

**GENERAL SERVICES ADMINISTRATION
OFFICE OF INSPECTOR GENERAL**

**Review of the
Southeast Sunbelt Region PBS
Environment Program Management**

**Report Number A050040/P/4/R06004
March 28, 2006**





U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

Date: March 28, 2006

Reply to
Attn of: James Duerre
Regional Inspector General for Auditing
Southeast Sunbelt Region Field Audit Office (JA-4)

Subject: Review of the Southeast Sunbelt Region PBS Environment Program Management
Report Number A050040/P/4/R06004

To: Ed Fielder
Regional Administrator, Southeast Sunbelt Region (4A)

This report presents the results of the Review of the Southeast Sunbelt Region PBS Environment Program Management conducted by the Office of Inspector General (OIG).

INTRODUCTION

In FY 2005, the General Services Administration (GSA) Office of Inspector General (OIG) conducted a review of the PBS Environment Program management as a component of the OIG Fiscal Year 2005 Annual Audit Plan. The objective of that review was to determine whether PBS implemented effective measures following a FY 2000 program audit, Audit of PBS' Environmental Management Program¹. Our work was conducted in the Southeast Sunbelt, Heartland, Greater Southwest, and Pacific Rim regions.

During the course of the review, we found issues specific to the Southeast Sunbelt Region (Region 4). Those issues are addressed in this separate report.

OBJECTIVES, SCOPE AND METHODOLOGY

This report developed from the national review of the PBS Environment Program management conducted in FY 2005². In addressing the objectives of that review, we found issues specific to the Southeast Sunbelt Region (Region 4). The review objective was to determine whether PBS implemented effective measures following the 2000 program audit; specifically, the effectiveness of PBS' environmental management system (EMS),

¹ Audit of PBS' Environmental Management Program, Report Number A995196/P/H/R00008, February 16, 2000.

² Review of the PBS Environment Program Management, Report Number A050040.

environmental risk index (ERI), environmental liability reporting, and safeguards for tenant management of hazardous materials in PBS-controlled space.

To accomplish the objectives of our national review that relate to the findings in this report, we held discussions with regional environment officials; reviewed a judgmental sample of ERIs completed during the first iteration (2004) for accuracy, completion, and management usage; reviewed environmental liability packages for sites listed on the FY 2004 liability report and regional environmental liability records and assessed the validity and completeness of the environmental liability report; and met with a regional GSA General Counsel representative to discuss the environmental liability reporting process.

The national audit was conducted during the period December 2004 through July 2005 in accordance with generally accepted government auditing standards.

RESULTS OF AUDIT

PBS recently developed the Environmental Risk Index (ERI) to facilitate the identification and management of environmental risk. However, the scope of ERI completion in Region 4 needs to be expanded to include delegated facilities. Also, environmental liability reporting, another identification and management component, requires additional Region 4 oversight to ensure the report is accurate and complete.

Environmental Liability Reporting Needs More Oversight

The environmental liability report for Region 4 was incomplete and inaccurate. The regional report *excluded* at least two liabilities that met the requisite conditions for environmental liabilities (i.e. an actual and/or threatened release of chemicals or hazardous materials to the environment that requires a future GSA response). For example, one building that has an emergency generator with built-in 200-gallon diesel above ground storage tank and an observed leak around the piping and tank is listed on regional documents as an environmental liability, but is not listed on the GSA environmental liability report. Regional representatives could not explain why these liabilities were excluded from the report. In addition, the regional report *included* 14 sites where environmental remediation had been completed but the appropriate documentation to support the region's actions could not be found. In spite of the future action required by GSA (i.e. obtaining the appropriate documentation), these sites are not significant liabilities to GSA and should not be listed on the report as "probable" liabilities. In addition, all of the inaccuracies found in the regional report had been included in the GSA environmental liability report since 2001 with the same initial cost estimates.

The environmental liability report is tied directly to GSA's financial statements and inaccuracies in the report reduce the creditability of the agency's internal control structure. PBS' Environment Program management in Region 4 should review the environmental liability report periodically (quarterly or annually) to uncover environmental issues that are not being managed and develop action plans to ensure liabilities are being addressed.

ERI Universe Needs to Be Expanded

The Environmental Risk Index (ERI) was developed to measure environmental, health, and safety risks in 13 areas (hazardous waste, asbestos, indoor air quality, hazardous materials, subsurface contamination, lead, PCB, storage tanks, Clean Air Act compliance, drinking water, wastewater, radon, and stormwater) for all government-owned buildings. The current scope of the ERI initiative only includes government-owned assets.

The Southeast Sunbelt Region was the only region we visited that did not complete an ERI for delegated buildings. National Office management indicated that at no time have delegated buildings been excluded from the scope of ERI iterations. Since PBS still has responsibility for delegated facilities, PBS Region 4 needs to expand the scope of the ERI iterations to include these properties.

CONCLUSION

Region 4 needs to review the environmental liability report periodically to uncover issues that are not being managed and develop action plans to ensure liabilities are being addressed to ensure GSA financial statements are presented fairly. The scope of completion for the PBS Environmental Risk Index (ERI) tool needs to be expanded to include delegated facilities to better assist the agency with the identification and management of environmental risk in PBS properties.

RECOMMENDATIONS

We recommend that the Assistant Regional Administrator of the Public Buildings Service address the following issues:

- (1) Strengthen environmental liability reporting by ensuring Region 4 environment officials update the environmental liability report to reflect current and probable and/or reasonably possible environmental risks and develop action plans for each listed environmental liability.
- (2) Ensure that all Region 4 environment officials include delegated buildings in the scope of ERI completion.

MANAGEMENT COMMENTS

The Regional Administrator of the Southeast Sunbelt Region has provided comments to this report, which have been included in its entirety as Appendix A. The Regional Administrator fully agreed with the report's conclusions and recommendations, while also noting current and planned efforts that should address our audit findings and recommendations.

INTERNAL CONTROLS

We evaluated the internal controls in effect over environmental liability reporting that were appropriate to meet the objectives of this audit. As previously discussed, discrepancies were noted and recommendations provided. We have concluded that implementing the recommendations in this report will improve the overall internal control structure in these areas.

Thank you for the courtesies extended to the audit team during our review. If you have any questions or wish to discuss this matter further, please contact me at (404) 332 – 3338.



James Duerre
Regional Inspector General for Auditing
Southeast Sunbelt Region Field Audit Office (JA-4)

Appendix A

Management Response to Draft Report



GSA Southeast Sunbelt Region

FEB 28 2006

MEMORANDUM FOR JAMES D. DUERRE
REGIONAL INSPECTOR GENERAL FOR AUDITING
ATLANTA FIELD AUDIT OFFICE (JA-4)

FROM: EDWIN E. FIELDER, JR.
REGIONAL ADMINISTRATOR
SOUTHEAST SUNBELT REGION (4A)

SUBJECT: Review of the Southeast Sunbelt Region PBS
Environment Program Management A050040/P/4/RXXXXX

In accordance with the review of the PBS Environment Program management, the following information is offered as explanations to the "Result of Audit" section of the IG Audit draft report and is not intended for a response to the IG. Recommendation for the response to the IG is in the final paragraph of this memo.

Comment: RESULTS of AUDIT

Environmental Liability Reporting Needs More Oversight

"The Environmental Liabilities Report was incomplete and inaccurate."

True. Information was missing from the early files (2000-2002) at the time of the IG inspection/audit.

"The regional report excluded at least two liabilities..."

The two facilities that had been reported as possible liabilities on the pre-screening questionnaire (step one) were further investigated and found to not meet the criteria of fully reporting and developing a cost for testing.

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The example used in the report was actually an example of a contractor error and the Pre-screening questionnaire originally did not indicate a liability and should not have been reported. The two liabilities (actual and potential chemical/hazardous materials release) have been corrected and explained to the inspecting contractor.

"Regional representatives could not explain why these liabilities were excluded from the report."

True. The program was transferred from one employee to another after the contractor inspection information was gathered. Upon investigation, we found the reasons for the elimination the pre-screening questionnaire findings. Some had been repaired before the environmental contractors report had reached this office, however no paper trail was available in the file at the time of the IG Audit. Changes have been instituted to fully document the actions taken by GSA and the contractor decision process and reporting requirements.

"...14 sites where environmental remediation had been completed but the appropriate documentation to support the region's actions could not be found."

True. The fourteen sites referred to in the IG Audit were assigned cost for testing and funding requested by the PBS Safety and Environmental Management Branch (SEM). At the time of the IG Audit, the newly assigned SEM person did not know which ones were complete or the status. SEM inquiries of another branch found some of the issues have been corrected and the remainder is scheduled for evaluation or remediation. Specifically, this relates to the follow-up testing/inspection and documenting any action taken or needed by Phil Youngberg, PBS Environmental Manager. These reports are now shared with SEM and these changes will fully document the actions by GSA in the future.

"...inaccuracies found in the regional report had been included in the GSA environmental liability report since 2001 with the same initial cost estimates."

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TRUE. Discussion on the process to eliminate the items identified as "fixed" liabilities was initiated with central office (previously not followed up on) and when documentation is/has been acquired verifying completion; the information is forwarded to Environmental Strategies in Central Office. This is an ongoing process.

ERI Universe Needs to BE Expanded

"...the only region we visited that did not complete an ERI for delegated buildings."

TRUE. Not all delegated facilities were done on the first iteration in Region 4. In fact, SEM erroneously thought they were not included in the scope. Since this misunderstanding was highlighted, Region 4 is 100% completed with the second iteration of revised ERI questions and recalculated ERI thresholds prior to the due date of Dec 31 05. The ERI index now includes all operated delegated facilities.

After review of the results of the audit, in general the finding of improved oversight of the program is appropriate and the following is presented as the response to the recommendations:

1. Strengthen environmental liability . . .

Response: Environmental Liabilities are now tracked from the point of identification to removal from the Region 4 Environmental Liabilities listing by the Environmental Program Manager. A routine review is facilitated through the monthly Environmental Program Status Report presented to the Safety and Environmental Management Branch staff.

2. Ensure that all Region 4 environmental officials include delegated buildings. . .

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Response: All delegated buildings are now included in the scope of the Environmental Risk Index reporting. The ERI program is still undergoing testing and refinement in order for it to become a viable tool for GSA.

Should you have any questions, or if I may be of further assistance, please contact me at (404) 331-3200.

Appendix B

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