

Recap of EPA's Office of Inspector General Semiannual Report

McAfee & Taft RegLINC - July 2011

By Heidi Slinkard Brasher

In May 2011 the EPA's Office of Inspector General (OIG) released its Semiannual Report to Congress for October 1, 2010, to March 31, 2011. The report covers the OIG's efforts in assisting the EPA in auditing and investigating programs and operations recommending more efficient, economical and effective operation of EPA programs and informing Congress and the EPA Administrator of problems, deficiencies, and necessary corrective action related to the same programs. The OIG's purpose is to detect and prevent waste, fraud and abuse within the EPA or its programs.



Much of the OIG's activities during the reporting period related to the EPA's use of \$7.2 billion received under the American Recovery and Reinvestment Act of 2009 (ARRA). Twenty million ARRA dollars were allocated to the OIG for oversight and review of the EPA's use of ARRA funds. Over half of the funds have been used thus far. Problems identified by the OIG include:

- Delayed or incomplete non-ARRA activities due to focus on ARRA activities
- Lack of clearly defined responsibilities under ARRA interagency agreements, leading to ineffective accountability under the agreements
- EPA Regions cannot ensure ARRA funds have been directed to states for sites providing the greatest environmental benefit (leaking underground storage tanks)
- Failure to reach emission reduction levels and document delays for ARRA funded work under the Diesel Emissions Reduction Act

- Numerous U.S. subsidiaries of foreign-based manufacturers were granted ARRA contracts after falsifying compliance with Buy America provisions, resulting in the seizure of \$1.1 million of equipment
- ARRA fraud awareness briefings are leading to the reporting of potential fraud by individuals through the OIG hotline, resulting in ARRA funds savings

The OIG is attempting to eliminate fraud relating to ARRA funding through education and outreach among stakeholders and the public. During the reporting period, 148 hotline calls were received and 133 were pending at the end of the period. Non-ARRA related OIG review activities related to the EPA revealed

- A lack of controls to prevent emergency drinking water facility misuse
- Promotion of coal ash products without complete risk information
- Maximization of the number of Energy Star-qualified products without indentifying products or practices to maximize energy efficiency
- The agency's lack of "a coherent position management program" leading to ineffective and inefficient use of its personnel
- The need to ensure Brownfields site due diligence investigations meet federal requirements
- The EPA lacked a process to verify and ensure antimicrobial products met efficacy standards
- Four significant deficiencies were noted regarding the EPA's financial statements, including understatement of uncollectable debt and overstatement of receivables and the need to better account for headquarters personal property following the OIG's discovery of numerous missing items with a replacement cost of over \$2.5 million



- The EPA's RCRA Info data system for hazardous solid liquid waste shipment tracking contains errors and missing documentation and should be improved
- The U.S. Chemical Safety and Hazard Investigation Board has not addressed audit recommendations or taken timely corrective action

The full report, including a summary of the investigations and a breakdown by type, prosecution actions and administrative actions, is available [here](#).

LINKS

- [Heidi Slinkard Brasher's Bio](#)
- [McAfee & Taft RegLINC - July 2011](#)

Oklahoma City Tenth Floor • Two Leadership Square 211 N. Robinson • Oklahoma City, OK 73102-7103 (405) 235-9621 office • (405) 235-0439 fax

Tulsa 1717 S. Boulder Suite 900 • Tulsa, OK 74119 (918) 587-0000 office • (918) 599-9317 fax