recommended that EPA recover \$1.8 million for unauthorized activities and \$1.4 million of excess funds. The district returned the excess funds to EPA subsequent to our audit. We also recommended that EPA require the recipient to identify and support the costs for eligible activities in the unsupported \$11.2 million, and then recover the portion that the recipient cannot identify and support as eligible abatement activities.

We issued the final report (2001-1-00120) on March 26, 2001. A response to the final report is due by June 24, 2001.

***Ohio School
District Misspends
EPA Funds
Intended for
Asbestos
Abatement***

We determined that \$4 million of the \$4.3 million claimed by the Napoleon City (Ohio) Schools under an EPA asbestos grant and loan was questionable because the district did not spend the funds in accordance with Federal laws, regulations, and the terms of the assistance agreement. This included at least \$2.5 million in ineligible costs that EPA should recoup.

EPA provided the school district with a combination grant (\$1.9 million) and loan (\$2.4 million) under the Asbestos School Hazard Abatement Reauthorization Act of 1990, to assist in the abatement of asbestos in the district's high school and middle school. We found that the district inappropriately made claims for:

- Damages and delays caused by a contractor's deficient work and default.
- Renovations and other items neither authorized nor necessary.
- Unauthorized asbestos abatement.
- Lump-sum contracts including both authorized asbestos abatement and general renovation work.
- Non-competitive contracts and other agreements not procured as required.
- Duplicate, unallowable, and unsupported costs.

We recommended that EPA immediately recover the \$2.5 million of ineligible costs. We also recommended that EPA determine the eligibility of the unsupported work, including renovation work under lump-sum contracts, and make any additional recoupments appropriate.

We issued the final report (2001-1-00073) on January 11, 2001. A response to the final report is due by July 11, 2001.

***Access to EPA
Payroll and
Personnel System
Not Adequately
Controlled***

EPA did not adequately control access to the Environmental Protection Agency Payroll and Personnel System (EPAYS). Some users had EPAYS access when they did not need it, and others were granted access authorities greater than needed. Furthermore, some users continued to have access after they left the Agency or transferred to different job functions. EPAYS is used to process all EPA payroll and personnel-related data, and improperly managed access controls increase the potential for fraud, waste, and abuse of such data.

In addition, users were granted excessive access to EPAYS data sets that contained sensitive information. Many of these users generally needed access to some of the data sets, but not all. Excessive access can result in EPA employees' personnel information being vulnerable to misuse or abuse, including identity theft.

The report included recommendations to improve controls over access to EPAYS information. The recommendations focused on restricting access to only the information users need to perform their job functions. The Agency concurred with the recommendations and took a number of positive actions to correct the deficiencies identified in this report.

We issued the final report (2001-P-00004) on March 22, 2001. A response to the final report is due June 20, 2001.

***Financial
Assurance Needed
for Closing and
Maintaining
Waste Sites***

In many cases, corporations appear to have provided sufficient financial assurance to pay for closing and post-closure care of hazardous waste facilities and municipal solid waste landfills. However, in some cases, we determined such assurance might not provide funding that would be adequate to ensure facilities will not pose a threat to human health and the environment. This would leave the possibility that states or the Federal government may need to step in to address such threats. Specifically:

- There is insufficient assurance that funds will be available to cover the full period of landfill post-closure. Regulations require post-closure activities and financial assurance for 30 years after closure and more if necessary, but state and Federal policy was generally insufficient for extending beyond 30 years, even though many landfills may need extensions. For the nine states sampled, state officials indicated 20 percent of the landfills would definitely require care beyond 30 years, and such need had not been evaluated for another 74 percent. By the year 2030, we estimated the unfunded burden for the nine states reviewed would be
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almost \$19 million and growing.

- Some facilities submitted cost estimates that were too low, and state officials expressed concerns that the cost estimates were difficult to review. Software is available that can help states review cost estimates submitted by facilities.
- Insurance policies written by “captive” insurance companies (self insurance) do not provide an adequate level of financial assurance. Most captive insurance companies are wholly owned subsidiaries in the corporation of the company they are insuring, and if a parent company experiences financial difficulties, the captive insurance company may not be able to provide needed closure and post-closure funds, which averaged \$13.3 million for the facilities in our sample.
- Analyses of potential failure rates for various financial assurance mechanisms did not include all significant risk factors. Therefore, the risks that funds will not be available when needed from financial assurance mechanisms – such as insurance, surety bonds, and trust funds – may be higher than EPA estimated.

We recommended that EPA’s Acting Assistant Administrator for Solid Waste and Emergency Response provide specific guidance regarding insurance matters, further develop existing training materials, and facilitate the exchange of information through an Internet bulletin board. We also recommended that, as resources allow, criteria be developed for the appropriate post-closure care time frames, and that states be helped to obtain review software.

We issued the final report (2001-P-007) on March 30, 2001. A final response is due June 28, 2001.

***OIG Works with
EPA Region 2 on
Assistance
Agreement Guide***

On January 30, 2001, OIG reported (2001-P-00002) that improvements were needed in Region 2’s Management of Children’s Health Risk Initiative and Related Projects. We pointed out concerns with grants administration, including inadequate review and approval of applicants’ workplans and a lack of financial monitoring. We also indicated that recipients lacked sufficient knowledge of assistance agreement requirements to comply with EPA financial and administrative regulations and guidance.

After issuing the report, OIG collaborated with Region 2 on developing a synopsis of financial management requirements and other relevant information for assistance agreement recipients. In March 2001, the Region issued the Financial Management Requirements. The synopsis included requirements for financial record keeping,

audits, financial reporting, and record retention.

***OIG Completes
First Cycle of
State Revolving
Fund Audit
Program***

As of June 2000, State-administered Clean Water State Revolving Funds had assets of over \$30 billion and the Drinking Water State Revolving Funds had assets of about \$4 billion. In March 2001, the OIG completed the first cycle of its State Revolving Fund financial and compliance audit program, developed in cooperation with the Office of Water to cover Clean Water and Drinking Water programs.

As part of our effort, OIG either assessed audits conducted by states or conducted the audits. Since fiscal year 1998, OIG audited State Revolving Funds for 10 states. During the 6-month period ending March 31, 2001, the OIG:

- Issued our first “Best Practices” report on South Carolina’s Subrecipient Monitoring program.
- Reported on the Washington State Water Pollution Control Revolving Fund for the year ended June 30, 2000, which included unqualified opinions on the financial statements and did not identify any material weaknesses in internal controls or instances of noncompliance.
- Started the second round audits of California and Utah.
- Consulted with Nevada on developing and testing a new program management and accounting system for both the Clean Water and Drinking Water State Revolving Funds.
- Consulted with the Washington State Drinking Water program on proper accounting and financial reporting for the Drinking Water State Revolving Fund.

***Government
Employees and
Vendors Plead
Guilty to Credit
Card Fraud***

Lolita Flemmings Lee, a former facility manager in EPA’s Facilities Management and Services Division, was sentenced in U.S. District Court, District of Columbia, for conspiracy to defraud the government, stemming from the improper use of a government credit card. Lee was sentenced on November 21, 2000, to three years probation, six months of which is to be served in home detention, and 500 hours of community service. She was also ordered to pay \$68,300 in restitution to EPA and a \$100 special assessment. In addition, Lee resigned her position at EPA. As a result of this investigation, EPA’s Facilities Management and Services Division has increased internal controls associated with its use of government issued credit cards.

From November 1998 through February 2000, Lee used her government issued credit

card to make fictitious purchases from Charles Hawkins of CJ's Stationery. Instead of providing merchandise to EPA for the purchases, Hawkins would provide cash to Lee, keeping a portion of the cash for himself. In addition, Lee used her government credit card to make purchases for her personal benefit.

Hawkins pleaded guilty to a criminal information on October 10, 2000, in U.S. District Court, Eastern District of Virginia, to conspiracy to defraud the government and possession of a firearm by a convicted felon. On January 5, 2001, he was sentenced to 15 years in prison on the firearms charge, five years in prison for conspiracy (to run concurrently), and three years probation. He was also ordered to pay restitution of \$58,780 to EPA, \$34,553 to the Department of the Army, and a \$200 special assessment.

In addition to the conspiracy at the EPA with Lee, Hawkins was conducting a similar conspiracy with Quintin A. Swann, a supply specialist with the Department of the Army. Swann pleaded guilty to a criminal information on January 31, 2001, in U. S. District Court, Eastern District of Virginia, to bribery and wire fraud. He has not yet been sentenced. Swann, in addition to his conspiracy with Hawkins, was conducting similar fraudulent credit card transactions with Robin Noland of Direct Office Products.

Noland pleaded guilty to conspiracy to defraud the government in U.S. District Court, Eastern District of Virginia, on September 11, 2000. She was sentenced on December 22, 2000, to two years probation, and was ordered to pay restitution of \$72,500 to the Department of the Army, and a \$100 special assessment.

This investigation was conducted jointly by the EPA OIG; the Federal Bureau of Investigation; the Defense Criminal Investigative Service; and the Department of the Army, Criminal Investigations Division.

***EPA Employees
Reprimanded for
Improper Use of
Grant Funds***

On November 28, 2000, a Program Management Officer in EPA's Region 4 received a letter of reprimand for his part in a scheme to improperly use grant money. The employee requested the Mississippi Agricultural Aviation Board to use its EPA Performance Partnership Grant to purchase laptop computers for use by EPA personnel. The grant funding this Mississippi board was monitored by the employee. Two additional EPA employees, who received laptop computers as a part of this scheme, received warning letters for their involvement. The computers have been returned to the State of Mississippi.

***Guilty Plea
Entered for
Identity Theft***

On October 2, 2000, Edward R. Washington pleaded guilty to two separate criminal informations in the District Court of Maryland for Anne Arundel County. In the first information, Washington pleaded guilty to one count of theft, and was sentenced to 28 months in prison, with 14 months suspended, and two years probation. In the second information, Washington pleaded guilty to one count of forgery, and was again sentenced to 28 months in prison, with 14 months suspended, and two years probation, to be served concurrent with the first sentence. He was also ordered to pay \$1,008 in restitution to Cellular One.

Several EPA employees were notified by credit bureaus, loan companies, banks, and retail establishments that an individual, later identified as Washington, was impersonating the EPA employees and using their credit, resulting in the theft of thousands of dollars. An EPA employee had released government documents which contained personal information of those EPA employees to Washington. The EPA employee who released the documents resigned as a result of the investigation.

This investigation was conducted by the EPA OIG and the U.S. Secret Service.

***State Employee
Indicted for
Forging Air
Inspection
Reports***

On March 5, 2001, Day Niederhauser was indicted by a Commonwealth of Virginia Grand Jury for five counts of forgery of public documents and five counts of computer trespassing. Niederhauser, an air inspector for the Virginia Department of Environmental Quality, allegedly generated false Level II air inspection reports and then entered the false data into the EPA-funded Comprehensive Environmental Data System, a computer data base which tracks state-conducted air inspections. From December 1999 to September 2000, Niederhauser allegedly was not physically present at 15 of the facilities to conduct the inspection reports.

Previously, on December 6, 2000, Niederhauser was terminated by the Virginia Department of Environmental Quality and ordered to repay that Department \$1,473 for unauthorized vehicle mileage usage and associated lost time from the workplace.

This investigation was conducted jointly by the EPA OIG, the Virginia State Police, and the Virginia Department of Environmental Quality.

Cost Savings to Result from Investigation of Hotline Complaint

As a result of a call to the EPA OIG Hotline, EPA Region 5 reviewed its implementation of emergency stand-by pay. The Hotline complainant alleged that two Region 5 employees were improperly approved for a \$400 bonus (stand-by pay) every pay period for the last year. In fact, three Region 5 employees were improperly receiving stand-by pay, a violation of the U.S. EPA Pay Administration Manual. Region 5 terminated the special pay for all three employees and agreed to comply with the Pay Administration Manual requirements. A cost savings may exceed \$23,400 as a result of the change.

Two Individuals Convicted for Embezzlement from Indian Tribal Coalition

On October 11, 2000, two representatives of the Nevada Indian Environmental Coalition pleaded guilty to a one-count misdemeanor criminal information, in U.S. District Court, District of Nevada, for embezzlement from a tribal organization. During 1997 and 1998, Anita Collins, the coalition's Executive Director, and Debra O'Neil, office manager, used a coalition credit card for personal expenses and other unauthorized purposes, such as cashing in earned leave / compensatory time without permission to do so. The coalition receives part of its funding from U.S. government agencies, including EPA. On January 12, 2001, Collins was sentenced to one year of probation, fined \$500, and ordered to pay a \$25 assessment. Collins had previously paid \$5,209 to the coalition. O'Neil was sentenced on February 2, 2001, to two years probation, ordered to pay restitution of \$4,324, and fined \$25.

Three Plead Guilty in \$2.6 Million Kickback Scheme

On March 22, 2001, in U.S. District Court, District of New Jersey, Frederic DiNonno pleaded guilty to a two-count criminal information charging him with conspiracy to violate the Anti-Kickback Act of 1986 and with filing a false Federal income tax return. Co-defendant Lawrence J. Towers pleaded guilty to a two-count criminal information charging him with violations of the Anti-Kickback Act and aiding DiNonno in filing a false tax return. Co-defendant Stephen A. Cannon also pleaded guilty to aiding DiNonno in filing a false tax return.

DiNonno admitted that he created a shell company to receive the kickbacks paid by vendors who subcontracted with his employer, Ebasco Services, Inc. Ebasco was a major government contractor, providing power generation, environmental remediation, hazardous waste processing, and construction services to numerous government agencies.

Ebasco's vendors paid more than \$2.6 million in kickbacks to DiNonno and his co-conspirators in exchange for favorable treatment. Approximately \$800,000 of the

kickbacks were in connection with government contracts. DiNonno also admitted that he did not report \$315,675 in kickback payments he received in 1992 on his Federal income tax return for that year.

This investigation was conducted by the EPA OIG; the Defense Criminal Investigative Service; the National Aeronautics and Space Administration, Office of Inspector General; and the Internal Revenue Service, Criminal Investigations Division.

***EPA Contractor
Resolves
Racketeering
Charges***

On March 9, 2001, Pritam Singh Sabharwal, formerly of Lexington, Kentucky, and most recently of New Delhi, India, entered a guilty plea to a criminal information in U.S. District Court, Eastern District of Kentucky, charging him with one felony count of obstruction of a Federal audit. Sabharwal was the President of Environmental Health, Research, & Testing, Inc. (EHRT), an EPA hazardous waste remediation and laboratory research contractor.

In 1996, EHRT filed for Chapter 11 bankruptcy and failed to pay a \$1 million fine associated with criminal charges brought against Sabharwal and EHRT in the 1993 bribery of an EPA official. An OIG investigation resulted in a May 30, 2000, criminal indictment, superseded by a 12-count racketeering indictment on November 2, 2000, charging Sabharwal, four family members, and a business associate with various counts of mail fraud, wire fraud, bank fraud, bribery of two government officials, and obstruction of a Federal audit. Named as defendants in addition to Pritam Sabharwal were his two sons, Paul and Shawn Sabharwal; his wife, Jean Sabharwal; a nephew, Harpreet S. Chadha; and former EHRT Vice President, Dushyant Gulati.

The guilty plea by Pritam Sabharwal is part of a comprehensive plea agreement between the prosecution and the various defendants that will resolve the November 2000 indictment. At the time of the indictment, Pritam Sabharwal was residing in India, beyond the jurisdiction of the Federal courts. In consideration of his return to the United States and guilty plea to the criminal information, the prosecution agreed to seek the dismissal of the indictment.

This investigation was conducted jointly by the EPA OIG and the Defense Criminal Investigative Service.

***EPA Improves
Superfund***

As a result of an investigation into alleged false statements, EPA changed the wording of the Comprehensive Environmental Response, Compliance and Liability Act (CERCLA) "Information Request Pertaining to Financial Disclosure Package"

Financial Disclosure Package

required pursuant to Section 104(e) of the CERCLA to make time frames outlined in various parts of the package consistent. Prior to the change, the 104(e) letter requested financial information for the past 5 years, while the Financial Statement of Individuals form that accompanied the letter requested information for only the past 3 years. Both the letter and form now request information for the past 5 years. This change was made in part because the conflicting time periods requested caused difficulty in prosecuting cases for false statements.

Former State Air Authority Director and Employee Sentenced

On March 7, 2001, Patsy J. DeLuca, former Executive Director of the North Ohio Valley Air Authority (NOVAA), was sentenced in U.S. District Court, Southern District of Ohio, for accepting an unlawful gratuity and conspiracy to defraud the United States. DeLuca was sentenced to four months in prison; two years probation, four months of which is to be served in home detention; and ordered to pay a \$10,000 fine and a \$200 special assessment.

On March 8, 2001, Vincent R. Zumpano, a former employee of NOVAA, was sentenced in the same court for aiding and abetting the acceptance of an unlawful gratuity and conspiracy to defraud the United States. Zumpano was sentenced to 15 months in prison, two years probation, and ordered to pay a \$8,000 fine and a \$200 special assessment.

Prior to disbanding, NOVAA was a multi-county air quality regulatory agency headquartered in Steubenville, Ohio. NOVAA received funds from the EPA through the Ohio Environmental Protection Agency to enforce federal and state air quality laws. While DeLuca was the Executive Director, he agreed to accept \$169,750 from Pine Hollow C&D Landfill for advising them on pending applications before the Ohio EPA for new or expanded sites. DeLuca was aided in this agreement by Zumpano and others.

EPA Reduces Negotiation Times

In response to our March 1998 advisory and assistance report, *Superfund: RD/RA Negotiation Time Frames* (8400015), which identified and evaluated trends in negotiations related to Superfund remedial design/remedial action (RD/RA), EPA issued policies that resulted in reducing the average time taken for these negotiations. In November 2000, EPA evaluated the impact of their policy changes by using one of the analyses from our March 1998 report. This analysis found that the number of RD/RA negotiations over 120 days decreased by 40 percent and average negotiation time frames declined 47 percent after the policy changes took effect.

EPA Assists

In response to OIG advice, EPA Region 5 addressed problems in its peer review process that should better ensure the integrity of scientific analyses. Region 5 issued

Goal 3: Produce Timely, Quality and Cost-Effective Products and Services That Meet Customer Needs

Region 5 to Strengthen Peer Review Process

orders designed to improve the way regional science activities are conducted. The orders call for specific actions to assure: (a) strict implementation of the Agency peer review handbook, (b) secure data and records, and (c) a sound approval process for science and technical work products.

OIG Credited for State Program Improvements

In her January 2001 response to our audit (Report 2000-1-000416, issued September 21, 2000) on the management of more than \$16.7 million in Federal funds awarded to Rhode Island since fiscal year 1996, the Region 1 Administrator credited OIG contributions. "I feel that the improvement made by the Rhode Island Department of Environmental Management in the management of their operation as a result of your suggestions has put this program on a better foundation," the Regional Administrator noted.

The report, issued in September 2000, noted that the state agency did not have adequate internal controls to ensure Federal funds were being managed appropriately, and recommended actions to rectify the weaknesses. The state agency developed a corrective action plan to address our concerns.

The Office of Inspector General is a customer-driven organization in which customer needs serve as the basis for work planning and the design of OIG products and services. All OIG work is based on anticipated value to Congress and EPA. The following represent some examples of the more significant efforts under this OIG goal.

EPA OIG recently joined EPA's Office of Site Remediation Enforcement and Office

***OIG and Agency
Team Addresses
Superfund
Collections and
Receivables Issues***

of Chief Financial Officer on an Agency Joint Management Review team that assessed the management of Superfund collections and receivables in EPA and the Department of Justice. EPA designated the management of collections and accounts receivables due the Trust Fund as a top Superfund priority. As of April 2000, EPA's records indicated about \$527 million in outstanding accounts receivable had been delinquent for more than 120 days.

The team identified: (1) practices that would facilitate collection of accounts receivables; (2) areas where the collection and receivable management process could be improved; and (3) areas in which EPA Headquarters could provide better guidance and support. The team also worked with Justice to reconcile differences between EPA and Justice, including making recommendations to improve the collection process and efforts of both agencies.

The team issued four reports: a national report (2001-S-00002) and three regional reports (Region 1: 2001-S-00003; Region 5: 2001-S-00004; and Region 6: 2001-S-00005). The offices involved are taking corrective actions.

***EPA OIG Hosts
Laboratory Fraud
Training***

During February 2001, EPA OIG conducted Laboratory Data Integrity Training. The conference, co-hosted by the EPA Laboratory in Las Vegas, Nevada, was attended by approximately 100 people representing 22 Federal agencies, including EPA. The objective of the course was to familiarize Federal investigators and prosecutors from several investigative agencies about the issue of laboratory fraud, which can occur both in government and contract labs. Examples of laboratory fraud include peak shaving, altered holding times for samples, and improper calibration of testing equipment. Integrity of laboratory data and testing is vital in making the decisions necessary to protect the environment.

***OIG Co-chairs
Small Business
Workgroup***

OIG's Office of Audit and EPA's Office of Solid Waste and Emergency Response, Office of Acquisition Management, Office of Small and Disadvantaged Business Utilization, and three Regions participated on a Small Business Workgroup to help small businesses work with EPA.

Agency senior management was highly receptive to the workgroup's recommendations and agreed to work together to:

- Communicate success stories to all its staff and educate Agency contract and program managers on the policies and regulations governing small business
-

utilization.

- Create an in-house advocate for small business utilization in each of its regional offices.

The Office of Small and Disadvantaged Business Utilization agreed to meet regularly with each program office and region to discuss program requirements and opportunities for small businesses.

Region 1 Training Program Developed in Response to OIG Small Grantees Reviews

To address problems noted in several EPA OIG reports, EPA Region 1 has developed a training program to educate new, small grantees in grants management. The OIG participates in providing the instruction.

In two prior reports – *Region 1's Overview of Small Grantees* (Report E1FMF6-01-0020-6100314, issued September 30, 1996) and *Nationwide Audit of Environmental Justice Small Grants Program* (Report E1FME6-01-0086-7100247, issued July 30, 1997) – OIG found that small grantees often were not familiar with Federal grant regulations and did not understand their responsibilities as Federal grantees. In some cases, this lack of knowledge prevented the grantees from successfully carrying out their project objectives.

The training program includes an overview of grants management issues, and specific instructions on carrying out the terms and conditions of the grant and meeting reporting requirements. The program also provides an opportunity for the Region and grantees to share information learned from other projects. OIG's Eastern Audit Division participates in this annual program by advising grantees what they can expect during an audit and how to prepare for an audit to minimize disruption to operations. Also, the OIG representative explains how an audit can be a management tool that helps to identify inefficient practices.

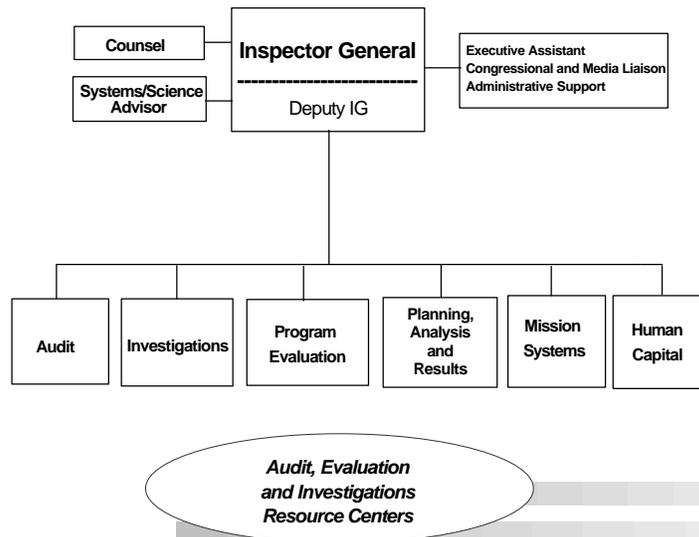
The Office of Inspector General is committed to becoming a high performance organization by recruiting and maintaining a diverse and highly competent workforce. The OIG promotes continuous learning and is expanding its use of technology and multi-discipline teams. The following represent some examples of the more significant efforts under this OIG goal.

Goal 4: Enhance Diversity, Innovation, Teamwork and Competencies

New OIG Organizational Structure

The **Office of Inspector General** established a new organizational structure effective January 2, 2001. This structure better supports our efforts to be a more responsive, customer-oriented organization by expanding OIG product lines and using a matrix management approach. Matrix management allows us to better match assignment needs and OIG employee skills. It also provides better career development opportunities for our employees to work on a wider variety of assignments in different

EPA Office of the Inspector General



locations with different teams and supervisors.

Leadership

The **Immediate Office of the Inspector General**, which provides overall leadership, policy, and direction to the OIG, contains three organizational units: 1) a Congressional and Media Relations Liaison who serves as the principal point of contact for all congressional and media relations activities for the OIG, (2) a Systems/Science Advisor who provides expert and independent advice on issues relating to science and business systems integration, and (3) an Office of Counsel

which provides independent legal services and support to the organization.

Product Lines

The new organization features three product lines. Two of these are the traditional Audit and Investigation activities and the third, Program Evaluation, is new.

The **Office of Audit** manages, coordinates and leads the policy and direction of audits in three major areas: systems, contracts and assistance agreements. The Systems Lead plans, develops and oversees audits of EPA's business systems and processes including: management information systems, financial systems, and human resources development. The Contracts Lead designs and oversees audits of EPA contracts and their effectiveness in achieving desired results. The Assistance Agreements Lead plans, develops, and oversees audits of grants and cooperative agreements, including EPA's management and effectiveness in achieving desired results.

The **Office of Investigations** manages, coordinates, and is responsible for investigations relating to EPA programs and operations, and is also organized using Leads. A Special Investigations Unit conducts investigations requiring an immediate response, such as allegations of criminal wrongdoing and misconduct by Agency officials, Congressional inquiries, and internal investigations. A Contract Laboratories Lead provides technical support and coordination for all contract laboratory investigations. A Computer Crimes group identifies, investigates, and helps to counter illegal intrusions of EPA's computer systems. A Proactive Lead develops and coordinates all contracts and assistance agreements investigations that have the potential for nationwide impact and participates in workload planning.

The **Office of Program Evaluation** manages, coordinates, and is responsible for evaluations of major EPA programs, and is also organized using Leads. Initially, these Leads are focusing on Air, Water, and Waste Management programs. These evaluations concentrate on: (1) the logic of each program's Government Performance and Results Act structure; (2) the program's effectiveness and efficiency; (3) the program's costs and benefits; and (4) the impacts and outcomes of these programs.

Planning and Support

The new organization also features organizations that support these product lines.

The **Office of Human Capital** manages, coordinates, and provides supervision to Resource Centers located throughout the country. This office is primarily responsible

for career management and staff development of OIG employees, with secondary responsibilities for assignment accomplishment, customer relations, marketing, and planning.

Resource Centers for Audits, Evaluations, and Investigations

There are 15 Resource Centers and each is managed by a Divisional Inspector General for Audit, a Divisional Inspector General for Investigations, or a Headquarters Office Director. The Divisional Inspectors General and Headquarters Office Directors are responsible for ensuring employees develop competencies through formal training and career enhancing assignments. They also manage their offices in accordance with established requirements; ensure audits, evaluations, and investigations comply with applicable professional standards; and effectively represent the OIG with its customers.

The **Office of Planning, Analysis, and Results** is responsible for developing, managing, and supporting a goals-based management system for the OIG that involves strategic planning and accountability for environmental, fiscal, and managerial results.

The **Office of Mission Systems** serves as the focal point for coordinating, developing, implementing, and maintaining OIG information resource management systems, developing and maintaining human resource systems, and providing human resource services for the OIG.

***OIG Aligns Staff
Accountability
with Strategic***

Through a multi-discipline team, the OIG developed new Performance Elements for all OIG staff, focusing on achieving results aligned with our organizational mission, goals, and values. Beginning in January 2001, staff performance is being evaluated based on activities and results relating to quality, quantity, timeliness, accuracy, cost

Goals

effectiveness, and application of knowledge in four areas. Feedback will be provided by a combination of external and internal assessments including surveys, discussions, observations, objective data reports, and 360-degree analysis. The feedback will be used to identify future training and development needs. Compensation and rewards systems will also be tied to these elements. This approach integrates organizational accountability with internal staff accountability by promoting a new relationship between and among employees and management. *The performance elements are as follows.*

Assignment Accomplishment

Produce results which support OIG strategic goals.

- ▶ Assignments produce useful results
- ▶ Products and services are timely, accurate, complete, and cost effective
- ▶ Demonstrates technical knowledge

Customer Service

Respond to customer needs in a manner that provides added value, generates customer demand, and projects a professional image of the OIG.

- ▶ Exhibits customer and business knowledge
- ▶ Builds relationships and professional image
- ▶ Gathers and acts on feedback

Personal Behavior

Exhibit appropriate behavior that supports the OIG's vision, philosophy, and values.

- ▶ Communicates in an open and constructive manner
- ▶ Demonstrates personal integrity and organizational independence
- ▶ Exercises personal leadership
- ▶ Participates actively in team efforts

Continuous Learning

Promote self improvement through continuous learning, which contributes to organizational improvement and/or self-fulfillment.

- ▶ Maintains and enhances professional competencies
- ▶ Encourages organizational learning
- ▶ Develops other staff

OIG Makes

The OIG established a Diversity Action Team that revised and disseminated the OIG Diversity Action Plan in January 2001 to all staff. The plan places personal

***Significant
Commitment
To Diversify Its
Workforce and
Skills***

accountability for success with both the managers and staff. The goals of the plan are to:

- Create an organizational climate that embraces diversity and strives to make everyone feel welcome (comfortable) and valued.
- Have a workforce where everyone is proactive in resolving disagreements/discord.
- Develop a diverse workforce whose skills and work experience are maximized for career advancement.
- Create a workforce and grade structure throughout the OIG that embraces diversity and mirrors the society at large.

In addition, the OIG tasked its Special Emphasis Program Managers to develop and implement a training program that fosters diversity in the workplace. To enhance staff competencies, the OIG has also identified the needed skills to conduct our work.

***OIG Establishes
Office Of Human
Capital***

As part of its reorganization, OIG established an Office of Human Capital to manage, coordinate, and provide supervision to the 15 Resource Centers within the OIG that perform audits, program evaluations, investigations, and other assignments.

The new Office has overall responsibility for assigning Resource Center staff based on assignment needs and employee career development requirements. This responsibility includes mentoring and coaching staff on career management and providing career development opportunities, as well as monitoring and assisting other OIG offices with work plan implementation.

The Office is also geared to monitor available OIG competencies and skills for recruiting goals, provide quality assurance that assignments meet professional standards, and provide customer relations and marketing of OIG products and services. Furthermore, the Office will lead efforts to improve OIG's audit, evaluation, and investigative processes in order to make OIG reports and products more responsive to customer needs and provide better services to EPA.
