



U.S. Environmental Protection Agency OFFICE OF INSPECTOR GENERAL

Selected OIG Accomplishments *January-March 2000*

This Quarterly Report of Selected Activities is produced by the EPA OIG, Nikki L. Tinsley, Inspector General.

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Audit Activities

Report Issued	Report Number/Program Office
EPA Does Not Have an Effective Biosolids Program for Ensuring Safe Land Application	2000-P-10 Office of Water Office of Enforcement and Compliance Assurance
Oversight of Hanford's Tank Waste Remediation System Program Needs Significant Improvement	2000-P-00012 Office of Solid Waste and Emergency Response
EPA Receives a Qualified Opinion on Fiscal Year 1999 Financial Statements	00100231 Agency-wide

Significant Report Summaries

EPA Does Not Have an Effective Biosolids Program for Ensuring Safe Land Application

Although EPA promotes land application of biosolids (treated sewage sludge) rather than landfilling or incineration, the Agency cannot

assure the public that current land application practices are protective of human health and the environment. EPA performs few biosolids related inspections of publicly owned treatment works (POTWs) operations, virtually no inspections of land application sites, and few records inspections at POTWs or land appliers. EPA regions do not maintain data

on the cumulative amounts of pollutants at land application sites despite its own requirement to do so. The biosolids program has been delegated to only three states, and there is virtually no federal oversight in nondelegated states. Therefore, EPA does not have sufficient information to determine compliance levels with its own regulatory requirements. This almost complete absence of a Federal presence results from the low priority given by EPA, and the decision not to commit enforcement resources to biosolids. We recommended that EPA provide an analysis of whether its proposed actions provide a sufficient basis for assessing compliance with its requirements and assuring the public of the protectiveness of biosolids land application practices, and whether the actions correct the deficiencies we identified.

Oversight of Hanford's Tank Waste Remediation System (TWRS) Program Needs Significant Improvement

Washington State's Hanford tanks which contain about 54 million gallons of highly toxic and radioactive waste have leaked at least one million gallons, some of which has reached the groundwater. Washington's Department of Ecology (Ecology), the lead regulatory agency for all Hanford tanks, has been unsuccessful in obtaining the Department of Energy's (DOE) compliance with the milestones established in a 1989 agreement for treating waste, and stabilizing and closing tanks. DOE's continued delays in interim stabilization and in treatment and retrieval of the tank wastes could significantly increase the risks of releases into the environment and threaten human health. DOE established the TWRS program for Hanford to ensure that the tank waste is stored, treated, and immobilized in a safe, environmentally sound, and cost-effective manner. EPA Region 10 and Ecology have not developed an effective oversight and enforcement strategy. Ecology did not perform a sufficient number of inspections even though seven of the eight inspections conducted during the prior seven year period identified serious compliance issues. We recommended that EPA negotiate with Ecology to address oversight and enforcement responsibilities regarding DOE compliance, and consult with EPA National Program Managers to

determine what action can be taken to encourage DOE to assign a higher priority to cleanup the Hanford tanks.

EPA Receives A Qualified Opinion On Fiscal Year 1999 Financial Statements

We issued a qualified opinion on EPA's fiscal year 1999 financial statements. Our qualified opinion resulted from multiple and untimely submissions, significant errors, and lack of accounting support. EPA's financial systems and methodologies to account for costs by strategic goals cannot be relied on. Additionally, EPA's security plans for its core financial systems continued to contain significant deficiencies. To correct the financial statement deficiencies, we recommended EPA implement recommendations made in our fiscal year 1998 financial audit. To correct the security deficiencies, we recommended EPA incorporate planned fiscal year 2000 security plan actions for financial systems into a formal remediation plan. We also recommended that EPA establish procedures to identify actual costs by goal, and develop timely, reliable, and accurate cost reports.



Investigative Activities

Action	Type/Case Number
Engineering Firm Entered into \$35 Million Settlement; EPA Awarded \$669,674 in Damages	Civil Settlement 98-5003
Colorado Company Fined \$1 Million; Owner to Pay \$347,000 in Restitution and to Serve 90 Days in County Jail	Sentencing 97-8005
City of Cleveland Agrees to Pay \$643,737 to Settle Claims of Misuse of Grant Funds	Civil Settlement 98-3016
Refrigerant Company and President to Pay \$90,995 Fine and \$68,089 in Restitution; President Also Receives Prison Term	Sentencing 98-2002

Selected Prosecutive, Civil, and Administrative Actions

Engineering Firm Entered into \$35 Million Settlement; EPA Awarded \$669,674 in Damages

On March 8, 2000, Jacobs Engineering Group, Inc. (Jacobs), agreed to pay the United States \$35 million to settle a civil lawsuit arising from a *qui tam* complaint filed under the False Claims Act. The suit alleged that Jacobs, one of the largest global engineering, architecture, technology, and construction firms, charged excessive lease costs to EPA; the Departments of the Air Force, Army, Navy, and Energy; and NASA in its government contracts. According to the complaint, Jacobs sold its corporate headquarters in 1982 and then entered into a 15 year lease-back agreement that charged its government contracts rental rates exceeding its prior ownership costs in violation of federal acquisition regulations. EPA, for whom Jacobs performed work under the construction grants program, was awarded \$669,674 in damages. *This investigation was conducted jointly by the EPA OIG, the Air Force Office of Special Investigations, the Naval Criminal Investigative Service, the Army Criminal Investigative Division Command, the Department of Energy OIG, with the Defense Contract Audit Agency providing audit support.*

Colorado Company Fined \$1 Million; Owner to Pay \$347,000 in Restitution and to Serve 90 Days in County Jail

On January 7, 2000, Enviro 25 Environmental Services, Inc. (Enviro 25), and its owner, Susan Summers, were sentenced in District Court, City and County of Denver, Colorado. Enviro 25 was ordered to pay a \$1 million fine. Summers received a sentence of 12 years incarceration and 5 years mandatory parole, which was suspended upon completion of 90 days incarceration in the Denver County jail, 2 years in a community corrections facility, and 10 years active probation. Additionally, Summers was ordered to pay \$347,000 restitution and \$5,395 in court costs. The sentencing follows guilty pleas by Summers and Enviro25 to one count of criminal attempt to violate the Colorado Organized Crime Control Act (Act) and one count of violating the Act, respectively. Enviro25 provided environmental consulting services, including the cleanup of contaminated or suspected contaminated sites. In December 1998, Enviro25 and Summers had been indicted on 16 counts of forgery and 17 counts of attempting to influence a public servant. Summers was also charged with violating the Act. She and her company were accused of withholding truthful information and falsifying documents submitted to the Colorado

Departments of Health and of Labor and Employment regarding oil contamination cleanups at eight Colorado sites from March 1992 to July 1996. *This investigation was conducted jointly by the EPA OIG, the EPA Criminal Division, and the Colorado Secretary of State's Office of Investigations.*

City of Cleveland Agrees to Pay \$643,737 to Settle Claims of Misuse of Grant Funds

On January 7, 2000, the City of Cleveland agreed to pay the United States \$643,737 to settle a civil lawsuit arising from a *qui tam* complaint filed under the False Claims Act. The suit alleged that the city's Air Pollution Control Program improperly spent \$429,158 in EPA air pollution prevention grant funds for fiscal years 1995 to 1998. Timekeeping and financial records of the city's Department of Public Health, Bureau of Air Pollution Control (BAPC) could not show that funds were expended appropriately. According to the government's case, a number of BAPC employees paid from EPA grant funds spent only a part or none of their time on air pollution prevention activities.

Refrigerant Company and President to Pay \$90,995 Fine and \$68,089 in Restitution; President Also Receives Prison Term

On March 23, 2000, Industrial Training and Support Services (ITSS), and its president, Omar Gonzales, were sentenced in U.S. District Court, Eastern District of Virginia. Gonzales was sentenced to 27 months imprisonment and 2 years supervised release and ordered to pay \$68,089 in restitution to the Internal Revenue Service. ITSS was sentenced to one year probation. Additionally, Gonzales and ITSS were jointly ordered to pay a \$90,995 fine. The sentencing follows guilty pleas by Gonzales and ITSS to charges of making false statements to the government and income tax evasion resulting from selling fraudulent asbestos training certificates. From January 1994 to December 1995, Gonzales received \$90,995 from sales of fraudulent asbestos training certificates to people, including undocumented aliens, who had not properly completed required training courses for removing, handling, and disposing of asbestos materials. He also owed

back taxes for these years. *This investigation was conducted jointly by the EPA OIG, the EPA Criminal Investigations Division, the Federal Bureau of Investigation, the Naval Criminal Investigative Service, the General Services Administration OIG, and the IRS Criminal Investigation Division.*

