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United States
Environmental Protection
Agency

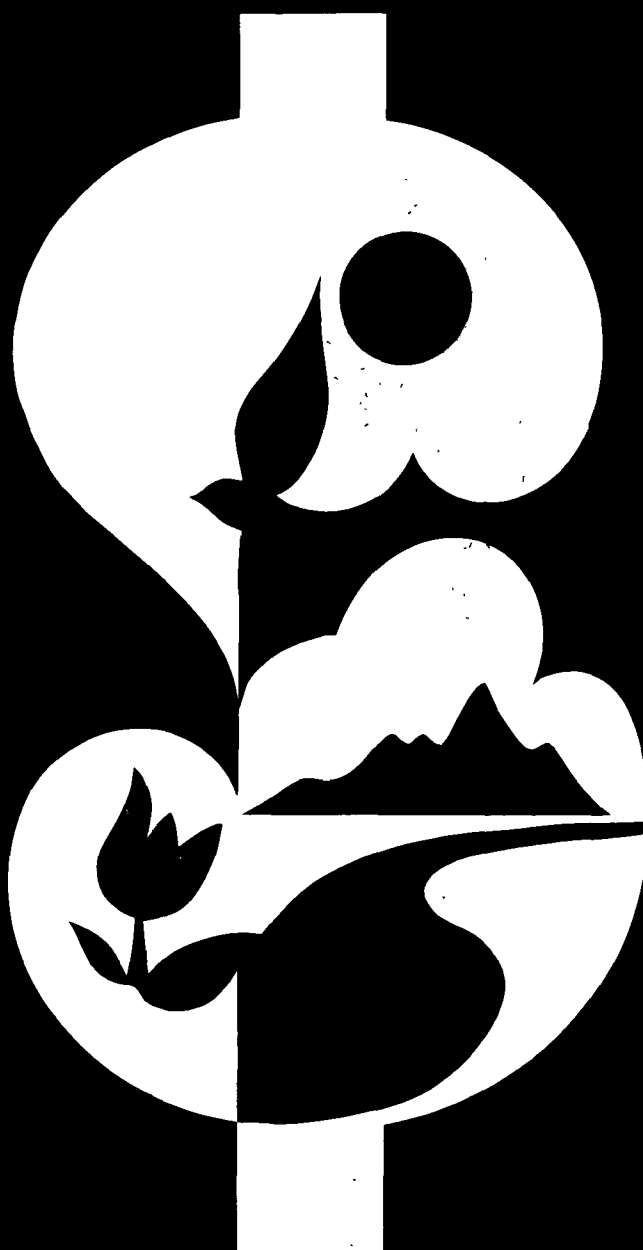
Office of
the Inspector General
Washington DC 20460

November 1986

Office of the Inspector General Semiannual Report to the Congress

350R86001

April 1, 1986
through
September 30, 1986



Foreword



The responsibilities of the Inspector General according to the Inspector General Act of 1978 are to promote economy, efficiency, and effectiveness and to prevent and detect fraud and abuse in Agency programs and operations. When I first came to the Environmental Protection Agency over 3 years ago, I established three primary goals for the Office of Inspector General that, in fulfilling my responsibilities under the IG Act, would be the most constructive and beneficial to Agency management. I believe the efforts by the Office of Inspector General this semiannual period, along with the Agency's receptiveness to our work is a testament to the realization of these goals.

My first goal was to improve the operation of the Office of Investigations and promote the fullest possible compliance with Federal laws and regulations. By recruiting highly qualified staff members, using sophisticated techniques, and concentrating on high impact areas we have developed a potent investigative force. The number of successful prosecutive and administrative actions along with the amount of fines and recoveries resulting from our investigative efforts this semiannual period has more than tripled compared to the period ending March 31, 1984.

My second goal was to develop a thorough internal audit program. We emphasized the development of an internal audit function that stresses timely and significant audits that assist Agency managers to identify and correct major systemic problems. For example, several of our most recent audits, as described in this report, should result in changes in Agency operations that will save millions of dollars while improving the fulfillment of the Agency's environmental objectives. Even with shifting our resources to internal audits, we have also increased the return on resources invested in external audits. Since fiscal 1983, the amount of questioned costs sustained for recovery has increased from under \$6 to over \$13 for every \$1 spent.

Finally, my third goal was to initiate a program to prevent fraud, waste, and mismanagement. Working jointly with different components of the Agency through the suspension and debarment program, the employee and public awareness program, and the Committee for Integrity and Management Improvement, we believe we have greatly influenced attitudes and actions to prevent waste and abuse of scarce Agency resources.

Support for the independent activities of the OIG by Agency management has been laudable. We look forward to working with the Agency to continue our constructive relationship promoting economy and efficiency in delivering a better environment.

John C. Martin

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Inspector General

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Executive Summary

Section 1— Significant Problems, Abuses, and Recommendations

1. Almost Half a Billion Dollars Wasted on Faulty Projects in Puerto Rico

After hundreds of millions of Federal dollars were spent over 21 years, procrastination, poor internal controls and lax enforcement have prevented Puerto Rico's wastewater management programs from achieving an acceptable level of water pollution control (page 8)

2. Updated Penalty Schedules and Better collection and Followup Procedures Would Increase the Effectiveness of EPA's Mobile Source Enforcement Program

Outdated penalty schedules and inadequate negotiation documentation, collection and followup procedures reduced the effectiveness of EPA's enforcement of the Clean Air Act (page 10)

3. EPA Managed Chesapeake Bay Program Haphazardly

Monitoring and administration of the grants and contracts valued at \$10.8 million was so poor that less than 50 percent of the required work products were received or, if they were, the Agency did not keep the results. Further, EPA could not demonstrate how these various research efforts benefitted or even contributed to the Bay cleanup (page 10)

4. Headquarters to Improve Management of the Federal Telecommunications System (FTS)

EPA Headquarters procedures and records used to monitor long-distance telephone calls did not comply with the Privacy Act of 1974 nor enable the Agency to identify and seek reimbursement from those making unofficial calls. Annual surveys to identify unneeded equipment were not done for fiscal years 1984 and 1985 (page 11)

5. Region 6, Texas, and Oklahoma Mismanaged Hazardous Waste Permitting Activities

The Dallas Regional Office and the States of Texas and Oklahoma failed to manage and control the Resource Conservation and Recovery Act (RCRA) permitting program to ensure hazardous waste facilities will be permitted or closed within congressionally mandated timeframes, increasing the risk to human health and the environment (page 11)

6. Three EPA Locations Are Not Properly Managing \$9 Million of Property

Personal property with a total estimated value of over \$9 million in the Philadelphia Regional Office, the Denver Regional Office, and the Environmental Services Division offices in Wheeling, West Virginia, and Annapolis, Maryland, (ESD) is not properly secured, loaned, stored, or recorded. Inadequate controls render the property vulnerable to conversion for personal use or loss (page 12)

7. Poor Planning and Lack of Project Coordination Resulted in Grantees Claim for \$3.9 Million of Ineligible or Unsupported Costs

The Trinity River Authority of Texas (TRA) claimed \$2.4 million of ineligible construction costs. The project did not conform to sound management practices or program requirements, resulting in poor construction coordination and ineligible engineering design claims. An additional \$1.5 million was not accepted and referred to Region 6 for further evaluation (page 13)

8. Grantee's Startup Training Program Fails Reasonableness Tests

The startup training costs requested by the City and County of Honolulu under a construction grant were unreasonably high by more than \$1 million (page 13)

9. Ineligible Change Order and Excessive Inspection Fees Increase Claim by Almost \$880,000

The City of Hitchcock, Texas, claimed \$691,607 from a change order for construction costs not eligible for Federal participation. In addition, the City claimed \$188,202 in excessive inspection costs (page 14)

10. Grantee Claims Over \$840,000 of Ineligible Costs

The Delta Diablo Sanitation District, California, claimed almost \$850,000 of ineligible engineering and administrative costs. An additional \$283,500 in landscaping and legal costs have been set aside pending review of eligibility (page 14)

11. Grantee Claims \$776,500 of Ineligible and Unsupported Costs

Anne Arundel County, Maryland, claimed ineligible costs of \$611,500 which did not comply with EPA regulations including over \$252,000 previously disallowed (page 14)

12. Grantee Claimed Over \$1 Million of Ineligible, Unsupported, and Contract Overrun Costs

The Metropolitan Sanitary District of Greater Chicago, Illinois, claimed \$733,800 of ineligible costs which were outside the scope of the grant or undocumented. An additional \$295,000 of cost overruns were set aside (page 15)

13. Grantee Claims Over \$650,000 of Unsupported Costs on Oversized Project

The Town of Uxbridge, Massachusetts, claimed \$516,658 of undocumented questioned costs and an additional \$135,000 of unapproved change orders and miscalculated fees that were set aside (page 15)

14. City of New York Claims Over \$640,000 of Costs Previously Disallowed

The City of New York claimed costs totalling \$641,470 for a construction contract declared ineligible by the New York State Department of Environmental Conservation (NYSDEC). In addition, \$641,662 was set aside pending evaluation by the Regional Administrator, Region 2 (page 15)

15. EPA Pays Excessive Amounts for Emergency Cleanups of Hazardous Wastes

The urgent need for emergency hazardous waste cleanups led EPA to award multimillion dollar contracts for Emergency Response Cleanup Services (ERCS) with limited competition and without assurances that the negotiated rates were reasonable. As a result, EPA is paying excessive amounts for the emergency cleanups (page 16)

16. EPA Is Not Collecting Millions of Dollars Due from Polluters

EPA was not always aggressively pursuing the recovery of hazardous waste cleanup costs. EPA did not take action to recover approximately \$88.8 million from responsible parties (page 17)

17. EPA Program Offices Need to Improve Accounting for Payroll Charges to the Superfund

Several EPA regional and Headquarters offices were still not properly accounting for or documenting payroll charges to the Superfund appropriation although this problem was previously reported in a 1982 audit of the Trust Fund (page 18)

18. More Effective Monitoring Needed of New Jersey Cooperative Agreements

Almost \$5 million of unneeded Superfund cooperative agreement funds were not deobligated, only 20 percent of remedial investigations were completed on time, and, change orders were approved without assurance of required analyses (page 18)

Section 2— Audit Resolution

EPA management continues to emphasize both timeliness and quality of audit resolution. As a result of emphasis on the audit resolution process by both EPA and the Office of Inspector General, the level of overdue audits hit an all time low during the past 6-month period. The number of overdue items decreased from the 21 reported last period to 18 as of September 30—down 14 percent. During this period, EPA management closed 773 audits and sustained \$31.7 millions of questioned costs, including \$27.5 million for cost recovery and \$4.2 million in cost reductions.

EPA also recovered \$3.8 million in cash collections and \$12.7 million in offsets against billings from resolution of audits from prior and current periods.

As a continuing effort to improve the audit resolution process, four special task force projects from last year's National Audit Resolution/Assistance Disputes Conference held in Atlanta have been completed. Steps are underway to implement the recommendations of these task forces—all of which will further improve the quality of the Agency's audit resolution functions.

A special review disclosed that recoveries are substantially less than the Agency agreed to recover. In addition, thorough analysis of this situation is prevented since the Agency Financial Management Division's tracking reports contain numerous inaccuracies and are ineffective to control this function. An example of errors include \$75.8 of \$186.8 million of sustained costs which should have been tracked on the reports but were not. Therefore, many millions of dollars of audit benefits were not identified as Agency accomplishments. The OIG recommended that the

Comptroller provide instructions emphasizing the importance of accurate reporting. Further, we recommended that reviews periodically evaluate these activities and procedures be implemented for controlling receivables and collections. Corrective action has already been taken on several of these issues (page 19)

Section 3— Prosecutive Actions

During this semiannual reporting period our investigative effort resulted in a continuing increase in the number of prosecutive and administrative actions. Our ongoing investigations of bid rigging has resulted in 36 indictments and 24 convictions as of September 30, 1986. The number of prosecutive and administrative actions along with the amount of fines and recoveries resulting from our investigative effort in fiscal 1986 has more than doubled from the amounts reported for fiscal 1985.

As a result of an investigation reported in our prior semiannual report, Brian Ingber, Supervisor of Fallsburg, New York, was convicted for the second time and Wayne Pirnos, a State official, was convicted in connection with an EPA-funded project. In another case, two contractors conspiring to rig bids on a Philadelphia water project were convicted and fined \$375,000. Two more electrical contractors were convicted and fined \$900,000 for rigging bids on a Chattanooga project. Other investigative cases involved embezzlement of grant funds by a former EPA employee and a county official, and a former EPA purchasing agent who founded and operated a business to which he directed EPA contracts (page 21)

Section 4— Fraud Prevention and Resources Management

Review of Proposed Legislation and Regulation

During this period we reviewed 32 legislative and 87 regulatory items, a 70 percent increase over the previous semiannual period. The most significant items reviewed included draft legislation on proposed amendments to the False Claims Act, the Financial Fraud Detection and Disclosure Act of 1986, the Program Fraud Civil Remedies Act of 1986, and Intergovernmental Financial Regulation on Fraud, Waste and Abuse, and the need for criminal penalties in the existing Clean Air Act (page 25)

Suspension and Debarment Activities

During this semiannual reporting period the number of debarments, voluntary exclusions, settlements, or suspensions to deny or restrict persons or firms from participating in EPA program operations because of poor performance has increased the fifth consecutive time. Of these actions are related to our bid rigging investigation and efforts by the Minnesota Attorney General's office (page 27)

Personnel Security

As one of the Agency's first defenses against fraud, user background investigations review the integrity of EPA employees and contractors. Personnel Security staff reviewed 71 percent more cases this semiannual period than last, eliminating its inherited chronic backlog. I identified several conditions resulting in administrative actions to protect EPA's interests (page 30)

Profile of Activities and Results

Environmental Protection Agency Office of Inspector General

April 1, 1986, to September 30, 1986

Fiscal 1986

Audit Operations

● Questioned Costs*-Total (expenditures which OIG finds are not allowable)	\$ 57.7 million	\$110.1 million
● Set-Aside Costs*-Total (expenditures which are insufficiently supported to determine their allowability)	\$106.6 million	\$208.5 million
● Sustained Costs for Recovery and Savings-Federal Share (costs which EPA management agrees are unallowable and is committed to recover or offset against future payments)	\$ 27.5 million	\$ 70 million
● Cost Efficiencies or Deobligations (funds made available by EPA management's commitment to implement recommendations in OIG internal and management or preaward audits)	\$ 4.2 million	\$ 25.7 million
● Recoveries from Audit Resolutions of Current and Prior Periods (cash collections or offsets to future payments)**	\$ 16.5 million	\$ 25.5 million
● EPA Audits Performed by the OIG	83	155
● EPA Audits Performed by Another Federal Agency, State Auditors, or Independent Public Accountants and Attachment P Audits	705	1,420
● Audit Reports Resolved (agreement by Agency officials to take satisfactory corrective action)	773	1,617

Investigative Operations

● Fines and Recoveries	\$ 1.9 million	\$ 2.8 million
● Investigations Opened	151	336
● Investigations Closed	201	420
● Indictments of Persons or Firms	27	41
● Convictions of Persons or Firms	28	39
● Administrative Actions Taken Against EPA Employees	40	71

Fraud Detection and Prevention Operations

● Debarments, Suspensions, Voluntary Exclusions, and Settlement Agreements (actions to deny persons or firms from participating in EPA programs or operations because of misconduct or poor performance)	74	144
● Hotline Complaints Received	30	57
● Hotline Complaints Processed and Closed	30	54
● Proposed Legislative and Regulatory Items Reviewed	119	189
● Personnel Security Investigations Adjudicated	589	934

* Questioned and set-aside costs are subject to reduction 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

Establishment of the OIG in EPA—Its Role and Authority

The Inspector General Act of 1978 (P.L. 95-452) 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, and administrative activities, investigate allegations or evidence of possible criminal and civil violations, and promote economic, efficient, and effective operations within the Agency. 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, 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 Staffing

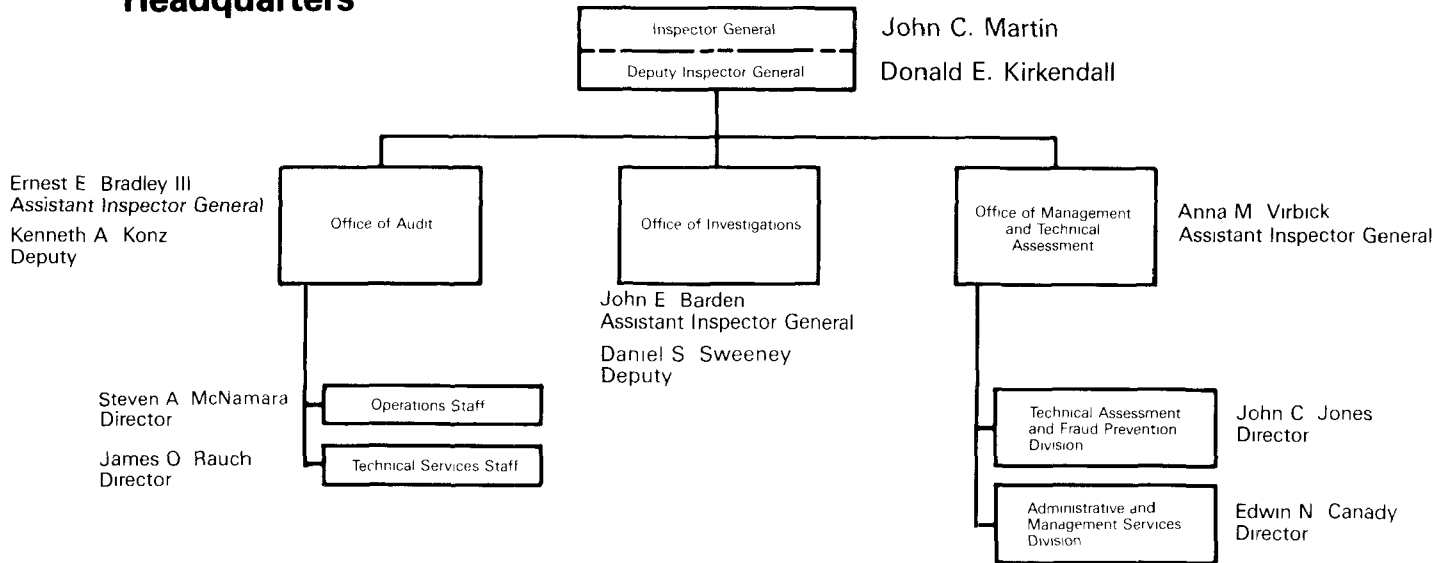
The Office of Inspector General functions through three major offices, each headed by an Assistant Inspector General: Office of Audit, Office of Investigations, and Office of Management and Technical Assessment.

Nationally, there are six Divisional Inspectors General for Audit and five Divisional Inspectors General for Investigations who direct staff of auditors and investigators who report to the appropriate Assistant Inspector General in Headquarters.

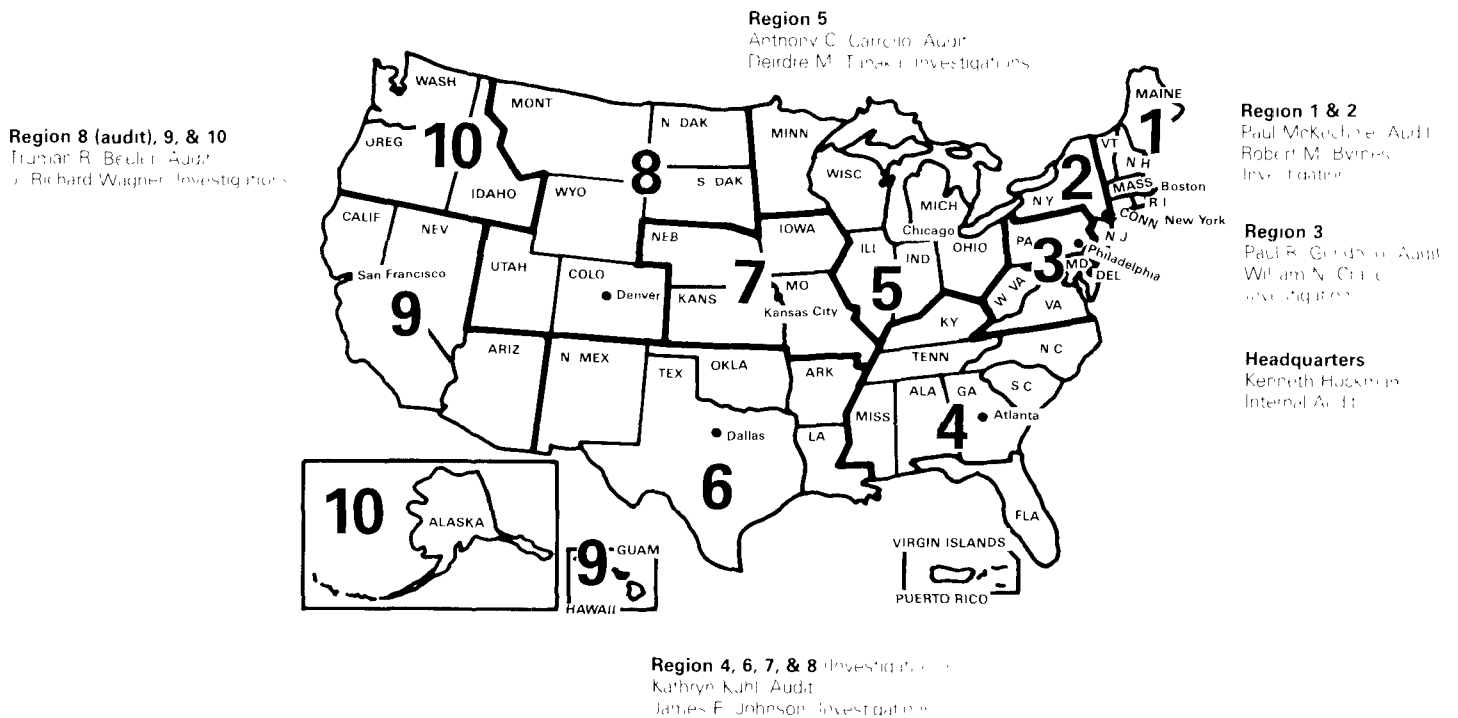
Staffing Distribution—Fiscal 1986 Ceiling

Office	Headquarters	Field	Total
Inspector General	5	-	5
Audit	33	140	173
Investigations	8	52	60
Management and Technical Assessment	23	-	23
Total	69	192	261

Headquarters



Divisional Inspectors General



Purpose and Requirements of the Office of Inspector General Semiannual Report

The Inspector General Act of 1978 (P L 95-452) requires the Inspector General to keep the Administrator and Congress fully and currently informed of problems and deficiencies in the Agency's operations and 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 the report.

The specific reporting requirements prescribed in the Inspector General Act of 1978 are listed below. Also included are additional requirements resulting from Senate Report 96-829 on the Supplemental Appropriations and Rescission Act of 1980 (P L 96-304).

Source	Section and Page	
INSPECTOR GENERAL ACT		25
Section 4(a)(2), Review of Legislation and Regulations	4	
Section 5(a)(1), Significant Problems, Abuses, and Deficiencies	1	7
Section 5(a)(2), Recommendations with Respect to Significant Problems, Abuses, and Deficiencies	1	7
Section 5(a)(3), Prior Significant Recommendations on Which Corrective Action Has Not Been Completed	2	20
Section 5(a)(4), Matters Referred to Prosecutive Authorities	3	21
Section 5(a)(5), Summary of Instances Where Information Was Refused	*	
Section 5(a)(6), List of Audit Reports	Appendix	33
SENATE REPORT 96-829		
Senate Report, Page 11, Resolution of Audits		19
Senate Report, Page 12, Delinquent Debts	5	32

* There were no instances where information or assistance requested by the Inspector General was refused during this reporting period. Accordingly, we have nothing to report under section 5(a)(5) of the Inspector General Act of 1978.

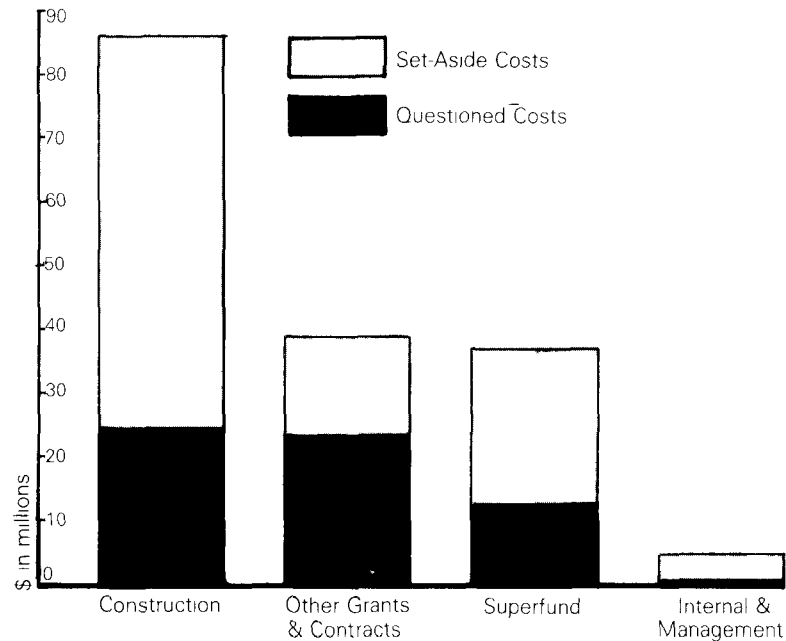
Section 1—Significant Problems, Abuses and Recommendations

As required by sections 5(a)(1) and (2) of the Inspector General Act of 1978, 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 in this section resulted from audits and reviews performed by or for Office of Audit and reviews conducted by the Office of Investigations. Because these represent some of our most significant findings, they should not be considered representative of the overall adequacy of EPA management. Audit findings are open to further review but are the final position of the Office of Inspector General.

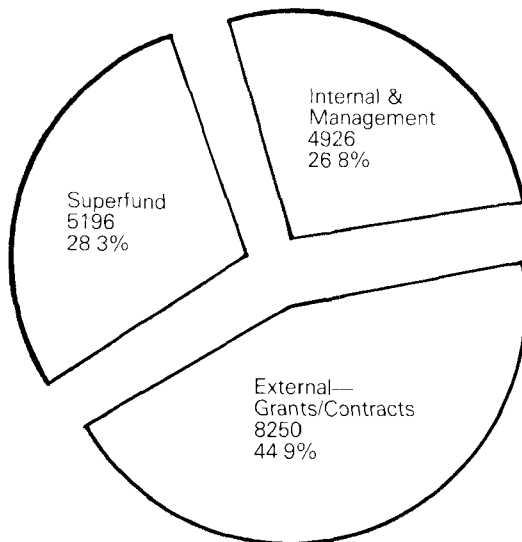
This section is divided into four areas: Summary of Audit Activities and Results, Agency Management, Construction Grants, and Superfund.

Summary of Audit Activities and Results

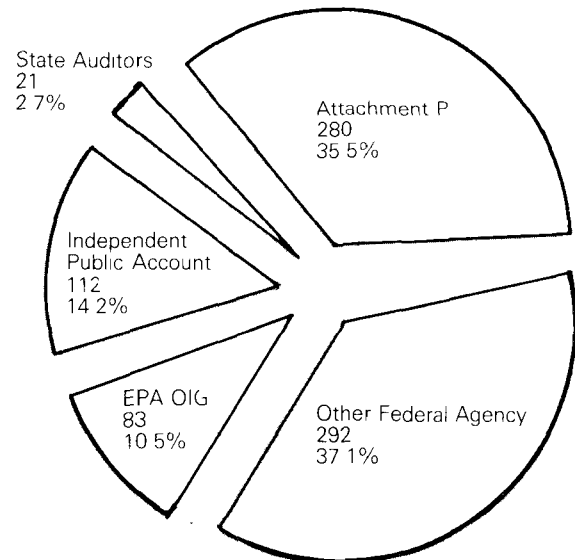
Questioned and Set Aside Costs by Type of Audit



Distribution of Audit Effort by Staff Days



Distribution of Audit Reports Issued by Source



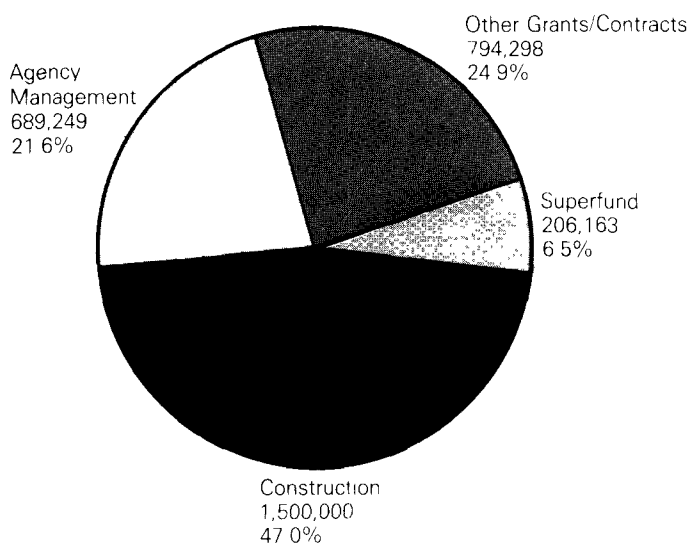
Agency Management

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 management audits and reviews are conducted to accomplish these objectives largely by evaluating the economy, efficiency, and effectiveness of operations.

The following are the most significant internal and management audit and review findings and recommendations

EPA Fiscal 1986 Operations/Resources Profile



Total = \$3,189,709,000
(\$ in thousands)

Almost Half a Billion Dollars Wasted on Faulty Projects in Puerto Rico

Problem

After hundreds of millions of Federal dollars were spent over 21 years, procrastination, poor internal controls, and lax enforcement have prevented Puerto Rico's wastewater management programs from achieving an acceptable level of water pollution control.

This map identifies the locations of the project sites considered

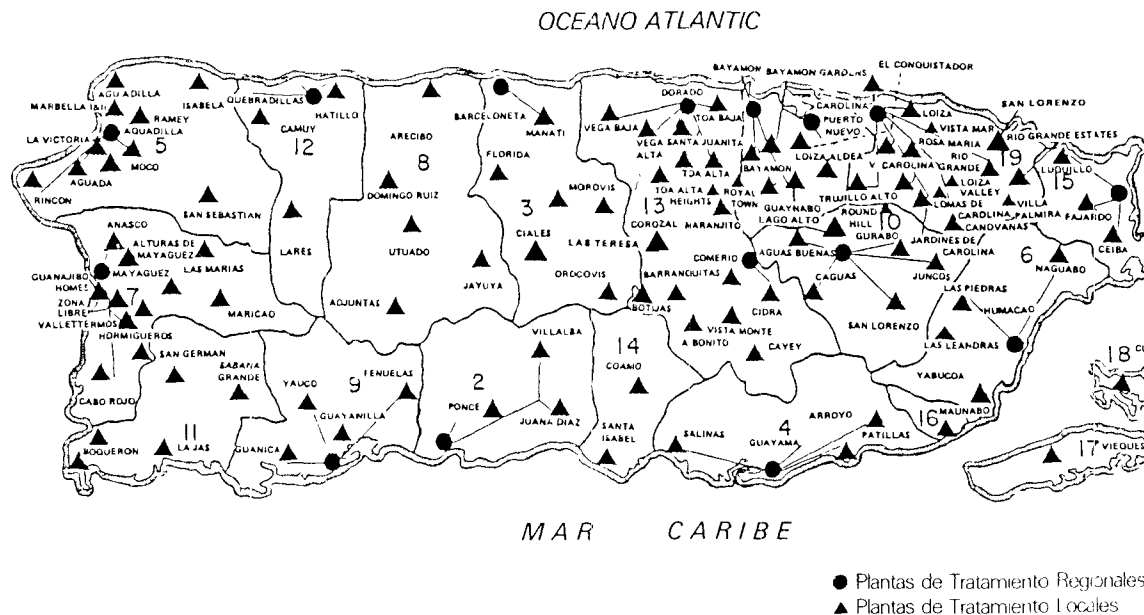
Background

EPA and its predecessor organizations have obligated more than \$500 million in grants and direct funding to the Puerto Rico Aqueduct and Sewer Authority (PRASA), the Puerto Rico Environmental Quality Board (EQB) and the Army Corps of Engineers (COE). These funds were to be used for water quality management, the planning, design, and construction of wastewater treatment systems, and construction management and inspection. The signing of a grant award is a declaration by the grantee that it possesses the financial capability to construct, operate, and maintain a treatment facility throughout the life of the facility.

We Found That

Of the \$500 million, approximately \$400 million was awarded for construction of regional wastewater treatment systems. Five of the systems that together cost over \$200 million were still not operating and were rusting away. Five other regional systems which had received EPA funding for planning as long ago as 1974 have had little or no construction. PRASA has estimated that an additional \$800 million (including \$600 million of its own funds) will be needed to complete priority construction projects, achieve full compliance with EPA regulatory requirements at all PRASA facilities, and eliminate all its current existing liabilities in excess of available current assets. PRASA lacked the managerial and technical capability required to achieve effective operations, maintenance, and compliance with regulatory provisions on EPA National Pollutant Discharge Elimination System (NPDES) permits.

PRASA's Financial Problem
PRASA did not have an acceptable accounting system which would properly identify and support costs incurred under construction projects to serve as an appropriate basis for identifying and allocating indirect costs. PRASA frequently failed to demonstrate adequate financial capability to pay the non-Federal share of



construction grant funded projects. Additionally, we found that PRASA was in grave financial condition. Our review of the PRASA 1984 and 1985 audited financial statements disclosed that PRASA's net revenue had decreased 280 percent from Fiscal Year 1983 to Fiscal Year 1985, while its long-term debt had increased by 23 percent for the same period. PRASA projected a \$2.7 million average monthly shortfall for fiscal 1986.

PRASA's Failure to Comply with Consent and Administrative Orders. PRASA failed to comply with provisions of the United States District Court Consent Orders and EPA issued Administrative Orders for over 10 years. All such orders addressed corrective actions necessary to eliminate the continuing violations of provisions of the Clean Water Act (CWA) and NPDES permits. We also noted that conditions at Puerto Rico's wastewater treatment plants appeared to have worsened since the appointment of a Court Monitor in 1980.

Region 2 had allowed PRASA's noncompliance with CWA and NPDES permits to continue through its decision to extend negotiations rather than pursue effective enforcement actions. The District Court and the United States Attorney's Office had stated their concern regarding EPA's apparent reluctance to undertake forceful actions to achieve compliance with Consent Orders issued by the Court.

PRASA's Operational and Maintenance Deficiencies. The Court Monitor had documented PRASA's unsatisfactory performance at a majority of their wastewater treatment facilities. Almost 50 percent of PRASA's operable facilities under the Court Order were overloaded, and approximately 90 percent either were in violation of NPDES permits, lacked necessary permanent sludge management systems or were in poor physical operational condition. The OIG verified the findings of the Court Monitor and identified significant facility deficiencies as shown by the pictures.

The Court Monitor also identified significant deficiencies in sampling and analysis reports for over 99 percent of PRASA's facilities. The numerous operational and maintenance deficiencies disclosed were known to have resulted in the discharge of inadequately treated wastes from PRASA's wastewater treatment facilities. Some of these effluent discharges were in close proximity to intakes for drinking water facilities. Documentation indicated excessive levels of waterborne pathogenic organisms (viruses, bacteria, parasites) were present in surface waters. A recent study completed in January 1986 has linked contamination of drinking water supplies with improperly treated effluent and found that the effluent may be a primary cause for public health epidemics in Puerto Rico since 1976.

We Recommended That

Because we believe Region 2 must be held directly accountable for ensuring that PRASA's problems are corrected, we recommended that Region 2 be required to carefully monitor, track, and report on the progress and success of corrective actions being taken in response to this report. Responsible Headquarters officials should track overall regional accomplishments. If appropriate progress is not made, EPA should transfer responsibility for managing PRASA's programs to Headquarters and, if necessary, cut off additional financial support to PRASA until necessary improvements have been completed.

What Action Was Taken

The audit report was issued to the Administrator on August 28, 1986. A response to the audit report is due on November 28, 1986.

The Agency's response to the draft report stated that both Headquarters and Region 2 wastewater management and compliance programs recognize many of the problems outlined in our report. However, in the Agency's opinion, the problems are more complex and difficult to resolve than described in our report. During the past year, EPA has followed a strategy of

providing assistance to PRASA which increases the likelihood of eventual compliance. EPA will immediately implement a series of management initiatives to build on the improvements seen in the past year.

PRASA's progress toward compliance with the terms of the Consent Order will be carefully monitored by Headquarters and Region 2, with the Administrator being apprised of this progress on at least a quarterly basis. EPA is cautiously optimistic that PRASA will continue to improve its management and operations of Puerto Rico's wastewater treatment program. Should this optimism prove unwarranted, EPA stands ready to take even stronger steps to ensure compliance with judicial orders and the requirements of the Clean Water Act.

Although the Agency has promised to take stronger steps, we have not seen evidence of it. For example, the District Court, at the request of Region 2, issued an Interim Order on March 11, 1986, which directed PRASA to submit various proposals within 75 days. After 30 days of review of this submission, the Region has requested that another 60 days be granted to continue negotiations. Considering this enforcement action began last November, one might conclude that EPA is simply continuing its previous pattern of protracted negotiations and numerous plans. We do not believe that such delays should be allowed to occur.

Examples of Operational and Maintenance Deficiencies at PRASA Facilities



Inoperable sludge thickener (with vegetation) in Puerto Nuevo

Inoperable flooded drying beds at Caguas wastewater treatment facility



Updated Penalty Schedules and Better Collection and Followup Procedures Would Increase the Effectiveness of EPA's Mobile Source Enforcement Program

Problem

Outdated penalty schedules and inadequate negotiation documentation, collection and followup procedures reduced the effectiveness of EPA's enforcement of the Clean Air Act.

Background

EPA's Office of Mobile Sources (OMS) is responsible for enforcing Title II of the Clean Air Act, which requires the reduction of air pollution from motor vehicles.

When violations by gas stations such as those concerning nozzle size or lead content are found, OMS issues a Notice of Violation, including a proposed penalty. Proposed penalties may be reduced if the respondent acts promptly to correct the violation, prevents future violations, corrects environmental damage, or performs alternative projects with sound environmental benefits.

We Found That

Proposed penalties for violations have not changed since 1975 and are in some cases only 5 to 10 percent of the amount allowed by the Clean Air Act. Penalties currently in place (1) were not always commensurate with the amount of environmental damage resulting from the improper use of leaded fuel in vehicles which require unleaded fuel and (2) do not sufficiently deter large-sized companies from violating the Act.

Effective procedures were not in place to ensure that each violator paid an appropriate penalty. Although OMS had initially proposed more than \$46 million in penalties over the last three years, only \$4 million in cash had been collected. This occurred because:

- OMS routinely reduced penalties up to 40 percent if violators promptly corrected the violation and established appropriate programs to prevent their recurrence. OMS records in such cases frequently did not document that these reductions were warranted.

- OMS routinely reduced the proposed penalties even further by accepting alternative projects in lieu of cash. OMS lacked specific criteria for reasonably quantifying the credit to be given or for evaluating the environmental benefits of alternative projects.

- After final penalties and alternative projects were accepted, OMS did not always ensure that violators actually paid the cash penalties or complied with additional settlement conditions.

In addition, the Agency did not forward information to the Internal Revenue Service concerning penalties paid or violators' expenditures on required alternative projects.

OMS also did not assess penalties of \$1,765,000 because it did not pursue violations of the lead phasedown regulations. This resulted from unclear procedures for pursuing penalties against small refineries.

We Recommended That

The Assistant Administrator for Air and Radiation:

- Work closely with the Assistant Administrator for Enforcement and Compliance Monitoring to revise the 1975 penalty structure to raise penalty amounts;
- Improve procedures to ensure all reductions in penalties are supported;
- Develop criteria and examples in the OMS Civil Penalty Policy for staff to follow when accepting and assigning credit for alternative projects;
- Move quickly to implement adequate procedures for tracking payment of cash penalties;

- Establish compliance milestones for cases with alternative settlement conditions and forward penalty information to the Internal Revenue Service, and

- Develop clear procedures for pursuing lead phasedown violations.

What Action Was Taken

OMS officials acted promptly to implement some of our recommendations. Our report was issued on September 30, 1986, to the Assistant Administrator for Air and Radiation. A response to the report is due on December 29, 1986.

EPA Managed Chesapeake Bay Program Haphazardly

Problem

Monitoring and administration of the grants and contracts valued at \$10.8 million was so poor that less than 50 percent of the required work products were received or, if they were, the Agency did not keep the results. Further, EPA could not demonstrate how these various research efforts benefitted or even contributed to the Bay cleanup.

Background

The Chesapeake Bay Agreement in December 1983 formalized a long-term commitment by the Federal Government, the States of Maryland, Virginia, and Pennsylvania, and the District of Columbia to prepare and implement a coordinated plan to restore and protect the waters and the living resources of the Bay.

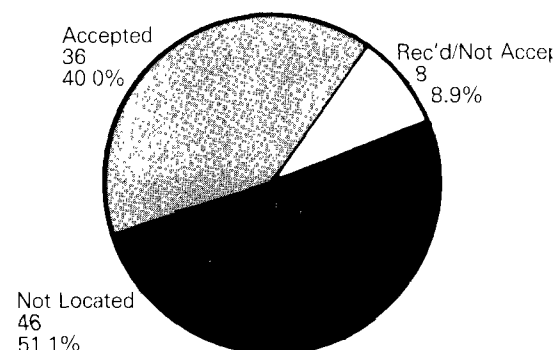
As part of its continuing efforts to stop the slow death of the Bay, EPA awarded \$25 million for 102 grants and contracts during fiscal years 1978 through 1984. We selected 23 of these grants and contracts, totalling \$10.8 million and requiring 90 work products for detailed review.

We Found That

EPA did not follow its own regulations and procedures for monitoring grants and contracts. Work products required by these grants and contracts were either not completed or could not be found. In a number of instances, EPA was not aware that the work products were even missing. During our review, we found that only 44 out of 90 work products were located by EPA personnel and only 36 of these were accepted. From this, we have concluded that EPA's planning was deficient because the work products were evidently not needed. However, if some or all of these work products were needed, then the technical aspects of the Bay program become suspect. Also, work products received months or years after the original completion dates appear to be of questionable value. The following are examples disclosed during the audit:

- One contract required 16 work products including 11 reports, draft and final reports on the Bay Circulation Model, and training workshops. The contractor believed that EPA "abandoned" his project, rather than fund an additional \$35,200 requested by the contractor to complete the contract scope of work. As a result, EPA spent \$580,000 to date on a 4-year contract that produced only one draft report which was rejected by EPA.

90 Work Products Required



● A grant was awarded in August 1978 to develop a water quality laboratory and conduct a study evaluating helicopter sampling versus boat sampling. An EPA geochemist who reviewed the grantee proposal commented that "the proposal is relatively naive and has much to be desired." As far as this proposal offering anything new to the present array of monitoring labs and programs on the Bay, it does not. Despite serious questions concerning the benefit and relevance of the project, EPA has spent over \$300,000 on the project.

● Final reports were required by each of two grants awarded for \$733,393 and \$742,434. EPA never received these reports and the grantees claimed that they were unaware such reports were required. We also found that only 5 of the required 24 semiannual progress reports were available at the grantee's offices.

● A grantee was awarded three grants amounting to \$320,014, each grant requiring a final report. After issuance of our draft report, EPA officials found one report and contended that it was the only one required for all three grants. However, the grantee confirmed to us that three reports were, in fact, required. He presented us with the second final report, and a third preliminary draft report which he indicated would be finalized in early 1987. The third report was due to EPA in final form in March 1982.

In addition, we found that project files were incomplete and maintained haphazardly. The project files did not contain justifications for funding increases totalling \$2.8 million applicable to the grants and contracts included in our review, as such, EPA cannot currently document that these funds were spent for valid reasons. Completed grants and contracts were not closed. Adequate work programs were not available for our review, nor was there evidence that numerous grant conditions were satisfied. Further, project files were destroyed without proper authority instead of sending them to the Federal Records Center for proper storage when the grant was closed.

We Recommended That

The Regional Administrator, Region 3

- Determine the status of work products associated with all grants and contracts awarded under the Chesapeake Bay Program and recover funds from grantees and contractors, if appropriate.

- Assure that procedures for monitoring grants and contracts are fully implemented.

- Strengthen administrative procedures and take immediate action to obtain the necessary documentation to close grants and contracts.

What Action Was Taken

The draft audit report was issued to the Regional Administrator on June 24, 1986. The Regional Administrator and his staff agreed with our recommendations. They acknowledged that a serious administrative problem exists but disputed various facts. The final audit report was issued on September 24, 1986. A formal response is due on December 23, 1986.

Headquarters to Improve Management of the Federal Telecommunications System (FTS)

Problem

EPA Headquarters procedures and records used to monitor long-distance telephone calls did not comply with the Privacy Act of 1974 nor enable the Agency to identify and seek reimbursement from those making unofficial calls. Annual surveys to identify unneeded equipment were not done for fiscal years 1984 and 1985.

We Found That

In 1981, Headquarters implemented telephone cost accountability procedures to identify and collect for unofficial

long-distance calls billed to the Agency. This improved the Agency's ability to control long-distance costs. The procedures resulted in records which were used to identify individuals who made unofficial calls. Therefore, the records appeared to be subject to the Privacy Act of 1974, which was passed to safeguard individuals from the misuse of Federal records and allow individuals to review records maintained about them. Agency procedures in regard to these records did not, however, comply with the Act. Consequently, they needed to be changed unless a determination was made that the Act did not apply.

Individuals at Headquarters made long-distance calls for unofficial purposes in violation of 31 U.S.C. 1348(b) and Agency directives. Headquarters paid an estimated \$71,000 for unofficial calls made during the first quarter of fiscal 1985 but collected only \$2,900.

In addition to incurring costs for improper phone use, physical inventories of the telephone lines and equipment and the related annual needs survey, required by regulations and an Agency directive, were not performed for 1984 and 1985. Limited reviews by the Office of Information Resources Management (OIRM) identified unneeded equipment, including several hundred telephone lines.

We Recommended That

The Director, Office of Information Resources Management (1) clarify the role of Headquarters offices in monitoring telephone use and determining equipment needs, (2) expand its system for monitoring long-distance telephone use, and (3) educate individuals about proper telephone use.

What Action Was Taken

In comments on the draft audit report, the Director, OIRM, described various actions underway or planned to correct the conditions we found. Of primary importance, the telephone accountability procedures and records will be changed to comply with the Privacy Act. The Director's response to our audit report, issued on June 17, 1986, indicated that the corrective actions were generally on schedule.

Region 6, Texas, and Oklahoma Mismanaged Hazardous Waste Permitting Activities

Problem

The Dallas Regional Office and the States of Texas and Oklahoma failed to manage and control the Resource Conservation and Recovery Act (RCRA) permitting program to ensure hazardous waste facilities will be permitted or closed within congressionally mandated timeframes, increasing the risk to human health and the environment.

Background

A major objective of EPA's National Permits Strategy is to issue permits to all land disposal facilities by the end of 1988 and all incinerator facilities by the end of 1989. RCRA was designed to ensure that the mismanagement of hazardous waste does not continue. EPA has identified the permitting of hazardous waste management facilities as the key to implementing the regulations since permits identify the administrative and technical performance standards to which facilities must adhere.

We Found That

Improvements were needed in the permitting program in Region 6 to ensure the protection of the public and the environment from the improper management of hazardous waste.

Key elements identified by EPA in order to have a successful permit program were either missing or not fully implemented by Region 6 and the States of Texas and Oklahoma. Deficient or missing elements included lack of exposure information for releases of hazardous wastes, land disposal permit applications which were not submitted, permitting time-frames which were not met, and two States that had no EPA on-site reviews. As a result, the potential is greater for mismanagement of hazardous waste which threatens human health and the environment.

Region 6, Texas, and Oklahoma did not perform joint site visits to assist facilities in completing permit applications. This failure delayed the permit process and impedes the effort to minimize the release of hazardous waste into the environment.

Region 6 did not effectively prioritize facilities for permitting because the Region has made little effort to assist the States determine the most environmentally significant facilities.

The Hazardous Waste Data Management System (HWDMS) did not provide management with accurate information on the number of facilities requiring permits, planning to close, or the current status of facilities.

Texas and Oklahoma had not fully developed a program for early and expanded public involvement in decisions for permitting facilities that affect public health and the environment.

We Recommended That

The Regional Administrator, Region 6, take action to ensure

- Exposure information and permit applications for land disposals are submitted as required, permitting timeframes are met, and on-site reviews are made in all States,
- States comply with EPA's requirement for joint site visits to assist facilities in submitting complete permitting applications,
- The Region's RCRA permitting and enforcement staff become active participants with the States in implementing the Facility Management Planning approach to permitting hazardous waste facilities,
- Region 6 review the HWDMS for errors and omissions and maintain the system on a correct, accurate, and complete basis, and
- Region 6 and the States develop and implement a public involvement program that allows citizens to become involved with permitting decisions.

What Action Was Taken

The final audit report was issued on September 23, 1986. A response to the report is due on December 22, 1986. Region 6 officials have stated that they believe planned actions will help correct the deficiencies addressed in the audit report.

Three EPA Locations Are Not Properly Managing \$9 Million of Property

Problem

Government personal property with a total estimated value of over \$9 million in the Philadelphia Regional Office, the Denver Regional Office, the Environmental Services Division offices in Wheeling, West Virginia, and Annapolis, Maryland, (ESD) is not properly secured, loaned, stored, or recorded. Inadequate controls render the property vulnerable to conversion for personal use or loss.

We Found That

The Philadelphia Regional Office did not perform a complete physical inventory since fiscal 1981, EPA property labels were not affixed, custodial officers were not appointed, and established procedures for loaning equipment were not followed. Items, improperly controlled included cameras and lenses, furniture and color television sets.

The Denver Regional Office did not adequately improve control over its property, despite our March 1984 audit report addressing its need to do so. New receipts of property were not recorded, physical inventories were incomplete, custodial officers were not designated or kept current, no formal actions were taken to recover numerous items lost or stolen.

Within ESD, idle property valued at \$252,000 was not identified and excess property valued at \$159,000 was not disposed of. Property loaned to other Federal and non-Federal entities was not controlled, and vehicles were in excess of current requirements.

We Recommended That

The Regional Administrators, Regions 3 and 8, improve their property management systems by:

- Timely recording all incoming purchases and disposition,
- Performing annual physical inventories and reconciling results to property records,
- Following procedures for controlling loaned, idle, and excess property, and
- Appointing custodial officers and updating appointments regularly.

What Action Was Taken

The audit report on Region 3's Property Management System was issued on September 2, 1986. A response is due on December 1, 1986 which identifies and schedules the specific actions completed and planned to be completed during the next 9 months. A formal response to the audit report is due by December 22, 1986.

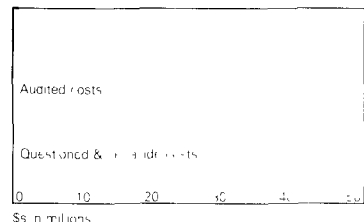
The ESD audit report was issued to the Regional Administrator, Region 3, on August 26, 1986. Regional representatives agreed with the recommendations in the draft report and have initiated action to correct the deficiencies disclosed during our review. A response to the report is due by November 26, 1986.

Construction Grants

EPA's wastewater treatment works construction grants program is the largest single program the Agency administers. Under the provisions of P.L. 92-500, as amended, the Agency is authorized to make grants covering up to 75 or 85 percent of the eligible costs of constructing wastewater treatment facilities. Through September 1986, \$2.1 billion was obligated on 428 new grants and 959 amendments to existing grants this fiscal year. The construction grants program represents 44 percent of EPA's total fiscal 1986 budget. As of September 30, 1986, EPA had 2,602 active construction grants representing \$15.2 billion of Federal obligations.

Poor Planning and Lack of Project Coordination Resulted in Grantee's Claim for \$3.9 Million of Ineligible or Unsupported Costs

Combined Trinity River Authority audit profile



Problem

The Trinity River Authority of Texas (TRA) claimed \$2.4 million of ineligible construction costs. The project did not conform to sound management practices or program requirements, resulting in poor construction coordination and ineligible engineering design claims. An additional \$1.5 million was set aside and referred to Region 6 for further evaluation.

We Found That

TRA had been awarded two grants totalling \$29.9 million for the design and expansion of a regional sewage system that included the construction of relief interceptors. We questioned \$2.4 million consisting of

- \$1.2 million paid by the grantee to the construction contractor resulting from the grantee's changes in design, poor construction coordination with other contractors, and late issuance of work orders,
- \$962,000 of construction costs not approved by change order for extra work items, items already covered by the basic construction contract, and for correcting problems that should have been covered by warranty,
- \$51,000 of normal operating and maintenance costs for repair and cleaning lines, and

- \$188,000 for ineligible engineering, unapproved force account work, ineligible construction, and an unapproved flood damage investigation.

In addition, approximately \$1.5 million was set aside because TRA had not followed EPA procurement regulations in obtaining engineering services and had claimed indirect costs that had not been included in the grant awards.

We Recommended That

The Regional Administrator, Region 6

- Not participate in the Federal share of questioned costs (\$1.8 million),
- Determine the eligibility of set-aside costs referred to EPA for review, and
- Recover the applicable amount, after the above recommendations are complied with.

What Action Was Taken

Final audit reports were issued on both grants. For one, issued July 25, 1986, a final determination letter was issued on September 29, 1986, by Region 6, sustaining the Federal share of questioned costs (\$517,000). The set-aside costs (\$138,000) were determined allowable. For the other, issued August 21, 1986, Regional action is due by November 21, 1986.

Grantee's Startup Training Program Fails Reasonableness Tests

Problem

The startup training costs requested by the City and County of Honolulu under a construction grant were unreasonably high by more than \$1 million.

We Found That

A \$1.2 million grant was awarded to the City and County of Honolulu for startup training services at its wastewater treatment plant. The grantee, desiring a permanent, ongoing training facility, projected a 1,730 staff day requirement valued at about \$1.3 million. EPA guidelines provide up to a

maximum of 300 days, at a cost of \$138,000.

Also, the second most qualified applicant was awarded the startup training contract, without proper justification. Further, the startup training contractor billed the EPA construction grant for ineligible costs, including those for transporting family members between the U.S. mainland and Hawaii.

We Recommended That

The Regional Administrator, Region 9

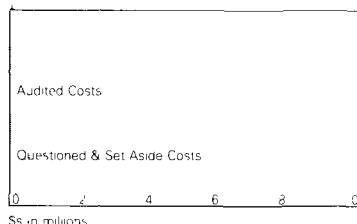
- Perform a technical review of the startup training services and establish reasonable amounts to be funded under the grant. In no event should the approved services exceed the 300 staff days provided under the existing regulations.
- Recoup any grant funds reimbursed in excess of the amount established by the Region's technical review.
- Require the grantee to provide a written justification for selecting a firm other than the most qualified firm. If procurement irregularities are found, the Region should consider invalidating the startup training contract.
- Require the grantee to improve its consultant billing review procedures to ensure that unallowable costs are not claimed.

What Action Was Taken

The audit report was issued to the Regional Administrator, Region 9, on September 2, 1986. A response to the audit report is due December 1, 1986.

Ineligible Change Order and Excessive Inspection Fees Increase Claim by Almost \$880,000

Hitchcock, Texas audit profile



Problem

The City of Hitchcock, Texas, claimed \$691,607 from a change order for construction costs not eligible for Federal participation. In addition, the City claimed \$188,202 in excessive inspection costs.

We Found That

EPA awarded the City of Hitchcock, Texas, a \$6,102,328 grant for a wastewater treatment facility and rehabilitation of sewer lines. A \$691,607 claim based on changed work site conditions was submitted by the construction contractor to the City. The claim disputed by the City was submitted for binding arbitration and the contractor prevailed. The City then submitted a change order to EPA to cover the arbitration award.

The Texas Department of Water Resources (TDWR) and EPA examined the change order and found it ineligible for participation by EPA. Therefore, we questioned \$691,607 as ineligible construction costs.

Additional claims of \$188,202 for project inspection services were set aside for review by EPA. The original contract for inspection services was amended by the City and TDWR to cover a 52 percent increase in inspection costs without any apparent change in scope of work.

We Recommended That

The Regional Administrator, Region 6

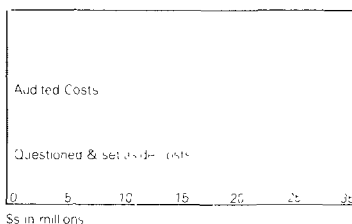
- Recover the Federal share of questioned costs, and
- Evaluate the set-aside costs for reasonableness.

What Action Was Taken

The audit report was issued to the Assistant Regional Administrator for Management, Region 6, on May 2, 1986. The Region's final determination letter of August 26, 1986, sustained \$217,144, the Federal share of costs questioned.

Grantee Claims Over \$840,000 of Ineligible Costs

Delta Diablo, CA audit profile



Problem

The Delta Diablo Sanitation District, California, claimed almost \$850,000 of ineligible engineering and administrative costs. An additional \$283,500 in landscaping and legal costs have been set aside pending review of eligibility.

We Found That

EPA awarded the Delta Diablo Sanitation District, Antioch, California, a grant to construct wastewater treatment facilities. The grantee claimed costs totalling \$847,900 which were not allowed by EPA regulations. These costs included:

- \$579,277 incurred after the authorized completion date because of a contractor's lack of performance,
- \$108,761 of architectural/engineering fees based on inapplicable construction costs,
- \$120,400 of administrative costs outside of the approved project scope,
- \$26,200 of excess legal defense claims, and

- \$12,343 in revenue from the sale of plans and specifications. We also set aside \$283,500 claimed by the grantee for potentially excessive landscaping work and legal defense costs incurred without prior EPA approval.

We Recommended That

The Regional Administrator

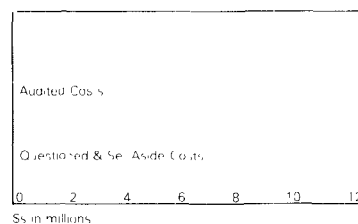
- Not participate in the Federal share of questioned costs (\$651,200), and
- Determine whether EPA should participate in the Federal share of set-aside costs (\$217,700).

What Action Was Taken

The audit report was issued to the Regional Administrator, Region 9, on June 26, 1986. As of October 21, 1986, we had not received a response to the report which was due September 26, 1986.

Grantee Claims \$776,500 of Ineligible and Unsupported Costs

Ann Arundel County, MD audit profile



Problem

Anne Arundel County, Maryland, claimed ineligible costs of \$611,500 which did not comply with EPA regulations, including over \$252,000 previously disallowed.

We Found That

The county was awarded an EPA grant for the design and construction of a wastewater treatment plant. The ineligible costs consisted primarily of:

- \$267,100 of project inspection fees incurred after the approved construction completion date,
- \$252,000 of construction change order costs previously determined ineligible for Federal participation,

- \$33,400 of engineering costs for services performed under contract amendments deemed ineligible by the State of Maryland, and

- \$29,800 of training costs for the operation of ineligible construction items and therefore not allocable to the EPA funded portion of the project.

In addition, the grantee received a settlement for engineering services under a civil action and was unable to document whether these related costs were also claimed for Federal participation. We therefore referred additional costs totalling \$165,000 to EPA for review.

We Recommended That

The Regional Administrator, Region 3

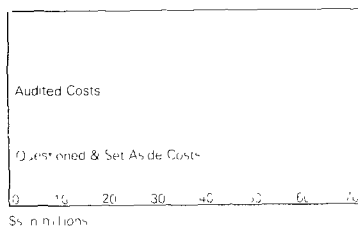
- Recover the Federal share of questioned costs (\$336,319), and
- Determine whether EPA should participate in the costs referred for review.

What Action Was Taken

The audit report was issued to the Administrator, Region 3, on April 9, 1986. A proposed final determination on the costs claimed was due on July 7, 1986. However, as of October 24, 1986, we had not yet received that final determination.

Grantee Claimed Over \$1 Million of Ineligible, Unsupported, and Contract Overrun Costs

MSD Chicago, IL audit profile



Problem

The Metropolitan Sanitary District of Greater Chicago, Illinois, (MSD) claimed \$733,800 of ineligible costs were outside the scope of the grant or undocumented. An additional \$295,000 of cost overruns were set aside.

We Found That

EPA awarded a grant to the Metropolitan Sanitary District of Greater Chicago for construction of intercepting sewers serving the proposed O'Hare Water Reclamation Plant. Of the \$62.8 million audited, we questioned \$733,800 of claimed costs that were for construction outside the scope of the grant or were unsupported and undocumented. Similar deficiencies in MSD grant claims were reported in previous semiannual reports.

Specifically, we questioned \$394,100 for the enlargement of a drop shaft with increased flow capacity in a segment of the system excluded from grant support. We also questioned \$220,200 of construction costs related to an unsupported settlement of a law suit, and \$119,500 of force account costs incurred after the approved construction completion.

In addition, \$295,000 of claimed construction costs were set aside pending review and approval by EPA concerning primarily large overruns for rock bolting and water inflow grouting which may have been used to accommodate the contractor's construction procedures, and may not benefit the structural integrity of the permanent structure.

We Recommended That

The Regional Administrator, Region 5

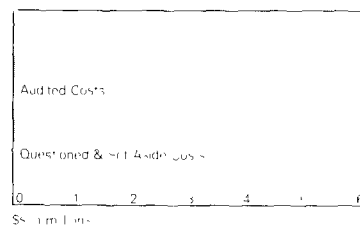
- Not participate in the Federal share of questioned costs (\$550,300), and
- Determine whether EPA should participate in the Federal share of costs set aside (\$221,300)

What Action Was Taken

The audit report was issued to the Regional Administrator, Region 5, on August 7, 1986. A response is due November 5, 1986.

Grantee Claims Over \$650,000 of Unsupported Costs on Oversized Project

Uxbridge, MA audit profile



Problem

The Town of Uxbridge, Massachusetts, claimed \$516,658 of undocumented questioned costs and an additional \$135,000 of unapproved change orders and miscalculated fees that were set aside.

We Found That

The grantee was awarded a construction grant for a secondary wastewater treatment plant, interceptors, force mains, pumping stations, and collector sewers. The project may have been oversized since at the time of final inspection its average flow rate was only about one-tenth of capacity.

The grantee claimed over \$435,000 of ineligible costs based upon unapproved change orders and over \$80,000 of administrative, architectural, and engineering fees that were not within the scope of the project.

In addition, \$135,000 for construction, architectural, engineering, and inspection costs and fees, and excess profits were set aside pending justification.

We Recommended That

The Deputy Regional Administrator, Region 1

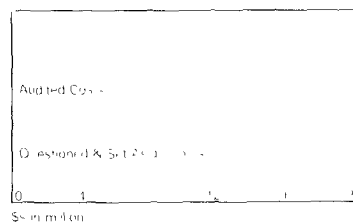
- Not participate in the Federal share of questioned costs (\$387,494),
- Determine whether EPA should participate in the Federal share of costs set aside (\$101,240), and
- Recover the applicable amount due from the grantee after complying with the above recommendations.

What Action Was Taken

The audit report was issued to the Deputy Regional Administrator, Region 1, on June 12, 1986. The final determination from the Deputy Regional Administrator sustained \$426,071 (Federal share) of costs questioned and set aside.

City of New York Claims Over \$640,000 of Costs Previously Disallowed

City of New York audit profile



Problem

The City of New York claimed costs totalling \$641,470 for a construction contract declared ineligible by the New York State Department of Environmental Conservation (NYSDEC). In addition, \$641,662 was set aside pending evaluation by the Regional Administrator, Region 2.

We Found That

Two grants with maximum Federal participation of \$144,047,754 were awarded in

September 1979 to the City of New York for the purchase of equipment and construction of facilities as part of the City's sludge management plan. May 1982 amendments terminated the grants and decreased Federal participation to \$16,286,495.

The \$641,470 of disallowed costs represents the entire amount claimed under one particular contract between the City of New York and one of its contractors. The NYSDEC (acting in a delegated capacity for EPA) ruled the contract ineligible because the services provided were for engineering design, which was not within the scope of the project. In addition, costs included under this contract for equipment and supplies were incurred before the grant award and therefore were outside the scope of the project. We agreed with NYSDEC's determination and questioned the ineligible contract costs.

Set-aside costs of \$641,662 consisted of construction costs possibly duplicated and engineering and inspection fees either outside the scope of the project or lacking supporting documentation.

We Recommended That

The Regional Administrator, Region 2, not provide Federal funding for \$481,103 (Federal share) of unallowable costs. Further, we recommended that the action official evaluate the appropriateness of funding \$481,247 (Federal share) of set-aside costs.

What Action Was Taken

The audit report was issued to the Regional Administrator, Region 2, on June 23, 1986. As of October 23, 1986, we had not received a response to the report which was due September 23, 1986.

Superfund Program

The Superfund program was created by the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA). The Act provides a \$16 billion trust fund for removal and remedial actions, liability, compensation, cleanup, and emergency response for hazardous substances released into the environment and uncontrolled and abandoned waste sites. Taxing authority for the trust fund expired on September 30, 1985. At the end of this reporting period Congress was still considering a reauthorization bill. This bill, the Superfund Amendments and Reauthorization Act of 1986, was enacted on October 17, 1986. It provides \$8.5 billion to continue the program for the next 5 years, makes numerous programmatic revisions, and imposes some mandatory auditing and reporting requirements on the IG.

The parties responsible for the hazardous substances are liable for cleaning up the site themselves or reimbursing the Government for doing so. States in which there is a release of hazardous materials may qualify for assistance from the Superfund by agreeing to pay 10 percent of the costs of remedial actions, or 50 percent if the source of the hazard was owned and operated by the State or local government. Costs claimed by the State from Superfund must be clearly eligible and supported.

EPA Pays Excessive Amounts for Emergency Cleanups of Hazardous Wastes

Problem

The urgent need for emergency hazardous waste cleanups led EPA to award multimillion dollar contracts for Emergency Response Cleanup Services (ERCS) with limited competition and without assurances that the negotiated rates were reasonable. As a result, EPA is paying excessive amounts for the emergency cleanups.

Background

Following Superfund authorization in 1980, EPA initially used Notice to Proceed contracts authorizing a specific firm to perform emergency cleanups. However, the rates and other terms of the contract were frequently not finalized until the cleanup was well underway or completed. The ERCS contracts were meant to provide a better approach for obtaining cleanup services by dividing the country into four geographical zones, with an ERCS contractor responsible for emergency cleanups in each zone. The zone contracts specified 126 equipment items and labor categories for which fixed rates were negotiated. Other services were reimbursable under a cost-plus-fixed-fee arrangement. The potential value of the contracts over a 3-year period was \$186 million. Actual cleanup work for specific sites was authorized through individual delivery orders.

We Found That

On the twelve individual delivery orders audited, ERCS contractors were paid an average markup of 40 percent over their labor costs and labor billed to EPA under the fixed rates ranged from 14 percent to 103 percent over the contractors' actual costs. Contractors billed labor at holiday and overtime premium rates even though they frequently did not pay these

higher rates to their employee. Contractor and subcontractor employees who are working away from home are allowed per diem expenses to cover food and lodging. However, we found that per diem expenses were invoiced to EPA with an average 10 percent markup, or \$25,452 more than actual expenses.

Below are some examples of the overtime rates charged but not paid.

Category	Estimated Costs	Overtime Contract Rates	Markup
Chemical Engineer	\$41.54	\$58.80	42%
Clerk	\$14.14	\$21.50	52%
Response Manager	\$35.58	\$64.10	80%

Equipment items were billed to EPA with markups over cost ranging from averages of 143 percent on monthly rates to 321 percent on hourly rates. Markups on individual items varied from 37 percent under costs on a particular pickup truck to an instance when the contractor billed EPA 160 times

the cost of a trash pump at the fixed rate.

Below is an example of a commonly used item which was excessively marked up: personal protection equipment (level B), including chemical resistant, and disposable clothing with hard hat, 2-way radio, and breathing apparatus.

Delivery Order	Amount Billed	Estimated Cost	Markup
1	\$ 100	\$ 12	864%
2	26,087	4,925	430%
3	8,675	4,208	106%
Total	\$34,862	\$9,145	281%

The ERCS contracts provided for subcontracting transportation and disposal of hazardous wastes from cleanup sites by the four zone contractors. We found that of \$1.2 million in transportation and disposal services we reviewed, \$240,500 of cost may have been incurred unnecessarily by the Agency as a result of poor procurement practices of the zone

contractors. We found instances where the lowest bidder was not selected and where EPA paid rates that were higher than rates charged "preferred customers."

Below are examples of some additional commonly rented items which were excessively marked up. Markups vary based upon the rental period.

Item	Range of Estimated Costs	Range of Billed Rates	Range of Markup
Stakebed Truck (2-ton)	\$2.95 - \$510.94	\$ 16 - \$1,365	442% - 167%
Hand Tools	\$ 16 - \$ 3.46	\$ 11 - \$ 126	6,775% - 3,542%
Decontamination Trailer	\$4.64 - \$100.46	\$300 - \$3,000	6,473% - 2,886%
Trash Pump (2-inch)	\$ 10 - \$ 17.32	\$ 16 - \$ 945	15,900% - 5,351%

● **ERCS Procurement Discouraged Competition** Valid restrictions and difficult requirements of the ERCS contracts discouraged competition and limited the number of firms which submitted proposals. Even though only seven firms submitted proposals for the four ERCS contracts (there were only two proposals in each of three regions and only one proposal in one region), the Agency judged that it had no real alternative but to proceed with the procurement.

● **Reasonableness of Rates Could Not be Ensured** EPA procurement officials operated in a poor negotiating environment during the ERCS procurement because price competition, offeror independence, and price analysis were all inadequate. Had more complete information and actual cost data been available, EPA would have been able to assess the reasonableness of proposed rates by comparing them to anticipated costs. Agency officials, however, relied primarily on their knowledge of prevailing market rates in determining whether proposed rates were reasonable. Since we believe market rates for cleanup services were artificially high and not based on actual cost, we do not consider that this type of analysis could ensure the reasonableness of the negotiated rates.

● **Fixed Rates in the Contract Permitted Excessive Markups** Procurement officials believed using fixed rates would simplify negotiation and administration of the ERCS contracts. This mechanism, however, allowed contractors to recover over 100 times their actual costs for certain items.

● **Poor Planning Did Not Protect EPA's Interests** EPA encountered market conditions where advance contract planning was critical, yet difficult. The Agency faced a market where few firms could do the work envisioned and

knowledge of the resources and associated costs required to accomplish emergency cleanups was limited. However, EPA did not effectively analyze the information or consider problems that had arisen on previous cleanup contracts in negotiating the ERCS contracts. Ambiguous contractual provisions led to overcharges in the areas of overtime and holiday pay, travel and per diem, equipment, and management services.

● **Transportation and Disposal Services Were Not Obtained at Lowest Cost** The zone contractors frequently did not effectively plan and execute subcontracts for transportation and disposal of hazardous wastes. This increased costs to EPA.

● **EPA Has Not Conducted Regular Contract Compliance Reviews** As a result, the contractors did not always (1) comply with the terms of the contract, (2) provide services in the most cost-effective manner, or (3) comply with Federal laws. In particular, we found problems with use of unqualified personnel, noncompetitive procurements, and violations of minimum wage and overtime pay requirements of Federal statutes.

We Recommended That

● EPA take specific actions to increase competition on future emergency removal contracts by removing barriers which limit competition and encourage greater participation of firms in the industry.

● EPA obtain contractor cost data to evaluate reasonableness of proposed prices. If cost data are unavailable, the Agency should use provisional rates until such data can be developed.

● EPA limit the use of fixed rates to services and equipment directly under the prime contractor's exclusive control, and reimburse subcontracted items on a cost-plus-award-fee basis.

● EPA better plan and execute future cleanup contracts, specifically prohibit payment for unreasonable and unallowable items, and clarify contract provisions.

● EPA award master contracts for procurement and oversight of all transportation and disposal services and obtain preferred rates from disposal facilities.

● EPA establish a contract monitoring board to routinely review contractor compliance.

What Action Was Taken

In response to our draft report, the Director, Procurement and Contracts Management Division, agreed with many of our findings, has initiated improved contract provisions committed to increased monitoring, and established separate rates for subcontractors. These actions should stop excessive payments, assure more competition in contracting and proper charging and payment of wage rates. The final audit report was issued September 23, 1986, to the Assistant Administrator for Administration and Resources Management and to the Assistant Administrator for Solid Waste and Emergency Response. A response to the report is due on December 22, 1986.

EPA Is Not Collecting Millions of Dollars Due from Polluters

Problem

EPA was not always aggressively pursuing the recovery of hazardous waste cleanup costs. EPA did not take action to recover approximately \$88.8 million from responsible parties.

Background

The Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) of 1980, provides for the establishment of a \$1.6 billion Trust Fund collected from taxes on petroleum, certain chemicals, and from Federal appropriations, to pay for cleanups of hazardous waste conditions at sites or spills. CERCLA also provides that parties responsible for the hazardous waste conditions should either perform cleanup themselves or replenish the Trust Fund for doing so. Once the responsible party is identified, EPA must attempt to negotiate a settlement and

pursue a recovery for the cost of the cleanup.

We Found That

As of September 30, 1985, EPA had obligated \$1.3 billion from the CERCLA Trust Fund and had recovered \$14 million which is a cost recovery ratio of 1.1 percent of Trust Fund obligations. Unless EPA becomes more aggressive in pursuing cost recovery actions, its ability to replenish the Trust Fund and clean up hazardous waste sites will be severely restricted.

Recovery action was not taken in many cases for sites under \$200,000. We identified 182 completed removal actions under \$200,000, totalling more than \$6 million, where EPA was not pursuing recoveries. We estimate that about \$60 million will be lost to the Trust Fund in the next 20 years if recoveries of under \$200,000 are not aggressively sought. In addition, we found another 19 completed removal cases totalling about \$5.7 million of which recovery is doubtful.

EPA was not taking timely action to make recoveries. We identified 22 ongoing cleanup actions costing more than \$65 million where potentially responsible parties filed for bankruptcy. EPA has only received \$27,000 on 2 of the 22 cases. Failure to take timely recovery action jeopardizes EPA's right as a creditor. In addition, EPA did not have a monitoring system to determine if and when a potentially responsible party declared bankruptcy.

Negotiations between EPA and potentially responsible parties were not always completed within a 60-day cutoff period. Of 411 negotiations, 276 exceeded the 60-day period, with the average negotiation lasting 279 days.

We also found that 31 of EPA's negotiations with potentially responsible parties, totalling almost \$7 million, ended within the Agency's established timeframes but were unsuccessful since a

settlement was not reached. If a reasonable settlement cannot be made, negotiations should be broken off and cost recovery can be pursued through civil actions.

EPA is at risk of not making recoveries if a statute of limitations applies to CERCLA cases. Until this issue is resolved by Congress in the CERCLA reauthorization bill or by Federal courts, we identified 65 actions, totalling nearly \$3 million, which may exceed applicable statutes of limitations.

EPA does not have a comprehensive management information system consolidating data currently contained in other Agency systems to provide better support for CERCLA recovery and enforcement actions.

We Recommended That

The Assistant Administrator for Solid Waste and Emergency Response

- Examine the possibility of using alternative methods for pursuing and filing cost recovery actions,
- Require that minimal cost recovery actions be pursued for sites where cleanup costs were under \$200,000,
- Establish procedures on how to take the necessary action(s) to establish EPA's priority claim in relation to other creditors, and
- Require that specific steps in the negotiation and settlement process are planned, scheduled, and initiated in a systematic and orderly manner to minimize delays in the settlement process.

What Action Was Taken

In response to our draft report, the Assistant Administrator for Solid Waste and Emergency Response agreed to review our recommendations upon reauthorization of Superfund. The final audit report was issued to the Assistant Administrator on September 24, 1986. A response to the report is due December 23, 1986.

EPA Program Offices Need to Improve Accounting for Payroll Charges to the Superfund

Problem

Several EPA regional and Headquarters offices were still not properly accounting for or documenting payroll charges to the Superfund appropriation although this problem was previously reported in a 1982 audit of the Trust Fund.

We Found That

EPA program offices were not complying with the Agency's Superfund charging policies for personnel compensation and benefits (PC&B) and were not properly monitoring charges. The majority of the errors noted could have been prevented and/or corrected had the problem offices reviewed and reconciled the payroll distribution records with the supporting documentation.

We could not accept PC&B obligations of over \$6.6 million for fiscal years 1983 and 1984 without additional information or evaluations and approvals by responsible Agency program officials. These findings resulted primarily from analyses of the statistical samples of PC&B transactions at Regions 1, 3, and 4, which indicated that the potential error in the recorded PC&B costs was not within an acceptable range. Therefore, payroll costs for these Regions could be misstated by as much as \$739,000.

We also found that Superfund hours recorded in EPA's financial management system did not always agree with the hours recorded on employees' timecards and/or timesheets, supporting documentation (e.g., timesheets) was missing or inadequate, and supervisory signatures were missing from documents.

As an example, one EPA program office could not locate its fiscal 1983 time-sheets to support its costs. As a result, PC&B costs amounting to over \$1.4 million were set aside.

By not charging costs to the correct appropriation or maintaining supporting

documentation, EPA could be violating public law and severely affecting its ability to recover costs.

We Recommended That

The Regional Administrators and the Comptroller

- Reemphasize the Superfund PC&B charging policies, and
- Provide a status report on the program offices' review of the PC&B costs, including any adjustments that were made.

What Action Was Taken

These findings are consolidated from 15 audit reports issued to various regional and Headquarters officials during fiscal 1986.

In response to our audits, the Agency replaced the dual system of transferring payroll information from timesheets to timecards, which resulted in errors, with a procedure for distributing payroll costs directly from the timesheet. The Agency has also begun requiring centralized filing of timesheets.

More Effective Monitoring Needed of the New Jersey Cooperative Agreements

Problem

Almost \$5 million of unneeded Superfund cooperative agreement funds were not deobligated; only 20 percent of remedial investigations were completed on time; and change orders were approved without assurance of required analysis.

We Found That

Region 2 did not monitor the progress or use of funds associated with the New Jersey cooperative agreement to perform remedial cleanup of hazardous waste sites. The region did not deobligate over \$4.9 million of unused cooperative agreement funds from the Superfund which could have been made available for other program priorities.

Regional project officers are not actively ensuring that remedial investigations and feasibility studies (RI/FS) are completed within the

established timeframes for the New Jersey Department of Environmental Protection (NJDEP) to award timely contracts. Only 4 of 22 RI/FS have been completed delaying the cleanup of the remaining Superfund sites.

In addition, NJDEP did not submit any quarterly progress reports of its cooperative agreements, nor were the contractor's monthly reports always forwarded to the region. Regional project officers did not follow up to ensure that the required reports were submitted. As a result, technical progress at the sites could not be properly monitored.

Finally, the region approved change orders for nine feasibility studies totalling over \$1.1 million without proper documentation of cost review. On three feasibility studies, the change order increases were 6 percent, 63 percent, and 54 percent, respectively, of the original contract amounts awarded, although none of these studies had yet been completed. The NJDEP is not documenting required analyses for change orders and regional staff are not adequately monitoring the State's review of change orders.

We Recommended That

The Regional Administrator, Region 2, direct

- A review of Superfund cooperative agreements and State reports to determine if there are additional funds that could be deobligated,
- Project officers to become more actively involved in ensuring that current NJDEP RI/FS are completed within required timeframes,
- New Jersey Remedial Action Branch to require NJDEP to submit all required quarterly progress reports, and
- The New Jersey Remedial Action Branch to ensure that the required cost analyses are performed by NJDEP for all change orders over \$10,000.

What Action Was Taken

The audit report was issued to the Regional Administrator, Region 2, on September 25, 1986. A response to the report is due by December 24, 1986.

Section 2—Audit Resolution

As required by the Inspector General Act, this section describes significant problems identified in previous semiannual reports which remain unresolved. Also, as required by the Supplemental Appropriations and Rescission Acts of 1980 and 1981, this section includes a summary of unresolved audits and a list of officials responsible for resolving audit findings over 6 months old.

Overdue Audit Resolutions Hit All Time Low

As a result of priority placed on the audit resolution process by EPA management and the Office of Inspector General, the level of overdue audits hit an all time low during the past 6 months. Overdue items as of September 30, 1986, totalled 18, down 14 percent from the 21 reported at the end of the first half of 1986. During the second half of 1986, 773 audits were closed and 788 new audits were issued, leaving 369 audits in the system for resolution during the next 6 months.

On the closed audits, \$31.7 million of questioned costs were sustained. The sustained costs included \$27.5 million for cost recovery and \$4.2 million of cost reductions. In addition, recoveries in current and prior periods included \$3.8 million in cash collections and at least \$12.7 million in offsets against billings.

EPA management continues to emphasize both timeliness and quality of audit resolution. Four special task force projects from last year's National Audit Resolution Assistance Disputes Conference have been completed. The task forces recommended specific actions to further improve the quality of the Agency's audit resolution functions. Steps are underway to implement these recommendations.

- The Office of Comptroller will prepare and coordinate an approach for Agencywide measurements and comparison of the quality of audit resolutions. Measurement will be based on operations reviews and a combination of several different numerical rating methods related to appeals filed and reversals issued.
- Agencywide recommended standard procedures will be established for the audit resolution function, and comprehensive training courses in the area of audit resolution will be developed.

- A policy announcement will establish the officials responsible for coordinating and resolving findings contained in Superfund audit reports. This action will provide common points of contact throughout the Agency and will ensure timely resolution of Superfund audit issues.

- Chapter 35 of the Assistance Administration Manual will be revised to include guidance on the use of Revised Final Determination Letters under certain circumstances.

- Management will prepare a Notice of Proposed Rulemaking which will amend 40 CFR Part 30, General Assistance Regulations, to limit the timeframe for auditees to submit supporting documentation to refute disallowed costs.

- Management directors will review and modify, as appropriate, State delegation agreements to improve State involvement in the audit resolution processes, including draft audit report reviews and issues related to documentation.

A Special Review Disclosed

\$75.8 Million in Reporting Errors Distort Agency Accomplishments

Problem

Reported Agency recoveries on audits are substantially less than amounts the Agency agreed to recover. Close analysis of the differences is prevented because the Agency's tracking reports are substantially incorrect. Actual recoveries appear to be substantially higher than reported recoveries.

We Found That

Controls in the Financial Management Division over accounts receivable and collection efforts were not effective. Receivables totalling \$3,948,871 were not recorded on the general ledger. For recorded items, collection action on \$693,266 was not taken when it should have been. Other errors regarding receivables and collections included wrong coding on the active/inactive status of receivables, minus amounts appearing as collections, and negative receivable balances.

The Financial Management Division is also responsible for tracking and reporting on the disposition of costs sustained for recovery on audits. Their audit tracking reports contained numerous inaccuracies because the function was considered a low priority and no current instructions were available to guide completion of the report. Examples of errors include:

- \$75.8 of \$186.8 million of sustained costs were not tracked on the reports even though they should have been. Therefore, many millions of dollars of audit benefits were not identified as Agency accomplishments.
- Items were reported as recoveries by offset when, in fact, they were amounts conceded on appeal.

Reporting system errors have resulted in reports being provided to the Administrator and Congress that contain large inaccuracies and that appear to substantially understate the benefits derived from audits

Because of the severity of the reporting problems, it was not possible to closely analyze the reasons for the large differences between reported recoveries and sustained costs

We Recommended That

The Comptroller provide instructions emphasizing the importance of accurate reporting. Further, the Financial Management Division assessment reviews should periodically evaluate these activities. Finally, the Agency should implement improved procedures for controlling receivables and collections

What Action Was Taken

The responsible offices agreed to take appropriate corrective action during our review. Action has already been taken for many of the issues reported. For example, instructions for completing the audit tracking report were completed. The Comptroller will provide our office with a report on corrective actions taken by December 31, 1986.

Action Officials for Audit Reports Outstanding More Than Six Months as of September 30, 1986

Action Official	Number of Reports	No Responses	Incomplete* Responses Received	Awaiting Final Determination	In ARB Referred Process
EPA Grants Programs					
Director, Grants Administration Division	2	1	1	—	—
Regional Administrator, Region 2	1	—	1	—	—
Regional Administrator, Region 3	10	—	8	1	1
Regional Administrator, Region 4	1	—	1	—	—
Regional Administrator, Region 9	4	3	1	—	—
Total	18	4	12	1	1

*Incomplete audit responses open 90 days or more past report date will be handled as a nonresponse in accordance with EPA Directive 2750 Management of EPA Audit Reports and Follow-up Actions. All of the reports under this category would be considered as nonresponse.

Previously Reported Items—Corrective Actions Not Taken

The Inspector General Act requires that each semiannual report identify unresolved audits discussed in previous reports. One hundred and four audit reports were discussed in all previous reports, 103 have been resolved. The audit report listed below has not been resolved as of September 30, 1986.

Audit Number	Grantee/Contractor	Issue Date	Status
60091	Baltimore, Maryland	10/24/85	Incomplete response

Resolution of Significant Audits from Prior Periods

Audit Report Date	Grantee	Federal Share* Questioned	Cost Sustained for Recovery
1/17/86	E2cW5030172-60446 Philadelphia Water Department	\$5,526,865	\$ 5,526
1/31/86	P2dW4050371-60385 Akron, Ohio	\$ 2,765,691	\$ 2,765
10/30/85	P2cW4030361-60120 WSSC	\$ 1,160,964	\$ 1,160
11/14/85	E2cW5070034-60623 Little Blue Valley, MO Sanitary District	\$ 2,370,582	\$ 1,059
12/20/85	P2cW4030365-60359 Stafford County, VA	\$ 617,200	\$ 617
1/6/86	P2cW4030365-60394 Front Royal, Virginia	\$ 596,156	\$ 596
3/24/86	P3bG5020174-60763 NJDEP	\$ 573,227	\$ 556
12/5/85	P2cW5030083-60307 Mountaintop Authority, PA	\$ 549,614	\$ 549

*Federal share questioned increased up to the amount of costs sustained for recovery in those cases where costs sustained for recovery exceeded Federal share questioned and were the result of action taken on Federal share set aside.

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 and regular investigations, joint investigations with other agencies, and OIG background investigations.

Summary of Investigative Activity

During this period, we closed 201 investigations. At the same time, we continued emphasizing long-term, major-impact initiatives and improving the quality of investigative work.

Pending Investigations as of March 31, 1986	242
New Investigations Opened This Period	151
Investigations Closed This Period	201
Pending Investigations as of September 30, 1986	192

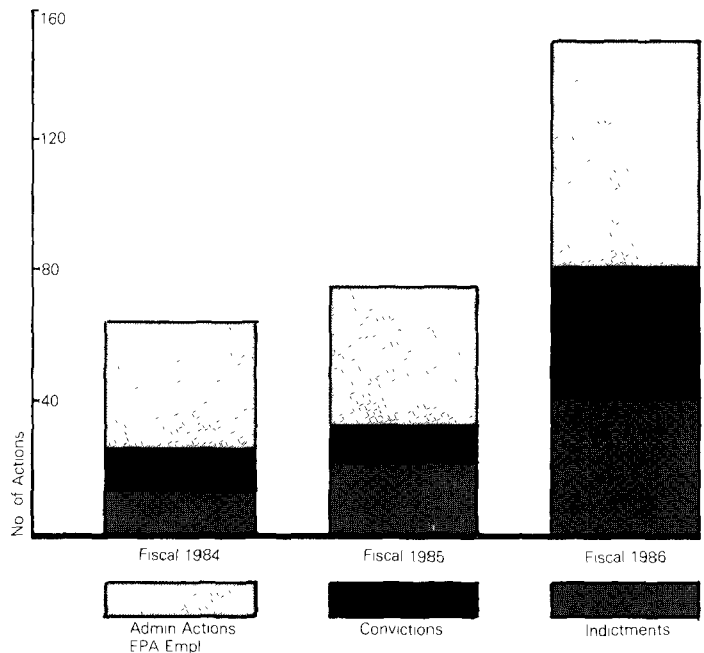
Prosecutive and Administrative Actions

In this period investigative efforts resulted in 27 indictments and 28 convictions. Fines and recoveries amounted to \$1.9 million. A total of 40* administrative actions were taken as a result of investigations.

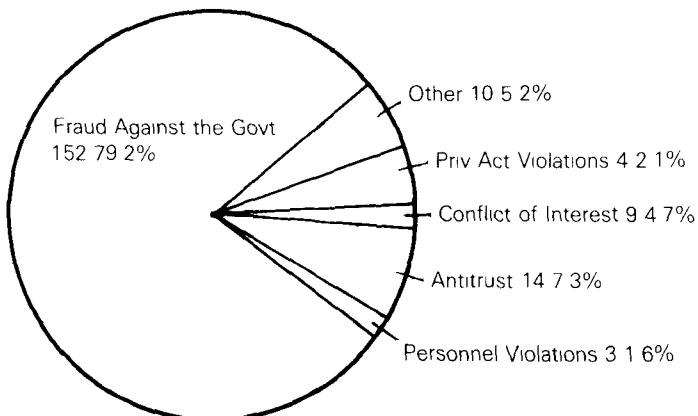
*Does not include suspensions and debarments resulting from Office of Investigations activities or actions resulting from reviews of personnel security investigations.

Resignations	6
Reprimands/Admonishments	10
Repayment of Funds	10
Removals	4
Suspensions	5
Other	5

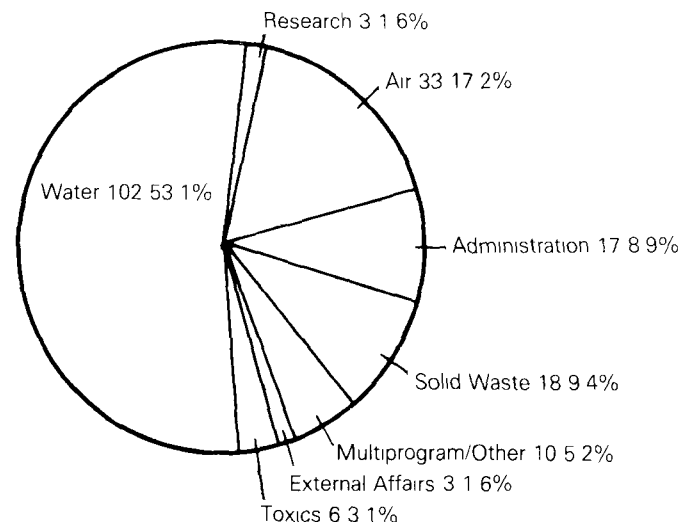
The number of prosecutive and administrative actions resulting from investigative activity has continued to increase this semiannual reporting period and this fiscal year as displayed below.



Profile of Pending Active Investigations By Category of Investigation



Profile of Pending Active Investigations By EPA Office Unit



Description of Selected Prosecutive 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, 1986

Bid Rigging: An Investigative Priority Yielding Formidable Results

Since 1983, we have been investigating trends and patterns of evidence that EPA contractors are rigging bids on wastewater treatment contracts. As of September 30, 1986, 36 indictments, 24 convictions, and numerous debarments and suspensions have been obtained for bid rigging.

Town Supervisor Convicted, Again

Brian Ingber, Supervisor of the Town of Fallsburg, New York, and Chairman of the Sullivan County Board of Supervisors, was sentenced on September 19, 1986, to three consecutive one-year prison terms, fined \$12,000, and held personally liable for any losses to the W H O Tri-Area Sewer Project caused by his illegal activity. Wayne Pirnos, coordinator of the project, was sentenced to 18 months imprisonment, Service Scaffold, Inc., the Ingbers' family business, was fined the maximum \$1,000. The company was also required to pay restitution to the town if EPA and the New York State Department of Environmental Conservation (NYSDEC) refuse to reimburse their share of Service Scaffold's contract. EPA and NYSDEC withheld their \$498,750 payment pending results of a trial.

In a case involving multiple frauds and violations of Federal and State laws as described in our previous semiannual report, Brian Ingber, his brother Howard Ingber, Wayne Pirnos, Thomas Peck (a construction equipment dealer), and Service Scaffold, Inc., were charged on August 23, 1985, with conspiring to rig bids for an equipment supply contract on a \$24 million sewer project. They allegedly manipulated the bidding process by conveying false information to two competing bidders so that

Service Scaffold, Inc., would have a secret advantage in winning a Government-funded equipment supply contract. The defendants allegedly concealed Brian Ingber's conflict of interest between his business and position as supervisor of the town, which included administering the sewer projects. The defendants were also charged with rigging Ingber's 1983 election as Supervisor of Fallsburg by forging the signatures of registered voters on ballots and fraudulently obtaining signed absentee ballots.

Brian Ingber was convicted on January 16, 1986, of mail fraud for forging absentee ballots during his 1983 election. Brian Ingber and Wayne Pirnos were found guilty on June 18, 1986, of making false statements and Brian Ingber and Service Scaffold, Inc., were found guilty of mail fraud.

Contractors Fined and Sentenced for Rigging Bids on Philadelphia Water Project

The Nucero Corporation, Philadelphia, Pennsylvania, and its president, Leonard A. Nucero, Sr., pled guilty on February 13, 1986, to charges of conspiring with others to rig bids and fix prices on a \$2,377,000 electrical construction contract at the Southwest Water Pollution Control Plant in Philadelphia. On May 15, 1986, Mr. Nucero was sentenced to 3 years probation, fined \$50,000 and ordered to perform 400 hours of public service. The Nucero Corporation was fined \$250,000.

As co-conspirator with Mr. Nucero and the Nucero Corporation, Willard Inc., pled guilty to rigging bids and fixing prices on May 8, 1986, and was fined \$125,000.

These prosecutive actions were the result of joint investigative efforts of the EPA Office of Inspector General, the Department of Justice Antitrust Division, and the FBI.

Electrical Contractor Rigs Bids on Chattanooga Project

Commonwealth Electric Company (CEC) and Fischbach and Moore, Inc. (FMI) were indicted on July 2, 1986, for unreasonable restraint of trade and commerce in violation of the Sherman Act. FMI and CEC were charged with submitting collusive, artificially high, and rigged bids for an electrical construction contract on the EPA-funded Moccasin Bend Wastewater Treatment Plant project in Chattanooga, Tennessee.

The indictment further charged that CEC and FMI agreed that CEC would be the low bidder and, in return for FMI's participation in the conspiracy, CEC would make a monetary payoff to FMI out of the profits CEC expected to earn from the contract or CEC would submit a collusive, artificially high, and rigged bid for FMI on a future project.

FMI was convicted and CEC pled nolo contendere. FMI was fined \$500,000 and CEC was fined \$400,000 on September 29, 1986. EPA is seeking civil recoveries from both FMI and CEC. While FMI has been debarred from doing business with EPA, CEC has been suspended.

The indictment and convictions resulted from the joint efforts of the Department of Justice Antitrust Division and the EPA Office of Inspector General.

Five Indictments Short Circuit Electrical Contractor's Bid Rigging Scheme

Dynalectric Company, McLean, Virginia, Fischbach and Moore, Inc., Dallas, Texas, Paxson Electric Company, Jacksonville, Florida, G W Walther Ewatt, President of Dynalectric Company and Wesley C

Paxson, Sr., President of Paxson Electric Company were all indicted on September 19, 1986, for mail fraud and unreasonable restraint of trade and commerce in violation of the Sherman Act.

The defendants were charged with conspiring to rig bids and fix prices on an electrical construction subcontract on the EPA-funded Snapfinger Creek Waste Water Treatment Project, DeKalb County, Georgia.

The indictment charged the defendants with submitting collusive, noncompetitive bids so that Paxson Electric would be the low bidder and receive the electrical construction subcontract at the artificially high sum of \$4,915,000.

In return for Fischbach and Moore's participation in the scheme, Paxson Electric allegedly agreed to forgive its preexisting debt of \$89,330.06. In return for Dynalectric's participation, Paxson Electric allegedly agreed to form a silent joint venture with Dynalectric pursuant to which Dynalectric would receive 50 percent of the profits earned from the performance of the subcontract and Paxson allegedly then paid Dynalectric \$880,000 as its share.

These indictments resulted from the joint efforts of the Department of Justice Antitrust Division and the EPA Office of Inspector General.

Project Officials Embezzle Almost \$65,000 of Grant Funds

William H. Yearly, a Bell County, Kentucky, official along with Elmer Cleveland, a former EPA project officer, pled guilty on July 17, 1986, to charges of embezzling grant funds and filing fraudulent travel vouchers totalling nearly \$65,000. Shortly after being hired by Bell County to manage a \$410,000 EPA grant, the county official began systematically converting grant funds to personal use. In carrying out the scheme, he terminated the bookkeeper, developed a close personal relationship with the EPA project officer responsible for

monitoring the grant, and used a facsimile device to forge his supervisor's signature on checks, assuming complete control over all grant funds. He substantially increased his salary and converted portions of cash travel advances to personal use. He also used grant funds to pay for a week-long vacation in Gatlinburg, Tennessee, extensive personal phone calls, and other personal entertainment.

The EPA project officer played a more passive role in the scheme and benefitted to a lesser extent. During a 2 1/2 year period, he travelled extensively with the county official in connection with the project. To keep the EPA project officer from blowing the whistle on the scheme, the county official used grant funds to pay for the EPA project officer's meals, drinks, golf fees, and occasional motel rooms. The EPA project officer filed fraudulent travel vouchers for reimbursement of these same expenses.

The participants attempted to cover up the scheme by discouraging audits and destroying or altering records. However, based on the strength of allegations, an OIG auditor worked effectively with the FBI and independent third parties such as banks, credit card companies, and telephone companies to reconstruct enough records to prove fraud.

Mr. Yearly and Mr. Cleveland were each sentenced to 3 years imprisonment on September 25, 1986. All but 60 days of Mr. Cleveland's sentence was suspended. However, he was also fined \$1,000 and ordered to perform community service while on probation.

This case, developed by the Office of Audit in response to a direct request by the FBI, is particularly important to EPA since it will be given widespread publicity to deter future schemes.

Construction Company Managers Indicted for Fraud on Sewer Project

William B. Kruse, Project Manager/Superintendent, William F. Jordan, Project Foreman, and Charles B. Bryon, Project Foreman, all of Gates and Fox, Ltd., construction company, were indicted on June 27, 1986. The indictments were for false claims, false statements, and mail fraud in connection with a \$1.4 million EPA-funded contract with Gates and Fox, Ltd., for 19,000 feet of sewer pipeline in the City of Corning, California.

The contract specifications required that the pipeline be surrounded with rock over the entire length of the project. This rock "envelope" was needed to provide support to the sewer conduit and to prevent cracking and collapse of the pipeline. The indictment charges that as part of their scheme to defraud, the defendants ordered that pipeline be covered with native soil rather than with the layer of rock called for in the contract, that the defendants allegedly regularly employed "spotters" at the job site who were instructed to alert the pipeline construction crew whenever the contract inspector approached the area where native soil was fraudulently used, and that the defendants ordered that a layer of rock be placed over designated sections of the pipeline that might be subject to observation, thereby making it appear as if the entire pipeline had been properly back-filled. The false claim, false statement, and mail fraud violations allegedly occurred as the defendants falsely stated and claimed that the project was completed according to specifications and used the mails to fraudulently obtain payment. The deficient construction which could have caused the failure of the pipeline was subsequently corrected by the construction company at a cost of \$300,000. On August 26, 1986, Bryon pled guilty to making false statements.

Illegal Gray Market Cars

Since our last semiannual report, we continued working jointly with Federal and State agencies investigating "gray market" auto dealers who illegally sell imported cars that have been falsely certified to meet Federal standards. Gray market auto dealers import cars to the United States, modify them to meet U.S. safety and EPA emission standards, and resell them for far less than U.S. franchised dealers. The problem concerning EPA is that many conversions of gray market cars do not meet emission standards. The OIG is concerned with modifiers of gray cars who submit or induce others to submit false statements to EPA claiming that such cars meet these standards.

During this semiannual period 10 persons or firms were indicted and/or convicted resulting in \$11,200 in fines, penalties, and corrective payments, 3 year imprisonment, 8 years probation and over 400 hours of community service. An extradition order has been issued for one defendant who has fled the country. A similar scheme investigated in different cases included paying or inducing 117 individuals to falsely certify to EPA that they were each importing a car (Rolls Royce, Daimler, Porsche, Mercedes-Benz or Land Rovers) over 5 years old under a one time exemption to EPA emission standards for personal use rather than resale. In all cases, the cars were in fact imported for resale.

Description of Selected Prosecutive and Administrative Actions Concerning EPA Employees

The OIG investigates and reports information, allegations, and indications of possible wrongdoing or misconduct by EPA employees and persons or firms acting in an official capacity directly with EPA or through its grantees. In addition, the Senate Report of the Supplemental Appropriations and Rescission Act of 1980 states that appropriate administrative action is expected to be taken in cases where employees have acted improperly.

Selected administrative actions taken against EPA employees or those with an official relationship with EPA during the semiannual reporting period in connection with audits and investigations are shown below.

Employee Dials "F" for Fired

An EPA employee was terminated from her job on June 4, 1986, based on an investigation by the OIG during which she admitted making personal telephone calls on FTS phones. Information indicated that there were 170 such calls over a 5-month period with a value of \$361.37. She said the calls were to a friend.

EPA Employee Suspended for False Statements

An EPA secretary who submitted falsified documents to the EPA Personnel Office was notified on July 14, 1986, that she would be suspended from her job for 21 calendar days.

The suspension resulted from an OIG investigation during which the employee admitted signing her first and second level supervisors' names on rating forms she prepared for herself for upward mobility positions within the Agency.

Former EPA Purchasing Agent Prosecuted for Self-Dealing

Richard Crossgrove, a former EPA employee, pled guilty to a criminal information on June 24, 1986, charging him with performing official Government acts to affect his personal financial interest.

The information charged that from May 1982 to September 1985, Mr. Crossgrove, while working as a purchasing agent for the EPA in Pensacola, Florida, personally and substantially participated in procurement of materials for EPA from Applied Science Distributors (ASD), a company which he founded, operated, and had a financial interest in.

During the investigation, Mr. Crossgrove admitted that he founded ASD in the name of his then-14-year old stepdaughter, who had a different last name, because "the Government looked more favorably on minority-owned business" and he did not want the Crossgrove name on ASD's records. At first, Mr. Crossgrove collected about 10 percent of the price as profit, but he eventually increased the profit margin to about 50 percent. Mr. Crossgrove estimated that ASD's profit from sales to EPA (its only customer) totalled about \$12,000 to \$15,000.

On August 8, 1986, Mr. Crossgrove received a suspended prison sentence, 5 years probation, a \$3,000 fine, and a special monetary assessment of \$50. Mr. Crossgrove resigned from EPA when he learned that the OIG would be investigating his activities.

Theft of Government Checks Results in Prosecutive Action

Blair J. Lyons, former employee, Accounting Operations Branch, Financial Management Division, EPA, pled guilty on August 28, 1986, to the charge of forging endorsements on U.S. Treasury checks.

During the investigation, conducted jointly by the EPA Office of Inspector General and the U.S. Secret Service, Lyons admitted stealing 19 checks worth over \$8,000 from the EPA Financial Management Division. He cashed and forged at least 14 of them before being apprehended.

Section 4—Fraud Prevention and Resource Management

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 Proposed Legislation and Regulations

Section 4(a)(2) of the Inspector General Act of 1978 specifies that it is the duty and responsibility of the Office of Inspector General to review existing and proposed legislation and regulations relating to programs and operations concerning their impact on economy and efficiency or the prevention and detection of fraud and abuse.

The total number of items reviewed by the Office of Inspector General has increased approximately 70 percent over the last semiannual reporting period. We reviewed 70 items last period compared to 119 items (32 legislative and 87 regulatory) reviewed during this reporting period. The most significant items reviewed are summarized below.

False Claims Act

The False Claims Act Amendments have the potential to be an extremely powerful tool to the Inspector General community in fighting fraud. The proposed amendment currently before the President for signature would strengthen the Act. However, as we commented earlier, it fails to provide testimonial subpoena authority to the IG community while providing for a stay of prosecutive action for claims filed under the Contract Disputes Act of 1978. In addition, the Act may be amended to protect small businesses from prosecution under the False Claims Act.

We believe these deficiencies severely limit the power of the False Claims Act and the proposed amendment.

DOD Draft Settlement Bill

We do not agree with the intent of the DOD Draft Settlement Bill to increase from \$25,000 to \$40,000 the maximum amount that the U.S. may pay in settlement of a claim. According to a letter from the Department of Defense to the Speaker of the House of Representatives, few claimants suffer losses in excess of \$25,000. Thus, we believe there is no demonstrated need for this legislation right now.

Federal Acquisition Regulation on Fraud, Waste, and Abuse

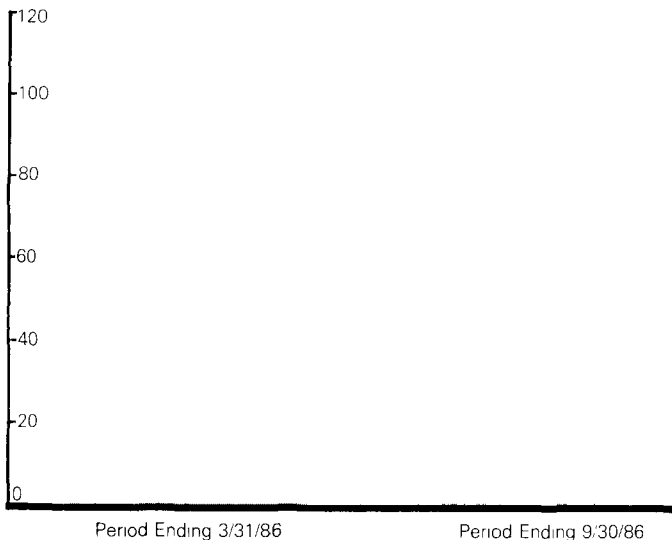
We reviewed both the Federal Acquisition Regulation on Fraud, Waste, and Abuse and the Department of Defense (DOD) proposed revisions to the regulation. The proposed DOD revisions to the Federal Acquisition Regulation on Fraud, Waste, and Abuse would be very valuable in helping to promote contractor integrity.

This provision provides that the contractor agree to maintain an employee fraud, waste, and abuse awareness program, the purpose of which is to inform employees of their duties, rights, and responsibilities for preventing and reporting fraud, waste, and abuse. Elements comprising this program are:

- Apprising employees of their responsibilities for preventing and reporting fraud, waste, and abuse in an employee orientation. Employees will also be informed of fines and penalties for unethical practices, including conflict of interest, false claims and statements to the Government, bribery, misappropriation of properties purchased for use on Government contracts, etc.
- Displaying in prominent locations posters which provide information on Government Inspector General Hotline procedures.
- Informing employees of their responsibilities for ensuring the accuracy of their time charges to Government contracts, thus ensuring the integrity of contractors' timekeeping systems.
- Discussing with employees their responsibilities and liabilities while working on Government contracts to ensure a continual awareness of the contractors' programs for prevention of fraud, waste, and abuse.

The benefits to EPA of the proposed revision include putting contractors on notice regarding EPA's interest in preventing fraud. It also establishes a contractual

Reviews of Legislation and Regulations By Semiannual Reporting Period of Fiscal 1986



relationship which provides a basis for civil actions if contractors violate their agreements and facilitates criminal prosecution of contractor fraud. Based on the benefits of the proposed revisions, we strongly recommend adoption of the proposal by EPA and all other Federal agencies.

Financial Fraud Detection and Disclosure Act of 1986

We reviewed the Financial Fraud Detection and Disclosure Act and provided comments to the Small Business Administration concerning the President's Council on Integrity and Efficiency (PCIE) position on this legislation. Since the concept of the Inspector General Act already embodies many of the principles of this proposed act, we believe the PCIE should support this legislation.

Our specific comments on this legislation relate to the role of the audit profession in detecting, deterring, and reporting fraud. We agree that greater emphasis should be placed on fraud detection by auditors certifying the statements of publicly traded companies. However, we also believe the auditor should not be held personally liable for failure to detect a fraud concealed by management. The cost of performing an audit so comprehensive as to make a personal assurance that no fraud exists would be prohibitive. As it is now, auditors are required to show due professional care when conducting an audit. We further believe the quality of work by auditors in the Inspector General community is well above the minimum level of due professional care.

We believe the Financial Fraud Detection and Disclosure Act, if passed, will have a positive impact on Offices of Inspector General in that it will strengthen the standards of the entire auditing profession. It will likely result in changes to both the professional auditing standards of the American Institute of Certified Public Accountants and the Comptroller General Standards of Audit of Governmental Organizations, Programs, Activities, and Functions.

Asbestos Abatement Draft Report

We reviewed the Agency comments on the General Accounting Office (GAO) Draft Report, "Asbestos Abatement GSA's Program Not as Effective as it Should Be." According to the GAO report, several Federal agencies have a role in the development of asbestos measurement and abatement procedures. Thus, past efforts to develop a uniform Federal approach on asbestos have not been successful. We concur with the GAO recommendation that "the Congress should consider requiring the Office of Management and Budget to designate a lead agency to establish a uniform Federal policy regarding allowable asbestos levels in buildings and uniform techniques to measure asbestos." We further recommend that EPA be designated the lead agency in this endeavor.

Program Fraud Civil Remedies Act of 1986

We reviewed the PCIE's letter to Senator Dole supporting the Program Fraud Civil Remedies Act. This Act would enable Federal agencies to more aggressively and effectively pursue fraud in Government programs. We believe that administrative fraud remedies would be a deterrent to those contemplating fraud against the Government.

We strongly support this legislation but disagree with the establishment of the \$100,000 jurisdictional cap on false claims that could be adjudicated administratively under the Act. The \$100,000 cap would create a significant loophole by restricting agencies from seeking an administrative remedy for claims over \$100,000 that the Department of Justice has declined to pursue. This loophole could encourage the filing of false claims that exceed the \$100,000 cap based on the chance that the Department of Justice will not pursue and the agency will have no recourse.

If this bill is enacted, we believe the PCIE should seek to correct this deficiency.

The Intergovernmental Financing Act of 1986

Though the overall purposes of the Intergovernmental Financing Act are commendable, we believe further clarification is necessary. For instance, language in sections 4c and 4d is inconsistent. We suggest substituting language to make the two sections consistent with section 2a, which requires the Secretary to develop regulations concerning the transfer of funds.

The Act provides for interest to be paid either to the State or Federal Government depending on the time of deposit of the Federal funds and the time of payment by the State. We suggest adding language to provide a reasonable period of time for transactions to clear without interest charges to either the States or the Federal Government.

Section 4k provides for the reduction of State interest debt by the amount of additional administrative cost incurred by a State in determining the amount of interest due. We believe this is not feasible since this cost would be very difficult to monitor.

With these clarifications, we believe this proposed legislation will do much to improve the cash management of Federal grant programs.

The Existing Clean Air Act—Criminal Penalties Needed

Criminal sanctions are not provided in the Clean Air Act for flagrant violations such as nozzle tampering, fuel switcher and improper fuel composition. Consequently, current authority providing for civil penalties may not always result in a substantive penalty when considering the violator's damage to the environment. For example,

An EPA investigation resulted in a \$4 million proposed penalty against a distributor for numerous violations including 540 instances of distributing leaded gasoline as unleaded. An involuntary bankruptcy petition showed the distributor had no assets, and no monetary penalty could be imposed. Consequently, the Office of Mobile Sources dropped its proposed penalty and no further action against the violator was taken.

EPA sent to the Office of Management and Budget a proposed bill "The Improved Environment Enforcement Act of 1985." The bill would improve EPA's ability to enforce compliance with environmental legislation across its multi-media regulatory programs fairly and effectively. As further support for the need for criminal penalties, we suggested that Agency officials present examples of violations where criminal or injunctive actions would be appropriate.

Suspension and Debarment Activities

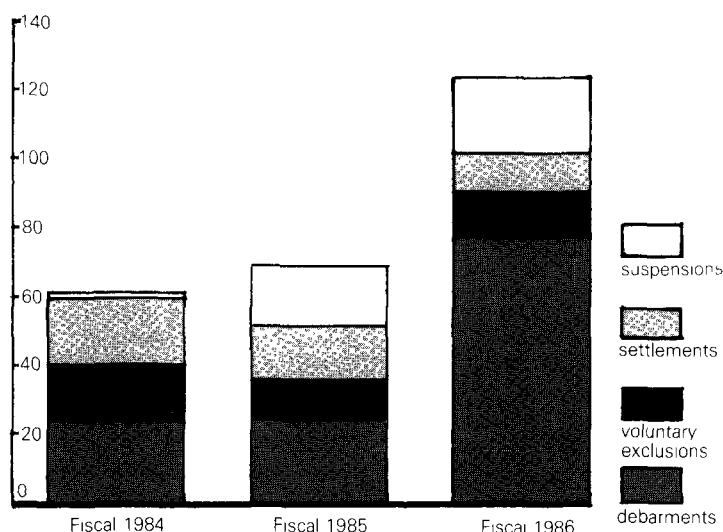
EPA's policy is to do business only with contractors and grantees who are honest and responsible, and who comply with applicable rules and regulations. EPA enforces this policy by suspending or debarring any organization or person who has acted improperly, has a history of substandard work, or has willfully failed to perform on contracts funded by EPA (or in some cases contracts that are funded by other Federal agencies). The convicted felon is by far the most frequent subject of an EPA debarment. Suspensions, debarments, and voluntary exclusions deny participation in Agency programs and activities to those who represent a risk of abuse to the Government. Such actions aid in preventing our tax dollars from being given to dishonest or nonresponsible contractors and grantees.

The EPA Grants Administration Division operates the suspension and debarment program in EPA. Acting by Agency request or by its own authority, the OIG conducts audits, investigations, and engineering studies, obtains information and evidence used in determining whether there is a cause for suspension or debarment.

Summary of Suspension and Debarment Activities

EPA is aggressively seeking debarment and suspension of dishonest and nonresponsible contractors. EPA has taken action against more contractors this fiscal year than in any other previous year.

Suspension and Debarment Activity By Fiscal Year



Summary of Suspension and Debarment Activities

	April 1, 1986 to September 30, 1986	Fiscal Year 1986
Cases Opened	203	379
Cases Completed		
Debarments	40	77
Voluntary Exclusions	2	13
Settlements	10	12
Closed after investigation	24	46
Total	76	148
Active Cases As of 9/30/86		
Under Investigation	141	
Under Program or Counsel Review	244	
Proposed for Debarment	10	
Suspended or Suspended and Proposed for Debarment	22	
Other Pending	13	
Total	430	

Actions to Debar and Suspend Persons and Firms

● Charles Beckham, former Director of the Detroit Water and Sewerage Department, was debarred for 3 years on July 31, 1986 following his conviction for RICO violations (Racketeer Influenced and Corrupt Organizations), Hobbs Act, mail fraud, and aiding and abetting. The violations were in connection with the award of a waste removal contract by the City of Detroit. Four other persons and one firm also were debarred in this case.

- Darralyn Bowers, principal owner of Vista Disposai, Inc., of Detroit, Michigan, was debarred for 3 years following her conviction for RICO violations, mail fraud, and aiding and abetting. In February 1986, Vista Disposai was forfeited to the Government pursuant to applicable provisions of the RICO statute but not debarred, since debarment would have diminished the value of the Government's asset.

- Wolverine Disposai, Inc., of Ypsilanti, Michigan, Joseph Valenti, and Sam Cusenza, president and vice president, respectively, were debarred for 3 years on April 3, 1986, following the conviction of Mr. Valenti and Mr. Cusenza for RICO violations.

- Charles Carson, attorney for Vista Disposai, Inc., was debarred for 3 years on April 26, 1986, following his conviction for misprision of a felony. The court also suspended Mr. Carson from the practice of law.

- As reported in our semiannual report for the period ending March 31, 1986, Jerry B. Owens was debarred for 3 years on March 27, 1986, for his part in these activities.

- Pipeline Renovation Services, Inc. (PRS) of Tacoma, Washington, was debarred for 3 years on August 8, 1986, along with owners Constantino and Dolores Sarandos, husband and wife, and Constantino's brother, employee George Sarandos. The debarments followed the Brownsville, Texas, Public Utilities Board's termination of PRS' services under their contract since PRS had failed to complete the work within the time allowed, performed substandard work, failed to pay subcontractors, laborers and materialmen, and submitted pay requests and received payment for work not performed on an EPA-funded contract. The Public Utilities Board filed suit against PRS on December 27, 1985, and was granted a default judgment in the amount of \$1,272,286. Constantino and Dolores Sarandos have filed a petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code.

- Lizza Industries of Roslyn, New York, and its vice president, Herbert Hochreiter, were debarred for 3 years on September 11, 1986, based on Lizza's conviction for mail fraud and racketeering and on Mr. Hochreiter's conviction for mail fraud, racketeering, and perjury. The charges related to work on highway construction projects in the State of New York. Also debarred for 3 years on September 11, 1986, were Azzil Trucking Co., Inc., and Midhampton Asphalt Corporation, both of Roslyn, New York, which are wholly owned subsidiaries of Lizza Industries, Inc.

- American Recovery Company, Inc., of Baltimore, Maryland, and two of its employees were debarred for 3 years. The corporation and the employees had been convicted of receiving hazardous substances and dumping them into Chesapeake Bay. This case is part of a new EPA initiative to debar firms whose environmental crimes demonstrate that they are not responsible enough to perform on government projects.

Bid Rigging—Prosecution Results in Debarments

- Fischbach and Moore, Inc. (FMI), of Dallas, Texas, and two of its subsidiaries were debarred for 18 months on April 28, 1986. Fischbach is the nation's largest electrical construction contractor and a frequent participant in EPA-funded projects. FMI and its affiliates have been convicted of bid rigging four times and indicted nine times. One of those convictions was on an EPA-funded sewer project in Chattanooga. Currently, there is a pending indictment against FMI for bid rigging on an EPA-funded sewer plant project in the Atlanta area.

- Myron R. Ruggles voluntarily excluded himself from participation in the programs administered by EPA for a period of 6 months beginning on July 14, 1986. Mr. Ruggles, who was vice president of Yobe Electric, Inc., of Sharon, Pennsylvania, was convicted of bid rigging on electrical construction projects in the Youngstown-Warren, Ohio, area.

- Nathaniel Ellis Cannady, Jr., chairman of the board and chief executive officer, and G. Marvin Williams, vice president, both of M. B. Haynes Electric Corporation of Asheville, North Carolina, were debarred for 3 years on July 28, 1986, following the corporation's conviction for conspiracy to obtain property by false pretenses. Mr. Cannady and the corporation were also convicted for bid rigging on an electrical contract with the Indian Health Service Hospital in Asheville, North Carolina.

- J. A. LaPorte, Inc., of Arlington, Virginia, was debarred for 3 years on August 29, 1986, after being convicted of bid rigging in connection with a dredging contract with the U.S. Army Corps of Engineers for maintenance dredging in Upper Winyah Bay and Sampit River in Georgetown, South Carolina.

- Gray E. Moore, Jr., president of G. E. Moore Company, Inc., of Greenwood, South Carolina, was debarred for 3 years on August 19, 1986, as a part of a settlement agreement with EPA. As was reported in our semiannual report for the period ending March 31, 1986, G. E. Moore, Inc., was convicted of bid rigging in connection with an EPA-funded construction contract in Winnsboro, South Carolina.

Minnesota Project—More Bid Rigging, More Debarments

Throughout much of 1985 and continuing into 1986, the Attorney General's Office of the State of Minnesota has been engaged in a proactive effort to eliminate bid rigging practices among the concrete and asphalt contractors operating in that State. As of September 30, 1986, 73 indictments had been returned against 24 individuals and 13 firms. While most of the indictments describe conspiracies relating to road construction projects, some of the contractors also have contracts with EPA or have submitted bids on EPA-funded contracts. In each case, EPA has followed the State conviction with initiation of a suspension/debarment action. The following are examples of debarment cases that have emanated from the Attorney General's project in the State of Minnesota.

- Hugo Schulz, Inc., of Lakefield, Minnesota, and 3 of its officers were debarred for 3 years on May 1, 1986, following their conviction for bid rigging on Minnesota road construction projects. The debarred officers are Lloyd C. Kruse, president, John A. Jerlow, vice president, and Paul F. Smith, secretary-treasurer.

- Rupp Construction Company, Inc., of Slayton, Minnesota, and Douglas A. Rupp, president of the corporation, were debarred for 3 years on July 17, 1986, following their conviction for bid rigging on road construction projects in the District Court for Nobles County, Minnesota.

- Crane Creek Asphalt, Inc., of Owatonna, Minnesota, and Daniel Richard Jerpback, former president of the firm, reached separate settlement agreements with EPA on September 4 and 23, 1986. Crane Creek voluntarily excluded itself from participation in EPA programs for 1 year and Mr. Jerpback accepted a 3-year debarment following his conviction in the District of Olmstead County, Minnesota, for perjury during an investigation of bid rigging on road construction projects.

Employee and Public Awareness

A continuing priority of the Office of Inspector General is to enhance its presence among EPA employees, grantees, firms participating in EPA programs and the public. In this process, we are trying to make these groups aware of their responsibility to prevent, detect and report instances of fraud, waste, and abuse. We have found that while most EPA employees, grantees, and contractors are conscientious about the economy, efficiency, and effectiveness of their work, they have little knowledge about the OIG. These groups are often in the best position to detect, prevent, and report fraud, waste, and abuse if they know how to identify and report it.

To provide information and encourage participation in fulfilling the objectives of the OIG, we have used a variety of mediums to reach specific segments of the concerned population. We have particularly found that increasing awareness of the debarment and suspension program among State Attorney General Offices has led to a dramatic increase in the number of dishonest or irresponsible persons and firms being debarred or suspended from doing business with EPA. In addition, the development of publications, videotapes, and training in fraud detection could prepare every project or program manager to identify and report suspected indicators of fraud that may have otherwise gone unnoticed

Semiannual Report

Over 1,200 copies of our semiannual report to Congress for the period ending March 31, 1986, were distributed to employees, citizens, news services, the Army Corps of Engineers, State agencies administering EPA programs, selected environmental

associations, and EPA libraries. We have also expanded our distribution of semiannual reports to all members of EPA concerned committees in both houses of Congress. The distribution of these reports to news services resulted in the publication of articles concerning the OIG and increased interest by the public. We are particularly interested in getting State agencies and grantees more involved in the prevention and detection of wasteful or fraudulent activities. The EPA Office of Public Affairs has helped us identify interested audiences and distribute the semiannual reports to those groups.

Presentations to Management and Associations

The Inspector General, Deputy Inspector General, and other managers in the OIG have participated in a vigorous schedule of presentations and briefings to EPA management in Headquarters and in the field. In addition, presentations have been made to grantees, professional and governmental associations, State and local government officials, and educational institutions. For example, several members of the OIG have begun participating as instructors in the EPA institute.

At the close of the semiannual period, the Office of Investigations was preparing to participate in the International Association of Chiefs of Police annual convention in Nashville, Tennessee, October 3-7, 1986. We had an exhibit informing other collaborative law enforcement agencies about our efforts and methods of fraud detection in EPA. By participating in this convention, we continued developing cooperative relationships with numerous State and local law enforcement agencies to strengthen our fraud detection and prevention capabilities.

Opportunities for participation and presentations are always welcomed.

Articles and Publications

We have been working with several professional associations to develop and improve publications which have a wide audience in the areas of environmental protection, auditing, and investigating. We

have also continued to develop and publish articles for EPA managers and employees by working with the Office of Public Affairs and for the public and specific professional groups through professional associations and publishing services. During this semiannual reporting period, we have initiated articles in more than eight different publications. Numerous articles have been published by newspapers nationwide concerning the results of several of our audits and investigations.

Booklet—Indicators of Fraud in EPA Procurement

The EPA Committee on Integrity and Management Improvement, which is chaired by the Inspector General, issued a 37 page booklet titled "Indicators of Fraud in EPA Procurement." This publication, based on a similar publication by the Department of Defense, describes the nature, potential for, and types of frauds that can occur in EPA contracts. It describes specific fraud schemes and many of the fraud indicators that can be recognized, detected, and reported. This document was so well received that the EPA Procurement and Contracts Management Division has decided to use it as a part of its certification course for Agency Project Officers.

Awareness Bulletin—Indicators of Fraud

Also, the EPA Committee on Integrity and Management Improvement issued its fourth awareness bulletin, titled "Indicators of Fraud," in September 1986. The bulletin, distributed to all EPA employees, was designed to describe some of the most common types of frauds and their indicators. This awareness bulletin is a summary of the more comprehensive booklet described above.

Videotape on Bid Rigging

As a combined effort between the EPA Office of Water, the Antitrust Division of the Department of Justice, and the Office of Inspector General participated in the production of a 30-minute videotape on bid rigging. The videotape, which features the Inspector General, the Assistant Inspector General

for Investigations, and the Associate General Counsel, Inspector General Division, along with other program and antitrust specialists, discusses what bid rigging is, what its effects are, how it works, what laws are violated, and what the penalties and remedies are. The presentation designed for EPA program managers, State agency officials, and local project directors details the indicators of bid rigging schemes and how they can be recognized and detected. The videotape, complete with graphic displays of the major points, will be duplicated for intensive nationwide distribution as a potent fraud awareness tool.

Hotline Poster Display

As described in our last semiannual report and displayed on the back cover of this report, we have had new hotline posters designed and printed. This semiannual reporting period, we distributed almost 200 of these posters to EPA Headquarters and field locations for prominent display. In addition, we have arranged to have the OIG Hotline poster artwork printed on the inside back cover of the EPA telephone directory that is distributed to all EPA Washington, D.C., area employees.

Development of Fraud Detection and Awareness Course

This semiannual period, we developed a comprehensive course entitled "Fraud Detection and Awareness in EPA Projects." This course was originally developed for presentation to independent public accountants who perform audits for the OIG on a contract basis to increase their awareness of and ability to detect and refer indicators of fraud to our Office of Investigations. However, the course has also been constructed for presentation to a variety of audiences concerned with the ability to detect and prevent fraud in contracts and projects. We have recently begun receiving and accepting requests to present this course to various groups and organizations.

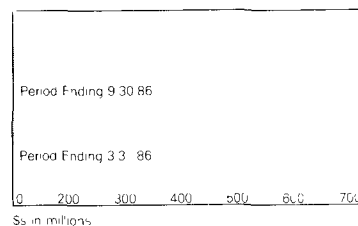
Personnel Security Program

The personnel security program is one of the Agency's first-line defenses against fraud, using background investigations to review the integrity of EPA employees and contractors. During this semiannual reporting period, the Personnel Security Staff reviewed 589 investigations identifying the following conditions and resulting administrative actions:

- Additional inquiry on the results of an employee investigation disclosed an outstanding arrest warrant on a theft charge. The employee failed to pay a \$250 fine and court costs in 1985 in connection with that conviction. Local authorities arrested the employee in 1986 for failing to meet the conditions of the 1985 bond. The employee received a written reprimand and was detailed to another position and office.
- Three employees resigned prior to administrative action being taken. In all three instances the investigation developed outstanding arrest information on the employees.
- One employee received a formal reprimand and was required to correct the application for employment after the investigation disclosed that the employee was convicted for driving while intoxicated.
- One employee received a written reprimand and was required to correct application papers after the investigation disclosed that the employee falsely claimed a college degree.
- In 10 other instances not warranting administrative action, employees were required to correct employment applications on which they had failed to admit minor arrests and/or involuntary terminations.

We continued working very closely with Agency program officials on the implementation of the OPM regulations regarding position sensitivity designations and granting of clearances. Also during this time period, the backlog of adjudications has been eliminated. This will enable the Personnel Security Staff to provide more expeditious service to other EPA offices.

Personnel Security Investigations Adjudicated



President's Council on Integrity and Efficiency

President Reagan established the President's Council on Integrity and Efficiency (PCIE) by Executive Order in March 1981 to attack waste and fraud and improve management in the Federal Government. The PCIE coordinates interagency activities, addressing common issues and developing approaches and techniques to strengthen the effectiveness of the entire Inspector General community. Headed by the Deputy Director, Office of Management and Budget, the PCIE includes the 17 statutory Inspectors General and other key Federal officials.

We participated as members of the Legislation, Computer, Coordination, Investigation, and Law Enforcement Committees, as well as the Executive Development and Support Activities Subcommittee of the Training Committee. The EPA Office of Inspector General participated in several PCIE projects during this semiannual reporting period. The following describes the activities coordinated by our office:

Support Activities Round Table

On April 30, 1986, the Environmental Protection Agency OIG coordinated the third "Support Activities Round Table" sponsored by the Council's Support Activities Training Committee. The subject of the discussion—Freedom of Information Act (FOIA) requests—provided a forum for staff members from the Inspector General community to examine and discuss the objectives, problems, and processes that are involved in responding to FOIA requests.

This round table discussion included OIG staff members and managers who are actually responsible for responding to FOIA requests. In addition, Gregory Gordon from United Press International discussed the FOIA requests he periodically submits to the Inspector General Offices. Mr. Gordon's presence at the workshop engendered lively and spirited exchanges among the OIG participants.

Court-Ordered Restitutions and Fines

We will provide comments on the U.S. Sentencing Commission draft guidelines be directed at improving sentencing by impacting the pre-sentence investigation and the Victim Impact Statement that the U.S. Probation Office provides to the judge for sentencing, and the collection efforts of the U.S. Attorneys' Offices and the U.S. Probation Office on court-ordered fines and restitution. Since the U.S. Government is frequently the victim in these cases, our efforts should improve the recoveries the Government makes and benefit the entire Government.

Assessment of Investigative Planning Standards

This project assesses the need to clarify or expand the investigative planning standards which is currently used by the Inspector General community and to identify areas of agreement in setting the standard. Work on this project has just started.

Hotline Activities

The OIG hotline center received 30 new complaints and completed and closed 30 cases during the reporting period. Of the 30 cases closed, 23 were not valid and did not require action, while 7 cases resulted in environmental, prosecutive, or administrative corrective action. Cases that do not have immediate validity due to insufficient information may be used to identify trends or patterns of potentially vulnerable areas for future review. The hotline also received 366 telephone calls where callers were referred to the appropriate program office, State agency, or other Federal agency for assistance.

The following are examples of corrective action taken as a result of information provided to the OIG hotline center:

- As the result of a complaint, \$1,065 was recovered from an EPA employee who used frequent traveler airline credits for personal travel to Europe for himself and his wife.
- A complainant alleged that a Texas company was causing extensive air pollution and was not in compliance with EPA air quality standards. As a result of an investigation by EPA and the Texas Air Control Board, the company agreed to implement control measures that reduced dust and particulate emissions from the plant.

Professional Development: Organizational Development via Human Resources Development

During this semiannual period, the EPA OIG has aggressively sought to expand opportunities for organizational development and more effective utilization of resources. The formation of the OIG Human Resources Council marks a high point of these efforts. With members representing all divisional offices, all grade levels, and all functional areas within the organization, the Council explores strategies for enhancing the quality of work life within the OIG. A first planning meeting was held September 23-24 at Headquarters, and key areas of concern were identified. Some of these included more orientation to the Agency for new employees, intensified team building instruction on a divisional basis, expanded job enrichment and upward mobility opportunities, improved recruitment, promotion, and retention of women and minorities, and enhancement of management and employee communications.

Another significant accomplishment which is aimed at improving organizational effectiveness and productivity is the increased emphasis on supervisory, management, and executive training. The OIG sent 32 employees to such training events, including four to the Congressional Briefing Seminar, two to the National Training Laboratory (NTL) Human Interaction Laboratory, five to the Department of Army's Personnel Management for Executives Program, five to EPA's Framework for Supervision, and one to Harvard University's Program for Senior Management in Government.

Ongoing efforts involving curriculum development which were cited in the last semiannual report and begun in February are well underway.

For this semiannual period, we approved 202 training enrollments for a total of 865 days of training. Included in these training and employee development events were four auditing courses contracted with the Interagency Auditor Training Program, two professional development conferences for all Divisional Inspectors General, and block enrollments for courses sponsored by the Association of Federal Investigators.

This semiannual period we have actively become providers of training through course development and presentation. We have participated as instructors in the new EPA Institute that opened in the Spring of 1986 and have been invited to expand our involvement.

We have developed two courses which we will begin presenting in fiscal 1987. One course, entitled "Fraud Prevention and Detection," is designed to develop and enhance awareness of the nature and characteristics of fraud in EPA contracts and projects. The course will review the professional standards concerning the auditors' responsibility for detecting fraud, identify types of fraud and their indicators, and describe specific audit steps to detect fraud. The course will also examine successfully detected and prosecuted fraud cases and explain how and when to refer suspected instances of fraud to the OIG Office of Investigations.

Another course, entitled "Effective Communications for Managers," will prepare managers for effective and persuasive presentations and dealing with confrontation.

Section 5—Delinquent Debts

The Supplemental Appropriations and Rescission Act of 1980 (Public Law 96-304) requires the Inspector General to report on EPA's delinquent debts and efforts to improve the collection of such debts.

Claims Office Actions

Claims Office Actions

When servicing finance offices (SFOs) determine that debts are uncollectable, they forward the debts to the EPA claims officer for disposition. The claims officer may compromise, terminate, or suspend further collection efforts on debts under \$20,000. Debts over \$20,000 must be forwarded to the General Accounting Office or the Department of Justice for approval of the final resolution of debts.

As of September 30, 1986 there were 33 accounts receivable valued at \$1,653,314 in the claims office. For this reporting period, the claims officer

- Terminated two debts totalling \$124,016,*
- Collected, in full, a debt totalling \$43,032,
- Compromised on five debts totalling \$561,302 for \$488,045, and
- Returned five debts totalling \$94,747 to the SFO for referral to a private collection agency.

Agency Collection Efforts

The Financial Management Division provided the following summary of EPA's collection efforts for the period April 1, 1986, through September 30, 1986, and accounts receivable as of September 30, 1986. These may not be the Agency's final figures. Although they reflect the Agency's accounting records as of September 30, they are preclosing figures (i.e., we obtained the figures before the closing process was completed).

Collections	\$26,501,516
Amounts Written off	\$ 10,997
Interest Assessments	\$ 240,557
Interest Collections	\$ 119,212

* After an administrative review, one of the debts (\$123,184) was determined to be invalid. Consequently, it was withdrawn from the Agency's receivables on June 25.

Accounts Receivable	
Nonfederal	
Under 90 days old	\$ 7,903,699
Over 90 days old	\$60,605,898
Subtotal	\$68,509,597
Interagency agreements	\$ 1,570,018
Total	\$70,079,615

Agency records show that almost 51 percent of this amount constitutes receivables which are being appealed. However, our study on the Reasons for the Large Differences Between Sustained Costs and Recoveries as described at page 40, shows that approximately 70 percent of this amount is being appealed. Collection actions are suspended until the appeals process is complete.

² This amount is for debts owed EPA by other agencies. Although these debts do not have an impact on the U.S. Treasury, they do impact the Agency's budget. Approximately 14 percent of the total in this category is over 90 days old.

Staffing Distribution—Fiscal 1986 Ceiling

Office	Headquarters	Field	Total
Inspector General	5		5
Audit	33	140	173
Investigations	8	52	60
Management and Technical Assessment	23		23
Total	69	192	261

Source

Section and Page

INSPECTOR GENERAL ACT

SENATE REPORT 96-829

Senate Report, Page 11, Resolution of Audits	2	3
Senate Report, Page 12, Delinquent Debts	5	7

Appendix - Audit Reports Issued

THE INSPECTOR GENERAL ACT REQUIRES THE IDENTIFICATION OF EACH AUDIT REPORT COMPLETELY OR ISSUED BY THE OIG DURING THE REPORTING PERIOD. THE FOLLOWING LISTING CATEGORIZES AUDIT REPORTS BY TYPE AND REGION.

Audit Control Number	Auditee	Final Report Issued	Audit Control Number	Auditee	Final Report Issued
01 INTERNAL & MANAGEMENT AUDITS					
E1LM4010106-60967	LETTER OF CREDIT REGION 1	05/15/86	E1DS5060086-61519	RCRA PERMITS SURVEY REGION 6	03/23/86
E1LM6020029-60987	TOTAL OF REGION 01 - 1	05/19/86	F1KA5070080-61428	TOTAL OF REGION 06 - 1	09/03/86
E1CW4020144-61424	LETTER OF CREDIT REGION 2	08/29/86	E1BH6080040-60984	AIR PROGRAM (105) REGION 7	09/03/86
E1CW6030092-60858	CONSTRUCTION GRANT DELAYED CLOSURE REGION 2	04/17/86	E1PM6080031-61520	TOTAL OF REGION 07 - 1	05/16/86
E17M5030197-61393	TOTAL OF REGION 02 - 2	08/26/86	F1BM6080032-61559	IMPREST FUND REGION 8	09/22/86
E1BM6030071-61432	EARLY WARNING REVIEW OF CONSTRUCTION GRANT PROJECT	09/02/86	E1115090224-61026	PROPERTY MANAGEMENT REGION 8	09/26/86
E1HW5030240-61506	ST THOMAS, PA	09/24/86	E1C36090069-61562	PROCUREMENT MANAGEMENT REGION 8	05/30/86
E1A16050086-61025	ESD & REGIONAL LAB OFFICES PA	05/30/86	F1P15110046-61083	COMPLIANCE WITH EPA ETHICS PROGRAM REGION 9	09/29/86
E1G16050058-61560	ADMIN MGMT BRANCH REGION 3	09/30/86		VALUE ENGINEERING ACTIVITIES REGION 9	06/17/86
	CHESAPEAKE BAY PROGRAM			TOTAL OF REGION 09 - 2	
	TOTAL OF REGION 03 - 4			USE OF THE FTS	
	LETTER OF CREDIT REGION 5			TOTAL OF HEADQUARTERS - 1	
	OMS ENFORCEMENT PROGRAM				
	TOTAL OF REGION 05 - 2				
TOTAL INTERNAL & MANAGEMENT AUDITS - 17					
02 CONSTRUCTION GRANT AUDITS					
P2CW5010107-60842	GORHAM NH	04/16/86	P2CW5010135-61093	TALUNTON MA	06/18/86
P2CW5010085-61034	AUBURN MA	06/03/86	P2CW5010097-61105	WOODSVILLE FIRE DISTRICT NH	06/23/86
P2CW5010165-61071	UXBRIDGE MA	06/12/86	P2CW5010152-61122	WALTHAM MA	06/26/86
P2CW5010115-61076	MERRIMAC MA	06/13/86	P2CW5010169-61172	AUBURN MA	07/11/86
			P2CW5010179-61323	APTD ME	08/12/86
TOTAL OF REGION 01 - 5					
E2BW5020024-61402	PRASA PR	08/28/86	P2CW4020150-61167	PASSAIC VALLEY SEWERAGE COMM N	07/10/86
P2CW5020030-60841	PARISH IV NY	04/16/86	P2CW5020222-61282	WOODBURY NY	08/05/86
P2CW5020117-60868	SENECA CO SD NO 1	NY 04/18/86	P2CW5020218-61283	OGDENSBURG CITY OF NY	08/05/86
P2CW5020170-60900	PRASA	04/29/86	P2CW5020228-61284	FARMINGTON NY	08/05/86
P2CW5020171-60901	PRASA	04/29/86	P2CW5020175-61492	SECAUCUS MUNICIPAL GA NJ	09/12/86
P2CW5020210-60902	PRASA	PR 04/29/86	P2CW5020155-61500	STOCKPORT NY	09/16/86
P2CW5020176-60906	LIVINGSTON TOWNSHIP OF NJ	04/29/86	P2CW5020214-61504	LITTLE VALLEY VILLAGE OF NY	09/16/86
P2CW5020033-60907	LIVINGSTON TOWNSHIP NJ	04/29/86	P2CW5020185-61505	NEW WINDSOR TOWN OF NY	09/16/86
P2CW5020016-60925	PRASA PR	05/05/86	P2CW5020219-61547	CANAJOHARIE VILLAGE OF NY	09/25/86
P2CW5020161-61035	OSWEGO CITY OF NY	06/03/86	P2CW5020079-61548	CORNWALL NY	09/25/86
P2CW5020178-61106	SOUTH MONMOUTH REG SEW AUTH NJ	06/23/86	P2CW5020064-61550	POUGHKEEPSIE NY	09/26/86
P2CW5020179-61107	NEW YORK CITY OF NY	06/23/86	P2CW6020103-61552	GRAND ISLAND NY	09/26/86
TOTAL OF REGION 02 - 24					
E2CW5030263-60819	FREDERICK COUNTY MD	04/09/86	P2BW5030067-60890	GARRETT COUNTY MD	04/25/86
E2CW6030016-60909	WEST CHESTER-PA	04/29/86	P2CW5030254-60943	MID CENTRE COUNTY-PA	05/08/86
E2CW5030248-61089	CONFLUENCE BOROUGH PA	06/17/86	P2CW5030259-60972	UNITY TOWNSHIP PA	05/15/86
E2CW5030131-61213	ALBRIGHT TOWN-WV	07/21/86	P2CW5030233-61023	CLAIRTON-PA	05/29/86
E2CW6030063-61364	MIDDLETOWN SEWER AUTH PA	08/18/86	P2CW5030266-61121	NORTH FAYETTE TOWNSHIP PA	06/26/86
P2CW4030200-60820	ANNE ARUNDEL COUNTY MD	04/09/86	P2CW4030290-61528	BALTIMORE CITY-MD	09/22/86
TOTAL OF REGION 03 - 12					
F2CW5040328-60952	MACON BIBB CO WSA GA	05/13/86	P2CW6040116-61446	MILTON FL	09/05/86
E2CW6040013-61518	ENTERPRISE MS	09/19/86	P2CW5040256-61456	JEFFERSON COUNTY COMM AL	09/09/86
E2CW6040165-61554	JACKSONVILLE FL	09/26/86	P2CW6040136-61511	VICKSBURG MS	09/19/86
P2CW5040225-60815	ARCHDALE NC	04/09/86	P2CW6040040-61530	RALEIGH MS	09/24/86
P2CW5040124-60899	ESTILL SC	04/29/86	P2CW6040205-61531	PEARL MS	09/24/86
P2CW2040224-60951	NO CHARLESTON SEWER DIST SC	05/13/86	P2CW5040158-61564	CLAYTON CO WATER AUTH GA	09/30/86
P2CW5040274-60962	DECATUR AL	05/14/86	S2CW5040032-60800	NASHVILLE TN	04/03/86
P2CW5040118-60963	SPARTANBURG SSD SC	05/14/86	S2CW4040298-60808	HENDERSONVILLE TN	04/07/86
P2CW5040194-61033	TROY AL	06/02/86	S2CW4040233-60809	JASPER TN	04/07/86
P2CW5040174-61077	HENDERSON NC	06/16/86	S2CW4040326-60883	SMYRNA TN	04/23/86
P2CW5040203-61078	VALDESE NC	06/16/86	S2CW4040324-60953	SHELBYVILLE TN	05/13/86
P2CW5040246-61084	JEFFERSON CO COMM AL	06/17/86	S2CW4040329-61188	BELLE MEADE TN	07/15/86
P2BW6040172-61185	FLOWOOD MS	07/15/86	S2CW4040325-61193	PIGEON FORGE TN	07/16/86
P2CW3040322-61187	WINNSBORO SC	07/15/86	S2CW2040337-61563	CHATTANOOGA TN	09/30/86
P2CW2040244-61254	CHESTER S	07/30/86	S2CW5040151-61565	CHATTANOOGA TN	09/30/86
P2CW5040259-61322	FRANKFORT MSB KY	08/11/86	S2CW1040035-61566	CHATTANOOGA TN	09/30/86
TOTAL OF REGION 04 - 32					
E2CW5050207-60790	DECATUR IL	04/01/86	P2CW4050251-61174	OTTAWA CO (GRAND HAVEN) MI	07/11/86
E2BW5050312-60876	DETROIT WSD MI (OH FY 81-83)	04/21/86	P2CW4050357-61389	DETROIT WSD MI	08/25/86
E2CW3050216-61309	MSD CHICAGO IL	08/07/86	P2DW4050264-61390	DETROIT WSD MI	08/25/86
P2CW4050169-60834	SUSSEX WI	04/11/86	P2CW4050263-61391	DETROIT WSD MI	08/25/86
P2CW4050153-60838	LANSING MI	04/13/86	P2CW4050107-61395	MWCC ST PAUL MN	08/26/86
P2DW4050177-60867	MAHONING CO (YOUNGSTOWN) OH	04/18/86	P2CW4050350-61503	MWCC ST PAUL MN	09/15/86
P2DW3050422-60958	TOLEDO OH	05/14/86	P2CW4050280-61574	DETROIT WSD MI	09/30/86
P2DW4050261-61075	DELPHOS OH	06/12/86	P2DW4050265-61575	DETROIT WSD MI	09/30/86
P2CW4050054-61127	BAY CITY MI	06/27/86	S2CW4050356-60795	BYRON MN	04/02/86
P2CW4050178-61146	CRYSTAL TWP (STANTON) MI	07/02/86	S2CW4050213-60950	BUFFALO MN	05/12/86
P2DW3050438-61154	NEORSD CLEVELAND OH	07/02/86	S2CW4050346-61139	WILMAR MN	06/30/86
TOTAL OF REGION 05 = 22					

Audit Control Number	Auditee	Final Report Issued	Audit Control Number	Auditee	Final Report Issue
E2BW6060014-60983	INGLESIDE TX	05/16/86	P2CW5060140-60961	RUSSELLVILLE AR	05/14/8
E2CW5060096-61097	TRINITY RIVER AUTHORITY TX	06/20/86	P2CW5060130-61024	BOGALUSA LA	05/30/8
E2BW6060084-61233	TRINITY RIVER AUTHORITY TX	07/25/86	P2CW5060100-61063	PASADENA TX	06/10/8
E2CW6060074-61371	TRINITY RIVER AUTHORITY TX	08/21/86	P2CW5060156-61064	TULSA OK	06/10/8
P2CW5060023-60921	HITCHCOCK TX	05/02/86	P2CW6060018-61229	ARTESIA NM	07/23/8
P2CW5060058-60923	FRANKLINGTON LA	05/02/86	P2CW5060050-61529	SHAWNEE OK	09/24/8
TOTAL OF REGION 06 = 12					
P2DW5070006-60986	GLENWOOD IA	05/19/86	P2CW6070034-61108	BELLE PLAINE IA	06/24/8
P2CW5070045-61002	WARRENSBURG MO	05/22/86	P2CW5070113-61250	ST CHARLES MO	07/28/8
P2CW5070056-61003	OZARK MO	05/22/86	P2CW6070047-61498	ST CLAIR MO	09/16/8
P2CW5070044-61055	LEBANON MO	06/06/86	P2DW5070151-61551	EL DORADO KS	09/29/8
TOTAL OF REGION 07 = 8					
E2CW4080049-60927	GRAND FORKS CITY OF ND	05/05/86	P2CW5080004-61037	DENVER CITY & COUNTY OF CO	06/03/8
E2CW5080042-61036	GLENDO CITY OF WY	06/03/86	P2CW5080015-61038	METRO DENVER SEWAGE DISPOSAL C	06/03/8
P2CW5080026-60931	DENVER CITY & COUNTY OF CO	05/06/86	P2BW5080069-61192	SHERIDAN CITY OF WY	07/16/8
P2CW5080001-60932	ASH CREEK SPECIAL SERVICE UT	05/06/86	P2CW5080068-61214	EASTERN FREMONT COUNTY CO	07/22/8
TOTAL OF REGION 08 = 8					
E2CW6090051-61261	HONOLULU CITY & COUNTY OF HI	07/28/86	S2CW5090118-60882	FALLBROOK SAN DIST CA	04/23/8
E2CW6090052-61361	HONOLULU	08/18/86	S2CW5090012-61020	SAN FRANCISCO CITY & CO CA	05/29/8
E6CW6090024-61439	HONOLULU CITY & COUNTY OF HI	09/02/86	S2CW5090172-61118	DELTA DIABLO SAN DIST CA	06/26/8
E2CW6090053-61454	HONOLULU CITY & COUNTY OF HI	09/08/86	S2BW5090157-61270	SAN FRANCISCO CITY & COUNTY CA	07/31/8
E2CW5090135-61501	HONOLULU CITY & COUNTY OF HI	09/16/86	S2CW5090129-61308	BENICIA CITY OF CA	08/07/8
P2CW5090015-60878	GERLACH GEN IMPROV DIST NV	04/22/86	S2CW5090185-61362	EASTERN MWD CA	08/18/8
S2CW5090215-60801	NOVATO SD CA	04/03/86	S2CW5090184-61499	SAN MATEO CITY OF CA	09/16/8
TOTAL OF REGION 09 = 14					
E2CW5100074-60911	WEISER CITY OF ID	04/30/86			
E2CW6100029-60985	YAKIMA CITY OF WA	05/16/86	E2CW5100075-61234	WHITTIER CITY OF AK	07/25/8
E2BW6100037-61054	KRAMER CHIN & MAYO INC WA	06/06/86	P2CW4100070-61039	SALEM CITY OF OR	06/03/8
E2CW5100076-61164	KODIAK CITY OF AK	07/08/86	P2CW5100062-61066	ANCHORAGE MUNICIPALITY OF AK	06/11/8
TOTAL OF REGION 10 = 7					
TOTAL CONSTRUCTION GRANT AUDITS = 148					
03. OTHER GRANT AUDITS					
C3EC6010114-60791	BERLIN NH	04/02/86	N3GC6010129-60871	NORWALK CT	04/18/86
C3EC6010146-60945	BOW NH	05/09/86	N3GC6010130-60872	UNIV OF CONNECTICUT CT	04/18/86
C3EC6010147-60946	STRATFORD NH	05/09/86	N3GC6010149-60948	HARTFORD CT	05/09/86
C3EC6010148-60947	NEWMARKET NH	05/09/86	N3GC6010181-61057	MASSPORT MA	06/06/86
C3EC6010161-61085	NEWPORT VT	06/17/86	N3GC6010189-61096	CARROLL NH	06/19/86
C3EC6010206-61176	EXETER NH	07/15/86	N3GC6010190-61098	CT STATE UNIVERSITY CT	06/20/86
D3AG6010118-60824	EASTERN RESEARCH GROUP INC MA	04/09/86	N3GC6010191-61099	FITCHBURG MA	06/20/86
D3AG6010119-60825	CADMUS GROUP INC MA	04/09/86	N3GC6010205-61166	VERMONT-ENVIRON CONSERV VT	07/09/86
D3DG6010127-60856	CAMP DRESSER & MCKEE INC MA	04/17/86	N3GC6010208-61178	WARWICK RI	07/15/86
D3AG6010126-60863	ENTROPHY LIMITED MA	04/18/86	N3GC6010220-61307	NEW BRITAIN CT	08/07/86
D3AG6010133-60873	CADMUS GROUP INC MA	04/18/86	N3GC6010230-61354	GREATER PORTLAND COUNCIL ME	08/15/86
D3CG6010137-60886	CAMBRIDGE COLLABORATIVE INC MA	04/24/86	N3GC6010231-61355	GREATER PORTLAND COUNCIL ME	08/15/86
D3AG6010138-60888	QUANTUM ANALYTICS INC RI	04/25/86	N3GC6010242-61372	BELFAST ME	08/21/86
N3GC6010115-60796	BANGOR ME	04/02/86	N3GC6010255-61442	NEW HAVEN CT	09/05/86
N3GC6010117-60797	ANDROSCOGGIN VALLEY COUNCIL ME	04/02/86	N3GC6010256-61449	EPHING NH	09/08/86
TOTAL OF REGION 01 = 30					
C3EC6020128-60992	INTERSTATE SANITATION COMM NY	05/20/86	N3GC6020126-60954	ROCHESTER NY	05/13/86
C3EC6020129-60996	SOUTHEAST NY	05/20/86	N3GC6020142-61070	PASSAIC COUNTY NJ	06/12/86
C3EC6020141-61069	MT PLEASANT NY	06/12/86	N3GU6020173-61286	RESEARCH FOUNDATION - SUNY NY	08/06/86
C3EC6020144-61086	BERGEN CO UTIL AUTH NJ	06/17/86	N3GC6020179-61324	MONMOUTH COUNTY NJ	08/12/86
C3EC6020175-61281	LANCASTER NY	08/06/86	N3GC6020203-61569	AMHERST NY	09/30/86
C3EC6020186-61374	MANASQUAN RIVER REG SA NJ	08/21/86	P3DG5020109-60804	CHARLES R VELZY ASSOC INC NY	04/04/86
C3EC6020190-61419	GLENS FALLS NY	09/08/86	P3BG5020196-60874	CLINTON BOGET ASSOC NJ	04/21/86
C3EC6020187-61491	SOUTH MONMOUTH REG SA NJ	09/12/86	P3DG5020187-60877	CLINTON BOGET ASSOC NJ	04/22/86
C3EC6020202-61568	CARMEL TOWN OF NJ	09/30/86	P3CG5020212-61059	NJDEP NJ	06/09/86
N3GC6020104-60829	OCEAN COUNTY NJ	04/10/86			
TOTAL OF REGION 02 = 19					
C3EG6030173-60798	CHESTERFIELD COUNTY	04/03/86	N3GG6030178-60817	VA DEPT OF HEALTH-VA	04/09/86
C3EG6030183-60837	ST MARY'S COUNTY MET COMM MD	04/11/86	N3GG6030177-60818	CENTRAL VA PLANNING COMM-VA	04/09/86
C3EG6030186-60869	SUSSEX COUNTY-DE	04/18/86	N3GG6030180-60826	VIRGINIA BEACH CITY VA	04/10/86
C3EG6030199-60944	NEW HOLLAND BOROUGH AUTHOR PA	05/08/86	N3GG6030181-60830	METRO WASHINGTON GOVERNMENTS	04/10/86
C3EG6030220-61053	NORTHAMPTON BOROUGH PA	06/05/86	N3GG6030185-60857	MONTGOMERY COUNTY VA	04/17/86
C3EG6030225-61100	MANHEIM TOWNSHIP PA	06/20/86	N3GG6030184-60859	ALEXANDRIA CITY OF	04/17/86
C3EG6030247-61197	VA AIR POLLUTION CONTROL BD-VA	07/17/86	N3GG6030189-60870	MARYLAND STATE MD	04/18/86
C3EG6030248-61198	BALTIMORE COUNTY-MD	08/02/86	N3GG6030201-60956	ROANOKE COUNTY VA	05/13/86
C3EG6030270-61249	LAKE WINOLA MUNICIPAL AUTHOR-P	07/28/86	N3GG6030202-60957	ROANOKE CITY VA	05/13/86
C3EG6030294-61331	ANNE ARUNDEL COUNTY-MD	08/13/86	N3GG6030243-61184	DELAWARE STATE-DE	07/16/86
C3EG6030324-61526	SUSQUEHANNA RIVER BASIN COM-PA	09/23/86	N3GG6030244-61194	PORTSMOUTH CITY-VA	07/17/86
H3CU6030191-60914	VIRGINIA UNIVERSITY VA	05/01/86	N3GG6030245-61195	BOWIE CITY-MD	07/17/86
H3CU6030192-60915	VIRGINIA COMMONWEALTH UNIV VA	05/01/86	N3GG6030269-61248	DELAWARE VALLAY REG PLANN COM	07/28/86
H3CU6030209-61049	TEMPLE UNIVERSITY PA	06/03/86	N3GG6030317-61514	PULASKI TOWN OF - VA	09/19/86
H3CU6030246-61196	VA POLYTECHNIC INSTITUTE-VA	07/17/86	N3GG6030320-61521	HOWARD COUNTY - MD	09/23/86
H3CU6030325-61527	HOWARD UNIVERSITY - DC	09/23/86	N3GG6030334-61537	BALTIMORE CITY-MD	09/24/86
N3GG6030176-60805	ARLINGTON COUNTY VA	04/04/86	P3DG5030241-61004	AARP	05/22/86
TOTAL OF REGION 03 = 34					
C3EG6040123-60806	WINSTON-SALEM NC	04/07/86	C3EG6040252-61246	ALA DEPT ENVIRONM MGMT AL	07/28/86
C3FG6040124-60810	WINSTON-SALEM NC	04/07/86	C3FG6040258-61247	ALA DEPT ENVIRON MGMT AL	07/28/86
C3EG6040145-60884	CHARLOTTE NC	04/23/86	C3EG6040255-61255	SC LAND RESOURCE CONSER COMM	07/30/86
C3FG6040146-60885	CHARLOTTE NC	04/23/86	C3EG6040248-61314	JACKSONVILLE FL	08/07/86
C3EG6040147-60891	DOTHAN AL	04/24/86	C3FG6040249-61315	JACKSONVILLE FL	08/07/86
C3FG6040148-60892	DOTHAN AL	04/24/86	C3EG6040263-61429	DEKALB CO GA	09/02/86
C3FG6040198-60990	PENSACOLA FL	05/20/86	D3AT6040180-60853	WILBUR SMITH & ASSOC SC	04/16/86
C3EG6040142-60997	COBB CO GA	05/21/86	E3CG5040199-61091	METRO DADE FL	06/17/86
C3EG6040211-61104	ROME GA	06/23/86	H3CU6040144-60816	FLA INTERNATIONAL UNIV FL	04/09/86
C3EG6040213-61117	OPELIKA AL	06/26/86	H3CU6040156-60893	NORTHERN KENTUCKY UNIV KY	04/25/86
C3EG6040212-61133	FT LAUDERDALE FL	06/30/86	H3CU6040250-61245	RESEARCH TRIANGLE INST NC	07/28/86
C3FG6040226-61136	FT LAUDERDALE FL	06/30/86	H3CU6040285-61436	WESTERN KY UNIV KY	09/03/86

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H3CU6040298-61457	MURRAY STATE UNIV KY	09/09/86	N3GG6040230-61126	ST PETERSBURG FL	06/27/86
N3GG6040143-60832	KNOXVILLE TN	04/11/86	N3GG6040233-61132	TENNESSEE (STATE OF) TN	06/30/86
N3GG6040169-60897	MEMPHIS TN	04/29/86	N3GG6040234-61134	FLORIDA DHRS FL	06/30/86
N3GG6040133-60898	DURHAM NC	04/29/86	N3GG6040231-61135	SARASOTA FL	06/30/86
N3GG6040193-60918	KENTUCY DPT AGRI	05/02/86	N3GG6040253-61239	ESCAMBIA CO FL	07/28/86
N3GG6040188-60919	GAINESVILLE GA	05/02/86	N3GG6040254-61243	POLK CO FL	07/28/86
N3GG6040194-60920	GEOLOGICAL SURVEY AL	05/02/86	N3GG6040251-61244	PINELLAS CO FL	07/28/86
N3GG6040196-60922	BIRMINGHAM RPC AL	05/02/86	N3GG6040270-61316	ORANGE CO FL	08/07/86
N3GG6040201-60989	SO CAROLINA MED UNIV SC	05/20/86	N3GG6040269-61318	GEORGIA DEPT AGRI GA	08/07/86
N3GG6040206-61051	SC LAND RES CON COM COLUMBIASC	06/05/86	N3GG6040272-61321	ORLANDO FL	08/11/86
N3GG6040207-61052	GA DEPT NATURAL RES GA	06/05/86	N3GG6040286-61434	HIGH POINT NC	09/03/86
N3GG6040210-61079	MANATEE CO FL	06/16/86	N3GG6040287-61435	PASCO COUNTY FL	09/03/86
N3GG6040218-61080	CUMBERLAND CO NC	06/16/86	N3GG6040297-61458	FLORIDA DHRS FL	09/09/86
N3GG6040223-61115	HUNTSVILLE AL	06/26/86	N3GG6040313-61513	ALA DEPT AGRI & IND AL	09/19/86
N3GG6040225-61116	NC DEPT NAT RESOURCES NC	06/26/86	N3GG6040321-61532	JACKSON MS	09/24/86
TOTAL OF REGION 04 - 54					
C3FC6050192-60852	FORT WAYNE (CY 84) IN	04/17/86	C3FC6050337-61486	ROCHESTER (FY 85) MN	09/10/86
C3EC6050216-60969	HAMMOND (CY 84) IN	05/15/86	C3EC6050323-61487	GAS CITY (CY 85) IN	09/10/86
C3FC6050217-60970	HAMMOND (CY 84) IN	05/15/86	C3FC6050342-61488	GAS CITY (CY 85) IN	09/10/86
C3EC6050265-61206	DELTA TWP (CY 85) LANSING MI	07/21/86	D3DT6050203-61028	WILLET HOFMANN (FY 80 83)	05/30/86
C3FC6050266-61207	DELTA TWP (CY 85) LANSING MI	07/21/86	D3DG6050283-61348	MCNAMEE PORTER SEELEY MI	08/15/86
C3EC6050263-61208	PLYMOUTH (CY 85) MI	07/21/86	D3CG6050284-61349	MCNAMEE PORTER SEELEY MI	08/15/86
C3FC6050264-61209	PLYMOUTH (CY 85) MI	07/21/86	D3CG6050285-61350	MCNAMEE PORTER SEELEY MI	08/15/86
C3EC6050281-61231	BEMIDJI (CY 85) MN	07/23/86	D3CG6050286-61351	MCNAMEE PORTER SEELEY MI	08/15/86
C3FC6050282-61232	BEMIDJI (CY 85) MN	07/23/86	D3CG6050287-61352	MCNAMEE PORTER SEELEY MI	08/15/86
C3EC6050294-61312	HAMMOND (CY 85) IN	08/07/86	D3CG6050288-61353	MCNAMEE PORTER SEELEY MI	08/15/86
C3FC6050295-61313	HAMMOND (CY 85) IN	08/07/86	N3GC6050191-60851	BLOOMINGTON (CY 84) IN	04/17/86
C3EC6050297-61338	MICHIGAN CITY (CY 85) IN	08/14/86	N3GC6050204-60959	INDIANA U OF (FY 85)	05/16/86
C3FC6050296-61339	MICHIGAN CITY (CY 85) IN	08/14/86	N3GC6050214-60960	ROCK ISLAND (FY 85) IL	05/16/86
C3EC6050304-61340	DECATUR (CY 85) IN	08/14/86	N3GC6050211-60971	EVANSVILLE (CY 84) IN	05/16/86
C3FC6050303-61341	DECATUR (CY 85) IN	08/14/86	N3GC6050205-60982	MENOMINEE INC TRIBE (FY 85) WI	05/16/86
C3EC6050305-61342	PITTSFIELD TWP (CY 85) MI	08/14/86	N3GC6050226-60993	GARY (CY 82) IN	05/20/86
C3FC6050306-61343	PITTSFIELD TWP (CY 85) MI	08/14/86	N3GC6050228-60994	GARY (CY 83) IN	05/20/86
C3EC6050329-61403	WILLIAMS BAY (CY 85) WI	08/27/86	N3GC6050227-60995	GARY (CY 84) IN	05/20/86
C3FC6050330-61404	WILLIAMS BAY (CY 85) WI	08/27/86	N3GC6050232-61060	MINNESOTA STATE OF (FY 85)	06/10/86
C3EC6050327-61405	AUBURN (CY 85) IN	08/27/86	N3GC6050244-61169	DES PLAINES (CY 85) IL	07/11/86
C3FC6050328-61406	AUBURN (CY 85) IN	08/27/86	N3GC6050245-61170	HAMILTON CO (CY 84) OH	07/11/86
C3EC6050325-61407	NAPPANEE (CY 85) IN	08/27/86	N3GC6050246-61171	WINSTED (CY 85) MN	07/11/86
C3FC6050326-61408	NAPPANEE (CY 85) IN	08/27/86	N3GC6050262-61175	OSHKOSH (CY 85) WI	07/11/86
C3EC6050332-61409	VALPARAISO-PORTER CO CY 85 IN	08/27/86	N3GC6050293-61266	MICHIGAN DNR (FY 82 83)	07/30/86
C3FC6050333-61410	VALPARAISO-PORTER CO CY 85 IN	08/27/86	N3GC6050322-61411	MARQUETTE CO (CY 85) MI	08/28/86
C3EC6050334-61413	CAMBRIDGE (CY 85) MN	08/28/86	N3GC6050324-61412	MAHONING CO (CY 84) OH	08/28/86
C3FC6050335-61414	CAMBRIDGE (CY 85) MN	08/28/86	N3GC6050338-61417	CUYAHOGA CO (CY 84) OH	08/28/86
C3EC6050336-61485	ROCHESTER (FY 85) MN	09/10/86	N3GC6050382-61522	LAKEWOOD (CY 85) OH	09/23/86
			N3GC6050321-61523	ILLINOIS DOA (FY 84 85)	09/23/86
TOTAL OF REGION 05 - 57					
C3EG6060115-60836	MELVILLE LA	04/11/86	N3GG6060149-61015	EL PASO TX	05/29/86
C3EG6060061-60972	GUTHRIE OK	05/15/86	N3CG6060153-61021	MISSION TX	05/29/86
C3FG6060169-61147	BENTONVILLE AR	07/02/86	N3GG6060161-61123	BROWNWOOD TX	06/26/86
C3EG6060168-61148	BENTONVILLE AR	07/02/86	N3GG6060162-61124	BRYAN TX	06/26/86
C3EG6060170-61151	WICHITA FALLS TX	07/02/86	N3GG6060163-61125	SPRINGDALE AR	06/26/86
C3FG6060171-61152	WICHITA FALLS TX	07/02/86	N3GG6060164-61130	TEXAS DEPT OF HEALTH TX	06/27/86
C3EG6060190-61332	SAN ANTONIO TX	08/13/86	N3GG6060166-61149	RAPIDES AREA PLANNING COMM LA	07/02/86
C3FG6060191-61333	SAN ANTONIO TX	08/13/86	N3GG6060167-61150	ARKANSAS STATE PLANT BOARD AR	07/02/86
C3EG6060212-61444	SHREVEPORT LA	09/05/86	N3GG6060192-61337	PALESTINE TX	08/15/86
E3DG6060140-60908	TRINITY RIVER AUTHORITY OF TX	04/30/86	N3GG6060196-61363	SHAWNEE OK	08/18/86
H3CU6060134-60849	SOUTHERN UNIVERSITY LA	04/16/86	N3GG6060197-61368	CORPUS CHRISTI TX	09/19/86
N3GG6060114-60813	LOWER RIO GRANDE VALLEY DEVEL	04/08/86	N3GG6060203-61394	ABILENE TX	08/26/86
N3GG6060124-60823	EDINBURG TX	04/09/86	N3GG6060204-61420	TEXAS DEPT OF AGRICULTURE TX	08/29/86
N3GG6060130-60845	TULSA OK	04/16/86	N3GG6060205-61421	RUSTON LA	08/29/86
N3GG6060128-60846	NEW MEXICO HEALTH & ENVIRONMEN	04/16/86	N3GG6060206-61426	MCALLEN TX	08/29/86
N3GG6060129-60847	LAS CRUCES NM	04/16/86	N3GG6060211-61443	AMARILLO TX	09/05/86
N3GG6060133-60850	N M ENERGY & MINERALS DEPT NM	04/16/86	N3GG6060213-61450	FORT WORTH TX	09/09/86
N3GG6060132-60854	NEW ORLEANS REGIONAL PLANNING	04/17/86	N3GG6060214-61468	GARLAND TX	09/10/86
N3GG6060135-60910	OKLAHOMA STATE DEPT OF HEALTH	04/30/86	N3GG6060219-61549	STATE OF LOUISIANA LA	09/25/86
N3GG6060150-61001	NORMAN OK	05/21/86			
TOTAL OF REGION 06 = 39					
C3EG6070096-60848	DEPT OF WATER AIR & WASTE IA	04/16/86	N3GG6070085-60788	COLUMBIA MO	04/01/86
C3EG6070101-60860	LAKE CITY IA	04/17/86	N3GG6070102-60862	AUGUSTA KS	04/18/86
C3EG6070099-60861	HAYSVILLE KS	04/17/86	N3GG6070100-61022	JEFFERSON CITY MO	05/29/86
C3EG6070156-61470	OTTAWA KS	09/10/86	N3GG6070124-61101	MISSOURI DEPT OF NATURAL RESOU	06/26/86
C3EG6070158-61471	HIAWATHA KS	09/10/86	N3GG6070125-61128	WATERLOO IA	06/27/86
C3EG6070157-61489	PAOLA KS	09/11/86	N3GG6070126-61129	DAVENPORT IAWA	06/27/86
C3EG6070159-61490	GARNETT KS	09/11/86	N3GG6070132-61157	KANSAS BOARD OF AGRICULTURE KS	07/03/86
C3EG6070160-61567	ANKENY IA	09/30/86	N3GG6070147-61357	CAMDENTON MO	08/18/86
D3AT6070095-60843	DEVELOPMENT PLANNING & RESEARC	04/16/86	N3GG6070148-61422	DOUGLAS COUNTY NE	08/29/86
D3AT6070098-60844	MIDWEST RESEARCH INSTITUTE MO	04/16/86	N3GG6070149-61427	DES MOINES IA	08/29/86
H3CU6070154-61438	UNIVERSITY OF KANSAS KS	09/03/86	N3GG6070155-61445	LINN COUNTY IA	09/05/86
TOTAL OF REGION 07 - 22					
C3EG6080047-60998	COLUMBIA FALLS CITY OF MT	05/21/86	H3BG6080068-61360	NO MONTANA COLLEGE MT	08/18/86
C3EG6080050-61067	DEVILS LAKE CITY OF ND	06/11/86	N3GG6080042-60881	NO DAKOTA DEPT OF HEALTH ND	04/22/86
C3EG6080054-61114	GRAND JUNCTION CITY OF CO	06/25/86	N3GG6080043-60895	SOUTHERN UTE INDIAN TRIBE CO	04/28/86
C3EG6080058-61240	ENGLEWOOD CITY OF CO	07/28/86	N3GG6080044-60896	UTAH STATE OF UT	04/28/86
C3EG6080064-61327	BROOMFIELD CITY OF CO	08/12/86	N3GG6080046-60981	CHEYENNE RIVER SIOUX TRIBE SD	05/15/86
C3EG6080071-61392	DURANGO CITY OF CO	08/26/86	N3GG6080051-61068	COL DEPT OF PUBLIC HEALTH CO	06/11/86
C3EG6080073-61440	MANDAN CITY OF ND	09/03/86	N3GG6080052-61073	SO DAKOTA DEPT OF HEALTH SD	06/12/86
H3BG6080041-60866	COLORADO STATE UNIV CO	04/18/86	N3GG6080057-61189	NO DAKOTA DEPT OF AGRIC ND	07/16/86
H3BG6080045-60978	COLORADO UNIV OF CO	05/15/86	N3GG6080059-61262	MONTANA DEPT OF AGRICULTURE MT	07/30/86
H3BG6080055-61137	UTAH UNIV OF UT	06/30/86	N3GG6080060-61269	COLORADO DEPT OF AGRICUL CO	07/31/86
H3BG6080065-61344	MONTANA STATE UNIV MT	08/14/86	N3GG6080063-61271	MONTROSE CITY OF CO	08/01/86
H3BG6080066-61345	UTAH UNIV OF UT	08/14/86	N3GG6080076-61290	CROW TRIBE OF INDIANS MT	09/24/86
H3BG6080067-61359	MONTANA UNIV OF MT	08/18/86	N3GG6080069-61370	OGLALA SIOUX TRIBE SD	08/20/86
			N3GG6080070-61377	WESTMINSTER CITY OF CO	08/22/86
TOTAL OF REGION 08 = 27					

Audit Control Number	Auditee	Final Report Issued	Audit Control Number	Auditee	Final Report Issued
C3EG6090156-61008	MAUI COUNTY OF HI	05 28 86	N3GG6090168-61074	TRUST TERR OF THE PACIFIC	06 12
C3EG6090172-61088	HENDERSON CITY OF NV	06 17 86	N3GG6090173-61110	NEVADA UNIV OF (SYSTEM) NV	06 24
I3BG6090129-60904	AMERICAN SAMOA GOVT OF	04 29 86	N3GG6090178-61119	COUNCIL OF FRESNO CTY GOVTS CA	06 26
I3BG6090130-60905	YAP STATE OF	04 29 86	N3GG6090179-61133	SAN JOSE CITY OF CA	06 30
I3BG6090202-61320	STATE OF TRUK	08 08 86	N3GG6090185-61190	MARICOPA ASSN OF GOVTS AZ	07 16
N3GG6090121-60821	TAHOE REG PLANNING AGENCY CA	04 09 86	N3GG6090188-61210	SANTA ROSA CITY OF CA	07 21
N3GG6090124-60875	SANTA BARBARA COUNTY OF CA	04 21 86	N3GG6090191-61251	SAN LUIS OB SPO CITY OF CA	07 29
N3GG6090125-60880	HAWAII STATE DEPT OF AGRIC HI	04 22 86	N3GG6090193-61263	FLAGSTAFF CITY OF AZ	07 30
N3GG6090144-60980	WASHOE CTY DIST HE THDEPT NV	05 15 86	N3GG6090194-61272	INTER-TRIBL COUNCIL OF ARIZ AZ	08 C1
N3GG6090155-61016	CLARK COUNTY OF NV	05 29 86	N3GG6090201-61319	KERN COUNTY OF CA	08 C7
N3GG6090160-61030	SAN JOAQUIN COUNTY OF CA	06 02 86	N3GG6090204-61328	SAN DIEGO COUNTY OF CA	08 12

TOTAL OF REGION 09 = 22

C3EG6100060-60864	MENAN CITY OF ID	04 18 86	N3GG6100067-60979	OREGON STATE OF OR	05 15
C3EG6100070-60999	COLLEGE PLACE CITY OF WA	05 21 86	N3GG6100071-61032	KITSAP COUNTY OF WA	06 02
C3EG6100069-61000	WATERVILLE TOWN OF WA	05 21 86	N3GG6100075-61062	IDAHO FALLS CITY OF ID	06 10
C3EG6100084-61191	DEPT OF ENVIRON CONSRVN AK	07 16 86	N3GG6100076-61081	BO SE CITY ID	06 16
C3EG6100088-61211	NW AIR POLLUTION AUTHORITY WA	07 21 86	N3GG6100078-61087	LUMMI INDIAN BUSINESS COUN WA	06 17
C3EG6100096-61401	ECOLOGY DEPT OF WA	08 27 86	N3GG6100079-61109	YAKIMA CITY OF WA	06 24
C3EG6100109-61558	OKANOGAN CITY OF WA	09 26 86	N3GG6100080-61120	KING COUNTY WA	06 26
E3AX6100062-60889	RESOURCE CONSERVAT ON CO WA	04 25 86	N3GG6100082-61177	YAKIMA COUNTY OF WA	07 14
E3CP6100058-61415	DEPT OF AGRICULTURE OR	08 28 86	N3GG6100089-61212	DEPARTMENT O LANDS ID	07 21
H3BG6100091-61241	WESTERN WASHINGTON UNIV WA	07 28 86	N3GG6100092-61253	JUNEAU CITY & BOROUGH OF AK	07 29
H3BG6100090-61242	WASHINGTON UNIV OF WA	07 28 86	N3GG6100094-61346	SKAGIT COUNTY WA	08 14
N3GG6100057-60822	ANCHORAGE MUNICIPALITY OF AK	09 09 86	N3GG6100099-61441	WATER RESOURCES DEPT OF ID	09 03
N3GG6100061-60865	YAMHILL COUNTY OF OR	04 18 86	N3GG6100108-61557	ADA PLANNING ASSN ID	09 26

TOTAL OF REGION 10 = 26

E3AA6110028-60879	ASIWPCA	04 22 86
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TOTAL OF HEADQUARTERS = 1
TOTAL OTHER GRANT AUDITS = 331

05. SUPERFUND GRANT & INTERNAL AUDITS

E5BH5010151-61453	RI COOPERATIVE AGREEMENTS RI	09 08 86			
TOTAL OF REGION 01 = 1					
E5EH6020118-61546	NJDEP - SUPERFUND COOPERATIVE	09 25 86	F5EH6020125-61576	REGION II LATEX SITE NJ	09 30
E5BH5020140-61573	NJDEP SUPERFUND COOP AGREEMENT NJ	09 30 86			
TOTAL OF REGION 02 = 2					
E5EM5040007-60913	ACTIONS AGAINST RESPONSIBLE PA	04 18 86			
TOTAL OF REGION 04 = 1					
E5E26050101-61508	SF ERCS CONTRACTS	09 23 86			
TOTAL OF REGION 05 = 1					
E5BG6060126-61144	LAN TX	07 02 86	E5BG6060127-61257	LAN TX	07 30
TOTAL OF REGION 06 = 2					
E5BG6080048-61437	NO DAKOTA DEPT OF HEALTH ND	09 03 86			
TOTAL OF REGION 08 = 1					
E5BG6090089-60924	UPPER SAN GABRIEL VALLEY WD CA	05 05 86			
TOTAL OF REGION 09 = 1					
E5EH4110066-61534	ACTIONS AGAINST POTENTIAL	09 24 86	P5EH5110020-61131	FY83&84 TRUST FUND-REGION 2	06 27
O5EH6110036-60964	CORPS OF ENGINEERS	05 14 86	P5BG5110055-61507	SF COOP AGRF DELAWARE	09 18
P5EH5110019-60942	FY83&84 TRUST FUND REGION 1	05 08 86	P5EH5110033-61550	FY83&FY84 TRUST FUND HEADQUART	09 26
P5EH5110022-61094	FY83&FY84 TRUST FUND-REGION 4	06 19 86			

TOTAL OF HEADQUARTERS = 7
TOTAL SUPERFUND GRANT & INTERNAL AUDITS = 17

08. OTHER CONTRACT AUDITS

D8DT6010141-60926	FAY SPOFFORD & THORNDIKE INC	05 05 86	D8AT6010228-61306	E C JORDAN ME	08 06
D8DT6010150-60955	UNIVERSAL ENGINEERING CORP MA	05 13 86	D8AT6010234-61369	ARTHUR D LITTLE INC MA	08 20
D8AT6010158-61005	META SYSTEMS INC MA	05 22 86	D8AT6010238-61382	STONE & WEBSTER MA	08 25
D8AT6010159-61014	EASTERN RESEARCH GROUP	05 28 86	D8AT6010239-61383	METCALF & EDDY INC MA	08 25
D8AT6010171-61050	TRC-ENVIRONMENTAL CONS INC CT	06 04 86	D8AT6010240-61384	CADMUS GROUP MA	08 25
D8AT6010188-61095	METCALF & EDDY	06 19 86	D8AT6010245-61396	METCALF & EDDY MA	08 27
D8AT6010202-61163	METCALF & EDDY INC MA	07 07 86	D8AT6010246-61397	ENV RESEARCH & TECHNOLOGY MA	08 27
D8AT6010226-61287	SIGMA RESEARCH CORP MA	08 06 86	D8AT6010247-61423	ENFRGY & ENVIRONMENTAL ENG MA	08 29
D8DT6010227-61305	E C JORDAN ME	08 06 86	D8AT6010258-61451	ARTHUR D LITTLE INC MA	09 08
			D8AT6010259-61452	STONE & WEBSTER ENG CORP MA	09 08
TOTAL OF REGION 01 = 19					
D8AT6020108-60827	ECOLOGY & ENVIRON-ZONE I NY	04 10 86	D8DT6020146-61113	BURNS & ROE NJ	06 25
D8AT6020109-60828	ECOLOGY & ENVIRON-ZONE II NY	04 10 86	D8AT6020172-61334	GERAGHTY & MILLER NY	08 13
D8CT6020114-60839	BURNS & ROE INDUS SERV NJ	04 15 86	D8AT6020183-61335	ECOLOGY & ENVIRONMENT NY	08 13
D8AT6020124-60938	LUMMUS CREST INC NJ	05 06 86	D8CT6020182-61336	FRED C HART NY	08 13
D8AT6020133-61006	ECOLOGY & ENVIRONMENT INC NY	05 27 86	D8AT6020188-61373	ASSOCIATED WEATHER SERVICES N	08 21
D8DT6020132-61007	ECOLOGY & ENVIRONMENT INC NY	05 28 86	D8AT6020194-61469	SYRACUSE RESEARCH CORP NY	09 10
D8AT6020147-61112	FRED C HART NY	06 25 86	D8AT6020201-61536	SYRACUSE RESEARCH CORP NY	09 24

TOTAL OF REGION 02 = 14

Audit Control Number	Auditee	Final Report Issued	Audit Control Number	Auditee	Final Report Issued
D8AT6030174-60802	SOBOTKA COMPANY	04/04/86	D8AT6030262-61223	ROY F WESTON INC-PA	07/22/86
D8AT6030175-60803	ICF	04/04/86	D8AT6030263-61224	BREGMEN & CO INC-MD	07/22/86
D8AT6030193-60930	DYNAMAC CORP	05/06/86	D8CT6030264-61225	EBON RESEARCH SYSTEMS-DC	07/22/86
D8CT6030194-60933	GKY ASSOCIATES	05/06/86	D8AT6030265-61226	MERIDIAN RESEARCH INCORP-MD	07/22/86
D8AT6030195-60934	NUS CORP	05/06/86	D8AT6030276-61288	AEP CO INC MD	08/06/86
D8DT6030196-60935	JACA CORP	05/06/86	D8AT6030277-61289	CADMUS GROUP INC-VA	08/06/86
D8DT6030197-60936	NATIONAL ANALYSTS PA	05/06/86	D8AT6030279-61291	PEER CONSULTANTS MD	08/06/86
D8AT6030198-60937	MERIDIAN RESEARCH MD	05/06/86	D8AT6030280-61292	PROGRAM RESOURCES INC-MD	08/06/86
D8AT6030204-61009	SRA TECH INC VA	05/28/86	D8AT6030281-61293	WESTAT INCORPORATED-MD	08/06/86
D8AT6030205-61010	MATHTECH INC NJ	05/28/86	D8DT6030282-61294	CENTEC CORP-VA	08/06/86
D8AT6030206-61011	C C JOHNSON ASSOCIATES MD	05/28/86	D8DT6030283-61295	HORIZON SYSTEMS COPR-VA	08/06/86
D8AT6030207-61012	ICF TECHNOLOGY DC	05/27/86	D8AT6030284-61296	ICF INCORPORATED-DC	08/06/86
D8AT6030208-61013	POLICY PLAN EVALUATION INC	05/28/86	D8AT6030285-61297	BAKER TSC INCORP-PA	08/06/86
D8DT6030210-61040	SYSTEX INC MD	06/03/86	D8AT6030286-61298	DYNAMAC CORP-MD	08/06/86
D8AT6030211-61041	WADE MILLER ASSOC VA	06/03/86	D8CT6030287-61299	EBON RESEARCH SYSTEM-DC	08/06/86
D8DT6030212-61042	CALCULON CORP PA	06/03/86	D8AT6030288-61300	ICF INCORPORATED-DC	08/06/86
D8CT6030213-61043	JSC&F INC DC	06/03/86	D8DT6030289-61301	INTEGRATED MICROCOMPUTERS-MD	08/06/86
D8DT6030214-61044	TRACOR-JITCO INC MD	06/03/86	D8DT6030290-61302	PA ELECTRIC COMPANY-PA	08/06/86
D8DT6030215-61045	FRANKLIN RESEARCH CENTER PA	06/03/86	D8AT6030291-61303	ICF TECHNOLOGY-DC	08/06/86
D8AT6030216-61046	ICF TECHNOLOGY DC	06/03/86	D8AT6030300-61459	BOOZ-ALLEN & HAMILTON INC - MD	09/09/86
D8AT6030217-61047	GENERAL SCIENCE CORP MD	06/03/86	D8AT6030301-61460	DYNAMAC CORP - MD	09/09/86
D8AT6030218-61048	RESOURCE APPLICATIONS INC VA	06/03/86	D8AT6030302-61461	ICF TECHNOLOGY - DC	09/09/86
D8AT6030220-61158	CLENENT ASSOCIATES-VA	07/07/86	D8AT6030303-61462	MACRO SYSTEMS INCORP - MD	09/09/86
D8DT6030230-61159	JACA CORPORATION-PA	07/07/86	D8AT6030304-61463	TECHNICAL RESOURCES INCORP-MD	09/09/86
D8CT6030231-61160	AUTOMATED SCIENCES GROUP-MD	07/07/86	D8AT6030305-61464	THE EARTH TECHNOLOGY CORP - VA	09/10/86
D8AT6030232-61161	EA ENGIN-SCIENCE-TECH INC -MD	07/07/86	D8AT6030306-61465	GEOTRANS INCORP - VA	09/10/86
D8AT6030233-61162	CC JOHNSON & ASSOCIATES-MD	07/07/86	D8AT6030307-61466	BIONETICS CORP - VA	09/10/86
D8DT6030238-61179	PEAT MARWICK MITCHELL & CO-DC	07/15/86	D8AT6030308-61467	BOOZ-ALLEN & HAMILTON INC - MD	09/10/86
D8AT6030239-61180	EBON RESEARCH SYSTEM INC-DC	07/15/86	D8AT6030309-61475	BOOZ ALLEN & HAMILTON INC - MD	09/10/86
D8AT6030240-61181	ENVIRON CORP-DC	07/15/86	D8AT6030310-61476	DYNAMAC CORP MD	09/10/86
D8AT6030241-61182	NUS CORP-MD	07/15/86	D8AT6030315-61495	LABAT-ANDERSON INC - VA	09/15/86
D8DT6030242-61183	ROY F WESTON INC-PA	07/15/86	D8CT6030316-61496	BETZ CONVERSE MURDOCH INC - PA	09/15/86
D8DT6030249-61201	NUS CORPORATION-MD	07/21/86	D8AT6030318-61515	NATIONAL FOOD PROCESS ASSOC-DC	09/19/86
D8DT6030250-61202	ENERGY & ENVIRO ANALYSIS INCVA	07/21/86	D8AT6030319-61516	COMPUTER SCIENCES CORP - VA	09/19/86
D8CT6030251-61203	GKY & ASSOC INCORP-VA	07/21/86	D8AT6030326-61538	GEOMET TECHNOLOGIES INC - MD	09/24/86
D8CT6030252-61204	GKY & ASSOC INCORP-VA	07/21/86	D8AT6030327-61539	NAHB RESEARCH FOUNDATION - MD	09/24/86
D8CT6030253-61205	VERSAR INC-VA	07/21/86	D8AT6030328-61540	PLANNING RESEARCH CORP - VA	09/24/86
D8AT6030254-61215	TECHNICAL RESOURCES INC MD	07/22/86	D8AT6030329-61541	DYNAMAC CORPORATION - MD	09/24/86
D8DT6030255-61216	PROGRAM RESOURCES INC-MD	07/22/86	D8AT6030330-61542	BAKER -TSA INCORPORATED - PA	09/24/86
D8AT6030256-61217	JACK FAUCETT ASSOC-MD	07/22/86	D8AT6030331-61543	DESMATICS INCORP PA	09/24/86
D8AT6030257-61218	VJ CICCONE & ASSOC INCORP-VA	07/22/86	D8AT6030332-61544	VIAR & CO - VA	09/24/86
D8DT6030258-61219	SYSTEMS & APPLIED SCIENCES-VA	07/22/86	D8AT6030333-61545	DYNAMAC CORP - MD	09/24/86
D8CT6030259-61220	EBON RESEARCH SYSTEMS-DC	07/22/86	D8AT6030335-61570	ROY F WESTON INC - PA	09/30/86
D8AT6030260-61221	JACK FAUCETT ASSOC	07/22/86	D8AT6030336-61571	PROGRAM RESOURCES INC - MD	09/30/86
D8CT6030261-61222	EBON RESEARCH SYSTEMS-DC	07/22/86	D8AT6030337-61572	CRC SYSTEMS INCORP - VA	09/30/86
TOTAL OF REGION 03 = 90					
D8AT6040157-60799	WILBUR SMITH & ASSOC SC	04/03/86	D8AT6040273-61380	AWARE INC NASHVILLE TN	08/22/86
D8CT6040203-60991	ENVIRONMENTAL SC & ENGR FL	05/20/86	D8AT6040267-61388	ENVIRONMENTAL SYSTEMS CORP TN	08/25/86
D8CT6040222-61090	ENTROPY ENVIRONMENTALIST NC	06/18/86	D8AT6040295-61477	PE LAMOREAUX AL	09/10/86
D8AT6040229-61103	NORTHROP SERVICES NC	06/23/86	D8AT6040296-61478	NORTHROP SVCS NC	09/10/86
D8AT6040235-61141	NORTHROP SERVICES NC	07/02/86	D8AT6040288-61480	ENVIRONMENTAL SC & ENGR FL	09/10/86
D8AT6040244-61186	NORTHROP SERVICES NC	07/15/86	D8AT6040291-61481	EBON RESEARCH SYSTEMS FL	09/10/86
D8AT6040257-61227	NORTHROP SERVICES NC	07/23/86	D8AT6040283-61482	WATER & AIR RESEARCH INC FL	09/10/86
D8AT6040256-61228	NORTHROP SERVICES NC	07/23/86	D8AT6040292-61484	NORTHROP SERVICES RTP NC	09/10/86
D8AT6040261-61267	NORTHROP SVCS NC	07/31/86	D8AT6040320-61533	NORTHROP SERVICES NC	09/24/86
D8AT6040262-61268	NORTHROP SVCS NC	07/31/86	H8AT6040159-60807	RESEARCH TRINAGLE INST NC	04/07/86
D8AT6040281-61375	ENTROPY ENVIRONMENTALIST NC	08/21/86	H8AT6040299-61479	RESEARCH TRIANGLE INST NC	09/10/86
D8AT6040268-61379	ENVIRONMENTAL SC & ENGR FL	08/22/86	H8AT6040284-61483	RESEARCH TRIANGLE INST NC	09/10/86
TOTAL OF REGION 04 = 25			H8AT6040314-61512	RESEARCH TRIANGLE INST NC	09/19/86
D8CT6050189-60831	REXNORD INC (MILWAUKEE) WI	04/11/86	D8AT6050291-61274	BMI COLUMBUS OH	08/04/86
D8CT6050190-60833	REXNORD INC (MILWAUKEE) WI	04/11/86	D8AT6050290-61275	BABCOCK & WILCOX ALLIANCE OH	08/04/86
D8DT6050208-60928	REXNORD INC MILWAUKEE FY 84 85	05/05/86	D8AT6050292-61310	AUTO TESTING LAB E LIBERTY OH	08/07/86
D8AT6050207-60949	LIFE SYSTEMS INC CLEVELAND OH	05/12/86	D8AT6050289-61311	LIFE SYSTEMS INC CLEVELAND OH	08/07/86
D8AT6050212-61027	BABCOCK & WILCOX BARBERTON OH	05/30/86	D8AT6050341-61455	BMI COLUMBUS OH	09/08/86
D8BT6050213-61029	ILLINOIS U OF (URBANA)	06/02/86	D8AT6050379-61524	JIT RES INST CHICAGO IL	09/23/86
D8AT6050243-61155	BMI COLUMBUS OH	07/02/86	D8AT6050378-61525	MCNAMEE PORTER SEELEY MI	09/23/86
D8AT6050242-61156	BABCOCK & WILCOX BARBERTON OH	07/02/86	P8AT6050247-61509	OH MATERIALS	09/18/86
TOTAL OF REGION 05 = 16					
D8CT6060131-60855	WALK HAYDEL & ASSOCIATES LA	04/17/86	D8AT6060182-61265	K W BROWN & ASSOCIATES TX	07/30/86
D8AT6060141-60912	GULF SOUTH RESEARCH INSTITUTE	04/30/86	D8AT6060186-61276	RADIAN CORPORATION TX	08/04/86
D8AT6060142-61058	K S CRUMP & CO LA	06/06/86	D8AT6060187-61277	RADIAN CORPORATION TX	08/04/86
D8AT6060178-61258	KEN E DAVIS TX	07/30/86	D8AT6060188-61329	RADIAN CORPORATION TX	08/12/86
D8AT6060180-61259	ENGINEERING ENTERPRISES INC O	07/30/86	D8AT6060189-61366	REED & ASSOCIATES INC TX	08/19/86
D8AT6060179-61260	K W BROWN & ASSOCIATES INC TX	07/30/86	D8AT6060194-61367	EG&G AUTOMOTIVE RESEARCH INC T	08/19/86
D8AT6060181-61264	FELIX & ASSOCIATES INC OK	07/30/86	D8AT6060217-61497	JORDAN-DELAURENTI	09/16/86
TOTAL OF REGION 06 = 14					
D8CT6070086-60792	MIDWEST RESEARCH INSTITUTE MO	04/02/86	D8AT6070133-61145	DEVELOPMENT PLANNING & RSCH KS	07/02/86
D8CT6070087-60793	MIDWEST RESEARCH INSTITUTE MO	04/02/86	D8AT6070140-61235	MIDWEST RESEARCH INSTITUTE MO	07/25/86
D8CT6070088-60794	MIDWEST RESEARCH INSTITUTE MO	04/02/86	D8AT6070139-61237	FRANKLIN ASSOCIATES LTD KS	07/25/86
D8AT6070108-60903	DEVELOPMENT PLANNING & RES KS	04/29/86	D8BT6070144-61325	HOWARD NEEDLES TAMMEN & BERG M	08/12/86
D8AT6070109-60941	MIDWEST RESEARCH INSTITUTE MO	05/08/86	D8AT6070146-61365	MIDWEST RESEARCH INSTITUTE MO	08/19/86
D8AT6070123-61111	BLACK & VEATCH A E MO	06/24/86	H8CT6070122-61102	IOWA STATE UNIVERSITY IA	06/23/86
TOTAL OF REGION 07 = 12					
D8AT6090116-60811	TETRA TECH INC PASADENA CA	04/07/86	D8AT6090133-60916	TETRA TECH INC PASADENA CA	05/01/86
D8AT6090117-60812	TETRA TECH INC PASADENA CA	04/07/86	D8AT6090134-60917	SCIENCE APPLICATIONS INTL CA	05/01/86
D8AT6090122-60835	TETRA TECH INC PASADENA CA	04/11/86	D8AT6090136-60939	ENERGY & ENV RESEARCH CORP CA	05/06/86
D8AT6090123-60840	SRI INTERNATIONAL MENLO PARK C	04/16/86	D8AT6090135-60940	BROWN & CALDWELL SEATTLE WA	05/06/86
D8BT6090127-60887	ROCKWELLINTL ROCKETDYNE DIV CA	04/24/86	D8CT6090145-60966	TRW INC SPACE & TECH GROUP CA	05/14/86
D8AT6090128-60894	ACUREX CORPORATION MTN VIEW CA	04/28/86	D8AT6090146-60974	ENV MONITORING & SVCS INC CA	05/15/86

Audit Control Number	Auditee	Final Report Issued	Audit Control Number	Auditee	Final Report
D8AT6090147-60975	ENV MONITORING & SVCS INC CA	05/15/86	D8AT6090195-61273	ENGINEERING-SCIENCE INC CA	08/
D8AT6090148-60976	ENV MONITORING & SVCS INC CA	05/15/86	D8AT6090196-61278	C L STEGALL COMPANY CA	08/
D8AT6090149-60977	ENV MONITORING & SVCS INC CA	05/15/86	D8AT6090197-61279	SCIENCE APPLICATIONS INTL CA	08/
D8AT6090154-60988	ENV MONITORING & SVCS INC CA	05/19/86	D8AT6090198-61280	SYSTEMS APPLICATIONS INC CA	08/
D8AT6090157-61017	TETRA TECH INC PASADENA CA	05/29/86	D8AT6090200-61304	ENV MONITORING & SERVICES CA	08/
D8AT6090158-61018	JACOBS ENG GROUP INC CA	05/29/86	D8AT6090205-61330	SCIENCE APPLICATIONS INTL CA	08/
D8AT6090159-61019	JACOBS ENG GROUP INC CA	05/29/86	D8AT6090206-61356	ENERGY & ENV RESEARCH CORP CA	08/
D8CT6090161-61031	SCIENCE APPLICATIONS INTL CA	06/02/86	D8AT6090217-61386	SCIENCE APPLICATIONS INTL CA	08/
D8AT6090165-61056	TETRA ECH INC PASADENA CA	06/06/86	D8AT6090218-61387	TETRA TECH INC CA	08/
D8AT6090166-61061	ACUREX CORPORATION MTN VIEW CA	06/10/86	D8AT6090219-61399	TETRA TECH INC CA	08/
D8AT6090169-61082	JACOBS ENG GROUP INC CA	06/16/86	D8AT6090220-61400	ZONGE ENG & RSRCH ORG INC AZ	08/
D8AT6090180-61140	ACUREX CORP MTN VIEW CA	07/01/86	D8AT6090221-61425	GLOBAL GEOCHEM CORP CA	08/
D8AT6090181-61153	AEROVIRONMENT INC MONROVIA CA	07/02/86	D8BM6090214-61430	INTL TECHNOLOGY CORP CA	08/
D8AT6090182-61165	DAMES AND MOORE LOS ANGELES CA	07/08/86	D8BM6090222-61431	INTL TECHNOLOGY CORP CA	08/
D8AT6090183-61168	MED TOX ASSO INC TUSTIN CA	07/10/86	D8AM6090223-61447	INTL TECHNOLOGY CORP CA	08/
D8AT6090184-61173	GEO/RESOURCE CONSULTANTS CA	07/11/86	D8AT6090224-61448	TRACER RESEARCH CORP AZ	08/
D8AT6090186-61199	SCS ENGINEERS LONG BEACH CA	07/17/86	D8AT6090225-61474	INTL TECHNOLOGY CORP CA	08/
D8AT6090187-61200	DAMES & MOORE LOS ANGELES CA	07/17/86	D8AT6090227-61493	JACOBS ENG GROUP INC CA	08/
D8AT6090189-61230	SRI INTERNATIONAL CA	07/23/86	D8AT6090228-61494	TETRA TECH INC CA	08/
D8AT6090190-61236	EARTH TECH CORP LONG BEACH CA	07/25/86	D8AT6090229-61535	JACOBS ENG GROUP INC CA	08/
D8AT6090192-61252	JACOBS ENG GROUP INC CA	07/29/86	D8DT6090230-61555	MATRECON INC CA	08/
			D8DT6090231-61556	MATRECON INC CA	08/
			H8AT6090215-61378	UNIVERSITY OF NEVADA NV	08/
			H8AT6090216-61385	DESERT RESEARCH INSTITUTE NV	08/
TOTAL OF REGION 09 = 57					
D8AT6100068-60965	ENVIRONMENTAL TOXICOLGY INT WA	05/14/86	E8AX6100064-60968	CH2M HILL INC OR	08/
D8AT6100100-61472	NORTHWEST SYSTEMS RESEARCH WA	09/10/86	E8AS6100074-61065	CH2M HILL INC OR	08/
D8AT6100101-61473	NORTHWEST SYSTEMS RESEARCH WA	09/10/86			
TOTAL OF REGION 10 = 5					
TOTAL OTHER CONTRACT AUDITS = 252					
09. SUPERFUND CONTRACTS					
E9AT6040128-60929	ENSCO(SUB TO HAZTECH) PEAK SIT	05/06/86	E9AT6040221-61238	HAZTECH GA	08/
E9DT6040024-61072	HAZ TECH NC	06/12/86	E9AT6040240-61317	HAZTECH (EG&G IDAHO) GA	08/
E9CT5040269-61142	HAZTECH INC	07/02/86	E9AT6040264-61381	IT CORPORATION TN	08/
E9CT5040230-61143	HAZ TECH (PEPPER STEEL) 80 FL	07/02/86	E9CT6040200-61517	HAZTECH ATLANTA GA	08/
			E9CT5040044-61561	HAZ TECH (SMITH FARM SITE) KY	08/
TOTAL OF REGION 04 = 9					
E9AT6050128-61358	MAECORP INC (MID-AMERICA E/S)	08/18/86	E9AT6050320-61510	MAECORP INC	08/
TOTAL OF REGION 05 = 2					
E9DT6060159-61326	LOCKWOOD	08/12/86	E9AT6060165-61376	SUNBELT ENVIRONMENT MAN INC OK	08/
TOTAL OF REGION 06 = 2					
E9CT6070083-61256	CORNEJO & SONS	07/30/86			
TOTAL OF REGION 07 = 1					
D9CT6090199-61285	UNITEK ENV SERVICES INC HI	08/05/86	E9AT6090177-61416	CROSBY & OVERTON LONG BEACH CA	08/
TOTAL OF REGION 09 = 2					
E9CT5100077-60789	ENVIRON EMERG SERV PORTLAND OR	04/01/86	E9CT5100027-61433	ENVIRON EMERG SERV PORTLAND OR	08/
E9AT6100081-61398	CANONIE ENGINEERING INC IN	08/27/86	E9AT6100098-61502	CH2M HILL OR	08/
E9AT6100077-61418	RIEDEL ENVIRON SERVI ES OR	09/05/86	P9DT6100056-60814	CH2M HILL CORVALLIS OR	08/
			P9BT5100067-61092	CH2M HILL - CORVALLIS OR	08/
TOTAL OF REGION 10 = 7					
TOTAL SUPERFUND CONTRACTS = 23					
TOTAL AUDITS = 788					

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Chicago, IL 60604

If you know or suspect. . .

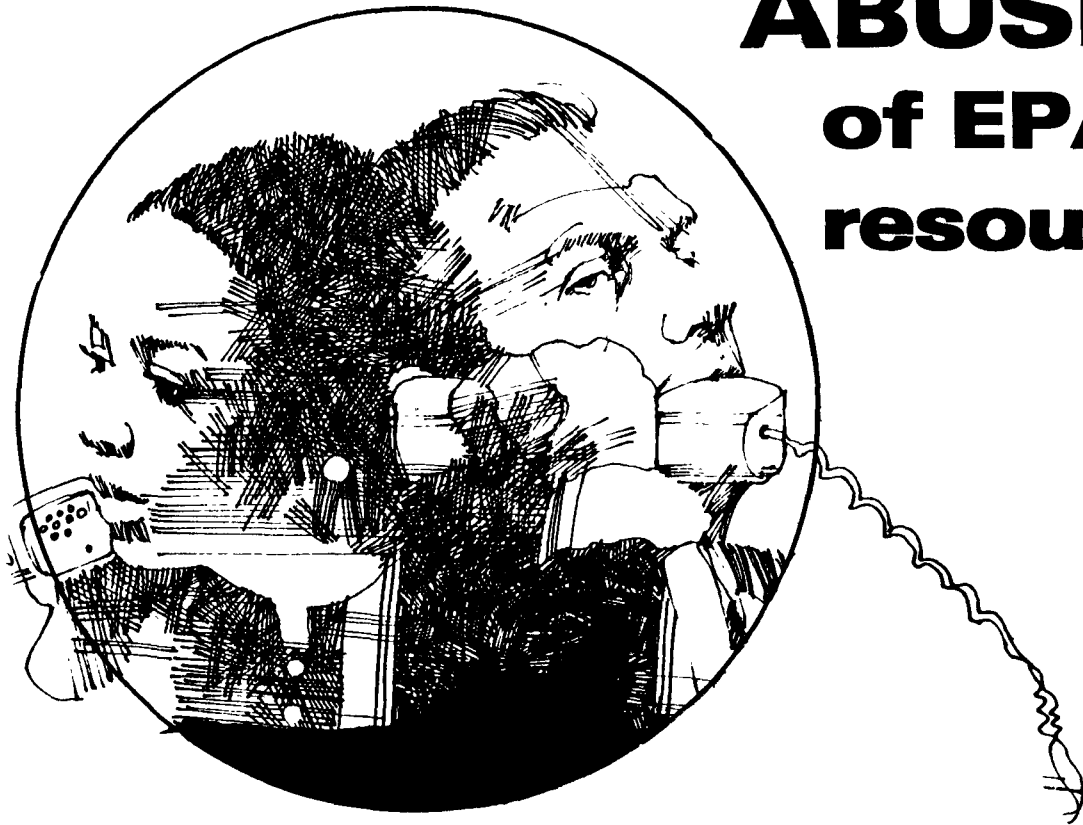
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