EPA OVERSIGHT: UNIMPLEMENTED INSPECTOR GENERAL AND GAO RECOMMENDATIONS

HEARING
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
OF THE
COMMITTEE ON ENERGY AND COMMERCE
HOUSE OF REPRESENTATIVES
ONE HUNDRED FIFTEENTH CONGRESS
FIRST SESSION
SEPTEMBER 6, 2017
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EPA OVERSIGHT: UNIMPLEMENTED INSPECTOR GENERAL AND GAO RECOMMENDATIONS

WEDNESDAY, SEPTEMBER 6, 2017

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS,
COMMITTEE ON ENERGY AND COMMERCE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:18 a.m., in room 2322, Rayburn House Office Building, Hon. Tim Murphy (chairman of the subcommittee) presiding.

Members present: Representatives Murphy, Griffith, Burgess, Brooks, Collins, Barton, Walters, Costello, Carter, Walden (ex officio), Castor, Tonko, Clarke, Ruiz, and Pallone (ex officio).

Staff present: Ray Baum, Staff Director; Mike Bloomquist, Deputy Staff Director; Jerry Couri, Deputy Chief Counsel, Environment; Lamar Echols, Counsel, Oversight and Investigations; Paul Edattel, Chief Counsel, Health; Ali Fulling, Legislative Clerk, Oversight and Investigations, Digital Commerce and Consumer Protection; Alex Miller, Video Production Aide and Press Assistant; John Ohly, Professional Staff Member, Oversight and Investigations; Christopher Santini, Counsel, Oversight and Investigations; Sam Spector, Policy Coordinator, Oversight and Investigations; Peter Spencer, Senior Professional Staff Member, Energy; Jeff Carroll, Minority Staff Director; Jacqueline Cohen, Minority Chief Environment Counsel; Chris Knauer, Minority Oversight Staff Director; Miles Lichtman, Minority Policy Analyst; Jon Monger, Minority Counsel; Dino Papanastasiou, Minority GAO Detailee; and C.J. Young, Minority Press Secretary.

OPENING STATEMENT OF HON. TIM MURPHY, A REPRESENTATIVE IN CONGRESS FROM THE COMMONWEALTH OF PENNSYLVANIA

Mr. MURPHY. Good morning, everyone, and welcome to our hearing of the Oversight and Investigations Subcommittee on Energy and Commerce.

The subcommittee convenes this hearing today to examine unimplemented recommendations by the Environmental Protection Agency’s Office of Inspector General and Government Accountability Office. Acting on these recommendations would improve EPA’s ability to carry out its core mission, protecting human health and the environment. This mission is never more important than during times of natural disaster like the one the Gulf Coast is ex-
periencing right now in Hurricane Harvey, and we are about to be hit with another hurricane on the Florida coast.

First of all, on behalf of the committee, I want to express my sincere sorrow to everyone impacted by the storm. Hurricane Harvey is one of the worst natural disasters the United States has ever faced, and it is still too early to tell the full extent of the devastation that has displaced thousands of people. Members of this committee on both sides of the aisle represent constituents experiencing loss and destruction from the storm, and our thoughts and prayers are with these families as they begin to rebuild their lives from this national tragedy.

During the storm and in the aftermath, EPA continues to play a critical role in the Federal response to Hurricane Harvey. While EPA is still in the midst of initial response efforts, its work has only just begun. We look forward to monitoring the Agency’s response to the disaster and learn the full extent of the environmental impact and the challenges that lie ahead.

The loss and destruction of Hurricane Harvey make today’s hearing even more important. The committee has the opportunity to learn about ways to strengthen the EPA, including highlighting unimplemented recommendations that may improve the EPA’s ability to protect the environment and human health during recovery efforts or future natural disasters. And I go back and reflect on what we are about to face in Florida and Puerto Rico and the disasters that are looming there.

Now the Constitution provides Congress with the authority to conduct oversight of the Executive Branch, and in partnership with the Government Accountability Office and Office of Inspector General, we work together to root out waste, fraud, and abuse at Federal agencies such as the EPA. Through investigations and audits, both GAO and OIG often make recommendations on ways to improve the efficiency and effectiveness of EPA. And after these recommendations are issued, GAO and OIG work with the Agency to ensure that EPA acts on their findings.

Today the committee will learn that, even when EPA agrees with the recommendations, it may take years to implement them, and some are never fully adopted by the Agency. As a result, many of the open recommendations span multiple administrations, some dating as far back as the Bush administration. While EPA adopts recommendations at a rate around the Federal Government average, there are still unimplemented recommendations in many critical areas of the Agency.

According to the OIG’s most recent semiannual report to Congress, released in May 2017, the EPA has the potential to save $103.3 million by implementing OIG’s open recommendations. The semiannual report showed 43 open recommendations with past due completion dates and 56 with due dates set in the future.

The GAO will testify that EPA has implemented 191 of the 318 recommendations made since 2007, with 127 recommendations still unimplemented. OIG and GAO have both highlighted deficiencies in EPA’s management and operations, including concerns about EPA’s information security posture, workforce management, and grant administration.
For example, EPA OIG recently conducted an audit focusing on flaws relating to EPA’s information security posture during fiscal years 2015 and 2016. The OIG reported that the Agency lacks an understanding of which contractors of the EPA have significant information security responsibilities, raising questions about the Agency’s network integrity. The OIG recommended that EPA develop a process for identifying these contractors. The EPA is not expected to implement this recommendation until December 31st of 2018.

GAO and OIG have also uncovered waste and mismanagement in EPA’s grant programs. This is particularly troubling because grants comprise almost half of the EPA’s budget, about $4 billion annually. In 2016, GAO found that EPA’s grant-monitoring practice may impact the Agency’s ability to efficiently monitor results and increase administrative costs.

Additionally, in 2017, GAO reported that the EPA did not have the information it needed to allocate grant management resources effectively. GAO recommendations range from standardizing the format of grant recipient progress reports to developing a process to analyze workloads. All 12 recommendations in these two reports remain unimplemented.

These are just some of the many reports and audits conducted by the OIG and GAO. We will discuss more of them today. Both the EPA OIG and GAO have done excellent work to highlight the problems within EPA and find solutions to solve these issues. So, I am grateful for your work and look forward to hearing more about your findings.

I want to add here, with things looming in Florida and with the tragedies in Texas, I can probably speak for the committee that we better not find out that EPA has dawdled on anything that is causing harm. We know there is a great deal of water pollution that is out there because of overwhelming of sewer systems. We are concerned about the increase in Zika mosquitoes in Texas. We don’t know if some of that has to do with some issues with water management and other things within the jurisdiction of EPA. We will keep a close watch on all of those and see if there are any errors that have occurred related to weaknesses in the Agency’s implementing things that are causing these problems.

So, I thank our witnesses today for your dedication and work to ensure that EPA is carrying out its mission. I want to especially recognize Alfredo Gómez, our witness from GAO. He is a Houston native who has two nephews serving in the fire department there. Are they doing OK? They are doing OK. Mr. Gómez says they are. We appreciate their service and sacrifice during Hurricane Harvey and its aftermath.

[The prepared statement of Mr. Murphy follows:]

PREPARED STATEMENT OF HON. TIM MURPHY

The subcommittee convenes this hearing today to examine unimplemented recommendations by the Environmental Protection Agency’s Office of Inspector General and the Government Accountability Office.

Acting on these recommendations would improve EPA’s ability to carry out its core mission—protecting human health and the environment. This mission is never more important than during times of natural disaster like the people of the Gulf Coast are now experiencing in the wake of Hurricane Harvey.
On behalf of the committee, I want to express my sincere sorrow to everyone impacted by this storm. Hurricane Harvey is one of the worst natural disasters the United States has ever faced and it’s still too early to tell the full extent of the devastation that has displaced thousands of people.

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Both the EPA OIG and GAO have done excellent work to highlight the problems within EPA and find solutions to solve these issues.

I am grateful for your work and look forward to hearing more about your findings.

Thank you to our witnesses today for your dedication and great work to ensure that EPA is effectively carrying out its mission.

I especially want to recognize Alfredo Gomez, our witness from GAO. He is a Houston native who has two nephews serving on the fire department there. We appreciate their service and sacrifice during Hurricane Harvey and its aftermath.
Mr. Murphy. Now I turn to my colleague from Florida and recognize her for an opening statement.

OPENING STATEMENT OF HON. KATHY CASTOR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Ms. Castor. Mr. Chairman, thank you for convening this hearing today, and thank you to our witnesses for their work.

The hearing subject, while important, pales in comparison of the true oversight needed of the Trump Environmental Protection Agency. EPA is, and always has been, a critical partner to our States and communities back home. Most of what EPA does is to support our communities back in cleaning up polluted sites, helping protect the air we breathe and the water we drink. And I thank the professionals and scientists at the Environmental Protection Agency for their work.

But President Trump and Administrator Scott Pruitt have a very different vision, unfortunately, and they have been acting to weaken support for our communities back home that comes through the EPA. And it is particularly troubling that EPA Administrator Pruitt has not appeared before the Energy and Commerce Committee to date. This committee has direct oversight of the EPA, and it is simply unprecedented and unacceptable that the Administrator has not appeared before the committee.

Now the importance of the EPA is particularly clear as Texas learns more about the scope and extent of the destruction caused by Hurricane Harvey. There is nothing like a disaster response that demonstrates how critical toxic chemical, Superfund, and other EPA local initiatives are to the health and safety of our neighbors.

As a Floridian, I know all to well the devastation that massive hurricanes can bring to homes, businesses, and communities, and the recovery from such a storm is long, expensive, and challenging. And our thoughts are with the residents of Puerto Rico, the Virgin Islands, and Floridians as they are in the path of another extremely dangerous storm in Hurricane Irma.

Hurricane Harvey slammed into the Gulf Coast as a Category 4. So far, it has left at least 60 people dead and billions of dollars in damage, and a death total and estimated cost of recovery is likely to continue to rise in the coming weeks.

Ranking member of the Subcommittee on Health, Representative Gene Green—I just saw him at the other subcommittee meeting—represents the city of Houston and has seen much of his district flooded. And our thoughts are with him and his constituents at this time.

And, Mr. Gómez, I want to thank, recognize you for being here today in what is surely a difficult time for you and your family.

The EPA has been a key Agency responding to Harvey. And for this reason, this hearing should be a timely and important step in exploring how to strengthen the Agency as it supports local responders and begins to assess the possible environmental impact of the flooding, toxic releases.

But this hearing, unfortunately, is devoted to a much less significant topic. The scope of potential environmental risk caused by this ongoing crisis, while still coming into focus, is considerable. People
are evacuating through dirty and contaminated floodwaters that may contain bacteria and toxic substances. There have also been reports of fires at chemical facilities which may involve the release of toxic pollutants. Additional reports have also suggested possible damage to leaking gas tanks at fuel facilities which, if true, may pose environmental concerns that the EPA will need to address.

And I am particularly concerned about reports of flooding Superfund sites and what damage they may have caused. For example, according to EPA, 13 of the 41 former and current toxic waste sites in Harvey-impacted areas havelooded and may have experienced some damage.

Additionally, the city of Houston contains approximately 450 petrochemical plants. News reports indicate these plants have contributed to 74 instances of excess air pollution since Harvey hit, emitting more than 1 million pounds of hazardous substances into the air.

See, our local communities need the expertise of the EPA to prevent and mitigate such releases, but the Trump administration has been working overtime to weaken EPA’s ability to help back home. And now, it is really showing at a time of disaster.

The storm also raises ongoing concerns of drinking water safety. According to EPA, 4,500 drinking water systems are potentially threatened by floodwaters, disrupted sewage systems.

Now, after Hurricane Katrina, Energy and Commerce professional staff were on the ground to help, and this committee should consider oversight hearings in Texas in the near term. But today’s hearing, rather than focusing on the big picture, examines unimplemented recommendations for EPA, at a time when the real issue is the decimation of the EPA professional workforce proposed by President Trump and Administrator Pruitt. And yet, we respond to the grave environmental and human health risk of Hurricane Harvey and other catastrophes at this time, but the overall EPA has never been more important.

Mr. Chairman, I am deeply troubled by the direction of the Agency under the Trump administration, and I implore you and my Republican colleagues to conduct true oversight of the damage being done to our bedrock environmental protections built through decades of bipartisan work. And we need to do it before deep and lasting damage is inflicted across America.

The Trump EPA is waging an aggressive rollback of environmental and human health protections through politicization of the Agency, extreme proposed budget and staffing cuts, repealing or delaying rulemaking, and attacking fundamental science. The Trump administration proposed extreme budget cuts that cut to the heart of our local communities and threaten the health and environment of Americans in every State.

The Trump budget would slash EPA’s budget by nearly $2.6 billion, reduce the professional workforce there by over 3,000 employees, and the damage will be done to our air quality, diesel emission reductions, lead safety, and it goes on and on. Already there is evidence of conflicts of interest, favoritism towards certain businesses, and grants changed to exact political revenge. This is not acceptable and this is what needs oversight. The ongoing crisis unfolding
on the Gulf Coast demonstrates the dangers of the Trump administration's extreme assault on environmental protection.

Mr. Chairman, we want to work with you to make sure the EPA implements the workforce and contractor recommendations. But, if we are serious about ensuring that the Agency is able to protect human health and the environment, then we must work together to conduct true oversight of the fundamental damage being done to this Agency and our neighbors back home.

Thank you, and I yield back.

Mr. MURPHY. Thank you.

The Chair now recognizes the chairman of the full committee, Mr. Walden, for 5 minutes.

OPENING STATEMENT OF HON. GREG WALDEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. WALDEN. I thank the gentleman.

Just in response to my friend from Florida, our committee staff, the Oversight Committee has worked diligently throughout the last several weeks in clear communication with the various agencies involved in the hurricane. This hearing was put together before Harvey had a name. So, we will do our oversight and continue to. At the appropriate time, I anticipate there will be a delegation that will go and hold hearings or do appropriate review.

I am one, when there is an emergency going on, who tries to stay out of the way of the first responders and let them do their job. And so, at the right time we will do that, and we will have Administrator Pruitt before our committee sooner rather than later. I share frustration that there has been a long delay in getting some of these positions filled, partly by our friends in the Senate, but the time has come for these Agency heads to come before our committee, and they will.

Now, as to this hearing, I appreciate Subcommittee Chairman Murphy having this and his opening comments. We care deeply about what has happened in Texas. We care deeply about what is about to happen in Florida. My own district is on fire, and much destruction is going on there. All these things matter.

You want to talk about air quality. We could use your support on some of our forestry legislation to reduce the fuel loads, so we don't poison people with fires and destroy watersheds.

Now we know that these recovery efforts will continue for years. Recovering from any disaster, whether it is Hurricane Harvey or Irma or the destructive wildfires burning out of control throughout the West, requires coordination at every level of the Government, and the EPA is a critical part of that. The challenges facing the EPA that pertain to Harvey are significant, but I hope the Agency seizes upon the lessons learned in responses to previous natural disasters such as Hurricanes Katrina and Sandy.

Today's hearing represents the first opportunity to hear from the EPA Office of Inspector General and the Government Accountability Office regarding any outstanding recommendations that, if implemented, could enable the Agency to better achieve or do its job better.

We will also examine some of the areas of concern that have been identified and commented upon by the OIG and the GAO, but
whose recommendations remain unimplemented by the EPA. We
should be mindful, however, that many of the OIG and GAO's
unimplemented recommendations span multiple administrations
and, therefore, represent longstanding challenges for the Agency.
For example, we have learned the EPA has failed to complete an
Agency-wide workload analysis in more than 20 years.

Similarly, both OIG and GAO have consistently identified issues
that generate serious concerns as to whether EPA has knowledge of,
or adequately monitors, the activities of its contractors and
grant recipients, despite the significant portion of the Agency's an-
nual budget that is awarded to third parties. Addressing these
issues will increase transparency and accountability to EPA in ad-
dition to enabling the Agency to make better-informed budgetary
decisions. I believe that all Americans want a healthy environment
for themselves, their families, and their communities.

And I would like to thank Alan Larsen from the EPA OIG and
Alfredo Gómez from the GAO for joining us today to provide testi-
mony and to expand upon their organizations' findings and rec-
ommendations.

I would also like to recognize and thank Mr. Gómez's nephews,
who I understand are serving the Houston Fire Department. Thank
you for their work as first responders who bravely have assisted so
many of their fellow citizens during Hurricane Harvey.

I am looking forward to productive discussion this morning re-
garding actions EPA can take which will enable the Agency to bet-
ter accomplish its core mission of protecting human health and the
environment.

[The prepared statement of Mr. Walden follows:]

PREPARED STATEMENT OF HON. GREG WALDEN

As Chairman Murphy referenced in his opening remarks, today's hearing comes
at a particularly important time as we have all witnessed the devastation wrought
by Hurricane Harvey. Indeed, members of this committee, on both sides of the aisle,
represent districts that were directly impacted by the hurricane and our hearts go
out to all those who were affected by this disaster.

We know that the recovery efforts are just beginning and will continue for years
to come. Recovering from any disaster, whether its Hurricanes Harvey or Irma or
the destructive wildfires burning out of control all across the West, requires coordi-
nation at every level of Government, and one of the Federal agencies that will play
a key role in the overall recovery effort is the Environmental Protection Agency.

The challenges facing the EPA that pertain to Harvey are significant, but I hope
that the Agency seizes upon the lessons it learned in its responses to previous nat-
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environment.

[The prepared statement of Mr. Walden follows:]
I believe that all Americans want a healthy environment for themselves, their families, and their communities. I would like to thank Alan Larsen from the EPA OIG and Alfredo Gomez from the GAO for joining us today to provide testimony and expand upon their organizations’ findings and recommendations. I would also like to recognize and thank Mr. Gomez’s nephews who are serving in the Houston Fire Department, as well as all first responders who bravely assisted so many of their fellow citizens during Hurricane Harvey.

I am looking forward to a productive discussion this morning regarding actions EPA can take which will enable the Agency to better accomplish its core mission of protecting human health and the environment.

Mr. WALDEN. With that, Mr. Chairman, I yield back the balance of my time.

Mr. MURPHY. I appreciate the gentleman’s yielding back, and I recognize the ranking member, Mr. Pallone, for 5 minutes.

OPENING STATEMENT OF HON. FRANK PALLONE, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. PALLONE. Thank you, Mr. Chairman. It has been a week and a half since Hurricane Harvey hit Texas, and as the scope of the environmental disaster only begins to become known, thousands remain displaced, their homes and businesses flooded. And I know firsthand the immense devastation caused by such natural disasters. In 2012, my district was hit hard by Hurricane Sandy, and I had never seen worse storm damage in our area in my lifetime. For many, this storm was the worst-case scenario; lives lost, homes flooded, businesses lost. Our Nation is now experiencing historic levels of destruction and loss on the Gulf Coast in the wake of Hurricane Harvey.

Our fellow Members of Congress, including five members of the Texas delegation on this committee, are working hard with Federal, State, and local officials, and first responders to help those affected by the storm. And as the cleanup continues, many grave environmental and human health risks exist. In the days since Hurricane Harvey came to shore we have seen chemical plants on fire, fuel tanks leaking, mass releases of toxic pollutants into the air, and flooded Federal Superfund sites. I am deeply concerned of the potential risk to human health and the environment caused by exposure to the hazardous materials kept at these sites, and this committee must work to understand the impact some of these facilities may have on public health.

The Trump administration recently delayed amendments to the Risk Management Program which included safety requirements for companies that store large quantities of dangerous chemicals. Moreover, the environmental issues resulting from the hurricane also underscore the need for robust implementation of the Emergency Planning and Community Right-to-Know Act, or EPCRA. Communities have the right to know important details about the type and amount of harmful chemicals released in their neighborhoods. All of these risks underscore the need for a strong and capable EPA.

Today we are discussing recommendations by the EPA Inspector General and the Government Accountability Office regarding the EPA, and I want to thank our witnesses for their testimony and work on these recommendations. However, I would argue that rec-
ommendations for improving EPA’s performance are part of a much wider need to ensure that the Agency is high-performing, efficient, and effective in accomplishing the Agency’s mission of protecting human health and the environment. Over the last six months EPA has been doing everything possible to operate in secrecy. Administrator Pruitt has no interest in transparency, and that should be unacceptable to every member of this committee. Administrator Pruitt repeatedly disregards oversight inquiries from the Democrats on this committee, and that should be unacceptable to anyone who believes we have an oversight responsibility.

And the Trump EPA has proposed aggressive cuts to environment and human health protections, dismissed scientists from important advisory boards, and proposed severe budget and staffing reductions at EPA. These actions taken in totality serve to directly undermine the Agency’s ability to effectively protect human health and the environment.

A robust and effective EPA is key in responding to natural disasters like Hurricane Harvey, and EPA currently has 143 personnel supporting the response efforts for Hurricane Harvey and has established a unified command with State and local partners, but that number is going to increase dramatically in the coming weeks. At its peak after Hurricane Katrina, about 1600 EPA staff and contractors worked in the Gulf Coast region assisting with response and cleanup activities, in addition to thousands of additional EPA employees supporting response efforts from EPA headquarters and regional offices around the country. With the employee cuts and buyouts that the administration has proposed, we need to ensure that EPA will actually have the employees in place to conduct this critical work.

So, Mr. Chairman, I want to work with you to make sure we have a robust and effective EPA. The committee must conduct active oversight of the Agency, particularly drinking water, infrastructure, and regulation, clean air protections, and the impacts of climate change. We must also conduct ongoing oversight over EPA and other agencies’ efforts to assist the Gulf Coast rebuild.

And the Trump administration’s ongoing efforts to weaken environmental health protections, attack fundamental science, and also to propose extreme budget and staff reductions will do nothing, in my opinion, but undermine EPA’s efforts to protect human health and the environment not only with regard to Hurricane Harvey, but in so many other areas. So, I am concerned and I hope that we can work together.

And again, thanks to everyone.
I yield back.
Looking forward to your comments to the panel.
Thank you, Mr. Chairman.

[The prepared statement of Mr. Pallone follows:]

PREPARED STATEMENT OF HON. FRANK PALLONE, JR.

Mr. Chairman, it’s been a week and a half since Hurricane Harvey hit Texas. As the scope of the environmental disaster only begins to become known, thousands remain displaced, their homes and businesses flooded.

I know firsthand of the immense devastation caused by such natural disasters. In 2012, my district was hit hard by Hurricane Sandy. I had never seen worse storm damage in our area in my lifetime. For many, the storm was a worst case scenario:
lives lost, homes flooded, and businesses lost. Our Nation is now experiencing historic levels of destruction and loss on the Gulf Coast in the wake of Hurricane Harvey. Our fellow members of Congress, including five members of the Texas delegation on this committee, are working hard with Federal, State, and local officials and first responders to help those affected by the storm. As the cleanup continues, many grave environmental and human health risks exist. In the days since Hurricane Harvey came ashore, we have seen chemical plants on fire, fuel tanks leaking, mass releases of toxic pollutants into the air, and flooded Federal Superfund sites.

I am deeply concerned of the potential risks to human health and the environment caused by exposure to the hazardous materials kept at these sites. This committee must work to understand the impacts some of these facilities may have on public health. The Trump administration recently delayed amendments to the Risk Management Program, which included safety requirements for companies to store large quantities of dangerous chemicals. Moreover, the environmental issues resulting from the hurricane also underscore the need for robust implementation of the Emergency Planning and Community Right to Know Act (EPCRA). Communities have a right to know important details about the type and amount of harmful chemicals released in their neighborhoods.

All of these risks underscore the need for a strong and capable Environmental Protection Agency.

Today we are discussing recommendations by the EPA Inspector General and the Government Accountability Office (GAO) regarding the EPA. I want to thank our witnesses for their testimony and work on these recommendations.

However, I would argue that recommendations for improving EPA’s performance are part of a much wider need to ensure that the Agency is high-performing, efficient, and effective in accomplishing the Agency’s mission of protecting human health and the environment.

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These actions, taken in totality, serve to directly undermine the Agency’s ability to effectively protect human health and the environment. A robust and effective EPA is key in responding to natural disasters like Hurricane Harvey. EPA currently has 143 personnel supporting the response efforts for Hurricane Harvey and has established a Unified Command with State and local partners. That number is going to increase dramatically in the coming weeks. At its peak, after Hurricane Katrina, about 1,600 EPA staff and contractors worked in the Gulf Coast region assisting with response and cleanup activities, in addition to thousands of additional EPA employees supporting response efforts from EPA headquarters and regional offices around the country. With the employee cuts and buyouts that the Administrator has proposed, we need to ensure that EPA will actually have the employees in place to conduct this critical work.

Mr. Chairman, I want to work with you to make sure we have a robust and effective EPA. The committee must conduct active oversight of the Agency, particularly drinking water infrastructure and regulation, clean air protections, and the impacts of climate change. We must also conduct ongoing oversight over EPA and other Agencies’ efforts to assist the Gulf coast rebuild.

Mr. Murphey. I thank the gentleman for his comments.

I ask unanimous consent that the Members’ written opening statements be introduced into the record and, without objection, the documents will be entered into the record.

I would now like to introduce our panel of Federal witnesses for today’s hearing. First, we have Mr. Alan Larsen. He is the Counsel
to the Inspector General for the Environmental Protection Agency. We also have Mr. Alfredo Gómez, who serves as the Director of Natural Resources and Environment for the Government Accountability Office.

And we thank you for being here today and providing testimony. We look forward to the opportunity to discuss open and unimplemented recommendations made to the EPA.

You are aware the committee is holding an investigative hearing and, when doing so, has the practice of taking testimony under oath. Do you have any objections to taking testimony under oath?

Seeing none, then, the Chair advises you under the rules of the House and rules of the committee, you are entitled to be advised by counsel. Do either of you desire to be advised by counsel during the testimony today?

Neither one has asked for that. So, in that case, will you please rise and raise your right hand, and I will swear you in.

[Witnesses sworn.]

Well, you have answered in the affirmative, and you are now under oath and subject to the penalties set forth in Title 18, Section 1001, of the United States Code.

I will ask that each of you give a 5-minute summary of your written statement. We will being with you, Mr. Larsen.

STATEMENT OF ALAN S. LARSEN, COUNSEL TO THE INSPECTOR GENERAL, ENVIRONMENTAL PROTECTION AGENCY, AND J. ALFREDO GÓMEZ, DIRECTOR OF NATURAL RESOURCES AND ENVIRONMENT, GOVERNMENT ACCOUNTABILITY OFFICE

STATEMENT OF ALAN S. LARSEN

Mr. LARSEN. Good morning, Chairman Murphy, Representative Castor, and members of the subcommittee. I am Alan Larsen, counsel to the Inspector General for both the Environmental Protection Agency and the Chemical Safety and Hazard Investigation Board.

I thank this committee for highlighting the importance of acting on unimplemented OIG recommendations. As you know, an Office of Inspector General cannot direct an Agency’s actions. Our influence is through our recommendations, which can result in substantial cost savings and major improvements in Agency programs, but only if an Agency chooses to implement them.

Our OIG undertakes a risk-based work planning process to determine which issues we will review during the coming year. Our plan, however, is always subject to change, as we inevitably receive hotline requests and congressional requests. We conduct those reviews and issue final reports, which generally will include one or more recommendations to address our findings.

As required by the Inspector General Act, the EPA OIG publishes a cumulative list of unimplemented recommendations in our semiannual reports to Congress. Our most recent report cited 43 open recommendations with past due completion dates and 56 with future dates. Notably, potential cost savings for the unimplemented recommendations listed amount to over $100 million.
Now I will briefly discuss some of the OIG's recommendations to the EPA that remain unimplemented. You will see that some are quite recent. I highlight them because of their potential impact.

In July 2017, we completed a review of the processes the EPA uses to verify that Agency contractors have the training needed to protect the Agency from cyberattacks. We found that the EPA is unaware of the number of contractors who require specialized training. The OIG recommended that the EPA implement a process to maintain a listing of contractors who require the specialized training and that the Agency report this information to its Chief Information Security Officer. While the Agency has committed to implement a process for verifying that Agency contractors are appropriately trained, our recommendation remains unimplemented, posing a continuing risk to the Agency's information, data, and network.

Through another audit completed in August of 2014, we looked at the Agency's oversight of cloud computing initiatives. We found that the EPA's lack of oversight over vendors resulted in missed opportunities for significant savings. The EPA paid over $2 million for services that were not fully rendered or did not comply with Federal requirements. We recommended several corrective actions to the Agency, such as improving its policies and performing documented cost-benefit analyses. To date, the Agency has not fully implemented all of our recommendations.

In April of 2017, we completed a review of Puerto Rico's State revolving funds based on a hotline complaint from the EPA. The EPA reported that the Puerto Rico Government Development Bank did not have funds to honor a combined balance of approximately $188 million. The OIG determined that over $774 million is at risk due to Puerto Rico's financial crisis and that the restoration of funds in the near future is highly unlikely. The OIG recommended that the EPA evaluate options to restore the viability of the revolving funds or implement new strategies better suited to the needs of Puerto Rico. While the Agency has committed to considering future approaches to grant funding, the OIG's recommendation is as yet unimplemented.

These are just a few of the examples of OIG's recommendations to the Agency. We will continue to work actively with the EPA and keep Congress fully advised regarding actions to address our recommendations.

Accomplishing our work requires sufficient appropriated funds from Congress. Our funding clearly represents a fruitful investment for the American taxpayer, as the OIG returned $22 for every $1 given to us in fiscal year 2016. While I'm aware that this is not an appropriations committee, I respectfully ask for any help you can provide us in this regard.

Mr. Chairman, this concludes my prepared statement. I'm happy to answer any questions. Thank you.

[The prepared statement of Mr. Larsen follows:]
EPA Oversight: Unimplemented Inspector General and GAO Recommendations

Statement of Alan S. Larsen
Counsel to the Inspector General
U.S. Environmental Protection Agency

Subcommittee on Oversight and Investigations
Committee on Energy and Commerce
U.S. House of Representatives

September 6, 2017
Good morning Chairman Murphy, Ranking Member DeGette and members of the subcommittee.

I am Alan Larsen, Counsel to the Inspector General (IG) for the U.S. Environmental Protection Agency (EPA) and the U.S. Chemical Safety and Hazard Investigation Board. I would like to convey my appreciation to this committee for highlighting the importance of addressing unimplemented recommendations. Today I will provide you with an overview of some of the Office of Inspector General’s (OIG’s) recommendations to the EPA that remain unimplemented.

As you know, making recommendations is a critical role for every OIG in carrying out our oversight mandate. Recommendations can result in substantial cost savings and major improvements in the efficiency and effectiveness of agency programs—but only when an agency chooses to implement them or if Congress chooses to take legislative action or other measures to address them.

**Background on Unimplemented Recommendations at the EPA**

The IG Act of 1978 provides for OIGs to conduct independent reviews of agency programs and operations. The EPA OIG’s Offices of Audit and Program Evaluation perform the majority of their work in accordance with generally accepted government auditing standards (GAGAS).

During the course of audits and program evaluations, the OIG analyzes the data on a specific
program, policy or procedure. Following comprehensive research and review, the OIG develops and issues recommendations as part of a final report. These audit and evaluation recommendations to the EPA—including those from any non-GAGAS projects—are the subject of my testimony. OIG investigative reports, which do not contain recommendations, will not be included in my presentation. However, I will be pleased to answer any questions you may have about completed investigations that involve EPA management matters.

The impact of an OIG recommendation may be direct cost savings for the EPA. Potential cost savings for the unimplemented recommendations listed in our most recent Semiannual Report to Congress were $103.3 million. A recommendation may also result in other benefits that are not readily translated into a dollar savings amount, such as improvements in program efficiency and effectiveness that ensure the integrity of an agency program. The OIG publishes a list of unimplemented recommendations in our Semiannual Report to Congress, fulfilling the reporting requirement stated in Section 5(a)(3) of the IG Act of 1978, as amended. This list represents a cumulative tally of recommendations previously issued in our audit and program evaluation reports for which corrective actions have not yet been completed. Further, our semiannual report lends transparency to the recommendation resolution process.

Our audit and evaluation work provides recommendations for improvements to the EPA’s program offices and regions. The benefits of our audits and evaluations are the improvements realized. To maintain emphasis on unimplemented recommendations—which sometimes remain unresolved years after the report is issued—and to encourage progress, we are developing a status report for open recommendations, in which we will highlight the effect of incomplete EPA
actions and the EPA operations and programs that are affected. To help organize and prioritize the EPA’s open recommendations, this report will classify them based on their organizational or environmental scope; as of now, we have developed six categories for this purpose: Management and Operations; Water Issues; Environmental Contamination and Cleanup; Toxics, Chemical Safety and Pesticides; Air Quality; and Research and Laboratories.

We will show how the management actions being proposed by the EPA will or could facilitate the implementation of the recommendations, which will resolve the conditions we reported. Finally, for each open recommendation, we plan to specify which of the following benefits will be realized once corrective actions are completed: (1) the improvement of human health and the environment, (2) the provision of more effective and efficient operations and (3) the reduction of costs.

The semiannual report dated March 31, 2017, showed the EPA had 43 open recommendations with past due completion dates and 56 with future dates. Of those, the number of days from report issuance for the open recommendations that are past due ranged from less than 1 year to 9 years. In particular:

- 33 were more than 1 year old.
- 10 were under 1 year old.
Tracking and Resolving OIG Recommendations to the Agency

Implementation of the OIG’s recommendations is vital to the effectiveness and efficiency of agency programs and operations. The OIG shares this subcommittee’s interest in the agency’s accountability for acting upon the recommendations. Office of Management and Budget Circular A-123 specifically defines management’s responsibility for internal control in federal agencies as follows:

Agency managers are responsible for taking timely and effective action to correct deficiencies identified by the variety of sources discussed in Section IV, Assessing Internal Control. Correcting deficiencies is an integral part of management accountability and must be considered a priority by the agency.

Before an OIG report is finalized, the OIG is required by GAGAS standards to obtain the views of the responsible agency official regarding the findings, conclusions and recommendations. If the agency agrees with our recommendations, it must provide intended corrective actions and estimated completion dates that will address the deficiencies identified in the OIG’s report. The OIG project team assesses the agency’s proposed corrective actions and determines if the proposed actions sufficiently meet the intent of OIG recommendations.

In most cases, the OIG and agency agree on report recommendations. When there are disagreements, we follow a specified dispute resolution process. If an agreement on a recommendation cannot be reached between the Assistant Inspector General and the EPA Action
Official, the issue is elevated to the EPA Chief Financial Officer and the IG for resolution. If there is still disagreement, the matter is then elevated to the Deputy Administrator (or in some cases the Administrator), who makes the final decision.

Once a final OIG report is issued, OIG staff tracks each recommendation until it is fully implemented. The OIG does not remove a recommendation based on a refusal to act or because time has passed. If the recommendation takes 3 or more years to complete and conditions change notably from when the OIG originally issued a recommendation (e.g., agency resources change, new legislation is implemented, a crisis occurs, etc.), circumstances may call for a reassessment of the recommendation and any actions the agency agreed to take.

Revisiting a Topic With Another Audit or Evaluation

Promptly reaching agreement on actions to resolve OIG recommendations to the EPA and, subsequently, assessing progress on those agreed-to actions are integral to the OIG’s contributions to effective management at the EPA. The OIG and the EPA Chief Financial Officer assess and report on the agency’s progress in resolving OIG recommendations. Monitoring, reviewing and verifying the completion of corrective actions is an essential control for promoting economy, efficiency and effectiveness within the agency’s operations. Having an effective post-resolution follow-up process encourages the agency to take needed actions to improve business practices and accountability and to enhance protection of public health and the environment.
The Assistant Inspectors General for our Offices of Audit and Program Evaluation annually select certain topics for follow-up audits. Assignments are based on the complexity and significance of the issues and recommendations in an original report. Generally, though, any recommendation included in a prior Semiannual Report to Congress will be considered for a follow-up audit.

As requested, I will now highlight a few examples of unimplemented recommendations that indicate significant management opportunities at the EPA.

Examples of OIG Recommendations Made to the EPA That Remain Unimplemented

1. The OIG issued a report titled Improved Management of the Brownfields Revolving Loan Fund (RLF) Program Is Required to Maximize Cleanups, No. 17-P-0368, on August 23, 2017. We conducted this audit to determine whether recipients of Brownfields RLF are using program income to capitalize an RLF and to loan and grant money for Brownfields remediation after cooperative agreements are closed. The EPA’s Office of Brownfields and Land Revitalization (OBLR), within the agency’s Office of Land and Emergency Management, oversees this program. The OIG recommended that the EPA develop a policy to reduce balances of available program income within the Brownfields RLF being held by recipients. The policy should establish a timeframe for recipients to use or return the funds to the EPA. Potential cost savings amount to $10.9 million. This recommendation is, as yet, unimplemented. However, OBLR has committed to working with the agency’s regional offices to develop a policy regarding the monitoring of
accumulated program income in the cooperative agreements at certain points in the life of a cooperative agreement. The agency’s planned completion date is March 31, 2018.

2. The OIG issued a report titled *EPA Lacks Processes to Validate Whether Contractors Receive Specialized Role-Based Training for Network and Data Protection*, No. 17-P-0344, on July 31, 2017. We conducted this audit to determine what processes the EPA uses to verify that agency contractors with significant information system security responsibilities meet established specialized training requirements. The EPA’s Office of Environmental Information (OEI) oversees the agency’s information security program. The OIG recommended that the EPA work with the Assistant Administrator for Administration and Resources Management to implement a process that requires appropriate agency personnel to maintain a listing of contractor personnel who have significant information security responsibilities and are required to take role-based training. This process should require appropriate agency personnel to validate and report to the Chief Information Security Officer that all relevant contractor personnel have completed role-based training. This recommendation is, as yet, unimplemented. To implement the process, OEI has committed to working with the Contracting Officer’s Representatives and the Office of Administration and Resources Management. OEI also said that it will require that the agency personnel attest to the Chief Information Security Officer, not the Senior Agency Information Security Officer, that all relevant contractor personnel have completed role-based training. The agency’s planned completion date is December 31, 2018.
3. The OIG issued a report titled *Over $774 Million of Puerto Rico State Revolving Funds at Risk*, No. 17-P-0186, on April 26, 2017. We conducted this audit to accomplish the following objectives: (1) identify the source of funds that make up the $188 million in question; (2) determine the current status of the $188 million and the potential for recovery; (3) identify causes for the alleged financial irregularities (other than the bank failure); (4) determine when the agencies responsible for administering the Puerto Rico revolving funds knew or should have known about the financial crisis and the bank’s failure, and determine what actions or measures, if any, these agencies could have taken to secure the funds in question; and (5) determine if the EPA performed adequate oversight. The EPA’s Office of Wastewater Management administers the Clean Water State Revolving Fund (CWSRF) program and the EPA’s Office of Ground Water and Drinking Water administers the Drinking Water State Revolving Fund (DWSRF) program; both of these offices are in the EPA’s Office of Water (OW). EPA Region 2’s Caribbean Environmental Protection Division provides oversight of both the CWSRF and DWSRF in Puerto Rico. The OIG recommended that the EPA evaluate options to restore the viability of Puerto Rico’s CWSRF and DWSRF or implement new strategies better suited to the financial, programmatic, public health and environmental needs of the government of Puerto Rico. Potential cost savings amount to $774 million. This recommendation is, as yet, unimplemented. After a number of interim actions scheduled to take effect between June 2017 and September 2018, Region 2 has committed to considering future approaches to grant funding—including, but not limited to, future federal fund allocations—and to assessing the effectiveness and potential of transitioning
the program to a direct grant program. The agency’s planned completion date is September 30, 2018.

4. The OIG issued a report titled Cloud Oversight Resulted in Unsubstantiated and Missed Opportunities for Savings, Unused and Undelivered Services, and Incomplete Policies, No. 14-P-0332, on August 15, 2014. We sought to determine whether the EPA had performed the following two actions: (1) implemented its cloud initiatives in accordance with the Federal Cloud Computing Strategy and associated requirements and (2) developed formal processes to monitor cloud vendors. Two EPA offices—OEI and OARM—have key responsibilities regarding the EPA’s migration to the cloud. The OIG recommended that prior to entering into any future Infrastructure-as-a-Service contracts, the EPA perform a formal documented analysis to determine whether such contracts are in the EPA’s best interest. The analysis should include the investments the EPA would have to make to address the integration requirements, obstacles and gaps identified as a result of the current Infrastructure-as-a-Service contract. This recommendation is, as yet, unimplemented. OEI agrees with the OIG’s recommendation and is preparing an action plan accordingly. The agency committed to developing a plan to address three key aspects of our preparation for future Infrastructure-as-a-Service contracts. First, the agency said it would refine and communicate EPA’s Cloud Computing Strategy. Second, the agency will design a Concept of Operations for OEI’s National Computer Center to become the agency’s Cloud Service Broker and undertake the necessary transformative activities. Third, OEI/Office of Technical Operations and Planning will define an agencywide approach for acquiring new Infrastructure-as-a-Service contracts. This
approach will incorporate a repeatable methodology that allows the EPA to identify any needed investments to address integration requirements, obstacles and gaps so that the agency will adhere to applicable federal cloud or information technology requirements. The agency’s planned completion date is October 16, 2017.

5. The OIG issued a report titled *EPA Did Not Conduct Thorough Biennial User Fee Reviews*, No. 14-P-0129, on March 4, 2014. We performed this audit to evaluate the EPA’s biennial user fee reviews. The objectives of our audit were to determine whether the EPA (1) conducts biennial reviews of the EPA’s user fees and royalties programs, and (2) reviews all agency programs to determine whether fees should be assessed for the services they provide. The Office of Financial Management within the Office of the Chief Financial Officer (OCFO) and the Office of Wastewater Management within OW have primary jurisdiction over the audit issues. The OIG recommended that the EPA apply the federal user fee policy in determining whether to (a) charge fees for issuing federal National Pollutant Discharge Elimination System permits in which the EPA is the permitting authority or (b) request an exception from the Office of Management and Budget to charging fees. Potential cost savings amount to $17.8 million. This recommendation is, as yet, unimplemented. This recommendation due date was revised to October 1, 2017, to allow the OW to continue working with OCFO to request an exception from a National Pollutant Discharge Elimination System user fee. The agency’s planned completion date was December 31, 2014.
6. The OIG issued a report titled *Making Better Use of Stringfellow Superfund Special Accounts*, No. 08-P-0196, on July 9, 2008. The OIG conducted this audit to evaluate (1) the EPA regions’ utilization of special account funds for Superfund accounts with high available balances, and (2) the EPA regions’ utilization of special account funds for Superfund accounts that are at least 10 years old. Region 9 (the Pacific Southwest) manages several Superfund special accounts. The OIG recommended that the agency reclassify or transfer to the Superfund Trust Fund, as appropriate, $27.8 million (plus any earned interest less oversight costs) of the Stringfellow special accounts in annual reviews, and at other milestones including the end of Fiscal Year 2010, when the record of decision is signed and the final settlement is achieved. Potential cost savings amount to $27.8 million. This recommendation is, as yet, unimplemented. In 2012, a new area of groundwater contamination was identified that is commingling with—and will directly impact the cleanup of—existing Stringfellow contamination, requiring further investigations. Due to the additional investigations at the site, the anticipated date to complete the sitewide record of decision became December 31, 2015. In July 2016, Region 9 issued a memo to the IG, notifying us that the estimated completion date was further extended to September 30, 2023, due to additional work that the state has committed to complete in support of the final record of decision. The agency’s planned completion date was December 31, 2012.

7. The OIG issued a report titled *Nutrient Pollution: EPA Needs to Work with States to Develop Strategies for Monitoring the Impact of State Activities on the Gulf of Mexico Hypoxic Zone*, No. 14-P-0348, on September 03, 2014. The OIG conducted this audit to
determine the steps that the EPA and states in the Mississippi River Watershed were taking to reduce nutrients that contribute to the Gulf of Mexico hypoxic zone. The EPA’s OW is responsible for implementing the Clean Water Act (CWA). The OIG recommended that the EPA work with the state and federal task force members in the Mississippi River Watershed to develop and enhance monitoring and assessment systems that will track the environmental results of state nutrient reduction activities, including their contribution to reducing the size of the Gulf of Mexico hypoxic zone. This recommendation is, as yet, unimplemented. The EPA says the Nonpoint Source Measure Workgroup has continued to make progress assessing available and achievable common measures that all states participating in the Hypoxia Task Force can use to track progress. In addition, the EPA has assembled information on the conservation practices funded by the agency’s 319 grant program for states and territories, while states have compiled data on state-funded practices. The U.S. Department of Agriculture’s National Resource Conservation service is also expected to release a national data sharing policy that describes a process for states to access U.S. Department of Agriculture conservation practice implementation information. As a result, the Nonpoint Source Measure Workgroup expects that a Nonpoint Source Measures Report can be completed this calendar year. The task force will also continue its work to collect information on privately funded conservation investments. A revised expected completion date is still under review. The Hypoxia Task Force continues to work on its first nonpoint source measures report and anticipates issuing a first report describing progress to date by June 1, 2017. However, the corrective action is still not complete. The agency’s initial planned completion date was June 30, 2015.
8. The OIG issued a report titled *EPA Needs to Further Improve How It Manages Its Oil Pollution Prevention Program*, No. 12-P-0253, on February 6, 2012. The OIG performed this evaluation in response to a request from the House Committee on Transportation and Infrastructure. We addressed the following two questions: (1) What steps has the EPA taken to ensure the quality and consistency of Spill Prevention, Control, and Countermeasure Plans (otherwise known as SPCC Plans) and Facility Response Plans (otherwise known as FRPs)? and (2) How does the EPA track CWA Section 311 violations and violators in order to manage its oil pollution program? The EPA’s Office of Land and Emergency Management oversees the program. The OIG recommended that the agency improve oversight of facilities regulated by the EPA’s oil pollution prevention program by producing a biennial public assessment of the quality and consistency of SPCC Plans and FRPs based on inspected facilities. For corrective action, the agency said that it would develop a summary of assessment findings concerning SPCC plans. These findings would help to identify areas where additional guidance and outreach are needed to improve the quality and consistency of SPCC Plans. The planned completion date was October 31, 2013. The agency said that it would use the model developed for the SPCC program to develop a review protocol for FRPs by September 30, 2013, to examine FRP inspections conducted during the FY 2013 inspection cycle. The agency said that it would develop a summary of findings from these FY 2013 inspections by October 31, 2014. These findings would help to identify areas where additional guidance and external outreach are needed to improve the quality and consistency of FRPs. These recommendations are, as yet, unimplemented. The agency revised this milestone date to June 30, 2020.
9. The OIG issued a report titled *EPA Needs a Risk-Based Strategy to Assure Continued Effectiveness of Hospital-Level Disinfectants*, No. 16-P-0316, on September 19, 2016. We conducted this review of the EPA’s Antimicrobial Testing Program to (1) determine whether the program ensures the efficacy of EPA-registered hospital sterilants, disinfectants and tuberculocides and (2) evaluate options for improving the program. The EPA’s Office of Chemical Safety and Pollution Prevention has primary responsibility for the efficacy testing of antimicrobial pesticides. The OIG recommended that the agency suspend administering the current Antimicrobial Testing Program until completion of the one-time re-registration process. The agency’s planned completion date for this recommendation is November 30, 2017. The OIG also recommended that the agency develop a risk-based antimicrobial testing strategy to assure the effectiveness of public health pesticides used in hospital settings. At a minimum, the strategy should (a) include a framework for periodic testing to assure products continue to be effective after resignation, (b) define a program scope that is flexible and responsive to current and relevant public health risks, (c) identify risk factors for selecting products to test, (d) identify the method to be used for obtaining samples for testing and (e) designate a date to commence risk-based post-registration testing. The agency’s planned completion date for this recommendation is November 30, 2018. Both recommendations are, as yet, unimplemented.

10. The OIG issued a report titled *Management Alert: Drinking Water Contamination in Flint, Michigan, Demonstrates a Need to Clarify EPA Authority to Issue Emergency Orders to Protect the Public*, No. 17-P-0004, on October 20, 2016. The OIG is
conducted an ongoing review to examine the circumstances of, and the EPA’s response to, the contamination in the city of Flint, Michigan’s, community water system, including the EPA’s exercise of its oversight authority. The purpose of our issuing this initial report was to expeditiously alert the EPA of key factors that delayed its intervention in Flint using its emergency authority granted under the Safe Drinking Water Act (SDWA) in Section 1431. When our review is complete, we plan to issue a subsequent report. In this initial report, the OIG recommended that the agency update its Final Guidance on Emergency Authority under Section 1431 of the SDWA (1991) to clarify how and when it should intervene in emergency situations. Specifically, we recommended that the agency should (1) include the most relevant examples of SDWA Act Section 1431 orders nationwide and examples of state actions that would be considered timely and protective, (2) reflect the current delegations of authority to both the Regional Administrators and the Assistant Administrator for Enforcement and Compliance Assurance and (3) establish checklists for when both the Regional Administrators and the Assistant Administrator for Enforcement and Compliance Assurance should consider emergency action under the SDWA Section 1431. The agency’s planned completion date for this recommendation is November 30, 2017. The OIG also recommended that the agency train, in cooperation with the Assistant Administrator for Water, all relevant EPA drinking water and water enforcement program management and staff on the Section 1431 authority and updated guidance. The agency’s planned completion date for this recommendation is November 30, 2017. Both recommendations are, as yet, unimplemented.
Conclusion

I commend the subcommittee’s interest in our work and ensuring that EPA management take the necessary steps to address recommendations that the OIG and the agency have agreed will remediate identified problems. The support of Congress is absolutely essential in our ability to work with the EPA to address these recommendations. We will continue to work actively with the EPA and to keep Congress fully advised on the status of our recommendations.

Accomplishing the tasks that we have discussed at this hearing requires sufficient appropriated funds from Congress. The EPA OIG returned $22 for every dollar given to us in FY 2016. When the OIG is unable to carry out its responsibilities because of inadequate funding, it is a net loss to the federal government and the American taxpayers. While I am aware this is not an appropriations subcommittee, I respectfully ask for any help you can provide us in this regard.

Chairman Murphy, Ranking Member DeGette and members of the subcommittee, this concludes my prepared statement. I would be happy to answer any questions that you or the subcommittee members may have.
One-Page Summary of the EPA OIG’s Written Testimony

Impact of OIG Recommendations: Making recommendations is a critical role for every OIG in carrying out our oversight mandate. Recommendations can greatly benefit agency programs—but only when an agency chooses to implement them or if Congress chooses to take legislative action or other measures to address them. The impact of an OIG recommendation may be cost savings or an improvement in program efficiency and/or effectiveness.

Background: The IG Act of 1978 provides for OIGs to conduct independent reviews of agency programs and operations. The EPA OIG’s recommendations are developed in accordance with generally accepted government auditing standards and are issued as part of a final report. The OIG publishes summaries of unimplemented recommendations in our Semiannual Report to Congress, as required by Section 5(a)(3) of the IG Act of 1978, as amended. This list lends transparency to the recommendation resolution process.

Number of Unimplemented Recommendations: The average number of recommendations unimplemented by the EPA as reported in each of the semiannual reporting periods between March 2013 and March 2017 was 48. The OIG’s most recent semiannual report, covering October 1, 2016, through March 31, 2017, cited 43 unimplemented recommendations. Of those, the number of days from report issuance to the date of the semiannual report ranged from less than 1 year to 9 years. Thirty-three were more than 1 year old and 10 were under 1 year old.

Tracking Recommendations: In most cases, the OIG and agency agree on report recommendations. When there are disagreements, we follow a specified dispute resolution process. If an agreement on a recommendation cannot be reached between the Assistant Inspector General and the EPA Action Official, the issue is elevated to the EPA Chief Financial Officer and the IG for resolution. If there is still disagreement, the matter is then elevated to the Deputy Administrator (or in some cases the Administrator), who makes the final decision.

The following reports have unimplemented recommendations that indicate significant management opportunities at the EPA: (1) Improved Management of the Brownfields Revolving Loan Fund Program Is Required to Maximize Cleanups; (2) EPA Lacks Processes to Validate Whether Contractors Receive Specialized Role-Based Training for Network and Data Protection; (3) Over $774 Million of Puerto Rico State Revolving Funds at Risk; (4) Cloud Oversight Resulted in Unsubstantiated and Missed Opportunities for Savings, Unused and Undelivered Services, and Incomplete Policies; (5) EPA Did Not Conduct Thorough Biennial User Fee Reviews; (6) Making Better Use of Stringfellow Superfund Special Accounts; (7) Nutrient Pollution: EPA Needs to Work with States to Develop Strategies for Monitoring the Impact of State Activities on the Gulf of Mexico Hypoxic Zone; (8) EPA Needs to Further Improve How It Manages Its Oil Pollution Prevention Program; (9) EPA Needs a Risk-Based Strategy to Assure Continued Effectiveness of Hospital-Level Disinfectants; and (10) Management Alert: Drinking Water Contamination in Flint, Michigan, Demonstrates a Need to Clarify EPA Authority to Issue Emergency Orders to Protect the Public. These reports are described in detail in the written testimony.
Biography of Counsel to the Inspector General Alan S. Larsen

Alan S. Larsen became Counsel to the Inspector General of the U.S. Environmental Protection Agency (EPA) in August of 2012. In 2013 he took on the additional role of Assistant Inspector General for Congressional and Public Affairs, and currently holds both positions. Before his appointment, Mr. Larsen served as Counsel to the Inspector General for the National Reconnaissance Office, and before that, Deputy Counsel and then acting Counsel to the Inspector General at the Central Intelligence Agency.

Previously, Mr. Larsen was Senior Vice President and Deputy General Counsel for a wind energy development company, doing domestic and international projects. Prior to that, he was a partner in private law practice, in Portland, Oregon, later becoming Managing Partner of the firm’s Washington, D.C., office.

Mr. Larsen earned a Bachelor of Science in Business Administration from Bucknell University. He earned his Juris Doctor degree from Northwestern School of Law of the Lewis & Clark College.

He is a member of the bar of the state of Oregon and the District of Columbia, and multiple U.S. District Courts and Circuit Courts of Appeal.

Mr. Larsen is the recipient of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Leadership Award, CIGIE awards for Excellence in Law and Legislation, and Excellence in Investigations, and the Intelligence Community Inspector General Leadership Award. He was United States Delegate to International Intelligence Review Agencies in 2002, 2004 and 2006.
Mr. Murphy. Thank you, Mr. Larsen.
Mr. Gómez, you are recognized for 5 minutes, please.

STATEMENT OF J. ALFREDO GÓMEZ

Mr. Gómez. Thank you.
Chairman Murphy, Congresswoman Castor, and members of the subcommittee, good morning, and I’m pleased to be here today to talk to you about the status of recommendations GAO has made to the Environmental Protection Agency.

As you know, the mission of the EPA is to protect human health and the environment. We have conducted reviews focused on various aspects of EPA’s operations, such as managing grants and workforce planning, and its programs. And through these reviews, we have made numerous recommendations to improve EPA’s performance and the efficiency and effectiveness of its operations and programs.

My statement today will focus on two main areas. First, the status of EPA’s implementation of GAO’s recommendations since fiscal year 2007 and how these recommendations relate to EPA’s operations and programs. And, two, examples of benefits realized by EPA and others based on our work.

As part of our process, we follow up on recommendations we have made and report on their status to Congress. Agencies also have a responsibility to monitor and maintain accurate records on the status of our recommendations. We now follow up with EPA twice a year to determine the extent to which our recommendations have been implemented and the benefits that have been realized. We consider a recommendation implemented when the Agency has taken actions to address the issue or deficiency that we have identified.

With regard to the first area on the status of GAO’s recommendations, we have found that, of the 318 recommendations we made to EPA, they had implemented 191. The remaining 127 recommendations remain open or not implemented.

And just to give you some more information, for recommendations that we made over 4 years ago, that is, recommendations from fiscal year 2007 to 2012, EPA has implemented 77 percent. For recommendations we made within the last 4 years, that is, since fiscal year 2013, the EPA has implemented 34 percent.

Experience has shown that it takes time for some recommendations to be implemented. For this reason, we actively track each unaddressed or open recommendation for 4 years. The 318 recommendations we have made fall into six broad categories, such as management and operations, water-related issues, and environmental contamination and cleanup.

For example, in January 2017, we reported on EPA’s management of grants to States, local governments, and others which make up almost 50 percent of the Agency’s budget. We found that EPA does not have sufficient information about the workload associated with these grants. Consequently, the Agency is not able to effectively and efficiently allocate staff across its offices and regions to manage these grants.

Because the Agency did not know its grants workload, it sometimes had to shift staff from other mission areas to address the
work. We recommended that EPA collect and analyze data about grants management workloads and use these data to inform staff allocations. EPA agreed with this recommendation and has initiated steps to address it, and we will continue to monitor EPA’s actions to figure out what the status of the recs are.

We have also identified many benefits such as programmatic and process improvements based on EPA taking actions on our recommendations. For example, we issued several reports on drinking water and wastewater infrastructure issues. In particular, we reported on drinking water and wastewater infrastructure needs of rural and small communities. We found that some communities faced potentially duplicative application requirements such as separate environmental analyses for each program that they applied for, resulting in delays and increased cost to communities. We recommended that EPA and the Department of Agriculture work together with State and other officials to develop guidelines to assist States in developing uniform environmental analyses, and they have done so.

In summary, our recommendations provide a good opportunity to improve the Government’s fiscal position, better serve the public, and make Government programs more effective and efficient. The EPA’s implementation of our recommendations will help the Agency continue to improve its performance and the efficiency and effectiveness of its operations, and we will continue to work with Congress to monitor and draw attention to these important issues.

Chairman Murphy, Congresswoman Castor, members of the subcommittee, this concludes my statement. I’d be happy to answer any questions.

And I also just wanted to add a thank you for your words of support to my family in Texas and my nephews, but also all the other families in Texas. Thank you.

[The prepared statement of Mr. Gómez follows:]
ENVIRONMENTAL PROTECTION

Status of GAO Recommendations Made to EPA since Fiscal Year 2007

Statement of J. Alfredo Gómez, Director, Natural Resources and Environment
ENVIRONMENTAL PROTECTION

Status of GAO Recommendations Made to EPA since Fiscal Year 2007

What GAO Found
As of August 23, 2017, the U.S. Environmental Protection Agency (EPA) had implemented 101 of the 318 recommendations GAO made since fiscal year 2007. EPA had not yet implemented the remaining 127 recommendations. The figure below shows the status of the 318 recommendations. The recommendations fall into six broad categories that relate to EPA programs and operations: (1) management and operations; (2) water issues; (3) environmental contamination and cleanup; (4) toxic, chemical safety, and pesticides; (5) public health and environmental justice; and (6) air quality, climate change, and energy efficiency. Almost three-fourths of the recommendations fall into the first three categories and include actions for EPA to better manage grants, improve the regulation of drinking water contaminants, and better manage hazardous waste cleanup. Most of the recommendations that have not yet been implemented concern EPA management and operations and water issues. For example, regarding management and operations, EPA has not yet implemented GAO’s recommendation to link its workforce plan with its strategic plan to help ensure EPA has an appropriately skilled workforce to achieve its mission. Similarly, for water issues, EPA has not fully implemented GAO’s recommendation to provide guidance to regional offices on overseeing state water quality programs.

Status of GAO Recommendations Made to EPA since Fiscal Year 2007, as of August 23, 2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Implemented</th>
<th>Not implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>31%</td>
<td>69%</td>
</tr>
<tr>
<td>2008</td>
<td>70%</td>
<td>30%</td>
</tr>
<tr>
<td>2009</td>
<td>72%</td>
<td>28%</td>
</tr>
<tr>
<td>2010</td>
<td>78%</td>
<td>22%</td>
</tr>
<tr>
<td>2011</td>
<td>79%</td>
<td>21%</td>
</tr>
<tr>
<td>2012</td>
<td>82%</td>
<td>18%</td>
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<tr>
<td>2013</td>
<td>84%</td>
<td>16%</td>
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<tr>
<td>2014</td>
<td>87%</td>
<td>13%</td>
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<tr>
<td>2015</td>
<td>93%</td>
<td>7%</td>
</tr>
<tr>
<td>2016</td>
<td>95%</td>
<td>5%</td>
</tr>
<tr>
<td>2017</td>
<td>96%</td>
<td>4%</td>
</tr>
</tbody>
</table>

EPA recently tracked each open recommendation for 4 years. EPA identified an error in its calculation of recoverable indirect costs for hazardous waste cleanup. EPA acknowledged the error and published revised indirect costs rates. As a result, GAO estimated in 2010 that EPA had recovered or would recover $42.2 million.
Chairman Murphy, Ranking Member DeGette, and Members of the Subcommittee:

Thank you for the opportunity to testify on the status of recommendations GAO has made to the U.S. Environmental Protection Agency (EPA). As you know, the mission of EPA is to protect human health and the environment, with the purpose of protecting all Americans from significant risks to human health and the environment where they live, learn, and work, among other things. To accomplish this mission, EPA develops and enforces environmental regulations; awards grants to state environmental programs, non-profits, educational institutions, and others; studies environmental issues; and sponsors partnerships, among other things.

We have conducted reviews focused on various aspects of EPA's operations and programs. For example, we have conducted reviews focused on aspects of EPA's operations, such as managing grants, workforce planning, and processes for developing and enforcing regulations. We have also conducted reviews on EPA's programs to manage toxic chemicals, improve water infrastructure, and clean up hazardous waste sites. Through these reviews, we have made numerous recommendations to improve EPA's performance and the efficiency and effectiveness of its operations and programs. Today I will discuss (1) the status of EPA's implementation of recommendations we have made since fiscal year 2007 and how these recommendations relate to EPA's operations and programs and (2) examples of benefits realized by EPA and others based on our work, including through the agency's implementation of our recommendations.

This statement is based on our reports issued since fiscal year 2007, including reports issued from October 1, 2006, through May 31, 2017. To determine the number and status of recommendations we made to EPA during this period, we reviewed data from our internal database that maintains information on the status of recommendations we have made to all agencies. To determine how these recommendations relate to EPA operations and programs, we developed categories based on areas of EPA's work and its organizational structure. Two analysts then independently categorized each of the recommendations and resolved any differences. To identify benefits realized by EPA in implementing our recommendations, we also relied on our internal database for information.

Appendix 1 lists the reports upon which this statement is based as well as the status of the recommendations to EPA made in those reports.
Background

Many of our reports and testimonies include recommendations that, if acted upon, may result in tangible benefits for the U.S. taxpayer by improving the federal government’s efficiency, effectiveness, and accountability. Implemented recommendations can result in financial or nonfinancial benefits for the federal government. An estimated financial benefit is based on agency actions taken in response to our recommendations; such benefits can result in reduced government expenditures, increased revenues, or a reallocation of funds to other areas. For example, in fiscal year 2016, our work across the federal government resulted in $63.4 billion in financial benefits.

Other benefits that result from our work cannot be measured in dollar terms, and we refer to them as nonfinancial or other benefits. During fiscal year 2016, we recorded a total of 1,234 other benefits from our work that cannot be measured in dollars, but that led to program and operational improvements to the federal government. These benefits are linked to specific recommendations or other work that we completed over several years and could include improvements to agency programs, processes, and policies. In some cases, benefits are realized based on the actions of Congress. For example, since 1994, we have found that EPA faces challenges in its ability to assess and control toxic chemicals under the

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Footnotes:
1 For the purpose of this testimony, we consider financial benefits to be net benefits—that is, estimates of financial benefits that have been reduced by the costs associated with taking the action that we recommended.
3 GAO-17-1SP.
Toxic Substances Control Act of 1976—largely due to issues of statutory choice, regulatory control, data, confidentiality, workload, and resources. In response to our work and the work of others, Congress passed the Lautenberg Act in 2016, giving EPA greater authority to implement several of our outstanding recommendations related to these six areas and positioning the agency to better protect public health and the environment from the risks posed by toxic chemicals.

As part of our responsibilities under generally accepted government auditing standards, we periodically follow up on recommendations we have made to agencies and report their status to Congress. Agencies also have a responsibility to monitor and maintain accurate records on their progress made toward addressing our recommendations. After issuing a report, we follow up with audited agencies at least once a year to determine the extent to which they have implemented our recommendations and the benefits that they have realized. During these follow-up contacts, we identify for agencies what additional actions, if any, they would need to take to address our recommendations. A recommendation is considered implemented when agencies have taken actions that, consistent with our recommendation, address the issue or deficiency we identified and upon which the recommendation is based. Experience has shown that it takes time for agencies to implement some recommendations. For this reason, we actively track unaddressed (i.e., open) recommendations for 4 years and review them to determine

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5 These responsibilities are detailed in both the Office of Management and Budget (OMB) Circulars A-50 and A-123. For example, OMB Circular A-50 provides the policies and procedures for use by executive agencies when considering reports issued by GAO and inspectors general, other executive branch audit organizations, and nonfederal auditors where follow-up is necessary. OMB Circular A-123 addresses internal management control systems and requires that agencies track GAO recommendations and provide a response to Congress on actions taken on the recommendations. Specifically, among the requirements of Circular A-123 are that the agency (1) appoint a top-level audit follow-up official, (2) maintain accurate records on the status of recommendations, and (3) assign a high priority to following up on audit recommendations. In addition, when we issue a report containing recommendations to an agency, the agency head is required to submit a written statement of the actions taken in response to the recommendations to the Committee on Homeland Security and Governmental Affairs of the Senate and Committee on Oversight and Government Reform of the House of Representatives not later than 60 days after the date of the report. 31 U.S.C. § 720(b) (providing further that the statement shall be submitted to the Committees of Appropriations of both Houses of Congress in the first request for appropriations submitted more than 60 days after the date of the report).

6 We work with agencies to establish processes for recommendation follow-up. In fiscal year 2016, we worked with EPA to increase the frequency of follow-up from annually to semiannually.
whether implementation can be reasonably expected. The review includes consideration of alternative strategies an agency may have for implementing recommendations. Our experience has shown that recommendations remaining open after 4 years are generally not implemented in subsequent years. We will close a recommendation as not implemented if an agency has indicated that it was not planning to take action or if we have determined that it is unlikely that the agency will take action to address the recommendation. Figure 1 shows our process for monitoring and reporting on recommendations.

Figure 1: GAO’s Process for Monitoring and Reporting on Recommendations

Source: GAO
We maintain a publicly available database with information on the current status of most open recommendations. The database allows searches by agency, congressional committee, or key words and is available at http://www.gao.gov/openrecs.html.

In addition to our process for monitoring and reporting on recommendations, we use other mechanisms to encourage agencies to implement our recommendations in a timely manner. For example, we initiated an effort in fiscal year 2015 to call attention to unimplemented recommendations that we believe warrant priority attention by the Secretary or agency heads at key departments and agencies. We sent letters to the heads of key executive branch agencies, including EPA, in fiscal years 2015, 2016, and 2017 identifying these high-priority recommendations and urging the agency head to continue to provide attention to these issues.

As of August 23, 2017, EPA had implemented 191 of the 318 recommendations we made since fiscal year 2007, and the recommendations fall into six broad categories that relate to EPA operations and programs. EPA had not yet fully implemented the remaining 127 recommendations. Figure 2 shows the status of the 318 recommendations. For recommendations that we made over 4 years ago (i.e., fiscal years 2007 to 2012), EPA had implemented 77 percent. For recommendations made since fiscal year 2013, EPA had implemented 34 percent.

Because of the sensitive or classified nature of certain recommendations, we are unable to include them in our publicly accessible database.

GAO continually works with EPA to verify implementation of recommendations and close them out in our database, so the number of implemented recommendations can change on a daily basis. Also, some of these recommendations were addressed to other agencies in addition to EPA. Finally, the numbers of recommendations reported here do not include any recommendations to EPA that were sensitive or classified in nature.
The 318 recommendations we made to EPA since fiscal year 2007 fall into six broad categories that relate to EPA operations and programs and generally align with many of the goals and strategies identified in EPA’s Fiscal Year 2014-2018 Strategic Plan. These six broad categories are: (1) management and operations; (2) water issues, which includes water infrastructure, drinking water, water quality, and ecosystem restoration; (3) environmental contamination and cleanup, which includes environmental cleanup, pollution prevention, hazardous and other waste programs, and emergency management; (4) toxics, chemical safety, and pesticides; (5) public health and environmental justice; and (6) air quality, climate change, and energy efficiency. The percentage of recommendations implemented within each category ranged from 80 percent for the environmental contamination and cleanup category to 48 percent in the management and operations category. Figure 3 shows the number of recommendations we identified in each of these categories.
and the percentage of recommendations within each category that had been implemented and not implemented.

Figure 3: Categories of GAO Recommendations Made to EPA Since Fiscal Year 2007 and Percentage Implemented and Not Implemented, as of August 23, 2017

Total Recommendations: 318

- **Air quality, climate change, and energy efficiency**
  - 18 recommendations
  - 78% implemented | 22% not implemented

- **Public health and environmental justice**
  - 22 recommendations
  - 77% implemented | 23% not implemented

- **Toxics, chemical safety, and pesticides**
  - 40 recommendations
  - 58% implemented | 42% not implemented

- **Environmental contamination and cleanup**
  - 49 recommendations
  - 97% implemented | 3% not implemented

- **Water issues**
  - 87 recommendations
  - 66% implemented | 34% not implemented

- **Management and operations**
  - 122 recommendations
  - 44% implemented | 56% not implemented

Note: The percentages of not implemented recommendations include recommendations that the Environmental Protection Agency is in the process of implementing, including many made within the last 4 years.

Almost three-fourths of the recommendations we made since fiscal year 2007 fall into three categories: management and operations, water issues, and environmental contamination and cleanup. The recommendations to EPA relating to management and operations included actions for better managing its grants, better coordinating management of its laboratories, and improving the agency’s information security. Recommendations on water issues included actions targeted at...
improving the regulation of contaminants in drinking water, improving water quality and ecosystem health in regions such as the Great Lakes and Chesapeake Bay, and better managing water pollution from both point and nonpoint sources. Recommendations related to environmental contamination and cleanup included: taking actions for better managing cleanup at hazardous waste sites; enhancing responses to disasters, such as the collapse of the World Trade Center on September 11, 2001, and Hurricane Katrina in August 2005; and promoting proper disposal and recycling of electronic waste. The remaining quarter of the recommendations fell into the other three categories of toxics, chemical safety, and pesticides; air quality, climate change, and energy efficiency; and public health and environmental justice. Appendix I lists, by category, our reports with recommendations to EPA since fiscal year 2007, and for each report lists the numbers of implemented, not implemented, and total recommendations, as of August 23, 2017.

Of the 127 recommendations that EPA has not implemented, we made 82, or 65 percent, since fiscal year 2013 and 45, or 35 percent, earlier (i.e., fiscal years 2007 to 2012). Most of these recommendations concern EPA management and operations and water issues. Some examples of recommendations that have not yet been implemented in these categories are described below.

In January 2017, we made recommendations to EPA related to their management of grants. In 2015, EPA awarded roughly $3.9 billion, about 40 percent of its budget, in grants to states, local governments, tribes, and other recipients. These grants supported activities such as repairing aging water infrastructure, cleaning up hazardous waste sites, improving air quality, and preventing pollution. In our January 2017 report, we concluded that EPA’s ability to manage this portfolio depended

11A point source is any discernible, confined and discrete conveyance from which pollutants are or may be discharged, such as a pipe carrying effluent from a wastewater treatment plant or an industrial facility. Nonpoint source pollution is water pollution from diffuse sources, such as runoff from farms or construction sites.

12In general, we continue to believe that our prior recommendations are valid and should be addressed. While we recognize that agencies need time to act on our recommendations, in our experience, recommendations that have not been implemented after 4 years are generally not implemented in subsequent years.

primarily on grant specialists and project officers, but the agency did not
have the information it needed to allocate grants management resources
in an effective and efficient manner. In addition, EPA had not identified
project officer critical skills and competencies or monitored its recruitment
and retention efforts for grant specialists. We recommended that EPA,
among other things, develop documented processes that could be
consistently applied by EPA officers to collect and analyze data about
grants management workloads and use these data to inform staff
allocation. We also recommended that EPA review project officer critical
skills and competencies and determine training needs to address gaps
and develop recruitment and retention performance measures and collect
performance data for these measures. According to a May 2017 letter,
EPA agreed with the five recommendations we made in the report and
identified steps it was initiating to address them. We will continue to
monitor EPA’s actions to implement these recommendations.

In August 2014, we made recommendations to EPA related to information
security. Federal agencies rely on contractors to operate computer
systems and process information on their behalf. Federal law and policy
require that agencies ensure that contractors adequately protect these
systems and information. In our August 2014 report, we evaluated how
six agencies, including EPA, oversaw contractor-operated systems. With
regard to EPA, we found that the agency generally established security
and privacy requirements for contractors to follow and prepared for
assessments to determine the effectiveness of contractors’
implementation of controls but was inconsistent in overseeing the
execution and review of those assessments. We recommended that EPA
develop, document, and implement oversight procedures for ensuring
that, for each contractor-operated system: (1) a system test is fully
executed and (2) plans of action and milestones with estimated
completion dates and resources assigned for resolution are maintained.
In comments on the report, EPA generally agreed with our
recommendations and has recently told us that it has taken steps to
implement these recommendations. We will evaluate whether these steps
meet the intent of the recommendations.

14GAO, Information Security: Agencies Need to Improve Oversight of Contractor Controls,
In March 2010, we made recommendations to EPA related to workforce planning. The ability of federal agencies to achieve their mission and carry out their responsibilities depends in large part on whether they can sustain a workforce that possesses the necessary education, knowledge, skills, and other competencies. We and others have shown that successful organizations use strategic workforce planning to help meet present and future mission requirements. In our March 2010 report on workforce planning at EPA and other agencies, we found that EPA’s workforce plan was not clearly aligned with its strategic plan or budget formulation, consistent with leading workforce planning principles. For example, EPA’s workforce plan did not show how full-time equivalent employees, skills, and locations would be aligned with the strategic plan or budget. Without alignment to the strategic plan, we concluded that EPA was at risk of not having the appropriately skilled workforce it needs to effectively achieve its mission. We recommended, among other things, that EPA incorporate into its workforce plan clear and explicit links between the workforce plan and the strategic plan, and describe how the workforce plan will help the agency achieve its strategic goals. In comments on our report, EPA generally agreed with our recommendation. According to EPA, the agency has taken some positive steps toward better workforce planning, such as developing workforce planning gap analyses. However, EPA has not fully implemented this recommendation.

In May 2012, we made recommendations to EPA related to a key program under section 319 of the Clean Water Act to address water pollution from nonpoint sources. Under this program, EPA provides grants to states to implement programs and fund projects that address nonpoint source pollution. We found that EPA’s regional offices had varied widely in the extent of their oversight and the amount of influence they had exerted over states’ nonpoint source pollution management programs. In addition, EPA’s primary measures of effectiveness of states’ management programs did not always demonstrate the achievement of program goals, which are to eliminate remaining water quality problems and prevent new threats from creating future water quality problems in water bodies currently of high quality. To help protect water quality, we recommended that EPA (1) provide guidance to its regional offices on...
overseeing state programs and, (2) in its revised reporting guidelines to states, emphasize measures that more accurately reflect the overall health of targeted water bodies and demonstrate states’ focus on protecting high-quality water bodies, where appropriate. EPA agreed with these recommendations in its comments on the report. In 2013, EPA issued final guidelines laying out expectations for EPA’s regional oversight and issued a memorandum to its regional managers highlighting their oversight responsibilities. However, in a subsequent report issued in July 2016, we found that EPA’s 2013 guidance did not completely address our recommendation to provide sufficient guidance to states to fulfill their oversight responsibilities. We also found that according to EPA officials, the agency planned to make changes to some of the program’s measures of effectiveness. Although EPA has taken some action, these recommendations remain open pending EPA’s (1) ensuring that the guidelines to states incorporate specific instructions on how to review states’ plans and criteria for ensuring funded projects reflect characteristics of effective implementation and tangible results, and (2) improving its measures of program effectiveness.

[17] We included these recommendations in our 2015, 2016, and 2017 letters to EPA highlighting recommendations warranting priority attention.

EPA’s Implementation of GAO Recommendations and Related Work Has Resulted in Process and Programmatic Improvements and Financial Benefits

We have identified many benefits—process and programmatic improvements and financial benefits—based on EPA taking actions on our recommendations and related work. Since fiscal year 2007, we have identified improvements to EPA’s operations and programs in categories such as management and operations, water issues, and public health and environmental justice. In addition, we have identified financial benefits resulting from the implementation of our recommendations and our related work.19

The following are examples of process improvements we have identified based on actions EPA has taken in response to our recommendations.

Management and Operations

In August 2015, we reviewed EPA’s grant management program, including the extent to which its grants management plan followed leading practices for federal strategic planning.20 We found that EPA could better ensure the effectiveness of its planning framework for meeting grants management goals. We recommended that EPA incorporate all leading practices in federal strategic planning relevant to grants management as it finalized its draft 2016-2020 grants management plan, such as defining strategies that address management challenges and identifying the resources, actions, and time frames needed to meet EPA’s goals. In response to our recommendation, EPA fully incorporated each of the relevant leading practices for federal strategic planning in its final 2016-2020 grants management plan, issued in February 2016. Specifically, EPA included an annual priority-setting process to identify strategies to

19Our findings and recommendations can produce measurable financial benefits for the federal government after Congress or agencies act on them and government expenditures are reduced or funds are reallocated to other areas. To calculate our financial benefits we rely on estimates from non-GAO sources. These sources are typically the agency that acted on our work, a congressional committee, or the Congressional Budget Office.

address management challenges and the resources needed to achieve its goals. EPA also incorporated mechanisms to ensure leadership accountability for achieving results, including numeric targets and time frames for each action identified in performance measures.

Consequently, EPA has better assurance that its 2016-2020 grants management plan is an effective framework to guide and assess its efforts to meet its grants management goals.

In August 2011, we found that EPA operated 37 laboratories across the nation to provide the scientific research, technical support, and analytical service to support its mission. In that report, we also found that EPA did not use a comprehensive process for managing its laboratories' workforce and lacked basic information on its laboratory workload and workforce. Without such information, we found that EPA could not undertake succession planning and management to help the organization adapt to meet emerging and future needs. We recommended that EPA for all of its laboratories develop a comprehensive workforce planning process that is based on reliable workforce data and reflects the agency’s current and future needs in the overall number of federal and contract employees, skills, and deployment across all laboratory facilities. EPA generally agreed with our recommendation and, in 2015, developed a comprehensive workforce planning process for all of its laboratories and, according to the agency, collected, verified, and analyzed, from all of its laboratories, workforce data that included personnel's organization, location, grade levels, and area of expertise.

In October 2012, we found that funding for rural water and wastewater infrastructure was fragmented across the three largest federal programs—EPA’s Drinking Water and Clean Water State Revolving Fund programs and the U.S. Department of Agriculture’s (USDA) Rural Utilities Service Waste and Waste Disposal program—leading to program overlap and possible duplication of effort when communities applied for these programs. For example, we found that some communities had to prepare separate environmental analyses for each program, resulting in delays and increased costs to communities applying to the programs. We recommended that EPA and USDA work together and with state and

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Programmatic Improvements

The following are examples of programmatic improvements we have identified based on actions EPA has taken in response to our recommendations.

Water Issues

Under the Clean Water Act, EPA currently regulates 58 industrial categories of wastewater pollution—such as petroleum refining, fertilizer manufacturing, and coal mining—with technology-based regulations called “effluent guidelines.” Such guidelines are applied in permits to limit the pollutants that facilities may discharge. The Clean Water Act also calls for EPA to review the guidelines when appropriate. EPA has done so, for example, to reflect advances in treatment technology or changes in industries. EPA uses a two-phase process to identify industrial categories needing new or revised effluent guidelines, including an initial “screening” phase in which EPA ranks industrial categories according to the total toxicity of their wastewater. In September 2012, we concluded that limitations in EPA’s screening phase may have led the agency to overlook some industrial categories that warrant further review for new or revised effluent guidelines. For example, during the screening phase,

23 EPA’s 2002 draft Strategy for National Clean Water Industrial Regulations was the foundation for EPA’s process. In the first, or “screening,” phase, EPA uses data from two EPA databases to rank industrial categories according to the total toxicity of their wastewater. Using this ranking, public comments, and other considerations, EPA has identified relatively few industrial categories posing the highest hazard for the next, or “further review,” phase. In this further review phase, EPA evaluates the categories to identify those that are appropriate for new or revised guidelines because treatment technologies are available to reduce pollutant discharges.

EPA had not considered the availability of advanced treatment technologies for most industrial categories. We recommended that EPA modify the screening phase of its review process to include a thorough consideration of information on the treatment technologies available to industrial categories as it considered revisions to its screening and review process. In comments on the report, EPA agreed that factoring treatment technology information into its reviews would be valuable. In September 2014, EPA published a combined Final 2012 and Preliminary 2014 Effluent Guidelines Program report that discussed revisions to its screening process in response to our report. Specifically, EPA stated that it recognized the need to consider the availability of treatment technologies, process, changes, or pollution-prevention practices in the screening phase of its process and said that it was targeting new data sources to provide such information. In July 2015, EPA published its “Final 2014 Effluent Guidelines Program” with a diagram showing the change to EPA’s screening process to include screening of treatment technologies.

EPA established a 1995 Policy on Evaluating Health Risks to Children to ensure that the agency consistently considers children in its actions, since children can be more vulnerable than adults to certain environmental hazards. In August 2013, we found that EPA did not have a specific process for program offices that led regulatory workgroups to document how the agency considers children’s health risks in rulemakings and other actions or how the agency’s analyses comply with the 1995 policy. We recommended that EPA require lead program offices to document their decisions in rulemakings and other actions regarding how health risks to children were considered and that their decisions be consistent with EPA’s children’s health policy. In comments on our report, EPA generally agreed with the recommendation and stated that the Office of Children’s Health Protection worked with the Office of Policy and the program offices to assure a consistent approach for documenting these decisions as part of EPA’s process to develop rules, regulations, and other agency actions. Subsequently, in October of 2014, EPA finalized a template for all EPA employees to use that outlined how to address EPA’s 1995 policy and other requirements under various situations. The template instructs lead program offices to document their decisions in rulemaking and other

\[\text{GAO-17-801T}\]
actions regarding how they considered health risks to children (e.g., conducting a children's health risk assessment), or provide a rationale for why such an evaluation was not necessary.

**Financial Benefits**

The following are examples of financial benefits we have identified based on actions EPA has taken in response to our prior reviews.

**Environmental Contamination and Cleanup**

During the course of work related to a July 2008 report on the funding and reported costs of Superfund enforcement and administrative activities,

we reviewed EPA's methodology for calculating the indirect costs—or administrative costs for managing the Superfund program—that EPA charged responsible parties in fiscal year 2006. In conducting this work, we identified two spending codes for which associated administrative costs had not been carried over into EPA's calculations of the indirect cost rate applicable to each region for fiscal year 2006. As a result of this error, we determined that the percentage that EPA was charging responsible parties for indirect costs associated with fiscal year 2006 spending was lower than it should have been. In response to our finding, EPA published revised indirect cost rates for fiscal years 2005 and 2006 in May 2008 to correct the error. EPA acknowledged that correcting this error would result in more money being potentially recoverable from responsible parties. In 2010, we estimated that the additional amount EPA has recovered (or would recover) had a present value worth about $42.2 million.

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27 We identified this error and EPA corrected it during the course of our work. Therefore, we did not report on it in GAO-08-841R.

28 Precise data were not available on the exact amount of the additional fiscal year 2005 and 2006 indirect costs that EPA had recovered (or would recover) as a result of correcting the error we identified.
Management and Operations

Since fiscal year 2000, we have issued a body of work aimed at raising the level of attention given to improper payments across government. Our work demonstrated that improper payments have been a longstanding, widespread, and significant problem in the federal government and as a result, contributed to Congress passing the Improper Payments Information Act of 2002 (IPPA). This act, as amended, requires, among other things, that all agencies annually identify and review programs and activities that may be susceptible to significant improper payments, provisions that coincide with recommendations we have made that agencies estimate, reduce, and publicly report improper payments. Subsequently, in 2005, EPA began reporting on the improper payment rate for the Clean Water and Drinking Water State Revolving Funds. By 2009, the most recent year for which we identified financial benefits from the agency addressing improper payments, EPA reported that its total improper payment error rates for the State Revolving Funds declined by 0.16 percent since it first reported on this issue. This resulted in about a $4.5 million decrease in improper payments from the Clean Water and Drinking Water State Revolving Funds for fiscal years 2008 and 2009.


GAO, Improper Payments: Status of Agencies’ Efforts to Address Improper Payment and Recovery Auditing Requirements, GAO-08-438T (Washington, D.C.: Jan. 31, 2008) and GAO, Financial Management: Coordinated Approach Needed to Address the Government’s Improper Payments Problems, GAO-02-749 (Washington, D.C.: Aug. 9, 2002) State that financial support to communities for their drinking water and wastewater infrastructure projects, under the Clean Water Act and Safe Drinking Water Act, are state and local governments’ primary funding sources. Data used to calculate these benefits were derived from EPA’s reported independent estimates of improper payments.

We confirmed with EPA officials that there were no offsetting implementation costs associated with this program. Data used to calculate these benefits were derived from EPA’s reported independent estimates of improper payments.

The federal government provides some financial support to communities for their drinking water and wastewater infrastructure projects. Under the Clean Water Act and Safe Drinking Water Act, the federal government contributes some funding to states through EPA’s Clean Water and Drinking Water State Revolving Fund Programs. States use this funding to make low- or no-interest loans to communities to build water and wastewater infrastructure, in addition to other assistance. We confirmed with EPA officials that there were no offsetting implementation costs associated with this program. Data used to calculate these benefits were derived from EPA’s reported independent estimates of improper payments.

See, for example, GAO-02-749.
In conclusion, as the fiscal pressures facing the government continue, so too does the need for executive branch agencies to improve the efficiency and effectiveness of government programs and activities. Our recommendations provide a significant opportunity to improve the government’s fiscal position, better serve the public, and make government programs more efficient and effective. We believe that EPA’s implementation of our outstanding recommendations will enable the agency to continue to improve its performance and the efficiency and effectiveness of its operations. We will continue to work with Congress to monitor and draw attention to these important issues.

Chairman Murphy, Ranking Member DeGette, and Members of the Committee, this completes my prepared statement. I would be pleased to answer questions that you may have at this time.

If you or your staff members have any future questions about this testimony, please contact Alfredo Gómez at (202) 512-3841 or gomezj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Key contributors to this testimony include Barb Patterson, Assistant Director; Cindy Gilbert; Anne Hobson; Richard Johnson; Dan C. Royer; and Kiki Theodoropoulos.
Appendix I: GAO Reports since Fiscal Year 2007 with Recommendations to EPA, by Category

Table 1: GAO Reports Containing Recommendations to EPA, by Category, and Status of Recommendations as of August 23, 2017

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<td>Environmental Protection: EPA Needs to Ensure That Best Practices and Procedures Are Followed When Making Further Changes to Its Library Network</td>
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<td>Workforce Planning: Interior, EPA, and the Forest Service Should Strengthen Linkages to Their Strategic Plans and Improve Evaluation</td>
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<td>GAO-12-629 Information Technology Cost Estimation: Agencies Need to Address Significant Weaknesses in Policies and Practices</td>
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<td>GAO-12-635 EPA Regulations and Electricity: Better Monitoring by Agencies Could Strengthen Efforts to Address Potential Challenges</td>
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<td>GAO-12-692 Human Capital: HHS and EPA Can Improve Practices Under Special Hiring Authorities</td>
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<td>GAO-12-696 Information Security: Environmental Protection Agency Needs to Resolve Weaknesses</td>
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<td>GAO-13-115 Environmental Protection: EPA Should Develop a Strategic Plan for Its New Compliance Initiative</td>
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<td>GAO-14-411 Federal Software Licenses: Better Management Needed to Achieve Significant Savings GovernmentWide</td>
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### Management and Operations (continued):

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<td>Information Technology Reform: Billions of Dollars in Savings Have Been Realized, but Agencies Need to Complete Reinvestment Plans</td>
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<td>Critical Infrastructure Protection: Sector-Specific Agencies Need to Better Measure Cybersecurity Progress</td>
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<td>Data Center Consolidation: Agencies Making Progress, but Planned Savings Goals Need to Be Established [Ressued on March 4, 2016]</td>
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<td>Managing for Results: Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve Them in Their Agency Performance Plans</td>
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## Category and report

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<td>GAO-16-777 Superfund Sediment Sites: EPA Considers Risk Management Principles but Could Clarify Certain Procedures</td>
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<td>GAO-17-144 Grants Management: EPA Partially Follows Leading Practices of Strategic Workforce Planning and Could Take Additional Steps</td>
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<td>GAO-17-161 GRFP Management: EPA Has Taken Steps to Improve Competition for Discretionary Grants but Could Make Information More Readily Available</td>
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<td>GAO-17-388 Data Center Optimization: Agencies Need to Complete Plans to Address Inconsistencies in Reported Savings</td>
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<td>GAO-17-483 Small Business Research Programs: Most Agencies Met Spending Requirements, but DOD and EPA Need to Improve Data Reporting</td>
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## Water issues

| GAO-07-479 Clean Water: Further Implementation and Better Cost Data Needed to Determine Impact of EPA’s Storm Water Program on Communities | 40 | 27 | 67 |
| GAO-07-591 Great Lakes: EPA and States Have Made Progress in Implementing the BEACH Act, but Additional Actions Could Improve Public Health Protection | 3 | -- | 3 |
| GAO-10-549 Nanotechnology: Nanomaterials Are Widely Used in Commerce, but EPA Faces Challenges in Regulating Risk | 1 | -- | 1 |
| GAO-10-604 Recovery Act: States’ and Localities’ Uses of Funds and Actions Needed to Address Implementation Challenges and Bolster Accountability | 1 | -- | 1 |
| GAO-11-254 Safe Drinking Water Act: EPA Should Improve Implementation of Requirements on Whether to Regulate Additional Contaminants | 13 | 4 | 17 |
| GAO-11-346 Environmental Health: Action Needed to Sustain Agencies’ Collaboration on Pharmaceuticals in Drinking Water | 1 | -- | 1 |
## Appendix I: GAO Reports since Fiscal Year 2007 with Recommendations to EPA, by Category

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<td>Chesapeake Bay: Restoration Effort Needs Common Federal and State Goals and</td>
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<td>Nonpoint Source Water Pollution: Greater Oversight and Additional Data Needed for</td>
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<td>Water Pollution: EPA Has Improved Its Review of Effluent Guidelines but Could Benefit</td>
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<td>Great Lakes Restoration Initiative: Further Actions Would Result in More Useful</td>
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<td>Drinking Water: EPA Program to Protect Underground Sources from Injection of Fluids</td>
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### Appendix I: GAO Reports since Fiscal Year 2007 with Recommendations to EPA, by Category

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<td>Leaking Underground Storage Tanks: EPA Should Take Steps to Better Ensure the</td>
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<td>Be Enhanced by Addressing Issues and Challenges Faced on the Gulf Coast</td>
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<td>Observations on EPA’s Economic Analyses of Amendments to the Spill Prevention,</td>
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<td>Need to Be Addressed to Better Prepare for Indoor Contamination Following Disasters</td>
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<td>Superfund: Litigation Has Decreased and EPA Needs Better Information on Site</td>
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<td>Cleanup and Cost Issues to Estimate Future Program Funding Requirements</td>
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## Appendix C: GAO Reports since Fiscal Year 2007 with Recommendations to EPA, by Category

### Category and report

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Legend: "—" indicates 0 recommendations.

Source: GAO-17-8911
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Mr. MURPHY. Thank you, Mr. Larsen and Mr. Gómez.
I will recognize myself for 5 minutes here for questions.

First of all, your organizations have consistently highlighted EPA’s failures to perform adequate workforce and workload analysis as being an area of concern warranting some corrective action by the Agency, which has not occurred. So, Mr. Gómez, I will start with you. Could you explain how EPA’s failure to assess its workforce and workload, grants, whatever, hinders its ability to respond in natural disasters like Hurricane Harvey and Irma?

Mr. GÓMEZ. So, what we’ve talked about in our work looking at workforce planning and grants management is that it’s really important for the Agency, as you said, to have good information on workload. So, data on workload is important because the Agency doesn’t really ensure that it has the right people in the right places with the right skills and competencies to accomplish the mission of the Agency, whether that is to focus on areas that are short term or long term. We want to make sure that the Agency has that information. It is something that the Agency has struggled with for decades. So, we continue to make those recommendations. I know the IG has made recommendations in the past. So, we think that’s really important, again, to ensure that it has the right people in the right places with the right skill sets in the right locations.

Mr. MURPHY. Mr. Larsen, could you comment on that, how it affects our ability to respond to these hurricanes?

Mr. LARSEN. The IG’s work I think is directly aligned with the GAO’s work in this area. We’ve issued reports with recommendations. As of July of this year, the Agency has responded to and acted on the last of the open recommendations. However, for the last several years, including the current management challenges report that we gave to the Agency, we continue to highlight workforce planning as a challenge that the Agency needs to address.

I guess the simple answer to your question, Mr. Chairman, is that if the Agency doesn’t know what its work requirements are, it cannot assign and align people to those requirements. And we are urging them to, as Mr. Gómez says, identify the data that allows them to make those comparisons and align their work with their workforce.

Mr. MURPHY. And will you oftentimes find weaknesses when it is a time of challenge, which we are facing now? Now every year since 2015 the GAO has sent a letter to the EPA highlighting high-priority recommendations, and GAO considers these recommendations to be critical to EPA’s mission of protecting human health and the environment.

So, Mr. Gómez, as EPA responds to Hurricane Harvey, as it prepares to respond to Hurricane Irma, are there any high-priority recommendations that, if implemented, could have impacted EPA’s response to the hurricane? I mean, what are their high priorities right now that need to be done?

Mr. GÓMEZ. So, this high-priority letter that we’ve sent to EPA, we’ve done that since 2015. And what we’ve done is really look at the recommendations that GAO has made and identify those areas that we saw as high priority, either areas that GAO has identified as high risk—we have a number of recommendations that are focusing on water infrastructure.
So, I think one of the priority recommendations that we think does have relevance to Harvey and other future disasters is the area of water infrastructure. So, for example, we’ve done work looking at how small and rural utilities use asset management, which is a really important tool to understand what infrastructure these utilities have, perhaps where the areas are in that infrastructure that are vulnerable or at high risk. So that, when a disaster does take place, they’re better prepared, both to respond to it, but also, if they have to rebuild, they can rebuild with resilience in mind.

So, we’ve made a number of recommendations to EPA, getting EPA to work with the Department of Agriculture to come up with better guidelines and information and to encourage the States and the utilities to use asset management. Small utilities are challenged because they don’t have the technical expertise necessarily. But we should do whatever we can in the Federal family and others to help these communities better prepare for these disasters.

Mr. MURPHY. Finally, in June of 2007, GAO released a report on Hurricane Katrina that made several recommendations related to enhancing disaster response. One of these recommendations is still open after 10 years. Mr. Gómez, why is that recommendation still open? What was it, and is going to affect how things are in Texas, Louisiana, Florida, and Puerto Rico?

Mr. GÓMEZ. Sure. So, what we did in that report from 2007 is we were looking at EPA’s response to Katrina and, also, to the subsequent cleanup. One of the recommendations that we kept open over the years was we had recommended that EPA work with other Federal land management agencies, DHS, and FEMA to better coordinate responses to cleanup. And the reason we did that is because we found in the work that National Wildlife Refuges, which there are several in Louisiana, had been contaminated and the contamination lasted over a year. And so, there was not really good planning to come together and clean up that contamination. Some of the refuges were closed for over a year.

So now, what’s happened since then is Congress passed the Post-Katrina Act which put in place better national preparedness and, also, put in place the National Response Framework, of which EPA has a key role now in responding to hazardous waste and oil spills. So, in theory, we expect that EPA is putting in place, for example, in Florida any response that’s needed as the hurricane may come to that region. So, we’re going to look at that recommendation based on what’s happened now and potentially close it because we think it might address what we had been talking about.

Mr. MURPHY. Thank you.

And I see my time has expired. Ms. Castor, you are recognized for 5 minutes.

Ms. CASTOR. Thank you, Mr. Chairman.

Thanks again, gentlemen.

As the Agency goes forward to implement what has not been implemented to date, it would seem that the Trump administration’s kind of assault on the professional staff there and personnel would have a real impact on the ability to follow through with your recommendations. The Trump administration has still failed to provide nominees for almost all Senate-confirmed leadership positions at EPA. Most Regional Administrator positions are also without po-
political leadership, including EPA Region 6 in Dallas responding to Hurricane Harvey.

The Trump administration, a lot of this, we blame a lot on the Senate, but you can’t put too much blame on the Senate here because the Trump administration has not nominated people for Deputy Administrator, Assistant Administrator for the Office of Air and Radiation, Assistant Administrator for the Office of Chemical Safety and Pollution Prevention, the Chief Financial Officer, the Assistant Administrator for Environmental Information, International and Tribal Affairs, Land and Emergency Management, Research and Development, and Water.

Do you all agree that when you don’t have folks in charge that it complicates the ability of the Agency to follow through with your recommendations?

Mr. LARSEN. Well, the short answer is yes. The longer answer is we have career people who remain in place who do carry out the work of the Agency. But, as you indicate, the statutory mandates remain in place, and it’s up to the Agency to figure out a way to carry out those mandates. And it is more difficult if you don’t have the leadership.

Ms. CASTOR. Yes?

Mr. GO´MEZ. Yes, I would agree that it’s important to have all the staff that you need at all levels of the Agency to carry out its mission.

Ms. CASTOR. And, Mr. Gómez, you said that GAO meets with folks at EPA every six months. Have you met with Administrator Pruitt? Is it typical that you would meet with the Administrator or leadership to go over recommendations from GAO?

Mr. GO´MEZ. So, what our Comptroller General likes to do is he likes to meet with all of the new Cabinet Secretaries and leaders of other offices. So, GAO is in the process of scheduling a meeting with Administrator Pruitt, and I would go to that meeting as well with——

Ms. CASTOR. But that has not been done here in the first nine-month——

Mr. GO´MEZ. We have not scheduled it, yes.

Ms. CASTOR. You are just like the Energy and Commerce Committee that has yet to see the EPA Administrator.

Gentlemen, there is a very disturbing press report that came out just a few days ago that the EPA has taken the unusual step of putting a political operative in charge of vetting hundreds of millions of dollars in grants that the EPA distributes annually, assigning the funding decisions to a former Trump campaign aide with little environmental policy experience, who has already canceled close to $2 million in competitively awarded grants to university and nonprofit organizations. It really does appear like this is being politicized.

It says—this is from The Washington Post on September 4th—“Earlier this summer, on the same day that Senator Lisa Murkowski of Alaska joined with two other Republicans in voting down a GOP healthcare bill, EPA staffers were instructed, without any explanation, to halt all grants to the regional office that covers Alaska, Washington, Oregon, and Ohio. That hole was quickly narrowed to just Alaska and remained in place for nearly two weeks.”
The former Bush EPA Administrator, Christine Todd Whitman, said, “This is out of the ordinary. We didn’t do a political screening on every grant because many of them were based on science, and political appointees don’t have that kind of background.”

Have you all opened any kind of investigation into what is happening here yet?

Mr. Larsen. We’ve read those reports. We’ve not received complaints from Congress so far or from members of the public or from organizations about this.

Ms. Castor. OK.

Mr. Larsen. If you could or if you would, I’d offer a general and a specific answer to your question.

Ms. Castor. Quickly, because I have one more question.

Mr. Larsen. OK. The general answer is EPA has always been a lightning rod. We get complaints, on the one hand, that EPA is ignoring its statutory obligations and allowing——

Ms. Castor. Let me ask—I thank you for that. You have, I believe, opened an investigation last week into Administrator Pruitt’s travel because it is so out of the ordinary. It says, “Officials in the EPA’s Office of Inspector General notified Agency leadership last week that Pruitt was in Oklahoma, or en route there, for nearly half of his first three months in office.” Maybe that is why GAO can’t get a meeting and he can’t appear before the Energy and Commerce Committee. But the problem is that it looks like he has been using taxpayer funds for this excessive travel.

How long will it take for the OIG to get to the bottom of this investigation?

Mr. Larsen. Ma’am, in our world we distinguish between investigations and audits, and it’s probably a distinction most people don’t care about. But we are doing an audit. They tend to take longer. We’re going to look not only at the specifics of Mr. Pruitt’s travel, but the robustness of the controls that govern travel generally and whether they’re sufficient.

Ms. Castor. Thank you very much.

I yield back.

Mr. Murphy. Thank you.

The Chair recognizes Mr. Griffith for 5 minutes.

Mr. Griffith. Let me follow up on that real quick. And correct me if I am wrong, but an investigation means you are looking into something that might have wrongdoing, and an audit means you are checking into the money to see whether or not we need to put different parameters around it? Would that be a fair assessment or something along those lines?

Mr. Larsen. That, generally, yes. Investigations tend to look at criminality. They can look at administrative violations. This is not either of those.

Mr. Griffith. This is just an audit to see what we can do better?

Mr. Larsen. Well, it’s also going to look at whether there were violations of Agency requirements.

Mr. Griffith. OK. All right. I appreciate that. Thank you.

Let me get down to where I was going to go initially, and that would be that I am concerned about the workforce and the workload questions. EPA’s Office of Inspector General—that would be you all—reported, “EPA has not conducted workload analysis in
over 20 years, making it difficult for EPA to implement corrective actions and allocate its budget effectively.”

And I guess what I am looking at there is that we have heard talk today about a few months where certain positions aren’t filled, but here we are looking at 20 years, both Republican and Democrat administrations that have not at the EPA gone in and looked at their workload analysis. And then, we see with Hurricane Harvey that we had 13 Superfund sites that were affected. Am I not correct that, if we had performed a workload analysis over time, I am not saying all 13 of them would have been cleaned up, but that we might have more of these Superfunds being cleaned up?

And I also referenced, because we are talking about Harvey so much now, but I remember testimony in a previous hearing in a different subcommittee where they were talking about a site in St. Louis that hadn’t been acted on—or in the St. Louis vicinity that had not been acted on—in decades as well that was a Superfund site.

So, can you help me out? Of those things that would have helped both before a disaster and just in general, if we had a workload analysis, so we could say these were the worst ones, let’s put most of our people there? And I am happy to take answers from either of you.

Mr. Larsen. Sure. I’ll give my short answer, and, then, Mr. Gómez can respond. My short answer is it’s difficult to draw a direct line between the lack of a workforce plan and a specific failure to be able to cover something. I think we can all say, if you knew more precisely where your requirements are and how many people, and what kinds of people you need to address those, you would probably have a better result. But I can’t draw a direct one-to-one correlation.

Mr. Griffith. Mr. Gómez?

Mr. Gómez. And I’ll just pivot from that last comment. And I think that our point on our work on workforce planning has been exactly that point, is to understand, again, from data where your people are, what skill sets you need, the locations you need them in. So that you have a better sense of how to meet that mission. And that mission could be that you focus on cleaning up hazardous waste sites. But doing a workforce analysis I think would help you, hopefully, do that better.

Mr. Griffith. Well, and a workforce analysis would help us, as legislators, as well. Although this is not an appropriating committee, we hear all the time that folks need more money. Well, if I know that you need more money because you are going to help rural communities—and I appreciated, as you mentioned, rural communities with water and wastewater—help those communities instead of just send edicts down from the alabaster towers in Washington, “Here’s what you’ve got to do,” without helping those folks figure out how they are going to do with the money that they have. That creates big problems.

If you had a workload analysis, we might be able to figure out where we could appropriate the money more advantageously to prevent problems before they happen, whether it be after a hurricane or when you have got a serious problem like we had in Flint, Michigan, or issues in my very rural, mountainous district where
there are problems we don’t know how to solve and we are afraid to ask, for fear that, instead of coming in to help us, they will just come in and try to punish folks who are trying to do the best they can under limited circumstances in a rural areas. So, I do appreciate that as well.

So, thank you, and thank you for putting that in both your oral and your written testimony.

Mr. LARSEN. Sir, I have one more comment——

Mr. GRIFFITH. Yes, sir?

Mr. LARSEN [continuing]. That’s responsive to your question. That is, our OIG Office of Program Evaluations, similar to audits, has a current project underway looking at Superfund workforce planning. And we’ll keep you and your staff informed on the progress of that effort.

Mr. GRIFFITH. Well, I greatly appreciate that very much. You know, we are just beginning the Hurricane Harvey efforts, and that will continue for years, and the environmental impacts that are already occurring and yet to be seen. And we talked about the Superfund sites there. Is there anything that you see that is not being done by the EPA currently—and I know it is really early—in the Hurricane Harvey area that we ought to be concerned about?

Mr. LARSEN. Again, I’ll give my answer. It’s always a dilemma for us. As Chairman Walden said, you don’t want to wade into the middle of the cleanup effort. On the other hand, you don’t want to wait so long that your efforts are valueless. So, we’re always trying to figure out when it is that we get into it.

I guess what I fall back on is the National Response Framework that Mr. Gómez alluded to, and it does give certain responsibilities to the EPA. We cannot mandate that EPA take any specific steps. After the fact, I think we would evaluate whether they took the appropriate steps under the Framework. But I don’t see a role for the OIG jumping in right now in the middle of a cleanup effort.

Mr. GRIFFITH. Thank you. And unfortunately, my time is up, and I yield back.

Mr. MURPHY. Thank you.

Mr. Pallone, you are recognized for 5 minutes.

Mr. PALLONE. Thank you, Mr. Chairman.

I just want to remind my colleagues, I heard my colleague from Virginia talk about Superfund or Superfund cleanup in action. I mean, in reality, there is no Superfund. I have had a bill for years to try to get the Superfund, the trust fund, if you will. There is a Superfund Program, but there is, essentially, no Superfund trust fund anymore to pay for anything.

And that, you know, back when the Republicans first took the Congress—I know it is ancient history now—with Newt Gingrich as the Speaker, it expired. And I begged him and Democrats begged him at the time to renew, and he refused.

I still have the bill out there, and I would ask at anytime if our chairman or the Speaker would allow us to reauthorize the Superfund trust fund, because, then, we would have the money to do these cleanups. On an annual basis, I go before the appropriators, because that is the only way to get the money now, through gen-
eral revenue, unfortunately, and ask for more funding. And we always get less, significantly less, than what we ask for.

So, it is nice to talk about Superfund cleanup, but the reality is it was essentially stopped by the Republican Congress, but not to say that they are totally to blame, but they certainly were the ones. And you could bring it up anytime and I will support you, passing it in committee or on the floor.

I just wanted to say, I wanted to thank the EPA OIG for recently accepting the committee’s request to review the propriety of Administrator Pruitt’s use of taxpayer funds for travel to and from his home State of Oklahoma. I know that we have already mentioned that.

But, unfortunately, the Trump administration has launched a continuous assault against fundamental science and proposed significant cuts to EPA’s budget and staff that threaten to undermine the Agency’s ongoing efforts to protect human health and the environment.

Mr. Gómez, in your testimony you state that GAO has made 318 recommendations to EPA since fiscal year 2007, including 49 recommendations focused on environmental contamination and cleanup. And these include taking actions for improving cleanup management of hazardous waste sites, enhancing responses to disasters such as Hurricane Katrina. My question is, is that correct, and how might GAO’s recommendations regarding enhancing EPA’s response to disasters inform the Agency’s ongoing response to Hurricane Harvey?

Mr. Gómez. Yes, that is correct. And again, I think, as I mentioned earlier, one of the areas where we see EPA’s recommendations contributing to the response to Harvey and other future disasters is in the area of water infrastructure, where we have recommended that EPA work with States and others to really assist the small communities.

We have all heard that in Texas there were many water systems that were under boiled water notices and, then, over 50 systems, I believe, were actually shut down. So, we think that it’s really important in the area of asset management, which is a really important tool for these utilities to use, to understand, again, what they have, what are the areas that are vulnerable, so they can address them and they can use funds to, then, build them or restore them, and, again, building in resilience, so that they’re better prepared. So, I think that’s the one area where I would sort of call attention, based on our recommendations, where there’s some immediate benefit.

Mr. Pallone. All right. Thank you.

I don’t want to keep repeating all the budget cuts that the Trump administration has proposed to the EPA, buyouts, all kinds of things that would result in fewer employees. And that could include hundreds of positions in EPA’s Region 6 headquarters in Dallas, where employees are currently responding to Hurricane Harvey.

So, let me ask you about these proposed cuts to your office, to Mr. Larsen. How are current and expected budget limitations impacting staffing levels and the ability of EPA’s Office of Inspector
General? Specifically, how are they impacting your ability to conduct audits, evaluations, and investigations, if you will.

Mr. Larsen. Thank you for that question. It’s a serious challenge to us. We have had to cut our workforce year by year, and we are down from 360 or so, down to 270, and we anticipate having to go fewer than that, based on the most likely budget scenarios.

If the original President’s budget proposal were to be adopted by Congress, we’d have to cut very substantially the amount of work we did. As you know, we gave you a fairly detailed explanation of where those cuts would occur, which offices, which kinds of projects.

What we do is, on an annual basis, plan for the work that we would hope to do based on how much value the project would bring in terms of cost savings or changes in how EPA does business. We will have to do many fewer such projects in any given year, based on the likely budget outcomes.

Mr. Pallone. Thank you. Thank you, Mr. Chairman.
Mr. Murphy. Mr. Collins, you are recognized for 5 minutes.

Mr. Collins. Thank you, Mr. Chairman.

Maybe I am going to go down a little bit different road, but really talking about, Mr. Gómez, if I look back over 10 years, and I am looking right now just in the environmental area. I am looking at the suggestions you made for spill prevention, none of which have been implemented.

So, I guess the question is this: you are doing these audits, making these recommendations. Do you prioritize them in some way with any kind of ranking system, like one star to five stars? And when you see something like this, and now 10 years have gone by, could I assume these would have been considered perhaps lower priority? And then, at some point do you go revisit that with someone, and who is that someone, to say, “Hey, it’s been 10 years. You haven’t done any of these things.”? Or are these just thrown into the hopper and, then, kind of catch as catch can, they work on these; they don’t work on those?

I am trying to just kind of wrap my mind around the day-by-day, year-by-year interaction between your Agency and those folks that are supposed to implement it, to make sure high-priority things are done and, you know, squeaky wheel, that you are kind of jabbing at them, “Why didn’t you get this done?”, and so forth. Could you maybe just help us all a little better understand how that all works, the interaction?

Mr. Gómez. Sure. So, first of all, I just want to say that we take recommendations to EPA very seriously. And so, what we do is we have a process in place where we’re actively following recommendations that we’ve made in the last 4 years.

What can happen to some of the older recommendations is, if we learn from the Agency that either they’re not going to implement it or that we make an assessment that things have changed or it’s no longer a priority, we’ll go ahead and close it. It’s not implemented.

Now there are recommendations, though, that are old, older than 4 years, that we’re still keeping track of because we have an indication that EPA is still working and we hope that they actually do take action. We can go back at anytime and open up any old rec-
ommendation that was not implemented if we think it’s important or if others have brought it to our attention.

Our recommendations and the status of the recommendations are public. So, you can go to any of our reports. You can click on the recommendation status. You can see what the rec was and what the status was.

So, we do have this separate letter that we mentioned earlier, which is a priority rec letter that our Comptroller General sends to all of the Cabinet agencies and other offices calling attention to recommendations that we see as a high priority.

And for EPA, we’ve identified those recommendations that deal with the high-risk area of managing toxic chemicals and, then, some of the recommendations that deal with water infrastructure and also pollution of our waters.

So, that letter can also change year to year if we go through the history and identify other recs that we think are important. So, we do that process as well.

Now I also mentioned that we work with EPA sort of on an ongo-ing basis as we are doing audits, but, formally, we go to them twice a year with a long list of all our recommendations to say, “Here they are; they’re still open. Let us know what’s happening. Let us know which we can close.” So, we do that twice a year formally, but we’re in contact with them throughout the year.

Mr. Collins. That is really helpful because I think sometimes we may not understand how that all works and think you just throw it in and go on about your business. And I think it is actually reassuring to me, certainly for one, that you have got it sounds pretty good interaction. Would you say that?

Mr. Gómez. Yes. Yes.

Mr. Collins. That you are making them aware; they are listen-ing. It is back and forth?

Mr. Gómez. Right. I mean, there are some recommendations where the agency will disagree with us. And so, we may be at a point where they disagree. We disagree. We still think it’s a good recommendation. And so, there’s some like that, and those might be closed as not implemented.

But EPA has taken our recommendations seriously and they want to close them out. They want to do what we’re saying. It’s just in some cases some of our recommendations might take a little longer to do. For example, if we’re recommending that an IT sys-tem, for example, be revised or a new IT system be put in place, that may take a while longer than if we just recommend that the Agency use existing web tools, for example, to provide better infor-mation to the public. We don’t see that as taking a long time or it shouldn’t take a long time.

Mr. Collins. Well, I appreciate that overview. That was very helpful for me.

And, Mr. Chairman, I yield back the balance of my time.

Mr. Murphy. I now recognize Ms. Clarke for 5 minutes.

Ms. Clarke. I thank you, Mr. Chairman, and I thank our rank-ing member, Ms. Castor, and I thank our witnesses for joining us today.

Like Mr. Pallone, my district in New York sustained very sub-stantial damage as a result of Superstorm Sandy. So, I am very
sensitive to the conditions on the ground in Houston as well as concerned about the rest of hurricane season, quite frankly. And so, standing up a robust operation with the EPA I know is critical at this time.

There have been a number of reports about unfolding environmental concerns stemming from Harvey right now. And so, Mr. Larsen, I recognize that your role at EPA may not directly involve you in emergency response efforts. However, to the extent that you are able, could you please inform us of the EPA’s role in responding to unfolding environmental threats?

Mr. Larsen. Sure. As Mr. Gómez alluded to earlier, I think the primary set of responsibilities that EPA has here stem from the National Response Framework, which came after some of the earlier natural disasters. And that means that EPA has responsibility as a support agency for certain functions, and it’s got a primary responsibility for certain functions. And the areas where we would expect to see EPA involved are assessing and addressing fuel shortages, monitoring public water systems, securing Superfund sites, and assessing conditions at major industrial facilities.

Ms. Clarke. Very well. And, Mr. Gómez, how will GAO evaluate the EPA’s efforts to respond to the environmental threats posed by hurricane season, Hurricane Harvey being the most recent example?

Mr. Gómez. So, GAO in the past, you know, we looked at the Katrina recovery efforts. So, that was something that we did. We’re happy to assist Congress in any reviews or oversight that you would like us to do as a result of Hurricane Harvey.

Ms. Clarke. Mr. Larsen, addressing the numerous cleanup issues related to Harvey’s flooding will likely be very costly to both local and the Federal Government. What roles do you envision your office will be playing to ensure that Federal money the EPA uses to contract for Harvey cleanup will be safeguarded from fraud and abuse?

Mr. Larsen. Yes. Thank you.

We’re going to do two things. One is EPA OIG specific work. The other thing I wanted to mention is that the organization of IGs across the Federal Government, the CIGIE, has learned from the past and in the past had a Disaster Assistance Working Group which is basically the IGs from the various agencies that are going to have to play a role here. And so, EPA will be participating in that effort, this Agency-wide IG or Government-wide OIG effort to make sure that everybody’s doing what they need to do and not duplicating each other.

For ourselves, we’ll probably, as you allude to, be looking at contracting issues, whether there was fraud involved. That could take the form of audits or investigations, as we distinguished earlier. That is, was there criminal activity going on or was there sloppy practice with regard to contracting? So, those are the areas that we would see fairly early on getting involved in.

Ms. Clarke. Very well.

And, Mr. Gómez, given that post-Harvey cleanup will be lengthy and costly, and I am assuming if we are hit with Irma and any other hurricanes coming down the pike, what areas do you anticipate your GAO team will be interested in examining?
Mr. GÓMEZ. Well, again, you know, we’re here to assist Congress. So, whatever Congress asks us to do, as we’ve seen from at least what’s becoming clear in Texas with the Superfund sites and all the water infrastructure systems that are down, that maybe those are areas where potentially we could look at. But, again, we can have discussions with anyone in Congress who’s interested in having GAO look at the response efforts.

Ms. CLARKE. Very well. I cannot emphasize enough that we need to address any environmental threats posed to the residents of the Harvey-affected region and perhaps even Florida coming down the pike. My thoughts are with the people of Houston, the responders assisting on the scene, and let’s be sure to get these folks what they need to help them get back on their feet.

With that, Mr. Chairman, I yield back.

Mr. MURPHY. The gentlelady yields back, and I now recognize the gentleman from Pennsylvania, Mr. Costello, for 5 minutes.

Mr. COSTELLO. Thank you, Mr. Chairman.

Thank you for your testimony here today.

Mr. Gómez, I would like to start with you. Your written testimony mentions that in 2015 the EPA awarded approximately $3.9 billion, or nearly half of its budget, in grants to State and local governments for important projects such as repairing aging water infrastructure, preventing pollution, improving air quality, and cleaning up hazardous waste sites. However, GAO found weaknesses in EPA’s ability to manage these grants efficiently and effectively.

My question is, would you please elaborate on the weaknesses GAO identified in EPA’s grant management procedures? Second, how have these grant management inefficiencies and weaknesses impacted grant recipients? I think that is a very important question. And then, finally, have these inefficiencies contributed to the wasting of grant money or made it more difficult for recipients to use grant funding for its intended purposes?

Mr. GÓMEZ. Sure. Thank you for those questions.

So, we have done a body of work on grants management. And that particular report, well, we looked at also, we are looking to see for recipients, for example, where they were doing duplicative reporting. So, currently, under the grants management at EPA, recipients, grant recipients, have to provide performance reports and, then, they also have to provide more information and data when EPA asks for it.

So, we identified a number of places where there was duplicative reporting by the recipients. And so, we’ve recommended that EPA identify all of those places and try to do away with the duplication, so that recipients aren’t having to spend additional time and resources in doing the reporting. So, that’s one area where we called attention to it.

And really for EPA also to streamline, and EPA does have a streamline initiative in place in its grants management. But we were calling attention to those places where they can do away with duplication, so that the recipients can carry on with the grants and not have to do a lot of reporting.

Mr. COSTELLO. Mr. Larsen, the OIG made similar findings with respect to areas for improvement in EPA’s management of grants.
Do you have anything to add to the line of questioning that I have posed to Mr. Gómez relative to the management of grants?

Mr. LARSEN. I wish I did. As Representative Clarke noted, I'm an expert in some areas, not so much in others.

Mr. COSTELLO. I often say that myself.

Mr. LARSEN. But what I would be happy to do is organize and get back to you and your staff with the primary findings that we've had in those areas.

Mr. COSTELLO. Thank you. I will yield back the balance of my time.

Mr. MURPHY. The gentleman yields back.

I now recognize Dr. Ruiz of California for 5 minutes.

Mr. RUIZ. Thank you, Mr. Chairman.

Thank you to our witnesses for taking the time in joining us this morning.

We have heard about the EPA's role in the emergency response programs for natural disasters like Hurricane Harvey and your coordinating efforts with FEMA, State, local. I am interested in your efforts to coordinate with tribes. And what have you done to reach out and engage tribes with your efforts in Hurricane Harvey?

Mr. LARSEN. So far, we've not reached out to anybody. As I said, at this point we don't want to wander onto the battlefield while the battle is underway.

The CIGIE—that is the IG community-wide effort that I alluded to earlier—is, among other things, going to coordinate among the various IGs and also with the Tribes and the States.

Mr. RUIZ. Well, I think that is important to take back to this group not to neglect the sovereignty of Tribes and the role that Tribes have in order to maintain their environment during natural disasters as well. And so, reaching out to them and coordinating. Some Tribes actually have equipment and the technology that can help the disaster response, like we have seen in my district with the Agua Caliente Band of Cahuilla Indians utilizing helicopters and other surveillance technology in coordination with the fire departments to put out some wildfires. So, I would highly recommend that you take it back and you start coordinating, also, with Tribes as a sovereign nation and a governmental entity themselves. They can be very, very helpful for the region.

Given the OIG's review of the EPA's response to environmental threats, what are some of the lessons learned that we might see for future storm threats in an area where the IG might consider additional audit work?

Mr. LARSEN. Sure. We've, unfortunately, had Katrina. We've had Superstorm Sandy. We've learned from both. Among the things that we learned were that the coordination between EPA and the Corps of Engineers wasn't necessarily what it could have been or should have been. Coordination with State and local officials probably could have been done better.

We've addressed those to the Agency. Presumably, this time around you'll see better coordination. Most likely, we'll be coming in and seeing whether, in fact, that occurred.

Mr. RUIZ. Are you, then, prepared to assess that?

Mr. LARSEN. Yes.
Mr. Ruiz. And the difference on whether or not those recommendations were followed?

Mr. Larsen. I can't commit that we're going to; I expect that we will. To Mr. Pallone's question earlier, we're resources-constrained, but that would be a high priority for us.

Mr. Ruiz. So, if you were to pick—and this is a question for both of you—if you were to pick a No. 1 barrier for you to do your jobs, is EPA involved either in coordination or protecting Superfund sites or protecting water infrastructure, et cetera, so that they're not contaminated, what would that barrier be? If you were to pick the biggest barrier, what would it be, Mr. Larsen?

Mr. Larsen. I'm sorry, I don't mean to sound dense, but are you talking about EPA's response or the OIG's evaluation of the EPA's response?

Mr. Ruiz. Well, the EPA's response.

Mr. Larsen. OK.

Mr. Ruiz. You evaluate the EPA. So, what would you say would be the EPA's barrier in doing its job in these——

Mr. Larsen. Boy, you're putting me in the position of speaking for them, but I would think it's the resources, people and money.

Mr. Ruiz. People and money.

Mr. Gomez?

Mr. Gomez. So, I would say, in the areas that we're seeing unfolding, right, which is in water infrastructure and in the Superfund sites, at least in Texas, that are flooded, it is making sure that they have enough people there on the ground to respond to those two immediate areas where potentially there are risks involved. So, I would say that that would be, if that is a barrier, that they should have enough folks there to address it right now.

Mr. Ruiz. And so, what can Congress do to address that barrier? Mr. Larsen?

Mr. Larsen. Well, in my view, you've already got the substantive requirements in place. You've got the Clean Air Act. You've got the Clean Water Act. And it's up to EPA to execute on that. They need the people, and they need the policy determination to carry forward.

Mr. Gomez. I think it's what you're doing now. It's the oversight, right, of looking to see how that's being done, and even after the fact, how was it done and could something be done better.

Mr. Ruiz. So, the oversight is the diagnostic workup, right? And you're telling us that the diagnosis is lack of funding, lack of people. So, the treatment is the next step. So, you can't just diagnose a problem and walk away. You have to act on it and give the treatment to the patient. And so, the treatment is the funding and policies that will help bring more people onsite to manage the situation, not only in the short, acute disaster, but in the long-term public health recuperation.

I have disaster training in my background. I did a fellowship at Harvard in the humanitarian disaster response. So, that is where I am speaking from.

Thank you very much. I yield back.

Mr. Murphy. Thank you, and I recognize Ms. Brooks for 5 minutes.

Ms. Brooks. Thank you, Mr. Chairman.
And I want to thank our panelists for being here today and for your work to improve the EPA. We have been very focused on the people, and agencies aren’t just agencies; they are people. And as my colleagues have noted, it is about the people. But I am concerned that this Agency for a long period of time has not accepted your recommendations when it comes to people and when it comes to their workforce.

In 2010, GAO issued a report recommending the EPA establish mechanisms to evaluate workforce planning, which are people, placement of people, but the recommendation is currently closed and unimplemented.

So, Mr. Gómez, why was this recommendation closed before EPA was able to implement it, if you know?

Mr. Gómez. So, again, we track recommendations for 4 years. And if we have an indication that the Agency is not going to do it, we close it as not implemented. Obviously, we’ve done some recent work that’s focused on grants management, but also looking at workforce issues, in particular, which is a large part of EPA.

So, EPA has told us that, currently, they are giving workforce planning a priority. So, we are going to look to see how much of a priority that is and, in fact, what they’re going to do.

You know, we’ve been talking about that it’s basically about data. They don’t have good workforce data. They don’t have good information on the types of work that each of their staff is doing across offices and across regions. So, if you don’t have that data, then you, again, don’t ensure that you have the right people in the right places with the right skill sets to accomplish the mission that’s needed.

Ms. Brooks. Those are the management challenges that you are dealing with them and have dealt with them for years. It sounds like this is not new. Is that correct?

Mr. Gómez. That is correct.

Ms. Brooks. And do you have any sense what percentage of EPA’s funding goes to private sector contract work versus the public sector work?

Mr. Gómez. So, in our 2010 report we did look at contractors, and at the time there were 6,000 contractors at EPA. And so, I’m not sure exactly what that translates to in terms of budget, but I think it’s a considerable chunk of their budget.

And so, what we also found in that report was that contractors were not part of EPA’s planning, either, were not incorporated. And we learned from EPA recently that they’re still not incorporated in their planning, and we think that that should be something that they should do.

Ms. Brooks. When they employ 6,000 contractors, they’re not taken into consideration in their strategic plans?

Mr. Gómez. Correct.

Ms. Brooks. And have they agreed recently to take all of those thousands of contractors into account in their plans?

Mr. Gómez. So far, what we’ve learned is that they haven’t done it yet. So, I’m not sure if they’re agreeing or disagreeing. The explanation they gave us was that OMB didn’t require them in their planning to include contractors. And so, that’s why they didn’t do it.
Ms. BROOKS. Is it fair to say—and I am going to ask you, Mr. Larsen—relative to I have also been very concerned about information security issues. And for the IG, that is what you focus on as well. And there are a number of contractors, as I understand, and if some bad actors were wrong, you know, wrongdoers want to wreak a bit of havoc in systems, they could certainly do it through information technology. Can you talk with us about the lack of understanding at EPA relative to sensitive data, the access to sensitive data, and what you have found about the information, or lack of information, about the knowledge of EPA and the access to sensitive data?

Mr. LARSEN. Sure. I think what we talk about is risk as opposed to actual problems that have manifested. That is, we have not investigated an insider threat where an individual breached his obligations and created a vulnerability.

What we're talking about is, if we don't address the vulnerabilities, then the potential is out there. So, that's what we've been looking at, and we find that the Agency doesn't know how serious a problem that is and they haven't taken the steps to mitigate the potential risks that we've identified.

Ms. BROOKS. And that was just in your July of 2017 report that the Agency just issued?

Mr. LARSEN. That's correct.

Ms. BROOKS. OK. Thank you. I yield back.

Mr. MURPHY. The gentlelady yields back.

I recognize Mr. Tonko for 5 minutes.

Mr. TONKO. Thank you, Mr. Chair.

First, I want to express my deepest condolences to our fellow Americans who are suffering from the devastation of Hurricane Harvey. Everyone has witnessed this day-by-day reporting with just deep concern and sadness for the folks who are enduring.

EPA has, therefore, an important role to play in disaster response and recovery, ensuring the environmental monitoring and remediation needed to protect public health. And these storms, these natural disasters don't know for Republican or Democrat. So, it ought to be a universally agreed-to approach that we take here in Washington.

But that can only be done if EPA has the resources and personnel to do so. This weekend the EPA released statements highlighting just some of the work they will need to do in the days, weeks, and months ahead. That includes assessing 13 existing Superfund sites that were flooded and could be damaged, addressing the many drinking and wastewater systems that remain shut down or damaged or are dealing with health advisories, assisting with testing for private wells, and supporting local first responders with monitoring and cleanup following chemical fires at the Arkema facility in Crosby, Texas.

The need for a strong, robust EPA is outstandingly clear, and massive budget and workforce cuts, and proposals to weaken understaffed or even eliminate regional offices are not the answer. Beyond that, I have to believe it is tremendously demoralizing to the professional staff of the Agency, many of whom offer their lifetime career to the Agency and to the betterment of Americans across the country.
So, I want to thank you, Mr. Gómez and Mr. Larsen, for being here this morning. The recommendations proposed by GAO and the IG’s office can continue to make EPA a more efficient and successful Agency.

Sadly, this administration, the Trump administration, is aggressively working to dismantle the EPA through regulatory rollbacks, extreme budget cuts, and staff eliminations, and ongoing assault on science. These are foolish cuts, proven to be very foolish when we see disasters displayed right before our very eyes.

Mr. Gómez, GAO released a report on EPA, Interior, and Forest Service workforce planning in March of 2010 which concluded that the agencies’ efforts have, I quote, “particularly fallen short in aligning the Agency’s workforce plans with their strategic plans.” The report concludes that agencies are at risk of not having the appropriately skilled workforce they need to effectively achieve their missions.

So, are you generally familiar with that report of 2010?

Mr. GÓMEZ. Yes.

Mr. TONKO. Mr. Gómez, did EPA take action to address that?

Mr. GÓMEZ. They have not yet.

Mr. TONKO. What about further actions? Will they be doing anything that you know of in respect to workforce planning to correct the numbers that they require?

Mr. GÓMEZ. No. That’s still an outstanding recommendation, again, to properly align its workforce plan with its strategic plan and its budget.

Mr. TONKO. And the Trump administration proposed cutting funding to the Agency by nearly $2.6 billion—that’s about a 31-percent reduction—and proposed reducing the workforce by some 3800 employees. Nearly 50 programs to protect our air and water, address climate change, and strengthen chemical safety were highlighted for elimination. Just unbelievable cuts. This included the Chemical Safety Board, the independent Federal Agency tasked with investigating chemical accidents such as the recent fires at the Arkema chemical plant in Crosby, Texas.

Mr. Gómez, in your testimony today you note that the March 2010 report found that, I quote, “The ability of Federal agencies to achieve their mission and carry out their responsibilities depends in large part on whether they can sustain a workforce that possesses the necessary education, knowledge, skills, and other competencies.” Is that correct?

Mr. GÓMEZ. Yes, that’s correct.

Mr. TONKO. Well, I thank you, Mr. Chair.

We should all be concerned about how extreme the budget cuts proposed are and that the staffing reductions proposed would undermine EPA’s ability to accomplish its mission, especially in the face of disasters. These are troubling cuts and proven day by day now with these disasters to be the most foolish approach to an Agency that was envisioned by President Nixon to address safe water that we drink, clean air that we breathe, and all the environmental benefits that should be associated with our rights as Americans to enjoy that environment as fully as possible.

So, I do appreciate the work you are doing to draw the attention of the American public to these cuts and to the essential elements
that these agencies require in order to respond fully and effectively to their mission.

And with that, I yield back.

Mr. Murphy. The gentleman yields back.

And seeing we have no more Members here, we will conclude this hearing.

I would like to thank all the witnesses and Members who have participated in today's hearing.

I realize a lot of this was along the lines of what else are we going to be doing. We felt that very important to get it on the record for EPA to hear. We expect them to take care of these issues, to fill those positions that are needed, to take some accounting of what is going on, because we will be asking more questions about what has happened in terms of preparedness and response here. None of us want to see any loss of life or property caused by some problems with an Agency fulfilling their duties as you have outlined them for us.

So, we thank you for your observations and your comments today.

I remind Members they have 10 business days to submit questions for the record. I ask that the witnesses all agree to respond promptly to the questions.

With that, this committee is adjourned.

[Whereupon, at 11:46 a.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]
TO: Members, Subcommittee on Oversight and Investigations
FROM: Committee Majority Staff

On September 6, 2017, at 10:15 a.m. in 2322 Rayburn House Office Building, the Subcommittee on Oversight and Investigations will hold a hearing entitled “EPA Oversight: Unimplemented Inspector General and GAO Recommendations.”

This hearing will provide the Environmental Protection Agency (EPA) Office of Inspector General (OIG) and the Government Accountability Office (GAO) the opportunity to highlight open and unimplemented recommendations at the EPA. Acting on these recommendations ensures that taxpayer money is spent more efficiently and improves the effectiveness of EPA’s core mission—protecting human health and the environment. According to EPA OIG, the agency could potentially save $103.33 million if the EPA implemented the OIG’s current open and unimplemented recommendations. While EPA has made improvements implementing recommendations, adopting about 77 percent of GAO recommendations from 2007 to 2012, deficiencies exist in key areas, including workforce management, information security, and grant management.

I. WITNESSES

- Alan Larsen, Counsel to the Inspector General, Office of Inspector General, Environmental Protection Agency, and
- Alfredo Gómez, Director, Natural Resources and Environment, Government Accountability Office.

II. BACKGROUND

Over the past several years, EPA has adopted recommendations from EPA OIG and GAO at a rate comparable to other agencies across the federal government. While this is a positive step, EPA could improve in specific areas. For example, workforce management appears to be a longstanding problem, including mismanagement of the agency’s contractor workforce resulting

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in a lack of accountability. EPA also needs to improve its information security posture. According to a report by the EPA OIG, “EPA is unaware of the number of contractors who have significant information security responsibilities” at the agency. There are also numerous outstanding recommendations related to grants—a program that makes up about half of EPA’s budget, approximately $4 billion annually.

1. Tracking Unimplemented Recommendations

EPA OIG

The IG Act of 1978 provides for independent reviews of agency programs and operations. After an OIG report is released, OIG staff continuously track recommendations until it is fully implemented. Congress is updated twice a year through the OIG’s semiannual report. OIG does not close open recommendations because the agency fails to act or significant time has passed. However, the OIG may reexamine a recommendation if conditions change.

GAO

After a report is issued, GAO continuously follows up on its recommendations and reports the updated status to Congress. At least once a year, GAO reaches out to the audited agency to determine what progress has been made on recommendation implementation and what benefits have been realized. A recommendation is registered as implemented when actions have been taken that address the issue or deficiency raised by GAO. Because it may take agencies years to implement recommendations, GAO actively tracks open recommendations for

7 Id.
8 Id.
9 Id.
11 Id.
12 Id.
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four years. GAO closes its recommendations if the agency indicates it will not take action or if GAO determines it is unlikely the agency will take action to address the recommendation.

2. Challenges Identified by EPA OIG and GAO

OIG and GAO have both highlighted deficiencies in EPA’s management and operations, including concerns about EPA’s workforce management, information security posture, and grant management. Since 2007, GAO has made 122 recommendations relating to EPA management and operations. While some recommendations are recent and may require implementation over multiple years, the agency has only implemented 58 of the recommendations—about 48 percent.

Workforce Management

Aligning agency workforce capabilities with its strategic plans and annual budget justifications would optimize EPA’s ability to carry out its mission to protect human health and the environment. Additionally, conducting agency-wide workforce planning and workload analyses would also assist the agency in allocating its resources more strategically when awarding external grants and contracts. However, comprehensive workforce planning has been, and continues to be, a long-standing challenge for EPA.

According to the OIG, since 2005, the EPA has spent approximately $3 million on studies to examine its workload and related issues, but despite this investment, the agency has largely failed to adopt any of the studies’ recommendations. The EPA has attempted to implement workforce and workload analysis systems at the regional and program levels, but still lacks an overall plan to analyze its workforce on an agency-wide basis.

In addition to the efforts of its federal civil servant workforce, the EPA also furthers its mission through the utilization of private-sector contractors. Between FY 2013 and FY 2017,
EPA spent over $6 billion on contracts to carry out various agency functions.20 Despite this significant investment, which generally accounts for approximately a quarter of the agency’s annual budget, OIG found that “EPA lacks a holistic approach to managing accountability over its contractors and ensuring personnel responsible for overseeing contractors are aware of their responsibilities.”21 Recent investigative work done by the OIG has also revealed a number of instances where EPA’s failure to conduct adequate oversight over agency contractors resulted in the potential squandering of agency resources.22

Information Security

The extent to which EPA is aware of its contractor workforce’s competencies and workload also remains an open question. Previously, GAO found that EPA did not include contractor information in the agency’s strategic workplan that is used to guide workforce and budgetary decisions.23

In a recent audit to determine whether EPA was fulfilling its reporting requirements under the Federal Information Security Modernization Act, OIG noted that in addition to not providing the Office of Management and Budget with information on the training status for its contractors with significant information security responsibilities, EPA “is unaware of the number of contractors who have significant information security responsibilities.”24

In a 2015 report, OIG observed that EPA generally lacked awareness of what agency systems utilize cloud services and the Office of Acquisition Management (OAM) did not maintain a database of cloud applications.25 Further, OIG found that OAM was unaware that EPA’s Office of Water utilized a cloud-based service provider to host its Permit Management Oversight System (PMOS) which was registered to a domain that was owned by a prior PMOS contractor.26 OIG recommended that EPA implement the necessary security safeguards and risk

21 OIG, supra note 18.
26 Id.
Majority Memorandum for September 6, 2017, Subcommittee on Oversight and Investigations Hearing
Page 5

assessments to protect its cloud-based enterprises from outside threats. However, this recommendation has remained unimplemented for nearly two years. Failing to adequately monitor access to the agency’s critical information systems and conduct necessary threat assessments represents a significant security concern and has the potential to impede the agency’s ability fulfill its mission.

Grant Management

For the past decade, investigations and reports by GAO and OIG have uncovered waste and mismanagement in EPA’s grant programs. This is particularly troubling because grants comprise almost half of EPA’s budget, approximately $4 billion annually. In 2016, GAO found that EPA’s grant monitoring practices may impact the agency’s ability to efficiently monitor results and increase administrative costs. GAO also found that because grant recipients “submit performance reports in a written format, there are no built-in quality controls to ensure these reports’ consistency with EPA’s environmental results directive.” EPA has not implemented any of the six recommendations from the report, including GAO’s recommendation to standardize the format of grant recipient progress reports.

More recently, a January 2017 GAO report noted that while EPA’s ability to manage its grants portfolio depended primarily on grant specialists and project officers, the agency did not have the information it needed to allocate grants management resources in an effective and efficient manner. Among the recommendations EPA has not implemented is the development of an agency-wide process to collect and analyze data on grant management workloads and reviewing project officer critical skills. To date, all six recommendations are still open.

III. ISSUES

The following issues may be examined at the hearing:

- Could any of the unimplemented recommendations impact EPA’s response to a natural disaster?

27 Id.
29 Id.
30 Id.
32 Id.
33 Id.
34 Id.
35 Id.
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- What common themes did GAO and OIG find when reviewing EPA programs?
- How could EPA more quickly implement recommendations that appear easily fixable?
- Why does it take about four years for most recommendations to be implemented?
- Why has EPA failed to make improvements managing its workforce?

IV. STAFF CONTACTS

If you have any questions regarding this hearing, please contact Lamar Echols or Christopher Santini of the Committee staff at (202) 225-2927.
Mr. Alan Larsen
Counsel to the Inspector General
Office of the Inspector General
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Dear Mr. Larsen:

Thank you for appearing before the Subcommittee on Oversight and Investigations on Wednesday, September 6, 2017, to testify at the hearing entitled “EPA Oversight: Unimplemented Inspector General and GAO Recommendations.”

Pursuant to the Rules of the Committee on Energy and Commerce, the hearing record remains open for ten business days to permit Members to submit additional questions for the record, which are attached. The format of your responses to these questions should be as follows: (1) the name of the Member whose question you are addressing, (2) the complete text of the question you are addressing in bold, and (3) your answer to that question in plain text.

To facilitate the printing of the hearing record, please respond to these questions with a transmittal letter by the close of business on Thursday, October 5, 2017. Your responses should be mailed to Ali Fulling, Legislative Clerk, Committee on Energy and Commerce, 2125 Rayburn House Office Building, Washington, DC 20515 and e-mailed in Word format to Ali.Fulling@mail.house.gov.

Thank you again for your time and effort preparing and delivering testimony before the Subcommittee.

Sincerely,

Tim Murphy
Chairman
Subcommittee on Oversight and Investigations

cc: The Honorable Diana DeGette, Ranking Member, Subcommittee on Oversight and Investigations

Attachment
The Honorable Tim Murphy  
Chairman  
Subcommittee on Oversight and Investigations  
Committee on Energy and Commerce  
House of Representatives  
Washington, D.C. 20515  

The Honorable Diana DeGette  
Ranking Member  
Subcommittee on Oversight and Investigations  
Committee on Energy and Commerce  
House of Representatives  
Washington, D.C. 20515  

Dear Chairman Murphy and Ranking Member DeGette:

Thank you for allowing me to testify on September 6, 2017, before your Subcommittee on Oversight and Investigations, about the U.S. Environmental Protection Agency (EPA) Office of Inspector General’s (OIG’s) recommendations to the EPA that remain unimplemented. I have enclosed for the Congressional Record responses to questions that were asked of me by members of your subcommittee.

We appreciate your interest in the work of the OIG. If you have any questions about this or any other matter, please contact me at (202) 566-2391.

Sincerely,

[Name redacted]

Alan S. Larsen  
Counsel to the Inspector General  

cc: The Honorable Michael C. Burgess  

Enclosure
Questions from Chairman Murphy

1. In its FY 2017 Management Challenges Report OIG highlighted “current audit work continues to note that EPA lacks a holistic approach to managing accountability over its contractors and ensuring personnel responsible for overseeing contractors are aware of their responsibilities.” Could you expand on this finding and inform the Committee what led OIG to include it in its latest Management Challenges Report?

Response: Since 2013, the OIG has identified contracts management as an agency-level weakness. Audits have routinely found that while the agency has incorporated internal controls into its policies and procedures, the policies and procedures are not being followed. This affects the agency’s ability to ensure it obtains reasonable prices for goods and services and receives the goods and services it paid for. In the past month, the OIG issued a report on the EPA’s management of a contract to support its implementation of alternative dispute resolution and public involvement. The OIG found that the monthly progress reports and contractor invoices did not contain information required by the contract, which hindered the agency’s ability to properly oversee the contract.1

In October 2016, the OIG issued a report on the EPA’s use of purchase orders.2 The report found that the EPA could have saved approximately $592,000 annually by using purchase cards rather than purchase orders. This condition occurred due to the purchaser’s lack of knowledge about purchase card alternative methods, not being sufficiently trained, and/or not having clear guidance or direction from the contracting officer.

2. The Committee is interested in the recommendations from OIG’s March 2016 report entitled: "Drinking Water: EPA Needs to Take Additional Steps to Ensure Small Community Water Systems Designated as Serious Violators Achieve Compliance." Our committee just reported a Safe Drinking Water Act reauthorization that placed some new requirements on small water systems. How widespread is EPA’s practice, in formal enforcement actions, of providing information regarding how noncompliant systems can access compliance assistance resources?

Response: Our March 2016 report examined EPA enforcement in Regions 2, 6 and 7. Only Region 6 included compliance assistance information in its orders. For a nationwide perspective, the subcommittee may wish to direct this question to the EPA.

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a. How much of a hindrance is this to aiding smaller systems in achieving compliance?

Response: Achieving compliance depends on many factors. Our March 2016 report found that the practice of informing systems of compliance assistance resources can help achieve compliance. We did not evaluate whether the absence of this practice was a hindrance.

b. What is the status of EPA's work to implement your recommendations?

Response: The EPA completed corrective actions for all but one of our recommendations. The remaining unimplemented recommendation, Recommendation 2, is that the agency include in Region 2 formal enforcement orders information about how noncompliant systems can access compliance assistance resources available through the Puerto Rico coordinating committee established under Recommendation 1. Corrective actions for Recommendation 2 are scheduled to be completed by December 31, 2017.

3. One of the recommendations OIG made in July 2016 entitled “EPA Regional Offices Need to More Consistently Conduct Required Annual Reviews of Clean Water State Revolving Funds” was that EPA should “evaluate regional approaches to conducting the annual reviews of Clean Water State Revolving Fund programs, and address issues to ensure regions perform consistent reviews in accordance with the annual review guidance.” Is this same type of review and coordination needed for the Drinking Water Revolving Loan Fund as well?

Response: The EPA is required by law to conduct annual reviews of state Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) programs. The July 2016 report only focused on annual reviews of the CWSRF program. The OIG has not conducted a separate audit of the DWSRF annual review program. Annual reviews for both programs are similar and therefore similar issues may exist.

The agency does use information from the CWSRF and DWSRF annual reviews in preparing its annual report on improper payments. As required by law, the OIG does review the EPA’s annual report on improper payments. OIG reports on improper payments issued in FYs 2014 and 2015 identified concerns with how regions were reporting improper payments as part of the annual reviews of the CWSRF and DWSRF. The two most recent OIG audits of improper payments, issued in FYs 2016 and 2017, did not identify concerns with the improper payment portions of the annual CWSRF and DWSRF annual reviews. However, the OIG only reviews a small number of CWSRF and DWSRF annual reviews as part of annual improper payment audits.

a. What about other EPA programs?

Response: Even though other EPA programs do not have legal requirements for annual reviews, the EPA does conduct less extensive annual reviews, referred to as baseline

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6 EPA Complied With Improper Payment Legislation, but Stronger Internal Controls are Needed, Report No. 16-P-0167, issued May 16, 2016; and EPA Complied With Improper Payment Legislation, but Testing Can Be Improved, Report No. 17-P-0212, issued May 10, 2017.
monitoring, of all EPA grants. In FY 2016, the OIG issued an audit on the baseline monitoring of San Francisco Water Quality Improvement Fund grants. Similar to the CWSRF report, we found EPA Region 9 project officers and grant specialists were not always following EPA guidance or accurately completing the baseline monitoring reviews. When baseline monitoring is not performed properly, the EPA does not have reasonable assurance that funds are being used responsibly and for the intended purpose.

In addition, the EPA conducts advanced monitoring on a statistical sample of grants each year. Advanced monitoring involves an in-depth assessment of a grant recipient’s progress and management of grants. A June 2015 OIG audit of the EPA’s advanced monitoring reviews found the reviews were not always effective to ensure grant recipient costs were allowable. The report included recommendations for improving national guidance and the quality of advanced monitoring reviews. The EPA agreed with the recommendations and implemented corrective actions.

b. Are there any updates that the Committee should know about with regard to EPA’s efforts?

Response: In response to the recommendation, the EPA Office of Water stated it would participate with some regions in state annual reviews and share their observations with the regional offices. The EPA proposed a corrective action completion date of September 30, 2016. The OIG reported in its most recent Semiannual Report to Congress, dated May 2017, that the EPA’s implementation of the recommendation was delayed. The EPA had participated in some annual reviews and planned to continue the practice in the future.

Questions from Representative Burgess

1. While Title 42 appointments were designed to attract specialists in specific scientific fields, the OIG report points out that 78% of the ORD’s Title 42 appointments were in management positions.

a. How does this compare to HHS’ use of Title 42?

Response: The OIG did not compare the EPA Office of Research and Development’s (ORD’s) use of Title 42 with how the Department of Health and Human Services (HHS) was using the authority. The Government Accountability Office did issue a report in July 2012 on HHS’ and the EPA’s use of Title 42 and other special hiring authorities.

b. Did the OIG find the ORD’s use of Title 42 in these positions to agree with the intent of the program?

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5 EPA Region 9 Needs to Improve Oversight of San Francisco Bay Water Quality Improvement Fund Grants, Report No. 16-P-0276, issued August 22, 2016.
Response: According to 40 CFR § 18.3, Title 42 may be used to secure the services of scientists and engineers for a period of limited duration and for research that furthers the agency’s mission where the nature of the work or the character of the individual’s service render customary employment methods impracticable or less effective. Based on our review of job announcement documentation to fill the 23 ORD positions under Title 42 authority, there was limited evidence that demonstrated customary employment methods were impractical or less effective.

2. The report also states that the EPA had no strategic plan or process to fill positions in 2015. Has the EPA since made efforts to develop such a plan?

Response: The OIG is not aware of EPA efforts to develop a strategic plan or process to fill Title 42 positions. The report did recommend that the EPA be more transparent in its decisions to use Title 42 and in demonstrating that other hiring methods were impractical. The OIG met with EPA senior managers a number of times to reach agreement on the appropriate action to address the recommendation. To make its decision-making process more transparent, the EPA agreed to justify its use of Title 42 authority as part of the recruitment request and to periodically inform staff when the Title 42 authority was used.

3. The report states that the OIG “found that ORD did not always demonstrate the need to use Title 42 to recruit or retain staff for these 19 positions to achieve the level of expertise it needed.”

a. How often did ORD fail to demonstrate such a need?

Response: As stated in the report, for 19 of 23 Title 42 positions we reviewed, the positions were previously held by Title 5 employees at lower salaries. The EPA Title 42 Operations Manual states that the authority is a mechanism to be used when individual salary needs cannot be met or customary employment methods are impractical or less effective. Based on our review of job announcement documentation to fill the 23 ORD positions under Title 42 authority, there is limited evidence that demonstrated customary employment methods were impractical or less effective.

b. What is their justification for using Title 42 to hire or retain any individual if there was no such need?

Response: The audit found that the EPA’s ORD’s justification for using its Title 42 hiring authority to fill positions was ambiguous. ORD does not have any requirement to demonstrate that a position could not be filled under any other authority before recruiting under Title 42.

4. How many current EPA employees are being paid under the Title 42 special pay program?

a. How many employees, new or existing, does EPA expect to be paid under the Title 42 authority during FY 18?
Response: The OIG's report on the EPA's Title 42 hiring authority was issued in 2015. The OIG does not have any current ongoing reviews of the Title 42 program and therefore does not have information on current and future staffing levels.

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8 EPA Needs to Justify How It Is Using Title 42 Hiring Authority, Report No. 15-P-0109, issued March 5, 2015.
September 21, 2017

Mr. Alfredo Gómez
Director
Natural Resources and Environment
Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Gómez:

Thank you for appearing before the Subcommittee on Oversight and Investigations on Wednesday, September 6, 2017, to testify at the hearing entitled “EPA Oversight: Unimplemented Inspector General and GAO Recommendations.”

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Thank you again for your time and effort preparing and delivering testimony before the Subcommittee.

Sincerely,

Tim Murphy
Chairman
Subcommittee on Oversight and Investigations

cc: The Honorable Diana DeGette, Ranking Member, Subcommittee on Oversight and Investigations
The Honorable Tim Murphy
1. Given EPA’s long-standing failure to conduct satisfactory workforce and workload assessments, does the agency know for certain whether it is carrying out all of its statutory obligations?

GAO Response: While we have not looked at the link between EPA’s workforce planning and its ability to carry out specific statutory obligations, we have reported that strategic workforce planning can help an agency meet its mission requirements. With specific regard to EPA, we found that its workforce plan was not clearly aligned with its strategic plan or budget. Without alignment to the strategic plan, we concluded that EPA was at risk of not having the appropriately skilled workforce they need to effectively achieve its mission.

2. Your written testimony noted that EPA has failed to identify project officer critical skills and competencies or monitored its recruitment and retention efforts for grants specialists. Are these problems limited to certain regional offices or does it cut across the entire agency?
   a. If EPA were to institute greater accountability in its grants program, would the agency be better suited to accomplish its core mission, and if so, how?

GAO Response: In January 2017, we reported on the extent to which EPA follows leading practices of strategic workforce planning in managing its grants workforce. The scope of this work included all 10 EPA regional offices and 3 of EPA’s 10 national program offices in Washington, D.C. that manage grants. We concluded that while EPA partially follows these leading practices, it had not identified project officer critical skills and competencies or developed strategies, such as training, to address project officer skill and competency gaps. The responsibilities of project officers have expanded greatly in the past 10 years. Reviewing project officers’ critical skills and competencies and determining their training needs to address any skill and competency gaps could help ensure that EPA has people with the right skills to meet the goals of its 2016-2020 Grants Management Plan. Officials we interviewed from 3 of EPA’s 10 regional offices told us that, in addition to identifying critical skills and competencies, reviewing project officer functions, such as roles and responsibilities, would be helpful. In addition, we concluded that the 2016-2020 Grants Management Plan did not contain any performance measures to monitor or evaluate EPA’s recruitment and retention efforts for its grants personnel or show how these efforts contribute toward human capital goals and programmatic results. EPA also does not collect performance data on such measures. By developing performance measures to track the effectiveness of its recruitment and retention efforts for grant specialists and by collecting performance data for these measures, EPA could enhance its ability to identify both performance shortfalls and appropriate corrective actions.
3. What benefits could EPA realize if it adopted policies and review processes for its grant programs that could be consistently applied and analyzed?

**GAO Response:** To help achieve its mission of protecting human health and the environment, EPA manages a significant grants portfolio that accounts for almost half of the agency’s budget. EPA’s ability to manage this portfolio depends primarily on grant specialists and project officers, but as we concluded in 2017, the agency does not have the information it may need to allocate grants management resources in an effective and efficient manner. For example, because EPA does not have a process for regional and national program offices to consistently collect and analyze information about project officer FTEs, we concluded that the agency could not know the level of resources used to manage the agency’s sizeable $3.9 billion grants portfolio. By developing a documented process for regional and national program offices to collect and analyze data about project officer FTEs, EPA could have better assurance that its offices consistently collect information on project officers and that the agency and its offices are better positioned to assess and, as appropriate, restructure or resize FTE levels to meet the agency’s significant grant-making responsibilities. In addition, EPA does not have a documented process for consistently obtaining workload data for grants management personnel across regional and national program offices. Developing such a process may help the agency better track changes to grants management workloads and make personnel adjustments as needed. Furthermore, EPA does not have a documented process for consistently allocating FTEs to grants management positions in regional and national program offices based on analyses of workload data. Developing such a process could provide EPA with greater assurance that the agency is allocating grants management resources effectively and efficiently.

4. The number of unimplemented GAO recommendations that relate to management and operations is significantly higher than other subject matter areas, could you explain the reason for this?

   a. What steps could EPA take to improve its ability to implement management and operations recommendations?

**GAO Response:** Of the recommendations we made to EPA since fiscal year 2007, as of August 23, 2017, EPA had not implemented 52 percent of the recommendations related to operations and management. The percentage of unimplemented recommendations in the other categories for this time period ranged from 43 percent for toxics, chemical safety, and pesticides recommendations to 20 percent of environmental contamination and cleanup recommendations. One factor explaining the differences in implementation rates is the timing of the recommendations. Experience has shown that it takes time for agencies to implement our recommendations. For this reason, we actively track unaddressed recommendations for 4 years. Of the 64 unimplemented management and operations recommendations made to EPA since 2007, we made 50 (78 percent) of them within the last 4 years (i.e., between 2013 and 2017). Therefore, EPA may have not had sufficient time to implement many of these recommendations.

Continued attention by EPA on open recommendations will help improve its ability to implement them. In fiscal year 2016, we worked with EPA to increase the frequency of recommendation follow-up from annually to semi-annually. We believe this will help bring attention to open recommendations and emphasize the importance of their implementation.
In 2015, the EPA’s OIG released its findings related to the EPA’s use of Title 42 hiring authority to fill specific positions in its Office of Research and Development (ORD). After reviewing this report, I’d like to explore its results and any action the EPA has taken in the past two years.

5. While Title 42 appointments were designed to attract specialists in specific scientific fields, the OIG report points out that 78% of the ORD’s Title 42 appointments were in management positions.
   a. How does this compare to HHS’ use of Title 42?
   b. Did the OIG find the ORD’s use of Title 42 in these positions to agree with the intent of the program?

**GAO Response:** In our previous work on HHS and EPA use of the hiring authorities under 42 U.S.C. § 209(f) and (g), we found that most employees appointed at HHS served in one of the following general occupations: staff scientist, research fellow, senior investigator, clinical research nurse, and fellow. We have not reviewed the OIG report on EPA’s use of Title 42 hiring authority to fill specific positions in ORD.