United States
Environmental Protection
Agency

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EPA Office of the Inspector General Report to Congress

HIGHLIGHTS

Fiscal 1996

Office of Inspector General

The Inspector General Act of 1978, as amended, created Offices of Inspector General (OIG) to consolidate existing investigative and audit resources in independent organizations headed by Inspectors General. For fiscal 1996, the EPA OIG received $40 million (including about $4.5 million in Agency support costs) and a funded staffing level of 388 full-time equivalent positions. The Inspector General (IG) is appointed by, and can be removed only by, the President. The mission of the OIG, as stated in the IG Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.
- Promote economy, effectiveness, and efficiency in EPA.
- Prevent and detect fraud, waste, and abuse in agency programs.
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.
- Keep the agency head and the Congress fully and currently informed of problems in agency programs.

To ensure objectivity, the IG Act provides the IGs:

- Independence to determine what reviews to perform.
- Access to all information necessary for the reviews.
- Authority to publish findings and recommendations.

Who's Who

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Divisional Inspectors General are listed on the back page.

Areas of Significant OIG Concern

Financial Management

The OIG has reported in several audits that EPA's accounting systems do not provide complete, consistent, reliable, and timely data. Although the Agency has made a number of significant improvements in financial management, additional actions are needed to ensure that EPA has trained staff, policies, procedures, and systems to carry out these responsibilities effectively.

Management of Extramural Resources

EPA relies extensively on contractors and others to assist in cleaning up pollution, setting the environmental agenda for the future, and providing goods and services. While we commend and support the Agency's initiatives, management problems continue in this area. We proposed grants administration as a material weakness candidate for fiscal 1996.

Superfund

For three Superfund sites examined, the prolonged time spent studying sites and designing remedies continues to result in higher cleanup costs and ongoing risks to public health and the environment. We are also concerned with inadequate oversight of interagency agreements resulting in cost overruns and inefficient cleanup implementation. Further, improvement is needed in evaluating the quality of laboratory data used for making public health risk assessments, developing alternatives, and designing remedies for potentially responsible party and Federal facility cleanup.

Air Programs

The majority of published emission factors, used to estimate emissions from a source when more reliable emissions data are not available, were rated low for reliability and many had not been updated since 1988. EPA's use of industry partnerships to assist in the development of emission factors increased the risk that non-representative or inaccurate factors would be developed. Accordingly, we nominated emissions factor development as a material weakness candidate for fiscal 1996. Also, state enforcement programs have a limited deterrent effect because they are not well-publicized and often do not assess the economic benefit of violations.

Information Resources Management (IRM)

EPA's IRM program is critical to the success of all program activities. The Agency's IRM program has been hampered by serious problems for years. In 1996, we reported that the Year 2000 problem could cause failure of major EPA systems because computers store years in two-digit numeric fields, and the "00" entry could result in incorrect computations. Although the Office of Information Resources Management (OIRM) has raised Agency awareness of data processing problems associated with the Year 2000 problem, OIRM needs to accelerate its actions to reduce the imminent threat of major systems failure.

Profile of Activities and Results

	Fiscal 1996 (dollars in millions)
Audit Operations	
• Questioned Costs (Ineligible, Unsupported, and Unnecessary/Unreasonable)	
- Total*	$291.4
- Federal Share	$209.1
• Recommended Efficiencies (Funds be Put to Better Use)	
- Total*	$ 62.2
- Federal Share	$ 62.2
• Costs Disallowed to be Recovered	
- Federal Share (costs which EPA management agrees are unallowable and is committed to recover or offset against future payments)	$ 59.1
• Costs Disallowed as Cost Efficiency	
- Federal Share (funds made available by EPA management's commitment to implement OIG recommendations)	$20.0
• Recoveries from Audit Resolutions of Current and Prior Periods (cash collections or offsets to future payments)**	$48.9
• Total Reports Issued by OIG	498
Investigative Operations	
• Fines and Recoveries (including civil)	$5.6
• Investigations Opened	116
• Investigations Closed	142
• Indictments of Persons or Firms	11
• Convictions of Persons or Firms	11
• Administrative Actions Taken Against EPA Employees	23
• Civil Judgements	6
Fraud Detection and Prevention Operations	
• Debarments, Suspensions, and Compliance Agreements (actions to deny persons or firms from participating in EPA activities because of misconduct or poor performance)	17
• Hotline Cases Opened	21
• Hotline Cases Processed and Closed	30
• Legislative and Regulatory Items Reviewed	83
• Personnel Security Investigations Adjudicated	602

* Questioned Costs and Recommended Efficiencies are subject to change in the audit resolution process.

** Information on recoveries is provided by the EPA Financial Management Division and is unaudited.

During this fiscal year, our audit efforts resulted in more than $60 million in recommended efficiencies, nearly $300 million in questioned costs, and approximately $50 million in Agency recoveries from audit resolutions. The following represents some of our most significant findings which resulted from the 498 reports issued by the OIG.

Inadequate Oversight of Drinking Water Programs Puts Children at Risk

Region 3 did not require states to provide information about their lead and copper monitoring of small public water systems (PWS) delaying enforcement actions for removal of excessive lead from drinking water consumed by children and infants. In total, 40 percent of the small schools and day care centers we reviewed did not comply with various aspects of the Lead and Copper Rule (LCR) of the Safe Drinking Water Act, yet the states did not inform EPA until almost two years later. The Agency also could not evaluate whether PWSs were reducing lead in their drinking water. One school provided more than 500 children, teachers, and others with drinking water that had more than four times the lead allowed by the LCR. States also did not inform EPA that several PWSs had excessive copper in drinking water. Further, there were several adverse conditions that EPA should have addressed during its reviews of state drinking water programs. *The Agency generally agreed to take appropriate actions to resolve the audit issues. However, Region 3 did not agree that states were required to provide information concerning small PWSs.*

Establishment of Supercomputing Center Violated Laws and Potentially Wasted Millions

EPA circumvented the General Services Administration (GSA), violated several laws, and acted without legislative authority by using a contractor to acquire a building for the National Environmental Supercomputing Center (NESC) independent of GSA for an additional $3.8 million over the five-year lease. The Agency pre-selected a supercomputer site which was twice as large as needed, and manipulated the procurement process to have its contractor lease the building which required significant renovation. In effect, the Agency gave government property to the developer by approving permanent improvements to the NESC building as part of lease costs charged to the contract. EPA also exceeded its authority and violated Federal law by obligating the government to reimburse its contractor $3.7 million for a lease that ran four and one-half years longer than the Agency's available appropriation. EPA's administration of the NESC subcontract further violated Federal laws and regulations, and documentation of significant decisions and activities related to the establishment of the NESC was not preserved to protect the interests of the government. *The Agency disputed many of the findings but agreed to implement the majority of recommendations.*

Major Delays in Superfund Cleanups Increased Costs and Potential Health Risks

Despite identification between 12 and 15 years ago, the three Superfund sites we reviewed were still not cleaned up. The prolonged time spent studying sites and designing remedies resulted in higher cleanup costs and continued risks to public health and the environment. First, the Whitmoyer Laboratories site in Pennsylvania entered the Superfund cleanup pipeline in 1984, but is still without

completed actions. In 1988, an on-site vault containing four[illegible]n pounds of hazardous waste targeted for removal at a cost [illegible]$3 million, was not removed and the vault cleanup is being handled by the remedial program at an estimated cost of $18 million. Second, the Wasatch Chemical site in Utah was discovered in 1980, but is not yet fully cleaned up. In 1985, EPA proposed further investigation and possible removal of an evaporation pond suspected of contaminating ground water, but neither occurred. For the next ten years, EPA conducted enforcement negotiations and two removal actions, completed site studies, and began the remedial action. In 1994, EPA began cleanup using innovative technology at nearly twice the original estimated $3.3 million cost. Third, the Southern Maryland Wood Treating site was discovered in 1981, and although $30 million has been spent on removal and remedial actions, the site still is not cleaned up. *The Agency was not required to respond to our report since the case studies were designed to support a long-range audit plan.*

Over $100 Million in Government Property, Including Vehicles, Improperly Provided to Contractors

EPA has acquired hundreds of passenger vehicles in violation of statutory restrictions. In February 1996, the Agency reported $138.3 million in government property held by contractors, despite regulations requiring contractors to furnish all necessary property. Included in the property are EPA-owned vehicles, buses, and vans leased from the General Services Administration for the Agency's shuttle bus service, and scientific equipment used at EPA laboratories. The Office of Acquisition Management acknowledged that it has become Agency-wide routine practice to provide property (including vehicles) to contractors even though prohibited by the Federal Acquisition Regulation (FAR). In addition, EPA has incurred expenses for over ten years by maintaining property inventories despite a FAR provision specifying that the contractor's property control records are sufficient. *The Agency generally agreed with our recommendations and committed to issuing a policy to clarify circumstances in which EPA may furnish property to contractors.*

State LUST Programs Need to Focus on Most Hazardous Sites

Despite states' progress cleaning up Leaking Underground Storage Tanks (LUST), enforcement and oversight of corrective action to protect human health and the environment was not adequate at 126 of the 249 high risk sites reviewed, including those with petroleum-contaminated ground water. Most states had procedures focusing corrective action on high risk sites, but did not always follow them. For example, one state was aware of a leaking underground tank but took no action for 12 years, and then discovered that the site was near a public water supply and posed a significant threat. Another state did not identify some sites that were the most environmentally threatening to ground water. In addition, there were major differences in results among state cost recovery programs. Of the states reviewed, two recovered significant amounts from owners and operators, three achieved partial recoveries, and two did not have cost recovery programs. Also, state activity reports were generally unreliable and usually overstated program results, including one state that overstated cleanups by 47 percent. *The Agency generally disagreed with our findings, but agreed with the recommendations or presented alternative actions to meet their intent.*

Air Program Goals Impaired by Limited Emission Factor Development

The Agency increased emission factors (used to estimate a source's air pollutant emissions when more reliable data are not available) for stationary and area sources from 2,073 in 1985 to over 16,000 in

19[illegible] However, 7,840 factors were not rated, the vast majority were not published, and 4,865 published factors were rated below average or poor for reliability, thereby reducing the effectiveness of government and industry efforts to control air pollution. Further, EPA had not published emission factors for specific activities in the wood products, food processing, agricultural related, and chemical processes industries. Significant funding reductions to the emission factor development program materially affected EPA's ability to meet the increased demand for quality emission factors, and the majority of states did not use the funds EPA allocated for factor development because Agency grant guidance was not timely or specific enough to implement the program. In addition, EPA initiated partnerships with industries to obtain assistance in emission factor development even though biased or unrepresentative emission factors may be developed because industries have a financial motive to use emission factors that produce low emission estimates to avoid obtaining a permit or to pay lower annual fees. *The Agency concluded that weaknesses in their emission factor development program did not represent a material weakness in the FMFIA process, but agreed to improve the program.*

EPA Needs More Reliable Budgeting and Accounting

A pattern of errors in EPA's budgeting and accounting practices for personnel resources made financial management information unreliable for ensuring compliance with congressional intent. Outdated workload models were used to allocate personnel resources resulting in regions not receiving resources where they planned to use them. However, the regions did not reprogram the reallocation of personnel costs and they were inaccurately accumulated and reported. Thus, significant errors existed in two (of five regions reviewed) regions' charging of personnel costs used to develop subsequent program budgets. EPA's budget was not consistently executed in the regions the way it was requested by Headquarters and appropriated by Congress. Therefore, many reprogrammings were required to try to reconcile the differences. The Agency's ad hoc creation of program elements over time reduced the consistency and comparability of budget and financial data for internal management purposes. The current budget structure cannot efficiently capture the information required to implement the Government Performance and Results Act because the activities do not always align with existing program elements. *The Agency agreed with most recommendations and has taken action to correct some of the problems.*

Inadequate Management of Contractors Led to Ineffective and Costly Programs

Ineffective planning and inadequate oversight of a major contractor's performance resulted in some of the products and services procured being untimely and/or of questionable value. The Green Lights program was more costly than necessary because EPA authorized the contractor to perform questionable work without analyzing its benefit or necessity. Also, one of the measures of the program was misleading because the Agency emphasized the number and prominence of its participants while omitting that many had made little or no progress. EPA did not adequately plan individual projects under the Indoor Air Quality program resulting in unnecessary delays, modifications, and increased costs. Three of the projects continued for as many as six years, over several contract periods, exceeding the original budgets by more than $1 million. In addition, the administrative costs to promote EPA's Local Government Reimbursement program were unreasonable in relation to the low response. During fiscal 1995, the Agency reimbursed approximately $95,000 to four local governments, yet paid over $300,000 for contracts to administer the program. *The Agency disagreed with*

some specific issues, but agreed with most of the recommendations and has taken many actions to improve the Green Lights program.

Improvements Needed in EPA and State Air Enforcement Programs

Although Regions 5 and 6 and the states we reviewed had effective aspects of their air enforcement programs, penalties often lacked an economic benefit component, enforcement actions were seldom publicized, and air enforcement data were incomplete, inconsistent, and untimely. Region 5 and Michigan assessed the economic benefit violators gained from noncompliance with air pollution regulations when assessing fines, but Indiana, Illinois, Wisconsin, Texas, and Louisiana usually did not. Penalties lacking an economic benefit component are not effective, since it may be less expensive to violate the law than to comply with it. Regions 5 and 6 and the states reviewed did not adequately publish the results of enforcement actions resulting in companies having less incentive to achieve or maintain compliance with regulations without the pressure of public opinion generated by publicity. Region 5 had conducted some compliance assistance activities but had not developed a core program infrastructure of clear direction, priorities, or performance measures, and was unable to communicate a consistent compliance assistance approach. Region 6 worked with states to develop and maintain active compliance assistance programs, but did not complete timely enforcement actions against violators. *The Agency agreed with our findings and recommendations.*

Hazardous Waste Risks Reduced, but Inadequate Oversight Resulted in Cost Overruns and Inefficient Cleanup

Region 8 responded to the Summitville, CO, Superfund site emergency by reducing hazardous waste risks. However, the Region did not adequately oversee Interagency Agreements (IAG) with the Department of Interior's Bureau of Reclamation (Reclamation) resulting in seven cost overruns totaling nearly $7.3 million and an inefficient cleanup. The Region did not enforce IAG terms and conditions requiring Reclamation to submit current monthly progress and cost reports. Payment requests were routinely approved without reviewing required supporting documentation. In addition, the Agency did not ensure that Reclamation used contracting methods which would keep cleanup costs down, and created an unnecessary layer of general and administrative expenses, and profit, by allowing Reclamation's contractor to procure subcontractors for cleanup. The Agency also created a new contract vulnerability by permitting Reclamation to award both a fixed-price construction contract and a related site-support time-and-materials delivery order to the same contractor thereby providing an opportunity to avoid losses and/or maximize profits by mischarging costs. *The Agency issued new guidance to improve IAG oversight and was preparing a workplan to address the recommendations.*

FACA Committees' Costs Nearly Doubled Since 1993

EPA's cost to operate Federal Advisory Committee Act (FACA) committees has increased from $4.9 million for 31 committees in 1993 to over $9 million for 22 committees in 1995. The number of Agency personnel involved in FACA committee operations has grown from 38 staff at a cost of $2.2 million in fiscal 1993, to 65 staff at a cost of $3.6 million in fiscal 1995. EPA's decentralized operations appeared to contribute to a duplication of similar administrative functions resulting in the involvement of more and higher paid personnel than necessary. Although a central Agency office administers FACA and consolidates cost data, it has no control over individual FACA committee funds, costs, or priorities since each program office funds the FACA committees it establishes. *The Agency agreed to review FACA administration functions.*

$[illegible] Million Questioned on San Francisco Projects

EPA awarded nine construction grants totaling $414,711,579 for the design and construction of wastewater treatment facilities for the Southwest Ocean Outfall Project, the Southeast Water Pollution Control Plant, the Oceanside Water Pollution Control Plant, and Bayside pump stations, force mains, and outfall consolidation projects. The City and County of San Francisco claimed $19.9 million of ineligible architectural engineering costs and other project costs allocable to other Federal facilities, and costs outside the scope of the approved project. We also questioned as unreasonable $164,198,771 of project costs related to underused facilities. Although the Southwest Ocean Outfall Project and the Oceanside Water Pollution Control Plant were designed with a 450 million gallons per day capacity, only five percent of the capacity was being used. In another audit, we found the City and County of San Francisco also claimed $2,812,732 of ineligible costs from EPA grants for wastewater treatment facilities.

Over $18 Million Questioned on WSSC Claims

EPA awarded two construction grants totaling $45,053,170 to the Washington Suburban Sanitary Commission (WSSC) for the construction of modifications to an existing facility to provide an advanced wastewater treatment plant, and additions to the Western Branch wastewater treatment plant for additional solids and liquid handling facilities. WSSC claimed $7,481,336 of ineligible construction, engineering, and administrative costs. We also questioned as unsupported $8,897, 656 of construction change orders that had not received an eligibility determination, delay costs that could not be verified, and miscellaneous costs for which the grantee could not provide documentation. Additionally, we questioned $1,826,158 as unreasonable costs related to facility segments and equipment that had been abandoned.

During this fiscal year, our investigative efforts resulted in 11 indictments, 11 convictions, and $5.6 million of fines and recoveries from persons or firms who defrauded the Agency.

Former California Lab Manager and Director Sentenced

Eureka Laboratories, Inc. (Eureka), of Sacramento, California, was sentenced in December 1995 to 60 months probation, fined $1.5 million, and ordered to pay restitution of $322,422. Kuen Lee, a former Eureka laboratory manager, was sentenced in December 1995 to 5 months incarceration followed by 36 months probation and 250 hours of community service. Chung Li, former Eureka Director of Laboratory Services, was sentenced in November 1995 to 24 months incarceration followed by 36 months probation and 250 hours of community service. The defendants conspired to falsify analytical test results and calibration of laboratory equipment compromising the accuracy and reliability of the test results vital to the successful identification of hazardous substances and the remediation of hazardous waste sites. Eureka is an analytical services laboratory contracted by several government agencies to test water, soil, and air samples for pollutants and toxins. The case was investigated by the EPA OIG, the U.S. Army Criminal Investigation Command, the U.S. Air Force Office of Special Investigations, and the California Environmental Protection Agency.

Florida Export Company and Official Sentenced

Marman USA, Inc. (Marman), a Florida pesticide export company, and its vice-president, Robert T. Renes, were sentenced in July 1996 after each pleaded guilty to forging a government seal. The corporation was sentenced to two years probation and fined $350,000. Renes was sentenced to three years probation and fined $150,000. Marman falsified documentation included in a package submitted for a pesticide product registration in Ecuador, along with notarized documents signed by EPA employees under the official seal of EPA. The case was investigated by the EPA OIG with the assistance of the EPA Criminal Investigations Division and the U.S. Customs Service.

Former Employee Sentenced in AMEX Scam

Jean Safford, a former EPA secretary, was sentenced in December 1995 to 24 months in prison to be followed by three years probation, fined $120,000, and ordered to pay restitution of $7,200. Stafford pleaded guilty in August 1995 after an investigation disclosed a scheme to use at least eight fraudulently obtained American Express government credit cards. The case was initiated based on information that an unknown EPA employee had obtained an American Express government credit card by using false identification and charged over $10,000 in goods and services over a three-week period. The case was investigated jointly by the EPA OIG, Secret Service, and Postal Inspection Service.

Training Provider Guilty of Selling Certificates

Robert G. Cooley, former owner and operator of I. P.C. Chicago, Inc., a business authorized to provide certified asbestos abatement training, pleaded guilty in July 1996 to mail fraud. In June 1996, Cooley was charged with defrauding the Illinois Department of Public Health and EPA by selling training certificates to workers and contractors without requiring class attendance. These certificates

wp[illegible]ed to obtain the initial and renewal state licenses to work on var[illegible]s state- and federally-funded projects, including asbestos abatement projects in public schools. Depending on the course, Cooley charged $75 to $550 for the training certificates. The investigation was conducted jointly by the EPA OIG, the FBI, the General Services Administration OIG, and the EPA Criminal Investigations Division.

Corporate President Pleads Guilty to Conspiracy

Robert Feller, president of Non Hazardous Incineration (NHI), a non-hazardous waste broker in New Jersey, pleaded guilty to conspiracy to create and distribute a phony EPA approval letter in April 1996. Feller knew that one of NHI's major clients produced transdermal nicotine patches and attempted to persuade several people at EPA to reclassify the patches as non-hazardous waste. When EPA refused Feller's request, he conspired to create and distribute a phony EPA letter stating that transdermal nicotine patches were not classified as hazardous waste. The case was investigated by the EPA OIG.

Illinois Businessmen Charged with Conspiracy

William Foss, president of Loyalty Environmental, Inc. (Loyalty), of Skokie, Illinois, a private company engaged primarily in asbestos abatement, was indicted in May 1996 for conspiracy and making false statements. Also charged were Mark Zander, a Loyalty estimator and salesman; Michael Cahill, an estimator and salesman employed by Eau Claire Mechanical Insulation of Orland Park, Illinois; and David Shewmake, an insurance agent from Crestwood, Illinois. In March 1991, the Chicago Board of Education accepted Loyalty's bid of $1,290,132 for asbestos abatement at Kennedy High School, but the bid package did not include a bid bond. A second round of bids were accepted on the same job in May 1991, including one from Loyalty of $1,444,015. The indictment charged that Shewmake obtained a power of attorney form reflecting authorization of a bid bond on behalf of Indiana "Lumberman's" Mutual Insurance Company and an embossing device bearing the name of the company from a local printer. It further charged that Zander signed the fraudulent document as an authorized representative of the insurance company with a fictitious name along with William Foss. The investigation was conducted by the EPA OIG.

EPA Contractor Employee Indicted for Soliciting Kickback

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

Suspension and Debarment Activities

EPA's policy is to do business only with contractors and assistance recipients who are honest and responsible. EPA enforces this policy by suspending or debarring contractors, assistance recipients, or individuals within those organizations, from further contracts or assistance for acting improperly, having a history of substandard work, or willfully failing to perform on EPA- or other federally-funded activities. Both procurement and nonprocurement debarments or suspensions by one agency are effective in all agencies.

In fiscal 1996, 17 debarment, suspension, or compliance agreement actions were taken, based on the work of the OIG, including the following:

- EPA debarred Keith L. Westbrook in November 1995 for three years. Westbrook had pleaded guilty to felony theft charges as a conspirator in a $1.2 million embezzlement of funds used to construct sewage treatment plants and other water quality improvements in Maryland.

- In March 1996, EPA suspended Khemsafe Environmental, Inc., and its president, Inno Obiorah, after a multi-count indictment involving larceny, fraud, and falsifying business records. Many of the offenses occurred in conjunction with asbestos removal in schools.

- In June 1996, EPA debarred Scott R. Rippey, a Commissioned Officer of the U.S. Public Health Service, and William Burkhardt, a Food and Drug Administration employee, for knowingly filing false confidential statements of employment and financial interest. Both failed to disclose their ownership and employment interest in Biosearch Limited, New England Scientific, and Biological Analytical Laboratories (BAL). EPA contracted with BAL on the Narragansett Bay project.

- EPA suspended Pauline M. Ewald, President, Environmental Compliance Organization (ECO) in November 1995. In its proposals to obtain contacts from the recipients of Superfund Technical Assistance Grants, ECO submitted false resumes by misrepresenting degrees and professional certifications, including those for people not employed by ECO.

Personnel Security Program

The Personnel Security Program is one of the Agency's first lines of defense against fraud, using background investigations to review the integrity of EPA employees and contractors. During fiscal 1996, the OIG reviewed and adjudicated 602 investigations. Based on the OIG's activities, the Agency took appropriate actions, including terminations and reprimands for falsification or omission on SF- 171s or security questionnaires.

Hotline Activities

The OIG Hotline opened 21 new cases and completed and closed 30 cases during fiscal 1996. Of the 30 cases closed, 9 resulted in environmental, prosecutive, or administrative corrective action. Cases that did not have immediate validity due to insufficient

- information may be used to identify trends or patterns of potentially vulnerable areas for future reviews.

- The following are examples of corrective action resulting from calls to the OIG Hotline:

  - A complainant alleged time and attendance abuse and falsification of timekeeping documents by a regional employee. The allegations were substantiated and the timekeeper was suspended and given a written reprimand.

  - A complainant alleged misuse of government resources by a senior Headquarters official. A review disclosed that the official had conducted personal business on government time using government resources. The official received an oral reprimand.

  - A complainant alleged that a regional manager frequently engaged in inappropriate speech and behavior. The allegations were substantiated and the manager was directed to attend training on cultural diversity and sexual harassment.

OIG Streamlining and Management Improvement

The OIG continued to improve its efficiency and value to the Agency through organizational streamlining, strategic planning, and technology. To meet Government Performance and Results Act requirements, a team of Office of Audit, Office of Investigations, and Office of Management staff developed an OIG Strategic Plan that will guide our future audit and investigative activities. All three offices were preparing or enhancing performance measures, and the OIG also worked on customer service plans that will identify who our customers are, how often we will survey them, what we will ask, and how we will use responses to improve operations.

The OIG streamlined OIG Manual Chapters, bulletins, and guidance to eliminate one-half of internal regulations as required by executive order. In addition, OIG offices participated in developing a new OIG management information system that will consolidate and enhance the usefulness of information on the multiple systems in use. Our system plan, which is being developed by a GSA contractor and includes input from both Headquarters and field office staff, specifies our system needs, computer equipment, software, telecommunications requirements, cost estimates, and schedules. We also reviewed workload to determine long-range staffing needs which will form the basis for the OIG position management plan that will allocate resources among offices and locations.

- The OIG participated as a full partner in implementing EPA's National Environmental Performance Partnership System (NEPPS) to ensure success of the program. We participated in Agency workgroups to rewrite Federal regulations that affect performance partnership grants and OIG divisional staff worked directly with regional staff on NEPPS issues. We also reviewed two demonstration grants to identify lessons learned from these early endeavors. In addition, OIG staff participated as panel members at EPA's National Grants Management Conference and All States Conference, and gave presentations at the Assistance Agreement Project Officer Training courses sponsored by the Agency's program offices.

Divisional Inspectors General

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Region 3	Mid-Atlantic Audit Division Carl A. Jannetti	(215) 566-5800
Region 4 & RTP	Southern Audit Division Mary M. Boyer	(404) 562-9830
Region 5	Northern Audit Division Anthony C. Carrollo	(312) 353-2486
Regions 6, 7 & 8	Central Audit Division Bennie S. Salem	(913) 551-7878
Regions 9 & 10	Western Audit Division Truman R. Beeler	(415) 744-2445

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Regions 4, 5, 6 & 7	Central Investigations Division Ailverdes Cornelious	(312) 353-2507
Regions 8, 9 & 10	Western Investigations Division Mark Vallerga	(206) 553-1273

If you are aware of any fraud, waste, or mismanagement, please contact the EPA Inspector General Hotline or the appropriate Divisional Inspector General. Information is confidential. The Hotline may be reached at (202) 260-4977.

GET A HOLD ON SPENDING

REPORT FRAUD, WASTE, OR ABUSE TO THE

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202-260-4977

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