



U.S. Environmental Protection Agency
OFFICE OF INSPECTOR GENERAL
Nikki L. Tinsley, Inspector General

Selected Accomplishments
April-June 2001

Audit/Evaluation Activities

EPA's Progress in Using the Government Performance and Results Act (GPRA) to Manage for Results

The EPA OIG reviewed EPA's success in implementing GPRA to manage for environmental results, focusing on the Agency's progress in using GPRA, challenges in implementing GPRA, and opportunities for near and long-term improvements. The diagram (above right) demonstrates the six critical aspects of GPRA implementation and their interlocking, mutually dependent relationships as a framework for this evaluation.

The review indicated that, to improve GPRA implementation and overall effectiveness and efficiency, EPA must strengthen its partnerships with states and other federal agencies. Also, EPA needs to place greater focus on the ultimate results and outcomes of its activities rather than actions performed, and should more carefully consider science and cost in addition to laws and public perceptions when setting priorities. Additionally, EPA needs to invest in management, scientific and technical competencies of its staff, as well developing and integrating quality performance and cost information into its budgeting, decision-making and accountability systems.

Greater Competition in Awarding



Assistance Agreements Needed (Report 2001-P-00008)

EPA does not have a policy requiring competitive awarding of discretionary assistance funding, even though a policy would be beneficial and is used by other federal entities. Competition is essential to ensure EPA awards funds to the most qualified organizations at the least cost. However, EPA often awards noncompetitive agreements based on the unsupported belief that only the recipients were capable of performing the work.

In fiscal 1999, EPA awarded about \$4 billion of assistance funds to state and local governments, tribes, nonprofit organizations, universities, and others. Of this amount,

\$2.7 billion was for continuing environmental programs and not subject to competition. We believe that a significant portion of the remaining \$1.3 billion could have been competed. EPA disagreed, and estimated that about \$200 million of fiscal 1999 awards were competed.

EPA officials awarded some assistance funds without competition because they considered the grantee “uniquely qualified,” but these assertions were based on the project officers’ beliefs without justifications. We also found implications of preferential treatment in the selection of grantees based on history indicating the grantee could do a good job, but that did not take into account someone else could do a good job at a lower cost. Further, personnel generally could not provide information to support that annual funding priorities were established and advertised. Setting priorities would better ensure that EPA meets its goals and objectives.

We recommended that EPA: (1) issue a policy requiring that assistance agreements be competed to the maximum extent practicable, and (2) prepare written justifications for noncompetitive awards. In response, EPA drafted a policy that identifies assistance programs for which competition is inappropriate and requires competition for the remaining programs unless credible written justifications are provided.

Region 3 Should Ensure All NPDES Permits Meet Standards *(Report 2001-P-00012)*

Several states in EPA’s Region 3 issued permits under the National Pollutant Discharge Elimination System (NPDES) that did not ensure that facilities met water quality standards under the Clean Water Act. In some cases the Region allowed the issuance of weak permits, resulting in poor water quality

and public health risks. Specifically, we found that some permits:

- Lacked specific discharge limits.
- Were inappropriately modified.
- Provided for studies rather than limits.
- Contained vague and complicated language.
- Did not meet all Federal regulatory requirements.

We recommended that the Region object to permits not meeting statutory and regulatory requirements, and use its authority when necessary to issue better permits. Region 3 agreed with our recommendations but supported its current permit oversight practices.

EPA Should Address All PDD 63 Planning Requirements *(Report 2001-P-00010)*

Presidential Decision Directive (PDD) 63, initiated in May 1998, required each Federal agency to review its own critical physical infrastructures (staff and facilities) needed to perform its mission in the event of a debilitating situation. PDD 63 also required EPA, in conjunction with the private sector, to establish a national framework for protecting the nation’s water supply systems in emergency situations.

EPA had addressed a number of key PDD 63 requirements. However, the Agency did not address several aspects of planning that we believe are needed to maintain its ability to protect critical physical infrastructures. Funding problems caused delays in developing a national framework for protecting the critical infrastructure for the nation’s water supply. Consequently, some key PDD 63 requirements, such as conducting vulnerability assessments and risk mitigation, had not been achieved.

We made recommendations to complete PDD 63 activities in process, fill gaps in planning, and address resource needs.

FY 2000 FIFRA Financial Statements Receive Unqualified Opinion (Report 2001-1-00165)

We issued an unqualified opinion on the FY 2000 Pesticides Reregistration and Expedited Processing Fund financial statements (the Fund is provided for under the Federal Insecticide, Fungicide, and Rodenticide Act-FIFRA). In our opinion, the financial statements present fairly the assets, liabilities, net position, budgetary resources, and reconciliation of net costs to budgetary obligations of the FIFRA Fund, as of and for the year ended September 30, 2000, in accordance with generally accepted accounting principles.

After September 30, 2001, EPA will no longer have authority to collect Reregistration Maintenance Fees unless Congress passes a law to extend the collection. Since FY 1989, the fees have been a significant portion of the FIFRA Fund's revenue. In FY 2000, EPA collected about \$15.5 million from the fees, which was about 83 percent of the FY 2000 collections of \$18.6 million. Total revenue for that year was \$52.7 million.

We believe the loss of Maintenance Fee revenue will have a significant negative impact on the Agency's ability to complete reregistration of pesticide active ingredients prior to the statutory deadline for completing tolerance reassessment. Therefore, we recommended that the Office of Pesticides Programs develop a plan to have Congress restore the Reregistration Maintenance Fee or a plan to mitigate the effects of the lost revenue.

Investigative Activities

Air Authority Board Member Sentenced (Sentencing 97-3003)

On April 26, 2001, Richard W. Canestraro, a former board member of the North Ohio Valley Air Authority (NOVAA), was sentenced in U.S. District Court, Southern District of Ohio, for aiding and abetting the acceptance of an unlawful gratuity and conspiracy to defraud

the United States. Canestraro was sentenced to 1 year and 1 day in prison plus 1 year supervised release, and was also ordered to pay a \$10,000 fine and \$100 special assessment.

In March, Patsy J. DeLuca, NOVAA's former Executive Director, and Vincent R. Zumpano, a former NOVAA employee, were both sentenced in the same court. DeLuca was sentenced for accepting an unlawful gratuity and conspiracy to defraud the United States. He was sentenced to 4 months in prison and 2 years probation (4 months of which are to be served in home detention), and ordered to pay a \$10,000 fine and \$200 special assessment. Zumpano was sentenced for aiding and abetting the acceptance of an unlawful gratuity and conspiracy to defraud the United States. He was sentenced to 15 months in prison and two years probation, and was ordered to pay a \$8,000 fine and \$200 special assessment.

Prior to disbanding in 1997, NOVAA was a multi-county air quality regulatory agency that received EPA funds through the Ohio Environmental Protection Agency to enforce federal and state air quality laws. DeLuca had agreed to accept \$169,750 from Pine Hollow C&D Landfill and RSV, Inc., for advising them on pending applications before the Ohio Environmental Protection Agency for new or expanded sites. Canestraro, in return for \$3,500, aided DeLuca by producing a cost projection regarding the feasibility of purchasing the Pine Hollow Landfill that facilitated DeLuca's agreement with Pine Hollow and RSV, Inc. Zumpano also aided DeLuca in this agreement.

Three Indicted for Conspiring to Embezzle Funds from Indian Tribal Organization (Indictment 01-8001)

On April 24, 2001, Estelole Goings, Vonnie Goings, and Carol Vitalis were each indicted in U.S. District Court, District of South Dakota, Western Division, on one count of conspiracy and four counts of embezzlement and theft

from an Indian tribal organization.

Estelole Goings was the payroll supervisor in the payroll department of the Financial Accounting Office for the Oglala Sioux Tribe, Pine Ridge Reservation, Pine Ridge, South Dakota. Vonnie Goings, Estelole Goings' daughter, and Vitalis were payroll technicians. The indictment charges that Estelole Goings conspired with her daughter and Vitalis in a scheme to make unauthorized payroll and overtime advances to themselves and other tribal employees in the accounting office. They furthered the scheme by creating a false classification to conceal the theft. The alleged conspiracy, which took place between February 1996 and October 1998, resulted in the embezzlement of approximately \$115,000 in EPA and other federal grant funds.

This investigation was conducted jointly by the EPA OIG; U.S. Department of Interior OIG; U.S. Department of Veterans' Affairs OIG; Federal Bureau of Investigations; and Bureau of Indian Affairs.

Conservation District Official Sentenced for Theft (Sentencing 00-5010)

On May 31, 2001, Esperanza Asuncion, a former Secretary/Treasurer of the West Maui Soil and Water Conservation District, was sentenced in Circuit Court of the Second Circuit, State of Hawaii, to five years probation

and 500 hours of community service, and was ordered to pay \$47,900 in restitution. The sentencing followed Asuncion's guilty plea to one count of theft in the first degree and nine counts of forgery in the second degree. The conservation district is a non-profit organization that received EPA funding through Section 319 (Non-point Source) grants awarded to the Hawaii State Department of Health. Asuncion diverted funds from the conservation district by forging the chairperson's signature on nine checks.

This investigation was conducted jointly by the EPA OIG and the Hawaii State Attorney General Office.

Trade Association Repays Grant Funds (Settlement 99-6008)

On May 15, 2001, the Operative Plasters' & Cement Masons' International Association reimbursed the EPA \$25,000 to resolve a potential false claims suit. In 1994, the association had been awarded an EPA grant to provide lead abatement training to an estimated 180 association members. It was later determined through an OIG audit and investigation that the association drew down on all of the grant funds but actually trained only 51 students. The association, which has 38,000 members, had subcontracted with the University of Maryland at Baltimore, School of Medicine and the Occupational Health Foundation, to provide the training.

Questions concerning this update or requests for copies of OIG audit reports, reviews, or other documents should be directed to **Eileen McMahan**, U.S. Environmental Protection Agency, Ariel Rios Building (2441), 1200 Pennsylvania Avenue, NW, Washington, DC 20460. **Telephone (202) 260-0401.**

If you are aware of or suspect any fraud, waste, or abuse in any EPA programs or operations, please call the OIG Hotline or the nearest Divisional Office of Inspector General. **OIG Hotline (202) 260-4977 or (888) 546-8740 .**



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