



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

We conducted this followup review on a 2004 audit of contract administration by the Environmental Protection Agency's (EPA's) Office of Underground Storage Tanks (OUST). We sought to determine whether OUST took sufficient actions regarding proper charging to appropriations, avoiding the loss of funding due to expiration of funds, and obligating funds with corresponding work assignments.

Background

On March 31, 2004, we issued a report, *The Office of Underground Storage Tanks: Contract Administration and Performance Measurement Concerns* (2004-P-00014). This report disclosed OUST had inappropriately used and inefficiently managed contract funds.

For further information, contact our Office of Congressional and Public Liaison at (202) 566-2391.

To view the full report, click on the following link:
www.epa.gov/oig/reports/2006/20060228-2006-P-00012.pdf

Office of Underground Storage Tanks Has Improved Contract Administration, But Further Action Needed

What We Found

Of the nine corrective actions OUST proposed as a result of the previous review, it successfully implemented eight actions. In particular, OUST stopped obligating funds to contracts without identifying corresponding work. We commend OUST for successfully implementing these actions. However, while OUST provided Contract Management Manual training for its staff, as agreed, it did not have all required people attend the training.

During our followup review, we noted problems regarding properly charging to appropriations. Our prior report had concluded that \$134,000 in Leaking Underground Storage Tank (LUST) funds had been obligated to a contract but not expended, and that amount had increased to \$395,000 by March 2005. That amount represented potential missed opportunities for achieving environmental improvements. As a result of our followup review, OUST initiated a contract modification in November 2005 to deobligate and recertify these funds.

Also, OUST had not taken sufficient corrective action regarding \$140,004 in work paid for with LUST funds that should have been paid with Environmental Program Management funds. OUST initiated corrective action in February 2004, but erroneously used future year funds to pay for prior year services. For example, OUST paid for Fiscal Year 2002 services with Fiscal Year 2003/2004 funds. OUST initiated a modification in October 2005 to correct this situation.

What We Recommend

We recommend that the OUST Director have staff regularly query EPA's financial systems to monitor the status of funds obligated, to enable deobligations when appropriate. We also recommend that the Director direct staff to not use future year appropriations to pay for services rendered in prior years, and to require that all appropriate staff attend training in appropriations. OUST concurred with our recommendations and agreed to monitor the status of its funds obligated to contracts on a monthly basis and to provide direction and training to its staff.