



U.S. ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL

Semiannual Report to Congress

October 1, 2011–March 31, 2012



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EPA-350-R-12-002
May 2012

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Inspector General Act of 1978, as amended

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Abbreviations

CSB	U.S. Chemical Safety and Hazard Investigation Board
DCAA	Defense Contract Audit Agency
EPA	U.S. Environmental Protection Agency
FY	Fiscal Year
LSI	Laboratory for Scientific Interrogation, Inc.
OIG	Office of Inspector General
OMB	Office of Management and Budget
ORD	Office of Research and Development

Cover photos: An assortment of images related to work done by the EPA Office of Inspector General during the semiannual reporting period. Clockwise, from top left: mining activities at the future Botanic Garden in Pennsylvania (EPA OIG photo); a mountainous landscape in Central Appalachia before the mountaintop mine/valley fill process (EPA photo); the same landscape after the mine/valley fill process (EPA photo); and an EPA enforcement officer inspecting an underground storage tank (EPA photo).

Hotline

To report fraud, waste, or abuse, contact us through one of the following methods:

e-mail: OIG_Hotline@epa.gov
phone: 1-888-546-8740
fax: 202-566-2599
online: <http://www.epa.gov/oig/hotline.htm>

write: EPA Inspector General Hotline
 1200 Pennsylvania Avenue NW
 Mailcode 2431T
 Washington, DC 20460



Message to Congress

I am pleased to announce that the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA) has implemented a strategic plan for fiscal years 2012–2016. I believe a strategic plan is a fundamental element for the success of any organization, and one of my top priorities since becoming the EPA Inspector General has been to update our plan. Developing the plan involved an extensive process of assessing our internal and external environment and engaging with our stakeholders to guide us as we created a new vision for the OIG: “Be the best in public service and oversight for a better environment tomorrow.” We also refreshed our mission statement and updated our goals. The strategic plan stresses our core values of customer service, integrity, and accountability.



Arthur A. Elkins, Jr.

Being transparent is an important part of how we function, and to improve our transparency our notification memorandums announcing the start of new audits and evaluations are now available on our website. This way, the public can know about audits and evaluations in process as well as access the results of completed audits and evaluations.

During this semiannual reporting period covering October 1, 2011, through March 31, 2012, we did extensive work related to EPA’s disbursement of funds received from the American Recovery and Reinvestment Act of 2009 (Recovery Act). For one project, we found that the Botanic Garden of Western Pennsylvania used \$1.3 million in Recovery Act funds to construct ponds that are not being used for their stated purpose. Instead of being used for irrigation needs, the ponds are being used to capture runoff for a mining reclamation operation. At two other sites, we questioned whether Recovery Act fund recipients were meeting the Act’s Buy American requirements. Further, as a result of our investigation work, a California business owner was sentenced for submitting counterfeit surety bonds to the City of Sacramento in connection with a Recovery Act grant.

EPA addresses serious pollution problems through its enforcement actions. We found that EPA does not administer a consistent national enforcement program, and states do not always take the necessary enforcement actions. Despite EPA efforts to improve state enforcement programs, states frequently do not meet national goals. Further, although EPA has taken steps to improve its program to prevent oil spills into U.S. waters, the Agency remains largely unaware of the identity and compliance status of the vast majority of regulated facilities.

In other reviews, we noted that EPA does not currently have sufficient information on processes to effectively manage the human health and environmental risks of nanomaterials, which the Agency defines as chemical substances controlled at the scale of approximately one-billionth of a

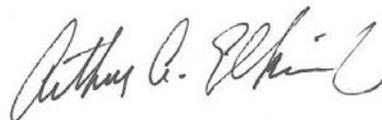
meter. Also, although EPA and the states use the Drinking Water State Revolving Fund to assist communities in achieving or maintaining compliance with drinking water standards, some high-priority systems were not aware of the program.

EPA complied with the 2010 Improper Payments Elimination and Recovery Act in that it reported all required information on improper payments, but EPA can improve the accuracy and completeness of that information. We also found that EPA did not comply with several key revisions to the Federal Acquisition Regulation regarding the use of cost-reimbursement contracts.

As a result of one of our investigations, a Georgia business owner was sentenced to 20 months in jail for fabricating a story in which he claimed persons posing as EPA employees had fined him for alleged environmental violations. A Tennessee man was sentenced to 6 months in jail for falsifying monthly Clean Water Act discharge monitoring reports. Two tribal coalition employees in South Dakota were sentenced for embezzling funds. A former EPA employee was sentenced to 5 years in jail for charges related to child pornography. Another former EPA employee was sentenced to 5 months in jail for perjury and obstruction of justice.

The EPA Inspector General also serves as the Inspector General for the U.S. Chemical Safety and Hazard Investigation Board (CSB). During this semiannual reporting period, we issued a report noting that CSB was not fully compliant with the reporting requirements of the 2010 Improper Payments Elimination and Recovery Act as it did not publish its Performance and Accountability report on its website. Another review found that CSB has an information security program in place that appears to be functioning as designed, although CSB could improve its vulnerability scanning and patch management process.

I want to express my appreciation to the Agency and Congress for their support of the work of the OIG. We have made great progress, and I believe we will continue to be a valuable partner for the EPA in its work to safeguard the health of the American people and to protect the environment today and for future generations.



Arthur A. Elkins, Jr.
Inspector General

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About EPA and Its Office of Inspector General

U.S. Environmental Protection Agency

The mission of the U.S. Environmental Protection Agency (EPA, or Agency) is to protect human health and the environment. As America's steward for the environment since 1970, EPA has endeavored to ensure that the public has air that is safe to breathe, water that is clean and safe to drink, food that is free from dangerous pesticide residues, and communities that are protected from toxic chemicals. EPA's fiscal year (FY) 2012 enacted budget is \$8,449,385,000.

EPA Office of Inspector General

The Office of Inspector General (OIG) is an independent office of EPA that detects and prevents fraud, waste, and abuse to help the Agency protect human health and the environment more efficiently and cost effectively. Although we are part of EPA, Congress provides us with a budget line item separate from the Agency's to ensure our independence. The EPA OIG was created and is governed by the Inspector General Act of 1978, as amended (5 U.S.C. App. 3). OIG staff are physically located at headquarters in Washington, DC; at EPA's 10 regional offices; and at other EPA locations including Research Triangle Park, North Carolina, and Cincinnati, Ohio. The OIG's enacted budget for FY 2012 was \$51,872,000 with 358 full-time equivalent positions. The EPA Inspector General also serves as the Inspector General for the U.S. Chemical Safety and Hazard Investigation Board (CSB).

OIG Issues Strategic Plan for FYs 2012–2016

As part of a new vision and revitalization for the EPA OIG, Inspector General Arthur A. Elkins, Jr., issued the OIG's Strategic Plan for FYs 2012–2016. This strategic plan will play an important part in guiding the OIG as it performs its work. Preparing the plan involved soliciting input from the OIG's many stakeholders, including the entire OIG staff, EPA leadership, congressional committees, state associations, the U.S. Government Accountability Office, and the U.S. Office of Management and Budget (OMB). This plan will be a living document that will provide a unified direction with clear expectations. The plan is at http://www.epa.gov/oig/reports/2012/EPA_OIG_Strategic_Plan_2012-2016.pdf.

The OIG's new vision, mission, values, and goals are as follows:

Vision

Be the best in public service and oversight for a better environment tomorrow.

Mission

Promote economy, efficiency, effectiveness, and prevent and detect fraud, waste, and abuse through independent oversight of the programs and operations of the EPA and CSB.

Values

- **Customer Service:** Everyone deserves to be treated with fairness, respect, and dignity.
- **Integrity:** Our people and products are trustworthy.
- **Accountability:** We are individually and collectively responsible for all we do.

Goals

1. Contribute to improved human health, safety, and environment.
2. Contribute to improved EPA and CSB business practices and accountability.
3. Be responsible stewards of taxpayer dollars.
4. Be the best in government service.

Key Topics

Recovery Act

The American Recovery and Reinvestment Act of 2009 (Recovery Act), signed by President Obama on February 17, 2009, provides the EPA OIG \$20 million for oversight activities through September 30, 2012. The OIG is conducting audits, evaluations, investigations, and other reviews to ensure economy and efficiency, and to prevent and detect fraud, waste, and abuse in EPA's disbursement of the \$7.2 billion it received under the Recovery Act. OIG assignments include reviews based on concerns raised by the public. Since the inception of the Recovery Act in 2009, the OIG has received 87 complaints related to EPA Recovery Act funds, and has conducted 174 Recovery Act awareness briefings and outreach sessions. As of March 31, 2012, the OIG had expended \$14,954,654 in Recovery Act funds. Individuals may report any suspicion of fraud, waste, or abuse via the OIG hotline at <http://www.epa.gov/oig/hotline.htm>. Details on OIG Recovery Act efforts during the semiannual reporting period ending March 31, 2012, follow.



Recovery Act Funds Inappropriately Used to Support Mining Reclamation Operation

The Botanic Garden of Western Pennsylvania used Recovery Act funds to construct ponds that are not being used for their stated purpose. Instead of being used for irrigation needs, the ponds are being used to capture runoff for a mining reclamation operation.



Mining activities on the site of the future Botanic Garden. (EPA OIG photo)

The Botanic Garden, located near Pittsburgh, Pennsylvania, used \$1,368,894 in Recovery Act funds to install three permanent irrigation ponds to collect, store, and recycle water for future irrigation needs. However, the ponds are being used as sediment ponds to capture runoff from a mining reclamation operation. Therefore, amounts claimed for building the ponds are not eligible or allowable project costs under the Recovery Act and the terms and conditions of the funding agreement. Additionally, the Botanic Garden is operating, through a contractor, a for-profit surface mining reclamation operation that will generate revenue for the Botanic

Garden. The revenue generated by the mining activity would be program income that must be used to offset the Recovery Act-funded project costs.

We recommended that EPA recover the \$1,368,894, and prevent the continued use of Clean Water State Revolving Fund dollars for this project. EPA, the Botanic Garden, and the Commonwealth of Pennsylvania did not agree with the findings and recommendations in this report.

(Report No. 12-R-0321, American Recovery and Reinvestment Act Site Visit of the Botanic Garden of Western Pennsylvania, March 8, 2012)

Site Visits Note Issues Regarding Buy American Requirements

As a result of site visits, we questioned whether two Recovery Act fund recipients were meeting the Act's Buy American requirements.

The **Village of Itasca, Illinois**, received a \$20 million loan from the State of Illinois through the Water Pollution Control Loan Program. The loan included \$10 million in Recovery Act funds, which the village used to construct a new wastewater treatment plant. The village did not comply with the Buy American requirements of the Recovery Act. Steel pipes and fittings used in the project were manufactured in foreign countries. We also identified other manufactured goods that did not comply with the Buy American requirements of the Recovery Act. As a result, the project is not eligible for the \$10 million of Recovery Act funds authorized by the state, unless EPA exercises a regulatory option. We recommended that EPA require Illinois to withdraw the Recovery Act funds unless the state can verify that Itasca has complied with Buy American requirements. *(Report No. 12-R-0377, American Recovery and Reinvestment Act Site Visit of Wastewater Treatment Plant, Village of Itasca, Illinois, March 30, 2012)*



Steel pipe label at Itasca site. (EPA OIG photo)



Well head at the Elizabeth City Well Field Expansion Site. (EPA OIG photo)

Elizabeth City, North Carolina, received a \$2,366,255 Recovery Act loan from North Carolina to expand its well field with four new wells to meet the state's 12 hour/day maximum pumping requirement. In the draft report, we questioned whether three manufactured goods used on the project met the Buy American requirements of Section 1605 of the Recovery Act, and whether engineering costs claimed were allocable to the Recovery Act project. In response to the draft report, the city provided additional information to

support Buy American compliance for one item. The city took corrective action and added the two remaining items to the project's Buy American de minimis waiver list. We concurred with the actions taken by the city. Further engineering support provided led us to conclude that costs incurred prior to the Recovery Act were needed to make the project shovel-ready and, therefore, were allocable to the project. (*Report No. 12-R-0109, American Recovery and Reinvestment Act Site Visit of the Elizabeth City Well Field Expansion Project, Elizabeth City, North Carolina, December 8, 2011*)

Business Owner Sentenced for Submitting False Surety Bonds

On March 20, 2012, Peter Scott, of Roseville, California, was sentenced in U.S. District Court, Eastern District of California, to 60 months of probation, including 3 months of home detention, for submitting false surety bonds in connection with a Recovery Act grant. Scott was also ordered to pay a \$500 fine and a \$200 special assessment.

In 2009, the City of Sacramento received a Recovery Act grant from EPA to retrofit water meters on city homes. Bidders for the water meter retrofit contracts were required to have surety bonds to cover any losses that may result during the project. Scott, President of Advantage Demolition and Engineering, was awarded two of these contracts valued at \$3.465 million. As part of those contracts, Scott submitted counterfeit surety bonds purportedly issued by the Merchants Bonding Company.

Scott's firm began work on the water meter project in November 2009. However, in early January 2010, City of Sacramento inspectors noticed problems with the firm's work. The city subsequently determined that the surety bonds submitted by Advantage Demolition and Engineering were fraudulent and issued a stop-work order.

This investigation was conducted with the Federal Bureau of Investigation.

Complaints Regarding Recovery Act Expenditures Reviewed

We completed two reviews of hotline complaints filed regarding EPA Recovery Act spending.

For one complaint, we did not find any indication of misuse of the \$20 million in EPA Recovery Act or Clean Water State Revolving Fund dollars provided to the **Metropolitan Water Reclamation District of Greater Chicago** by the State of Illinois. The \$20 million in Clean Water State Revolving Fund dollars included \$10 million in Recovery Act funds. A complaint alleged that the district may have used noncompetitive practices when procuring bond underwriting contracts and also incurred excessive expenses. However, the types of costs mentioned in the complaint were not included in the amounts paid to the district through the Clean Water State Revolving Fund or

Recovery Act funds. The EPA funding did not pay for questioned professional services contracts or other administrative costs such as training, travel, entertainment, or conference expenses. *(Report No. 12-X-0090, Close-Out of Complaint on Metropolitan Water Reclamation District of Greater Chicago Incurring Inappropriate Expenses on Recovery Act Projects, November 22, 2011)*

For another complaint, we found no evidence to support allegations regarding a wastewater treatment facility project for the **Perkins Public Works Authority, Perkins, Oklahoma**. Allegations claimed that the Recovery Act's Buy American and Wage Rate requirements caused the lowest construction bid of \$5.9 million to be almost 48 percent higher than the design engineer's estimated construction costs. We were not able to determine why the costs were so much higher than the engineer's estimates due to a lack of comparative data. However, we found no evidence that Recovery Act requirements caused the large increase. The Recovery Act's wage requirement had no effect because the contractor paid its construction employees higher wages than those required. The impact of the Buy American requirement was unknown because the contractor only requested prices for American-made goods, as required by the Recovery Act. *(Report No. 12-X-0161, Close-Out of Hotline Complaint on Unreasonable Cost Increase to the Wastewater Treatment Facility Improvements, Perkins, Oklahoma, December 29, 2011)*

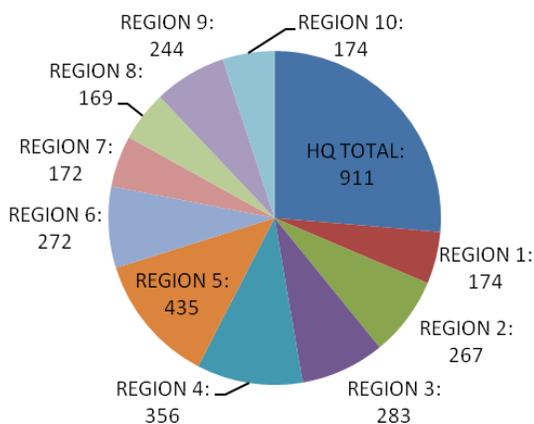
Enforcement

EPA, in partnership with state and tribal governments and other federal agencies, enforces the nation’s environmental laws, including the Clean Water Act and Clean Air Act. EPA addresses serious pollution problems through its enforcement actions.

EPA Must Improve Oversight of State Enforcement

EPA does not administer a consistent national enforcement program, and states do not always take necessary enforcement actions.

Despite efforts by EPA’s Office of Enforcement and Compliance Assurance and EPA regions to improve state enforcement performance, state enforcement programs frequently do not meet national goals. State enforcement programs are underperforming—EPA data indicate that noncompliance is high and the level of enforcement is low. EPA does not consistently hold states accountable for meeting enforcement standards, has not set clear and consistent national benchmarks, and does not act effectively to curtail weak and inconsistent enforcement by states.



Average enforcement full-time equivalent allocations, FYs 2000–2010. (Office of the Chief Financial Officer data)

EPA has made efforts to improve state performance and oversight consistency, but EPA does not manage or allocate enforcement resources nationally to allow it to intervene in states where practices result in significantly unequal enforcement. As a result, state performance remains inconsistent across the country, providing unequal environmental benefits to the public and an uneven playing field for regulated industries. EPA could make more effective use of its \$372 million in regional enforcement full-time equivalents by directing a single national workforce instead of 10 inconsistent regional enforcement programs.

We recommended that EPA establish clear national lines of authority for enforcement that include centralized authority over resources, address outdated guidance and policies, establish clear benchmarks for state performance, and establish a clear policy describing when and how EPA will intervene in states. All recommendations are unresolved pending receipt of EPA’s corrective action plan.

(Report No. 12-P-0113, EPA Must Improve Oversight of State Enforcement, December 9, 2011)

EPA Needs to Further Improve Management of Oil Pollution Prevention Program

Although EPA has taken steps to improve its program to prevent oil spills into U.S. waters, the Agency remains largely unaware of the identity and compliance status of the vast majority of Clean Water Act Section 311 regulated facilities. We performed this evaluation in response to a request from the House Committee on Transportation and Infrastructure.

Clean Water Act Section 311 prohibits the discharge of oil or hazardous substances into or upon U.S. navigable waters and adjoining shorelines in quantities that may be harmful. In 1973, EPA issued the Spill Prevention, Control, and Countermeasure Rule to establish procedures, methods, and equipment requirements to prevent oil discharges from



An aboveground storage facility in Nenana, Alaska. (EPA photo)

nontransportation-related facilities. The rule requires facilities to prepare plans outlining their spill prevention procedures and countermeasures to address the effects of an oil spill.

EPA has taken a number of steps to improve the quality and consistency of Spill Prevention, Control, and Countermeasure Rule Plans and Facility Response Plans. However, EPA still does not have sufficient knowledge on most facilities it is responsible for regulating. In addition, Agency data systems cannot exchange data with each other, and lack consistent and sufficient codes to categorize

deficiencies and noncompliance. These data system limitations prevent EPA from capturing the full details of a known violator's history or identifying trends in compliance and enforcement. As a result, EPA cannot assess the success of steps it has taken to improve the quality and consistency of plans or the oil pollution prevention program as a whole.

We recommended that EPA improve oversight of facilities regulated by EPA's oil pollution prevention program. While the Agency recognized that it could improve the program, it neither agreed nor disagreed with most of our recommendations. All recommendations in this report are unresolved.

(Report No. 12-P-0253, EPA Needs to Further Improve How It Manages Its Oil Pollution Prevention Program, February 6, 2012)

Controls Over State Underground Storage Tank Inspections Generally Effective

EPA regions have management controls to verify the quality of state underground storage tank inspections.

There are nearly 600,000 underground storage tanks in the United States. EPA annually provides \$34.5 million in grants to states, tribes, and territories to implement underground storage tank inspection and compliance programs. The three regions where we conducted our review had annually reviewed underground storage tank inspection programs to verify compliance with requirements. Two of the three regions conducted more extensive annual reviews and made recommendations to the states to improve their programs.



An EPA enforcement officer inspecting an underground storage tank. (EPA photo)

While we did not find any major deficiencies, the memoranda of agreement between EPA regions and the state programs either do not exist or do not reflect changes required by the Energy Policy Act of 2005. We recommended that EPA and states enter into such agreements, and EPA agreed with our recommendations.

(Report No. 12-P-0289, Controls Over State Underground Storage Tank Inspection Programs in EPA Regions Generally Effective, February 15, 2012)

Mountaintop Mining

The United States produced 1.1 billion tons of coal in 2009, and Appalachian Basin states account for 40 percent of all U.S. coal production. The U.S. Army Corps of Engineers has indicated that, since 1982, surface coal mining activities in the Appalachian region have become more prevalent. Consequently, there is increased concern regarding the adverse effects of those activities on the environment, including streams and other aquatic resources. The U.S. Army Corps of Engineers issues permits for surface coal mining under Clean Water Act Section 404, although EPA assesses the environmental and water quality impacts of the proposed permits.



A mountainous landscape in Central Appalachia before (top) and after (bottom) the mountaintop mine/valley fill process. (EPA photos)

Congressionally Requested Information Provided on Permit Applications

As a result of a request from the Ranking Member of the Senate Committee on Environment and Public Works, we sought to determine (1) the status of a list of 237 mountaintop mining permit applications and the length of review for each permit, (2) reasons for the length of review for each permit, and (3) the number of permits EPA has processed according to “enhanced review” and “conductivity” procedures and the average length of time to process a permit under these procedures.

We found the following regarding the three issues:

- (1) After reconciling discrepancies and vetting information, we identified 185 surface mining permit applications to review from the list of 237. We found that

over half of all permit activities—whether permitted, withdrawn, or pending—had taken 1 year or longer, with approximately 40 percent exceeding 2 years.

- (2) We found that several reasons account for the length of time, including complex reviews based on new scientific evidence, applicant factors, involvement of EPA headquarters, and a U.S. Army Corps of Engineers procedural change.
- (3) EPA identified 79 permit applications for enhanced review and, as of the issuance of our report, had issued 8 permits and 40 applications withdrawn (In October 2011, the U.S. District Court for the District of Columbia held that EPA operated beyond the scope of its authority under the Clean Water Act when it instituted the enhanced coordination process, and the court ordered it to be set aside.)

Our report did not make any recommendations.

(Report No. 12-P-0083, Congressionally Requested Information on the Status and Length of Review for Appalachian Surface Mining Permit Applications, November 21, 2011)

EPA Should Strengthen Records Management for Mining Permits

During our review of surface coal mining permits as a result of a congressional request (see above), we found that EPA staff in Regions 3, 4, and 5 should better document their records of review activities on Clean Water Action Section 404 surface mining permit notifications.

EPA reviews permit notifications for water quality and provides the U.S. Army Corps of Engineers with comment letters on some permit notifications. The Federal Records Act states that records should include all documentary materials in connection with the transaction of public business.

EPA regional staff believe that Agency comment letters are the only official records that they should maintain related to notification reviews. Because of the limited documentation, information we needed to complete our congressional review was not available, and we could not discern whether EPA had reviewed some notifications. Without knowledge of permit status and the resolution of comments, EPA may not be able to determine whether its reviews have desired environmental impacts. Further, EPA risks being out of compliance with the Federal Records Act.

EPA recently took actions that should improve documentation of the Agency's Section 404 activities nationwide. EPA's Office of Water developed the Data on Aquatic Resources Tracking for Effective Regulation system to alert staff of permit notifications and to track information. However, EPA currently limits the system's implementation to

standard permits only, and the use of the system is not mandatory. We recommended that EPA coordinate with headquarters and regions to identify the Data on Aquatic Resources Tracking for Effective Regulation system as an official recordkeeping system and develop a full implementation plan. EPA agreed with our recommendations.

(Report No. 12-P-0249, EPA Should Strengthen Records Management on Clean Water Act Section 404 Permit Notification Reviews for Surface Coal Mining, February 2, 2012)

Superfund

Superfund is the name given to the environmental program established to address abandoned hazardous waste sites. It is also the name of the fund established by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended. The Superfund Amendments and Reauthorization Act of 1986 requires the OIG to annually audit the Superfund program and report the results to Congress.

One of the major entities included in EPA's financial statements is the Hazardous Substance Superfund Trust Fund. Our audit of EPA financial statements for FY 2011 also meets our Comprehensive Environmental Response, Compensation and Liability Act requirement to annually audit the Superfund Trust Fund. EPA presented the financial statements for FY 2011 in a consolidated format and did not include a separate presentation on the Superfund Trust Fund. Details on the findings in the audit report of the financial statements are on page 20 of this semiannual report.

EPA Should Improve Controls Over Superfund Site Five-Year Reviews

Due to the lack of controls and procedures for EPA's review of Five-Year Review reports for Superfund sites, EPA does not know the extent to which the regions implemented recommendations and cannot be assured that its oversight is effective.

Five-Year Review reports are required at Superfund sites that are not approved for unlimited use and unrestricted exposure. These reports are intended to ensure that protectiveness determinations are accurate, supported by available information, and consistent in format nationwide. In 2007, EPA set a goal of reviewing at least 75 percent of draft reports submitted by EPA regions and delegated that responsibility to the Office of Superfund Remediation and Technology Innovation.

The Office of Superfund Remediation and Technology Innovation has not established sufficient management controls to ensure that reports consistently meet quality standards and adhere to guidance. Further, there is no formal process to resolve differences when the office and the regions disagree on conclusions before final reports are released to the public. Reviewers did not always follow up to determine whether the region implemented recommendations, and regions sometimes disregarded valid comments.

We recommended that EPA establish a process to resolve disagreements with regions on protectiveness determinations. We also recommended steps to improve the consistency,

thoroughness, and communication of Office of Superfund Remediation and Technology Innovation reviews. The Agency agreed with the recommendations.

(Report No. 12-P-0251, Stronger Management Controls Will Improve EPA Five-Year Reviews of Superfund Sites, February 6, 2012)

EPA Superfund Initiatives and Controls Reviewed as Required by Congress

We conducted a congressionally required review on EPA's current efforts to strengthen Superfund contracting controls to prevent waste, fraud, and abuse, focusing on findings in 20 OIG reports.

EPA uses a variety of instruments, such as contracts and interagency agreements, to clean up Superfund sites. In FY 2010, EPA obligated \$413 million to contracts and \$244 million in interagency agreements to the U.S. Army Corps of Engineers.

We identified three EPA initiatives related to Superfund contracting controls: (1) Contracts 2010 Strategy, (2) Office of Acquisition Management's Performance Measurement and Management Program, and (3) Recovery Act Stewardship Plan. In addition to those initiatives, EPA has other contract internal controls in place. We identified 20 OIG audit reports issued to EPA since FY 2005 with recommendations related to Superfund contracting controls. Corrective actions implemented as a result of our recommendations included verifying the timeliness of contractor performance evaluations, developing a process to ensure adjustment vouchers and monies owed to EPA are tracked until receipt, and requiring that a cost-benefit analysis be conducted prior to awarding a Cost-Plus-Award-Fee contract. We made no additional recommendations.

(Report 12-P-0360, EPA Superfund Contract Initiatives and Controls to Reduce Fraud, Waste, and Abuse, March 16, 2012)

EPA Has Completed Most Recommendations at Asheville Superfund Site

EPA Region 4 took actions on all recommendations made in a 2010 EPA OIG report regarding the CTS Superfund site in Asheville, North Carolina. The region completed 8 of the 10 OIG recommendations and further actions are needed to complete 2 recommendations.

In response to a congressional request, the OIG had issued Report No. 10-P-0130, *EPA Activities Provide Limited Assurance of the Extent of Contamination and Risk at a North Carolina Hazardous Waste Site*, on May 17, 2010. Trichloroethylene, a chemical

now known to be carcinogenic to humans, was used in manufacturing processes at the site, and nearby springs and private drinking water wells have been found to be contaminated with the chemical.

Regarding one recommendation, the region modified letters to residents communicating well water sampling results by including a supplemental fact sheet in the letters.

However, the sheet does not conform to Region 4's 2010 standard operating procedure on



Warning sign observed during OIG August 2011 site visit at the Asheville site. (EPA OIG photo)

communicating environmental data to property owners and tenants. For another recommendation, the region revised the site's Community Involvement Plan but the plan did not include a specific communication strategy nor reflect the site's current National Priorities List status and recent site activities. We also found that the region did not have controls in place to ensure the site's public informational repository is being kept up to date, did not complete a report on a removal action pilot study, and did not timely bill responsible parties approximately \$175,000 in federal government costs incurred at the site. The billing lapse was an oversight that has since been corrected.

We made recommendations to correct the issues noted, and Region 4 provided a corrective action plan with milestone dates to address all of the recommendations.

(Report No. 12-P-0362, EPA Has Implemented Corrective Actions to Improve Conditions at Asheville, North Carolina Superfund Site, March 21, 2012)

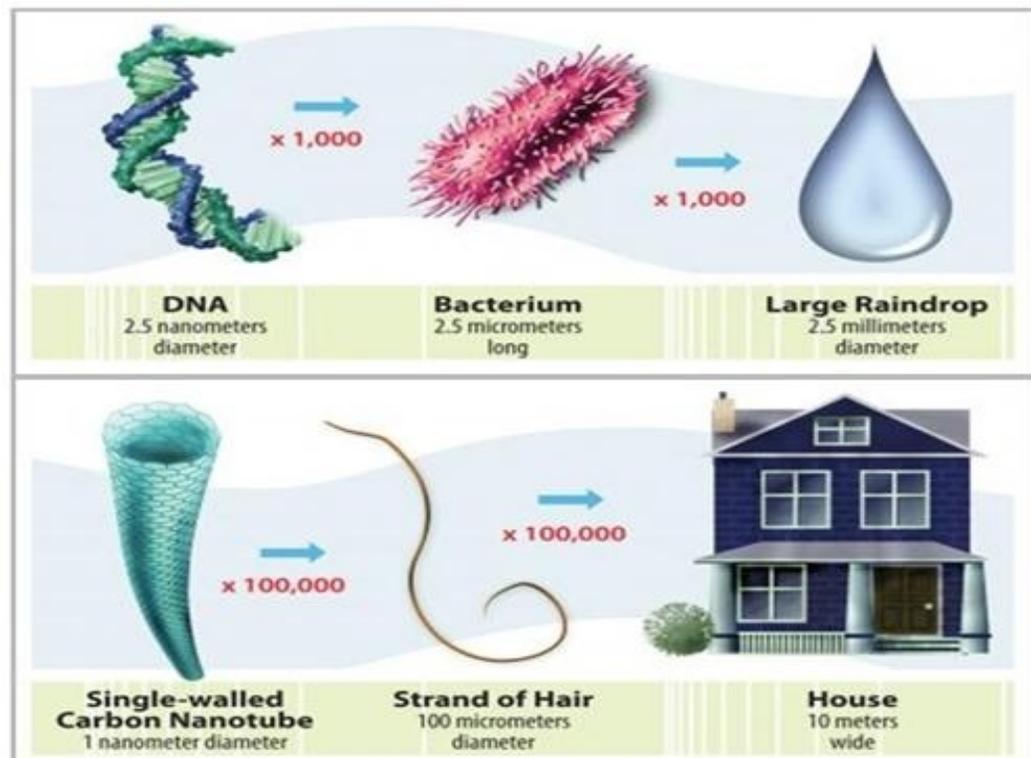
Other Significant OIG Activity

Human Health and the Environment

EPA Should More Effectively Manage Nanomaterial Risks

EPA does not currently have sufficient information or processes to effectively manage the human health and environmental risks of nanomaterials.

EPA has the authority to regulate nanomaterials, which the Agency defines as chemical substances that are controlled at the scale of approximately one-billionth of a meter. Nanomaterials are currently used in a wide variety of applications, including consumer products, health care, transportation, energy, and agriculture.



Comparison of size and scale of nanomaterials. (National Nanotechnology Institute website)

EPA's management of the human health and environmental risks of nanomaterials is limited by lack of risk information and reliance on industry-submitted data. After minimal industry participation in a voluntary data collection program, the Agency has proposed mandatory reporting rules for nanomaterials. However, even if mandatory reporting rules are approved, the effectiveness of EPA's management of nanomaterials is questionable. In addition, program offices do not have a formal process to manage the

potentially mandated information, and EPA is not communicating an overall message to external stakeholders on policy changes and risks.

We recommended that EPA develop a process to assure effective dissemination and coordination of nanomaterial information across relevant program offices. The Agency agreed with our recommendation and provided a corrective action plan with milestone dates.

(Report No. 12-P-0162, EPA Needs to Manage Nanomaterial Risks More Effectively, December 29, 2011)

Use of Unapproved Asbestos Demolition Methods May Threaten Public Health

In an early warning report issued to EPA Administrator Lisa P. Jackson, we noted that EPA has authorized the use of unapproved methods to demolish buildings containing asbestos, including at the Hanford Superfund Site near Richland, Washington.

Asbestos is a human carcinogen that can lead to serious diseases. In 1973, EPA issued the Asbestos National Emission Standards for Hazardous Air Pollutants to protect human health by reducing exposure to asbestos during building demolitions and other activities. Regulated asbestos-containing material must be removed by specially trained technicians prior to demolition unless the building is structurally unsound and in danger of imminent collapse.

Beginning in 1999, EPA considered alternative methods to augment the asbestos standard, including the Alternative Asbestos Control Method, that leave some or all regulated asbestos-containing material in place. Demolition equipment applies mechanical forces that shred the asbestos-containing material, potentially releasing asbestos fibers into the environment and endangering public health. Buildings are wetted during demolition in an attempt to limit the release of asbestos fibers. However, EPA has not approved or shown that these “wet” methods are protective of human health. In July 2011, EPA’s Office of Research and Development ended its research on the Alternative Asbestos Control Method due to technical deficiencies. Nonetheless, our preliminary research found that unapproved methods are currently being used, such as at the Hanford Superfund Site, or are being considered at other sites. This use of unapproved methods is counter to EPA regulations.

Our report stated that EPA should immediately communicate the Asbestos National Emission Standards for Hazardous Air Pollutants requirements for the demolition of asbestos-containing structures to regional, program, and field offices to prevent potentially hazardous asbestos exposures. EPA should notify these offices that

unapproved methods are not to be used without obtaining appropriate waivers. Further, EPA should identify all sites, such as Hanford, with work plans that contain EPA authorization to use unapproved asbestos demolition methods and retract any such approvals that deviate from the asbestos standard. In addition, EPA should assess whether any authorizations resulted in potential asbestos exposure of workers or the public, and notify them accordingly.

The initial Agency response indicated that EPA had already begun to investigate the allegations of ongoing human-health threats from improper asbestos removal and disposal, and the Agency will take whatever steps are necessary to protect the health of anyone who might be exposed. If there have been past incidents of exposure, the Agency stated it will take appropriate steps to identify them and to address any health threats.

(Report No. 12-P-0125, Early Warning Report: Use of Unapproved Asbestos Demolition Methods May Threaten Public Health, December 14, 2011)

Clean Air Act Risk Management Program Inspections in Certain States Should Not Be Conducted by Contractors

EPA has used contractors to perform Clean Air Act risk management program inspections in three states in contravention of court decisions and an EPA policy memo that incorporated the decisions.

Under the Clean Air Act Section 112(r) risk management program, stationary sources that have more than the threshold quantity of regulated substances on-site in any one process must implement a risk management program. All covered facilities must submit a Risk Management Plan to EPA that describes and documents the facility's hazard assessment and its prevention and response programs. Inspections of these programs are to be conducted by authorized representatives of the EPA Administrator. Compliance with risk management program requirements helps to prevent accidents and mitigate the harm to human health and the environment from those that do occur.

Case law is split on the use of contractors to perform Clean Air Act Section 112(r) inspections. The Sixth and Tenth Circuit Courts of Appeal have ruled that contractors may not be designated by EPA as authorized representatives of the Administrator, while the Ninth Circuit Court of Appeals has ruled that contractors can be so designated. In a January 1984 decision the Supreme Court left unresolved the pre-existing split in the circuit courts on the question of EPA's statutory authority to use contractors for Clean Air Act inspections. Subsequently, EPA issued a policy memo, on February 22, 1984, stating that contractors should not, absent express permission from headquarters, be designated as representatives of EPA to conduct Clean Air Act inspections in states located in the Sixth and Tenth Circuits. However, EPA used contractors in three states within the Sixth and Tenth Circuits—Kansas, Kentucky, and Tennessee—to conduct such inspections.

In an early warning report, we told EPA to immediately review the legality and appropriateness of its practice of using contractors to perform Clean Air Act Section 112(r) risk management program inspections in the states covered by the Sixth and Tenth Circuit Courts of Appeal. If needed, based on the results of its review, EPA should take immediate action to eliminate or revise its use of contractors to conduct risk management program inspections.

(Report No. 12-P-0376, Early Warning Report: Use of Contractors to Conduct Clean Air Act Risk Management Program Inspections in Certain States Goes Against Court Decisions, March 28, 2012)

EPA Should Ensure Drinking Water State Revolving Funds Are Helping Communities Most in Need

Although EPA and the states use the Drinking Water State Revolving Fund to assist communities in achieving or maintaining compliance with drinking water standards, some high-priority systems were not aware of the program.

The Drinking Water State Revolving Fund program provides states with the means to establish a revolving fund to provide low-cost loans to public water systems, and other funding through set-asides, to further public health protection. In FY 2010, EPA allotted nearly \$1.4 billion for state Drinking Water State Revolving Fund programs.

The program is not taking full advantage of the available data and tools, and is not coordinating with enforcement programs, to identify systems that are not in compliance with the Safe Drinking Water Act and may benefit from program funding. The Safe Drinking Water Act requires that funding priority be given to systems most in need and projects that address the most serious risk to human health. However, some noncompliant community systems with the highest number of health-based violations were not applying for state revolving funds but were resolving violations in other ways.

We recommended that EPA include in the annual regional review of states an assessment of the coordination between state Drinking Water State Revolving Fund and enforcement programs. We also recommended that EPA create a national intended use plan review checklist that includes a requirement to assess coordination between state Drinking Water State Revolving Fund and enforcement programs. EPA agreed with all of our recommendations and provided milestone dates for each recommendation.

(Report No. 12-P-0102, Enhanced Coordination Needed to Ensure Drinking Water State Revolving Funds Are Used to Help Communities Not Meeting Standards, December 1, 2011)

Agency Business Practices and Accountability

EPA Earns Unqualified Opinion on Financial Statements

We rendered an unqualified opinion on EPA's Consolidated Financial Statements for FYs 2011 and 2010, meaning that they were fairly presented and free of material misstatement. However, we noted the following significant deficiencies:

- Regions and headquarters did not timely provide accounts receivable supporting documentation.
- EPA did not timely bill other federal agencies for reimbursable costs.
- EPA did not properly close general ledger accounts in its cancelling Treasury symbols.
- EPA double counted contractor-held property.
- EPA headquarters could not account for 1,284 personal property items.
- EPA needs to better secure marketable securities.
- EPA recorded earned revenue without recognizing corresponding expenses.
- EPA is withholding payments related to the BP Deepwater Horizon oil spill.

We also noted a noncompliance issue involving EPA's Oil Spill Response Account in relation to the BP Deepwater Horizon oil spill response. EPA violated the Antideficiency Act in November 2010 because it made expenditures in excess of funds available. Also, to avoid a second potential Antideficiency Act violation, EPA delayed payments to vendors, resulting in the Agency losing discount opportunities and being required to make interest penalty payments to vendors as required by the Prompt Payment Act.

The Agency did not concur with our finding on cancelling Treasury symbols causing inappropriate balances. The Agency believes that it is following Treasury instructions and the balances are proper. While the amounts are not material to the financial statements, by reversing the receivable, the Agency has understated FY 2011 income and bad debt expense related to cancelling the Treasury symbol. The Agency agreed with our other findings and recommendations.

(Report No. 12-1-0073, Audit of EPA's Fiscal 2011 and 2010 Consolidated Financial Statements, November 15, 2011)

EPA Can Improve Reporting of Improper Payments

EPA complied with the 2010 Improper Payments Elimination and Recovery Act in that it reported all required information on improper payments. However, EPA can improve the accuracy and completeness of that information.

Each year, the federal government wastes taxpayer dollars on improper payments to individuals, organizations, and contractors. The Improper Payments Elimination and Recovery Act requires agencies to report on improper payments, and inspectors general are required to determine whether agencies are in compliance with the Act.

EPA reported the results of its efforts to recapture improper payments, and is taking actions to improve internal controls in preventing, reducing, and recapturing improper payments. However, EPA did not report all improper payments identified in audits and reviews of grants to tribes, state and local governments, and universities in the *Fiscal Year 2011 Agency Financial Report*. As a result, EPA understated grant improper payments by thousands of dollars. Also, EPA did not report discounts not taken as improper payments, and did not correctly calculate improper payments reported. We recommended that EPA issue guidance requiring that the results of all grant improper payment determinations and recaptures, as well as discounts not taken as improper payments, be reported. We also recommended that EPA issue guidance to program offices to ensure the quality of reported information. EPA agreed with our recommendations, except for the recommendation on including discounts not taken as improper payments.

(Report No. 12-P-0311, EPA Can Improve Its Improper Payments Reporting, March 1, 2012)

Grantee Labor Costs of \$96,615 Questioned

Although labor costs claimed by the Summit Lake Paiute Tribe under EPA grants were generally supported by timesheets, we questioned labor costs claimed of \$96,615.

The Summit Lake Paiute Tribe, Sparks, Nevada, receives financial assistance from EPA under various programs. Although our transaction tests showed that labor costs claimed by the tribe under the EPA grants were generally supported by timesheets, we found four timekeeping issues that caused us to question \$96,615 in labor costs. Also, additional work remains to be done by the tribe in response to issues on deferred revenues and updating policies and procedures that had been noted in single audit reports.

We recommended that EPA disallow and recover the \$96,615 and require the tribe to implement certain internal controls. EPA agreed with our recommendations, but the tribe disagreed with the recommendation to disallow the \$96,615.

(Report No. 12-2-0072, Agreed-Upon Procedures Applied to EPA Grants Awarded to Summit Lake Paiute Tribe, Sparks, Nevada, November 10, 2011)

Grantee Costs Claimed of \$80,721 Questioned

Grant recipient Kathleen S. Hill did not have a financial management system that met federal standards, and we questioned \$80,721 claimed.

EPA competitively awarded Cooperative Agreement X7-83325501 on October 26, 2006, to Hill, an individual, to support the creation and administration of a national tribal water program council. EPA's contribution to the project was 100 percent of approved costs up to \$800,000.

The recipient did not have adequate controls to ensure that costs claimed were in accordance with Code of Federal Regulations requirements. In addition, the recipient's cash draws did not comply with Code of Federal Regulations requirements or the terms and conditions of the cooperative agreement. As a result, of the \$726,587 claimed under the cooperative agreement, we questioned \$80,721 of ineligible fringe benefit, travel and per diem, supplies, and contractual costs.

We recommended that EPA disallow and recover \$80,721 in questioned costs, verify that the recipient has an adequate financial management system prior to any future award, and verify that the recipient's final financial status report is properly supported. EPA generally agreed with the findings with the exception of fringe benefits. The recipient generally disagreed with the findings and recommendations.

(Report No. 12-4-0224, Examination of Costs Claimed Under Cooperative Agreement X7-83325501 Awarded to Kathleen S. Hill, Chiloquin, Oregon, January 23, 2012)

EPA Should Ensure Effective Defense Contract Audit Agency Audit Report Resolution

EPA should improve its policies and procedures to ensure the timely resolution of Defense Contract Audit Agency (DCAA) reports. With timely resolution, EPA may be able to deobligate funds that can be used for other priorities.

DCAA performs contract audit services for EPA. Through the end of 2008, the EPA OIG requested, tracked, and reported DCAA audits until resolution, and EPA tracked the

corrective actions until implementation. On January 1, 2009, the OIG transferred its requesting, tracking, and reporting responsibilities to EPA.

EPA's policies and procedures do not ensure timely and accurate tracking and reporting of DCAA report resolution. EPA does not always report the status of unresolved DCAA audits to the Administrator, accurately record the management decision dates, resolve DCAA reports within 6 months when EPA is not the cognizant agency, or accurately define when DCAA audits are resolved. Reasons for not resolving some audits within 1 year follow.

Reasons audits remained unresolved	Number
Awaiting negotiations with cognizant agency (agency with largest dollar amount of contracts)	6
Cognizant agency stated audit was resolved but was unable to provide supporting documentation	4
Cognizant agency awaiting additional DCAA audit work	4
Cognizant agency unaware whether corrective action was taken	2

Source: OIG analysis.

We recommended that EPA develop and/or revise and implement policies and procedures to ensure that unresolved DCAA audit reports are reported on a semiannual basis to the EPA Administrator, to record management decision and final action dates, and to define the point of resolution for the various types of DCAA audits. EPA agreed with all of our recommendations and provided milestone dates for each recommendation.

(Report No. 12-P-0071, EPA Should Improve Policies and Procedures to Ensure Effective DCAA Audit Report Resolution, November 10, 2011)

Managing Cost-Reimbursement Contracts Can Be Improved

EPA did not comply with several key revisions to the Federal Acquisition Regulation regarding the use of cost-reimbursement contracts.

The Duncan Hunter National Defense Authorization Act for FY 2009 required the Federal Acquisition Regulations to be revised to address the use of cost-reimbursement contracts. The Federal Acquisition Regulation was revised on March 16, 2011, by the interim rule, Proper Use and Management of Cost Reimbursement Contracts.

Although EPA complied with several revisions, those tended to be areas where the new rules expanded on requirements already in existence. We found that the contract files reviewed generally did not have documentation of discussions on minimizing the use of other than firm-fixed-price contracts on future acquisitions, consideration as to whether portions of the contract could be established on a firm-fixed-price basis, and a written

acquisition plan. Also, EPA did not always nominate or appoint contracting officer's representatives in writing.

We recommended that EPA develop a policy that provides a standardized approach for preparing written acquisition plans. We also recommended that EPA update the procurement initiation notice to include a copy of the contracting officer's representative appointment memorandum. EPA concurred with our recommendations and provided milestone dates.

(Report No. 12-P-0320, Policies Needed for Proper Use and Management of Cost-Reimbursement Contracts Based on Duncan Hunter Act, March 6, 2012)

Managing Enforcement and Inspection Credentials Can Be Improved

Some internal controls over managing enforcement and inspection credentials for EPA employees were not being implemented, and some safeguards could be improved.

EPA's Office of Administration and Resources Management and Office of Enforcement and Compliance Assurance manage credentialing of EPA and non-EPA compliance employees in accordance with EPA Order 3510, "EPA Federal Credentials for Inspections and Enforcement of Federal Environmental Statutes."

In Region 3, where we conducted an in-depth review, we initially found that the required annual 10 percent inventory of credentials had not been completed for EPA personnel and the inventory had not been documented for non-EPA personnel. As of February 15, 2012, EPA personnel informed us that all regions, with the exception of Region 5, have completed their EPA employee credential inventory for 2011. Also, there is no timeline requirement for EPA employees to report the loss/theft of a credential. The requiring of only signatures and not printed names on credential justification forms can result in illegible signatures, making identifying the parties on the form difficult. Further, EPA Order 3510 does not identify what level of authority is required to approve a request for a credential.

We recommended that EPA comply with the internal controls of EPA Order 3510 and revise the order to include certain provisions that will improve enforcement and inspection credentialing. EPA agreed with all our recommendations and provided milestone dates.

(Report No. 12-P-0328, Improvement Required to Safeguard Enforcement and Inspection Credentials, March 9, 2012)

Training Contractor Not Promptly Paid

EPA did not pay the Laboratory for Scientific Interrogation, Inc. (LSI) for services rendered in 2007 because EPA did not receive an invoice from the company until after a July 2011 congressional inquiry.

In March 2007, EPA issued purchase order EP07H001074 to LSI, of Phoenix, Arizona, for training seminars for the OIG. The price set in the purchase order was \$4,000. LSI presented separate 1-day seminars to OIG staff on May 9 and May 10, 2007.

EPA did not pay LSI for services rendered because it did not receive an invoice from LSI until after the July 2011 congressional inquiry. Contrary to regulation, the EPA contracting officer in the Office of Administration and Resources Management apparently did not provide LSI with a copy of the purchase order for the training. Because LSI did not receive a purchase order, it did not properly submit its invoice and did not know who to contact when the invoice was not promptly paid. In June 2008, OIG staff realized that LSI had not submitted an invoice, but no one in the OIG contacted LSI or the contracting officer. After the congressional inquiry, the OIG obtained an invoice from LSI that exceeded the price in the purchase order because it included \$1,032 in instructor travel costs. EPA modified the purchase order to include the travel costs, but we found no evidence that the travel was authorized. In November 2011, EPA paid LSI \$5,032.

We recommended that the Inspector General take actions to ensure that invoices are obtained, reviewed, and paid within a reasonable period of time after receiving services. We also recommended that the Office of Administration and Resources Management require that contracting officers properly document contract actions in contract files. The recommendation addressees agreed with the recommendations.

(Report No. 12-P-0160, Training Contractor Not Promptly Paid Under Purchase Order EP07H001074, December 28, 2011)

EPA Should Revise Policy on Financing Local Reserves

EPA policy that allows states to use State Revolving Fund dollars to establish local reserve accounts conflicts with other regulations and results in the funding not being available for needed wastewater and drinking water projects.

The Clean Water Act and Safe Drinking Water Act authorize EPA to award grants to states that have established Clean Water and Drinking Water State Revolving Fund programs. States use these grants to capitalize revolving funds from which low-cost loans and other types of assistance are provided to finance infrastructure projects. The EPA policy that allows states to use State Revolving Funds to establish local reserve accounts conflicts with other regulations. The financing of local reserve accounts does not

represent eligible incurred project costs, which is a requirement for cash draws from the federal capitalization grants per the Code of Federal Regulations, and such financing prevents the funds from being available for needed projects.

We recommended that EPA rescind its guidance allowing federal funds to be used to finance local reserve accounts. The Agency agreed to issue a memorandum to the states with instructions that only non-federal State Revolving Fund monies may be used to finance local reserves.

(Report No. 12-P-0231, EPA Policy on Financing Local Reserves Needs Revision, January 25, 2012)

EPA's Computer Security Program Should Be Improved

Our annual review of EPA's implementation of the Federal Information Security Management Act, submitted to OMB, disclosed that security management for several Agency programs should be improved.

The audit work performed during the review disclosed that the Agency needs to make significant improvements in the following programs: Risk Management, Plans of Action and Milestones, and Continuous Monitoring Management. In addition, audit work noted significant weaknesses with several aspects of EPA's information security program.

(Report No. 12-P-0062, Fiscal Year 2011 Federal Information Security Management Act Report: Status of EPA's Computer Security Program, November 9, 2011)

Region 10 Security Vulnerabilities Increase Risk to EPA's Network

Review of physical and environmental controls of the Region 10 computer room found that sufficient protections were not in place to safeguard critical information technology assets and associated data from the risk of damage and/or loss.

This audit, conducted in support of our annual audit of EPA's compliance with the Federal Information Security Management Act, sought to identify technical vulnerabilities associated with the Agency's network devices in EPA's Region 10 headquarters building, and to assess the security posture of the Region 10 computer room.

Technical vulnerability scans disclosed a multitude of high-risk and medium-risk vulnerabilities on Region 10 servers, printers, and/or desktops. The exploitation of unidentified and unremediated vulnerabilities could greatly impact the network security posture of Region 10 headquarters and/or the entire EPA network by exposing Agency data, information, and configurations to unauthorized access.

We recommended that EPA Region 10 remediate the technical vulnerabilities as well as physical and environmental control deficiencies.

(Report No. 12-P-0220, Region 10 Technical and Computer Room Security Vulnerabilities Increase Risk to EPA's Network, January 20, 2012)

Investigations

Business Owner Sentenced to Jail for Making False Statements

On February 22, 2012, Charles Tomlin was sentenced in U.S. District Court, Northern District of Georgia, to 20 months in jail to be followed by 36 months of supervised release for making false statements. Tomlin was also ordered to pay a \$5,000 fine, \$43,331 in restitution, and a \$100 special assessment. Tomlin was found guilty during a 2-day trial in December 2011 of fabricating a story in which he claimed persons posing as EPA employees had assessed him \$272,000 in fines for alleged environmental violations on his business property.

Tomlin is the owner of Street Dreams, a vehicle repair and customizing business formerly located in Gainesville, Georgia. In early November 2010, Tomlin alleged that two EPA agents visited his business and assessed up to \$2 million in fines based on debris, including tires and batteries, which had contaminated soil and water. The EPA OIG investigation began with the belief that Tomlin was a victim of people posing as EPA agents and attempting to defraud him. However, as the investigation progressed, special agents became suspicious of Tomlin after he failed to record phone conversations with the alleged EPA agents and falsely claimed one of the alleged EPA agents pulled into an abandoned car wash adjacent to the property during surveillance. After the investigation, it was alleged that Tomlin falsified the claims to avoid paying rent on the business. The investigation cost taxpayers more than \$43,000, which the judge in the case awarded as restitution to the EPA OIG.

Former Sewage Treatment Plant Operator Sentenced to Prison for Falsifying Monitoring Reports

On February 6, 2012, Donald Jack Clark of Niota, Tennessee, was sentenced in the U.S. District Court for the Eastern District of Tennessee to 6 months in prison to be followed by 2 years of supervised release, including 6 months of home detention following his release from prison, for falsifying Clean Water Act reports. Clark was also ordered to perform 150 hours of community service and pay a \$1,200 special assessment.

The sentence was the result of a guilty plea to 12 counts of making false documents required under the City of Niota's National Pollutant Discharge Elimination System permit under the Clean Water Act. The indictment charged Clark with falsifying monthly discharge monitoring reports and monthly operating reports from January 2008 through December 2010. The falsifications were intended to cover up Clark's failure to properly operate the sewage treatment plant's chlorination system, designed to disinfect waste

water prior to its discharge into a local waterway. Clark had been a licensed wastewater treatment plant operator for over 14 years at the time of the incidents.

This investigation was conducted with the EPA Criminal Investigation Division.

Two Tribal Coalition Employees Sentenced for Embezzlement

On November 29, 2011, Shirley Rouillard and Gaylin Holy Rock, of Oglala, South Dakota, were sentenced in U.S. District Court, District of South Dakota, Western Division, for theft of federal and/or tribal funds. Rouillard and Holy Rock are former employees of the Mni Sose Intertribal Water Rights Coalition (Mni Sose), an entity funded almost entirely by federal grants.

Rouillard was sentenced to serve 18 months in prison, to be followed by 36 months of probation. She was also ordered to make restitution of \$88,734 to EPA and \$66,000 to the U.S. Bureau of Reclamation. Holy Rock was ordered to serve 24 months on probation and make restitution of \$1,009 to EPA and \$1,009 to the U.S. Bureau of Reclamation.

Rouillard, Holy Rock, and others made an agreement to embezzle funds from the Mni Sose by cashing checks drawn from Mni Sose funds and keeping the money for their own personal gain. Checks were disguised as legitimate transactions for Mni Sose-related work but the funds were not used for Mni Sose purposes. The conspiracy included 120 fraudulent transactions and resulted in the embezzlement of \$156,753 from the Mni Sose.

This investigation was conducted with the U.S. Department of Interior, Office of Inspector General.

Former EPA Employee Sentenced to 5 Years for Child Pornography

On October 24, 2011, Jonathan Angier, a former EPA employee, was sentenced in U.S. District Court, District of Maryland, to 5 years in prison followed by supervised release for life for charges related to receipt of child pornography. Angier, who must register as a sex offender, was also assessed a \$1,000 fine and ordered to pay a \$100 special assessment.

Angier was identified by the U.S. Postal Inspection Service as having previously ordered videos from a website that contained images of children engaged in sexually explicit activity. Angier responded to an offer from another website and placed an order for similar additional DVDs through a series of several e-mails. At least one of the e-mails was sent through an Internet Protocol address that was identified as an address used by EPA.

This investigation was conducted with the U.S. Postal Inspection Service.

Former EPA Employee Sentenced to 5 Months for Perjury and Obstruction of Justice

On March 28, 2012, Keith Phillips was sentenced to 5 months in jail, to be followed by 24 months of probation (including 5 months of home detention), stemming from charges related to perjury and obstruction of justice. Phillips was also ordered to perform 200 hours of community service and pay an \$8,000 fine and a \$200 special assessment.

Phillips, a former Special Agent with the EPA Criminal Investigation Division, lied under oath to conceal an extramarital affair with a Federal Bureau of Investigation agent that led to the malicious and wrongful federal indictment of an oil refinery. The refinery's manager filed a civil suit against the federal government for malicious prosecution after his criminal environmental charges were dismissed. It was during the civil trial that Phillips lied in a deposition when he denied having a sexual relationship with his joint investigator. Phillips was also dishonest when he testified before the grand jury that heard the criminal case and handed down the indictment. The refinery manager was awarded \$1.6 million in damages for his malicious prosecution. Phillips was terminated from EPA in July 2011.

Owner of Firm Charged in Scheme to Sell Over \$9 Million in Fraudulent Renewable Fuel Credits

On November 8, 2011, a criminal indictment was filed in U.S. District Court for the District of Maryland charging Rodney R. Hailey, of Perry Hall, Maryland, with wire fraud, money laundering, and a violation of the Clean Air Act. These charges were made in connection with a scheme in which Hailey allegedly sold \$9 million in renewable fuel credits purportedly produced by his company, Clean Green Fuel, LLC, when in fact the company did not produce any renewable fuel.

It is alleged that as the owner of Clean Green Fuel, LLC, Hailey specialized in producing 38-digit renewable identification numbers, each of which supposedly corresponded to the production of two-thirds of a gallon of biodiesel fuel. Hailey allegedly sold more than 32 million renewable identification numbers, representing 22 million gallons of bio-diesel fuel, for over \$9 million. Oil companies bought renewable identification numbers to comply with EPA regulations requiring them to support the production of renewable fuel. However, it is alleged that Hailey did not produce any renewable fuel but just made up renewable identification numbers. Hailey allegedly did not have a facility capable of producing bio-diesel fuel and his business operation consisted solely of generating false renewable identification numbers on his computer and marketing them to brokers and oil companies. During the investigation, Hailey allegedly made numerous false statements to EPA investigators, including that he manufactured the fuel from waste vegetable oil collected from 2,700 restaurants.

Hailey allegedly used the proceeds of the wire fraud scheme to purchase luxury vehicles, including BMWs, Mercedes Benz', a Rolls Royce Phantom, a Lamborghini, a Ferrari, and a Maserati, as well as real estate and jewelry. To date, over \$3 million in property alleged to be the proceeds of the scheme has been seized.

This investigation was conducted as part the District of Maryland Asset Forfeiture/Money Laundering Task Force, including the U.S. Marshals Service, the Baltimore County Police Department, and the Internal Revenue Service—Criminal Investigation; the EPA Criminal Investigation Division; the U.S. Postal Inspection Service; and the EPA OIG.

Testimony

Fostering Quality Science at EPA Topic of Inspector General Testimony

Inspector General Elkins appeared before the Subcommittee on Energy and Environment, Committee on Science, Space and Technology, of the House of Representatives, on November 17, 2011, to discuss OIG work related to EPA's Office of Research and Development (ORD).

The Inspector General noted that the OIG made several recommendations in an April 2009 report to ORD to improve its peer review process. Peer review is a process for enhancing a scientific or technical work product so that the decision or position taken by EPA has a sound, credible basis. We noted issues with EPA guidance for peer review panels relating to impartiality and conflict of interest. ORD agreed to act on all our recommendations on peer reviews, and we certified that EPA completed corrective actions.

Mr. Elkins noted that it is critical that EPA's scientific and technical activities be of the highest quality and credibility, as EPA decision making relies on science. Since 2000, a number of federal and EPA policies on ensuring the integrity of government science have been issued. In July 2011, the OIG reported that ORD has internal controls that include policies, procedures, training, and peer review, but ORD should improve how it evaluates the effectiveness of its policies and procedures for scientific integrity and research misconduct. ORD agreed with our recommendations.

In a February 2009 report, the Inspector General noted we looked at how well EPA policies, procedures, and plans help ensure that its climate change research fulfills its role in climate change. We found that EPA did not have an overall plan to ensure developing consistent, compatible climate change strategies across the Agency. We surveyed EPA regions and offices and found they needed more information on a variety of climate change topics. The lack of an overall climate change policy can result in duplication, inconsistent approaches, and wasted resources among EPA's regions and offices. We made several recommendations to ORD to establish various management controls to ensure EPA fulfills its emerging climate change role and related information needs. ORD agreed with our recommendations and has certified that all corrective actions have been completed.

Inspector General Elkins concluded by noting that ORD has been receptive to many of the OIG's recommendations on improving ORD's operations and activities so it can better provide the solid underpinning of science and technology necessary for EPA regulatory decision-making, and we will continue to identify areas for improvement.

Inspector General Testifies on How EPA Can Cut Spending

On October 12, 2011, Inspector General Elkins appeared before the Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, of the House of Representatives, to discuss opportunities for cost savings and greater efficiencies within EPA. His testimony focused on findings in recent OIG reports.

With respect to workload and workforce management, Mr. Elkins informed the subcommittee that EPA cannot demonstrate that it has the right number of resources to accomplish its mission, and EPA leadership lacks reasonable assurance that it is using personnel in an effective and efficient manner to achieve mission results. Further, other OIG work has identified potential efficiencies related to EPA utilization of space and facilities, as well as information technology.

Mr. Elkins noted EPA can also improve its management of unliquidated obligations. Unliquidated obligations represent the unexpended balance remaining from the amount of funds EPA obligates for a grant. During FY 2010, the OIG identified over \$14 million in several programs that could be deobligated. For example, we identified over \$6.1 million of unneeded funds that should have been deobligated for three grants awarded by EPA to the District of Columbia. As a result of our audit work, EPA deobligated the funds, thus freeing the money up for use on other projects.

EPA operates several programs where it assesses and collects fees and recovers its costs. These fees and recoveries are used to offset some of the costs EPA incurs for managing and overseeing the programs. The Inspector General noted OIG reviews of two programs—the Motor Vehicle and Engine Compliance Program and the Superfund program—indicate that EPA could improve how it recovers these costs.

Inspector General Elkins told the subcommittee that the OIG has been a positive agent of change by making significant contributions toward helping EPA improve in all these areas, and EPA will need to intensify its efforts to control costs and maximize the benefits from the resources entrusted to it.

Other Activities

Peer Reviews Conducted

The U.S. Department of Health and Human Services OIG is conducting an external peer review of the EPA OIG covering the period October 1, 2008, through September 30, 2011. The entrance conference was held on November 14, 2011, and field work was underway as of the end of this semiannual reporting period. The review is being conducted in accordance with *Government Auditing Standards* and guidelines established by the Council of the Inspectors General on Integrity and Efficiency. The most recent prior external peer review of the EPA OIG had been conducted by the U.S. Department of Homeland Security OIG. That prior report, issued July 10, 2009, contained no recommendations, and the EPA OIG received a rating of *pass*.

The EPA OIG will be conducting an external peer review of the system of quality control for the audit organization of the U.S. Department of Agriculture OIG. Our review will cover the period April 1, 2009, through March 31, 2012. This review will also be conducted in accordance with *Government Auditing Standards* and guidelines established by the Council of the Inspectors General on Integrity and Efficiency. The entrance conference for the U.S. Department of Agriculture OIG was scheduled for April 2012. Our most recent completed external peer review of another agency was conducted on the audit organization for the Treasury Inspector General for Tax Administration. Our review of that organization covered the period April 1, 2006, through March 31, 2009. Our report, issued February 3, 2010, provided the Treasury Inspector General for Tax Administration a rating of *pass*.

Legislation and Regulations Reviewed

Section 4(a) of the Inspector General Act requires the Inspector General to review existing and proposed legislation and regulations relating to the program and operation of EPA and to make recommendations concerning their impact. We also reviewed drafts of OMB circulars, memoranda, executive orders, program operations manuals, directives, and reorganizations. The primary basis for our comments are the audit, evaluation, investigation, and legislative experiences of the OIG, as well as our participation on the Council of the Inspectors General on Integrity and Efficiency. During the reporting period, we reviewed 69 proposed changes to legislation, regulations, policy, procedures, and other documents that could affect EPA and/or the Inspector General, and provided comments on 4. Details on two items follow.

OMB’s Proposed Executive Order, *Promoting Efficient Spending*. OMB’s proposed executive order would direct executive departments and agencies to take certain actions to promote efficient spending. While we strongly support the executive order’s intended reductions in wasteful government expenditures on travel, printing, and other purchases, we are concerned that certain provisions in the executive order give authority to agency officials over OIG expenditures that could undermine inspector general independence. The concern is that travel by OIG employees, particularly criminal investigators, would be subject to scrutiny by the agency senior level official for a determination of whether that travel complied with the “local first” requirement. Similarly, the agency senior level official could make determinations as to whether agents can effectively perform their function through video conferencing or teleconferencing rather than in-person interviews. We believe these determinations should be made by inspectors general, not agency officials.

Proposed New EPA Order 3221, *Foreign Visitors and Assignments Program*.

EPA’s Office of Homeland Security proposed a new EPA Order 3221. The new order establishes EPA’s Office of Homeland Security as the lead for the implementation and oversight for the documentation and review process of all foreign visitors who access EPA facilities to safely promote the continuation of exchanging mutually beneficial policy. We raised concerns that the draft order encroaches upon the inspector general’s independence because certain provisions appeared to require the inspector general to report to agency officials and get clearance prior to contacting a foreign subject or witness of an on-going investigation, audit, or evaluation.

Working Paper Software Champions and Trainers Program Initiated

In January 2012, the EPA OIG implemented a “Champions and Trainers” program to address functional questions and provide training for OIG staff on the OIG’s database that contains, organizes, and displays OIG electronic working papers for audit and program evaluations. EPA OIG expects this program to enhance the efficiency of auditors and evaluators by enabling them to more easily accomplish tasks for documenting the evidence supporting project results.

The champions answer questions from both new and existing staff, help resolve functional problems, and share tips and lessons learned. Champions also participate in OIG efforts to improve processes related to working papers. The trainers teach staff on how to use software both one-on-one and through classroom courses as needed. A future goal is to develop and provide Web-based courses and Internet help screens.

OIG Issues Tenth Annual Performance Report

The EPA OIG issued its tenth Annual Performance Report summarizing OIG activity, performance, results, and challenges for FY 2011. The report provides a financial

accounting of resources for FY 2011 compared to our FY 2011 annual performance targets. This report supplements, with greater quantitative and narrative detail, the OIG summary performance results presented in the Agency's *Fiscal Year 2011 Agency Financial Report* and *Fiscal Year 2011 Annual Performance Report*, in compliance with the Government Performance and Results Act Modernization Act.

As described in the report, the OIG exceeded three of its four annual performance goal targets during FY 2011, with two of the targets significantly exceeded. For the fourth, the OIG achieved over 94 percent of the goal target. The OIG increased its focus on identifying cost efficiencies through performance audits and program evaluations. As a result, the OIG identified questioned costs, efficiencies, fines, settlements, and recoveries totaling over \$82.4 million, which is a more than 150 percent return on investment compared to the OIG's FY 2011 budget. Additionally, EPA sustained over \$54.7 million in OIG monetary recommendations and savings from current and prior periods. Further, during FY 2011, the OIG improved the overall quality and efficiency of its products by reducing the production cycle time and resources required to perform OIG work. The OIG also expanded its follow-up efforts, resulting in greater implementation of long-outstanding recommendations.

The full report is at <http://www.epa.gov/oig/reports/2012/AnnPerfReportFY2011.pdf>.

OIG Issues Annual Plan for FY 2012

The EPA OIG issued its FY 2012 annual workplan of mandated and selected assignment topics continuing from FY 2011 and scheduled to start in FY 2012. For this plan, OIG work that is not mandated is selected through a rigorous process to develop a portfolio of assignments that represent the best possible return on investment in addressing the needs, risks, challenges, priorities, and opportunities of OIG customers, clients, and stakeholders. We conducted considerable outreach to Agency leaders and stakeholders to identify and assess environmental and management risks, challenges, and opportunities, and invited our entire staff to provide assignment suggestions. The annual plan, constructed to implement the OIG Strategic Plan, allows for unforeseen work and new priorities that may be requested by hotline complaints, Agency leadership, and Congress. The FY 2012 annual plan is at http://www.epa.gov/oig/reports/2012/EPA_OIG_FY2012_AnnualPlan.pdf.

U.S. Chemical Safety and Hazard Investigation Board

The U.S. Chemical Safety and Hazard Investigation Board (CSB) was created by the Clean Air Act Amendments of 1990. CSB's mission is to investigate accidental chemical releases at facilities, report to the public on the root causes, and recommend measures to prevent future occurrences.



In FY 2004, Congress designated the EPA Inspector General to serve as the Inspector General for CSB. As a result, the EPA OIG has the responsibility to audit, evaluate, inspect, and investigate CSB's programs, and to review proposed laws and regulations to determine their potential impact on CSB's programs and operations. Details on our work involving CSB are at <http://www.csb.gov/service.default.aspx>.

CSB Can Improve Reporting of Improper Payments

CSB was not fully compliant with the reporting requirements of the 2010 Improper Payments Elimination and Recovery Act regarding recovery audits.

Each year, the federal government wastes billions of taxpayer dollars on improper payments to individuals, organizations, and contractors. The Improper Payments Elimination and Recovery Act requires agencies to report on improper payments, and inspectors general are required to determine whether agencies are in compliance with the Act.

As required, CSB published its Performance and Accountability Report on its website. Because CSB does not meet the minimum risk assessment threshold it is not required to perform risk assessments. However, CSB had not determined the cost effectiveness of performing recovery audits for each of its programs or activities that expend \$1 million or more annually. Consequently, CSB may be failing to identify and recover improper payments that could be used to further its mission of chemical accident prevention. Further, we were unable to evaluate the accuracy and completeness of the CSB's reporting or CSB's performance in preventing, reducing, and recapturing improper payments.

We recommended that CSB conduct an analysis to determine the cost effectiveness of performing recovery audits on all activities with annual outlays exceeding \$1 million, and provide it to the Inspector General as required. CSB concurred with our recommendation and has completed its analysis.

(Report No. 12-P-0312, U.S. Chemical Safety and Hazard Investigation Board Should Determine the Cost Effectiveness of Performing Improper Payment Recovery Audits, March 1, 2012)

CSB Can Improve Information Security Practices

CSB has an information security program in place that appears to be functioning as designed. CSB takes information security weaknesses seriously, as three of the four prior-year recommendations were resolved. However, CSB needs to improve its management processes associated with configuration management, patch management, and management of its information technology assets inventory.

EPA OIG contracted with a firm to perform the FY 2011 Federal Information Security Management Act assessment for CSB. That assessment noted several challenges CSB faces in securing its main information technology system. The assessment found unpatched network devices, which elevated CSB's risk of system and data compromise by unauthorized users. The contract firm provided detailed results of its assessment to CSB officials. The firm also identified 199 excess information technology devices, out of a total of 408, which could allow for misuse or loss of information technology devices or data.

The report recommended that CSB review and implement patches for network devices as required, develop and implement standard baseline configurations for network devices, and review the information technology inventory and remove the excess inventory devices through appropriate means. CSB agreed with the recommendations and provided agreed-upon corrective actions.

(Report No. 12-P-0363, Evaluation of U.S. Chemical Safety and Hazard Investigation Board's Compliance With the Federal Information Security Management Act (Fiscal Year 2011), March 21, 2012)

Statistical Data

Profile of Activities and Results

Audit and evaluation operations Office of Inspector General reviews	
	October 1, 2011 – March 31, 2012 (\$ in millions)
Questioned costs *	\$11.6
Recommended efficiencies *	\$372.4
Costs disallowed to be recovered	\$0.0
Costs disallowed as cost efficiency	\$372.0
Reports issued by OIG	34
Reports resolved (Agreement by Agency officials to take satisfactory corrective actions) **	376

Audit and evaluation operations Reviews performed by Single Audit Act auditors	
	October 1, 2011– March 31, 2012 (\$ in millions)
Questioned costs *	\$2.9
Recommended efficiencies *	\$0.0
Costs disallowed to be recovered	\$1.51
Costs disallowed as cost efficiency	\$0.0
Single Audit Act reviews	342
Agency recoveries	\$2.6
Recoveries from audit resolutions of current and prior periods (cash collections or offsets to future payments) ***	

Investigative Operations	
	October 1, 2011– March 31, 2012 (\$ in millions)
Total Fines and Recoveries ****	\$3.7
Cost Savings	\$0.0
Cases Opened During Period	74
Cases Closed During Period	37
Indictments/Informations of Persons or Firms	18
Convictions of Persons or Firms	7
Civil Judgments/Settlements/Filings	\$0.2

* Questioned costs and recommended efficiencies are subject to change pending further review in the audit resolution process.

** Reports resolved are subject to change pending further review.

*** Information on recoveries from audit resolutions is provided by EPA's Office of Financial Management and is unaudited.

**** Fines and recoveries resulting from joint investigations.

Audit, Inspection, and Evaluation Report Resolution

Status report on perpetual inventory of reports in resolution process for semiannual period ending March 31, 2012

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 October 1, 2011*	125	\$13,411	\$0	\$1,510	\$0
B. Which were issued during the reporting period	366	14,599	372,000	117,961	372,000
C. Which were issued during the reporting period that required no resolution	280	0	0	0	0
Subtotals (A + B - C)	211	28,010	372,000	119,471	372,000
D. For which a management decision was made during the reporting period	372	5,313	372,000	119,471	372,000
E. For which no management decision was made by March 31, 2012	120	24,426	0	0	0
F. Reports for which no management decision was made within 6 months of issuance	66	1,067	0	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 OIG reports

This section presents additional statistical information that is 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. Tables 1 and 2 cannot be used to assess results of reviews performed or controlled by the OIG. 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 March 31, 2012 (\$ in thousands)

Report category	No. of reports	Questioned costs *	Unsupported costs
A. For which no management decision was made by October 1, 2011 **	26	\$13,411	\$12,334
B. New reports issued during period	14	14,599	12,619
Subtotals (A + B)	40	28,010	24,953
C. For which a management decision was made during the reporting period:	15	5,313	3,412
(i) Dollar value of disallowed costs	15	1,627	1,510
(ii) Dollar value of costs not disallowed	0	3,686	1,902
D. For which no management decision was made by March 31, 2012	23	24,426	21,449
Reports for which no management decision was made within 6 months of issuance	12	1,067	1,067

* Questioned costs include unsupported costs.

** Any difference in number of reports and amounts of questioned costs between this report and our previous semiannual report results from corrections made to data in our audit, inspection, and evaluation tracking system.

Table 2: Inspector general-issued reports with recommendations that funds be put to better use for semiannual period ending March 31, 2012 (\$ in thousands)

Report Category	No. of reports	Dollar value
A. For which no management decision was made by October 1, 2011 *	0	\$0
B. Which were issued during the reporting period	1	372,000
Subtotals (A + B)	1	372,000
C. For which a management decision was made during the reporting period:	0	0
(i) Dollar value of recommendations from reports that were agreed to by management	0	0
(ii) Dollar value of recommendations from reports that were not agreed to by management	0	0
(iii) Dollar value of nonawards or unsuccessful bidders	0	0
D. For which no management decision was made by March 31, 2011	1	372,000
Reports for which no management decision was made within 6 months of issuance	0	0

* Any difference in number of reports and amounts of funds put to better use between this report and our previous semiannual report results from corrections made to data in our audit, inspection, and evaluation tracking system.

Audits, inspections, and evaluations with no final action as of March 31, 2012, over 365 days past the date of the accepted management decision (including audits, inspections, and evaluations in appeal)

Audits, inspections, and evaluations	Total	Percentage
Program	31	48
Assistance agreements	13	20
Contract audits	0	0
Single audits	19	29
Financial statement audits	2	3
Total	65	100

Hotline Activity

The following table shows EPA OIG hotline activity regarding complaints of fraud, waste, and abuse in EPA programs and operations during the semiannual reporting period ending March 31, 2012.

	Semiannual Period (October 1, 2011 - March 31, 2012)
Issues open at the beginning of the period	118
Inquiries received during the period	111
Inquiries closed during the period	129
Inquiries pending at the end of the period	100
Issues referred to others	
OIG offices	68
EPA program offices	35
Other federal agencies	1
State/local agencies/other	7

Summary of Investigative Results

Summary of investigative activity during reporting period

Cases open as of October 1, 2011	210
Cases opened during period	74
Cases closed during period	37
Cases pending as of March 31, 2012	247

Results of prosecutive actions

	Total
Criminal charges (indictments/informations/complaints)	18
Criminal convictions	7

Sentencings

	Total
Prison time	109 months
Home detention	14 months
Probation	504 months
Community service	350 hours
Fines and restitution	\$3,740,670

Civil actions

	Total
Civil orders	2
Civil seizure	\$206,917

Administrative actions

	Total
Suspensions	17
Debarments	8
Other administrative actions	9
Total	34

Scoreboard of Results

All results reported in FY 2012, from current and prior year's work, are as reported in OIG Performance Measurement and Results System, Inspector General Operations Reporting System, and Inspector General Enterprise Management System. These results are unaudited.

OIG FY 2012 Government Performance and Results Act annual performance targets compared to first half FY 2012 results	Supporting measures
Goal: Contribute to human health and environmental quality through improved business practices, accountability, and integrity of program operations	
Environmental improvements/actions/changes/improvements in business/systems/efficiency risks reduced or eliminated Target: 334 Reported: 141 (42.22%)	5 Legislative/regulatory changes/decisions 41 Environmental or management policy, process, practice, control change actions 0 Environmental/health improvements 30 Environmental/business risks/challenges eliminated 22 Certifications/validations/verifications/corrections 23 Actions taken or resolved prior to report issuance (not otherwise reported) 20 Recommendations reported as implemented previously identified unimplemented by OIG follow-up*
Environmental & business recommendations, challenges, best practices, risks identified, Recovery Act technical briefings Target: 903 Reported: 1,109 (122.8%) [316 net Single Audits (35%)]	276 Recommendations (for Agency/stakeholder action) 15 Critical congressional or public management concerns addressed 6 Best practices identified 5 Referrals for Agency action 5 New environmental or management operational risks or challenges identified 8 Unimplemented recommendations identified 793 Findings without controlled recommendations ** 1 Awareness briefings/outreach sessions
Return on investment: Potential dollar return as percentage (120%) of OIG budget \$51.9 million Target: \$57.1 million Reported: \$442.4 million (852.3%)	<i>(\$ in millions)</i> \$14.6 Questioned costs (net EPA) \$372.0 Recommended efficiencies, costs saved (EPA)* \$3.9 Fines, recoveries, settlements \$51.8 Monetary actions taken/resolved prior to report issuance
Criminal, civil, and administrative actions reducing risk of loss/operational integrity Target: 85 Reported: 63 (74.12%)	7 Criminal convictions 18 Indictments/informations/complaints 34 Administrative actions 2 Civil actions 2 Allegations disproved
Other (no targets established) Sustained monetary recommendations and savings achieved from current and prior periods: \$38.4 million Sustained environmental and management recommendations for resolution action Total reports issued: 376	<i>(\$ in millions)</i> \$1.5 Questioned costs sustained \$36.9 Cost efficiencies sustained or realized 184 Sustained recommendations 34 OIG-produced reports 342 Reports by other audit entities with OIG oversight

* Includes \$3.95 million in savings from investigations

** From Single Audits not produced by EPA OIG or for EPA action

Appendices

Appendix 1—Reports Issued

The Inspector General Act, as amended, requires a listing, subdivided according to subject matter, of each report issued by the OIG during the reporting period. For each report, where applicable, the Inspector General Act also requires a listing of the dollar value of questioned costs and the dollar value of recommendations that funds be put to better use. This listing includes a section for reports involving the American Recovery and Reinvestment Act of 2009.

Report no.	Report title	Date	Questioned costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
PERFORMANCE REPORTS						
12-P-0062	FY 2011 Federal Information Security Management Act Report	Nov. 09, 2011	\$0	\$0	\$0	\$0
12-P-0071	Effective Defense Contract Audit Agency Audit Report Resolution by EPA	Nov. 10, 2011	0	0	0	0
12-P-0083	Mountain Top Mining Congressional Request	Nov. 21, 2011	0	0	0	0
12-P-0102	Drinking Water State Revolving Funds Helping Communities Meet Standards	Dec. 01, 2011	0	0	0	0
12-P-0113	EPA Must Improve Oversight of State Enforcement	Dec. 09, 2011	0	0	0	372,000,000
12-P-0125	Use of Unapproved Asbestos Demolition Methods May Threaten Public Health	Dec. 14, 2011	0	0	0	0
12-P-0160	Training Contractor Not Promptly Paid Under Purchase Order EP07H001074	Dec. 28, 2011	0	0	0	0
12-P-0162	EPA Needs to Manage Nanomaterial Risks More Effectively	Dec. 29, 2011	0	0	0	0
12-P-0220	Region 10 Technical and Computer Room Security Vulnerabilities	Jan. 20, 2012	0	0	0	0
12-P-0231	EPA Policy on Financing Local Reserves Needs Revision	Jan. 25, 2012	0	0	0	0
12-P-0249	Clean Water Act Section 404 Permit Notification Reviews, Surface Coal Mining	Feb. 02, 2012	0	0	0	0
12-P-0251	Capping Report: Superfund Five-Year Reviews	Feb. 06, 2012	0	0	0	0
12-P-0253	EPA Needs to Further Improve Managing Oil Pollution Prevention Program	Feb. 06, 2012	0	0	0	0
12-P-0289	State Underground Storage Tank Inspection Programs in EPA Regions	Feb. 15, 2012	0	0	0	0
12-P-0311	EPA Can Improve Its Improper Payments Reporting	Mar. 01, 2012	0	0	0	0
12-P-0320	Cost-Reimbursement Contracts Based on Duncan Hunter Act	Mar. 06, 2012	0	0	0	0
12-P-0328	Improvement Required to Safeguard Enforcement and Inspection Credentials	Mar. 09, 2012	0	0	0	0
12-P-0360	Superfund Contracting Congressional FY 2012	Mar. 16, 2012	0	0	0	0
12-P-0362	Corrective Actions at Asheville, North Carolina Superfund Site	Mar. 21, 2012	0	0	0	0
12-P-0376	Early Warning Report Clean Air Act Risk Management Program Inspections	Mar. 28, 2012	0	0	0	0
	TOTAL PERFORMANCE REPORTS = 20		\$0	\$0	\$0	\$372,000,000
SINGLE AUDIT REPORTS						
12-3-0001	Dade City, Florida, City of - FY 2010	Oct. 05, 2011	\$0	\$0	\$0	\$0
12-3-0002	Graceville, Florida, City of - FY 2010	Oct. 05, 2011	0	0	0	0
12-3-0003	Pell, Alabama, City of - FY 2010	Oct. 05, 2011	0	0	0	0
12-3-0004	Smith Utility District of Smith County, Tennessee - FY 2010	Oct. 05, 2011	0	0	0	0
12-3-0005	Tioga Soil and Water Conservation District - FY 2010	Oct. 11, 2011	0	0	0	0
12-3-0006	Huntingdon, Pennsylvania, Borough of - FY 2010	Oct. 11, 2011	0	0	0	0
12-3-0007	Cascade Sierra Solutions, Oregon - FY 2010	Oct. 11, 2011	0	2,064,472	0	0
12-3-0009	Nekoosa, Wisconsin, City of - FY 2010	Oct. 13, 2011	0	0	0	0
12-3-0010	Oregon, Illinois, City of - FY 2011	Oct. 13, 2011	0	0	0	0
12-3-0011	SRC, Inc. - FY 2010	Oct. 13, 2011	0	0	0	0
12-3-0012	Puerto Rico, University of - FY 2010	Oct. 14, 2011	0	0	0	0
12-3-0014	Grand Portage Reservation Tribal Council, Minnesota - FY 2010	Oct. 17, 2011	0	0	0	0
12-3-0015	Hualapai Nation, Arizona - FY 2009	Oct. 17, 2011	0	0	0	0
12-3-0016	Stockbridge, Georgia, City of - FY 2010	Oct. 20, 2011	0	0	0	0
12-3-0017	Southwest Allen Parish Water District No. 2, Louisiana - FY 2010	Oct. 20, 2011	0	0	0	0
12-3-0018	Harrisonville, Missouri, City of - FY 2010	Oct. 20, 2011	0	0	0	0
12-3-0019	Lenexa, Kansas, City of - FY 2010	Oct. 20, 2011	0	0	0	0
12-3-0020	Rathbun Regional Water Association, Inc., Iowa - FY 2010	Oct. 20, 2011	0	0	0	0
12-3-0021	Johnsonburg Municipal Authority, Pennsylvania - FY 2010	Oct. 21, 2011	0	0	0	0
12-3-0022	Mississippi Institutions of Higher Learning, Mississippi	Oct. 21, 2011	0	0	0	0
12-3-0023	Missouri System, Missouri, University of - FY 2010	Oct. 21, 2011	0	0	0	0
12-3-0024	Lawton, Oklahoma, City of - FY 2010	Oct. 21, 2011	0	0	0	0
12-3-0025	Junction City, Kansas, City of - FY 2010	Oct. 21, 2011	0	0	0	0
12-3-0026	National Tribal Environmental Council, Inc., New Mexico - FY 2006	Oct. 21, 2011	0	0	0	0
12-3-0027	Clarksville, Georgia, City of - FY 2010	Oct. 21, 2011	0	0	0	0
12-3-0028	Illinois Institute of Technology - FY 2010	Oct. 28, 2011	0	0	0	0
12-3-0029	Leoni, Michigan, Township of - FY 2010	Oct. 28, 2011	0	0	0	0
12-3-0030	Port Clinton, Ohio, City of - FY 2010	Oct. 27, 2011	0	0	0	0
12-3-0031	Boston Public Health Commission, Massachusetts	Oct. 28, 2011	0	0	0	0
12-3-0032	Rochester Borough Sewer Authority, Pennsylvania - FY 2010	Oct. 28, 2011	0	0	0	0
12-3-0033	Liberty, Missouri, City of - FY 2010	Oct. 28, 2011	0	0	0	0
12-3-0035	Auburn Board of Public Works, Nebraska - FY 2010	Oct. 31, 2011	0	0	0	0
12-3-0036	Berrien, Michigan, County of - FY 2010	Oct. 31, 2011	0	0	0	0
12-3-0037	Blue Earth, Minnesota, City of - FY 2010	Oct. 31, 2011	0	0	0	0
12-3-0038	Deerfield, Wisconsin, Village of - FY 2010	Oct. 31, 2011	0	0	0	0

Report no.	Report title	Date	Questioned costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
12-3-0039	Minnesota Environmental Initiative, Inc. - FY 2010	Oct. 31, 2011	0	0	0	0
12-3-0040	Elk Point, South Dakota, City of - FY 2010	Oct. 31, 2011	0	0	0	0
12-3-0041	Cahuilla Band of Indians, California - FY 2009	Oct. 31, 2011	0	0	0	0
12-3-0042	Corrales, New Mexico, Village of - FY 2010	Oct. 31, 2011	0	0	0	0
12-3-0043	Lakeville, Massachusetts, Town of - FY 2010	Oct. 31, 2011	0	0	0	0
12-3-0044	Bristol, New Hampshire, Town of - FY 2010	Oct. 31, 2011	0	0	0	0
12-3-0045	Putnam Public Service District—Water Fund, West Virginia - FY 2010	Oct. 31, 2011	0	0	0	0
12-3-0046	Pueblo, Colorado, County of - FY 2010	Oct. 31, 2011	0	0	0	0
12-3-0047	Seibert, Colorado, Town of - FY 2010	Oct. 31, 2011	0	0	0	0
12-3-0048	Chamberlain, South Dakota, Municipality of - FY 2010	Oct. 31, 2011	0	0	0	0
12-3-0049	Rapid Valley Sanitary District, South Dakota - FY 2010	Oct. 31, 2011	0	0	0	0
12-3-0050	Hi-Land Acres Water and Sanitation District, Colorado - FY 2010	Oct. 31, 2011	0	0	0	0
12-3-0051	East Lyme, Connecticut, Town of - FY 2010	Nov. 01, 2011	0	0	0	0
12-3-0052	Zephyrhills, Florida, City of - FY 2010	Nov. 01, 2011	0	0	0	0
12-3-0053	Haines, Florida, City of - FY 2009	Nov. 01, 2011	0	0	0	0
12-3-0054	Olympia, Washington, City of - FY 2010	Nov. 01, 2011	0	0	0	0
12-3-0055	South Fork Band Council, Nevada - FY 2008	Nov. 01, 2011	0	0	0	0
12-3-0056	Indian Township, Maine, Tribal Government - FY 2010	Nov. 07, 2011	0	0	0	0
12-3-0057	Moundville, Alabama, Town of - FY 2010	Nov. 07, 2011	0	0	0	0
12-3-0058	Decatur, Mississippi, Town of - FY 2010	Nov. 07, 2011	0	0	0	0
12-3-0059	Ohio State University - FY 2010	Nov. 07, 2011	0	0	0	0
12-3-0060	Peterborough, New Hampshire, Town of - FY 2010	Nov. 07, 2011	0	0	0	0
12-3-0061	Pennsylvania, Commonwealth of - FY 2010	Nov. 08, 2011	0	0	0	0
12-3-0063	Charleston, Arkansas, City of - FY 2010	Nov. 09, 2011	0	0	0	0
12-3-0064	Chemung County Library District, New York - FY 2010	Nov. 09, 2011	0	0	0	0
12-3-0065	Evergreen Rural Water Association of Washington - FY 2010	Nov. 09, 2011	0	0	0	0
12-3-0066	Galeton Borough Authority - FY 2010	Nov. 09, 2011	0	0	0	0
12-3-0067	Galveston, Texas, City of - FY 2010	Nov. 09, 2011	0	0	0	0
12-3-0068	Jefferson, Georgia, City of - FY 2010	Nov. 09, 2011	0	0	0	0
12-3-0069	Loudoun County Sanitation District, Virginia - FY 2010	Nov. 09, 2011	0	0	0	0
12-3-0070	Meadville Area Water Authority, Pennsylvania - FY 2010	Nov. 09, 2011	0	0	0	0
12-3-0074	Sistemo Universitario Ana G Mendez, Puerto Rico - FY 2010	Nov. 16, 2011	0	0	0	0
12-3-0075	Sparks, Nevada, City of - FY 2010	Nov. 16, 2011	0	0	0	0
12-3-0076	Sundance, Wyoming, City of - FY 2010	Nov. 16, 2011	0	0	0	0
12-3-0077	Vale, Oregon, City of - FY 2010	Nov. 17, 2011	0	0	0	0
12-3-0078	Fort Independence Indian Reservation, California - FY 2010	Nov. 17, 2011	0	9,767	0	0
12-3-0079	Kalispel Tribe of Indians, Washington - FY 2010	Nov. 17, 2011	0	0	0	0
12-3-0080	Tangirnaq Native Village, Alaska - FY 2010	Nov. 17, 2011	0	0	0	0
12-3-0081	Nanwalek IRA Council, Alaska - FY 2009	Nov. 18, 2011	0	0	0	0
12-3-0082	Sun'Aq Tribe of Kodiak, Alaska - FY 2010	Nov. 18, 2011	0	0	0	0
12-3-0084	Whitehall, Wisconsin, City of - FY 2010	Nov. 21, 2011	0	0	0	0
12-3-0085	Hudson, New York, City of - FY 2010	Nov. 21, 2011	0	0	0	0
12-3-0086	Laurel, Montana, City of - FY 2009	Nov. 21, 2011	0	0	0	0
12-3-0087	Red Lodge, Montana, City of - FY 2010	Nov. 21, 2011	0	0	0	0
12-3-0088	Upper-Lower River Road Co. Water & Sewer District, Montana - FY 2009	Nov. 21, 2011	0	0	0	0
12-3-0089	Willmar, Minnesota, City of - FY 2010	Nov. 21, 2011	0	0	0	0
12-3-0091	Grand Rapids Public Utilities Corporation, Minnesota - FY 2010	Nov. 22, 2011	0	0	0	0
12-3-0092	Gary, Indiana, City of - FY 2009	Nov. 22, 2011	0	0	0	0
12-3-0093	Pocahontas, Iowa, County of - FY 2010	Nov. 22, 2011	0	0	0	0
12-3-0094	Pueblo, Colorado, City of - FY 2010	Nov. 22, 2011	0	0	0	0
12-3-0095	Barnstable, Massachusetts, City of - FY 2010	Nov. 22, 2011	0	0	0	0
12-3-0096	Houston Authority of Harris County, Texas, Port of - FY 2010	Nov. 29, 2011	0	0	0	0
12-3-0097	Palatka, Florida, City of - FY 2010	Nov. 29, 2011	0	0	0	0
12-3-0098	Sleepy Eye, Minnesota, City of - FY 2010	Nov. 29, 2011	0	0	0	0
12-3-0099	Consortium for Plant Biotechnology Research, Inc., Georgia - FY 2010	Nov. 29, 2011	0	0	0	0
12-3-0100	Miami-Dade County, Florida - FY 2010	Nov. 29, 2011	0	0	0	0
12-3-0101	Upper Sioux Community Federal and State Program Dept., Minnesota - FY 2010	Nov. 29, 2011	0	0	0	0
12-3-0103	Redwood Falls, Minnesota, City of - FY 2010	Dec. 06, 2011	0	0	0	0
12-3-0104	Albuquerque, New Mexico, City of - FY 2010	Dec. 06, 2011	0	0	0	0
12-3-0105	Fontana-on-Geneva Lake, Wisconsin, Village of - FY 2010	Dec. 06, 2011	0	0	0	0
12-3-0106	Nevada Irrigation District, California - FY 2010	Dec. 07, 2011	0	0	0	0
12-3-0107	Owner-Operator Drivers Association Foundation, Inc., Missouri - FY 2010	Dec. 07, 2011	0	0	0	0
12-3-0108	Onondaga County Soil and Water Conservation District, New York - FY 2010	Dec. 07, 2011	0	0	0	0
12-3-0110	Turtle Mountain Band of Chippewa Indians, North Dakota - FY 2010	Dec. 08, 2011	0	44,924	0	0
12-3-0111	Washburn, North Dakota, City of - FY 2010	Dec. 08, 2011	0	0	0	0
12-3-0112	Tanana Native Village, Alaska - FY 2010	Dec. 08, 2011	0	0	0	0
12-3-0114	Akiak Native Community, Alaska - FY 2010	Dec. 09, 2011	0	0	0	0
12-3-0115	Nooksack Indian Tribe, Washington - FY 2010	Dec. 09, 2011	0	0	0	0
12-3-0116	Sherwood, Wisconsin, Village of - FY 2010	Dec. 09, 2011	0	0	0	0
12-3-0117	Chubbuck, Idaho, City of - FY 2010	Dec. 09, 2011	0	0	0	0
12-3-0118	Butternut, Wisconsin, Village of - FY 2010	Dec. 09, 2011	0	0	0	0
12-3-0119	Arcadia, Louisiana, Town of - FY 2010	Dec. 09, 2011	0	0	0	0
12-3-0120	Melba, Idaho, City of - FY 2010	Dec. 09, 2011	0	0	0	0
12-3-0121	Presidio, Texas, City of - FY 2010	Dec. 09, 2011	0	0	0	0
12-3-0122	Kimberly, Idaho, City of - FY 2010	Dec. 12, 2011	0	0	0	0
12-3-0123	Bliss, Idaho, City of - FY 2010	Dec. 13, 2011	0	0	0	0

Report no.	Report title	Date	Questioned costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
12-3-0124	Anchorage, Alaska, Municipality of - FY 2010	Dec. 13, 2011	0	0	0	0
12-3-0126	Kuskokwim Native Association, Alaska - FY 2009	Dec. 16, 2011	0	0	0	0
12-3-0127	Ruidoso, New Mexico, Village of - FY 2010	Dec. 16, 2011	0	393,068	0	0
12-3-0128	Dousman, Wisconsin, Village of - FY 2010	Dec. 16, 2011	0	0	0	0
12-3-0129	Fontana Walworth Pollution Control Commission, Wisconsin - FY 2010	Dec. 16, 2011	0	0	0	0
12-3-0130	Neenah, Wisconsin, City of - FY 2010	Dec. 16, 2011	0	0	0	0
12-3-0131	Stevens Point, Wisconsin, City of - FY 2010	Dec. 16, 2011	0	0	0	0
12-3-0132	Elkins, West Virginia, City of - FY 2010	Dec. 16, 2011	0	0	0	0
12-3-0133	Dorchester County Sanitation District, Maryland - FY 2011	Dec. 19, 2011	0	0	0	0
12-3-0134	Rockford, Illinois, City of - FY 2010	Dec. 19, 2011	0	0	0	0
12-3-0135	Villa Park, Illinois, Village of - FY 2011	Dec. 19, 2011	0	0	0	0
12-3-0136	Alexandria, Louisiana, City of - FY 2011	Dec. 19, 2011	0	0	0	0
12-3-0137	Munich, North Dakota, City of - FY 2010	Dec. 19, 2011	0	0	0	0
12-3-0138	Harrisburg, South Dakota, Municipality of - FY 2010	Dec. 19, 2011	0	0	0	0
12-3-0139	Bayfield, Colorado, Town of - FY 2010	Dec. 19, 2011	0	0	0	0
12-3-0140	Inkster, Minnesota, City of - FY 2009	Dec. 19, 2011	0	0	0	0
12-3-0141	Glenview, Illinois, Village of - FY 2010	Dec. 19, 2011	0	0	0	0
12-3-0142	Barry, Michigan, County of - FY 2010	Dec. 19, 2011	0	0	0	0
12-3-0143	St. Paul, Nebraska, City of - FY 2009	Dec. 19, 2011	0	0	0	0
12-3-0144	East Berlin Area Joint Authority, Pennsylvania - FY 2010	Dec. 19, 2011	0	0	0	0
12-3-0145	Allegheny, Pennsylvania, County of - FY 2010	Dec. 19, 2011	0	0	0	0
12-3-0146	Orbisonia-Rockhill Joint Municipal Authority, Pennsylvania - FY 2009	Dec. 19, 2011	0	0	0	0
12-3-0147	Clark County, Indiana - FY 2010	Dec. 20, 2011	0	0	0	0
12-3-0148	Darlington, Indiana, Town of - FY 2009	Dec. 20, 2011	0	0	0	0
12-3-0149	Oak Creek, Wisconsin, City of - FY 2010	Dec. 20, 2011	0	0	0	0
12-3-0150	Centertown, Kentucky, City of - FY 2010	Dec. 20, 2011	0	0	0	0
12-3-0151	Burkesville, Kentucky, City of - FY 2010	Dec. 20, 2011	0	0	0	0
12-3-0152	Falmouth, Kentucky, City of - FY 2009	Dec. 20, 2011	0	0	0	0
12-3-0153	Moss Point, Mississippi, City of - FY 2009	Dec. 20, 2011	0	0	0	0
12-3-0154	Carolina Beach, North Carolina, Town of - FY 2010	Dec. 20, 2011	0	0	0	0
12-3-0155	Orange Water and Sewer Authority, North Carolina - FY 2009	Dec. 20, 2011	0	0	0	0
12-3-0156	Maynardville, Tennessee, City of - FY 2010	Dec. 20, 2011	0	0	0	0
12-3-0157	Calhoun Falls, South Carolina, Town of - FY 2010	Dec. 20, 2011	0	0	0	0
12-3-0158	Bartlesville, Oklahoma, City of - FY 2010	Dec. 20, 2011	0	0	0	0
12-3-0159	Bonham, Texas, City of - FY 2009	Dec. 20, 2011	0	0	0	0
12-3-0163	Monson Utilities District, Maine - FY 2010	Jan. 04, 2012	0	0	0	0
12-3-0164	Canaan Fire District #2, Vermont	Jan. 04, 2012	0	0	0	0
12-3-0165	Milwaukee Metropolitan Sewerage District, Wisconsin - FY 2010	Jan. 05, 2012	0	0	0	0
12-3-0166	Hammond, Indiana, City of - FY 2010	Jan. 05, 2012	0	0	0	0
12-3-0167	Mecosta County, Michigan - FY 2010	Jan. 06, 2012	0	0	0	0
12-3-0168	Te-Moak Tribe Western Shoshone Battle Mountain Band, Nevada - FY 2010	Jan. 06, 2012	0	0	0	0
12-3-0169	Yomba Shoshone Tribe, Nevada - FY 2009	Jan. 06, 2012	150,000	0	0	0
12-3-0170	Medford, New Jersey, Township of - FY 2010	Jan. 10, 2012	0	0	0	0
12-3-0171	Britton-Macon Area School, Michigan - FY 2011	Jan. 10, 2012	0	0	0	0
12-3-0172	New Baden, Illinois, Village of - FY 2011	Jan. 10, 2012	0	0	0	0
12-3-0173	Slatington Borough Authority, Pennsylvania - FY 2011	Jan. 10, 2012	0	0	0	0
12-3-0174	Hickory, North Carolina, City of - FY 2009	Jan. 10, 2012	0	0	0	0
12-3-0175	Aberdeen, Maryland, City of - FY 2011	Jan. 10, 2012	0	0	0	0
12-3-0176	Delhi, Louisiana, Town of - FY 2010	Jan. 11, 2012	0	0	0	0
12-3-0177	Canaan Fire District #2, Vermont - FY 2010	Jan. 11, 2012	0	0	0	0
12-3-0178	Monson Utilities District, Maine - FY 2010	Jan. 11, 2012	0	0	0	0
12-3-0179	Saugerties, New York, Town of - FY 2010	Jan. 11, 2012	0	0	0	0
12-3-0180	Bellmawr, New Jersey, Borough of - FY 2010	Jan. 11, 2012	0	0	0	0
12-3-0181	Urania, Louisiana, Town of - FY 2010	Jan. 11, 2012	0	0	0	0
12-3-0182	Westlake, Louisiana, City of - FY 2010	Jan. 11, 2012	0	0	0	0
12-3-0183	Windsor, Vermont, Town of - FY 2010	Jan. 11, 2012	0	0	0	0
12-3-0184	National Environmental Education Foundation, DC - FY 2010	Jan. 11, 2012	0	0	0	0
12-3-0185	Alliance for the Chesapeake Bay, Inc., Maryland - FY 2010	Jan. 11, 2012	0	0	0	0
12-3-0186	Watauga River Regional Water Authority, Carter County, Tennessee - FY 2010	Jan. 11, 2012	0	0	0	0
12-3-0187	Boones Mill, Virginia, Town of - FY 2010	Jan. 11, 2012	0	0	0	0
12-3-0188	Municipal Authority of the Township of Washington, Pennsylvania - FY 2010	Jan. 11, 2012	0	0	0	0
12-3-0189	Hedrick, Iowa, City of - FY 2010	Jan. 11, 2012	0	0	0	0
12-3-0190	Spencer, Iowa, City of - FY 2010	Jan. 11, 2012	0	0	0	0
12-3-0191	Albany, Georgia, City of - FY 2010	Jan. 11, 2012	0	0	0	0
12-3-0192	St. Charles, Iowa, City of - FY 2010	Jan. 11, 2012	0	0	0	0
12-3-0193	Chautauqua County Rural Water District No. 4, Kansas	Jan. 11, 2012	0	0	0	0
12-3-0194	Hualapai Nation, Arizona - FY 2010	Jan. 11, 2012	0	0	0	0
12-3-0195	Sergeant Bluff, Iowa, City of - FY 2010	Jan. 12, 2012	0	0	0	0
12-3-0196	O'ahu Resource Conservation & Development Council, Hawaii - FY 2010	Jan. 12, 2012	0	0	0	0
12-3-0197	Ramona Band of Cahuilla, California - FY 2010	Jan. 12, 2012	0	0	0	0
12-3-0198	Onondaga Environmental Institute, New York - FY 2009	Jan. 12, 2012	0	0	0	0
12-3-0199	Rock Falls, Illinois, City of - FY 2011	Jan. 12, 2012	0	0	0	0
12-3-0200	Wiyot Tribe, California - FY 2010	Jan. 12, 2012	0	0	0	0
12-3-0201	North American Association for Environmental Education, DC - FY 2010	Jan. 12, 2012	0	0	0	0
12-3-0202	Snoqualmie Indian Tribe, Washington - FY 2010	Jan. 12, 2012	0	0	0	0
12-3-0203	Berlin Water Works, New Hampshire - FY 2010	Jan. 12, 2012	0	0	0	0

Report no.	Report title	Date	Questioned costs			Federal recommended efficiencies
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12-3-0204	Villanova University, Pennsylvania - FY 2010	Jan. 12, 2012	0	0	0	0
12-3-0205	Wythe, Virginia, County of - FY 2010	Jan. 12, 2012	0	0	0	0
12-3-0206	Mineral, Nevada, County of - FY 2010	Jan. 12, 2012	0	0	0	0
12-3-0207	Tesuque-Pueblo of New Mexico - FY 2010	Jan. 12, 2012	0	0	0	0
12-3-0208	Buchanan, Michigan, City of - FY 2011	Jan. 12, 2012	0	0	0	0
12-3-0209	Dekalb Sanitary District, Illinois - FY 2011	Jan. 12, 2012	0	0	0	0
12-3-0210	Grand Ledge, Michigan, City of - FY 2011	Jan. 12, 2012	0	0	0	0
12-3-0211	Atka IRA Council, Alaska - FY 2010	Jan. 12, 2012	0	0	0	0
12-3-0212	Chambersburg, Pennsylvania, Borough of	Jan. 12, 2012	0	0	0	0
12-3-0213	Harris County Water Control and Improvement District No. 36, Texas - FY 2011	Jan. 12, 2012	0	0	0	0
12-3-0214	Leeds Domestic Water Users Association, Utah - FY 2010	Jan. 12, 2012	0	0	0	0
12-3-0215	Broad Top Township, Pennsylvania - FY 2010	Jan. 12, 2012	0	0	0	0
12-3-0216	Chippewa Falls, Wisconsin, City of - FY 2009	Jan. 12, 2012	0	0	0	0
12-3-0217	Tonto Apache Tribe, Arizona - FY 2010	Jan. 12, 2012	0	0	0	0
12-3-0218	Columbus, Nebraska, City of - FY 2010	Jan. 13, 2012	0	0	0	0
12-3-0219	Ohio, State of, Interim Single Audit Review - FY 2011	Jan. 13, 2012	0	0	0	0
12-3-0221	White Mountain Apache Tribe, Arizona - FY 2009	Jan. 20, 2012	247,830	0	0	0
12-3-0222	Fallon Paiute-Shoshone Tribe, Nevada - FY 2011	Jan. 20, 2012	0	0	0	0
12-3-0223	Iliamna Village Council, Alaska - FY 2007	Jan. 23, 2012	0	4,714	0	0
12-3-0225	Branch, Michigan, County of - FY 2010	Jan. 24, 2012	0	0	0	0
12-3-0226	Baraboo, Wisconsin, City of - FY 2010	Jan. 24, 2012	0	0	0	0
12-3-0227	Bloomington, Illinois, City of - FY 2010	Jan. 24, 2012	0	0	0	0
12-3-0228	Bloomington, Indiana, City of - FY 2010	Jan. 24, 2012	0	0	0	0
12-3-0229	Calumet County, Wisconsin - FY 2010	Jan. 24, 2012	0	0	0	0
12-3-0230	Chicago, Illinois, City of - FY 2010	Jan. 24, 2012	0	0	0	0
12-3-0232	Atmautluak Traditional Council, Alaska - FY 2010	Jan. 26, 2012	0	5,235	0	0
12-3-0233	Atlantic States Rural Water and Wastewater Association, Maine - FY 2010	Jan. 27, 2012	0	0	0	0
12-3-0234	Blue Lake Rancheria, California - FY 2010	Jan. 27, 2012	0	0	0	0
12-3-0235	Clean Energy Coalition, Michigan - FY 2010	Jan. 30, 2012	0	0	0	0
12-3-0236	Vallejo, California, City of - FY 2010	Jan. 30, 2012	0	0	0	0
12-3-0237	Chippewa Falls, Wisconsin, City of - FY 2010	Jan. 30, 2012	0	0	0	0
12-3-0238	Chautauqua, New York, County of - FY 2010	Jan. 30, 2012	0	0	0	0
12-3-0239	Inter-Tribal Council of Arizona, Inc., Arizona - FY 2010	Jan. 30, 2012	0	0	0	0
12-3-0240	Trinidad Rancheria, California - FY 2010	Jan. 31, 2012	0	0	0	0
12-3-0241	Thomaston, Georgia, City of - FY 2010	Jan. 31, 2012	0	0	0	0
12-3-0242	Sardis, Georgia, City of - FY 2010	Jan. 31, 2012	0	0	0	0
12-3-0243	Lake Champlain Basin Science Center, Inc., Vermont - FY 2011	Jan. 31, 2012	0	0	0	0
12-3-0244	Cincinnati, University of, Ohio - FY 2011	Jan. 31, 2012	0	0	0	0
12-3-0245	Kansas, University of, Center for Research, Inc. - FY 2011	Jan. 31, 2012	0	0	0	0
12-3-0246	Bolivar County, Mississippi - FY 2010	Jan. 31, 2012	0	0	0	0
12-3-0247	Torres Martinez Desert Cahuilla Indians, California - FY 2010	Jan. 31, 2012	0	0	0	0
12-3-0248	Pickens County, Georgia - FY 2010	Jan. 31, 2012	0	0	0	0
12-3-0250	Colorado Springs Utilities, Colorado - FY 2010	Jan. 31, 2012	0	0	0	0
12-3-0252	Yurok Tribe, California - FY 2010	Feb. 06, 2012	0	0	0	0
12-3-0254	Chesterfield, Indiana, Town of - FY 2010	Feb. 06, 2012	0	0	0	0
12-3-0255	Alaska Rural Water Association, Alaska - FY 2010	Feb. 07, 2012	0	0	0	0
12-3-0256	Centerville, Indiana, Town of - FY 2010	Feb. 07, 2012	0	0	0	0
12-3-0257	Plainfield, Indiana, Town of - FY 2010	Feb. 07, 2012	0	0	0	0
12-3-0258	Pierce County, Wyoming - FY 2010	Feb. 07, 2012	0	0	0	0
12-3-0259	Osage Municipal Utilities, Iowa - FY 2010	Feb. 07, 2012	0	0	0	0
12-3-0260	Iowa Regional Utilities Association, Iowa - FY 2010	Feb. 08, 2012	0	0	0	0
12-3-0261	South Holland, Illinois, Village of - FY 2011	Feb. 08, 2012	0	0	0	0
12-3-0262	United States Virgin Islands - FY 2009	Feb. 08, 2012	0	0	0	0
12-3-0263	Will County, Illinois - FY 2010	Feb. 08, 2012	0	0	0	0
12-3-0264	Rend Lake Conservancy District, Illinois - FY 2011	Feb. 08, 2012	0	0	0	0
12-3-0265	Winchester, City of - FY 2011	Feb. 08, 2012	0	0	0	0
12-3-0266	Sycamore, Illinois, City of - FY 2011	Feb. 09, 2012	0	0	0	0
12-3-0267	Fort Bidwell Indian Community Council, California - FY 2010	Feb. 09, 2012	0	0	0	0
12-3-0268	Fort Mojave Indian Tribe, California - FY 2010	Feb. 09, 2012	0	0	0	0
12-3-0269	Golden Beach, Florida, Town of - FY 2010	Feb. 09, 2012	0	0	0	0
12-3-0270	Green River Valley Water District, Kentucky - FY 2011	Feb. 09, 2012	0	0	0	0
12-3-0271	San Manuel Band of Mission Indians, California - FY 2010	Feb. 09, 2012	0	0	0	0
12-3-0272	Martinsville, Indiana, City of - FY 2010	Feb. 10, 2012	0	0	0	0
12-3-0273	Arvin Community Services District, California - FY 2010	Feb. 10, 2012	0	0	0	0
12-3-0274	Alexandria, Indiana, City of - FY 2009	Feb. 13, 2012	0	0	0	0
12-3-0275	San Carlos Apache Tribe, Arizona - FY 2010	Feb. 13, 2012	59,665	0	0	0
12-3-0276	Ashland, Wisconsin, City of - FY 2010	Feb. 13, 2012	0	0	0	0
12-3-0277	Glencoe, Alabama, City of - FY 2010	Feb. 13, 2012	0	0	0	0
12-3-0278	La Jolla Band of Luiseno Indians, California - FY 2010	Feb. 13, 2012	0	0	0	0
12-3-0279	Madera County, California - FY 2010	Feb. 13, 2012	0	0	0	0
12-3-0280	Fulton County, Illinois - FY 2010	Feb. 13, 2012	0	0	0	0
12-3-0281	Chadron, Nebraska, City of - FY 2010	Feb. 13, 2012	0	0	0	0
12-3-0282	Ohio County Regional Wastewater District, Inc., Kentucky - FY 2009	Feb. 14, 2012	0	0	0	0
12-3-0283	Manitou Springs, Colorado, City of - FY 2010	Feb. 14, 2012	0	0	0	0
12-3-0285	Commonwealth Utilities Corporation MP - FY 2010	Feb. 15, 2012	0	0	0	0
12-3-0286	Canton, Illinois, City of - FY 2010	Feb. 15, 2012	0	0	0	0

Report no.	Report title	Date	Questioned costs			Federal recommended efficiencies
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12-3-0287	Saint Elmo, Illinois, City of - FY 2011	Feb. 15, 2012	0	0	0	0
12-3-0288	Wellington, Kansas, City of - FY 2010	Feb. 15, 2012	0	0	0	0
12-3-0290	Byron, Georgia, City of - FY 2010	Feb. 16, 2012	0	0	0	0
12-3-0291	Cold Springs Rancheria of the Mono Indians, California - FY 2010	Feb. 23, 2012	0	0	0	0
12-3-0292	Milwaukee Community Services Corp., Inc., Wisconsin - FY 2010	Feb. 23, 2012	0	0	0	0
12-3-0293	Mooreville, Indiana, Town of - FY 2010	Feb. 24, 2012	0	0	0	0
12-3-0294	Normal, Illinois, Town - FY 2011	Feb. 24, 2012	0	0	0	0
12-3-0296	Beaver Dam, Wisconsin, City of - FY 2010	Feb. 27, 2012	0	0	0	0
12-3-0297	Lomira, Wisconsin, Village of - FY 2010	Feb. 27, 2012	0	0	0	0
12-3-0298	Crow Wing County, Minnesota - FY 2010	Feb. 28, 2012	0	0	0	0
12-3-0299	Detroit Lakes, Minnesota, City of - FY 2010	Feb. 28, 2012	0	0	0	0
12-3-0300	Rushford, Minnesota, City of - FY 2010	Feb. 28, 2012	0	0	0	0
12-3-0301	Saint Peter, Minnesota, City of - FY 2010	Feb. 28, 2012	0	0	0	0
12-3-0302	St. Cloud, Minnesota, City of - FY 2010	Feb. 28, 2012	0	0	0	0
12-3-0303	Wilmont, Minnesota, City of - FY 2010	Feb. 28, 2012	0	0	0	0
12-3-0304	Bedford Township Municipal Authority, Pennsylvania - FY 2011	Feb. 29, 2012	0	0	0	0
12-3-0305	Hinckley, Illinois, Village of - FY 2011	Feb. 29, 2012	0	0	0	0
12-3-0307	Dawson Springs Municipal Waterworks and Sewer System, Kentucky - FY 2011	Feb. 29, 2012	0	0	0	0
12-3-0308	Livingston County, Illinois - FY 2010	Feb. 29, 2012	0	0	0	0
12-3-0309	Logan County, Illinois - FY 2010	Feb. 29, 2012	0	0	0	0
12-3-0310	New Market, Virginia, Town of - FY 2011	Feb. 29, 2012	0	0	0	0
12-3-0313	Olney, Illinois, City of - FY 2011	Mar. 01, 2012	0	0	0	0
12-3-0314	Madison County Industrial Development & Building Authority, Georgia - FY 2010	Mar. 01, 2012	0	0	0	0
12-3-0315	Lake Lure, North Carolina, Town of - FY 2011	Mar. 05, 2012	0	0	0	0
12-3-0316	Farmville, North Carolina, Town of - FY 2011	Mar. 05, 2012	0	0	0	0
12-3-0317	Forest County, Wisconsin - FY 2010	Mar. 05, 2012	0	0	0	0
12-3-0318	Green Bay Metropolitan Sewerage District, Wisconsin - FY 2010	Mar. 05, 2012	0	0	0	0
12-3-0319	Iron County, Wisconsin - FY 2010	Mar. 05, 2012	0	0	0	0
12-3-0322	Great Bend, Kansas, City of FY 2010	Mar. 08, 2012	0	0	0	0
12-3-0323	Assiniboine and Sioux Tribe of the Fort Peck Indian Reservation, Montana	Mar. 08, 2012	0	0	0	0
12-3-0324	Greenport New York Incorporated, Village of - FY 2010	Mar. 08, 2012	0	0	0	0
12-3-0325	Lowell, Massachusetts, City of - FY 2011	Mar. 08, 2012	0	0	0	0
12-3-0326	Maine Rural Water Association - FY 2010	Mar. 08, 2012	0	0	0	0
12-3-0327	New England, University of Maine - FY 2011	Mar. 08, 2012	0	0	0	0
12-3-0329	Greater St. Albans Public District, West Virginia - FY 2010	Mar. 09, 2012	0	0	0	0
12-3-0330	California, Missouri, City of - FY 2011	Mar. 09, 2012	0	0	0	0
12-3-0331	Greenville Sanitary District #1, Wisconsin - FY 2010	Mar. 09, 2012	0	0	0	0
12-3-0332	Liberty, Missouri, City of - FY 2010	Mar. 09, 2012	0	0	0	0
12-3-0333	Menasha, Wisconsin, Town of - FY 2010	Mar. 12, 2012	0	0	0	0
12-3-0334	Stetsonville, Wisconsin, Village of - FY 2010	Mar. 12, 2012	0	0	0	0
12-3-0335	Turtle Lake, Wisconsin, Village of - FY 2010	Mar. 12, 2012	0	0	0	0
12-3-0336	Walworth, Wisconsin, Village of - FY 2010	Mar. 12, 2012	0	0	0	0
12-3-0337	Peru, Illinois, City of - FY 2011	Mar. 13, 2012	0	0	0	0
12-3-0338	Pontiac, Michigan, City of - FY 2011	Mar. 13, 2012	0	0	0	0
12-3-0339	Sault Ste. Marie, Michigan, City of - FY 2011	Mar. 13, 2012	0	0	0	0
12-3-0340	Taylor County, Wisconsin - FY 2010	Mar. 13, 2012	0	0	0	0
12-3-0341	Tazewell County, Illinois - FY 2010	Mar. 13, 2012	0	0	0	0
12-3-0342	Valley City, North Dakota, City of - FY 2010	Mar. 13, 2012	0	0	0	0
12-3-0343	Waupaca County, Wisconsin - FY 2010	Mar. 13, 2012	0	0	0	0
12-3-0344	Woodford County, Illinois - FY 2010	Mar. 13, 2012	0	0	0	0
12-3-0345	Alpine, Wyoming, Town of - FY 2011	Mar. 13, 2012	0	0	0	0
12-3-0346	Linn, Missouri, City of - FY 2011	Mar. 13, 2012	0	0	0	0
12-3-0347	Milwaukee Metropolitan Sewerage District, Wisconsin - FY 2010	Mar. 14, 2012	0	0	0	0
12-3-0348	West Baraboo, Wisconsin, Village of - FY 2010	Mar. 14, 2012	0	0	0	0
12-3-0349	Paris, Missouri, City of - FY 2011	Mar. 14, 2012	0	0	0	0
12-3-0350	Wilhee, Wisconsin, Village of - FY 2010	Mar. 14, 2012	0	0	0	0
12-3-0351	Lake Holcombe Sanitary District No. 1, Wisconsin - FY 2010	Mar. 14, 2012	0	0	0	0
12-3-0352	Langlade County, Wisconsin - FY 2010	Mar. 14, 2012	0	0	0	0
12-3-0353	Louisa, Kentucky, City of - FY 2010	Mar. 14, 2012	0	0	0	0
12-3-0354	Nevada, Missouri, City of - FY 2010	Mar. 14, 2012	0	0	0	0
12-3-0355	Jasper County, Missouri - FY 2010	Mar. 14, 2012	0	0	0	0
12-3-0356	Clinton Community Schools, Michigan - FY 2011	Mar. 14, 2012	0	0	0	0
12-3-0357	Nickerson, Kansas, City of - FY 2010	Mar. 15, 2012	0	0	0	0
12-3-0358	Johnstown, New York, City of - FY 2009	Mar. 15, 2012	0	0	0	0
12-3-0359	Apache Tribe of Oklahoma, Oklahoma - FY 2010	Mar. 15, 2012	0	0	0	0
12-3-0361	Manitowoc County, Wisconsin - FY 2010	Mar. 19, 2012	0	0	0	0
12-3-0364	Cedar Bluffs, Nebraska, Village of - FY 2011	Mar. 21, 2012	0	0	0	0
12-3-0365	El Dorado, Kansas, City of - FY 2010	Mar. 21, 2012	0	0	0	0
12-3-0366	Garner, Iowa, City of - FY 2011	Mar. 21, 2012	0	0	0	0
12-3-0367	Hibbing, Minnesota, City of - FY 2010	Mar. 21, 2012	0	0	0	0
12-3-0368	Hibbing Public Utilities Commission, Minnesota - FY 2010	Mar. 21, 2012	0	0	0	0
12-3-0369	Howard Lake, Minnesota, City of - FY 2010	Mar. 21, 2012	0	0	0	0
12-3-0370	Kemmerer-Diamondville Water/Wastewater Joint Powers, Wyoming - FY 2011	Mar. 21, 2012	0	0	0	0
12-3-0371	Laurel, Montana, City of - FY 2010	Mar. 21, 2012	0	0	0	0
12-3-0372	Dalles, Oregon, City of - FY 2011	Mar. 22, 2012	0	0	0	0
12-3-0373	Mandan, North Dakota, City of - FY 2010	Mar. 23, 2012	0	0	0	0

Report no.	Report title	Date	Questioned costs			Federal recommended efficiencies
			Ineligible costs	Unsupported costs	Unreasonable costs	
12-3-0374	Oconto Falls, Wisconsin, City of - FY 2010	Mar. 26, 2012	0	0	0	0
12-3-0375	Reedsburg, Wisconsin, City of - FY 2010	Mar. 26, 2012	0	0	0	0
	TOTAL SINGLE AUDIT REPORTS = 342		\$457,495	\$2,522,180	\$0	\$0
CONTRACT AND ASSISTANCE AGREEMENT REPORTS						
12-4-0008	CERCLA Claim - Bofors Nobel	Oct. 12, 2011	\$0	\$0	\$0	\$0
12-2-0072	EPA Grants Awarded to Summit Lake Paiute Tribe, Sparks, Nevada	Nov. 10, 2011	0	96,615	0	0
12-4-0224	Cooperative Agreement X7-83325501 Awarded to Kathleen S. Hill	Jan. 23, 2012	80,721	0	0	0
12-4-0284	H&S Environmental, Inc.'s Accounting System	Feb. 14, 2012	0	0	0	0
12-4-0295	Contract EP-S9-11-01 by SFS Chemical Safety, Inc., Emeryville, California	Feb. 27, 2012	73,034	0	0	0
	TOTAL CONTRACT AND ASSISTANCE AGREEMENT REPORTS = 5		\$153,755	\$96,615	\$0	\$0
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 REPORTS						
12-X-0090	Close-Out of Complaint, Metro. Water Reclamation District of Greater Chicago	Nov. 22, 2011	\$0	\$0	\$0	\$0
12-R-0109	Site Visit of Elizabeth City Well Field Expansion Project, North Carolina	Dec. 08, 2011	0	0	0	0
12-X-0161	Close-Out of Complaint, Wastewater Treatment Facility, Perkins, Oklahoma	Dec. 29, 2011	0	0	0	0
12-R-0321	Site Visit of the Botanic Garden of Western Pennsylvania	Mar. 08, 2012	1,368,894	0	0	0
12-R-0377	Site Visit of Wastewater Treatment Plant, Village of Itasca, Illinois	Mar. 30, 2012	0	10,000,000	0	0
	TOTAL AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 REPORTS = 5		\$1,368,894	\$10,000,000	\$0	\$0
FINANCIAL STATEMENT REPORTS						
12-1-0073	Audit of EPA's Fiscal 2011 and 2010 Consolidated Financial Statements	Nov. 15, 2011	\$0	\$0	\$0	\$0
	TOTAL FINANCIAL STATEMENT REPORTS = 1		\$0	\$0	\$0	\$0
U.S. CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD REPORTS						
12-P-0312	CSB Improper Payment Recovery Audits	Mar. 01, 2012	\$0	\$0	\$0	\$0
12-P-0363	CSB Compliance With Federal Information Security Management Act (FY 2011)	Mar. 21, 2012	0	0	0	0
	TOTAL U.S. CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD REPORTS = 2		\$0	\$0	\$0	\$0
OTHER REPORTS						
12-N-0034	OIG Compendium of Unimplemented Recommendations as of 9/30/11	Oct. 31, 2011	\$0	\$0	\$0	\$0
	TOTAL OTHER REPORTS = 1		\$0	\$0	\$0	\$0
	TOTAL REPORTS ISSUED = 376		\$1,980,144	\$12,618,795	\$0	\$372,000,000

Appendix 2—Reports Issued Without Management Decisions

For Reporting Period Ended March 31, 2012

The Inspector General Act, as amended, requires a summary of each audit report issued before the commencement of the reporting period for which no management decision had been made by the end of the reporting period, an explanation of the reasons such management decision had not been made, and a statement concerning the desired timetable for achieving a management decision on each such report. OMB Circular A-50 requires resolution within 6 months of a final report being issued. In this section, we report on audits with no management decision or resolution within 6 months of final report issuance. In the summaries below, we note the Agency's explanation of the reasons a management decision has not been made, the Agency's desired timetable for achieving a management decision, and the OIG follow-up status as of March 31, 2012.

Office of the Administrator

Report No. 11-P-0722, EPA Should Prepare and Distribute Security Classification Guides, September 29, 2011

Summary: This report evaluated EPA's classified national security information infrastructure and its ability to provide information to those who need it. OIG found that EPA has not established any official classification guides even though EPA Administrators have taken original classification actions. EPA's National Security Information Handbook requires that a classification guide be developed for each system, plan, program, or project that involves classified information. The OIG recommended that the Administrator ensure the preparation, review, and approval of appropriate security classification guides that conform to requirements. We also recommended that the Administrator ensure the distribution of classification guides to users of EPA's originally classified information and to program offices that work in related areas. The Office of Administration and Resources Management, which responded for the Agency, did not agree with the report's conclusions, and the recommendations are unresolved.

Agency Explanation: The Administrator's office provided a follow-up response to the OIG on April 5, 2012. The OIG is evaluating the response.

OIG Follow-Up Status: Incomplete response.

Office of Administration and Resources Management

Report No. 10-P-0112, Results of Hotline Complaint Review of EPA Region 9 Hiring under the Federal Career Intern Program, April 26, 2010

Summary: The hotline allegations against EPA Region 9 were unsubstantiated. We identified that the region engaged in a prohibited personnel practice. Neither the Office of Personnel Management nor EPA prohibits the use of a job fair and registration code as recruiting and hiring methods. However, Region 9 engaged in a prohibited personnel practice by giving four Federal Career Intern Program job fair participants improper advantages not provided to others attending the job fair.

Agency Explanation: Office of Personnel Management is in the process of reviewing public comments submitted on the proposed regulations for the Pathways Program. Until such time that the Office of Personnel Management has published final implementing regulations for the Pathways Program, EPA cannot establish a corrective action plan, if necessary, nor provide a projected completion date.

OIG Follow-Up Status: Incomplete response.

Report No. 10-P-0177, EPA's Revised Hiring Process Needs Additional Improvements, August 9, 2010

Summary: This report reviewed EPA's appointment process managed by its Office of Administration and Resources Management to determine how the new process for filling vacancies can be more efficient and effective. The OIG found that EPA had not implemented critical technology upgrades or obtained other resources necessary for the service center concept to succeed. Also, service centers did not consistently provide program managers with the best candidates, and data quality and recruitment action processes need improvement. OIG recommendations included making changes to EPA Order 1110.8A5, *EPA Reorganization Policy*.

Agency Explanation: The OIG has accepted Office of Administration and Resources Management's Corrective Action Plan with the exception of the recommendation on changing the EPA order. The Office of Administration and Resources Management and the OIG continue to disagree on this recommendation; therefore, this audit has not been closed. The Agency will continue to move forward on the remaining corrective actions

OIG Follow-Up Status: Proposed response received in review process.

Office of Air and Radiation

Report No. 04-P-00033, Effectiveness of Strategies to Reduce Ozone Precursors, September 29, 2004

Summary: Our analysis of EPA emissions data for "serious," "severe," and "extreme" ozone nonattainment areas indicated that some major metropolitan areas may not have achieved the required 3 percent annual emission reductions in ozone precursor emissions. While EPA air trend reports have emphasized that ozone levels are declining nationally and regionally, only 5 of 25 nonattainment areas designated serious to extreme had substantial downward trends. EPA provided an action plan to the OIG that provided a partial list of actions planned, and we closed 8 of the 25 recommendations. We believed that we may have been able to close six recommendations once the final Milestone Compliance Demonstration rule was promulgated. However, in May 2006, EPA told us it had decided not to issue the rule; it instead planned to issue guidance that EPA regions could share with states. We did not agree that guidance is an acceptable alternative. As of September 12, 2008, the Agency had not agreed with the other recommendations and had not submitted a complete response that addresses all the recommendations in the report. We will continue to follow up on the Agency's actions.

Agency Explanation: Office of Air Quality Planning and Standards will be meeting in mid April to discuss options for developing a plan for Corrective Actions 3-1 and 3-3, and plans to meet with the OIG in late April to discuss plans for moving forward.

OIG Follow-Up Status: Incomplete response.

Report No. 09-P-0151, EPA Does Not Provide Oversight of Radon Testing Accuracy and Reliability, May 12, 2009

Summary: EPA does not perform oversight of radon testing device accuracy or reliability. The 1988 Indoor Radon Abatement Act required that EPA establish proficiency programs for firms offering radon-related services, including testing and mitigation. EPA established and operated proficiency programs until 1998, when it disinvested in these programs. EPA asserts that it shares oversight responsibility with states and industry, including the two national proficiency programs operating under private auspices. However, without oversight, EPA cannot assure that radon testing devices provide accurate data on indoor radon risks or that radon testing laboratories accurately analyze and report radon results. We recommended that EPA disclose that while radon testing is recommended, EPA cannot provide assurance that commercially available radon testing devices or testing laboratories are accurate and reliable. EPA generally agreed with this recommendation and stated that it will review and revise both its Web-based and printed public materials, as appropriate. However, the Agency did not provide information on how it intends to characterize the accuracy and reliability of radon testing in its public documents, and more information is needed.

Agency Explanation: Office of Air and Radiation sent a closeout memo to the OIG on February 13, 2012, and the OIG has contacted Office of Radiation and Indoor Air program staff for follow-up questions. OIG and Office of Air and Radiation staff met in March 2012 to discuss the Agency's response. Resolution is pending receipt of additional information.

OIG Follow-Up Status: Incomplete response.

Report No. 11-P-0701, EPA Should Update Its Fees Rule to Recover More Motor Vehicle and Engine Compliance Program Costs, September 23, 2011

Summary: OIG reviewed EPA's assessment and collection of vehicle emissions testing fees for its Motor Vehicle and Engine Compliance Program. The OIG found that EPA is not recovering all reasonable costs of administering the program. Our analysis, using the Agency's cost estimate for FY 2010, showed a \$6.5 million difference between estimated program costs of \$24.9 million and fee collections of \$18.4 million. EPA's final rule of May 2004 establishes fees, but the rule does not allow fee increases to cover EPA's increasing costs. OIG recommended that the Assistant Administrator for Air and Radiation update the 2004 fees rule to increase the amount of costs it can recover, and conduct biennial reviews of the program's fee collections and the full cost of operating the program to determine

whether EPA is recovering its costs. EPA agreed with these recommendations but did not provide planned completion dates. Therefore, we consider these recommendations unresolved with resolution efforts in progress.

Agency Explanation: On February 7, 2012, the Office of Air and Radiation submitted a request to the OIG that the Office of the Chief Financial Officer rather than the Office of Air and Radiation conduct biennial user fees review. On March 8, 2012, the OIG responded in agreement that the Office of the Chief Financial Officer will be responsible for biennial review with consultation from Office of Air and Radiation technical staff. The OIG directed the Office of the Chief Financial Officer to provide a corrective action plan with milestones by April 19, 2012.

OIG Follow-Up Status: Incomplete response.

Financial Analysis and Rate Negotiation Service Center

Report No. 06-4-00165, National Academy of Sciences—FY 2006 Indirect/Other Direct Costs System, September 27, 2006

Summary: In DCAA's opinion, the contractor's service centers cost system and related internal control policies and procedures were inadequate in part. DCAA's examination noted certain significant deficiencies in the design or operation of the Indirect/Other Direct Costs system process.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

OIG Follow-Up Status: Resolution pending receipt of additional information.

Report No. 07-1-00061, Lockheed Martin Services Group—FY 12/31/2004 I/C, April 10, 2007

Summary: DCAA questioned \$34,708,911 in claimed direct costs and proposed indirect costs. Further, DCAA did not audit \$338,864,655 in claimed direct and indirect costs for assist audits not yet received or for received assist audit reports, the impact of which on the contractor's cost objectives has not yet been calculated. Additionally, DCAA upwardly adjusted \$48,224,805 in claimed base costs. EPA's share of the questioned costs totals \$694,178. DCAA did not provide any Cumulative Allowable Cost Work Sheet or Schedule of Allowable Costs by Cost Element by Contract because the most current year with negotiated indirect rates is calendar year 1998. DCAA will issue a supplemental audit report upon completion of its analysis of the assist audit results, and as the outstanding fiscal years' indirect rates are negotiated, the requested Cumulative Allowable Cost Work Sheet and Schedule of Allowable Costs by Cost Element by Contract will be provided.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

OIG Follow-Up Status: Resolution pending receipt of additional information.

Report No. 07-4-00058, Science Applications Intl. Corporation—Companies 1, 6, and 9—FY 2006 Floorchecks, April 30, 2007

Summary: On September 25, 2006, DCAA determined that the floorchecks disclosed no significant deficiencies in the contractor's timekeeping or labor system in FY 2005. On February 27, 2007, DCAA determined that certain labor practices require corrective actions to improve the reliability of the contractor's labor accounting system. DCAA did not express an opinion on the adequacy of the contractor's labor accounting system taken as a whole.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

OIG Follow-Up Status: Resolution pending receipt of additional information.

Report No. 07-1-00079, Science Applications Intl. Corporation—FYE 1/31/2005 I/C, July 18, 2007

Summary: DCAA submitted three audit reports under this assignment. DCAA accepted the claimed direct costs at Companies 1 and 6 (there are no claimed direct costs at Company 9) and questioned proposed indirect costs and rates at Companies 1, 6, and 9. DCAA questioned a total of \$17,224,585 of Company 9's claimed indirect expenses (\$9,938,874) and fringe benefit costs and rates (\$7,285,711), of which \$7,762,651 was allocated to other companies that do not perform government work. Questioned indirect costs of \$3,525,230 and \$4,552,250 were allocated to and

questioned in the claimed general and administrative costs and rates of Companies 1 and 6, respectively. The questioned fringe benefit rates in Company 9 resulted in questioned fringe benefit costs of \$865,365 and \$519,089 for Companies 1 and 6, respectively. DCAA questioned an additional \$1,995,869 of Company 1 claimed indirect expenses, and an additional \$511,822 of Company 6 claimed indirect expenses. Total questioned costs in Companies 1 and 6 are \$11,969,625, of which \$119,696 is applicable to EPA contracts.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

IG Follow-Up Status: Resolution pending receipt of additional information.

Report No. 07-1-00080, Lockheed Martin Services, Inc.—FY 2005 Incurred Cost, August 6, 2007

Summary: DCAA questioned \$595,792,539 in claimed direct costs and \$10,982,460 in proposed indirect costs and rates. None of the questioned direct costs are chargeable to any of the EPA contracts. A number of the EPA contracts have indirect ceiling rates that are lower than the contractor's proposed indirect rates, and are not impacted by the questioned indirect expenses and rates. However, there are EPA contract/subcontracts that do not have indirect ceiling rates and are impacted by the questioned indirect rates. EPA's share of questioned indirect costs totals \$133,069.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

IG Follow-Up Status: Resolution pending receipt of additional information.

Report No. 08-4-0002, Science Applications Intl. Corp—Company 1 Compensation Follow-Up, October 2, 2007

Summary: In DCAA's opinion, the contractor's compensation system and related internal control policies and procedures are inadequate in part. DCAA's examination noted certain significant deficiencies in the design or operation of the internal control structure that could adversely affect the contractor's ability to record, process, summarize, and report compensation in a manner that is consistent with applicable government contract laws and regulations.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

IG Follow-Up Status: Resolution pending receipt of additional information.

Report No. 08-1-00114, Weston Solutions Inc.—FY 12/31/2004 Incurred Cost, March 24, 2008

Summary: DCAA determined that the contractor's claimed direct costs are acceptable; however, DCAA questioned \$2,082,837 in proposed indirect costs and rates. Further, DCAA applied penalties in accordance with Federal Acquisition Regulation 42.709, and identified expressly unallowable costs subject to penalty that had been allocated to various contracts specified in Federal Acquisition Regulation 42.709(b), including 11 EPA contracts. Of the questioned costs, EPA's total share of questioned costs is \$197,869, of which \$164,163 is questioned overhead costs and \$33,706 is the questioned general and administrative costs.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

IG Follow-Up Status: Resolution pending receipt of additional information.

Report No. 08-1-00131, Washington Group International, Inc.—FY 2001 Incurred Costs, April 15, 2008

Summary: DCAA questioned \$2,208,686 of claimed direct costs and \$13,757,945 of proposed indirect costs and rates, a total of \$15,966,631. EPA's share of the questioned costs is \$44,648.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

IG Follow-Up Status: Resolution pending receipt of additional information.

Report No. 08-1-0130, Morrison Knudsen Corporation—FY 1999 Incurred Costs, April 15, 2008

Summary: DCAA questioned \$3,705,233 in claimed direct costs and \$3,472,023 in proposed indirect costs and rates, a total of \$7,177,256 in questioned costs. EPA's share of questioned costs is \$57,369.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

OIG Follow-Up Status: Resolution pending receipt of additional information.

Report No. 09-1-00034, Lockheed Martin Services Group—FY 2006 Incurred Cost, November 24, 2008

Summary: DCAA questioned \$23,672,344 in claimed direct and proposed indirect costs and rates. Of this, \$381,582 is claimed direct costs and \$23,290,762 is proposed indirect costs and rates. DCAA also did not audit \$159,778,286 in claimed subsidiary and subcontracts costs. EPA's share of the questioned costs is 3 percent, or \$11,448 in claimed direct costs and \$698,722 in proposed indirect costs, a total of \$710,170.

Agency Explanation: Resolution on hold. Resolution of audit results is not EPA's responsibility, but the responsibility of the Department of Defense. Therefore, an expected resolution date cannot be determined at this time.

OIG Follow-Up Status: Resolution pending receipt of additional information.

Office of Chemical Safety and Pollution Prevention**Report No. 11-P-0215, EPA's Endocrine Disruptor Screening Program Should Establish Management Controls to Ensure More Timely Results, May 3, 2011**

Summary: In 1998, EPA established the Endocrine Disruptor Screening Program, which uses a two-tiered screening and testing approach to assess endocrine effects. The program was expanded to include androgenic and thyroid effects. The program has not developed a management plan laying out the program's goals and priorities or established outcome performance measures to track program results. The program missed milestones for assay validation and chemical selection established by a 2001 settlement agreement. The Endocrine Disruptor Screening Program needs to develop and implement plans and performance measures to establish management control and accountability. EPA plans to develop a management plan for the program but had not done so at the time of our review.

Agency Explanation: Office of Chemical Safety and Pollution Prevention and the OIG have been working to agree upon appropriate corrective actions to implement the report's recommendations since it was issued. As of March 28, 2012, OIG has agreed to corrective actions for four of the six recommendations, and the Office of Chemical Safety and Pollution Prevention is revising its corrective action plan to reflect an oral agreement reached on the remaining recommendations. The projected resolution date was April 20, 2012.

OIG Follow-Up Status: Incomplete response.

Office of Enforcement and Compliance Assurance**Report No. 08-P-00278, Strategic Planning in Priority Enforcement Areas, September 25, 2008**

Summary: The Office of Enforcement and Compliance Assurance has instituted a process for strategic planning in its national enforcement priority areas. The FYs 2008–2010 strategic plans we reviewed—for air toxics, combined sewer overflows, and mineral processing—contain an overall goal, a problem statement, and other key elements. However, each of the plans is missing key elements to monitor progress and accomplishments and efficiently utilize Agency resources. All three strategies lack a full range of measures to monitor progress and achievements. Two strategies lack detailed exit plans. Additionally, the combined sewer overflow strategy does not address the states' key roles in attaining the strategy's overall goal. The absence of these elements hinders Office of Enforcement and Compliance Assurance from monitoring progress and achieving desired results in a timely and efficient manner.

Agency Explanation: The OIG issued a memorandum to the Office of Enforcement and Compliance Assurance on January 20, 2010, that requested this office to change the designation of recommendation 2-2 in the Management Audit Tracking System to "unresolved," and include it in the list of recommendations unresolved after a year. The OIG also indicated that it would pursue this matter through the formal EPA audit resolution process.

OIG Follow-Up Status: Referred to Audit Resolution Board.

Region 4—Regional Administrator**Report No. 10-4-0001, Internal Control Weaknesses under EPA Grant Nos. I004802070 and BG96483308, Awarded to the Eastern Band of Cherokee Indians, Cherokee, North Carolina, October 5, 2009**

Summary: The OIG received a Hotline complaint regarding EPA assistance agreement nos. I004802070 and BG96483308, awarded to the Eastern Band of Cherokee Indians, Cherokee, North Carolina. The grantee did not have a conflict of interest, as alleged, and its Standard Form 272s were correct and prepared in compliance with federal requirements, EPA policies, and grant terms and conditions. However, during the course of our examination, we identified significant deficiencies in internal controls concerning equipment purchases and segregation of duties. Some purchase authorizations were dated the same day equipment was delivered, three quotes were not always obtained, and purchases were not always properly authorized. Also, one employee was authorized to write grant proposals; solicit funding to carry out the program goals; prepare budgets; oversee the expenditure of funds; and purchase, maintain, repair, and inventory all equipment. We recommended that EPA require the grantee to comply with its internal control policies and establish additional internal controls as needed.

Agency Explanation: The region will revise its response to address the missing information as requested by the OIG. The projected completion date is June 31, 2012.

OIG Follow-Up Status: No response.

Report No. 10-4-0003, Costs Claimed Under EPA Grant XP97424901 Awarded to West Rankin Utility Authority, Flowood, Mississippi, October 13, 2009

Summary: The grantee did not meet the procurement and financial management requirements of Title 40 Code of Federal Regulations Part 31. As a result, we questioned \$1,745,457 in unsupported architectural and engineering costs claimed. The grantee will need to repay \$663,321 of grant funds. The grantee did not agree with those questioned costs. Due to the noncompliances and internal control weaknesses noted, the grantee may not have the capability to manage future grant awards.

Agency Explanation: The region is requesting a deviation from Title 40 Code of Federal Regulations Part 31.36 from EPA headquarters. The projected completion date is May 31, 2012.

OIG Follow-Up Status: Incomplete response.

Report No. 10-4-0013, Costs Claimed Under EPA Grant No. XP9468195 Awarded to the City of Flowood, Mississippi, October 27, 2009

Summary: The grantee did not perform a cost analysis or negotiate a fair and reasonable profit as a separate element of the contract price as required under Title 40 Code of Federal Regulations 31.36(f). As a result, we questioned \$1,755,157 in unsupported architectural and engineering costs claimed. The grantee will need to repay \$896,224 of grant funds. The grantee did not agree with those questioned costs.

Agency Explanation: The region is requesting a deviation from Title 40 Code of Federal Regulations Part 31.36 from EPA headquarters. The projected completion date is May 31, 2012.

OIG Follow-Up Status: Incomplete response.

Report No. 11-3-0476, Aiken, South Carolina, County of, FY 2010, August 17, 2011

Summary: The county has historically relied on outside accounting firms to draft its annual financial statements. The independent auditor found that the county did not have adequate internal controls to track, reconcile, and post cash transactions properly. The independent auditor also found that the county did not have procedures in place to ensure that the required reports for the Brownfields projects were submitted accurately and timely.

Agency Explanation: The grants specialist is working to resolve this finding. The grantee will be notified that written confirmation is needed to verify that all proposed corrective actions are in place as stated in its October 31, 2011, response. The projected completion date is May 31, 2012.

OIG Follow-Up Status: Resolution pending receipt of additional information.

Region 5—Regional Administrator**Report No. 11-R-0700, American Recovery and Reinvestment Act Site Visit of Wastewater Treatment Plant—Phase II Improvement Projects, City of Ottawa, Illinois, September 23, 2011**

Summary: The city could not provide sufficient documentation to support that some manufactured goods used on the project met the Buy American requirements of Section 1605 of the Recovery Act. The documentation did not demonstrate clearly that items were either manufactured in the United States or substantially transformed in the United States. As a result, the state's use of over \$3.8 million of Recovery Act funds on the project is prohibited by Section 1605 of the Recovery Act, unless a regulatory option is exercised. We recommended that the Regional Administrator employ the procedures set out in Title 2 of the Code of Federal Regulations to resolve the noncompliance on the Ottawa project.

Agency Explanation: The OIG response sent March 15, 2012, indicated disagreement with the regional management decision. This disagreement is expected to be elevated to the dispute process. The OIG has asked the Office of Water to revise its guidance and for Region 5 to review its decision using the new guidance. The OIG also sent this information to the Chief Financial Officer.

OIG Follow-Up Status: Resolution under negotiation in headquarters.

Region 7—Regional Administrator**Report No. 11-3-0304, Nebraska, State of – FY 2010, June 29, 2011**

Summary: The Nebraska Department of Environmental Quality had several issues regarding compliance with the allowable costs/cost principles including: (1) expenditures that did not have adequate supporting documentation for reimbursement of actual expenses incurred, and (2) seven expenditures that did not have contract language outlining disposition of items purchased with Recovery Act funding. As such, we have questioned \$113,972 in expenditures.

Agency Explanation: The final determination letter was signed on March 30, 2012. The letter was mailed and e-mailed on March 30, 2012. OIG closeout will most likely occur in April 2012.

OIG Follow-Up Status: No response.

Report No. 11-3-0638, Colby, Kansas, City of – FY 2010, September 14, 2011

Summary: The city did not report all expenditures on its 2009 Schedule of Expenditures of Federal Awards. A similar finding was noted in the prior year audit report. The city's procurement process did not comply with many requirements in Title 40 Code of Federal Requirements Part 31, as required for a state or local government receiving EPA grant funds. Because the city's procurement process was significantly flawed, the single auditor issued a qualified opinion on major program compliance. According to Region 7, the majority of the expenses charged under this project are contract related. Therefore, we have questioned all expenditures reported in FY 2010 as unsupported, totaling \$711,650.

Agency Explanation: Awaiting approval or disapproval of a request for deviation from select procurement regulations for the city. Draft final determination letter expected to be sent to the OIG by July 31, 2012.

OIG Follow-Up Status: No response.

Region 8—Regional Administrator**Report No. 2007-4-00078, Cheyenne River Sioux Tribe, September 24, 2007**

Summary: The tribe did not comply with the financial and program management standards under Title 40 Code of Federal Regulations Parts 31 and 35, and OMB Circular A-87. We questioned \$3,101,827 of the \$3,736,560 in outlays reported. The tribe's internal controls were not sufficient to ensure that outlays reported complied with federal cost principles, regulations, and grant conditions. In some instances, the tribe also was not able to demonstrate that it had completed all work under the agreements and had achieved the intended results.

Agency Explanation: Projected completion date is July 15, 2012. An analysis has been completed and the region has prepared a final determination letter pending a deviation being granted by EPA's Office of Grants and Debarment.

OIG Follow-Up Status: No response.

Report No. 08-3-0307, Oglala Sioux Tribe, FY 2004, September 30, 2008

Summary: The single auditor's findings indicate that the tribe may not be able to support the costs claimed under EPA grants. As a result, we are questioning the costs claimed of \$1,158,903.

Agency Explanation: A final determination letter has been drafted that will require OIG review and consultation due to potential disallowed costs. Projected completion date is May 1, 2012.

OIG Follow-Up Status: Proposed response received and in review process.

Report No. 09-3-0252, Oglala Sioux Tribe, FY 2005, September 29, 2009

Summary: The single auditor's findings indicate that the tribe may not be able to support the costs claimed under EPA grants. As a result, we are questioning the costs claimed during 2005 of \$307,323 as being unsupported.

Agency Explanation: A final determination letter has been drafted that will require OIG review and consultation due to potential disallowed costs. Projected completion date is May 1, 2012.

OIG Follow-Up Status: No response.

Report No. 09-3-0253, Oglala Sioux Tribe, FY 2006, September 30, 2009

Summary: The single auditor's findings indicate that the tribe may not be able to support the costs claimed under EPA grants. As a result, we are questioning the costs claimed in 2006 of \$530,042 as being unsupported.

Agency Explanation: A final determination letter has been drafted that will require OIG review and consultation due to potential disallowed costs. Projected completion date is May 1, 2012.

OIG Follow-Up Status: No response.

Region 9—Regional Administrator**Report No. 10-P-0112, Results of Hotline Complaint Review of EPA Region 9 Hiring under the Federal Career Intern Program, April 26, 2010**

Summary: The hotline allegations against EPA Region 9 were unsubstantiated. We identified that the region engaged in a prohibited personnel practice. Neither the Office of Personnel Management nor EPA prohibits the use of a job fair and registration code as recruiting and hiring methods. However, Region 9 engaged in a prohibited personnel practice by giving four Federal Career Intern Program job fair participants improper advantages not provided to others attending the job fair.

Agency Explanation: The OIG had referred the subject audit to the Office of Special Counsel for resolution. The status of the three recommendations listed in the final report is still undecided. Recommendation 1 is directed to Region 9 and is pending for the Office of Special Counsel decision.

OIG Follow-Up Status: Incomplete response.

Report No. 11-3-0150, Summit Lake Paiute Tribe FY 2008, March 9, 2011

Summary: The OIG questioned as unsupported \$291,097 in EPA expenditures. We found a lack of segregation of duties over financial records, and interim financial status reports being filed late and not being reconciled to the general ledger. Due to the severity of the findings and the going concern risk, we recommended that EPA consider the recipient to be high-risk in accordance with Title 40 Code of Federal Regulations 31.12, and place appropriate restrictions/grant conditions upon the recipient. Also, we recommended that EPA input these findings into the Grantee Compliance Database and consider this information as a part of future pre-award decisions.

Agency Explanation: The tribe is concurrently working on three audits. This single audit was requested to be on hold pending outcome of the agreed-upon procedures. Final determination letter for agreed-upon procedures was sent out March 15, 2012. OIG reactivated the single audit on March 16, 2012, and is waiting for the request for funds letter (\$96,615) to be sent to the tribe. Final determination letter is projected to be issued by the end of April 2012.

OIG Follow-Up Status: Resolution pending receipt of additional information.

Report No. 11-3-0151, Summit Lake Paiute Tribe FY 2008, March 9, 2011

Summary: The OIG questioned as unsupported \$301,113 in EPA expenditures. We found a lack of segregation of duties over financial records, interim financial status reports being filed late and not being reconciled to the general ledger, and the tribe drawing down grant funds to cover deficits in other funds. As a result, the single auditor questioned \$1,070,651 in deferred revenue balance in excess of cash on hand. Due to the severity of the findings and the going concern risk, we recommended that EPA consider the recipient to be high-risk in accordance with Title 40 Code of Federal Regulations 31.12, and place appropriate restrictions/grant conditions upon the recipient. Also, we recommended that EPA input these findings into the Grantee Compliance Database and consider this information as a part of future pre-award decisions.

Agency Explanation: The tribe is concurrently working on three audits. This single audit was requested to be on hold pending outcome of the agreed-upon procedures. Final determination letter for agreed-upon procedures was sent out March 15, 2012. OIG reactivated the single audit on March 16, 2012, and is waiting for the request for funds letter (\$96,615) to be sent to the tribe. Final determination letter is projected to be issued by the end of April 2012.

OIG Follow-Up Status: Report activated, awaiting response.

**Total reports issued before reporting period for which
no management decision had been made as of March 31, 2012 = 32**

Appendix 3—Reports With Corrective Action Not Completed

In compliance with reporting requirements of Section 5(a)(3) of the Inspector General Act, as amended, “Identification of Reports Containing Significant Recommendations Described in Previous Semiannual Reports on Which Corrective Action Has Not Been Completed,” and to help EPA managers gain greater awareness of outstanding commitments for action, we developed a *Compendium of Unimplemented Recommendations*. This separate document provides the information required in appendix 3 to this Semiannual Report to Congress. This compendium (available upon request or at <http://www.epa.gov/oig/reports/2012/20120430-12-N-0434.pdf>) is produced semiannually for Agency leadership and Congress based on Agency reports on the status of action taken on OIG recommendations and OIG selective verification of that reported status.

Appendix 4—OIG Mailing Addresses and Telephone Numbers

Headquarters

U.S. Environmental Protection Agency
Office of Inspector General
1200 Pennsylvania Ave., NW (2410T)
Washington, DC 20460
(202) 566-0847

Offices

Atlanta

U.S. Environmental Protection Agency
Office of Inspector General
61 Forsyth Street, SW
Atlanta, GA 30303
Audit/Evaluation: (404) 562-9830
Investigations: (404) 562-9857

Boston

U.S. Environmental Protection Agency
Office of Inspector General
5 Post Office Square, Suite 100 (OIG15-1)
Boston, MA 02109-3912
Audit/Evaluation: (617) 918-1470
Investigations: (617) 918-1466

Chicago

U.S. Environmental Protection Agency
Office of Inspector General
77 West Jackson Boulevard
13th Floor (IA-13J)
Chicago, IL 60604
Audit/Evaluation: (312) 353-2486
Investigations: (312) 353-2507

Cincinnati

U.S. Environmental Protection Agency
Office of Inspector General
26 West Martin Luther King Drive
Cincinnati, OH 45268-7001
Audit/Evaluation: (513) 487-2360
Investigations: (513) 487-2364

Dallas

U.S. Environmental Protection Agency
Office of Inspector General (6OIG)
1445 Ross Avenue, Suite 1200
Dallas, TX 75202-2733
Audit/Evaluation: (214) 665-6621
Investigations: (214) 665-2790

Denver

U.S. Environmental Protection Agency
Office of Inspector General
1595 Wynkoop Street, 4th Floor
Denver, CO 80202
Audit/Evaluation: (303) 312-6969
Investigations: (303) 312-6868

Kansas City

U.S. Environmental Protection Agency
Office of Inspector General
901 N. 5th Street
Kansas City, KS 66101
Audit/Evaluation: (913) 551-7878
Investigations: (913) 551-7875

New York

U.S. Environmental Protection Agency
Office of Inspector General
290 Broadway, Room 1520
New York, NY 10007
Audit/Evaluation: (212) 637-3049
Investigations: (212) 637-3041

Philadelphia

U.S. Environmental Protection Agency
Office of Inspector General
1650 Arch Street, 3rd Floor
Philadelphia, PA 19103-2029
Audit/Evaluation: (215) 814-5800
Investigations: (215) 814-5820

Research Triangle Park

U.S. Environmental Protection Agency
Office of Inspector General
Mail Drop N283-01
Research Triangle Park, NC 27711
Audit/Evaluation: (919) 541-2204
Investigations: (919) 541-1027

San Francisco

U.S. Environmental Protection Agency
Office of Inspector General
75 Hawthorne Street (IGA-1)
7th Floor
San Francisco, CA 94105
Audit/Evaluation: (415) 947-4521
Investigations: (415) 947-4500

Seattle

U.S. Environmental Protection Agency
Office of Inspector General
1200 6th Avenue, 19th Floor
Suite 1920, M/S OIG-195
Seattle, WA 98101
Audit/Evaluation: (206) 553-6906
Investigations: (206) 553-1273

Winchester

U.S. Environmental Protection Agency
Office of Inspector General
200 S. Jefferson Street, Room 314
P.O. Box 497
Winchester, TN 37398
Investigations: (423) 240-7735

Report fraud, waste or abuse

e-mail: OIG_Hotline@epa.gov

write: EPA Inspector General Hotline

1200 Pennsylvania Avenue NW

Mailcode 2431T

Washington DC 20460

fax: 202-566-2599 · phone: 1-888-546-8740

www.epa.gov/oig/hotline.htm



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