

Wildlife  
Environmental  
Agency

Office  
Inspector General  
Washington, D.C. 20460

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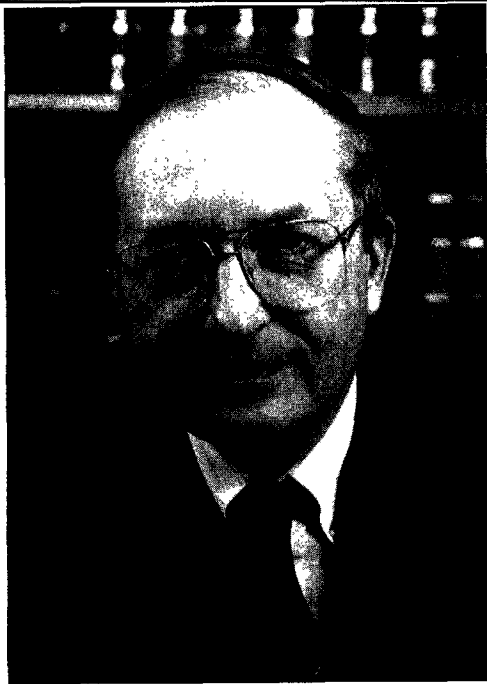
# Office of Inspector General Semi-Annual Report to the Congress

April 1, 1995 through  
September 30, 1995

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EPA Photographer

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## Foreword



The combination of effective audit and investigative work during the past six months, along with a strong Agency management partnership for improvement has enhanced the environment for change and resulted in significant progress. By communicating with our audit customers frequently and assisting Agency management to recognize opportunities for cost saving and solving problems, the OIG is helping EPA achieve greater accountability and productivity from its resources. The OIG has also developed a more streamlined organization and strategic plan for applying a greater proportion of its resources directly to audits and investigations in environmental programs.

This report highlights some of our most significant audits, investigations and concerns along with Agency action to implement our recommendations. Subjects discussed in this report include the threat of contaminated drinking water in schools, the need for better air quality emission standards, the need for more reliable budget and accounting practices, wasteful and improper contracting practices by the Agency and its grantees, distortions in the value of real property in the financial statements, and Agency success in reducing administrative time cleaning up Superfund sites. Also, our investigations have resulted in a significant number of civil settlements that have returned funds to the government.

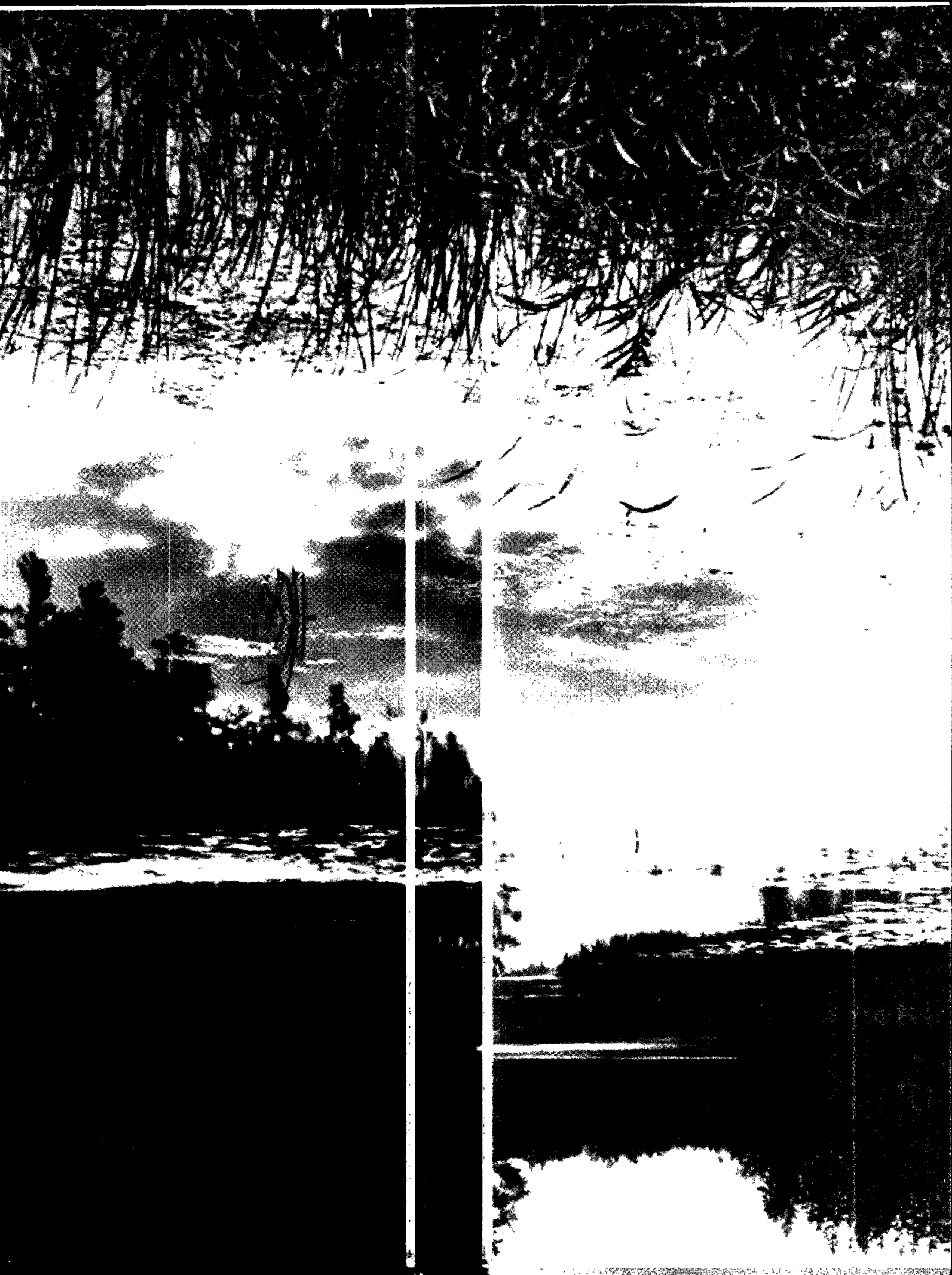
Agency management is actively pursuing improved accountability throughout its programs and operations as one of its major strategic objectives and for compliance with the Government Performance And Results Act. Although we are encouraged by EPA's commitment to this initiative, much still needs to be done. We will continue working to strengthen our partnership with Agency management to promote the changes and actions necessary to improve the accountability for its resources and environmental results.

A handwritten signature in dark ink that reads "John C. Martin". The signature is written in a cursive, flowing style.

John C. Martin  
Inspector General

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*This section of our report presents the Office of Inspector General's (OIG) perspective on significant problems requiring additional Agency attention to ensure its programs are conducted effectively, efficiently, and economically. OIG and EPA personnel have cooperated extensively to address these problems. The Agency has also taken a number of actions either independently or in prompt response to our reports to improve its operations. However, EPA's most significant problems were created over a long period of time, and resolution will require long term commitments and constant attention. Therefore, it is too soon to determine whether EPA management's corrective actions will fully solve these problems.*

*The following presents the areas of significant current concern to the OIG, and some of EPA's actions taken during the last year to address them.*

## **AIR PROGRAMS**

### **OIG Concerns**

Emission factors are used to estimate emissions from a source when more reliable emissions data are not available. Without reliable emissions factors, EPA, states and industry who rely upon them cannot be sure that their air pollution control strategies target the right industries or products and permitting programs include all required sources and establish proper emission limits. Our 1996 audit found that the large majority of published emission factors were rated low for reliability, and many emission factors were not updated since 1988. EPA's use of industry partnerships to assist in the development of emission factors increased the risk that

non-representative or inaccurate factors will be developed. Industries have an inherent incentive to use emission factors that indicate lower than actual pollutant emissions. Accordingly, we nominated emissions factor development as a material weakness candidate for fiscal 1996.

In reviews of enforcement and compliance assistance activities, we found that state enforcement programs have a limited deterrent effect because of little publicity and not always assessing the economic benefit of violations.

Our audit of EPA's regional processing of State Implementation Plans (SIP) found that parts of the SIP program needed to be improved nationally through better guidance and communication with states, and by resolving processing delays.

### **Agency Actions**

*The Agency will re-examine the program for any management or financial integrity weaknesses and review the appropriateness of funding the Adopt-A-Factor program. In addition, the Agency will use a peer review with industry, state and local personnel to ensure that a balanced perspective is presented in industry partnership. EPA agreed to improve communications with states and work with air quality program partners to streamline and simplify the SIP process.*

## **FINANCIAL MANAGEMENT**

### **OIG Concerns**

The Agency team that conducted a National Performance Review of EPA's financial management<sup>1</sup> reported three weaknesses: insufficient time and funds; the

complex financial management systems and processes; and a wide disparity in expertise and attention paid to financial management among EPA managers. In addition, the OIG has repeatedly reported that EPA's accounting systems had not provided complete, consistent, reliable and timely data. Although the Agency has made a number of significant improvements in financial management, additional actions are needed to ensure that EPA has trained staff, policies, procedures and systems to carry out these responsibilities effectively.

An audit showed that a pattern of errors in EPA's budgeting and accounting practices for personnel resources made financial management information unreliable for ensuring that EPA complied with congressional intent, and in developing budget requests.

Another audit identified that although the Agency has initiated results oriented management direction to implement the Government Performance and Results Act (GPRA), reliable financial and performance information was not always available to effectively manage EPA's programs.

A review of EPA's property disclosed that the Agency overstated depreciation, may not have correctly accounted for leased real property, and did not perform lease-versus-buy comparisons for all leases. As a result, Agency financial statements are inaccurate and opportunities to achieve millions in savings were missed.

An audit of EPA's fiscal 1995 financial statements identified problems in recording

reimbursable Superfund oversight costs as assets, accounting for grants from more than one appropriation, allocating expenses to show the cost of the fund in the financial statements and accounting for property and contractor-held equipment.

### **Agency Actions**

*The Agency recently took actions to correct some of the reporting budgeting and accounting problems, and plans to redesign the program element structure as part of its Planning, Budgeting and Accountability system. EPA has agreed to correct the issues identified in our fiscal 1995 financial statements audit report. The Agency, for various reasons such as staffing and budget constraints, has not taken action on all of our concerns and much more work is necessary to address the problem areas we have identified.*

### **LEAKING UNDERGROUND STORAGE TANKS**

#### **OIG Concerns**

Leaking underground storage tanks (LUST) pose significant environmental risks throughout the country. Although States have made progress cleaning up LUST sites, we found that oversight and enforcement were inadequate on some of the most hazardous sites. Cost recoveries were often not pursued and state activity reports were misleading.

#### **Agency Actions**

*The Agency generally disagreed with our observations and conclusions, but either agreed with the audit's recommendations or presented acceptable alternative actions to ensure States provide adequate oversight and enforcement on high risk sites, and states develop and implement cost recovery*

*programs.*

### **SUPERFUND**

#### **OIG Concerns**

An audit found that despite identification between 12 and 15 years ago, three Superfund sites we reviewed were still not cleaned up. The prolonged time spent studying sites and designing remedies resulted in higher cleanup costs and continued risks to public health and the environment. The requirements of the Comprehensive Environmental Response, Compensation, and Liability Act and its 1986 amendments resulted in more focus and achieving process steps rather than cleanups of sites. In 1988, an on-site vault containing about 4 million pounds of hazardous waste was targeted for a time-critical removal action, since extremely high concentrations of arsenic were in the soil, ground water and surface water surrounding the vault. However, the vault and its contents were still on-site as of June 1995.

Another 1996 audit showed that EPA Region 8 responded to the Summitville, CO, Superfund site emergency in a wide-spread but remote area, by reducing hazardous waste risks. However, the Region did not adequately oversee Interagency Agreements with the Department of Interior's Bureau of Reclamation resulting in seven costs overruns totaling nearly \$7.3 million and inefficient cleanup implementation.

An audit of Superfund site laboratory data found that EPA spent nearly \$2 million overseeing the Aerojet General Corporation Superfund site, but had not evaluated the quality of laboratory data used for making public health risk assessments, developing cleanup public health risk assessments, developing cleanup

alternatives, and designing the remedy.

### **Agency Actions**

*The Agency is acting to improve its oversight and enforcement of interagency agreements. Also, EPA will require Aerojet to submit a revised quality assurance project plan and will enhance its oversight of Aerojet.*

### **INFORMATION RESOURCES MANAGEMENT (IRM)**

#### **OIG Concerns**

EPA's IRM program is critical to the success of all program activities. This year we reported that the year 2000 problem could cause failure of major EPA systems because computers store years in two digit numeric fields and the "00" could cause inverse dates resulting in incorrect assumptions and computations. The upcoming century change is one of the most critical problems in data processing and industry. Although the Office of IRM (OIRM) had raised Agency awareness of data processing problems associated with the year 2000, OIRM needed to accelerate its actions to reduce the imminent threat of major systems failure.

#### **Agency Actions**

*The Agency recognized that the Year 2000 issue is a material problem with potentially serious consequences, and developed a comprehensive plan to identify and implement needed modifications throughout Agency systems.*

*During the past year, EPA made major structural changes to address long standing IRM issues. For example, EPA reorganized the Office of Information Resources and appointed a separate Chief Information Officer (CIO).*



## MANAGEMENT OF EXTRAMURAL RESOURCES

### OIG Concerns

EPA relies extensively on contractors and other outside entities to assist in: cleaning up pollution, setting the environmental agenda for the future, and providing goods and services. EPA funds public organizations, such as universities or state and local organizations, and other Federal agencies, to pursue areas of mutual environmental concern through assistance agreements and interagency agreements. EPA needs to continue improving its extramural resources management and to emphasize that Agency officials are accountable for their actions. While we commend and support the Agency's initiatives, management problems continue in this area as identified by our recent work. We proposed grants administration as a material weakness candidate for fiscal 1996. The deficiencies remain a serious concern because EPA is initiating a major Performance Partnership Grants program under which recipients will have even more latitude.

### •ASSISTANCE AGREEMENTS

In July 1996, we testified before the House Subcommittee on National Economic Growth, National Resources and Regulatory Affairs, that some recipients of assistance agreements have wasted taxpayers' dollars, and at times, EPA did not get what it paid for. These conditions occurred not only because recipients did not fulfill their responsibilities, but also because EPA did not fulfill its obligation to adequately monitor assistance agreement activities and apply available sanctions when recipients did not perform. Project officers and grants

specialists did not thoroughly review grant applications, perform site visits, review payment requests, obtain single audit reports, provide final certifications or complete timely closeouts. Basically, EPA has been awarding assistance agreements and paying the recipients' claims without knowing whether the costs were allowable and reasonable, or the work was being performed.

An audit of congressionally earmarked assistance to selected universities showed that EPA accepted earmarked funding and implemented nonstatutory earmarks with unclear scopes and no specific authorizing statutes. As a result, millions of dollars in EPA assistance funds were expended by this recipient for unauthorized purposes.

During fiscal 1996, an audit found that EPA had not adequately defined the Superfund Technical Assistance Grant program needs, goals or performance measures. The program was inconsistently implemented and publicized, resulting in only a small number of grants being awarded since the program's inception.

Another audit revealed that EPA improperly awarded a grant to pay ineligible expenses including ineligible travel, catering services, and entertainment previously incurred by an EPA contractor for a 1995 symposium.

### •CONTRACTING

During fiscal 1996, an audit of EPA's third largest contractor showed that EPA's ineffective, inefficient planning and inadequate oversight of a major contractor's performance resulted in some of the products and services procured being inadequate, untimely, or of questionable value.

Another audit found that EPA acquired hundreds of passenger vehicles without statutory authority. EPA reported \$138 million in government property, including passenger and vehicles, held by contractors despite regulatory requirements that contractors furnish all necessary property.

We also identified that EPA circumvented GSA, violated several laws, and acted without legislative authority by using a contractor to acquire a building independently. If EPA had used GSA's services and purchased the building, EPA may have saved \$3.8 million over the five-year lease.

### Agency Actions

*Since 1992, improving the administration of contracts has been a major area of focus for EPA. And, in fact, EPA has made positive changes in its contract management practices. Now, the Agency needs to devote the same attention to grants and other types of assistance agreements. EPA has initiated and is continuing to initiate a number of efforts to improve grants management including an expanded project officer training curriculum, updating obsolete policies and improving post award grant management. EPA has established an Agency-wide task force to develop guidance and training materials to clarify the complexities of using contracts and assistance agreements to support conferences.*



## Section 1-- Significant Findings and Recommendations

### 1. Application Software Maintenance Requires OMB Attention

Federal departments and agencies do not properly identify and account for software maintenance costs. Also, controls and oversight of software maintenance contracts, contractors, and software changes were inadequate. (page 10).

### 2. Inadequate Oversight of Drinking Water Programs Puts Children at Risk

Region 3 did not require states to provide information about their lead and copper monitoring of small public water systems, which delayed the enforcement actions intended to require removal of excessive lead from drinking water consumed by children and infants. Also, reviews of states' drinking water programs were ineffective (page 12).

### 3. State LUST Programs Need To Focus More On Most Hazardous Sites

Although States have made progress cleaning up Leaking Underground Storage Tank (LUST) sites, oversight and enforcement were inadequate on some of the most hazardous sites. In addition, cost recoveries were often not pursued and State activity reports were misleading (page 13 ).

### 4. Air Program Goals Impaired by Limited Emission Factor Development

While EPA has significantly increased the number of emission factors for sources of air pollution, many have still not been developed, while others are outdated and unreliable, thereby reducing the effectiveness of government and industry efforts to control air pollution (page 14).

### 5. Improvements Needed in EPA and State Air Enforcement Programs

Although Regions 5 and 6 and the states we reviewed had effective aspects of their air enforcement programs, penalties often lacked an economic benefit component, enforcement actions were seldom publicized, and air enforcement data were incomplete, inconsistent, and untimely (page 15).

### 6. Clear and Timely EPA Guidance Needed for State Air Implementation Plans

Without timely, organized, or consistent Agency guidance, EPA and States did not always meet Clean Air Act deadlines for submitting and processing State Implementation Plans. Thus, it may take longer to achieve desired air quality results (page 16).

### 7. Initiatives Proved Successful at Superfund "Mega-Site"

Region 9 accelerated the cleanup process and made more consistent site decisions at the South Indian Bend Wash Superfund site by using the Agency's Presumptive Remedy and Plug-in ROD Superfund reform initiatives (page 17).

### 8. Establishment of Supercomputing Center Violated Laws and Potentially Wasted Millions

EPA violated laws, manipulated the procurement process, and may have cost the government an additional \$3.8 million by having an Agency contractor lease a building for the National Environmental Supercomputing Center instead of acquiring a facility through the General Services Administration (page 18).

### 9. Lack of Oversight Resulted In Millions of Assistance Funds Being Misspent

As a result of EPA's lack of oversight and failure to implement requirements for earmarked assistance agreements, center objectives were not attained and

millions of dollars were expended on unauthorized or questionable projects (page 19).

### 10. Sole Source Procurement Was Improper and Costly

EPA awarded a sole source contract for Geographical Information System software without adequate support or justification that cost EPA \$1.9 million more than originally estimated (page 20).

### 11. Hazardous Materials Grantee Did Not Obtain Best Prices or Share Discounts

The Center for Hazardous Materials Research (CHMR) disregarded Federal procurement regulations for all purchases made under two assistance agreements by not obtaining adequate competition. In addition, CHMR did not satisfy cost sharing of nearly \$500,000, as required by the agreements (page 21).

### 12. EPA Needs More Reliable Budgeting and Accounting

A pattern of errors in EPA's budgeting and accounting practices for personnel resources made financial management information unreliable for ensuring that EPA complied with congressional intent. As a result, Agency managers relied on inaccurate information in developing budget requests (page 22).

### 13. More Decisive Action Needed in Planning Goals and Assessing Results

Although the Agency has initiated a results-oriented management direction to implement the Government Performance and Results Act, (GPRA), EPA still needs to finalize environmental goals, develop a clear and complete mission statement, and update its strategic plan. In addition, reliable financial and performance information was not always available to manage EPA's programs effectively (page 23).

### 14. Further Improvements Needed in Financial Reporting

During fiscal 1995, EPA continued to make improvements in its financial systems and processes. However, some

remaining weaknesses continue to prevent us from issuing unqualified opinions on all of the Agency's financial statements (page 24).

#### **15. Improper Accounting for Real Property Distorts Financial Statements**

Although the Agency made progress in accounting for buildings it owns, it overstated depreciation, may not have correctly accounted for leased real property, and did not perform lease-versus-buy comparisons for all leases. As a result, the Agency prepared inaccurate financial statements and missed opportunities to save millions of dollars (page 25).

#### **16. \$184 Million of Questioned Costs Claimed for San Francisco Projects**

The City and County of San Francisco, California, claimed \$19.9 million of ineligible architectural engineering costs, project costs allocable to other Federal facilities, and costs outside the scope of the approved project for the design and construction of wastewater treatment facilities. An additional \$164.2 million of unreasonable costs were questioned (page 28).

#### **17. Over \$18 Million of Questioned Costs Claimed by WSSC**

The Washington Suburban Sanitary Commission (WSSC) claimed \$7,481,336 of ineligible construction, engineering, and administrative costs for modifications to wastewater treatment facilities. An additional \$10.7 million of unreasonable and unsupported costs were questioned (page 28).

#### **18. Over \$11 Million of Questioned Costs Claimed by Wallingford, Connecticut**

Wallingford, Connecticut, claimed ineligible administrative, construction, and engineering costs of \$9,692,205 for the expansion and upgrading of its wastewater treatment facilities. An additional \$1,621,321 of unsupported and unreasonable costs were questioned (page 29).

#### **19. Seattle Claimed Over \$10 Million of Questioned Costs**

Seattle, Washington, claimed \$3,481,818 of ineligible equipment, construction and engineering costs for a wastewater

treatment facility and sewer project. An additional \$7,102,524 of unsupported costs were questioned (page 29).

#### **20. Nearly \$9 Million of Questioned Costs Claimed for Baltimore Projects**

Baltimore, Maryland, claimed \$8,331,723 of ineligible construction, engineering, and administrative costs for improvements at a wastewater treatment facility. An additional \$499,744 of unsupported costs were questioned (page 30).

### **Section 2--Report Resolution**

This section, required by the IG Act, reports on the status and results of Agency management actions to resolve audit reports. At the beginning of the semiannual period, there were 217 reports for which no management decision had been made. During the second half of fiscal 1996, the Office of Inspector General issued 248 new reports and closed 247. At the end of the reporting period, 218 reports remained in the Agency followup system for which no management decision had been made. Of the 218 reports, 110 reports remained in the Agency followup system for which no management decision was made within 6 months of issuance (page 31).

For the 121 reports closed that required agency action, EPA management disallowed \$17.7 million of questioned costs and agreed with our recommendations that \$12.3 million be put to better use (page 31). In addition, cost recoveries in current and prior periods included \$2.0 million in cash collections, and at least \$46.9 million in offsets against billings (page 7).

### **Section 3--Prosecutive Actions**

During this semiannual reporting period, our investigative efforts resulted in 6 convictions and 10 indictments. Also, our investigative work led to \$1.6 million in fines and recoveries (page 36).

### **Section 4--Fraud Prevention and Management Improvements**

During this semiannual period, we reviewed seven legislative and 37 regulatory items. Our most significant comments concerned the Regulatory Warning Act, the General Accounting Office Management Reform Act, the proposed EPA order on the Safety, Health, and Environmental Employment Program, and the response to a GAO report on water pollution (page 41).

The EPA Office of Grants and Debarment completed action on OIG-generated suspension and debarment cases during this reporting period resulting in two debarments, one compliance agreement, and one notice of proposed debarment (page 42).

The EPA Committee on Integrity and Management Improvement (CIMI), chaired by the Inspector General, developed an awareness document to highlight the importance of effective contract administration. CIMI also coordinated EPA's Public Service Recognition Week program and activities (page 44).

An OIG Office of Audit survey of many of its Agency and Congressional customers provided positive results about the value and effectiveness of OIG work (page 43).

## Major Laws Administered by EPA

Statute	Provisions
Pollution Prevention Act	Provides that pollution should be prevented or reduced at the source, recycled safely when not preventable, treated safely when not preventable or recyclable, or disposed of in a safe manner.
Toxic Substances Control Act	Requires EPA notification of any new chemical prior to its manufacture and authorizes EPA to regulate its production, use, or disposal.
Federal Insecticide, Fungicide, and Rodenticide Act	Authorizes EPA to register all pesticides, specify the terms and conditions of their use, and remove unreasonable hazardous pesticides from the marketplace.
Federal Food, Drug and Cosmetic Act	Authorizes EPA in cooperation with FDA to establish tolerance levels for pesticide residues on food.
Resource Conservation and Recovery Act and Solid Waste Disposal Act	Authorizes EPA to identify hazardous wastes and regulate their generation, transportation, treatment, storage, and disposal.
Comprehensive Environmental Response, Compensation, and Liability Act	Requires EPA to designate hazardous substances that can present substantial danger and authorizes the cleanup of contaminated sites.
Clean Air Act	Authorizes EPA to set emission standards to limit the release of criteria pollutants and hazardous air pollutants.
Clean Water Act	Requires EPA to establish a list of water pollutants and set standards.
Safe Drinking Water Act	Requires EPA to set drinking water standards to protect public health from hazardous substances.
Marine Protection, Research and Sanctuaries Act	Regulates ocean dumping of toxic contaminants.
Asbestos School Hazard Abatement Act and Asbestos Hazard Emergency Response	Authorizes EPA to establish a comprehensive regulatory framework for controlling asbestos hazards in schools.
Emergency Planning and Community Right-to-Know Act	Requires States to develop programs for responding to hazardous chemical releases and requires industries to report on the presence and release of certain hazardous substances.
Oil Pollution Act of 1990	Makes EPA responsible for oil spill prevention, preparedness, response, and enforcement activities associated with non-transportation-related onshore oil facilities.
Environmental Research, Development, and Demonstration Authorization Act	Authorizes all EPA research and development programs.
National Environmental Education Act	Provides for a program of education on the environment through activities in schools and related educational activities, and to encourage students to pursue careers related to the environment.
National Environmental Policy Act of 1969	Provides a national policy requiring environmental impact statements describing potentially adverse effects of, and alternatives to, any major Federal action. Established the Council on Environmental Quality.

# Profile of Activities and Results

	April 1, 1996 to September 30, 1996 (dollars in millions)	Fiscal 1996		April 1, 1996 to September 30, 1996 (dollars in millions)	Fiscal 1996
<b>Audit Operations</b>			<b>Agency Recoveries:</b>		
<b>OIG Managed Reviews:</b>			Recoveries from Audit Resolutions of Current and Prior Periods (cash collections or offsets to future payments.)**		
<b>- Reviews Performed by EPA, Independent Public Accountants and State Auditors</b>				\$16.2M	\$48.9M
- Questioned Costs*			<b>Reports Issued:</b>		
- Total	\$251.6	\$287.5	<b>- OIG Managed Reviews:</b>		
- Federal Share	\$179.6	\$205.2	- EPA Reviews Performed by the OIG	69	119
- Recommended Efficiencies*			- EPA Reviews Performed by Independent Public Accountants	9	13
(Funds be Put to Better Use)			- EPA Reviews Performed by State Auditors	3	6
- Total	\$5.5	\$18.2	<b>- Other Reviews:</b>		
- Federal Share	\$5.5	\$18.2	- EPA Reviews Performed by another Federal Agency	128	262
- Costs Disallowed to be Recovered			- Single Audit Act Reviews	39	98
- Federal Share (costs which EPA management agrees are unallowable and is committed to recover or offset against future payments)	\$17.2	\$57.6	<b>Total Reports Issued</b>		
- Costs Disallowed as Cost Efficiency				248	498
- Federal Share (funds made available by EPA management's commitment to implement recommendations in OIG performance and preaward audits)	\$0.0	\$0.4	<b>Reports Resolved (agreement by Agency officials to take satisfactory corrective action)***</b>		
<b>Other Reviews:</b>				121	321
<b>- Reviews Performed by Another Federal Agency or Single Audit Act Auditors</b>			<b>Investigative Operations</b>		
- Questioned Costs*			- Fines and Recoveries (including civil)	\$1.6	\$5.0
- Total	\$1.0	\$3.9	- Investigations Opened	45	116
- Federal Share	\$1.0	\$3.9	- Investigations Closed	71	142
- Recommended Efficiencies*			- Indictments of Persons or Firms	10	11
- Total	\$11.7	\$44.0	- Convictions of Persons or Firms	6	11
- Federal Share	\$11.7	\$44.0	- Admin. Actions Against EPA Employees	12	23
- Costs Disallowed to be Recovered			- Civil Judgments	3	6
- Federal Share	\$0.5	\$1.5	<b>Fraud Detection and Prevention Operations</b>		
- Costs Disallowed as Cost Efficiency			- Debarments, Suspensions, and Compliance Agreements	4	9
- Federal Share	\$12.3	\$19.6	- Hotline Cases Opened	11	21
			- Hotline Cases Processed and Closed	15	30
			- Personnel Security Investigations Adjudicated	218	602

\*Questioned Costs (Ineligible, Unsupported, and Unnecessary/Unreasonable) and Recommended Efficiencies (Funds be Put to Better Use) are subject to change pending further review in the audit resolution process.

\*\*Information on recoveries from audit resolution is provided from the EPA Financial Management Division and is unaudited.

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

# Establishment of the OIG in EPA--Its Role And Authority

The Inspector General Act of 1978 (Public Law 95-452), as amended, created Offices of Inspector General to consolidate existing investigative and audit resources in independent organizations headed by Inspectors General.

EPA established its Office of Inspector General (OIG) in January 1980. As an agency with a massive public works budget, EPA is vulnerable to various kinds of financial abuses. The OIG's role is to review EPA's financial transactions, program operations, contracts, and administrative activities; investigate allegations or evidence of possible criminal and civil violations; and promote economic, efficient, and effective Agency operations. The OIG is also responsible for reviewing EPA regulations and legislation.

The EPA Inspector General reports directly to the Administrator and the Congress and has the authority to:

- *Initiate and carry out independent and objective audits and investigations,*
- *Issue subpoenas for evidence and information,*
- *Obtain access to any materials in the Agency,*
- *Report serious or flagrant problems to Congress,*
- *Select and appoint OIG employees,*
- *Fill Senior Executive Service positions,*
- *Administer oaths, and*
- *Enter into contracts.*

The Inspector General is appointed by, and can be removed only by, the President. This independence protects the OIG from interference by Agency management and allows it to function as the Agency's fiscal and operational watchdog.

## Organization and Resources

The Office of Inspector General functions through three major offices, each headed by an Assistant Inspector General: Office of Audit, Office of Investigations, and Office of Management. Nationally, there are nine Divisional Inspectors General for Audit and four Divisional Inspectors General for Investigations who direct staffs of auditors and investigators and who report to the appropriate Assistant Inspector General in Headquarters.

During fiscal 1996, the Agency operated under a series of Continuing Resolutions and suspended operations twice for a total of 18 work days because of two separate breaks in funding. Despite operating under these conditions, along with only partial incremental funding through May, the OIG did accomplish what was planned. Additionally, the OIG operated with an Agency-imposed freeze on all personnel actions until July. This freeze prevented the OIG from maintaining a workforce above 388 Full-Time Equivalent (FTE) positions. For fiscal 1996, the Agency was appropriated \$6.5 billion including \$40 million (.6%) for the OIG.

## Purpose and Requirements of the Office of Inspector General Semiannual Report

The Inspector General Act of 1978, as amended, requires the Inspector General to keep the Administrator and Congress fully and currently informed of problems and deficiencies in the Agency's operations and to recommend corrective action. The IG Act further specifies that semiannual reports will be provided to the Administrator by each April 30 and October 31, and to Congress 30 days later. The Administrator may transmit comments to Congress along with the report, but may not change any part of it.

The specific reporting requirements prescribed in the Inspector General Act of 1978, as amended, are listed below.

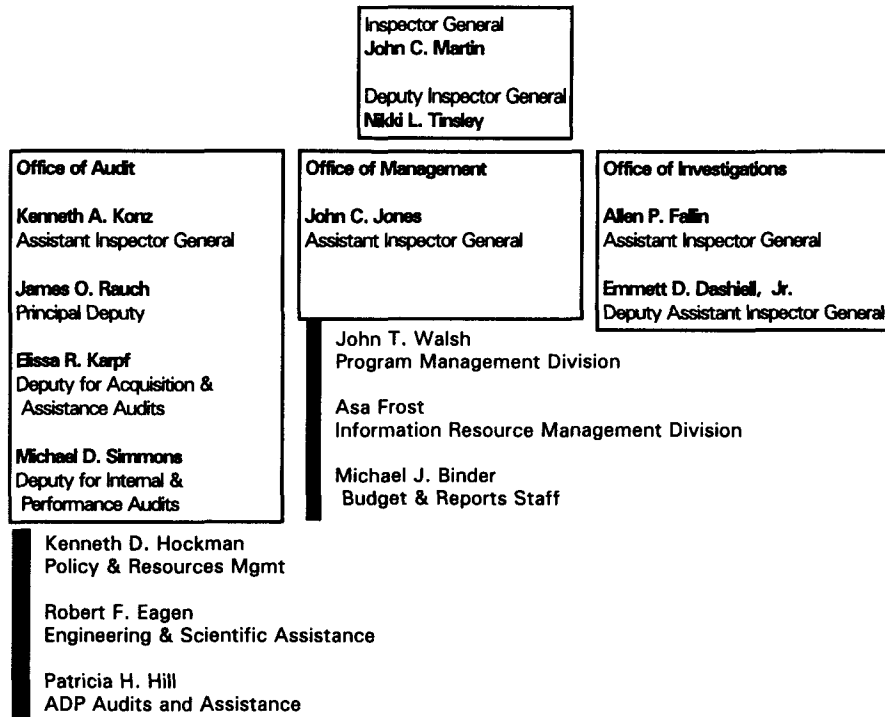
Source Inspector General Act, as amended.		Section/Page	
Section 4(a)(2)	Review of Legislation and Regulations	4	41
Section 5(a)(1)	Significant Problems, Abuses, and Deficiencies	1	10
Section 5(a)(2)	Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	1	10
Section 5(a)(3)	Prior Significant Recommendations on Which Corrective Action Has Not Been Completed	Appendix 2	53
Section 5(a)(4)	Matters Referred to Prosecutive Authorities	3	36
Section 5(a)(5)	Summary of Instances Where Information Was Refused	*	*
Section 5(a)(6)	List of Audit Reports	Appendix 1	46
Section 5(a)(7)	Summary of Significant Reports	1	10
Section 5(a)(8)	Statistical Table 1-Reports With Questioned Costs	2	33
Section 5(a)(9)	Statistical Table 2-Reports With Recommendations That Funds Be Put To Better Use	2	34
Section 5(a)(10)	Summary of Previous Audit Reports Without Management Decisions	Appendix 2	53
Section 5(a)(11)	Description and Explanation of Revised Management Decisions	Appendix 2	53
Section 5(a)(12)	Management Decisions with Which the Inspector General Is in Disagreement	**	

\* *There were no instances where information or assistance requested by the Inspector General was refused during this reporting period.*

\*\* *There were no instances of management decisions with which the Inspector General was in disagreement.*

# Office of Inspector General-Who's Who as of October 1, 1996

## Headquarters



## Divisional Inspectors General for Audit

**Regions 1 & 2**  
Paul D. McKechnie

**Region 3**  
Paul R. Gandolfo

**Region 4 & RTP**  
Mary M. Boyer

**Region 5**  
Anthony C. Carollo

**Regions 6, 7 & 8**  
Bennie S. Salem

**Regions 9 & 10**  
Truman R. Beeler

**Headquarters:**

**HQ Audit Division**  
Edward Gekosky

**Financial Audit Division**  
Melissa M. Heist

**Washington Contract Division**  
Gordon C. Milbourn III

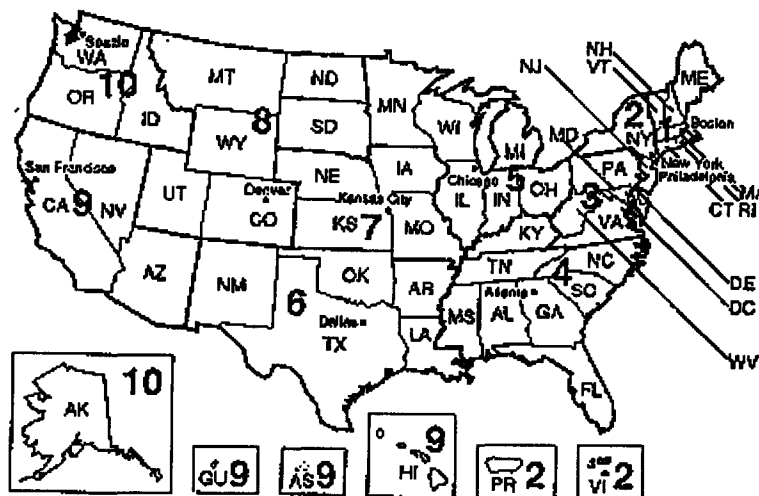
## Divisional Inspectors General for Investigations

**Regions 1, 2 & 3**  
Thomas L. Papineau

**Regions 4, 5, 6 & 7**  
Ailverdes Cornelious

**Regions 8, 9, & 10**  
Mark Vallerga

**Washington Field Division**  
David Sermos



# Section 1 -- Significant Findings and Recommendations

As required by sections 5(a)(1) and (2) of the Inspector General Act of 1978, as amended, this section identifies significant problems, abuses, and deficiencies relating to the Agency's programs and operations along with recommendations for the current period. The findings described resulted from audits performed by or for the Office of Audit. Findings are open to further review but are the final position of the Office of Inspector General. This section is divided into five areas: Governmentwide Issues, Program Management, Extramural Resources Management, Financial Management, and Construction Grants.

## Performance Indicators

This box appears throughout our report to identify items that may be used as indicators of economy, efficiency, or effectiveness in the measurement of Agency programs and operations.



## Governmentwide Issues

*In September 1986, the President's Council on Integrity and Efficiency (PCIE) initiated the Computer Systems Integrity Project. The project is a multi-task effort focusing on controls, security, and other integrity issues of the data processing systems life cycle. The objectives of the overall project are to assess the integrity of Federal computer systems and develop recommendations for governmentwide improvements in standards, procedures, documentation, and operations affecting computer systems integrity.*

*PCIE Task 4, which focuses on application software maintenance, was coordinated by the EPA OIG and included participation by six other Inspectors General offices. This area was selected because (1) controls over application software modifications are vital to maintaining the reliability and integrity of sensitive and mission-critical application systems in all Federal agencies, and (2) Federal managers have historically undervalued the economic*

*importance of a sound, comprehensive software maintenance program.*

## **Application Software Maintenance Requires OMB Attention**

### Findings in Brief

**Federal departments and agencies do not properly identify and account for software maintenance costs. Also, controls and oversight of software maintenance contracts, contractors, and software changes were inadequate.**

### Background

The primary objectives of PCIE Task 4 were to identify common software maintenance problems across Federal agencies and make government-wide recommendations to oversight agencies. The EPA OIG had overall responsibility for coordinating this task with the Department of Housing and Urban Development, Department of State, National Aeronautics and Space Administration, National Science Foundation, Railroad Retirement Board, and the Social Security Administration's Inspectors General offices.

### We Found That

Federal departments and agencies do not properly identify and account for software maintenance costs. For example, agencies do not consistently include the costs of administrative and clerical salaries, materials, computer usage, telecommunications, overhead costs, and Federal employee salaries. In addition, agencies do not and in some cases cannot accurately distinguish software maintenance costs from development and operations. Further, agencies reported cost-benefit analyses are not consistently prepared, updated, or maintained for application systems. For many systems, contractor estimates to determine the level of effort and costs involved with a proposed modification, if performed at all, were solicited after the requested modification had been approved. As a result, agencies are not in a position to make informed budgeting and planning decisions regarding systems operations and maintenance, and software maintenance expenses are being inaccurately reported to OMB.

The types of contracts used by agencies for software maintenance do not adequately protect the government's interests. Agencies are not awarding performance-based contracts on a regular basis for



software maintenance work, but instead are using labor hour contracts which place the government at higher risk because of the lack of adequately defined work requirements. Use of these contracts as the sole contracting vehicle minimizes the contractor's incentive to perform well and control costs. In addition, the monitoring of these contracts resulted in unstructured, poorly controlled management of maintenance for critical government applications. Some Contracting Officer Representatives had not received appropriate training, some failed to adequately monitor the technical performance of contractors, and others did not know how to assure the government received what it needed through its software maintenance contracts. Consequently, agencies lack control over software maintenance activities and rely too heavily on contractors.

Federal departments and agencies are not adequately managing the software change control and configuration management processes. Specifically, weaknesses were cited with the change request process, change review and approval, and testing. For example, (1) agencies were not using standardized change control request forms, or used no form at all; (2) there was minimal evidence to support that software changes were formally reviewed, approved, or closed; and (3) test plans were not developed, test results were not analyzed, and proper test methodologies were not followed. As a result, agencies lack assurance that applications will perform as intended, and management controls will adequately safeguard the integrity of the applications.

### **We Recommended That**

The Office of Management and Budget:

- Emphasize to Federal agencies the need to accurately identify and

account for all software maintenance costs.

- Emphasize the need for using performance-based contracting methods; developing formal, measurable performance standards; and monitoring software maintenance contractors.
- Encourage Federal agencies to consistently follow Federal and agency software maintenance policies, standards, and procedures for change control management.

### **What Action Was Taken**

*The final report was issued to OMB on September 26, 1996. OMB plans to circulate the report to Agency heads and to the Chief Information Officers Council. The actions prescribed for OMB, together with the agency-specific actions recommended by the respective individual Inspectors General reports, should substantially strengthen application software maintenance governmentwide.*

## Program Management

*The Inspector General Act requires the OIG to initiate reviews and other activities to promote economy and efficiency and to detect and prevent fraud, waste, and mismanagement in EPA programs and operations. Internal and performance audits and reviews are conducted to accomplish these objectives largely by evaluating the economy, efficiency, and effectiveness of operations. During this semiannual reporting period, the OIG conducted a number of major reviews of EPA programs. The following are the most significant internal audit, performance audit, and special review findings and recommendations pertaining to Agency management resulting from our efforts during this semiannual reporting period.*

### **Inadequate Oversight of Drinking Water Programs Puts Children at Risk**

#### **Findings in Brief**

Region 3 did not require states to provide information about their lead and copper monitoring of small public water systems (PWS) which delayed the enforcement actions intended to require removal of excessive lead from drinking water consumed by children and infants. Also, reviews of states' drinking water programs were ineffective.

#### **Background**

The Safe Drinking Water Act of 1974 (SDWA) required EPA to establish drinking water standards that the nation's water systems must meet. States are required to report all violations of monitoring requirements



and drinking water standards to EPA. SDWA's Lead and Copper Rule (LCR) requires states to report each PWS that exceeded the prescribed lead and copper standard.

#### **We Found That**

EPA did not require the states to provide information about small schools and day care centers with excessive lead in their drinking water. In total, 40 percent of the small schools and day care centers we reviewed did not comply with various aspects of the LCR, yet the states did not inform EPA until almost two years later. Without this information, EPA was unaware of the violations and that smaller PWSs did not complete actions to remove excessive lead and copper from their drinking water. As a result, the Agency was not able to take enforcement action or to apply pressure to require states to enforce the SDWA.

EPA also could not evaluate whether PWSs were reducing lead in their drinking water. One school provided more than 500 children, teachers, and others with drinking water that had more than four times the lead allowed by the LCR. The state informed EPA about the excessive lead in the drinking water, but EPA did not know if the school completed the corrosion control treatment study to eliminate

the excessive lead. In addition, states did not inform EPA that several PWSs had excessive copper in drinking water.

Region 3's reviews of the states' drinking water programs need to be improved. We identified several adverse conditions with the states' drinking water program that EPA should have addressed during its reviews. For example, Pennsylvania issued guidance and used testing procedures for monitoring lead and copper that differed from the procedures required by the LCR. Also, both Maryland and Pennsylvania did not provide EPA information concerning violations, enforcement actions, and the dates that PWSs completed corrective measures, and quarterly grant reports were not sufficiently detailed or timely.

### **Performance Indicators**



- % of PWSs with too much lead/copper
- Number of PWSs violating the LCR
- Number and timeliness of actions taken to attain compliance

### **We Recommended That**

The Regional Administrator, Region 3:

- Require states to submit the necessary information for all small PWSs, as required by the SDWA.
- Require Region 3 employees to take enforcement action when states provide information concerning violations.
- Monitor the corrective actions taken by the states to eliminate the discrepancies.

### **What Action Was Taken**

*The final report (6100310) was issued to the Regional Administrator, Region 3, on September 30, 1996. In response to the draft report, the Agency generally agreed with most of our findings and recommendations. Region 3 did not agree that states were required to provide information concerning small PWSs. A response to the final report is due by December 29, 1996.*

### **State LUST Programs Need To Focus More On Most Hazardous Sites**

### **Findings in Brief**

**Although states have made progress cleaning up Leaking Underground Storage Tank (LUST) sites, oversight and enforcement were inadequate on some of the most hazardous sites. In addition,**

**cost recoveries were often not pursued and state activity reports were potentially misleading.**

### **Background**

Leaking underground storage tanks pose significant environmental risks throughout the country. The Superfund Amendments and Reauthorization Act of 1986 created a \$500 million LUST Trust Fund, which had grown to more than \$1.5 billion by 1995, to finance the cleanup of petroleum releases from underground storage tanks. States operate the LUST Program under cooperative agreements with EPA. As of the end of fiscal 1995, states had spent \$361 million of the more than \$545 million of Trust Fund monies which had been appropriated to EPA by Congress.

### **We Found That**

Enforcement and oversight of corrective action to protect human health and the environment was not adequate at 126 (one-half) of the 249 high risk sites reviewed, including those with petroleum-contaminated groundwater. Most states had procedures focusing corrective action on high risk sites, but they did not always follow them. For example, one state was aware of a leaking underground tank but took no action for 12 years. The state then discovered that the site was near a public water supply and posed a significant threat. Another state did not identify some sites that were the most environmentally threatening to groundwater.

There were major differences in results among state cost recovery programs, which primarily provide incentives for owners and operators to clean up releases from their own tanks. Of the states reviewed, two had effective programs that recovered significant amounts from owners and operators, three achieved partial recoveries, and two did not have cost recovery programs. When states do

not recover costs from responsible parties, the states relieve the responsible parties of their financial obligation and shift the burden of clean-up costs to the Federal government.

State activity reports were generally unreliable, potentially misleading, and usually overstated program results. For example, one state overstated cleanups completed by 47 percent. The reports are used to make nationwide funding decisions, to report program results to Congress, and to report performance measures in EPA's financial statements.

### **Performance Indicators**



- % of high risk sites cleaned up
- Dollars recovered
- Number of enforcement actions

### **We Recommended That**

The Assistant Administrator for Solid Waste and Emergency Response implement management controls to ensure that:

- States provide adequate oversight and enforcement at high risk sites.
- States develop and implement cost recovery programs.
- Reliable and timely information is obtained, maintained, reported, and used for decisionmaking.

### **What Action Was Taken**

*The final report (6100264) was issued to the Assistant Administrator for Solid Waste and Emergency Response on August 6, 1996. In responding to the draft report, the Assistant Administrator generally disagreed with our findings, but either agreed with the recommendations or presented alternative actions that met the intent of our recommendations. A response to the final report is due by November 4, 1996.*

## Air Program Goals Impaired by Limited Emission Factor Development

### Findings In Brief

While EPA has significantly increased the number of emission factors for sources of air pollution, many have still not been developed, while others are outdated and unreliable, thereby reducing the effectiveness of government and industry efforts to control air pollution.

### Background

Emission factors are used to estimate a source's air pollutant emissions when more reliable data are not available. These estimates play a key role in planning and implementing air pollution control programs at the Federal, state, local, and industry level. The Clean Air Act, as amended in 1990 (CAA), required EPA to review and revise all emission factors for ozone precursors, develop factors for sources where factors did not exist, and establish a public participation process for factor development.

### We Found That

EPA's Office of Air Quality Planning and Standards (OAQPS), Office of Air and Radiation (OAR), has increased the number of emission factors for stationary and area sources from 2,073 in 1985 to over 16,000 in 1996. However, 7,840 factors were not rated and the vast majority were not published. Also, 4,865 published factors were rated below average or poor for reliability. Further, EPA has not published emission factors for specific activities within the wood products, food processing, agricultural related, and chemical processes industries. Significant funding

reductions to the emission factor development program, and air programs in general (available resources have steadily decreased since 1992), have materially affected EPA's ability to meet the increased demand for quality emission factors. As a result, air pollution control programs may not achieve their goals.

OAQPS initiated an Adopt-a-Factor program to supplement its factor development program and offset reduced resources. OAR allocated grant funds to state air pollution control agencies for emission factor development. However, the majority of the states did not use the funds allocated by OAR for factor development because EPA grant guidance was not timely or specific enough to implement the program. In addition, the amount of money going to one state would not normally be enough to completely develop new or revised emission factors for a particular source category, and there is no guarantee that states would receive future grant money to complete these long-term projects.

OAQPS also initiated partnerships with interested industries to obtain assistance in emission factor development even though such partnerships present an increased risk that biased or unrepresentative emission factors may be developed. Industries have a financial motive to use emission factors that produce low emission estimates, since such factors may allow a source to avoid obtaining a permit or pay lower annual fees. In addition, funding cuts have diminished OAQPS' ability to provide oversight of these partnerships.

### Performance Indicators



- Number of factors developed, rated, and published
- % of factors rated average or better for reliability
- % of factors updated within 5 years

### We Recommended That

The Assistant Administrator for Air and Radiation:

- Report emission factor development as an Agency material weakness, unless adequate resources are assigned to this function.
- Evaluate the process for issuing Section 105 grant allocation guidance to determine whether the guidance can be issued before EPA Regions and states begin their grant negotiation process.
- Work with EPA Regions, states, and state and local organizations to develop a flexible grant system while ensuring that important national priorities are completed.

### What Action Was Taken

*We issued the final report (6100318) to the Assistant Administrator for Air and Radiation on September 30, 1996. In the October 11, 1996, response to our draft report, the Agency agreed with our conclusion that the emission factor development program is critical for air programs at all levels of government and private industry. The Assistant Administrator agreed to reexamine the emission factor development program for any management or financial integrity weaknesses, as part of the Agency's decisionmaking process for reporting under the Federal Managers Financial Integrity Act. Also, the Agency agreed to work toward improving the process for grant allocations, including*

*increased involvement in this process by key stakeholders. A response to the final report is due by December 29, 1996*

## **Improvements Needed in EPA and State Air Enforcement Programs**

### **Findings in Brief**

**Although Regions 5 and 6 and the states we reviewed had effective aspects of their air enforcement programs, penalties often lacked an economic benefit component, enforcement actions were seldom publicized, and air enforcement data were incomplete, inconsistent, and untimely.**

### **Background**

The Clean Air Act, as amended in 1990 (Act), gives EPA authority to set national standards to protect human health and the environment from emissions that pollute the air. The Act also defines EPA's air enforcement authority and includes both civil and administrative remedies. If an EPA region, a state, or a local authority learns a company has violated a regulation, it can bring an enforcement action against the company.

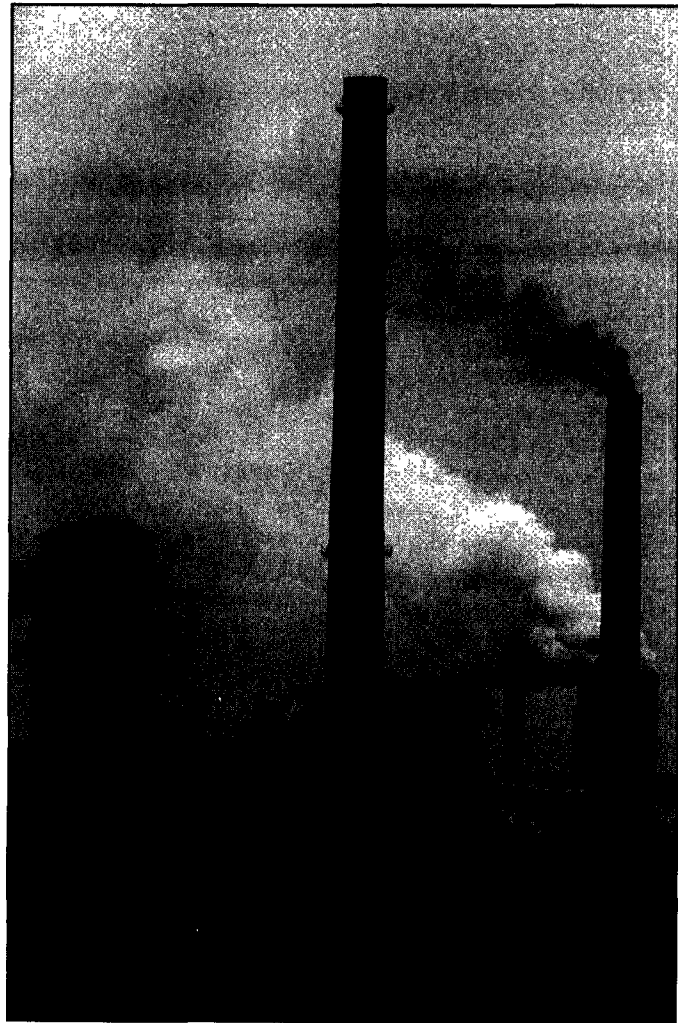
### **We Found That**

The Air and Radiation Division (ARD), Region 5, and Michigan assessed the economic benefit violators gained from noncompliance. In marked contrast, Indiana, Illinois, and Wisconsin usually did not recover the economic benefit because: (1) Indiana and Illinois officials did not have information request authority; and (2) Illinois and Wisconsin officials did not have administrative penalty authority. In Region 6, neither Texas nor Louisiana generally computed economic benefits when assessing

finances due to a lack of procedures (Texas) or because of an Administrative Law Judge ruling (Louisiana). Penalties lacking an economic benefit component are not effective, since it may be less expensive for a company to violate the law than to comply with it. Also, recovering the economic benefit for a violation serves as a deterrent to companies that may contemplate violating the law.

Enforcement actions were seldom publicized by Region 5, Indiana, and Michigan to deter companies from violating air pollution regulations. The Office of Public Affairs (OPA) did not issue many press releases because they were not approved timely by the

Region. Also, press releases may not have been used by the news media because the press releases lacked clear explanations of the violations or the impact on the community. Indiana and Michigan enforcement officials were reluctant to publicize enforcement actions to avoid drawing attention to their programs from state legislators. Region 6 did not adequately publish the results of enforcement actions since the Air Enforcement Section was not in the habit of issuing press releases, and because External Affairs had not decided on a press release format. Only two of the ten cases we reviewed were published by Texas, and Louisiana did not issue any press releases. Consequently, companies



may have had less incentive to achieve or maintain compliance with regulations without the pressure of public opinion generated by publicity.

The Aerometric Information Retrieval System Facility Subsystem (AFS) was not used by Region 5 or its states. They developed their own systems because AFS was difficult to use, resource intensive, and there were differences in how Region 5 and the states defined and tracked enforcement data. As a result, enforcement data in AFS for Region 5 were incomplete, duplicative, or internally inconsistent with data from states. Region 6 air enforcement data were also incomplete, inconsistent, and untimely. Region 6 and the states did not correctly identify significant violators and used inconsistent definitions. Consequently, the reported data in Region 6 were unreliable and program staff relied on manual reports from separate, duplicate databases and supplemental information rather than the AFS.

Region 5 had reorganized, in part, to emphasize compliance assistance, and had conducted some compliance assistance activities such as educational outreach. However, the Region had not yet developed a core program infrastructure of clear direction, priorities, or performance measures, and was unable to communicate a consistent compliance assistance approach. Region 6 worked with states to develop and maintain active compliance assistance programs, but did not complete enforcement actions timely against significant violators. The Region and Texas took an average of 635 and 651 days, respectively, to complete enforcement actions, which far exceeded EPA's timeliness goal of 180 days. When enforcement actions are not timely, the Region and its states do not send out a strong message to other potential violators.

### **Performance Indicators**



- % of penalties with economic benefit component
- % of enforcement actions publicized
- Number of violations and enforcement actions taken

### **We Recommended That**

The Regional Administrator, Region 5, direct the:

- Enforcement and Compliance Team to develop a compliance assistance program infrastructure, with a clear program direction, priorities, and performance measures.
- ARD and OPA to work together to develop a policy for air enforcement press releases.
- ARD to discuss their AFS concerns with Office of Enforcement and Compliance Assurance officials, to begin the process of trying to change the data requirements.

The Regional Administrator, Region 6, direct the Compliance Assurance and Enforcement Division to:

- Encourage states to document, compute, and recover the economic benefit of non-compliance.
- Place more emphasis on publicizing the results of Region 6 and state enforcement actions.
- Coordinate with the Multimedia Planning and Permitting Division to continue to work with states to assure the accuracy and completeness of AFS data, as well as to ensure that Region 6 lead cases are properly coded and accurate in AFS.

### **What Action Was Taken**

*The final report (6100284) was issued to the Regional Administrator, Region 5, on September 13, 1996. In response to the draft report, the Agency agreed with all of our findings and recommendations. The final report (6100309) was issued to the Regional Administrator, Region 6, on September 26, 1996. The Acting Assistant Regional Administrator for Management and the Director, Compliance Assurance and Enforcement Division, responded that they basically accepted the principal findings and agreed with the recommendations, with comments, since the recommendations were consistent with the Region's implementation of the air enforcement program. A response to the final report is due by December 26, 1996.*

### **Clear and Timely EPA Guidance Needed for State Air Implementation Plans**

#### **Findings in Brief**

**Without timely, organized, or consistent Agency guidance, EPA and states did not always meet Clean Air Act deadlines for submitting and processing State Implementation Plans (SIP). Thus, it may take longer to achieve desired air quality results.**

#### **Background**

EPA, states, and local governments are required under the Clean Air Act to implement measures to prevent and control air pollution, with the majority of responsibility resting with the states. The major mechanism used to attain the standards in individual areas is a SIP, which is a collection of the regulations a state will use to clean up polluted areas.

## We Found That

Of the 56 SIPs we reviewed, the lack of EPA guidance was the cause mentioned most often for late SIP submission and processing along with delays in bringing policy issues to closure, extended state regulatory review processes, and limited regional resources. As a result, states faced sanctions for submitting SIPs after statutory deadlines, and the Agency faced potential lawsuits for not processing SIPs within 18 months.

EPA's SIP guidance was not timely or organized, and continually changed. State officials could not determine if they had all applicable guidance for developing a SIP because several different EPA offices issued guidance in numerous forms without any centralized listing or numbering system. In addition, the Agency continually changed guidance to address policy and technical issues. State officials, confused and frustrated, delayed submission of SIPs.

State officials also believed that inequities existed in how EPA administered its SIP program, and that some states were held to less stringent standards. We were not able to substantiate these concerns, but determined that a lack of communication between regions and states caused the perceived inequities which resulted in strained relationships, lost credibility, and state legislatures changing or delaying SIPs.

## We Recommended That

The Assistant Administrator for Air and Radiation:

- Establish a forum to allow states to address concerns of inequities in EPA's treatment of states. This may include working with already established state organizations.

- Request that Regional air directors coordinate early on those SIPs that span regional or state lines.

- Build in extra time for developing and reviewing complex SIPs, when EPA has some authority in setting deadlines.

- Develop a centralized numbering system for all SIP guidance and, as recommended by the Workgroup, develop a computerized listing of specific types of SIPs, with cross references to guidance, policies, and regulations.

## What Action Was Taken

*We issued the final report (6400100) to the Assistant Administrator for Air and Radiation on September 30, 1996. In responding to the draft report, Agency officials agreed in principle with many of the audit recommendations and provided information on activities which was responsive to the recommendations. A response to the final report is due by December 29, 1996.*

## Initiatives Proved Successful at Superfund "Mega-Site"

### Findings in Brief

**Region 9 accelerated the cleanup process and made more consistent site decisions at the South Indian Bend Wash (SIBW) Superfund site by using the Agency's Presumptive Remedy and Plug-in ROD Superfund reform initiatives.**

### Background

*The Superfund Program:* The traditional procedure for cleaning up Superfund hazardous waste sites involves a series of steps, including a feasibility study to evaluate alternative

cleanup remedies and costs, and issuance of a record of decision (ROD) detailing the selected remedy for the site.

*South Indian Bend Wash:* SIBW covers a three square mile area in Tempe, Arizona. Ground water was contaminated with volatile organic compounds (VOCs) coming from contaminated soil at several businesses.

*Presumptive Remedy:* Presumptive remedies are the result of EPA analyses showing the same remedies have been repeatedly selected for certain categories of sites. The Agency has identified presumptive remedies for several site categories, including landfills, wood-treating facilities, and soils contaminated with VOCs. If a site currently under investigation falls within one of these categories, then the Agency presumes what the appropriate remedy will be instead of considering clean up alternatives for each site.

*Plug-in ROD:* Plug-in ROD is a technique developed by Region 9 for use at Superfund sites that contain many contamination sources ("mega-sites"), such as SIBW. Each source is considered a "subsite."

Under the Plug-in approach, EPA selects a specific remedy for the entire site regardless of the number of subsites. If a subsite meets predetermined contamination and risk related criteria established in the ROD, then it plugs-in to the remedy selected in the ROD for immediate cleanup.

## We Found That

Using the Presumptive Remedy of Soil Vapor Extraction for VOCs-contaminated soils, Region 9 minimized redundant investigative steps and made more consistent site decisions.



The Plug-in approach to mega-site remediation accelerated the cleanup process at SIBW by eliminating the need for a feasibility study and ROD for each subsite. EPA investigated the subsites individually and simultaneously, so no single site held up the overall cleanup.

## **Extramural Resources Management**

Over the past several years, the OIG has frequently identified problems in the Agency's award and administration of contracts, interagency agreements, and assistance agreements at various offices and facilities. During this semiannual reporting period, the OIG conducted major reviews to examine EPA's programs for overseeing research funds provided to universities, controlling assistance agreements, and overseeing grants. We audited the records and performance of individual contractors and assistance recipients. These audits determine whether costs claimed by contractors and assistance recipients are eligible, supported by documentation, necessary, and reasonable. The following section summarizes the most significant findings and recommendations reported during this semiannual period.

### **Establishment of Supercomputing Center Violated Laws and Potentially Wasted Millions**

#### **Findings in Brief**

EPA violated laws, manipulated the procurement process, and may have cost the government an additional \$3.8 million by having an

### **Agency contractor lease a building for the National Environmental Supercomputing Center (NESC) instead of acquiring a facility through the General Services Administration (GSA).**

#### **Background**

In 1990, Congress authorized the EPA to acquire a supercomputer and stipulated that it would be located in the vicinity of Bay City, Michigan. In fiscal 1991, Congress earmarked \$8.7 million for the supercomputer, but did not grant authority or funds for EPA to acquire a facility to house it. The Agency tasked a contractor to establish and staff the supercomputer center. In 1995, Congress rescinded the provision that required the supercomputer to be located in the vicinity of Bay City.

#### **We Found That**

EPA circumvented GSA, violated several laws, and acted without legislative authority by using a contractor to acquire a building for the NESC independent of GSA. If the Agency had used the services of GSA and purchased the building, EPA could have saved approximately \$3.8 million over the five-year lease.

The Agency pre-selected a supercomputer site in Bay City which was twice as large as needed, and then manipulated the procurement process to have its contractor lease the building. This action resulted in the Agency excluding from competition a second building located in the Bay City vicinity which may have been acquired at far less cost. The Agency stated that the Conference Report contained contradictory language regarding the supercomputer location. However, the Appropriation Act stipulated very clearly that the supercomputer would be located in the Bay City vicinity. Also, EPA violated acquisition regulations by disclosing source selection data five months before the

procurement was advertised for competition, and dealing directly with a real estate agent representing the building owner.

EPA exceeded its authority and violated Federal law by obligating the government to reimburse its contractor \$3.7 million for a lease that ran over four and one-half years longer than the Agency's available appropriation. The Antideficiency Act prohibits government employees from involving the government in a contract before money is appropriated to pay for that contract.

The building selected to house the NESC required significant renovation to meet current building codes, as well as additional improvements necessary to accommodate the computer. In effect, the Agency gave government property to the developer by approving permanent improvements to the NESC building as part of lease costs charged to the contract. The developer, who had purchased the building only one day after EPA's contractor signed the lease, recouped the initial investment early in the lease, a factor that contributed heavily to the \$3.8 million in excess lease costs.

The Agency's administration of the NESC subcontract also violated Federal laws and regulations. The subcontract contained a provision prohibited by law stipulating that the lease price would be adjusted by cost plus 82.5 percent for material modifications to the renovation specifications. In addition, the Contracting Officer and Project Officer did not ensure that \$5 million of government equipment, including the supercomputer, that was furnished to the contractor was recorded on property records. The Project Officer promptly added the equipment to the records during the audit.

The Agency did not create and preserve documentation of significant decisions and activities related to the

establishment of the NESC, as required by Federal laws to protect the legal and financial rights of the government. The majority of records we used during the audit were provided through subpoenas issued to contractors, subcontractors, and other organizations.

## **We Recommended That**

The Deputy Administrator:

- Coordinate with EPA's Office of the Comptroller to meet the reporting requirements for a violation of the Antideficiency Act. The Administrator must report all relevant facts and a statement of the action taken to the Congress and to the President through the Director, Office of Management and Budget.
- Review whether any employee conduct violations occurred and whether disciplinary action is warranted.
- Provide training to the Agency's senior level managers on the applicable statutes, regulations and Agency policies and procedures.
- Hold senior managers accountable for proper implementation of statutory and regulatory requirements, including ensuring that adequate management controls are in place and followed pursuant to OMB Circular A-123.

## **What Action Was Taken**

*The final report (6100306) was issued to the Deputy Administrator on September 30, 1996. In responding to the draft report, the Acting Assistant Administrator for Administration and Resources Management (OARM) disputed many of our findings, but agreed to implement the majority of recommendations. Most of the disputed areas concerned*

*interpretations of laws and regulations, and documents that should have been used for final Agency decisions. Specifically, OARM disagreed that GSA was a viable option for obtaining space. OARM believes that tasking a contractor to establish the supercomputer center was a legally viable option and that EPA lacked the legal authority or appropriation to lease or purchase a building. OARM also disagreed that the subcontract for the lease of the building resulted in a violation of the Antideficiency Act, since the Agency is not a party to or bound by the subcontract. A response to the final report is due by December 30, 1996.*

## **Lack of Oversight Resulted In Millions of Assistance Funds Being Misspent**

### **Findings In Brief**

**As a result of EPA's lack of oversight and failure to implement requirements for earmarked assistance agreements, center objectives were not attained and millions of dollars were expended on unauthorized or questionable projects.**

### **Background**

Each fiscal year, EPA receives funds earmarked by Congress for specific academic institutions. Between fiscal 1991 and 1995, EPA academic earmarks (primarily for research) totaled over \$171 million. Although the Agency normally uses competition in assistance awards to university centers to ensure the quality of recipient staffs and work products, earmarks are implemented by establishing centers that fund individual projects through a

competitive, second-order grant process.

## **We Found That**

The Agency and/or university had not fully implemented assistance agreement requirements that related to the establishment of a working second-order grant process for the center at four of the five university centers we reviewed. EPA awarded the earmarked assistance noncompetitively, as directed by Congress, but did not always ensure that university proposals were consistent with applicable laws, since key terms and conditions in the assistance agreements differed significantly from those for competitively awarded research centers. Also, the Agency assigned insufficient resources to oversee center operations properly. As a result, center objectives were not always attained and \$5 million was spent on questionable projects. Further, we identified projects at two Superfund centers that did not relate to Superfund.

EPA accepted and implemented nonstatutory earmarks (five of the six earmarks reviewed were only included in congressional conference reports) that had unclear scopes and no specific authorizing statutes, and attempted to match them with existing authorized programs. However, significant inconsistencies existed between the earmark awards and the selected authorizing statute in at least two instances. In addition, EPA based earmark awards to one university on proposals and workplans that were outside the scope of the applicable appropriation and authorizing statutes. As a result, this recipient expended millions of dollars in EPA assistance for unauthorized purposes. The Agency also continued to fund one earmark, included in an authorizing

statute, up to \$11 million in excess of the statutory funding limit based on subsequent nonstatutory earmarked funding.

EPA elected to use cooperative agreements for earmarked assistance awards without the required level of Agency involvement. Project officers of the earmarked agreements did not monitor recipient progress, assess recipient compliance with agreement conditions, and ensure proper use of assistance, largely contributing to the deficiencies of earmarked recipients.

### **We Recommended That**

The Acting Assistant Administrator for Administration and Resources Management, in coordination with other appropriate Assistant Administrators:

- Ensure that second-order grant processes for earmarked centers are fully implemented.
- Model the structure and requirements for earmarked centers after similar competitive centers.
- Seek rescission of earmarks with unclear scopes and no relevant authorizing statutes.
- Ensure that authorizing statutes and recipient proposals are consistent with the earmark purpose and applicable appropriation.
- Require project officer involvement and oversight that matches the assistance instrument selected and is sufficient to determine recipient compliance and proper use of Agency funds.

### **What Action Was Taken**

*The final report (6100313) was issued to the Acting Assistant Administrator for Administration and Resources*

*Management on September 30, 1996. In responding to the draft report, Agency officials agreed that improvements in the management of earmarked assistance agreements are needed. Also, the Agency generally agreed with the intent of our recommendations and had either initiated or completed substantive corrective actions, or agreed to initiate appropriate actions, in response to the recommendations. A response to the final report is due by December 30, 1996.*

### **Sole Source Procurement Was Improper and Costly**

#### **Findings in Brief**

**EPA awarded a sole source contract for Geographical Information System (GIS) software without adequate support or justification that cost EPA \$1.9 million more than originally estimated.**

#### **Background**

The OIG received an allegation that the Enterprise Technology Services Division (ETSD), Office of Administration and Resources Management, was trying to steer a purchase of GIS software to the incumbent contractor and that the Agency's past GIS software procurement practices may not have been cost-effective.

#### **We Found That**

EPA awarded a \$3.7 million sole source GIS software contract for ARC-INFO® without adequate support that the contractor was the only source that could satisfy the procurement requirements. The Agency did not issue a Request for Comment or Proposal and other GIS vendors were

not given a chance to compete or to demonstrate their software products. The specifications were unduly restrictive and unnecessary which inhibited competition. EPA had no assurance that it acquired the most cost- and job-effective GIS system available, especially since the cost was subsequently increased by \$1.9 million to \$5.6 million.

In addition, the Agency inappropriately modified the existing contract to non-competitively acquire a separate desktop mapping system called ARC-VIEW® without adequate justification. The Agency contended that ARC-VIEW® was a technical upgrade to ARC-INFO®. However, the contractor said they were two separate software products.

The Agency plans to use a "tier approach" for the next GIS procurement which may limit competition. This approach would result in a sole source award since the highest tier could be won only by the incumbent contractor. Further, EPA does not use benchmarking (live demonstration testing) to determine the capability of a software product, even though it is standard procedure within the GIS community and all Federal agencies we contacted use it as their main technical evaluation tool.

### **We Recommended That**

The Acting Assistant Administrator for Administration and Resources Management:

- Direct that all future GIS procurements follow full and open competitive procedures, as required by the Federal Acquisition Regulation.
- Involve the GIS user community in the procurement process, as appropriate.

- Use benchmarking of vendor products during the procurement process

#### **What Action Was Taken**

*The Agency agreed to conduct future GIS procurements as full and open competitive procurements and to include benchmarks. However, the Agency disagreed that there was inadequate justification for not conducting the original procurement to obtain full and open competition. We issued our final report (6400096) on September 18, 1996. An Agency response to the final report is due by December 17, 1996.*

### **Hazardous Materials Grantee Did Not Obtain Best Prices or Share Discounts**

#### **Findings In Brief**

**The Center for Hazardous Materials Research (CHMR) disregarded Federal procurement regulations for all purchases made under two assistance agreements by not obtaining adequate competition. In addition, CHMR did not satisfy cost sharing of nearly \$500,000, as required by the agreements.**

#### **Background**

EPA awarded a \$1,083,000 grant and cooperative agreement to CHMR, a nonprofit entity, for a comprehensive pollution prevention program in Pennsylvania, and for testing a system for removing heavy metals from contaminated soils and solids.

#### **We Found That**

CHMR completed more than 100 procurements valued at about \$500,000 under both agreements.

None of the 50 procurements we reviewed (totaling \$255,000) complied with Federal regulations or CHMR's procurement procedures requiring competitive price quotations or analysis. Therefore, it appeared that obtaining a specific contractor was the priority rather than getting the best competitive prices. Moreover, CHMR provided erroneous procurement certifications to EPA.

In addition, CHMR did not satisfy the cost sharing requirements for the two agreements reviewed. As a standard practice, CHMR used vendor discounts as their cost share, instead of extending the benefit to EPA. Federal regulation specifies that recipients must credit all purchase discounts to the government. Further, CHMR improperly billed EPA for ineligible meals, entertainment, and travel under the agreements.

#### **We Recommended That**

The Director, Grants Administration Division:

- Determine whether the prices paid by CHMR were reasonable. If this cannot be determined, EPA should recover costs for the procurements awarded under these agreements.
- Instruct CHMR that discounts are not reimbursable and that benefits received from discounts must be credited to EPA.

#### **What Action Was Taken**

*We issued the final report (6400064) to the Director, Grants Administration Division, on June 20, 1996. The Agency response was due by September 20, 1996. As of September 30, 1996, a response had not been received.*

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## Financial Management

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Over the years, the OIG has expressed serious concerns about financial management in EPA. Historically, EPA did not give financial management the attention it needed. In response to these concerns, EPA has taken a number of corrective actions. Since the 1994 OIG/Agency review of EPA's financial management, the OIG has focused on identifying problems related to those issues needing attention to improve financial, budget, and performance management in the Agency. During this reporting period, the OIG reviewed financial statements for EPA's trust funds and requirements under the Chief Financial Officer's (CFO) Act, and Agency performance data established under the Government Performance and Results Act. We also reviewed budget and accounting practices for regional personnel resources, and accounting procedures for EPA's leased real properties. The following section summarizes the most significant findings and recommendations during this period.

### **EPA Needs More Reliable Budgeting and Accounting**

#### Findings in Brief

A pattern of errors in EPA's budgeting and accounting practices for personnel resources made financial management information unreliable for ensuring that EPA complied with congressional intent. As a result, Agency managers relied on inaccurate information in developing budget requests.

#### Background

The Chief Financial Officers Act of 1990 provides for improved financial management and internal controls to ensure accurate, reliable, and timely financial information. The Government Performance and Results Act (GPRA) holds program managers accountable for program results and ties program budgeting and spending to results. EPA is developing a Planning, Budgeting, and Accountability system to link strategic planning, annual performance planning, budgeting, and performance reporting.

#### We Found That

EPA's budget practices and procedures were generally effective at the appropriation level and ensured compliance with statutory requirements for funds control. However, the Agency used outdated workload models to allocate personnel resources resulting in the regions not receiving resources where they planned to use them, nor were resources reprogrammed by the regions for their planned needs.

Regional personnel costs were inaccurately accumulated and reported. The five regions we reviewed did not always correctly charge workyears and personnel costs to the program element directly supporting the employee's activities. We noted significant errors in two of the regions' charging of personnel costs causing misstatements used to develop subsequent program budgets. For example, Regions 4 and 7 mischarged more than 41.7 workyears and \$2.1 million of management and support costs to environmental programs in fiscal 1994. In addition, Region 4 also mischarged 21.6 workyears and \$1.06 million in fiscal 1995.

Although the Agency had comprehensive reprogramming procedures, it did not require central

National Program Manager (NPM) notification for changes to program budgets for which the NPM had overall responsibility. Regions overspent personnel resources for some programs and underspent for others, and reconciled the differences at the end of the fiscal year by reprogramming personnel resources to reflect actual spending. We noted several errors in implementing the fiscal 1994 and 1995 reprogrammings, and justifications did not consistently identify the program impact on the losing program. These errors diminished the usefulness of the related program information. Further, EPA did not obtain required congressional approval of one fiscal 1994 reprogramming for \$730,000.

The Agency's ad hoc creation of program elements over time reduced the consistency and comparability of budget and financial data for internal management purposes. Also, EPA has not developed a common definition of management and support activities for consistent accounting and evaluation of those costs across the Agency. The current budget structure cannot efficiently capture the information required to implement GPRA because the activities, for which goals and related measures are being proposed, do not always align with existing program elements.

EPA held \$53 million in reserve for contingencies and as fiduciary reserves in the initial fiscal 1995 operating plan. Of this amount, \$28 million, in 11 accounts ranging from \$71,000 to \$6.6 million, remained in reserve at the end of fiscal 1995. The Budget Division was unable to provide support that Congress was notified of the contingency reserves as required by the Impoundment Control Act. The Budget Division also was not able to provide support for the rationale and methodology for specific reserve calculations.

## **We Recommended That**

The Acting Chief Financial Officer (CFO) ensure that:

- Program budget and cost information used for budgeting and performance measurement is accurate, timely, and useful.
- EPA's budget practices and procedures address the need for accurate and reliable program information, are consistently implemented, and include controls to identify procedures not followed.

## **What Action Was Taken**

*The final report (6100300) was issued to the Acting CFO on September 25, 1996. In responding to the draft report, Agency officials agreed with most of the recommendations. The Budget Division has taken actions to correct some of the procedural problems. The Agency plans to redesign the program element structure as part of its Planning, Budgeting, and Accountability system design. A response to the final report is due by December 26, 1996.*

## **More Decisive Action Needed in Planning Goals and Assessing Results**

### **Findings in Brief**

**Although the Agency has initiated a results-oriented management direction to implement Government Performance and Results Act (GPRA), EPA still needs to finalize environmental goals, develop a clear and complete mission statement, and update its strategic plan. In addition, reliable financial and performance information was not always available to manage EPA's programs effectively.**

## **Background**

GPRA was enacted in 1993 to provide for strategic planning and performance measurement in the Federal government. It requires agencies to develop strategic plans, reach a reasonable degree of consensus on desired goals with key stakeholders, and measure and report progress toward achieving those goals. EPA has created a planning, budgeting, and accountability organization to help meet the GPRA requirements by linking long-term environmental planning, resource management, and accountability.

## **We Found That**

The Agency's current mission statement does not clearly establish Agency-wide direction, guidance, and focus. Also, the Agency has missed deadlines for finalizing the National Environmental Goals and has not developed Agency goals to effectively plan, budget for, implement, and assess the results of its environmental programs. Finalization of the Goals has been delayed due to extensive comments received on drafts, and the need to obtain agreement from major stakeholders. The Agency is working with OMB to clear the goals for full government review. Finalizing the Agency's goals and revising its mission statement are also critical to the development of the revised strategic plan that must be submitted to OMB and Congress by September 30, 1997.

Performance plans for three of EPA's five GPRA pilots (LUST, Superfund, and Water) did not include sufficient means to verify and validate performance data. Prior OIG audits have also identified problems with performance data for these program areas. For two of the pilots (Chesapeake Bay and Acid Rain), EPA managers have developed ways to verify and validate reported

performance measurement data. In addition, the Agency terminated its Program Evaluation Division without an alternative for obtaining evaluative information necessary for important policy and resource decisions.

Program officials participating in the GPRA performance pilots are tracking program costs in the Agency's accounting system by using program elements which do not provide accurate and complete cost data for specific activities. Also, performance partnership grant recipients are not required to track funding to specific media sources, so it is not clear how the Agency will relate these costs to Agency goals. Agency officials are aware that the accounting structure needs revision to more closely link budget, plans, and results, and are planning to make these changes.

## **We Recommended That**

The Assistant Administrator for Policy, Planning, and Evaluation:

- Finalize and publish the Agency's National Environmental Goals.

The Acting Chief Financial Officer:

- Revise the Agency-wide strategic plan to incorporate GPRA requirements, finalize the Planning, Budgeting, and Accountability System and Organization Development Draft Workplan, and periodically monitor ongoing efforts to accomplish the scheduled activities by the targeted milestone dates.
- Work with the Agency's Chief Information Officer to issue an Agency-wide policy requiring GPRA performance to include a discussion of how performance data will be verified and validated, and develop and issue an Agency-wide policy requiring managers to conduct program evaluations when goals are not being accomplished.

● Develop and issue Agency-wide cost accounting policies and procedures which meet Federal cost accounting requirements and allow for the collection of cost information at a level to support GPRA and CFO Act requirements.

● In collaboration with the Acting Assistant Administrator for Administration and Resources Management, reevaluate the Agency's financial reporting requirements for Performance Partnership Grants to ensure that states and Tribes are required to provide the financial information needed for the Agency to implement GPRA.

#### What Action Was Taken

*The final report (6100297) was issued on September 25, 1996. In response to the draft report, Agency officials generally agreed with our findings and recommendations. A response to the final report is due by December 14, 1996.*

### Further Improvements Needed in Financial Reporting

#### Findings in Brief

During fiscal 1995, EPA continued to make improvements in its financial systems and processes. However, some remaining weaknesses continue to prevent us from issuing unqualified opinions on all of the Agency's financial statements.

#### Background

The Chief Financial Officers (CFO) Act of 1990 requires EPA to prepare financial statements for the Superfund, Leaking Underground Storage Tank (LUST), and Oil Spill Trust Funds, the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) and Tolerance Revolving Funds, and the

Asbestos Loan Program. The CFO Act also requires the Inspector General, or an independent public accounting firm selected by the Inspector General, to audit the financial statements.

#### We Found That

Following are the results of our work related to the fiscal 1995 financial statements for these funds.

**Superfund Trust Fund.** We disclaimed an opinion on the financial statements primarily due to weaknesses in the areas of accounting for property, components of net position, reimbursable Superfund oversight costs, grants funded from more than one appropriation, and expenses to show the full cost of the fund. In addition, grantees are not required to provide EPA with information on the amount of expenses they have incurred, but for which they have not requested reimbursement by September 30. Therefore, we could not assess the reasonableness of EPA's estimate of accrued liabilities for grantee expenses.

**LUST Trust Fund.** We qualified our opinion on the Statement of Financial Position because we could not assess the reasonableness of EPA's estimate of accrued liabilities for grantee expenses. We disclaimed an opinion on the Statement of Operations and Changes in Net Position because we could not assess the reasonableness of EPA's estimate of accrued liabilities for grantee expenses, and because of weaknesses in the area of allocating expenses to show the full cost of the fund.

**Oil Spill Trust Fund.** We disclaimed an opinion on the financial statements primarily due to weaknesses in the areas of contractor-held equipment, grants funded from more than one appropriation, and allocating expenses to show the full cost of the fund. In addition, we could not assess the

reasonableness of EPA's estimate of accrued liabilities for grantee expenses.

**Asbestos Loan Program.** In our opinion, the Statement of Financial Position is fairly presented. We qualified our opinion on the Statement of Operations and Changes in Net Position due to weaknesses in the area of allocating expenses to show the full cost of the loan program. We qualified our opinion on the Statement of Operations and Changes in Net Position because the allocation of expenses is less significant for the Asbestos Loan Program than it is for the other audited funds.

**FIFRA Fund.** In our opinion, the Statement of Financial Position is fairly presented. We disclaimed an opinion on the Statement of Operations and Changes in Net Position due to weaknesses in the area of allocating expenses to show the full cost of the fund.

**Tolerance Fund.** In our opinion, the Statement of Financial Position is fairly presented. We disclaimed an opinion on the Statement of Operations and Changes in Net Position due to weaknesses in the area of allocating expenses to show the full cost of the fund.

#### Material Internal Control Weaknesses

**Superfund Oversight Costs.** The Agency does not record as assets Superfund oversight costs recoverable from potentially responsible parties until billings are prepared. Our audit work in Regions 3, 5, 6 and 9 identified \$6.7 million in reimbursable oversight costs for 37 active sites that were not recorded as assets. The understatement could be considerably higher if oversight costs for all active sites in all regions were analyzed.

**Property.** Further improvements are needed in accounting for the Agency's property. We found leases that had



not been capitalized, inventories had not been completed at some locations, and some contractors did not provide reports on the value of EPA property in their possession. In addition, we found items that had not been recorded in the Agency's Personal Property Accountability System (PPAS), and differences existed between the PPAS and the Integrated Financial Management System values for capitalized property.

**Grant Payments.** EPA makes payments for grants funded from more than one appropriation using a first-in first-out (FIFO) method when it does not have information from the recipient showing which appropriation benefitted from the work performed. Under this method, the oldest available funding is used first regardless of which appropriations benefitted from the work performed under the grant. This could result in a material misstatement of expenses for the Agency's various appropriations.

**Expense Allocation.** As required by the Office of Management and Budget, EPA allocates expenses from its other appropriations to its various funds to show the full cost of these funds. In reviewing these allocations, we found that the information documenting decisions made was minimal. Input on how costs should be allocated was obtained from only one Headquarters program office and none of the regional offices. Policies and procedures identifying which costs should be allocated and the affected funds had not been formalized.

**Superfund Net Position.** The components of Superfund net position continued to be unreconcilable. Historically, accounting transactions for the Superfund Trust Fund were processed in a manner consistent with accounting for appropriated authority. Thus, when finance officials recorded various transactions for non-appropriated budget authority, the

affected relationships that should exist between the components of net position were distorted.

### **We Recommended That**

The Acting Chief Financial Officer (CFO):

- Implement policies and procedures to accrue Superfund reimbursable oversight costs.
  - Expedite the revision of the Agency's capitalization procedures, and value all capitalized property at historical cost to the extent possible.
  - Obtain a legal opinion from the Office of General Counsel on whether it is proper to use the FIFO grant disbursement method, and if it is, whether adjustments are needed at year-end, and use the opinion to implement policies and procedures for accounting for grant disbursements.
  - Develop policies and procedures for the expense allocation performed to show the full cost of funds and obtain input from regional and Headquarters program offices to help ensure that expenses are accurately and consistently allocated, and complete the necessary analyses and reconciliations of accounts, so the components of net position are auditable.
- The Acting Assistant Administrator for Administration and Resources Management:
- Ensure that annual physical inventories of capitalized property are completed.
  - Ensure that property accountable officers timely and accurately record capitalized property in the PPAS.
  - Ensure that Agency contractors timely submit annual inventory reports.

### **What Action Was Taken**

*The final report (6100200) was issued on May 3, 1996. In response to our final report, the Acting CFO concurred with most of our report recommendations or identified alternative corrective actions that EPA would take to resolve the issues discussed in the report. However, on three of the above issues (components of net position, payments for grants funded from more than one appropriation, and EPA's expense allocation method), we expressed concerns to the Acting CFO about the failure to provide milestones for completing corrective actions. We are continuing to work closely with the Acting CFO's staff on these matters. Additionally, the OIG initiated special projects to work with EPA officials on making improvements in two areas, property and the expense allocation process, which should help EPA reach its goal of receiving an unqualified opinion on the Superfund financial statements.*

## **Improper Accounting for Real Property Distorts Financial Statements**

### **Findings In Brief**

**Although the Agency made progress in accounting for buildings it owns, it overstated depreciation, may not have correctly accounted for leased real property, and did not perform lease-versus-buy comparisons for all leases. As a result, the Agency prepared inaccurate financial statements and missed opportunities to save millions of dollars.**

### **Background**

The OIG performed this audit at the request of the Acting Chief Financial Officer.

## We Found That

Fiscal 1995 was the first year EPA showed the value of its buildings in its financial statements. However, by applying an arbitrary 25 year useful life to all of its buildings rather than evaluating the useful lives of each building, the Agency overstated the accumulated depreciation for the 46 buildings in our sample by \$19 million. Future financial statements will understate the value of EPA's real property and give the appearance that EPA uses fewer resources to accomplish its mission annually than it actually needs.

The Agency could not be sure it accounted for its leased real property correctly because it did not apply OMB criteria for categorizing operating or capital leases. We applied the OMB criteria to six of EPA's real property leases and found that EPA needed to reclassify at least one with an unrecorded value of \$10.8 million.

Agency personnel did not perform lease-versus-buy comparisons for four leases because they believed that only leases requiring congressional approval needed a lease-versus-buy analysis, and that they could not get the necessary funding to construct a building. Although the four leases fell below criteria that specifically required such an analysis, three fell within OMB suggested criteria for doing an analysis. Without doing the comparisons to obtain the lowest cost method of acquisition, EPA is missing opportunities for significant savings. EPA may have saved over \$3.9 million by purchasing rather than leasing one building.

### Performance

#### Indicators

- Number of lease-versus-buy comparisons
- Dollars saved/lost



## We Recommended That

The Acting Assistant Administrator for Administration and Resources Management:

- Provide the Acting Chief Financial Officer with revised building useful life estimates.
- Ensure that supporting documentation for each real property lease provides information needed for proper lease classification.
- Perform applicable lease-versus-buy analyses.

The Acting Chief Financial Officer:

- Recalculate accumulated depreciation for all buildings based on revised useful life estimates and make any needed adjustments to accounting records.
- Reclassify one lease from an operating lease to a capital lease, and evaluate the lease category of all real property leases and make any needed reclassification and accounting adjustments.

## What Action Was Taken

*The flash report (6400066) was issued to the Acting Chief Financial Officer and the Acting Assistant Administrator for Administration and Resources Management on July 1, 1996. In responding to our report, they stated that they generally agreed with our recommendations and have begun to take action to resolve these issues. However, the Agency is evaluating the practicality of applying the proposed policy on real property leases to existing leases.*

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## Construction Grants

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Since EPA was established, the construction grants program has been one of its largest and most successful undertakings. The program was established under the provisions of Public Law 92-500, as amended, and has provided over \$52 billion in financial assistance to thousands of communities all over the country. The Agency is now in the process of completing the construction grant program. The goal is to substantially close out the program by September 30, 1997. Fiscal year 1990 was the last year funding was authorized for the program.

The Agency developed, in consultation with the OIG, a Completion/Close-Out Strategy for the program. The goal of the Agency's strategy is to bring the

program to a successful completion as expeditiously as possible to assure that the environmental benefits of the program are fully realized and its fiscal and technical integrity are protected.

To assist the Agency in this effort, the OIG, in consultation with the Agency, implemented a revised audit strategy in October 1994 that focuses effort on the most vulnerable grants, based on a risk analysis of each remaining grant subject to audit. As of September 30, 1996, there were 239 grants valued at \$4.1 billion which are expected to receive OIG review during the next two and a half years. Summaries of some audits of construction grants with significant issues follow.



APRIL 1, 1996 THROUGH SEPTEMBER 30, 1996

## **\$184 Million of Questioned Costs Claimed for San Francisco Projects**

### **Findings in Brief**

**The City and County Of San Francisco, California, claimed \$19.9 million of ineligible architectural engineering costs, project costs allocable to other Federal facilities, and costs outside the scope of the approved project for the design and construction of wastewater treatment facilities. An additional \$164.2 million of unreasonable costs were questioned.**

### **We Found That**

EPA awarded San Francisco nine construction grants totaling \$414,711,579 for the design and construction of wastewater treatment facilities pertaining to the Southwest Ocean Outfall Project, the Southeast Water Pollution Control Plant, the Oceanside Water Pollution Control Plant, and Bayside pump stations, force mains, and outfall consolidation projects. The grantee claimed \$19,907,586 of ineligible costs under the grants, including:

- \$7,328,179 of construction, engineering, and other costs that were outside the scope of the approved project;
- \$6,868,100 of construction, engineering, and other costs claimed in excess of the State Water Resources Control Board's approved amount;
- \$3,040,102 of engineering and other costs allocable to the ineligible portion of the projects;
- \$2,467,345 of construction, engineering, and other costs allocable to Federal facilities; and

- \$203,860 of engineering overhead costs claimed in excess of the incurred amount.

We also questioned as unreasonable \$164,198,771 of project costs related to underused facilities. Although the Southwest Ocean Outfall Project (SWOOP) and the Oceanside Water Pollution Control Plant were designed with a 450 million gallons per day capacity, only 5 percent of the capacity was being used due to a failure to construct a Crosstown Transport Project to convey wastewater effluent to SWOOP.

### **We Recommended That**

The Regional Administrator, Region 9, not participate in the Federal share of ineligible costs (\$13,465,054), assess the grant eligibility of the Federal share of the unreasonable costs (\$123,149,078), and recover the applicable amount from the grantee.

### **What action was taken**

*Two audit reports (6200011 and 6200014) were issued to the Regional Administrator, Region 9, on May 30 and July 16, 1996. Responses were due by August 30 (6200011) and October 15, 1996 (6200014). As of September 30, 1996, a response to 6200011 had not been received.*

## **Over \$18 Million of Questioned Costs Claimed by WSSC**

### **Findings in Brief**

**The Washington Suburban Sanitary Commission (WSSC) claimed \$7,481,336 of ineligible construction, engineering, and administrative costs for modifications to wastewater treatment facilities. An additional \$10,723,814 of unreasonable and**

**unsupported costs were questioned.**

### **We Found That**

EPA awarded two construction grants totaling \$45,053,170 to WSSC for the construction of modifications to the existing facility to provide an advanced wastewater treatment plant, and additions to the Western Branch wastewater treatment plant for additional solids and liquid handling facilities. WSSC claimed \$7,481,336 of ineligible costs under the grants, including:

- \$3,837,980 of administrative and architectural engineering fees incurred prior to the grant award or after the contract/construction completion date;
- \$1,596,524 of indirect costs applied to ineligible force account costs;
- \$1,553,923 of construction costs claimed in excess of the eligible bids and change orders;
- \$345,733 of engineering costs that exceeded the engineering agreement upset limits;
- \$147,175 of costs outside the scope of the project, force account costs which duplicated services provided by the construction management engineer, and costs applicable to ineligible portions of the project.

We also questioned as unsupported \$8,897,656 of construction change orders that had not received an eligibility determination, delay costs that could not be verified, and miscellaneous costs for which the grantee could not provide documentation. Additionally, we questioned \$1,826,158 as unreasonable costs related to facility segments and equipment that had been abandoned.

## **We Recommended That**

The Regional Administrator, Region 3, not participate in the Federal share of ineligible costs (\$6,189,595), determine the eligibility of the Federal share of unsupported and unreasonable costs (\$7,566,823), and recover the applicable amount from the grantee.

## **What Action Was Taken**

*We issued the final reports (6300037 and 6300038) to the Regional Administrator, Region 3, on September 23, 1996. A response to the audit reports is due by November 5, 1996.*

**Over \$11 Million of Questioned Costs Claimed by Wallingford, Connecticut**

## **Findings In Brief**

Wallingford, Connecticut, claimed ineligible administrative, construction, and engineering costs of \$9,692,205 for the expansion and upgrading of its wastewater treatment facilities. An additional \$1,621,321 of unsupported and unreasonable costs were questioned.

## **We Found That**

EPA awarded Wallingford, Connecticut, three grants totaling \$19,075,142 for preparation of the facilities plans, construction plans and specifications, and expansion and upgrading of the wastewater treatment facilities, including the low-level pump station and sewer system rehabilitation. The grantee claimed \$9,692,205 of ineligible costs under the grants, including:

- \$4,361,571 of construction costs attributable to Connecticut Department of Environmental Protection (CTDEP) disallowed change orders, CTDEP disallowance based on application of the reserve capacity cost ratio adjustment, incremental cost of upsizing the low-level pump station, interest costs related to settlement of contract disputes, and settlement costs for contract rework;

- \$3,373,618 of ineligible administrative expenses attributable to work considered outside the scope of the grant and costs disallowed by the CTDEP during its final payment review;

- \$1,259,615 of project inspection fees disallowed by CTDEP, overbilled engineering overhead, services related to unacceptable construction delays, application of the construction eligibility factor; architectural engineering (AE) basic fees disallowed due to costs incurred after completion of project work, forfeited bid deposits not credited to the grant, and CTDEP final payment review disallowances;

- \$550,737 of design and construction phase engineering services related to the low-level pump station, ultraviolet disinfection, influent sewer, and fire and security work disallowed based on CTDEP reviews, overbilled engineering overhead, unallowable construction contract time extensions, and application of the construction eligibility ratio;

- \$146,664 of overtime incurred by the grantee's consulting engineer determined to be ineligible by CTDEP, project certification costs disallowed based on application of the reserve capacity cost ratio, application of the construction eligibility proration factor, overhead billed by the engineer in excess of the amount actually incurred, and other AE fees attributable to costs disallowed by CTDEP.

We also questioned \$1,581,323 of unsupported costs, including \$1,325,363 of the consulting engineer's unsupported overhead rate proposals and \$255,960 of unsupported dispute claims settlement. Additionally, we questioned \$39,998 of unreasonable costs related to the negotiated project portion of a fixed-price engineering contract.

## **We Recommended That**

The Regional Administrator, Region 1, not participate in the Federal share of ineligible costs (\$5,337,562), and evaluate whether to participate in the funding of the Federal share of unsupported costs (\$869,728) and unreasonable costs (\$29,999).

## **What Action Was Taken**

*We issued the final report (6100229) to the Regional Administrator, Region 1, on June 12, 1996. A final response from Region 1 has been deferred pending resolution of other matters.*

**Seattle Claimed Over \$10 Million of Questioned Costs**

## **Findings In Brief**

Seattle, Washington, claimed \$3,481,818 of ineligible equipment, construction and engineering costs for a wastewater treatment facility and sewer project. An additional \$7,102,524 of unsupported costs were questioned.

## **We Found That**

EPA awarded Seattle two grants totaling \$30,444,033 for the planning, design, and construction of the West Point Wastewater Treatment facility and the Fort Lawton Tunnel Project. The grantee claimed \$3,481,818 of

ineligible costs under the grants, including:

- \$1,891,750 in salvage value for tunnel boring equipment purchased under the grant but which had not been offset against the grant expenses;
- \$966,624 for ineligible construction costs; and
- \$623,444 of engineering costs that were outside the scope of the approved project.

We also questioned \$7,102,524 of unsupported planning and force account costs that were not supported by source documentation.

#### **We Recommended That**

The Regional Administrator, Region 10, not participate in the Federal share of ineligible costs (\$1,915,000), determine the grant eligibility of the Federal share of unsupported costs (\$5,210,026), and recover the applicable amount from the grantee.

#### **What Action Was Taken**

*We issued the final audit report (6300024) to the Regional Administrator, Region 10, on July 8, 1996. A response to the audit report is due by October 8, 1996.*

### **Nearly \$9 Million of Questioned Costs Claimed for Baltimore Projects**

#### **Findings in Brief**

**Baltimore, Maryland, claimed \$8,331,723 of ineligible construction, engineering, and administrative costs for improvements at a wastewater treatment facility. An additional \$499,744 of unsupported costs were questioned.**

#### **We Found That**

EPA awarded Baltimore, Maryland, two construction grants totaling \$31,673,100 for the construction of filtration and nitrification facilities at the Back River Wastewater Treatment Plant. The grantee claimed \$8,331,723 of ineligible costs under the grants, including:

- \$6,023,745 of construction costs that exceeded eligible bid and change order amounts;
- \$1,151,958 of administrative, engineering, and construction costs allocable to ineligible portions of the projects, and indirect costs that were not supported by an indirect cost rate agreement;
- \$499,922 for costs applicable to an indexing factor where the grantee did not reduce its claim to account for incremental costs due to delays in awarding subagreements more than 12 months after the grant award;
- \$447,408 for costs incurred after the approved cutoff dates, and miscellaneous unallowable administrative and engineering costs;
- \$208,690 of engineering costs that exceeded the engineering agreement, and costs determined to be outside the scope of the project or normal operating expenses not allocable to the grants.

In addition, we questioned \$499,744 of unsupported engineering and construction costs.

#### **We Recommended That**

The Regional Administrator, Region 3, not participate in the Federal share of ineligible costs (\$6,248,792), determine the eligibility of the Federal share of unsupported costs (\$374,808), and recover the applicable amount from the grantee.

#### **What Action Was Taken**

*The final reports were issued to the Regional Administrator, Region 3, on August 19 (6300027) and September 3, 1996 (6300033). Responses to the audit reports are due by October 21 and November 6, 1996, respectively.*

## Section 2 -- Report Resolution

As required by the Inspector General Act, as amended, this section contains information on reports in the resolution process for the semiannual period. This section also summarizes OIG reviews of the Agency's follow-up actions on selected reports completed in prior periods. In addition, information is presented on the resolution of significant reports issued by the OIG involving monetary recommendations.

### Current Period

As of September 30, 1996, EPA had 218 OIG reports requiring resolution, which was one more than the beginning balance of 217 reports six months ago. The number of past due responses (over six months from report issue date) **dropped** 13 percent from 126 to 110 during this six-month reporting period. At the end of March 1996, the number of past due responses was 58 percent of the reports to be resolved compared to 50 percent of the reports in the follow-up system as of the end of this reporting period. The costs questioned on the OIG reports for which management decisions were past due as of September 30, 1996, represented 41 percent of total questioned costs to be resolved. This represents a 42 percent **decrease** from the March 1996 report.

These reports need to be resolved and the funds recovered more expeditiously. While the OIG recognizes that it takes time to reach a management decision on some reports, swift, appropriate resolution allows the government to run better and saves taxpayers the added cost of financing Agency operations through borrowing.

As of September 30, 1996, Agency management has made no decision on over 70 percent (61 of 87) non-preaward reports over one to nine years old. Two EPA offices--Office of Acquisition Management and Grants Administration Division--accounted for

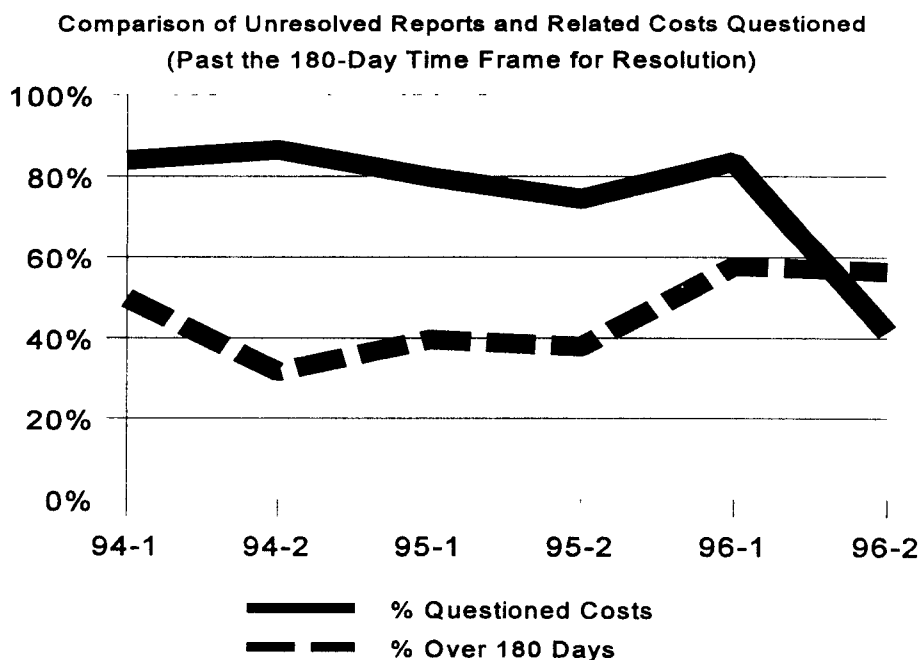
55 percent (48 of 87) on which no management decision had been made.

About 21 percent (23 of 110) of the past due reports were preaward audits. This is a 43 percent **improvement** over the previous 12-month period. EPA is one of the few agencies that reports on resolution of audits conducted on preaward contract proposals. There may be multiple pre-award audits for any particular EPA contract solicitation. Resolution of these audits occurs when the contracting officer makes the contract award. When lengthy negotiations are required or when there is a series of proposals required from the contractor, it is common for these audits to remain in the "unresolved" pre-award stage for longer than 180 days. It is, therefore, crucial for EPA to take every step possible to ensure that pre-award audits are resolved quickly.

### Trends

Analyses of the Agency's unresolved reports from March 31, 1994 (94 -1) through September 30, 1996 (96-2) show that the percentage of reports 180 days past due has remained constant. Currently, these reports represent 50.4 percent of reports needing resolution compared to 49.8 percent three years ago. However, the percentage of questioned costs of these reports has dropped to an all-time low of 41.5 percent as of September 30, 1996. Three years ago, the questioned costs of the past due reports needing resolution was 84 percent. Therefore, it appears that EPA management is actively pursuing resolution of the audits with the highest amount of questioned costs. (See graph below)

We encourage EPA to resolve all audits timely. Only through diligent, timely followup action can deficiencies noted in audit reports be corrected and more responsible recovery of funds be made.





**Status Report On Perpetual Inventory of Reports in Resolution Process For The Semiannual Period Ending September 30, 1996 (Dollar Values in Thousands)**

	<u>Number</u>	<u>Report Issuance</u>		<u>Report Resolution</u>	
		<u>Questioned Costs</u>	<u>Recommended Efficiencies</u>	<u>To Be Recovered</u>	<u>As Sustained Efficiencies</u>
A. For which no management decision has been made by the commencement of the reporting period	217	159,891	186,776		
B. Which were issued during the reporting period	248	180,590	17,207		
C. Which were issued during the reporting period that required no resolution	126	0	0		
Subtotals (A + B - C)	339	340,481	203,983		
D. For which a management decision was made during the reporting period	121	31,930	141,561	17,694	12,320
E. For which no management decision decision has been made by the end of the reporting period	218	308,551	62,422		
Reports for which no management decision was made within six months of issuance	110	128,046	45,662		

\* 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 IG Reports

*This section presents statistical information as required by the Inspector General Act Amendments of 1988 on the status of EPA management decisions on reports issued by the OIG involving monetary recommendations. In order to provide uniformity in reporting between the various agencies, the President's Council on Integrity and Efficiency issued guidance on reporting the costs*

*under required statistical tables of sections 5(a)(8) and (9) of the Act, as amended.*

*As presented, information contained in Tables 1 and 2 cannot be used to assess results of reviews performed or controlled by this office. Many of the reports counted were performed by other Federal auditors or independent public accountants under the Single Audit Act. EPA OIG staff does not manage or control such assignments. In addition, amounts shown as costs questioned or recommended to be put to better use contain amounts which*

*were at the time of the review unsupported by adequate documentation or records. Since auditees frequently provide additional documentation to support the allowability of such costs subsequent to report issuance, we expect that a high proportion of unsupported costs will not be sustained.*

*EPA OIG controlled reports resolved during this period resulted in \$49.2 million being sustained out of \$56.8 million considered ineligible in reports under OIG control. **This is an 87 percent sustained rate.***

**Table 1 -- Inspector General Issued Reports With Questioned Costs  
Semiannual Period Ending: September 30, 1996**

	<u>Number</u>	<u>Dollar Value in thousands</u>	
		<u>Questioned Costs*</u>	<u>Unsupported Costs</u>
<b>A. For which no management decision has been made by the commencement of the reporting period**</b>	<b>88</b>	<b>159,891</b>	<b>67,322</b>
<b>B. New Reports issued during period</b>	<b>39</b>	<b>180,590</b>	<b>17,356</b>
<b>Subtotals (A + B)</b>	<b>127</b>	<b>340,481</b>	<b>84,678</b>
<b>C. For which a management decision was made during the reporting period</b>	<b>39</b>	<b>31,930</b>	<b>14,166</b>
(i) Dollar value of disallowed costs	30	17,694	1,910
(ii) Dollar value of costs not disallowed	22***	14,236	12,256
<b>D. For which no management decision has been made by the end of the reporting period</b>	<b>88</b>	<b>308,551</b>	<b>70,512</b>
Reports for which no management decision was made within six months of issuance	58	128,046	53,156

\* Questioned costs include the unsupported costs.

\*\* 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.

\*\*\* 9 audit reports totaling \$1,059 were not agreed to by management.

## **Audit Followup**

### **Other Actions in Response to OIG Reports**

The OIG's reports and cooperative efforts with program officials frequently have positive results that reach beyond the implementation of specific report recommendations. These results are not normally verified by formal OIG

followup reviews. For example, during this reporting period the OIG learned that an OIG report, Environmental Data Quality at DOD Superfund Sites in Region 9, issued on September 26, 1995, is being used by the State of California to reshape its laboratory quality system. The State formed a quality action team as a result of major laboratory fraud, and the team's mission is to improve the State's ability to detect and deter laboratory fraud and avoid making decisions based on faulty analysis. The State team is

planning on using many of the OIG's recommendations to improve its programs resulted by laboratory analysis. The OIG report was also used by the U.S. Army Corps of Engineers to improve its national guidance for laboratory data quality.

**Table 2 -- Inspector General Issued Reports With Recommendations That Funds Be Put To Better Use  
Semiannual Period Ending: September 30, 1996**

	<u>Number</u>	<u>Dollar Value (in thousands)</u>
<b>A. For which no management decision has been made by the commencement of the reporting period*</b>	<b>28</b>	<b>186,776</b>
<b>B. Which were issued during the reporting period</b>	<b>13</b>	<b>17,207</b>
<b>Subtotals (A + B)</b>	<b>41</b>	<b>203,983</b>
<b>C. For which a management decision was made during the reporting period</b>	<b>14</b>	<b>141,562</b>
(i) Dollar value of recommendations that were agreed to by management	6	12,320
- based on proposed management action	n/a	n/a
- based on proposed legislative action	n/a	n/a
(ii) Dollar value of recommendations that were not agreed to by management	6**	127,853
(iii) Dollar value of non-awards or unsuccessful bidders	5	1,384 ***
<b>D. For which no management decision has been made by the end of the reporting period</b>	<b>27</b>	<b>62,422</b>
<b>Reports for which no management decision was made within six months of issuance</b>	<b>15</b>	<b>45,662</b>

\* 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.

\*\* Six reports were included in C(i) and C(ii). Only the related dollars disallowed were included in C(i), whereas the dollars which were not disallowed were included in C(ii).

\*\*\* This amount represents the dollar value of recommendations that funds be put to better use.

## Resolution of Significant Reports

Report Number	Report Date	Grantee/Contractor	Report Issuance		Report Resolution	
			FS Questioned/ Recommended Efficiency		Federal Share to be Recovered/ Sustained Efficiency	
D9AGL5-01-0180		NOBIS ENGINEERING NH	INEL	0	INEL	0
6100067			UNSP	0	UNSP	0
REPORT DATE	11/28/95		UNUR	0	UNUR	0
			RCOM	2,388,583	SUST	2,144,912
P2CWL3-02-0128		HUDSON COUNTY UA NJ	INEL	0	INEL	0
5100231			UNSP	13,064,288	UNSP	1,723,932
REPORT DATE	3/28/95		UNUR	0	UNUR	0
			RCOM	0	SUST	0
P2CWL4-02-0198		WESTCHESTER CO	INEL	1,647,757	INEL	1,634,744
6100076		MAMARONECK NY	UNSP	0	UNSP	0
REPORT DATE	12/ 6/95		UNUR	0	UNUR	0
			RCOM	0	SUST	0
D9AKL5-06-0054		BROWN & ROOT	INEL	0	INEL	0
6100071		ENVIRONMENTAL TX	UNSP	0	UNSP	0
REPORT DATE	11/29/95		UNUR	0	UNUR	0
			RCOM	10,586,670	SUST	5,040,731
D9AGL5-08-0055		CH2MHILL INC CO	INEL	0	INEL	0
6100075			UNSP	0	UNSP	0
REPORT DATE	12/ 2/95		UNUR	0	UNUR	0
			RCOM	3,874,743	SUST	3,874,743
E2CWM4-09-0092		LOS ANGELES CITY	INEL	10,487,352	INEL	9,989,214
6200002		CA	UNSP	0	UNSP	0
REPORT DATE	11/ 7/95		UNUR	0	UNUR	0
			RCOM	0	SUST	0

### NOTE:

INEL = INELIGIBLE COST  
 UNSP = UNSUPPORTED COST  
 UNUR = UNNECESSARY/UNREASONABLE COST  
 RCOM = RECOMMENDED EFFICIENCIES  
 SUST = RECOMMENDED EFFICIENCIES SUSTAINED

## Section 3 -- Prosecutive Actions

The following is a summary of investigative activities during this reporting period. These include investigations of alleged criminal violations which may result in prosecution and conviction, investigations of alleged violations of Agency regulations and policies, and OIG personnel security investigations. The Office of Investigations tracks investigations in the following categories: preliminary inquiries and investigations, joint investigations with other agencies, and OIG background investigations.

### Summary Of Investigative Activities

Pending Investigations as of March 31, 1996	181
New Investigations Opened This Period	45
Investigations Closed This Period	71
Pending Investigations as of September 30, 1996	155

### Prosecutive and Administrative Actions

In this period, investigative efforts resulted in 6 convictions and 10\* indictments. Fines and recoveries, including those associated with civil actions, amounted to \$1.6 million. Twelve administrative actions\*\* were taken as a result of investigations.

Reprimands	6
Resignations/Removal	3
Reassignments	1
Restitutions	2

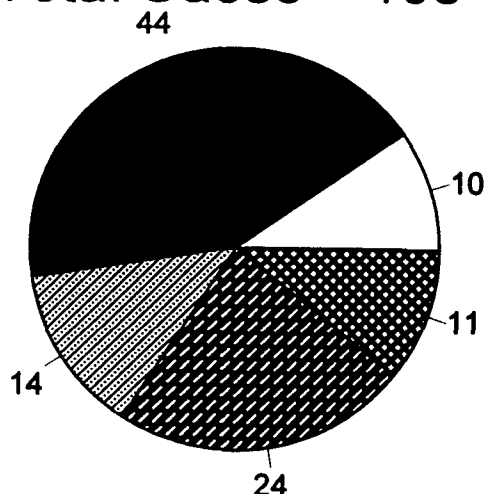
TOTAL 12

\* Does not include indictments obtained in cases in which we provided investigative assistance.

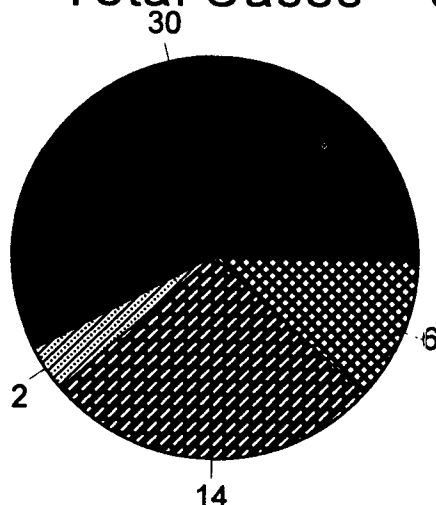
\*\* Does not include suspensions and debarments resulting from Office of Investigations activities or actions resulting from reviews of personnel security investigations.

### Profiles of Pending Investigations by Type

General EPA Programs  
Total Cases = 103



Superfund/LUST  
Total Cases = 52



<input type="checkbox"/> Construction	<input checked="" type="checkbox"/> Procurement Fraud	<input checked="" type="checkbox"/> Employee Integrity
<input checked="" type="checkbox"/> Program Integrity	<input checked="" type="checkbox"/> Other	

## **Description of Selected Prosecutive and Administrative Actions**

*Below is a brief description of some of the prosecutive actions which occurred during the reporting period. Some of these actions resulted from investigations initiated before April 1, 1996.*

### **Midwest Engineering Firm and VP Sentenced**

On April 15, 1996, Tenney Pavoni Associates, Inc. (TPA), a Midwest engineering firm, was fined \$474,048 and ordered to pay restitution of \$372,771. On April 4, 1996, TPA vice-president Gary T. Boblitt was sentenced to three years probation, fined \$2,000, and ordered to pay restitution of \$19,463 and a special assessment of \$50. In February 1995, TPA was charged with submitting false and inflated claims to the EPA for its engineering and inspection services on the construction of a nitrification project through the Hammond, Indiana, Sanitary District, and to the U.S. Department of Transportation on a federally-funded bridge project in Hammond, Indiana. Boblitt was charged with and pleaded guilty to filing a false and inflated claim to the Hammond Sanitary District, which was submitted to EPA for reimbursement.

TPA was the primary engineering firm on over \$17 million of EPA-funded grant work at the Hammond Sanitary District, Hammond, Indiana. According to the criminal information, Mark W. Tenney, chief executive officer, and Joseph L. Pavoni, company president, established policies and practices which resulted

in the falsification of time sheets to reflect inflated hours worked by their employees on cost-reimbursement contracts that TPA received from EPA and the U.S. Department of Transportation. Further, the information charged that persons supervised by Tenney and Pavoni reviewed time sheets of engineers and others and also boosted the amount of hours reflected for these government contracts, resulting in the company submitting invoices seeking payment for work that had not been performed. Vice-president Gary T. Boblitt was charged with submitting an inflated invoice to the Hammond Sanitary District.

As previously reported, Mark W. Tenney pleaded guilty of making a false claim and aiding and abetting. He was sentenced to five months incarceration, five months home detention, 300 hours of community service, restitution of \$372,771, a fine of \$250,000, and a special fee of \$50. Joseph L. Pavoni pleaded guilty of making a false claim and was sentenced to three years probation, 500 hours of community service, restitution of \$372,771, a fine of \$250,000 and a special fee of \$50. The restitution of \$372,771 and fine of \$250,000, were imposed jointly and severally on co-defendants Mark Tenney, Joseph Pavoni and TPA.

This case was investigated jointly by the EPA OIG, FBI, and the Department of Transportation OIG.

### **Florida Export Company And Official Sentenced**

On July 11, 1996, Marman USA, Inc. (Marman), a Florida pesticide export company, and its vice president, Robert T. Renes, were sentenced after each pleaded guilty to charges of forging a government seal. The

corporation was sentenced to two years probation, a fine of \$350,000, and a special assessment of \$1,200. Renes was sentenced to three years probation, a fine of \$150,000, and a special assessment of \$300.

Marman falsified documentation that was included in a package submitted for a pesticide product registration in Ecuador, along with notarized documents signed under the official seal of the EPA, with the signatures of EPA employees. Renes asked a Marman employee to sign the name of an EPA employee on certificates of registration and sign certificates of chemical analysis, although she was not a chemist. Another employee signed illegible names to certificates of origin, and Renes told him to use rubber stamps from Chambers of Commerce in England on these certificates, which were then sent to Latin American countries.

This case was investigated by the EPA OIG with the assistance of the EPA Criminal Investigations Division and the U.S. Customs Service.

### **Training Provider Guilty of Selling Certificates**

On July 15, 1996, Robert G. Cooley, former owner and operator of I.P.C. Chicago, Inc., a business authorized to provide certified asbestos abatement training, pleaded guilty to mail fraud. In June 1996, Cooley was charged with defrauding the Illinois Department of Public Health (IDPH) and EPA by selling training certificates to workers and contractors, without requiring class attendance. These certificates were used to obtain the initial and renewal state licenses to work on various state and federally-funded projects, including asbestos abatement projects in public schools. Depending

on the course, Cooley charged \$75 to \$550 for the training certificates.

Federal laws and regulations require workers who remove asbestos from schools and other public buildings to be accredited and delegate the authority to states to administer the training programs. Before students receive a state license in the form of a photo identification card, IDPH requires the private trainers to provide a list of students completing the courses and the students to submit the certificates.

This investigation was conducted jointly by the EPA OIG, the FBI, the General Services Administration OIG, and the EPA Criminal Investigations Division.

### **EPA Employee Spouse Guilty of Bankcard Fraud**

On July 31, 1996, Gregory Chambers, the spouse of an EPA employee, pleaded guilty of intentionally using a government credit card to make unauthorized charges at different retail stores totaling \$3,039. Chambers was indicted in June 1996, after the investigation revealed that he made 14 unauthorized charges to an EPA Government bankcard. Chambers admitted that he had stolen the bankcard from the desk of his wife in early December 1995.

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

### **Illinois Businessmen Charged with Conspiracy**

On May 2, 1996, William Foss, president of Loyalty Environmental, Inc. (Loyalty), of Skokie, Illinois, a private company engaged primarily in asbestos abatement, was indicted for conspiracy and making false statements. Also charged were Mark Zander, a Loyalty estimator and salesman; Michael Cahill, an estimator and salesman employed by Eau Claire Mechanical Insulation of Orland Park, Illinois; and David Shewmake, an insurance agent from Crestwood, Illinois.

In 1991, under the Asbestos School Hazard Abatement Act (ASHAA), EPA approved the spending of Federal funds by the Chicago Board of Education for asbestos abatement at Kennedy High School in Chicago. The Chicago Board of Education solicited bids from contractors to perform the abatement, including required bid bonds. Bid bonds accepted by the Chicago Board of Education were frequently accompanied by a power of attorney certifying that an agent of the surety was authorized to commit the surety to the promises made in the bid bond.

In March 1991, the Chicago Board of Education accepted Loyalty's bid of \$1,290,132, but the bid package did not include a bid bond. In May 1991, a second round of bids were accepted on the same job, including one from Loyalty of \$1,444,015. The indictment charged that Loyalty's bid package contained a fraudulent bid bond and power of attorney.

The indictment charges that David Shewmake obtained a power of attorney form reflecting authorization

of a bid bond on behalf of Indiana "Lumberman's" Mutual Insurance Company and an embossing device bearing the name of the insurance company from a local printer. It is further charged that Mark Zander signed the fraudulent documents with the fictitious name "George McLena" as an authorized representative of the insurance company along with William Foss.

This investigation was conducted by the EPA OIG.

### **EPA Contractor Employee Indicted for Soliciting Kickback**

On September 24, 1996, Keith McCullough, a contractor employee in EPA Region 3, was indicted for allegedly soliciting a kickback related to a government contract. According to the indictment, McCullough entered into an agreement with Cabletron Systems, Inc., Rochester, New Hampshire, for a ten-percent kickback on the value of a Local Area Network contract that he would facilitate EPA's awarding to Cabletron. McCullough was an employee of Management Technology, Inc., which was contracted by General Services Administration to run the computer room in EPA Region 3.

This investigation was conducted jointly by the EPA OIG and the FBI.

### **Corporate President Pleads Guilty to Conspiracy**

On April 19, 1996, Robert Feller, president of Non Hazardous Incineration (NHI), a non-hazardous waste broker in the state of New Jersey, pleaded guilty to conspiracy

to create and distribute a phony EPA approval letter.

Under EPA regulations, once the date of transdermal nicotine patches expires, they are classified as hazardous wastes and cannot be sold. Feller knew that one of NHI's major clients produced transdermal nicotine patches and attempted to persuade several people at the EPA to reclassify the patches as non-hazardous waste. When EPA refused Feller's request, Feller conspired to create and distribute a phony EPA letter stating that transdermal nicotine patches were not classified as hazardous wastes.

This case was investigated by the OIG Office of Investigations.

### **Civil and Administrative Actions to Recover EPA Funds**

*Investigations and audits conducted by the Office of Inspector General provide the basis for civil and administrative actions to recover funds fraudulently obtained from EPA. Through the Inspector General Division (IGD) of the Office of General Counsel (OGC), the OIG uses a variety of tools to obtain restitution. These include cooperative efforts with the Department of Justice in filing civil suits under the False Claims Act, the Program Fraud Civil Remedies Act, and other authorities; working with grantees using their own civil litigation authorities; invoking the restitution provisions of the Victim and Witness Protection Act during criminal sentencing; using the Agency's authority to administratively offset future payments and to collect debts; and negotiating voluntary settlements providing for restitution in the context of suspension and debarment actions. Civil and administrative*

*actions to recover funds usually extend over several semiannual reporting periods.*

### **Former ERCS Contractor Agrees to \$589,000 Settlement**

On May 6, 1996, OHM Remediation Services, a former EPA Emergency Response Cleanup Service (ERCS) contractor, agreed to pay \$589,000 as part of a civil settlement with the government. This agreement was reached after an investigation on information that OHM and some of its subcontractors had allegedly double-billed and overbilled costs relative to the cleanup at the Fike Superfund Site in Nitro, West Virginia. Waste-Tron, Inc. (WT), a subcontractor, double-billed some costs, was paid twice in some instances and billed unsubstantiated off-specification charges for disposal of hazardous wastes. Also, OHM double-billed and overbilled WT costs and other subcontractor costs to the government.

This investigation was conducted by the EPA OIG.

### **Judgment Against Former Asbestos Contractor**

On June 3, 1996, the U.S. District Court for the District of Nebraska granted summary judgment for the United States and awarded \$480,428 in damages and civil penalties to the United States under the False Claims Act for Stanley Peters' role in defrauding EPA under the Asbestos School Hazard Abatement Act (ASHAA).

Stanley L. Peters Associates (SLPA) assisted the Fairbury Public Schools

(FPS) in applying to EPA for grants under the ASHAA for removal of asbestos. On April 28, 1989, EPA awarded the FPS a grant of \$281,176 and a no-interest loan of \$319,630 for asbestos removal. SLPA subsequently entered into an agreement with FPS to design and oversee the asbestos abatement procedure. On February 28, 1990, Brad's Asbestos Removal, Inc. (BAR), owned and managed by Russell and Dean Curtis, was awarded the asbestos removal contract.

Between 1989 and 1991, Peters conspired with the Curtis brothers to submit claims to EPA for reimbursement for asbestos removal work that had not been performed, resulting in overpayment of \$153,476. On December 21, 1993, Peters was convicted, and on June 28, 1994, he was sentenced to 24 months imprisonment, and ordered to pay restitution of \$153,476. This case was investigated by the EPA OIG and the FBI.

### **Company Settles Imputed Interest Claims**

On September 24, 1996, Versar, Inc. (Versar), entered into a settlement agreement with EPA and the United States Attorney's Office, Middle District of North Carolina, to resolve allegations that Versar prematurely billed the Agency for subcontractor costs. Versar agreed to reimburse the government \$47,941 for the imputed interest on the use of the prematurely billed costs and the administrative costs of the investigation. Versar further agreed to ensure that all current and future officers, managers, and contracts management and billing employees receive required training regarding proper implementation of billing policy and procedures; to



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monitor on a monthly basis its government contracts to ensure compliance with the Federal Acquisition Regulation; and to submit to EPA annual certifications that all terms and conditions of the agreement have been met.

appointment documents. The employee claimed to have received two Bachelor of Science degrees and an Associate in Business Administration degree. The employee provided copies of a transcript and a diploma which were fictitious.

### **Settlement Of Civil False Claims**

On September 20, 1996, the United States Attorney's Office for the District of Columbia and Glenn H. Lovin, Director of the Small Community Environmental Council, reached an agreement under which Lovin paid \$14,700 to settle a civil False Claims Act case. The agreement was the culmination of an OIG investigation of Lovin for alleged false claims under an EPA assistance agreement, which was awarded in September 1990 to the Small Community Environmental Council to develop a one-day education workshop addressing safe drinking water requirements for public water systems in small communities. On September 27, 1990, Lovin requested a reimbursement of \$15,000, which EPA paid under the assistance agreement, for distributing hundreds of EPA information packets on safe drinking water to various governments, organizations, and individuals. The government alleged that Lovin never performed any of the services.

### **EPA Scientist Resigns Minus Two Degrees**

An EPA Region 4 environmental scientist resigned after investigation revealed that he falsified the education claimed on his application for employment and various

## Section 4 -- Fraud Prevention And Management Improvements

This section describes several activities of the Office of Inspector General to promote economy and efficiency and to prevent and detect fraud, waste, and abuse in the administration of EPA programs and operations. This section includes information required by statute, recommended by Senate report, or deemed appropriate by the Inspector General.

### Review of Legislation and Regulations

*Section 4(a)(2) of the Inspector General Act of 1978, as amended, directs the Office of Inspector General to review existing and proposed legislation and regulations relating to Agency programs and operations to determine their effect on economy and efficiency and the prevention and detection of fraud and abuse. During this semiannual period, we reviewed seven legislative and 37 regulatory items. The most significant items reviewed are summarized below.*

#### H.R. 3307 - Regulatory Fair Warning Act

We expressed concern that certain of the bill's provisions would restrict auditors from questioning any costs previously "approved" by Federal or state officials.

In its statement before the House Judiciary Committee's Commercial and Administrative Law Subcommittee, the Agency addressed our concern in more inclusive terms. The Agency stated that the bill would bar civil or criminal sanctions where the defendant committed a violation in "reasonable reliance upon a written statement by an authorized Federal or State official" and that the bill would invite defendants to seek the most lenient interpretation of a regulation.

#### H.R. 3864 - General Accounting Office (GAO) Management Reform Act

We recommended that the bill be revised to require that GAO's Inspector General be appointed with the "advice and consent of the Senate," a provision applicable to the

Inspectors General of Executive Branch agencies. We also recommended deletion of the clause preventing GAO's Inspector General from reviewing the methodology GAO used in preparing a report. Such a restriction would severely hamper the effectiveness of GAO's Inspector General.

#### Proposed Order - Safety Health, and Environmental Employment Program

We expressed concern that the provision delegating authority for "direction and oversight of EPA contractors" inferred that EPA employees should direct the work of contractor employees. The Order was revised to address our concern.

#### Response to GAO Report-Water Pollution: Many Violations Have Not Received Appropriate Enforcement Attention

We did not concur in the Agency's proposed response because it did not directly respond to GAO's recommendation. The draft response largely discussed penalty flexibility, rather than penalty equity for comparable violations. Also, the draft response referred to an Agency workgroup which would address options for providing equity, but contained no timeframe for completing this work.

The response was revised to reflect our concerns.

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## **Suspension and Debarment Activities**

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*EPA's policy is to do business only with contractors and assistance recipients who are honest and responsible. EPA enforces this policy by suspending or debarring contractors, assistance recipients, or individuals within those organizations, from further EPA contracts or assistance if there has been a conviction of, or civil judgment for, specific offenses, including the commission of any offense indicating a lack of business integrity or business honesty that seriously and directly affects the present responsibility of an entity or individual.*

*An entity or individual may also be debarred for any other cause of so serious or compelling a nature that it affects its present responsibility. Thus, an entity or individual need not have committed fraud or been convicted of an offense to warrant being debarred. Debarments are to be for a period commensurate with the cause, but generally do not exceed 3 years.*

*The EPA Suspension and Debarment (S&D) Division in the Office of Grants and Debarment operates the S&D program at EPA. The OIG assists the EPA S&D program by providing information from audits, investigations, and engineering studies; and obtaining documents and evidence used in determining whether there is a cause for suspension or debarment. During this period, cases with direct OIG involvement led to two debarments, one compliance agreement, and one notice of proposed debarment.*

*The actions are summarized below:*

- On June 10, 1996, EPA debarred Scott R. Rippey, a Commissioned

Officer of the U.S. Public Health Service, and William Burkhardt, a Food and Drug Administration employee, for knowingly filing false confidential statements of employment and financial interest. Both failed to disclose their ownership and employment interest in Biosearch Limited, New England Scientific, and Biological Analytical Laboratories (BAL). EPA contracted with BAL for work on the Narragansett Bay project. Our March 31, 1996, semiannual report discussed their suspensions.

- On July 24, 1996, EPA entered into a compliance agreement with National Environmental Testing, Inc., Santa Rosa Division (NET SR). Our March 31, 1996, semiannual report discussed NET SR's suspension pending the outcome of an investigation involving the propriety of laboratory practices.

EPA agreed to terminate NET SR's suspension and any further debarment proceeding provided that NET SR (1) implements a corporate compliance program to review complaints of employee violations of law and NET SR's laboratory protocols, Quality Assurance Plan, or Code of Ethics, (2) conducts ethics training, (3) implements an annual certification program for all analytical/technical employees in appropriate test methods and procedures, (4) institutes controls, including improvements to operating procedures and conducting internal audits, to ensure the quality of the work product, and (5) terminates from working on federal government contracts any employee found to have committed an improper act. Prior to the agreement, NET SR had taken various remedial actions, including terminating or suspending all employees who falsified analytical data.

- On May 23, 1996, EPA issued a notice of proposed debarment to

Revet Environmental & Analytical Laboratory, Inc.; its president, Dr. Virginia Taylor; and Edward Taylor, laboratory director, for unsatisfactory performance under the Contract Laboratory Program. Revet's work did not meet EPA standards for quality and timeliness. Revet had also misrepresented work conducted by a subcontractor as its own to the State of Massachusetts.

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## **OIG Management Initiatives**

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The OIG participates as a full partner in implementing EPA's National Environmental Performance Partnership System (NEPPS) to ensure the success of the program. We participated in Agency workgroups to rewrite federal regulations that affect performance partnership grants and we identified OIG divisional staff members to work directly with regional staff on NEPPS issues. Also, we reviewed two demonstration grants to identify lessons learned from these early endeavors. EPA awarded two OIG auditors a Certificate of Exceptional Achievement, signed by the Deputy Administrator, for their outstanding personal contribution to the success of the EPA/State Performance Partnership Program.

In addition, OIG staff participated as panel members at EPA's National Grants Management Conference, and the EPA's All States Conference.

Two members of the Office of Audit have taken on a leadership role in helping Agency staff better manage assistance agreements and contracts. Specifically, staff gave presentations at the Assistant Agreement Project Officer Training courses sponsored by the Agency's program offices. EPA has mandated that all project officers must successfully complete this course and be certified by October 1, 1996. EPA has invited our staff to

several of these courses to discuss the deficiencies highlighted in our audit reports. The presentations make these new certified project officers aware of past problems and of proper procedures that they must follow. The presentations also allow the participants to ask questions about topics of concern to them.

### **Tiered Oversight for Corrective Action: an OIG/OECA Cooperative Review**

At the request of the Office of Enforcement and Compliance Assurance (OECA), Office of Site Remediation Enforcement, Policy and Program Evaluation Division, we reviewed the "tiered oversight" concept for corrective action under the Resource Conservation and Recovery Act (RCRA). This was a special limited-scope review, to find out if tiered oversight was working in RCRA, to assess regional consistency with the tiered oversight guidance, and to see if the concept had applications to the Superfund program.

Corrective action addresses hazardous waste releases at RCRA facilities through permits and enforcement to help keep the sites clean and risk free. It is similar to cleanups in the Superfund program. Oversight is the process of EPA monitoring corrective action activities at a site or facility. Tiered oversight is the concept of varying the levels of EPA oversight to better allocate resources based on risk, public concern, and need.

We reported back to OECA that the guidance issued by Headquarters in 1992 apparently formalized the concept of tiered oversight that was already being applied by the regions.

Regional officials agreed with the need to consider all factors for determining the level of oversight listed in the guidance including other factors such as the National Corrective Action Priority System (NCAPS) ranking of a site.

This review will contribute to managing future RCRA corrective action oversight activities, and promulgating oversight guidance for the Superfund program.

### **Joint Review - Contract Audit Report Process**

The OIG and Office of Acquisition Management (OAM) jointly reviewed EPA's contract audit process to identify any deficiencies.

Specifically, the review addressed whether EPA contracting officers use financial contract audit reports to effectively manage EPA contracts, and whether the audit reports provide EPA contracting officials with sufficient timely data to negotiate contract awards and final rates, close out contracts, and resolve audit findings disputed by contractors.

The review disclosed that increased communication between the OIG and OAM is necessary to improve the contract audit process and help eliminate issues which are barriers to a more efficient, effective process. Joint action on improving the process should result in higher quality work products which will further protect the government's interests.

### **Customer Survey on Audit Contribution**

In July 1996, the OIG's Office of Audit (OA) surveyed 32 EPA program

managers who had been closely involved with responding to important reports issued during the last year, and congressional staff members from five committees and subcommittees. The survey's objectives were to provide information on OA's contributions to EPA, help us measure organizational performance and achievements, and identify (from a customer perspective) areas for improvement in OA's operations and products.

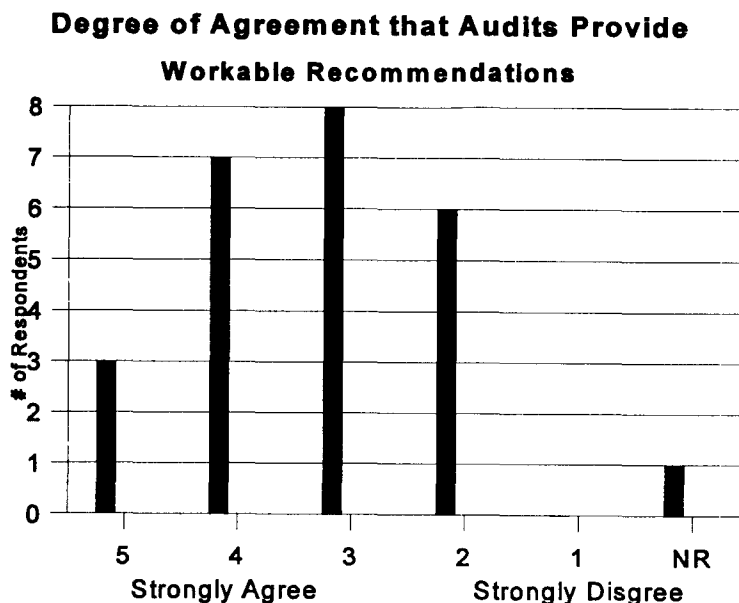
The survey covered the most significant reports issued in final and highlighted in the OIG's Semiannual Reports to the Congress between April 1, 1995, and March 31, 1996. The survey sent to Agency managers consisted of 13 questions about audit field work, the final report, and other assistance provided by OA staff. The survey conducted with congressional staff addressed the final report, testimony, and responses to congressional correspondence. Survey respondents were asked to assess the importance of each issue to their work and how well our office performed the functions.

All congressional staff responses indicated that our audit reports, testimony, and correspondence were of high importance to them in carrying out their work. Further, in almost every instance, they accorded the highest marks to the quality of our work.

Seventy-eight percent of the EPA program managers surveyed responded, and 80 percent agreed that OA does a better than average job of communicating with the auditees. Overall, OA was given high marks on its final products. Respondents believed our final reports were clear, easily understood, logically arranged, and that report presentations were balanced, fair, neutral, gave credit to Agency efforts,

were factually accurate, complete, timely, and contained practical recommendations with workable solutions. The survey also showed that in instances where Agency managers were familiar with our advice and assistance, we received high marks.

In summary, the results suggest that OA is performing work which is of importance to Agency managers and congressional staff managers. Overall, OA is performing at a high level in the field work phase and, with few exceptions, the final report phase which has four areas in need of review for possible improvement. The results also indicated that OA needs to provide better information on its availability to assist Agency managers in improving their operations and programs.



## **Committee on Integrity and Management Improvement**

*The Committee on Integrity and Management Improvement (CIMI) was established in 1984 by EPA Order 1130.1 to coordinate the Agency's effort to minimize the opportunities for fraud, waste, and mismanagement in EPA programs and activities. CIMI strives to continually increase employee awareness and understanding of various Agency policies and procedures. The Committee is composed of senior EPA program and regional officials and is chaired by the Inspector General.*

## **Monitoring Contract Work**

EPA awards and administers a large number of contracts each year. With millions of dollars being expended, close monitoring of the contractors' work is essential. Effective contract administration is a substantial

challenge that requires a coordinated effort by all EPA employees. For EPA to get what it pays for in a timely manner, Agency employees must clearly define the scope of work and closely monitor each project, identify inadequate performance, take appropriate action to enforce contract requirements, and be alert for indicators of fraud. At the same time, EPA employees must avoid common pitfalls, such as directing contractors to perform "inherently governmental" functions or interacting with contractor personnel in such a manner that a "personal service" relationship develops.

CIMI developed an awareness document to highlight the importance of effective contract administration and to emphasize key requirements and Agency policies.

## Public Service Recognition Week

To show appreciation for EPA employees and to acknowledge their significant contributions to the Agency's mission and excellence in government, CIMI sponsored a series of events during the tenth annual observance of Public Service Recognition Week. A special ceremony was held to honor the 57 recipients of the EPA Employee Recognition Award for outstanding community service. Inspector General John Martin was master of ceremonies and Administrator Carol Browner presented the awards. I.J. Hudson, a news anchor at a local television station, gave the keynote address, which focused on the importance of personal commitment and community service. Following the ceremony, the Administrator and the Inspector General hosted a reception for the award winners.

## Personnel Security

The Personnel Security Program is one of the Agency's first-line defenses against fraud. The program uses background investigations and National Agency Checks and Inquiries to review the integrity of EPA employees and contractors. During this semiannual reporting period, the Personnel Security Staff reviewed and adjudicated 218 investigations. The following administrative actions were taken as a result of investigative findings:

- Two employees resigned prior to being terminated for material falsification of their SF-171s by claiming educational degrees that were not awarded.

- Three contractor employees were terminated by their employer for falsifying the security questionnaire, one by failing to list prior convictions and a 19-year incarceration for murder, the second for continuous and current drug usage, and the third for a recent termination, 3 judgements, delinquent accounts, and unpaid collection accounts.
- An employee received a written reprimand for failure to provide complete information on the security questionnaire regarding the circumstances of a previous termination and conviction for driving while intoxicated.



John Martin with Carol Browner and guest speaker I.J. Hudson.

# Appendix 1 -- Reports Issued

## APPENDIX 1 - REPORTS ISSUED

THE INSPECTOR GENERAL ACT REQUIRES A LISTING, SUBDIVIDED ACCORDING TO SUBJECT MATTER, OF EACH REPORT ISSUED BY THE OFFICE DURING THE REPORTING PERIOD AND FOR EACH REPORT, WHERE APPLICABLE, THE DOLLAR VALUE OF QUESTIONED COSTS AND THE DOLLAR VALUE OF RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE.

ASSIGNMENT CONTROL NUMBER	TITLE	FINAL REPORT ISSUED	INELIGIBLE COSTS	UNSUPPORTED COSTS	QUESTIONED COSTS	RECOMMENDED EFFICIENCIES
					UNNECESSARY/ UNREASONABLE COSTS	(FUNDS BE PUT TO BETTER USE
1. INTERNAL AND MANAGEMENT ASSIGNMENTS						
<u>Office of the Administrator</u>						
E1FAF5-13-0075-6100228	EPA'S RELATIONSHIP WITH ASHRAE	8/14/96				
E1XMF5-13-0076-6100301	ENVIRONMENTAL EDUCATION: MIXED RESULTS AT EPA	9/30/96				
<u>Deputy Administrator</u>						
E1BMF4-22-0359-6100306	ESTABLISHMENT OF THE NATIONAL SUPERCOMPUTING CENTER, BAY CITY, MICHIGAN	9/30/96				
<u>FMD Cincinnati Account Operations Office</u>						
E1SFP5-23-8000-6400057	CFO ACT FY 95 FMD-CINCINNATI	5/31/96				
<u>CHIEF FINANCIAL OFFICER</u>						
E1AMF5-07-0026-6100300	EPA'S CHANGING BUDGET PROCESS: OPPORTUNITY FOR IMPROVED FINANCIAL MANAGEMENT	9/25/96				
E1AMF6-11-0003-6100246	EPA'S BUDGET STRUCTURE NEEDS REVISION	7/ 9/96				
E1SFL5-20-8001-6100200	FY 95 FINANCIAL STATEMENTS	5/ 3/96				
E1AMF5-20-0013-6100297	EPA'S IMPLEMENTATION OF THE GOVERNMENT PERFORMANCE AND RESULTS ACT	9/25/96				
E1AMP5-20-7011-6400066	SURVEY AGENCYWIDE FINANCIAL STATEMENTS	6/27/96				
<u>Assistant Administrator for Air and Radiation</u>						
E1KAE6-05-0044-6400100	AIR STATE IMPLEMENTATION PLANS	9/30/96				
E1KAF6-24-0008-6100318	EMISSION FACTOR DEVELOPMENT	9/30/96				
<u>Assistant Administrator for Administration &amp; Resources Management</u>						
E1FBE4-04-0261-6100313	CAPPING REPORTS-CONGRESSIONALLY EARMARKED ASSISTANCE TO SELECTED UNIVERSITIES	9/30/96				
E1AMF6-11-0005-6100275	ACCURACY OF EPA'S INTEGRATED PAYROLL AND PERSONNEL SYSTEM (EPAYS)	8/15/96				

E1AMF5-11-0020-6100304	AMERICAN EXPRESS CARD AUDIT	9/26/96
E6BDG5-24-0014-6400096	GEOGRAPHICAL INFORMATION SYSTEM PROCUREMENTS	9/18/96

Office of Information Resources Management

E1NMF6-15-0002-6100311	SECURITY AND USE OF ELECTRONIC DATA INTERCHANGE (EDI)	9/26/96
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Assistant Administrator for Solid Waste & Emergency Response

E1LLF5-10-0021-6100264	STATE LEAKING UNDERGROUND STORAGE TANK (LUST) PROGRAMS	8/ 6/96
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Division Director Policy & Program Evaluation

E1DSB6-11-0006-6300036	TIERED OVERSIGHT FOR CORRECTIVE ACTION PROGRAM UNDER RCRA	9/23/96
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Regional Administrator - Region 1

E1FMF6-01-0020-6100314	REGIONS 1'S OVERVIEW OF SMALL GRANTEES	9/30/96
E1FMG6-01-0031-6400102	NEW HAMPSHIRE GRANT-FLEXIBILITY DEMONSTRATION PROGRAM	9/30/96

Regional Administrator - Region 3

E1HWF4-03-0511-6100310	REGION 3'S OVERSIGHT OF THE SAFE DRINKING WATER ACT ACTIVITIES	9/30/96
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Regional Administrator - Region 4

E1AMF5-04-0112-6100249	REGION 4'S BUDGET EXECUTION	7/12/96
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Comptroller - Region 5

E1SFP5-05-8000-6400058	CFO ACT FY 95	R5	5/31/96
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Regional Administrator - Region 5

E1GAF5-05-0045-6100284	REGION 5'S AIR ENFORCEMENT AND COMPLIANCE ASSISTANCE ACTIVITIES	9/13/96
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Regional Administrator - Region 6

E1GAF5-06-0056-6100309	REGION 6'S AIR ENFORCEMENT AND COMPLIANCE ASSISTANCE ACTIVITIES	9/26/96
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Regional Administrator - Region 7

E1HWF6-07-0017-6100312	AG WASTE WATER POLLUTION	9/30/96
E1SGB6-07-0016-6400067	REGION 7 IAG OVERSIGHT	6/19/96

Director Superfund Division - Region 7

E1SGG4-14-0019-6400054	WAVERLY GW RI/FS REVIEW	5/ 7/96
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Regional Administrator - Region 8

E1FMG6-08-0019-6400069	NORTH DAKOTA BLOCK GRANT DECREASES ADMINISTRATIVE COSTS & DISCLOSED POTENTIAL BARRIERS	7/24/96
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Regional Administrator - Region 9

E1HWG5-09-0101-6400101	REGION 9'S SMALL DRINKING WATER SYSTEMS	9/27/96
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Director Superfund Division - Region 9

E1SGG5-14-0010-6400061	INDIAN BEND RI/FS REVIEW	6/10/96
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APRIL 1, 1996 THROUGH SEPTEMBER 30, 1996



TOTAL		=	31	0	0	0	0
2. CONSTRUCTION GRANT ASSIGNMENTS							
E2CWL5-01-0197-6100299	FALL RIVER	MA	9/23/96	0	0	0	0
P2CWL4-01-0142-6100229	WALLINGFORD	CT	6/12/96	5,337,562	869,728	29,999	0
S2CWL5-01-0006-6100214	MWRA-CLINTON	MA	5/13/96	42,015	0	0	0
S2CWL2-01-0366-6100222	MWRA-NUT ISLAND	MA	5/17/96	0	0	0	0
TOTAL OF REGION 01 = 4				5,379,577	869,728	29,999	0
P2CWL4-02-0175-6100255	CAMDEN COUNTY MUA	NJ	7/25/96	676,210	749,080	0	0
TOTAL OF REGION 02 = 1				676,210	749,080	0	0
E2CWM3-03-0085-6200015	FREDERICK CITY OF	MD	9/24/96	593,262	386,510	0	0
P2CWN4-03-0434-6300026	BALTIMORE CITY	MD	8/ 8/96	314,090	129,590	0	0
P2CWN5-03-0202-6300027	BALTIMORE CITY	MD	8/20/96	1,283,363	192,756	0	0
P2CWN5-03-0037-6300028	BALTIMORE CITY	MD	8/20/96	691,843	241,810	0	0
P2CWN4-03-0496-6300033	BALTIMORE CITY	MD	9/ 3/96	4,965,429	182,052	0	0
P2CWN2-03-0499-6300037	WSSC	MD	9/24/96	4,170,342	5,731,132	0	0
P2CWN2-03-0601-6300038	WSSC	MD	9/24/96	1,440,660	2,311,729	0	0
TOTAL OF REGION 03 = 7				13,458,989	9,175,579	0	0
P2CWN5-04-0053-6300035	COLLIER COUNTY	FL	9/20/96	0	0	0	0
TOTAL OF REGION 04 = 1				0	0	0	0
E2CWM4-09-0101-6200011	SAN FRANCISCO, CITY & CO	CA	5/30/96	8,872,758	0	0	0
E2CWM5-09-0052-6200012	LOS ANGELES, COUNTY OF	CA	6/ 4/96	280,679	43,970	0	0
E2CWM2-09-0252-6200014	SAN FRANCISCO, CITY & CTNY	CA	7/16/96	4,592,296	0	123,149,078	0
TOTAL OF REGION 09 = 3				13,745,733	43,970	123,149,078	0
E2CWN4-10-0120-6300018	EDMONDS, CITY OF	WA	4/ 3/96	69,357	0	0	0
E2CWN4-10-0045-6300024	MUNICIPALITY OF METRO SEATL	WA	7/ 8/96	1,915,000	5,210,026	0	0
TOTAL OF REGION 10 = 2				1,984,357	5,210,026	0	0
TOTAL CONSTRUCTION GRANT ASSIGNMENTS = 18				35,244,866	16,048,383	123,179,077	0
3. OTHER GRANT ASSIGNMENTS							
D3BML6-01-0073-6100218	AERODYNE RESEARCH INC.	MA	5/16/96	0	0	0	0
G3HVK6-01-0052-6500066	MWRA	MA	4/16/96	0	0	0	0
G3HVK6-01-0062-6500070	BENNINGTON	VT	5/ 2/96	0	0	0	0
G3HUK6-01-0064-6500071	KEEP AMERICA BEAUTIFUL INK	CT	5/ 2/96	0	0	0	0
N3HVK6-01-0007-6500069	INDIAN TOWNSHIP TRIBAL GOVT	ME	5/ 2/96	0	0	0	0
N3HUK5-01-0154-6500082	TUFTS UNIVERSITY	MA	6/12/96	0	0	0	0
N3HVJ6-01-0045-6500083	MAINE STATE OF	ME	6/12/96	0	0	0	0
N3HVJ5-01-0155-6500084	CONNECTICUT STATE OF	CT	6/12/96	0	0	0	0
TOTAL OF REGION 01 = 8				0	0	0	0
C3HVK6-02-0064-6500103	BINGHAMTON	NY	9/ 9/96	0	0	0	0
G3HVK6-02-0048-6500072	PRASA	PR	5/ 9/96	0	0	0	0
G3HVK6-02-0059-6500073	LOVE CANAL AREA REVIT AGCY	NY	5/ 9/96	0	0	0	0
N3HVK6-02-0055-6500067	PUERTO RICO DEPT OF AGR	PR	4/19/96	0	0	0	0
TOTAL OF REGION 02 = 4				0	0	0	0
C3HVK6-03-0207-6500087	ANNE ARUNDEL COUNTY	MD	7/24/96	0	0	0	0
C3HVK6-03-0209-6500089	BALTIMORE COUNTY	MD	7/31/96	0	0	0	0
C3HVK6-03-0221-6500100	ANNE ARUNDEL COUNTY	MD	8/21/96	0	0	0	0
E3CEP4-03-0268-6400064	SPECIAL REVIEW OF CHMR.	PA	6/20/96	0	0	0	0
N3HVK6-03-0208-6500088	DELAWARE STATE OF	DE	7/30/96	0	0	0	0
N3HVK6-03-0211-6500090	MARYLAND STATE OF	MD	8/ 2/96	0	0	0	0
TOTAL OF REGION 03 = 6				0	0	0	0
C3HVK6-04-0051-6500065	NASHVILLE DAVIDSON COUNTY	TN	4/ 2/96	0	0	0	0
C3HVK6-04-0062-6500080	TALLAHASSEE	FL	6/ 3/96	0	0	0	0
C3HVK6-04-0069-6500098	JACKSONVILLE	FL	8/19/96	0	0	0	0

C3HVK6-04-0070-6500099	PENSACOLA	FL	8/19/96	0	0	0	0
TOTAL OF REGION 04 = 4				0	0	0	0
C3HVK6-05-0133-6500092	LANSING FY 95	MI	8/ 7/96	0	0	0	0
C3HVK6-05-0132-6500093	GRAND RAPIDS FY 95	MI	8/ 7/96	0	0	0	0
N3HVK6-05-0134-6500094	COLUMBUS FY 95	OH	8/ 7/96	0	0	0	0
TOTAL OF REGION 05 = 3				0	0	0	0
E3BUP6-23-0016-6400099	MICHIGAN U OF SEC 5 GRANT	MI	9/26/96	1,406,359	5,851	0	0
TOTAL OF REGION 23 = 1				1,406,359	5,851	0	0
C3HVK6-06-0042-6500086	SHREVEPORT	LA	7/15/96	0	0	0	0
C3HVK6-06-0045-6500104	NORTH LITTLE ROCK CITY OF	AR	9/24/96	0	0	0	0
G3HVK6-06-0047-6500106	AMERICANS FOR INDIAN OPPORT	NM	9/24/96	0	0	0	0
N3HVK6-06-0035-6500081	GALVESTON COUNTY HEALTH DISTTX	TX	6/ 6/96	0	0	0	0
N3HVK6-06-0046-6500105	LOUISIANA STATE OF	LA	9/24/96	0	0	0	0
TOTAL OF REGION 06 = 5				0	0	0	0
C3HVK6-07-0031-6500097	CITY OF KANSAS CITY	KS	8/19/96	0	0	0	0
N3HVJ5-07-0035-6500079	STATE OF IOWA	IA	5/31/96	0	0	0	0
N3HVJ6-07-0028-6500085	STATE OF KANSAS	KS	7/ 2/96	0	0	0	0
N3HVK6-07-0029-6500095	STATE OF NEBRASKA	NE	8/ 9/96	0	0	0	0
N3HVK6-07-0023-6500096	STATE OF KANSAS	KS	8/ 9/96	0	0	0	0
N3HVJ6-07-0034-6500102	STATE OF IOWA	IA	8/28/96	0	0	0	0
TOTAL OF REGION 07 = 6				0	0	0	0
N3HVJ5-08-0049-6500075	STATE OF UTAH	UT	5/13/96	0	0	0	0
N3HVJ6-08-0032-6500091	STATE OF COLORADO	CO	8/ 5/96	0	0	0	0
TOTAL OF REGION 08 = 2				0	0	0	0
G3HVK6-09-0082-6500107	WEOTT COMMUNITY SVC DIST	CA	9/25/96	1,072	0	0	0
G3HVK6-09-0084-6500108	NAPA COUNTY RES CONS D	CA	9/25/96	156	0	0	0
TOTAL OF REGION 09 = 2				1,228	0	0	0
N3HVK6-10-0012-6500068	SHOSHONE-BANNOCK TRIBES INC ID		4/24/96	4,178	0	0	0
TOTAL OF REGION 10 = 1				4,178	0	0	0
TOTAL OTHER GRANT ASSIGNMENTS = 42				1,411,765	5,851	0	0

#### 5. SUPERFUND GRANT ASSIGNMENTS

E5HGN5-09-0094-6300039	STATE SF CREDITS DTSC	CA	9/27/96	0	0	0	0
TOTAL OF REGION 09 = 1				0	0	0	0
E5HGL6-10-0010-6100256	SUPERFUND STATE CREDITS	OR	7/30/96	0	0	0	0
TOTAL OF REGION 10 = 1				0	0	0	0
TOTAL SUPERFUND GRANT ASSIGNMENTS = 2				0	0	0	0

#### 8. OTHER CONTRACT ASSIGNMENTS

D8BML4-01-0116-6100189	CADMUS GROUP	MA	4/25/96				
D8BML5-01-0140-6100212	NORTHBRIDGE ENVIR MANMENT	MA	5/ 8/96				
D8DML4-01-0115-6100215	ASCENSION TECHNOLOGY INC.	MA	5/14/96				
D8DML2-01-0053-6100233	PUTNAM & HAYES 1987 OVERHEAD	MA	6/17/96				
D8DML3-01-0039-6100234	PUTNAM, HAYES & BARTLETT INCMA	MA	6/17/96				
D8BML5-01-0107-6100266	INTERNATIONAL FUEL CELLS	CT	8/ 9/96				
D8DML4-01-0030-6100270	WPI INCORPORATED	MA	8/14/96				
D8DML3-01-0021-6100271	WPI INCORPORATED	MA	8/14/96				
D8CML5-01-0005-6100274	CADMUS GROUP	MA	8/14/96				
D8DML3-01-0020-6100282	THE CADMUS GROUP INC.	MA	8/29/96				
D8DML3-01-0247-6100283	CADMUS GROUP INC.	MA	8/29/96				

\* The dollar value of contract audits have not been shown. Public disclosure of the dollar value of financial recommendations could prematurely reveal the Government's negotiating positions or release of this information is not routinely available under the Freedom of Information Act. The number of these reports and dollar value of the findings have been included in the aggregate data displayed below. Such data individually excluded in this listing will be provided to the Congress under separate memorandum within 30 days of the transmittal of the semiannual report to the agency head. The transmitted data will contain appropriate

D8DML4-01-0074-6100291	MITRE CORPORATION	MA	9/12/96
D8AML6-01-0093-6100293	EASTERN RESEARCH GROUP	MA	9/16/96
D8DML4-01-0042-6100294	MITRE CORPORATION	MA	9/16/96
D8DML2-01-0158-6100295	MITRE CORPORATION	MA	9/16/96
D8DML2-01-0064-6100316	SYRACUSE RESEARCH CORP	NY	9/30/96
D8AMP6-01-0065-6400048	FOSTER WHEELER ENVIRONMENTALNJ		4/29/96
D8EMP6-01-0088-6400078	FOSTER WHEELER ENVIRONMENTALNJ		8/ 9/96
D8BMP6-01-0089-6400079	WADE MILLER ASSOC	MA	8/ 9/96
D8EMP6-01-0085-6400080	FOSTER WHEELER ENVIRONMENTALNJ		8/ 9/96
D8EMP6-01-0078-6400081	FAY SPOFFORD & THORNDICKE	MA	8/14/96
D8EMP5-01-0183-6400082	CAMBRIDGE ENVIRONMENTAL INC.	MA	8/14/96
D8AMP6-01-0063-6400083	AD LITTLE	MA	8/14/96
D8AMP6-01-0076-6400084	THE CADMUS GROUP	MA	8/14/96
D8AMP6-01-0075-6400085	ABT ASSOCIATES	MA	8/14/96
D8AMP6-01-0091-6400087	THERMO ELECTRON	MA	8/29/96
D8AMP6-01-0092-6400094	EASTERN RESEARCH GROUP	MA	9/12/96
D8EMP6-01-0102-6400098	INDUSTRIAL ECONOMICS	MA	9/25/96
E8BML4-01-0026-6100307	ALLIANCE FY92 INDIRECT COSTS		9/26/96
E8BML4-01-0036-6100308	TRC-ECI FY92 INDIRECT COSTS		9/26/96
E8DMP5-01-0622-6400065	TRC FY92 G&A		6/24/96
E8CMP2-01-0129-6400071	ALLIANCE TECHNOLOGIES CORP.	MA	7/30/96
E8CAP3-01-0057-6400074	ALLIANCE TECHNOLOGIES CORP	MA	8/ 5/96
E8CMP2-01-0340-6400075	ALLIANCE TECHNOLOGIES CORP.	MA	8/ 5/96
E8CAP3-01-0256-6400076	ALLIANCE TECHNOLOGIES CORP.	MA	8/ 5/96
E8CMP2-01-0149-6400077	ALLIANCE TECHNOLOGIES CORP	MA	8/ 5/96

TOTAL OF REGION 01 = 36

D8BML5-02-0040-6100206	HEALTH DESIGNS INC.	NY	5/ 2/96
D8EML6-02-0052-6100207	CROXTON COLLABORATIVE	NY	5/ 2/96
D8DML3-02-0189-6100231	BURNS & ROE ENTERPRISES INC.	NJ	6/17/96
D8DML3-02-0190-6100232	BURNS & ROE ENTERPRISES INC.	NJ	6/17/96
D8DML3-02-0185-6100269	MATHTECH INCORPORATED	NJ	8/14/96
D8BML5-02-0064-6100272	MATHTECH	NJ	8/14/96
D8DML3-02-0146-6100273	MATHTECH INC.	NJ	8/14/96
D8DML3-02-0099-6100317	SYRACUSE RESEARCH CORP	NY	9/30/96
D8EMN5-02-0135-6300034	CAMRODEN	NY	9/12/96
D8EMP6-02-0061-6400088	FOSTER WHEELER	NJ	8/29/96
D8EMP6-02-0060-6400089	CAMRODEN ASSOCIATES INC	NY	8/29/96
D8EMP6-02-0063-6400093	FOSTER WHEELER	NJ	9/12/96

TOTAL OF REGION 02 = 12

D8CML5-03-0228-6100188	COMPUTER SCIENCE CORPORATIONVA		4/25/96
D8EML6-03-0163-6100190	ROY F. WESTON	PA	4/25/96
D8BML5-03-0214-6100192	S. COHEN AND ASSOCIATES	VA	4/25/96
D8CPL2-03-0306-6100193	DYNAMAC	MD	4/25/96
D8EML6-03-0118-6100204	SMITH ENVIRONMENTAL TECH.	PA	4/30/96
D8CML6-03-0166-6100205	LABAT-ANDERSON INC.	VA	4/30/96
D8AML6-03-0169-6100239	VERSAR	VA	7/ 2/96
D8AML6-03-0137-6100244	MANTECH ENVIRONMENTAL TECH.	VA	7/ 3/96
D8EML6-03-0179-6100257	S. COHEN & ASSOCIATES	VA	7/31/96
D8AML6-03-0168-6100278	PACIFIC ENVIRONMENTAL	VA	8/23/96
D8CML6-03-0149-6100279	PRC INC.	VA	8/23/96
D8BML4-03-0073-6100302	SCIENTEX CORPORATION		9/24/96

TOTAL OF REGION 03 = 12

E8DMP5-22-0253-6400049	ICF FY96 FWD PR RATES		4/30/96
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TOTAL OF REGION 22 = 1

D8BML3-04-0193-6100177	ENTROPY	NC	4/12/96
D8BML3-04-0316-6100178	ENTROPY ENVIRONMENTALISTS	NC	4/12/96
D8BML3-04-0200-6100236	TRANSCONTINENTAL	NC	6/17/96
D8BML6-04-0016-6100237	TRANSCONTINENTAL ENTERPRISESNC		6/20/96
D8BML3-04-0073-6100238	TRANSCONTINENTAL ENTERPRISESNC		6/20/96
E8BML5-04-0069-6100245	EHRT	KY	7/ 8/96
H8AML6-04-0047-6100176	RESEARCH TRIANGLE INSTITUTE	NC	4/12/96

TOTAL OF REGION 04 = 7

D8DML4-05-0264-6100164	ENVIRON SCIENCE & ENG 92/93	IL	4/ 2/96
D8AML6-05-0086-6100170	SBI ENVIRONMENTAL/SOBRAN	OH	4/ 8/96
D8CML3-05-0391-6100174	COLEJON MECH	OH	4/10/96
D8BML2-05-0312-6100175	IIT FY 90	IL	4/11/96

cautions regarding disclosure.

D8BML5-05-0103-6100179	BATTELLE FY 94	OH	4/18/96
D8BML4-05-0057-6100187	TRIAD ENG FY 92	WI	4/25/96
D8AWL6-05-0113-6100226	INTERNATIONAL CONS	OH	6/ 5/96
D8BML5-05-0106-6100240	CTC TECH INC FY 94	OH	7/ 2/96
D8BML3-05-0207-6100241	AT KEARNEY FY 90/91 CENTAUR	IL	7/ 2/96
D8BML3-05-0210-6100242	AT KEARNEY FY 90/91	IL	7/ 2/96
D8AAL6-05-0129-6100280	FEV ENG TECH	MI	8/26/96
D8BML6-05-0120-6100298	AT KEARNEY FY 92 EH&S	IL	9/23/96
D8AMP6-05-0137-6400097	BATTELLE	OH	9/23/96
E8AMP6-05-0135-6400086	PRC EMI	IL	8/16/96
H8CML4-05-0312-6100171	CINCINNATI U OF 68-03-3379	OH	4/10/96
H8CML4-05-0311-6100172	CINCINNATI U OF 68-03-4038	OH	4/10/96
H8CML5-05-0096-6100173	CINCINNATI U OF 68-C9-0031	OH	4/10/96

TOTAL OF REGION 05 = 17

D8CML4-06-0172-6100197	RADIAN CORPORATION	TX	4/29/96
D8BML2-06-0076-6100198	LOCKHEED	TX	4/29/96
D8BML6-06-0036-6100235	RADIAN INTERNATIONAL INC.	TX	6/17/96
D8BML6-06-0017-6100253	SOUTHWEST RESEARCH INSTITUTETX		7/19/96
D8AML6-06-0041-6100267	SOUTHWEST RESEARCH INSTITUTETX		8/13/96
D8BML6-06-0022-6100268	LEE WILSON & ASSOCIATES	NM	8/13/96
D8BML6-06-0038-6100288	TECOM	TX	9/12/96
D8BML6-06-0039-6100289	TECOM	TX	9/12/96
D8BML4-06-0092-6100290	TECOM INC.	TX	9/12/96

TOTAL OF REGION 06 = 9

D8APL6-07-0021-6100210	MIDWEST RESEARCH INST	MO	5/ 3/96
D8APL6-07-0021-6100211	MIDWEST RESEARCH INST	MO	5/ 3/96
D8DML6-07-0015-6100220	MIDWEST RESEARCH INSTITUTE	MO	5/16/96

TOTAL OF REGION 07 = 3

D8AML6-08-0025-6100180	E SOURCE INC	CO	4/22/96
D8AML5-08-0051-6100194	JK RESEARCH ASSOCIATES INC	CO	4/25/96

TOTAL OF REGION 08 = 2

D8CAL4-09-0034-6100219	SAIC FC	CA	5/16/96
D8CAL2-09-0263-6100221	ES FC	CA	5/16/96
D8ABL6-09-0062-6100227	SAIC PA	CA	6/ 6/96
D8CML6-09-0050-6100258	ACUREX FC	CA	7/31/96
D8BML3-09-0255-6100259	SR CI 92	CA	8/ 1/96
D8BML4-09-0041-6100260	SR CI 90	CA	8/ 1/96
D8BML5-09-0058-6100261	SR CI 93	CA	8/ 1/96
D8BML6-09-0028-6100263	SR CI 94	CA	8/ 1/96
D8CSL6-09-0049-6100281	SAIC FC	CA	8/29/96
D8BML5-09-0043-6100292	EERC CI 93	CA	9/12/96
D8BMM4-09-0225-6200009	J&S CI 93-94	CA	5/ 3/96
D8FMN6-09-0034-6300020	EERC FL	CA	6/ 4/96
D8AMN6-09-0075-6300030	SAIC PA	CA	8/27/96
D8CMN6-09-0068-6300031	SAIC FC	CA	8/27/96
D8AMN6-09-0077-6300032	SAIC PA	CA	8/28/96

TOTAL OF REGION 09 = 15

TOTAL OTHER CONTRACT ASSIGNMENTS	= 114	911,171	7,210	0	9,034,986
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#### 9. SUPERFUND CONTRACT ASSIGNMENTS

D9BGL6-01-0087-6100265	CAMP DRESSER & MCKEE	MA	8/ 9/96
E9CKP6-01-0625-6400092	ALLIANCE TECHNOLOGIES	MA	9/ 4/96

TOTAL OF REGION 01 = 2

D9EGP6-02-0023-6400095	FOSTER WHEELER ENV. CORP	NJ	9/12/96
E9AHP6-02-0523-6400059	ECOLOGY & ENVIR	NY	6/ 5/96

TOTAL OF REGION 02 = 2

D9CGL4-03-0194-6100191	ROY F. WESTON	MA	4/25/96
D9AFL6-03-0171-6100243	KIMBALL & ASSOCIATES	PA	7/ 3/96
D9BFL3-03-0135-6100287	ENVIRONMENTAL TECHNOLOGY INCVA		9/11/96

APRIL 1, 1996 THROUGH SEPTEMBER 30, 1996

TOTAL OF REGION 03 = 3

E9EHP6-22-0036-6400062 GUARDIAN ACCTG. SYSTEM DE 6/18/96

TOTAL OF REGION 22 = 1

D9AGL5-04-0067-6100165 COMMUNITY RELATIONS PLUS GA 4/ 3/96  
E9EHP6-04-0055-6400070 WESTINGHOUSE REMEDIATION GA 7/25/96  
E9AHP6-04-0071-6400103 WESTINGHOUSE REMEDIATION GA 9/30/96

TOTAL OF REGION 04 = 3

D9AKL6-05-0111-6100213 TN ASSOC WI 5/ 9/96  
D9AKL6-05-0110-6100223 TUCKER YOUNG MI 5/20/96  
E9BKL5-05-0046-6100169 PRC EMI FY 93 IL 4/ 8/96  
E9BKL6-05-0036-6100208 PRC EMI FY 87 IL 5/ 2/96  
E9DKL5-05-0056-6100209 PRC EMI FY 86/86T IL 5/ 2/96  
E9AKP6-05-0098-6400047 PRC EMI FY 96 BILLING RATES IL 4/26/96  
E9BKP5-05-0056-6400051 PRC EMI FY 86&86T IL 5/ 2/96  
E9AGP6-05-0118-6400063 PRC EMI RAC IL 6/18/96

TOTAL OF REGION 05 = 8

D9BHL3-23-0001-6100195 OHM REM FY 92/93 OH 4/29/96  
D9BHL3-23-0001-6100196 OHM REM FY 92/93 OH 4/29/96  
E9CGL4-23-0315-6100230 EARTH TECH ARCS MI 6/12/96  
E9EHP6-23-5001-6400090 EQMI A/S F/U OH 9/ 3/96

TOTAL OF REGION 23 = 4

D9CGL5-07-0014-6100166 BLACK & VEATCH WASTE SCI MO 4/ 5/96  
D9CGL5-07-0014-6100167 BLACK & VEATCH WASTE SCI MO 4/ 5/96  
D9CGL5-07-0023-6100168 BLACK & VEATCH MO 4/ 5/96  
D9CGL5-07-0029-6100216 SVERDRUP CORPORATION MO 5/16/96  
D9CGL5-07-0029-6100217 SVERDRUP CORPORATION MO 5/16/96  
D9AKL6-07-0022-6100225 BLACK & VEATCH SPEC PROJ KS 5/23/96  
D9CKL4-07-0080-6100254 B&V WASTE SCIENCE & TECH MO 7/22/96  
D9CGL4-07-0076-6100276 SVERDRUP CORPORATION MO 8/19/96

TOTAL OF REGION 07 = 8

D9CJL4-08-0025-6100181 JF SATO & ASSOCIATES CO 4/22/96  
D9AGL5-08-0024-6100182 RBD INC. ENGINEERING CONSULTCO 4/22/96  
D9AGL5-08-0024-6100183 RBD INC. ENGINEERING CONSULTCO 4/22/96  
D9AGL5-08-0026-6100184 FOOTHILLS ENGINEERING INC. CO 4/22/96

TOTAL OF REGION 08 = 4

D9AGL6-09-0054-6100224 TETRA PA CA 5/22/96  
D9BGN6-09-0061-6300019 BECHTEL MS CA 5/15/96

TOTAL OF REGION 09 = 2

E9EGL4-10-0101-6100319 RES DO RECONCILIATION OR 9/30/96  
E9BHL6-10-0021-6100320 RES 1987 D.C. OR 9/30/96  
E9EGN5-10-0052-6300025 RES CAS COMPLIANCE OR 8/ 8/96

TOTAL OF REGION 10 = 3

TOTAL SUPERFUND CONTRACT ASSIGNMENTS = 40 2,297,216 1,294,918 0 8,172,300

TOTAL REPORTS = 247 39,865,018 17,356,362 123,179,077 17,207,286

## Appendix 2 -- Reports Issued Without Management Decision

THE INSPECTOR GENERAL ACT REQUIRES A SUMMARY OF EACH REPORT ISSUED BEFORE THE COMMENCEMENT OF THE REPORTING PERIOD FOR WHICH NO MANAGEMENT DECISION HAS BEEN MADE BY THE END OF THE REPORTING PERIOD (INCLUDING THE DATE AND TITLE OF EACH SUCH REPORT), AN EXPLANATION OF THE REASONS SUCH MANAGEMENT DECISION HAS NOT BEEN MADE, AND A STATEMENT CONCERNING THE DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION ON EACH SUCH REPORT. (The IG provides the summary, the date and title of each such report. The Agency provides the explanation of the reasons why such management decision has not been made, and a statement concerning the desired timetable for achieving a management decision on each such report.)

IG Followup Status Codes of Agency's Response at 9/30/96:

No Response

0. Resolution Pending Receipt of Additional Information
1. Proposed Response Received Awaiting Final Determination
2. Resolution Under Negotiation in Headquarters
3. Incomplete Response Received
4. Proposed Response Received in Review Process
5. Final Response Received in Review Process
9. Referred to ARB

ASSIGNMENT CONTROL NUMBER	TITLE	FINAL REPORT ISSUED
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### Assistant Administrator for Administration and Resources Management

E3CML3-03-0201-4100523	TEMPLE UNIVERSITY PA	9/15/94
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Summary: EPA GRANTS SPECIALISTS AND PROJECT OFFICERS DID NOT PROPERLY ADMINISTER AND MONITOR ASSISTANCE AGREEMENTS TO DETERMINE IF PERFORMANCE REQUIREMENTS WERE MET, NOR DID THEY IDENTIFY AN ESTIMATED \$35 MILLION IN UNUSED FUNDS FOR ALLOCATION ELSEWHERE.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE OIG REQUESTED THE COMPTROLLER GENERAL'S OPINION REGARDING THE USE OF NON-FEDERAL TRAVEL UNDER COOPERATIVE AGREEMENTS. OGD, OIG, AND OGC HAVE COORDINATED A REQUEST FOR GAO TO PROVIDE THEIR OPINION ON THIS AND OTHER OUTSTANDING ISSUES - RESOLUTION EXPECTED WITHIN 45 DAYS OF RECEIPT OF GAO OPINION. AS OF 9/30/96 STILL WAITING FOR GAO OPINION.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [0]

E1HWG4-04-0168-6400043	GULF OF MEXICO FOUNDATION CATX	3/28/96
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-Summary: GMF GRANT AWARDED TO PAY CONTRACTOR (FEDERAL) OBLIGATIONS FOR THE TRAVEL OF INVITED GUESTS, ENTERTAINMENT, CATERING TO THE 1995 GULF OF MEXICO SYMPOSIUM (AUDIT REPORT E1HWG4-04-0168-5100530). GMF GRANT NOT AWARDED FOR A LEGITIMATE GRANT PURPOSE, BUT FOR DIRECT BENEFIT OF GMPO.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE OFFICE OF GRANTS AND DISBARMENT RESPONSE TO THE FINAL REPORT WAS FORWARDED FOR SIGNATURE SEPTEMBER 26, 1996.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [4]

E1FMG4-13-0061-5400051	IAGS	3/31/95
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Summary: EPA OFTEN EXECUTED ECONOMY ACT IAGS WITHOUT OBTAINING ADEQUATE COST REASONABLENESS INFORMATION. IN ADDITION, EPA DID NOT RECOVER ITS FULL COSTS OF PERFORMING WORK FOR OTHER AGENCIES.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: A FINAL RESPONSE TO THE AUDIT REPORT RELATING TO MANAGING INTERAGENCY AGREEMENTS AT EPA HEADQUARTERS WAS FORWARDED FOR SIGNATURE ON 9/30/96.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

E1FMF4-19-0618-4100407	UNIVERSITY OF KANSAS KS	6/17/94
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Summary: EPA CIRCUMVENTED ASSISTANCE REGULATIONS AND MISUSED FEDERAL FUNDS BY AWARDED COOPERATIVE AGREEMENT TO THE UNIVERSITY OF KANSAS WHICH INCLUDED INELIGIBLE AND UNNECESSARY COSTS SUCH AS TRAVEL, ALCOHOL, AND ENTERTAINMENT.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE OIG REQUESTED THE COMPTROLLER GENERAL'S OPINION REGARDING THE

ASSIGNMENT CONTROL NUMBER	TITLE	FINAL REPORT ISSUED
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USE OF NON-FEDERAL TRAVEL UNDER COOPERATIVE AGREEMENTS OGD, OIG, AND OGC HAVE COORDINATED A REQUEST FOR GAO TO PROVIDE THEIR OPINION ON THIS AND OTHER OUTSTANDING ISSUES. AS OF 9/30/96, OGC HAS NOT RECEIVED GAO OPINION - RESOLUTION EXPECTED WITHIN 45 DAYS OF RECEIPT OF GAO OPINION.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [0]

### Assistant Administrator for Air and Radiation

E1SKF5-03-0070-6100161	MGT OF SELECTED CONTRACTS	3/30/96
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Summary: UNDER THE FOUR CONTRACTS WE REVIEWED, EPA PROCURED PRODUCTS AND SERVICES FROM A MAJOR CONTRACTOR WHICH WERE INADEQUATE, UNTIMELY, AND/OR OF QUESTIONABLE VALUE.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: MEMORANDUM FORWARDED FOR SIGNATURE ON 10/03/96. ANTICIPATED TO BE SENT TO THE OIG SHORTLY.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

### Assistant Administrator for Water

E1HWE5-23-0001-5100516	DRINKING WATER DATA INTEGRITY	9/29/95
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Summary: NATIONWIDE ABOUT 12 PERCENT OF COMMUNITY, SURFACE

PUBLIC WATER SYSTEMS REPORTED INVALID OR POTENTIALLY FALSIFIED DATA AT LEAST ONCE FROM 1991 THROUGH 1994. WITHOUT STATE OFFICIALS OR EPA

REVIEWING THE VALIDITY OF THE DATA, SERIOUS HEALTH RISKS COULD GO UNDETECTED AND NEGATE EP A'S AND STATES' ABILITY TO PREVENT WATER AND SUPPLY CONTAMINATION.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: PROGRAM OFFICE IS PREPARING RESPONSE BASED ON RECENT DECISIONS REGARDING PROGRAM REDIRECTIONS AND THE NEW LEGISLATIVE AUTHORIZATION. EXPECT RESPONSE TO BE SUBMITTED TO OIG IN OCTOBER.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [3]

### Comptroller - Region 5

E2BWL5-05-0136-7000980	SAUGET IL	3/31/87
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Summary: WE QUESTIONED OVER \$7 MILLION FOR INELIGIBLE AND UNNECESSARY PROJECT COSTS.

ASSIGNMENT CONTROL NUMBER	TITLE	FINAL REPORT ISSUED	ASSIGNMENT CONTROL NUMBER	TITLE	FINAL REPORT ISSUED
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE REGION ISSUED A PROPOSED FINAL DETERMINATION TO OIG ON 3/22/94. ON 4/6/94, THE OIG AGREED WITH THE PROPOSED ACTIONS ON ALL MATTERS EXCEPT THE DECISION TO ACCEPT THE COSTS ASSOCIATED WITH THE TRANSFER SEWERAGE. THIS AUDIT IS NOW UNDER REVIEW BY THE AGENCY AUDIT RESOLUTION BOARD AND AWAITING A LEGAL OPINION BY THE OFFICE OF GENERAL COUNSEL.			IG FOLLOWUP STATUS AS OF 9/30/96	[ ]	
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.			E1FUF5-08-0019-5100528	SCERP PERFORMANCE	9/29/95
IG FOLLOWUP STATUS AS OF 9/30/96 [9]			Summary: SCERP AND EPA NEEDED TO IMPROVE THEIR WORKING RELATIONSHIP AND TO BETTER FOCUS LIMITED RESEARCH FUNDING ON DEVELOPING SOLUTIONS TO THE MOST ACUTE ENVIRONMENTAL PROBLEMS ALONG THE U.S. - MEXICAN BORDER.		
E2CWL9-05-0262-3100397	FLINT MI	9/30/93	- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE PROGRAM OFFICE HAS BEEN UNABLE TO ADDRESS AUDIT ISSUES DUE TO NUMBER OF AUDITS PENDING RESOLUTION. THE OFFICE IS CURRENTLY REVIEWING AUDIT FINDINGS.		
Summary: FLINT CLAIMED \$2.8 MILLION UNNECESSARY/UNREASONABLE COSTS INCURRED TO RENEGOTIATE A CONTRACT. FLINT CLAIMED \$10,416,828 UNSUPPORTED COSTS FOR ADMINISTRATION, ENGINEERING AND CONSTRUCTION. WE QUESTIONED \$415,339 INELIGIBLE ENGINEERING COSTS INCURRED AFTER CONSTRUCTION COMPLETION DATE.			= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: EXPECT RESOLUTION AROUND DECEMBER 1996.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: DUE TO CONGRESSIONAL INTEREST AND SINCE OVER \$13 MILLION OF COSTS WERE QUESTIONED, THE REGION PROVIDED THE CITY WITH ADDITIONAL TIME TO PROVIDE SUPPORTING DOCUMENTATION. ALSO, DUE TO RELATED LEGAL ISSUES, ASSISTANCE WAS NECESSARY FROM THE OFFICE OF REGIONAL COUNSEL.			IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION IS EXPECTED PRIOR TO DECEMBER 31, 1996.			E3CBL3-08-0088-4100497	MONTANA STATE UNIVERSITY MT	8/23/94
IG FOLLOWUP STATUS AS OF 9/30/96 [1]			Summary: THE COOPERATIVE AGREEMENTS WERE USED TO FUND AN EPA EMPLOYEE'S ADVANCED EDUCATION CONTRARY TO THE PURPOSE OF THE COOPERATIVE AGREEMENTS AND INTERGOVERNMENTAL PERSONNEL ACT AGREEMENT.		
<u>Grants Administration Division</u>			- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE PROGRAM OFFICE CANNOT RESOLVE AUDIT FINDINGS UNTIL THE OIG FINISHES ITS FOLLOW ON WORK.		
E3CBP4-04-0252-4400116	REVIEW OF CA WITH NELHA- HI	9/29/94	= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION. RESOLUTION CANNOT BE DETERMINED AT THIS TIME.		
*Summary:			IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE PROGRAM OFFICE IS CURRENTLY REVIEWING COMMENTS RECEIVED FROM THE RECIPIENT.			H5BFL6-20-0015-6100072	FY 94 REPORT (HHS OIG)	11/30/95
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: EXPECT RESOLUTION BY 12/30/96.			*Summary:		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]			- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE PROGRAM OFFICE RECEIVED THE AUDIT REPORT ON APRIL 12, 1996, HAS CONTACTED THE DEPARTMENT OF HEALTH AND HUMAN SERVICES AND IS AWAITING COMMENTS.		
E5BKL4-04-0243-5100526	CLARK ATLANTA UNIVERSITY GA	9/30/95	= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: EXPECT RESOLUTION BY DECEMBER 31, 1996.		
Summary: CLARK ATLANTA UNIVERSITY MISMANAGED CONGRESSIONAL EARMARKED FUNDS PROVIDED UNDER AN EPA COOPERATIVE AGREEMENT TO ESTABLISH A HAZARDOUS SUBSTANCE RESEARCH CENTER. AS A RESULT, THE CENTER WAS NOT PROPERLY ESTABLISHED AND SERIOUS CONTROL WEAKNESSES CONTRIBUTED TO \$3.3 MILLION OF INELIGIBLE OR UNSUPPORTED COSTS.			IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE PROGRAM OFFICE AND THE OIG HAVE AGREED TO POSTPONE RESOLUTION OF AUDIT FINDINGS UNTIL THE OIG HAS COMPLETED ITS NECESSARY FOLLOW ON WORK.			E5CKN5-24-0013-5300035	NORTH CAROLINA STATE UNIV NC	9/28/95
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION EXPECTED 45 DAYS AFTER THE OIG COMPLETES ITS FOLLOW ON WORK.			Summary: NCSU CLAIMED \$48,197 IN INELIGIBLE COSTS RELATED TO ESTABLISHMENT OF A HAZARDOUS SUBSTANCE RESEARCH CENTER WE RECOMMENDED THAT EPA MANAGEMENT ADJUST GRANT COSTS PER OUR DETERMINATION. NET DUE GRANTEE \$34,699.		
IG FOLLOWUP STATUS AS OF 9/30/96 {0}			- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE PROGRAM OFFICE RECEIVED COPY OF AUDIT REPORT ON MARCH 5, 1996 AND IS CURRENTLY REVIEWING AUDIT FINDINGS		
E6EML4-07-0023-4100581	FAIRBURY NE	9/30/94	= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION EXPECT RESOLUTION BY 12/31/96.		
Summary: THE GRANT/LOAN WAS AWARDED FOR ASBESTOS ABATEMENT IN TWO FAIRBURY SCHOOLS. WE DETERMINED THAT THE GRANTEE CLAIMED AN UNREASONABLE AMOUNT FOR ADMINISTRATIVE COSTS. THE GRANTEE CLAIMED INELIGIBLE ENGINEERING AND CONSTRUCTION COSTS.			IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: AUDIT INVOLVES SEVERAL COMPLEX ISSUES AS A RESULT OF CRIMINAL PROCEEDINGS TAKEN AGAINST A CONTRACTOR UNDER THE PROJECT. THE PROGRAM OFFICE IS AWAITING INFORMATION FROM THE OFFICE OF GENERAL COUNSEL (OGC) BEFORE ISSUING FINAL DETERMINATION.			<u>Regional Administrator - Region 1</u>		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: EXPECT RESOLUTION 45 DAYS AFTER RECEIVING INFORMATION FROM OGC.			S2CWL1-01-0024-4100179	SPRINGFIELD MA	1/31/94
			Summary: THE CITY OF SPRINGFIELD, MA CLAIMED UNALLOWABLE PROJECT COSTS OF \$4,059,671 FOR THE CONSTRUCTION OF A SECONDARY SEWAGE TREATMENT PLANT, INCLUDING NEW INTERCEPTER SEWERS, PUMPING STATIONS, FORCE MAIN SIPHON, AND OUTFALL SEWER.		
			- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: ON JULY 26, 1996 THE REGION FORWARDED ITS RESPONSE TO THE DIVISIONAL OIG IN ORDER TO REACH RESOLUTION. SINCE RESOLUTION HAS BEEN DIFFICULT, THE REGION EXPECTS THE DIVISIONAL OIG TO FORWARD IT TO THE HQ OIG FOR ACTION.		
			= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME		
			IG FOLLOWUP STATUS AS OF 9/30/96 [2]		

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Regional Administrator - Region 2

P2CWN1-02-0028-4300034 OCEAN COUNTY UA NJ 5/ 4/94

Summary: THE GRANTEE CLAIMED UNALLOWABLE COSTS OF \$4,513,658 CONSISTING OF INELIGIBLE COSTS OF \$3,057,931 (FEDERAL SHARE \$2,144,016) AND UNSUPPORTED COSTS OF \$1,455,727 (FEDERAL SHARE \$883,541) FOR CONSTRUCTION OF SECONDARY WASTEWATER TREATMENT FACILITIES AND APPEARANCES.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THIS AUDIT ENCOMPASSED FIVE EPA GRANTS WITH GRANTEE CLAIMED COSTS OF \$247 MILLION AND AUDITOR QUESTIONED COSTS OF \$4.5

MILLION. THE ONGOING REGIONAL REVIEW IS ENSURING THAT ALL ISSUES ARE FULLY EVALUATED AND ANALYZED, AND THAT THE GRANTEE'S ADDITIONAL SUBMITTED DOCUMENTATION WILL BE THOROUGHLY EVALUATED.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: TARGETED FINAL RESOLUTION BY APRIL 1997.

IG FOLLOWUP STATUS AS OF 9/30/96 [1]

P2CWL4-02-0141-5100407 NEPTUNE SA NJ 7/10/95

Summary: THE GRANTEE CLAIMED \$856,871 (FEDERAL SHARE \$642,653) OF INELIGIBLE COSTS. THE MAJORITY OF THESE COSTS RELATED TO COSTS CLAIMED OUTSIDE THE SCOPE OF THE APPROVED PROJECT.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: FACTORS THAT HAVE DELAYED THE RESOLUTION OF THIS AUDIT INCLUDE THE INVOLVEMENT OF AN AGENCY OTHER THAN THE DELEGATED STATE AGENCY. THIS RESULTED IN A MORE LENGTHY REVIEW PROCESS TO INSURE THAT ALL PARTICIPANTS' POSITIONS WERE ANALYZED AND FOUND CORRECT. OIG HAS CONCURRED ON DRAFT RESOLUTION.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: TARGETED FINAL RESOLUTION IS APRIL 30, 1997.

IG FOLLOWUP STATUS AS OF 9/30/96 [1]

P2CWL4-02-0061-6100096 NEW YORK CITY-OAKWOOD BEACH NY 2/ 5/96

Summary: THE CITY OF NEW YORK CLAIMED UNALLOWABLE COSTS OF \$10,087,654 INCLUDING INELIGIBLE COSTS OF \$7,481,371, UNSUPPORTED COSTS OF \$1,934,408 AND UNREASONABLE COSTS OF \$671,875.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: FACTORS THAT HAVE DELAYED THE RESOLUTION OF THIS AUDIT INCLUDE THE INVOLVEMENT OF AN AGENCY OTHER THAN THE DELEGATED STATE AGENCY. ALSO, PENDING DECISIONS TO BE MADE BY THIS AGENCY ARE ANTICIPATED TO HAVE A MATERIAL IMPACT ON THE FINAL RESOLUTION. THIS RESULTED IN A MORE LENGTHY REVIEW PROCESS TO ENSURE THAT ALL PARTICIPANTS' POSITIONS WERE ANALYZED AND FOUND CORRECT.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: TARGETED FINAL DECISION IS JUNE 30, 1997.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

E2CWL4-02-0089-6100102 PRASA GRANT CLOSE OUT PR 2/ 5/96

Summary: PRASA CLAIMED UNSUPPORTED COSTS OF \$1,154,476 (FEDERAL SHARE \$865,856)

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THIS AUDIT ENCOMPASSED GRANTEE CLAIMED COSTS OF \$55 MILLION AND AUDIT QUESTIONED COSTS OF \$1.1 MILLION. ALSO, THE AUDITOR REPORTED FINANCIAL MANAGEMENT SYSTEM DEFICIENCIES AND GRANTEE DIFFICULTIES IN MEETING EFFLUENT LIMITATIONS CONTAINED IN THE GRANT AGREEMENT THE ONGOING REGIONAL REVIEW IS ENSURING THAT ALL ISSUES ARE FULLY EVALUATED AND ANALYZED.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: TARGETED FINAL RESOLUTION IS JUNE 30, 1996.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

Regional Administrator - Region 3

P2BWN3-03-0077-4300032 PHILADELPHIA CITY OF PA 3/30/94

Summary: THE CITY OF PHILADELPHIA CLAIMED \$10,959,010 OF INELIGIBLE FORCE ACCOUNT, ENGINEERING, CONSTRUCTION AND INDIRECT COSTS AN ADDITIONAL \$32,663,495 OF UNSUPPORTED AND \$794,684 OF UNNECESSARY

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COSTS WERE ALSO QUESTIONED.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE SIZE AND COMPLEXITY OF THIS MEGA-AUDIT (COVERING SEVERAL GRANTS UNDER THE CITY OF PHILADELPHIA SOUTHWEST TREATMENT PLANT PROJECT) REQUIRES SIGNIFICANT TIME FOR RESOLUTION.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: ESTIMATED DATE FOR ISSUANCE OF A MANAGEMENT DECISION IS 9/30/97

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]  
E2CWM4-03-0291-5200024 WSSC MD 9/27/95

Summary: COSTS OF \$1.7 MILLION WERE INELIGIBLE BECAUSE THE GRANTEE CLAIMED CONSTRUCTION COSTS ASSOCIATED WITH EXCESS RESERVE CAPACITY.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: LEGAL ARGUMENTS AND ADDITIONAL DOCUMENTATION PRESENTED BY THE GRANTEE REQUIRE FURTHER REVIEW BY THE OIG, THE OFFICE OF REGIONAL COUNSEL, AND THE WATER MANAGEMENT DIVISION. THE FINAL DETERMINATION LETTER IS BEING DELAYED TO ALLOW AMPLE TIME FOR REVIEW

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: TARGET COMPLETION DATE IS 12/31/96.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

Regional Administrator - Region 4

E2CWP3-04-0225-4400096 BRUNSWICK GA 8/10/94

Summary: CONSTRUCTION COST WITH FEDERAL SHARE OF \$311,250 WAS QUESTIONED BECAUSE SOME SEWERS WERE NOT BUILT AS PLANNED ENGINEERING COST CLAIMED WITH FEDERAL SHARE OF \$65,000 WAS QUESTIONED BECAUSE THE GRANTEE DID NOT PROCURE THESE SERVICES IN CONFORMITY WITH EPA REGULATIONS.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE REGION RECEIVED LETTER FROM THE OIG STATING IT DOES NOT AGREE WITH REGION'S PROPOSED FINAL DETERMINATION LETTER. THIS AUDIT HAS BEEN FORWARDED TO THE OIG HEADQUARTERS OFFICE FOR RESOLUTION.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [2]

E2CWM5-04-0042-5200006 STARKE FL 1/20/95

Summary: WE QUESTIONED AS INELIGIBLE THE GRANTEE'S CLAIM OF \$1,372,564 FOR ACQUISITION OF A SPRAY IRRIGATION SITE. THE COSTS WERE QUESTIONED BECAUSE THE SITE WAS NEVER UTILIZED FOR THE INTENDED PURPOSE

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: A PROPOSED FINAL DETERMINATION LETTER HAS NOT BEEN PREPARED PENDING LEGAL DISCUSSION REGARDING ELIGIBILITY OF A PORTION OF THE LAND WHICH HAS BEEN DECLARED A WETLANDS.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

E2CWM4-04-0118-6200007 MIAMI-DADE WATER & SEWER AU FL 3/11/96

\*Summary:

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: A DRAFT FINAL DETERMINATION LETTER HAS BEEN PREPARED BUT NOT YET SIGNED.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: EXPECT RESOLUTION BY EARLY NOVEMBER.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

E2CWM4-04-0151-6200008 MIAMI DADE WATER & SEWER AUTFL 3/21/96

\*Summary:

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN



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MADE: A DRAFT FINAL DETERMINATION LETTER HAS BEEN PREPARED BUT NOT YET SIGNED.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: EXPECT RESOLUTION BY EARLY NOVEMBER.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

P2CWN5-04-0041-6300012 TAMPA FL 1/24/96

Summary: THE CITY OF TAMPA CLAIMED \$234,449 OF INELIGIBLE CONSTRUCTION AND ENGINEERING COSTS FOR ITS SLUDGE HEAT DRYING FACILITY. THE QUESTIONED COSTS WERE FOR RELOCATION OF STORM WATER RETENTION PONDS AND AIR PERMIT PROCUREMENT COSTS THAT WERE OUTSIDE THE GRANT SCOPE.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: A DRAFT FINAL DETERMINATION LETTER HAS BEEN PREPARED BUT NOT YET SIGNED.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: EXPECT RESOLUTION BY EARLY DECEMBER.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

E5CGL4-04-0036-5100490 FLORIDA DER SF COOP AGR FL 9/19/95

Summary: FDEP DID NOT PROVIDE SUPPORT FOR COSTS TOTALING \$2,149,111. THE UNSUPPORTED COSTS WERE NOT IN COMPLIANCE WITH 40 CFR 30.501. DUE TO A BOOKKEEPING ERROR, FDEP ALSO CLAIMED AN ADDITIONAL \$28,911 OF INELIGIBLE COSTS THAT RELATED TO ANOTHER PROJECT.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: AUDITOR AND GRANTEE ARE CONTINUING TO NEGOTIATE OVER THE SUPPORT DOCUMENTS FOR THE UNSUPPORTED COST QUESTIONED IN THE AUDIT. SUBSTITUTIONS ARE BEING OFFERED BY THE GRANTEE ON THE "SAMPLES" REQUESTED IN THE AUDIT. SAMPLES ARE UNSATISFACTORY AT THIS TIME.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION:

RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

Regional Administrator - Region 6

E2CWN3-06-0089-4300052 HOUSTON TX 9/29/94

Summary: HOUSTON, TEXAS CLAIMED \$6,159,937 OF INELIGIBLE ENGINEERING AND CONSTRUCTION COSTS FOR THE CONSTRUCTION OF A WASTEWATER TREATMENT FACILITY. AN ADDITIONAL \$991,174 OF UNSUPPORTED COSTS AND 41,063,235 OF UNNECESSARY AND UNREASONABLE COSTS WERE QUESTIONED.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: AN AUDIT TRANSMITTAL LETTER WAS SENT BY THE TEXAS WATER DEVELOPMENT BOARD TO HOUSTON ON 02/03/95. A 90-DAY AND 120-DAY EXTENSION WAS REQUESTED AND GRANTED. AUDIT HAS OVER 90 COMPLEX FINDINGS WITH CLAIMED COSTS OF \$208,720,680, QUESTIONED COSTS OF \$13,417,479, AND \$3,562,938 POTENTIALLY DUE EPA. A DRAFT FINAL DETERMINATION LETTER IS BEING REVISED.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: ESTIMATE RESOLUTION BY NOVEMBER.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

E5BGN4-06-0075-5300012 LA SF CO-OP AGREEMENTS LA 3/30/95

Summary: LDEQ'S PROCUREMENT PRACTICES RESULTED IN QUESTIONED COSTS OF OVER \$2 MILLION. WE ALSO FOUND THAT WORK WAS PERFORMED THAT WAS OUTSIDE THE SCOPE OF THE CONTRACTS; EQUIPMENT PURCHASED WITH OUT EPA'S PRIOR APPROVAL AND CLAIMED AMOUNTS THAT WERE NOT SUPPORTED BY ACCOUNTING RECORDS.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY (LDEQ) HAS REQUESTED A FINAL DISPUTE DETERMINATION FROM THE REGION. DOCUMENTATION HAS BEEN REVIEWED.

#### SUMMARY

REVIEW OF LDEQ'S RESPONSE REVIEWED BY PROGRAM. DEVIATION ON \$710,192, AND \$272,968 REQUESTED FROM EPA HEADQUARTERS ON 01/19/96. AWAITING ACTION ON REQUESTED DEVIATION.

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= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

Regional Administrator - Region 7

N3HVJ4-07-0075-5500094 STATE OF IOWA IA 2/23/95

#### Summary:

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE REGION HAS TRANSMITTED THE INITIAL DETERMINATION LETTER TO RECIPIENT AND HAS REQUESTED ADDITIONAL INFORMATION.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION. ANTICIPATE RESOLUTION BY 11/1/96.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

N3HVJ5-07-0036-5500225 STATE OF MISSOURI MO 9/19/95

#### \*Summary:

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE REGION HAS SENT INITIAL DETERMINATION LETTER TO RECIPIENT AND HAS REQUESTED ADDITIONAL INFORMATION

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION

ANTICIPATE RESOLUTION BY 11/1/96.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

Regional Administrator - Region 8

E1SFG5-08-0032-6400019 SUMMITVILLE CO 1/22/96

\*Summary: REGION 8 REASONABLY SELECTED REMOVAL AND REMEDIAL CLEANUP ACTIONS AND COMPLIED WITH NATIONAL CONTINGENCY PLAN REQUIREMENTS AND SUPERFUND GUIDANCE. HOWEVER, THE REGION NEEDED TO IMPROVE AND BETTER IMPLEMENT ITS IAG OVERSIGHT TO ENSURE IMPLEMENTATION OF THE CLEANUP.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: PROPOSED DECISION WAS SENT TO THE OIG ON 7/11/96 AND WAS RETURNED BY THE OIG AS UNACCEPTABLE. THE REGION IS NOW WORKING WITH THE OIG TO RESOLVE FINAL TWO RECOMMENDATIONS

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION IS EXPECTED BY 11/15/96.

IG FOLLOWUP STATUS AS OF 9/30/96 [3]

P2CWL3-08-0039-5100107 ASHLEY VALLEY UT 12/ 1/94

Summary: THE GRANTEE HAD ABANDONED THE ALTERNATIVE EFFLUENT LAND APPLICATION FACILITIES THAT RESULTED IN ABOUT \$1.2 OF FEDERAL COSTSHARE QUESTIONED.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: AS OF 9/96, MEETINGS WITH ALL PARTIES HAVE NOT RESULTED IN A FINAL SOLUTION TO MITIGATE THE ENDANGERED SPECIES PROBLEM. ENGINEERING REPORT FOR REPLACEMENT OF THE FACILITIES IS UNDER REVIEW.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: EXPECT RESOLUTION BY 12/31/96

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

E2CWN3-08-0054-6300011 RAMSEY COUNTY ND 12/ 5/95

Summary: QUESTIONED COSTS CONSIST OF \$200,000 OF ENGINEERING COST INCURRED AFTER THE CONSTRUCTION PERIOD OF PERFORMANCE, \$113,405 OF UNREASONABLE FORCE ACCOUNT TRAINING, AND \$32,785 OF PROJECT COSTS IN EXCESS OF THE 105 PERCENT REGULATION LIMITATION.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: ON 3/21/96, THE REGION PROPOSED A DECISION TO THE OIG WHICH THE OIG FOUND UNACCEPTABLE. THE REGION MET WITH OIG AND PROGRAM STAFF TO ARRANGE A SETTLEMENT AND PROVIDE MORE INFORMATION. THE REGIONAL COUNSEL HELD AN ON-SITE MEETING WITH THE GRANTEE TO OBTAIN MORE INFORMATION.

ASSIGNMENT CONTROL NUMBER	TITLE	FINAL REPORT ISSUED
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: FINAL DECISION EXPECTED 10/31/96.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
N3HVJ5-08-0048-6500058	STATE OF NORTH DAKOTA	ND 3/15/96
Summary: QUESTIONED COSTS OF \$1,945,213 ARE FISCAL 1990 AND 1991 FUNDS GIVEN TO BORROWERS UNDER THE CAPITALIZATION GRANT FOR STATE REVOLVING FUNDS WHERE LOAN DOCUMENTS DID NOT REQUIRE COMPLIANCE WITH THE SINGLE AUDIT ACT.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: RESPONSE FROM THE STATE ON THE BOND BANK ISSUE WAS RECEIVED BY THE WATER PROGRAM ON 4/96.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: THE REGION EXPECTS RESOLUTION BY 10/31/96.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
<u>Regional Administrator - Region 9</u>		
E2AWT3-09-0082-3400037	SAN DIEGO, CITY OF CA	3/29/93
Summary: THE CITY OF SAN DIEGO HAS CONSTRUCTED AN \$11.8 MILLION LAND OUTFALL WHICH WILL NOT BE USED BY THE CITY FOR THE INTENDED PURPOSE OF THE GRANT NOR WILL IT BE USED IN THE FORESEEABLE FUTURE.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE OUTFALL PROJECT IS A JOINT EFFORT WITH THE INTERNATIONAL BOUNDARY AND WATER COMMISSION. THE AUDIT CANNOT BE RESOLVED UNTIL A REQUIREMENT FOR SECONDARY TREATMENT IS DETERMINED. SAN DIEGO RECEIVED A 301(H) WAIVER. AS OF JULY, EPA DEOBLIGATED THE BALANCE OF GRANT FUNDS (EXCEPT MITIGATION MEASURE EXPENSES) AND AUDITORS ARE CONDUCTING FIELD WORK.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION IS EXPECTED BY MARCH 1997.		
IG FOLLOWUP STATUS AS OF 9/30/96 [3]		
S2CWN0-09-0076-3300080	LAS VIRGENES MWD CA	9/30/93
Summary		
INELIGIBLE COSTS OF \$5,091,815 INCLUDES: \$42,564 FOR CONSTRUCTION COSTS NOT INCURRED; \$192,643 OF INTEREST EARNED; \$647,791 FOR UNALLOWABLE ARCHITECT/ENGINEERING (A/E) AND ADMINISTRATIVE; \$1,919,244 FOR A/E AND CONSTRUCTION OUTSIDE SCOPE OF PROJECT \$2,289,573 RELATED TO EXCESS CAPACITY AND \$757,976 UNREASONABLE A/E COSTS.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: RESOLUTION WAS REACHED BETWEEN THE OIG AND THE REGION.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: THE OIG CLOSED THIS AUDIT ON 10/3/96.		
IG FOLLOWUP STATUS AS OF 9/30/96 [5] Report closed 10/3/96.		
S2CWN2-09-0091-4300051	VALLEJO SAN & FLOOD CONTROL CA	9/29/94
Summary: INELIGIBLE COSTS OF \$5,525,458 INCLUDES \$712,246 OF UNALLOWABLE ARCHITECT/ENGINEERING FEES; \$3,162,957 OF EARNED INTEREST NOT CREDITED TO THE GRANT, AND \$1,650,255 OF UNALLOWABLE CONSTRUCTION. UNREASONABLE COSTS OF \$3,874,497 REPRESENTED UNUSED FACILITIES		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: IN DRAFTING THE FINAL DETERMINATION LETTER, THE STATE WATER RESOURCES CONTROL BOARD (SWRCB) DISCOVERED NUMEROUS CALCULATION ERRORS IN THE ELIGIBLE COSTS OF CHANGE ORDERS AND CONSTRUCTION. THE ERRORS MUST BE CORRECTED BEFORE		
THE DRAFT FINAL DETERMINATION LETTER IS COMPLETE. THE SWRCB AND OIG ARE NEGOTIATING THE DRAFT FINAL DETERMINATION LETTER.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION IS EXPECTED BY 12/31/96.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
S2CWN3-09-0098-6300015	SAN BERNARDINO, CITY OF CA	2/ 7/96

ASSIGNMENT CONTROL NUMBER	TITLE	FINAL REPORT ISSUED
Summary: INELIGIBLE COST INCLUDES: \$209,577 OF UNALLOWABLE CONSTRUCTION COSTS; \$141,043 OF SETTLEMENT COST NOT CREDITED TO GRANT; AND \$334,271 OF UNALLOWABLE ENGINEERING. UNREASONABLE COSTS OF \$802,163 ARE PENDING REEVALUATION BY SWRCB.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE SWRCB IS CURRENTLY RESEARCHING THE VARIOUS AUDIT ISSUES AND DRAFTING A FINAL DETERMINATION LETTER.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION IS EXPECTED BY 3/31/97.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
<u>Regional Administrator - Region 10</u>		
P2CWN1-10-0049-3300076	SEASIDE, CITY OF OR	9/30/93
Summary: INELIGIBLE COST OF \$97,155 INCLUDES \$7,889 OF UNALLOWABLE FORCE ACCOUNT AND \$89,266 OF CONSTRUCTION COSTS RELATED TO SERVICELATERALS. COSTS OF \$188,202 WERE NOT SUPPORTED BY SOURCE DOCUMENTATION.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE REGION HAS BEEN OBTAINING INFORMATION, COMMENTS, AND DOCUMENTATION FROM THE STATE AND OPERATIONS OFFICE. THE REGION WILL SUBMIT A REVISED DRAFT FINAL DETERMINATION LETTER TO THE OIG BY 12/12/96.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.		
IG FOLLOWUP STATUS AS OF 9/30/96 [0]		
P2CWN1-10-0041-3300077	METROPOLITAN WASTEWTR. MGT. OR	9/30/93
Summary: INELIGIBLE COSTS OF \$2,511,772 INCLUDES: \$26,970 OF MISCELLANEOUS COSTS, \$107,481 OF INSURANCE PREMIUMS, \$181,830 ALLOCABLE TO INELIGIBLE PERCENT; \$2,195,491 OUTSIDE SCOPE OF PROJECT \$6,657,189 NOT SUPPORTED BY ADEQUATE SOURCE DOCUMENTS.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE REGION RECEIVED A DEVIATION FROM HEADQUARTERS. PENDING EVALUATION AND REVISION OF THE DRAFT FINAL DETERMINATION LETTER, EXPECT TO FORWARD IT TO THE OIG BY 11/1/96.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
P2CWN2-10-0068-4300013	WASILLA, CITY OF AK	12/15/93
Summary: INELIGIBLE COSTS OF \$306,738 INCLUDED \$182,188 OF COSTS ALLOCABLE TO INELIGIBLE PORTION OF CONSTRUCTION; \$122,647 OF UNALLOWABLE ARCHITECT/ENGINEERING COSTS; AND \$1,730 OF COSTS. CLAIMED TWICE; COSTS OF \$97,346 WERE NOT SUPPORTED BY SOURCE DOCUMENTATION.		
EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE REGION, STATE AND CITY HAVE BEEN GATHERING ADDITIONAL INFORMATION AND DOCUMENTATION. THE REGION FORWARD A REVISED DRAFT FINAL DETERMINATION LETTER TO THE OIG ON 8/23/96. ADDITIONAL INFORMATION AND INVOICES WERE PROVIDED TO THE OIG ON 10/4/96.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.		
IG FOLLOWUP STATUS AS OF 9/30/96 [0]		
P2CWN3-10-0034-4300039	NORTH BEND, CITY OF OR	6/27/94
Summary: INELIGIBLE COSTS OF \$56,470 INCLUDES: \$3,197 OF UNREFUNDED P&S DEPOSITS \$9,000 OF UNALLOWABLE CONSTRUCTION; \$15,440 OF OPERATION AND MAINTENANCE RELATED COSTS; \$28,833 COST ALLOCABLE TO INELIGIBLE PERCENTAGE \$88,853 OF UNSUPPORTED ENGINEERING AND ADMINISTRATIVE COSTS.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE REGION RECEIVED ADDITIONAL PARTIAL DOCUMENTATION FROM THE CITY. THE DOCUMENTS MUST BE ANALYZED AND EVALUATED BEFORE		

ASSIGNMENT CONTROL NUMBER	TITLE	FINAL REPORT ISSUED
THE REGION CAN REVISE THE DRAFT FINAL DETERMINATION LETTER. EXPECT TO FORWARD DRAFT FINAL DETERMINATION LETTER TO THE OIG BY 11/15/96.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
E2CWN5-10-0018-6300010	MONTESANO, CITY OF WA	11/30/95
Summary: COSTS OF \$113,637 REPRESENT ADMINISTRATIVE AND ENGINEERING COSTS ALLOCABLE TO THE INELIGIBLE PORTION OF THE CONSTRUCTION PROJECT.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE OIG AGREED TO THE PROPOSED DRAFT FINAL DETERMINATION LETTER ON 7/1/96. THE STATE HAS ADDITIONAL COMMENTS.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: EXPECT TO ISSUE THE FINAL DETERMINATION LETTER BY 11/15/96.		
IG FOLLOWUP STATUS AS OF 9/30/96 [1]		
E5CGL5-10-0053-6100060	PUYALLUP TRIBE SPECIAL REV WA	11/21/95
*Summary:		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE REGION EXPECTS TO FORWARD A DRAFT FINAL DETERMINATION LETTER TO THE OIG BY 11/19/96.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
<u>Contracts Management Division - RTP</u>		
E8CAP3-01-0060-6400009	ALLIANCE TECHNOLOGIES CORP MA	11/ 3/95
*Summary:		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE CONTRACTING OFFICER NEEDS TO COMPLETE AN ANALYSIS OF A COST OVERRUN SITUATION TO DETERMINE IF THE		
GOVERNMENT WILL FUND THE OVERRUN. THE EPA-OIG STATES THAT A PORTION OF THE OVERRUN IS ALLOWABLE.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: ANTICIPATES THE CONTRACT WILL BE CLOSED BY 12/31/96.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
D8EML6-03-0136-6100154	DYNCORP-NMI VA	3/26/96
*Summary:		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: CONTRACTING OFFICER NEEDED TO CONDUCT ANALYSIS OF THE TOTAL AMOUNT OF FIXED FEE EARNED. FINAL DETERMINATION SHOULD BE MADE BY THE END OF OCTOBER.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: EXPECT CLOSE OUT BY 12/31/96.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
E8CMP2-23-0178-5400001	PEI ASSOC OH	10/ 3/94
Summary: WE QUESTIONED \$175,940 OF UNSUPPORTED LABOR AND ASSOCIATED OVERHEAD COSTS. WE ALSO QUESTIONED \$52,181 OF INELIGIBLE OVERHEAD COSTS BILLED IN EXCESS OF NEGOTIATED INDIRECT RATES.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE. CURRENTLY ESTABLISHING PRE-NEGOTIATION POSITION. COMPLETION OF NEGOTIATIONS BY 10/31/96. COMPLETION OF CONTRACT MODIFICATIONS BY 11/28/96.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: EXPECT CLOSEOUT BY 12/31/96.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
<u>OAM Cost Advisory and Financial Analysis Division - CPRN</u>		

ASSIGNMENT CONTROL NUMBER	TITLE	FINAL REPORT ISSUED
D8DML3-01-0132-6100041	ABB ENVIRONMENTAL SERVICES	ME 10/30/95
Summary: INDIRECT COST RATE AGREEMENTS WILL BE ISSUED UPON RECEIPT OF ASSIST AUDIT AS CORPORATE GENERAL AND ADMINISTRATIVE RATES. NO EXCEPTIONS TO DIRECT COSTS.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE OIG AGREED TO POSTPONE AUDIT RESOLUTION BECAUSE THE PROGRAM OFFICE NEEDS THE RESULTS OF THE DCAA AUDIT OF CORPORATE ALLOCATION COSTS IN ORDER TO FINALIZE THE INDIRECT RATES WITH THE CONTRACTOR.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: EXPECTED RESOLUTION IS 12/30/96.		
IG FOLLOWUP STATUS AS OF 9/30/96 [0]		
P9BGL1-02-0155-5100122	ECOLOGY & ENVIR NY	12/23/94
Summary: WITH THE EXCEPTION OF SELLING, GENERAL AND ADMINISTRATIVE RATES, NO EXCEPTION TO THE CONTRACTOR'S PROPOSED INDIRECT COST RATES WERE NOTED.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: AUDIT INVOLVES A NUMBER OF COMPLEX ISSUES WHICH WILL REQUIRE ADDITIONAL TIME TO RESOLVE.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: ANTICIPATE NEGOTIATIONS TO BE CONCLUDED BY 11/30/96.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
P9DGL1-02-0154-5100125	ECOLOGY & ENVIR NY	12/28/94
Summary: WITH THE EXCEPTION OF SELLING, GENERAL AND ADMINISTRATIVE RATES, NO EXCEPTION TO THE CONTRACTOR'S PROPOSED INDIRECT COST RATES WERE NOTED.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: AUDIT INVOLVES A NUMBER OF COMPLEX ISSUES WHICH WILL REQUIRE ADDITIONAL TIME TO RESOLVE.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: NEGOTIATIONS ANTICIPATED TO BE COMPLETED BY 11/30/96.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
D9DFL3-02-0165-6100078	EBASCO SERVICES INC. NY	12/11/95
*Summary:		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: DCAA IS REEXAMINING SOME OF THE COSTS. THE OIG AGREED TO THE REEXAMINATION. DCAA AUDIT EXPECTED TO BE ISSUED BY 12/30/96.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION EXPECTED BY 3/31/97.		
IG FOLLOWUP STATUS AS OF 9/30/96 [0]		
P9DGL2-02-0134-6100093	ECOLOGY AND ENVIRONMENT NY	1/24/96
Summary: WITH THE EXCEPTION OF SELLING, GENERAL, AND ADMINISTRATIVE RATES, NO EXCEPTIONS TO THE CONTRACTORS PROPOSED INDIRECT COST RATES WERE NOTED.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: AUDIT INVOLVES A NUMBER OF COMPLEX ISSUES WHICH WILL REQUIRE ADDITIONAL TIME TO RESOLVE.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: ANTICIPATE NEGOTIATIONS TO BE CONCLUDED BY 11/30/96.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
D8BML6-04-0029-6100070	MANTECH ENVIRONMENTAL NC	11/29/95
*Summary		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: AUDIT INVOLVES A NUMBER OF COMPLEX ISSUES WHICH WILL REQUIRE ADDITIONAL TIME TO RESOLVE.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION:		

ASSIGNMENT CONTROL NUMBER	TITLE	FINAL REPORT ISSUED
NEGOTIATIONS ANTICIPATED TO BE COMPLETED BY DECEMBER 2, 1996.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
E8DML3-04-0260-4100357	EHRT KY	6/ 2/94
*Summary:		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE CONTRACTOR HAS FILED FOR BANKRUPTCY AND IS NOW OUT OF BUSINESS. THERE ARE NO COMPANY OFFICIALS WITH WHOM WE CAN NEGOTIATE. ALL CONTACT AND CORRESPONDENCE IS THROUGH THE CONTRACTOR'S ATTORNEY. RESOLUTION OF OUTSTANDING QUESTIONED COSTS ARE BEING ADDRESSED AT THE CONTRACT LEVEL BY THE INDIVIDUAL CONTRACTING OFFICERS FINAL DECISION OR THROUGH BANKRUPTCY COURT.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: FINAL RESOLUTION EXPECTED BY 12/30/96.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
D9BKL3-04-0034-3100010	EHRT KY	10/ 9/92
*Summary:		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE CONTRACTOR HAS FILED FOR BANKRUPTCY AND IS NOW OUT OF BUSINESS. THERE ARE NO COMPANY OFFICIALS WITH WHOM WE CAN NEGOTIATE. ALL CONTACT AND CORRESPONDENCE IS THROUGH THE CONTRACTOR'S ATTORNEY. RESOLUTION OF OUTSTANDING QUESTIONED COSTS ARE BEING ADDRESSED AT THE CONTRACT LEVEL BY THE INDIVIDUAL CONTRACTING OFFICERS FINAL DECISION OR THROUGH BANKRUPTCY COURT.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: FINAL RESOLUTION EXPECTED BY 12/30/96.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
D9BKL5-04-0078-5100194	MANTECH TECHNOLOGY NC	2/24/95
*Summary:		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: AUDIT RESULTS CONTAIN COMPLEX ISSUES WHICH REQUIRES EXTENSIVE DISCUSSION HOWEVER, A NEGOTIATED SETTLEMENT IS POSSIBLE.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: EXPECT RESOLUTION BY 12/2/96		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
D9BJL3-07-0100-5100531	DPRA INC	9/29/95
*Summary:		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: NEGOTIATIONS ARE IN PROCESS PENDING RESOLUTION OF ALLOWABILITY OF CERTAIN COSTS RELATED TO BUSINESS TRAVEL AND MEALS.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: FINAL RESOLUTION EXPECTED BY 11/30/96.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
D9CJL3-07-0162-5100532	DPRA, INC. KS	9/29/95
*Summary:		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: NEGOTIATIONS ARE IN PROCESS PENDING RESOLUTION OF ALLOWABILITY OF CERTAIN COSTS RELATED TO BUSINESS TRAVEL AND MEALS.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: EXPECT RESOLUTION BY 11/30/96		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
S5DGN2-09-0047-4300033	CA DEPT OF HLTH ICRP CA	3/31/94
*Summary:		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THERE ARE COMPLEX ISSUES WHICH WILL TAKE MUCH DISCUSSION. HOWEVER, A NEGOTIATED SETTLEMENT IS POSSIBLE.		

ASSIGNMENT CONTROL NUMBER	TITLE	FINAL REPORT ISSUED
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: EXPECT RESOLUTION BY 2/28/97.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
E9EFP4-22-0176-6400002	ICF KAISER ENG INC D/S	12/93 10/18/95
*Summary:		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: DETERMINATION OF INADEQUACY AND NONCOMPLIANCE ISSUED TO THE CONTRACTOR		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION OF COMPLEX ACCOUNTING ISSUES EXPECTED BY 6/30/97.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
E9EFP4-22-0437-6400018	ICF INTN'L-CAS 403 O/H INS.	12/ 6/95
*Summary:		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: NOTIFICATION OF NONCOMPLIANCE ISSUED TO THE CONTRACTOR.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION OF COMPLEX ACCOUNTING ISSUES EXPECTED BY 6/30/97		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
P8BMP1-23-0339-3400050	PEI ASSOC FY 89 OH	5/13/93
Summary: THE QUESTIONED COSTS DO NOT REFLECT AN ADJUSTMENT FOR INDIRECT COSTS. INELIGIBLE COSTS OF \$284,000 ARE DUE TO AN INADEQUATE BILLING SYSTEM. UNSUPPORTED COSTS OF \$530,000 WERE DUE TO INTER-COMPANY TRANSFERS.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: QUESTIONED DIRECT COSTS HAVE BEEN REFERRED TO THE APPROPRIATE CONTRACTING OFFICERS. THE QUESTIONED DIRECT COSTS WILL BE RESOLVED ON A CASE-BY-CASE BASIS AS THE INDIVIDUAL CONTRACTS ARE CLOSED OUT. THE OIG WILL PERFORM CLOSE-OUT AUDITS. THE CONTRACT CLOSE-OUTS ARE IN PROGRESS.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
P8BMP0-23-0177-3400062	PEI ASSOC FY 87/88 OH	6/14/93
Summary: WE QUESTIONED AS INELIGIBLE \$759,941 OF COST BILLED BUT NOT INCURRED. WE ALSO QUESTIONED AS UNSUPPORTED \$1,224,486, 48 PERCENT OF WHICH WAS DUE TO USING CATALOG PRICES. COSTS WERE NOT ADJUSTED FOR AUDITED INDIRECT RATES.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: QUESTIONED DIRECT COSTS HAVE BEEN REFERRED TO THE APPROPRIATE CONTRACTING OFFICERS. THE QUESTIONED DIRECT COSTS WILL BE RESOLVED ON A CASE-BY-CASE BASIS AS THE INDIVIDUAL CONTRACTS ARE CLOSED OUT. THE OIG WILL PERFORM CLOSE-OUT AUDITS		
THE CONTRACT CLOSE-OUTS ARE IN PROGRESS. UNSUPPORTED COST IN THE AMOUNT OF \$626,555 HAVE BEEN RESOLVED UNDER CONTRACT NO. 68-01-7084.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.		
IG FOLLOWUP STATUS AS OF 9/30/96 [3]		
<u>OAM Cost Advisory and Financial Analysis Division</u> <u>Financial Analysis Branch</u>		
P9DGL2-01-0237-5100135	TRC ENVIRONMENTAL CONSULT.	CT 1/ 9/95
Summary:		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: RATE AGREEMENT HAS BEEN ISSUED FOR INDIRECT COSTS. COST QUESTIONED HAS BEEN SUSTAINED QUESTIONED COST WILL BE RECOVERED ON THE FINAL VOUCHER DURING CONTRACT CLOSEOUT.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.		

ASSIGNMENT CONTROL NUMBER	TITLE	FINAL REPORT ISSUED	ASSIGNMENT CONTROL NUMBER	TITLE	FINAL REPORT ISSUED
IG FOLLOWUP STATUS AS OF 9/30/96	[ ]		*Summary:		
D9BKL2-03-0599-4100295	KEYDATA SYSTEMS INC VA	5/18/94	- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE CONTRACTING OFFICER IS IN PROCESS OF RESOLVING THE REMAINING OPEN ISSUES FOR FISCAL YEARS 1987 THROUGH 1993.		
Summary: DCAA QUESTIONED \$233,278 OF COSTS INCURRED DCAA ALSO CONSIDERS \$431,395 TO BE EXCESS COSTS BILLED TO EPA.			= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: ESTIMATED COMPLETION DATE IS 11/15/96.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: BOARD OF CONTRACT APPEALS SETTLEMENT OF THE CONTRACTOR'S CLAIM WILL NOW ALLOW THE CONTRACTING OFFICER TO SETTLE REMAINING AUDIT ISSUES.			IG FOLLOWUP STATUS AS OF 9/30/96	[3]	
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION IS EXPECTED BY 12/31/96.			P9BGL4-10-0129-4100489	CH2M TECH II C.I. 1988-89	OR 8/16/94
IG FOLLOWUP STATUS AS OF 9/30/96	[ ]		Summary NET COSTS QUESTIONED OF \$92,160 CONSIST OF INELIGIBLE OVERTIME LABOR OF \$2,507 AND INELIGIBLE OVERHEAD CREDIT OF \$20,817. UNSUPPORTED COSTS INCLUDED TRAVEL COSTS OF \$40,650 AND COMPUTER COSTS OF \$69,820.		
D9EFL5-03-0108-5100162	NUS MD	2/ 9/95	- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: CONTRACTING OFFICER IS IN PROCESS OF DEVELOPING A PRE-NEGOTIATION POSITION.		
Summary: IN DCAA'S OPINION, THE CONTRACTOR IS NOT ALTOGETHER COMPLIANT WITH THE SPECIAL PROVISIONS OF THE CONTRACT.			= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: NEGOTIATIONS ANTICIPATED TO BE COMPLETE BY JANUARY 31, 1997.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: DUE TO THE COMPLEX CONTRACT COMPLIANCE ISSUES, THE CONTRACTING OFFICER IS CONSULTING WITH REGIONAL LEGAL COUNSEL AND THE AUDITOR IN ORDER TO DEVELOP A POSITION PAPER FOR NEGOTIATIONS. EXTENDED DISCUSSIONS HAVE BEEN ONGOING WITH THE CONTRACTOR INCLUDING FOUR LETTERS IN THE PAST THREE MONTHS.			IG FOLLOWUP STATUS AS OF 9/30/96	[ ]	
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: EXPECT RESOLUTION BY DECEMBER 31, 1996.			P9BGL4-10-0132-4100512	CH2M ARCS WEST 1989 COSTS	OR 8/30/94
IG FOLLOWUP STATUS AS OF 9/30/96	[ ]		*Summary:		
E9CHN4-04-0227-5300020	EHRT KY	7/ 5/95	- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: CONTRACTING OFFICER IS IN PROCESS OF DEVELOPING A PRE-NEGOTIATION POSITION.		
Summary THE CONTRACTOR CLAIMED INELIGIBLE COSTS TOTALING \$175,000 RELATED TO A 24 HOUR CALL CENTER AND QUALITY ASSURANCE AND QUALITY CONTROL PROGRAM. THE CONTRACTOR ALSO CLAIMED UNSUPPORTED COSTS TOTALING \$75,000			= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: NEGOTIATIONS ANTICIPATED TO BE COMPLETE BY NOVEMBER 1, 1996.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: CONTRACTOR FILED FOR BANKRUPTCY ON 2/16/96. EPA'S OGC INITIATED A PROOF OF CLAIM ON BEHALF OF EPA ON 5/19/96.			IG FOLLOWUP STATUS AS OF 9/30/96	[ ]	
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: ESTIMATED RESOLUTION IS DECEMBER 31, 1996.			P9BGL4-10-0147-4100566	CH2M ARCS III 1988-89 COSTS	OR 9/28/94
IG FOLLOWUP STATUS AS OF 9/30/96	[ ]		Summary: UNSUPPORTED COSTS OF \$115,000 CONSIST OF TRAVEL COSTS OF \$42,000 AND COMPUTER COSTS OF \$73,000. INELIGIBLE COSTS OF \$4,000 CONSIST OF OVERHEAD COSTS.		
P9BGL4-10-0107-4100398	CH2M REM/FIT 87-89 C.I.	OR 6/10/94	- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: CONTRACTING OFFICER IS IN PROCESS OF DEVELOPING A PRE-NEGOTIATION POSITION.		
Summary. NET COSTS QUESTIONED OF \$173,335 CONSIST OF INELIGIBLE OVERTIME COSTS OF \$20,178, INELIGIBLE MOVING COSTS OF \$8,323, INELIGIBLE PUBLICATIONS COST OF \$128, AND INELIGIBLE OVERHEAD CREDIT OF \$3,045. UNSUPPORTED COSTS INCLUDED TRAVEL COSTS OF \$16,027 AND COMPUTER COSTS OF \$131,724.			= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: NEGOTIATIONS ANTICIPATED TO BE COMPLETE BY DECEMBER 31, 1996.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE. CONTRACTING OFFICER IS IN PROCESS OF DEVELOPING A PRE-NEGOTIATION POSITION.			IG FOLLOWUP STATUS AS OF 9/30/96	[ ]	
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: NEGOTIATIONS EXPECTED TO BE COMPLETE BY JANUARY 31, 1997.			D9BGN3-10-0089-6300001	URS AC 90-93 WA	10/16/95
IG FOLLOWUP STATUS AS OF 9/30/96	[ ]		Summary: DCAA QUESTIONS DIRECT LABOR OF \$18,006, FRINGE OF \$2,488, OVERHEAD OF \$131,031; ODC'S OF \$2,690,211, SUBS OF (\$2,521,264), GENERAL AND ADMINISTRATIVE COSTS OF \$235,573; B&P OF \$104,345; AND OTHER OF \$3,931.		
P9BGL4-10-0117-4100417	CH2M TECH I C.I. 1987-88	OR 6/22/94	- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE. THE CONTRACTING OFFICERS ARE WORKING TO RESOLVE THE QUESTIONED COSTS WITH THE CONTRACTOR.		
Summary: NET COSTS QUESTIONED OF \$212,587 CONSIST OF INELIGIBLE OVERTIME LABOR OF \$7,754 AND INELIGIBLE OVERHEAD CREDIT OF \$19,177. UNSUPPORTED COST CONSIST OF TRAVEL COSTS OF \$108,035 AND COMPUTER COST OF \$115,975.			= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION. EXPECTED COMPLETION DATE IS 4/30/97.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: CONTRACTING OFFICER IS IN PROCESS OF DEVELOPING A PRE-NEGOTIATION POSITION.			IG FOLLOWUP STATUS AS OF 9/30/96	[ ]	
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION. NEGOTIATIONS ANTICIPATED TO BE COMPLETE BY JANUARY 31, 1997			D9BGN4-10-0026-6300007	CH2M CI 90-93	OR 11/13/95
IG FOLLOWUP STATUS AS OF 9/30/96	[ ]		Summary: EPA-FAB IS ACTION OFFICIAL FOR DIRECT COST ISSUES: \$452,873 ADJUSTMENTS FOR WRITE-UPS; \$51,556 MEALS; \$51,880 ENVIRONMENTAL LAB VARIANCES. ALSO, UNRESOLVED COSTS OF \$5,229,000 IN 1990; \$3,841,000 IN 1991; \$2,712,000 IN 1992; \$4,051,000 IN 1993.		
D9BGL3-10-0088-4100471	URS FY 1989 AC WA	8/ 2/94	- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: THE CONTRACTING OFFICERS ARE CURRENTLY IN THE PROCESS OF NEGOTIATING PRIOR YEAR AUDITS. UPON COMPLETION OF THE PRIOR YEAR AUDIT NEGOTIATIONS, THE CONTRACTING OFFICERS WILL START		

ASSIGNMENT CONTROL NUMBER	TITLE	FINAL REPORT ISSUED
NEGOTIATIONS ON FY 1990 THROUGH 1993.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: EXPECT TO RESOLVE BY 6/30/97.		
IG FOLLOWUP STATUS AS OF 9/30/96 [0]		
E9BHP4-23-0002-5400015	OHM REM FY 87 OH	11/18/94
Summary: WE QUESTIONED \$61,773 RELATED TO: (1) EXCESSIVE PROFIT OF AFFILIATES' COSTS; (2) INELIGIBLE AND UNSUPPORTED TRAVEL; AND (3) UN-SUPPORTED SUBCONTRACTOR CHARGES.		
CONTRACTOR ALSO HAD MAJOR CONTRACT NONCOMPLIANCE PROBLEMS, AND WAS CITED FOR A CAS 401 VIOLATION.		
EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: BOTH CONTRACTING OFFICERS HAVE PREPARED THEIR POSITIONS AND ARE IN PROCESS OF NEGOTIATIONS WITH THE CONTRACTOR. THE FINANCIAL ADMINISTRATIVE CONTRACTING OFFICER MUST RESOLVE COST ACCOUNTING STANDARD ISSUES BEFORE CONTRACTING OFFICERS CAN FULLY RESOLVE QUESTIONED COSTS		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: ESTIMATED COMPLETION DATE IS DECEMBER 31, 1996.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
E9BHP4-23-0003-5400020	OHM REM FY 88 OH	12/ 6/94
summary. WE QUESTIONED \$2,209,975 RELATED TO: (1)EXCESSIVE PROFIT OF AFFILIATES COSTS, (2) UNSUPPORTED SUBCONTRACTOR CHARGES, AND (3) INELIGIBLE OVERHEAD RATES. CONTRACTOR ALSO HAD MAJOR CONTRACT NONCOMPLIANCE PROBLEMS AND CAS 401 VIOLATION.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: \$2,119 OF QUESTIONED COSTS APPLICABLE TO CONTRACT 68-W8-0101 HAS BEEN CREDITED ON A PREVIOUS VOUCHER. \$74,253 OF QUESTIONED COSTS APPLICABLE TO CONTRACT 68-01-7404 IS DUE TO A COST ACCOUNTING STANDARD NONCOMPLIANCE WHICH THE FINANCIAL ADMINISTRATIVE CONTRACTING OFFICER IS IN PROCESS OF RESOLVING. THE QUESTIONED(\$70,219) AND UNSUPPORTED(\$2,063,384) COSTS APPLICABLE TO CONTRACT 68-01-7445 ARE BEING RESOLVED BY ANOTHER CONTRACTING OFFICER.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION IS EXPECTED BY 1/31/97		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
E9BHP4-23-0004-5400025	OHM REM FY 89 OH	12/14/94
Summary. WE QUESTIONED \$646,574 RELATED TO (1) EXCESSIVE PROFIT OF AFFILIATES COSTS, (2) UNSUPPORTED SUBCONTRACTOR CHARGES, AND (3) INELIGIBLE OVERHEAD RATES. CONTRACTOR ALSO HAD MAJOR CONTRACT NONCOMPLIANCE PROBLEMS AND CAS 401 VIOLATION		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: \$39,355 OF QUESTIONED COSTS APPLICABLE TO CONTRACT 68-W8-0101 HAS BEEN CREDITED ON A PREVIOUS VOUCHER. \$104,285 OF QUESTIONED COSTS APPLICABLE TO CONTRACT 68-01-7404 IS DUE TO COST ACCOUNTING STANDARD NONCOMPLIANCE WHICH THE FINANCIAL ADMINISTRATIVE CONTRACTING OFFICER IS IN PROCESS OF RESOLVING. THE QUESTIONED(\$264,653) AND UNSUPPORTED (\$238,281) COSTS APPLICABLE TO CONTRACT 68-01-7445 ARE BEING RESOLVED BY ANOTHER CONTRACTING OFFICER.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION IS EXPECTED BY 1/31/97.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
E9BHP4-23-0005-5400027	OHM REM FY 90 OH	12/22/94
Summary WE QUESTIONED \$259,289 RELATED TO. (1) EXCESSIVE PROFIT OF AFFILIATES' COSTS; (2) UNALLOWABLE GENERAL AND ADMINISTRATIVE COSTS; AND (3) UNSUPPORTED SUBCONTRACTOR CHARGES. CONTRACTOR ALSO HAD MAJOR CONTRACT NONCOMPLIANCE AND CAS 401 VIOLATION.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: \$2,179 OF QUESTIONED COSTS APPLICABLE TO CONTRACT 68-W8-0101 WILL BE CREDITED ON A SUBSEQUENT VOUCHER. \$7,046 OF QUESTIONED COSTS APPLICABLE TO CONTRACT 68-W8-0101 AND \$36,647 QUESTIONED COSTS APPLICABLE TO CONTRACT 68-01-7404 ARE DUE TO COST ACCOUNTING STANDARD NONCOMPLIANCE WHICH THE FINANCIAL ADMINISTRATIVE		

ASSIGNMENT CONTROL NUMBER	TITLE	FINAL REPORT ISSUED
CONTRACTING OFFICER IS IN PROCESS OF RESOLVING. THE QUESTIONED(\$200,902) AND UNSUPPORTED (\$12,515) COSTS APPLICABLE TO CONTRACT 68-01-7445 ARE BEING RESOLVED BY ANOTHER CONTRACTING OFFICER.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION IS EXPECTED BY 1/31/97		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
E9BHP4-23-0006-5400031	OHM REM FY 91 OH	1/13/95
Summary: WE QUESTIONED \$482,217 RELATED TO: (1) EXCESSIVE PROFIT OF AFFILIATES' COSTS, (2) UNALLOWABLE GENERAL AND ADMINISTRATIVE COSTS, AND (3) UNSUPPORTED SUBCONTRACTOR CHARGES. CONTRACTOR ALSO HAD MAJOR CONTRACT NONCOMPLIANCE AND CAS 401 VIOLATIONS.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: \$33,528 OF QUESTIONED COSTS APPLICABLE TO CONTRACT 68-W8-0101 WILL BE CREDITED ON A SUBSEQUENT VOUCHER. \$16,650 OF QC APPLICABLE TO CONTRACT 68-W8-0101 AND \$25,158 OF QUESTIONED COSTS APPLICABLE TO CONTRACT 68-01-7404 ARE DUE TO COST ACCOUNTING STANDARD NONCOMPLIANCE WHICH THE FINANCIAL ADMINISTRATIVE CONTRACTING OFFICER IS RESOLVING. THE QUESTIONED (\$105,837) AND UNSUPPORTED (\$301,044) COSTS APPLICABLE TO CONTRACT 68-01-7445 ARE BEING RESOLVED BY ANOTHER CONTRACTING OFFICER.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION. RESOLUTION IS EXPECTED BY 1/31/97		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
<u>OAM Cost Advisory and Financial Analysis Division</u> <u>Washington Cost Advisory Board</u>		
D8BML4-03-0345-4100343	PRC, INC. VA	6/ 1/94
*Summary:		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: AGREEMENT COULD NOT BE REACHED BETWEEN THE CONTRACTING OFFICER AND THE CONTRACTOR. THE CONTRACTING OFFICER HAS REQUESTED A REVISED SUBMISSION.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
D9BGL5-06-0020-5100287	VERTAC-VSC TX	4/17/95
Summary: THE REPORT QUESTIONED \$9,453,222 OF DEPRECIATION AND LOSS ASSOCIATED WITH THE ON-SITE INCINERATOR. THE CONTRACTOR BASED LOSS COMPUTATIONS ON NOT RECEIVING 18,000 TONS OF MATERIAL TO BURN. CONTRACTUAL REQUIREMENTS WITH EPA ONLY INCLUDED 5,023 TONS OF MATERIAL.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE. THERE HAS BEEN A REVISION TO THE ORIGINAL CLAIM AND ADDITIONAL RESEARCH AND REVIEW WILL HAVE TO BE PERFORMED.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION:		
NEGOTIATIONS ANTICIPATED TO BE CONCLUDED DURING FOURTH QUARTER OF FY 1997		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
D9EKN5-10-0033-5300016	MK FIN CAP ID	5/24/95
Summary: THE CONTRACTOR'S FINANCIAL CONDITION IS HIGHLY UNFAVORABLE. THE CONTRACTOR IS HAVING DIFFICULTY MEETING ITS FINANCIAL OBLIGATIONS AND MAY NOT HAVE THE FINANCIAL RESOURCES TO CONTINUE PERFORMING ON GOVERNMENT CONTRACTS UNLESS IT TAKES DRASTIC MANAGEMENT ACTIONS.		
- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: NEGOTIATIONS IN PROCESS.		
= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: NEGOTIATIONS TO BE CONCLUDED BY NOVEMBER 30, 1996.		
IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		

ASSIGNMENT CONTROL NUMBER	TITLE	FINAL REPORT ISSUED
D8EML5-23-0008-6100045	OHM REM OH	10/31/95

\*Summary: CONTRACTOR'S ACCOUNTING SYSTEM STILL CONTAINED DEFICIENCIES, INCLUDING TIMEKEEPING PROBLEMS, OUT OF DATE ACCOUNTING MANUALS, FLOOR CHECK PROBLEMS. DCAA PLANS A FOLLOW-UP AUDIT OF THE ACCOUNTING SYSTEM AND INTERNAL CONTROLS IN FY 96.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: NEGOTIATIONS TO BE CONCLUDED BY NOVEMBER 30, 1996.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: 11/30/96.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

E9EHP5-23-0011-6400010	EQMI A/S OH	11/ 7/95
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Summary: CONTRACTOR'S EQUIPMENT TRACKING SYSTEM CONTAINED DEFICIENCIES THAT NEED CORRECTION. CONTRACTOR'S TRACKING SYSTEM DOES NOT INTERFACE WITH ITS ACCOUNTING SYSTEM.

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: NEGOTIATIONS IN PROCESS.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: NEGOTIATIONS EXPECTED TO BE COMPLETED BY NOVEMBER 30, 1996

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

TOTAL AUDITS EXCLUDING PREAWARDS ISSUED BEFORE REPORTING PERIOD FOR WHICH NO MANAGEMENT DECISION WAS MADE DURING THE REPORTING PERIOD: 87

#### Contracts Management Division - RTP

D8AMP5-01-0182-6400004	NORTHBRIDGE ENVIRONMENTAL	MA	10/26/95
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\*Summary: IN CONTRACT NEGOTIATION PROCESS

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

D8AML5-03-0345-5100525	UNIVERSAL SYSTEMS & TECH.	VA	9/29/95
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\*Summary: IN CONTRACT NEGOTIATION PROCESS

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

#### OAM Cost Advisory and Financial Analysis Division Washington Cost Advisory Board

D8AML6-01-0011-6100118	PEQUAD ASSOC	MA	2/22/96
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\*Summary: IN CONTRACT NEGOTIATION PROCESS

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

D8AMP6-01-0203-6400024	CADMUS GROUP	MA	2/ 5/96
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\*Summary: IN CONTRACT NEGOTIATION PROCESS

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

ASSIGNMENT CONTROL NUMBER	TITLE	FINAL REPORT ISSUED
D9AGL5-01-0185-6100064	ANEPTEK CORPORATION	MA 11/22/95

\*Summary: IN CONTRACT NEGOTIATION PROCESS

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

D9AKL5-01-0181-6100069	METCALF & EDDY INC	MA	11/29/95
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\*Summary: IN CONTRACT NEGOTIATION PROCESS

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

D9AKL5-01-0184-6100097	FOSTER WHEELER ENVIR CCRP	NJ	2/ 5/96
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\*Summary: IN CONTRACT NEGOTIATION PROCESS

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

E9AGP5-01-0627-6400006	TRC-RFP W400072-G4	CT	10/27/95
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\*Summary: IN CONTRACT NEGOTIATION PROCESS

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

D8AML6-02-0032-6100139	KAPADIA CONSULTING	NY	3/14/96
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\*Summary: IN CONTRACT NEGOTIATION PROCESS

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

D8AML5-03-0351-5100523	BOOZ ALLEN		9/29/95
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\*Summary: IN CONTRACT NEGOTIATION PROCESS

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

D8AML5-03-0338-5100524	INTERNATIONAL RESOURCES GRP.DC		9/29/95
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\*Summary: IN CONTRACT NEGOTIATION PROCESS

- EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE.

= DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME.

IG FOLLOWUP STATUS AS OF 9/30/96 [ ]

ASSIGNMENT CONTROL NUMBER	TITLE	FINAL REPORT ISSUED	ASSIGNMENT CONTROL NUMBER	TITLE	FINAL REPORT ISSUED
D8AML6-03-0099-6100116	DECISION ANALYSIS CORP.	VA 2/22/96	D9AGL5-08-0030-5100282	WESTERN TECHNOLOGY & ENGINEEMT	4/17/95
*Summary: IN CONTRACT NEGOTIATION PROCESS - EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE. = DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME. IG FOLLOWUP STATUS AS OF 9/30/96 [ ]			*Summary: IN CONTRACT NEGOTIATION PROCESS - EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE. = DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME. IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
D8AML6-03-0107-6100136	ANTARES GROUP INC.	MD 3/14/96	D9AGL5-08-0029-5100283	MSE, INC MT	4/17/95
*Summary: IN CONTRACT NEGOTIATION PROCESS - EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE. = DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME. IG FOLLOWUP STATUS AS OF 9/30/96 [ ]			*Summary: IN CONTRACT NEGOTIATION PROCESS - EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE. = DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME. IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
D8AML6-03-0113-6100158	INTERNATIONAL DEVELOPMENT	DC 3/27/96	D9AGL5-08-0028-5100355	MORRISON KNUDSEN CORP. ENVIRCO	6/ 9/95
*Summary: IN CONTRACT NEGOTIATION PROCESS - EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE. = DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME. IG FOLLOWUP STATUS AS OF 9/30/96 [ ]			*Summary: IN CONTRACT NEGOTIATION PROCESS - EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE. = DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME. IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
D9AFL6-03-0103-6100109	TECHNOLOGY & MANAGEMENT	MD 2/16/96	D9AGL5-08-0028-5100387	MORRISON KNUDSEN CORP. ENVIRCO	6/27/95
*Summary: IN CONTRACT NEGOTIATION PROCESS - EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE. = DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME. IG FOLLOWUP STATUS AS OF 9/30/96 [ ]			*Summary: IN CONTRACT NEGOTIATION PROCESS - EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE. = DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME. IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
D8AML5-05-0150-6100010	CHEMICAL ABSTRACT SV	OH 10/ 4/95	D9AGL5-08-0028-5100427	MORRISON KNUDSEN CORP. ENVIRCO	7/21/95
*Summary: IN CONTRACT NEGOTIATION PROCESS - EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE. = DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME. IG FOLLOWUP STATUS AS OF 9/30/96 [ ]			*Summary: IN CONTRACT NEGOTIATION PROCESS - EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE. = DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME. IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		
E9AGP6-05-0038-6400017	PRC EMI RAC IL	12/ 5/95	P9AGL2-10-0089-4100225	CH2M ARCS IV TERM STLMT OR	3/28/94
*Summary: IN CONTRACT NEGOTIATION PROCESS - EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: NEGOTIATIONS WERE CONCLUDED AND THE CONTRACTOR WAS THE SUCCESSFUL OFFEROR. = DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: CONTRACT AWARDED. IG FOLLOWUP STATUS AS OF 9/30/96 [ ] Report closed 10/2/96			Summary: IN CONTRACT NEGOTIATION PROCESS - EXPLANATION OF THE REASONS MANAGEMENT DECISION HAS NOT BEEN MADE: SEE SUMMARY ABOVE. = DESIRED TIMETABLE FOR ACHIEVING A MANAGEMENT DECISION: RESOLUTION CANNOT BE DETERMINED AT THIS TIME. IG FOLLOWUP STATUS AS OF 9/30/96 [ ]		

TOTAL PREAWARD AUDITS ISSUED BEFORE REPORTING PERIOD FOR WHICH NOMANAGEMENT DECISION WAS MADE DURING THE REPORTING PERIOD: 23  
 TOTAL AUDITS ISSUED BEFORE REPORTING PERIOD FOR WHICH NO MANAGEMENT DECISION WAS MADE DURING THE REPORTING PERIOD: 110\*

Agency procedures do not require the IG's approval on Agency's Management Decision on an audit (other than a preaward or an internal and management audit) with the Federal share of questioned costs of less than \$100,000.  
 Therefore, we have not provided a summary of the audit.



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## OIG MAILING ADDRESSES and TELEPHONE NUMBERS

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#### Headquarters

Environmental Protection Agency  
Office of Inspector General  
401 M Street, S.W. (2441)  
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Environmental Protection Agency  
Office of Inspector General  
16th Floor-100 Alabama St. SW  
Atlanta, GA 30303  
Audit: (404) 562-9830  
Investigations: (404) 562-9857

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Office of Inspector General  
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(office at 1 Congress St)  
Boston, MA 02203  
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77 West Jackson Boulevard  
13th Floor (IA-13J)  
Chicago, IL 60604  
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Investigations: (312) 353-2507

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Environmental Protection Agency  
Office of Inspector General  
MS : Norwood  
Cincinnati, OH 45268-7001  
Audit: (513) 366-4360  
Investigations: (312) 353-2507 (Chicago)

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Environmental Protection Agency  
Office of Inspector General (6OIG)  
1445 Ross Avenue, Suite 1200  
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Office of Inspector General  
999 18th Street, Suite 500  
Denver, CO 80202-2405  
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Environmental Protection Agency  
Office of Inspector General  
726 Minnesota Avenue  
(office at 630 Minnesota Ave)  
Kansas City, KS 66101  
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#### New York

Environmental Protection Agency  
Office of Inspector General  
290 Broadway, Room 1520  
New York, NY 10007-1866  
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Investigations: (212) 637-3041

#### Philadelphia

Environmental Protection Agency  
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841 Chestnut Street, 13th Floor  
Philadelphia, PA 19107  
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Environmental Protection Agency  
Office of Inspector General  
Catawba Building  
Highway 54, Mail Drop 53  
Research Triangle Park, NC 27711  
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Environmental Protection Agency  
Office of Inspector General  
650 Capitol Mall, Suite 6309  
Sacramento, CA 95814  
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Environmental Protection Agency  
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75 Hawthorne St (I-1)  
19th Floor  
San Francisco, CA 94105  
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Investigations: (415) 744-2465

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Seattle, WA 98101  
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# GET A HOLD ON SPENDING



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