



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

THE INSPECTOR GENERAL

May 3, 2016

MEMORANDUM

SUBJECT: Clean Air Act Facility Evaluations Are Conducted, but Inaccurate Data
Hinder EPA Oversight and Public Awareness
Report No. 16-P-0164

FROM: Arthur A. Elkins Jr.

A handwritten signature in black ink, appearing to read "Arthur A. Elkins Jr.", is written over the printed name.

TO: *See Below*

This is our report on the subject review conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). This report contains findings that describe the problems the OIG has identified and corrective actions the OIG recommends. This report represents the opinion of the OIG and does not necessarily represent the final EPA position. Final determinations on matters in this report will be made by EPA managers in accordance with established audit resolution procedures.

The EPA offices having primary responsibility over the issues evaluated in this report are the Office of Enforcement and Compliance Assurance, and EPA Regions 6, 8 and 9.

Action Required

You are not required to provide a written response to this final report because you provided agreed-to corrective actions and planned completion dates for the report recommendations. Should you choose to provide a final response, we will post your response on the OIG's public website, along with our memorandum commenting on your response. Your response should be provided as an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that you do not want to be released to the public; if your response contains such data, you should identify the data for redaction or removal along with corresponding justification.

We will post this report to our website at www.epa.gov/oig.

Addressees:

Cynthia Giles, Assistant Administrator, Office of Enforcement and Compliance Assurance
Ron Curry, Regional Administrator, Region 6
Shaun McGrath, Regional Administrator, Region 8
Jared Blumenfeld, Regional Administrator, Region 9



At a Glance

Why We Did This Review

We performed this review to determine whether U.S. Environmental Protection Agency (EPA) management controls reasonably assure the agency conducts compliance assurance activities for major Clean Air Act (CAA) facilities in accordance with the Compliance Monitoring Strategy (CMS). According to the CMS, delegated agencies should submit a plan that outlines full compliance evaluation (FCE) frequencies. Periodic evaluations are essential to ensure companies' compliance with EPA laws and regulations.

Using the Enforcement and Compliance History Online (ECHO) website, which pulls information from EPA compliance databases, we identified a universe of facilities that had not received FCEs in 5 years. We then selected 65 facilities from EPA Regions 6, 8 and 9 to review.

This report addresses the following EPA goals or cross-agency strategies:

- *Addressing climate change and improving air quality.*
- *Protecting human health and the environment by enforcing laws and assuring compliance.*

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Clean Air Act Facility Evaluations Are Conducted, but Inaccurate Data Hinder EPA Oversight and Public Awareness

What We Found

Information obtained through the EPA's ECHO website indicated that many major facilities had not received FCEs in 5 years, although the CMS recommends an FCE every 2 years. However, we found the data were inaccurate and that most facilities in our review had received an FCE or were no longer a major facility.

The errors went undetected because of limited data quality oversight performed in EPA Regions 6, 8 and 9. Oversight was needed to verify data entered into the Air Facility System (AFS) and migrated into the Integrated Compliance Information System-Air (ICIS-Air) database, from which the ECHO website pulls its data. Inaccurate data hinder EPA oversight and reduce assurance that delegated compliance programs comply with the agency's CMS guidance. Further, unreported or inaccurate data presented on the publicly available ECHO website could misinform the public about the status of facilities.

While FCEs were generally conducted in the three regions, Region 9's management controls could be improved. For example, one California local air district could not locate compliance monitoring reports for several facilities, despite having a records-retention policy that requires the district to keep records for 7 years or up to 2018. In addition, 89 percent of the 35 local air districts in California had outdated CMS plans, and four of the five local air districts we reviewed had CMS plans that expired in 2011. Due to these conditions, the EPA has less assurance that local agencies in California are conducting adequate compliance activities, which increases the risk that excess emissions could impact human health and the environment.

Accurate enforcement databases and updated CMS plans promote effective and efficient EPA oversight of compliance programs, and help to protect the public from harmful air pollutants.

Recommendations and Planned Agency Corrective Actions

The six recommendations made to the EPA include establishing a process to conduct regular data quality checks, correcting identified inaccuracies in ICIS-Air, adding recordkeeping requirements to the agency's CMS guidance, providing guidance to California's local air districts pertaining to CMS plans, and consulting with states and local agencies regarding sampled facilities that are overdue for an FCE. The EPA agreed with all of the recommendations in our report and provided acceptable corrective actions with projected timeframes for completion. All report recommendations are resolved and open pending completion.



U.S. ENVIRONMENTAL PROTECTION AGENCY

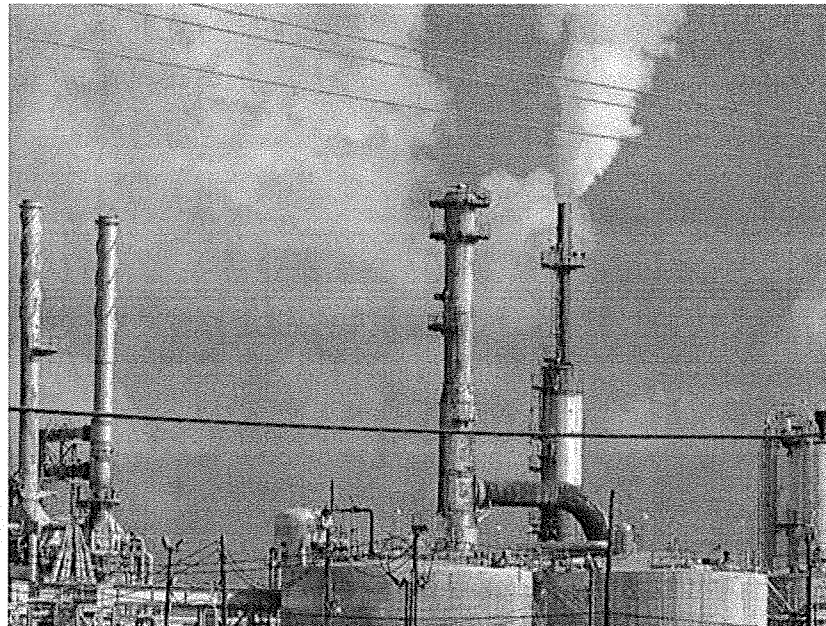
OFFICE OF INSPECTOR GENERAL

Enforcement and Compliance

Clean Air Act Facility Evaluations Are Conducted, but Inaccurate Data Hinder EPA Oversight and Public Awareness

Report No. 16-P-0164

May 3, 2016



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Abbreviations

AFS	Air Facility System
CAA	Clean Air Act
CMS	Compliance Monitoring Strategy
ECHO	Enforcement and Compliance History Online
EPA	U.S. Environmental Protection Agency
FCE	Full Compliance Evaluation
FY	Fiscal Year
ICIS	Integrated Compliance Information System
MDR	Minimum Data Requirements
OECA	Office of Enforcement and Compliance Assurance
OIG	Office of Inspector General
SRF	State Review Framework
TCEQ	Texas Commission on Environmental Quality

Cover photo: EPA evaluates stationary sources of air pollution, such as power plants and factories, to evaluate compliance with applicable requirements under the Clean Air Act. (EPA photo)

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Chapter 1

Introduction

Purpose

The Office of Inspector General (OIG) for the U.S. Environmental Protection Agency (EPA) conducted this review to determine whether the EPA's management controls reasonably assure the agency is conducting compliance assurance activities for major Clean Air Act facilities in accordance with the Compliance Monitoring Strategy (CMS).

Background

Periodic evaluations of regulated facilities are essential to ensure that companies comply with the Clean Air Act (CAA). Although compliance information can be self-reported, periodic evaluations are a critical way to check the accuracy of facilities' monitoring and reporting, as well as a means to obtain additional information on facilities' emission control systems. For fiscal years (FYs) 2010–2015,¹ the compliance monitoring budget for the EPA's Office of Enforcement and Compliance Assurance (OECA) averaged almost \$103 million a year. The funding supports single and multimedia inspections and evaluations for all statutes, training and OECA's data systems.

Implementation of CAA Compliance Programs

The EPA and state, local and tribal agencies share responsibility for protecting human health and the environment. The EPA delegates authority to state, local and tribal agencies to implement federal environmental programs. Delegated agencies usually have the authority to issue permits, conduct full compliance evaluations (FCEs), make compliance determinations and initiate enforcement. In California, for instance, the state is divided into 35 different local air districts with some reporting directly to the EPA regarding compliance activities.



EPA enforcement efforts focus on reducing flaring from industrial activities, and on reducing pollutant emissions that include volatile organic compounds and soot. (EPA photo)

The EPA is responsible for oversight and regularly monitors delegated agencies to ensure adequate implementation of compliance and enforcement programs. The agency also maintains primary authority to directly implement and enforce CAA

¹ We used enacted budgets for each fiscal year except for FYs 2011 and 2013, in which we used annualized continuing resolution budgets.

programs in Indian country, where the tribe has not received delegated authority. In such instances, the EPA reviews permits, conducts FCEs, makes compliance determinations, and initiates enforcement in Indian country.

CAA Compliance Monitoring Policies and Guidance

The EPA has developed several management controls to oversee and manage its CAA compliance responsibilities. These controls manage the implementation, financing, reporting and evaluation of compliance programs.

CAA Compliance Monitoring Strategy and CMS Plans

The EPA's 2014 CAA Stationary Source CMS² provides guidance to delegated state, local and tribal CAA agencies. The CMS applies to the EPA with respect to guidance on definitions, documentation, reporting and CMS plan approvals. The CMS focuses on Title V major facilities and a subset of synthetic minor facilities that emit or have the potential to emit at or above 80 percent of the Title V major source threshold (SM-80s) to ensure their periodic evaluation.

According to the EPA's CMS guidance, every 2 years delegated agencies should submit CMS plans outlining FCE frequencies for discussion and approval by the region. If delegated agencies want to request different FCE frequencies than those mentioned in EPA guidance, the delegated agencies must submit alternative CMS plans. Recommended FCE frequencies do not apply to EPA regions according to OECA.

OECA's Office of Compliance reviews alternative CMS plans prior to the region's approval. While an alternative plan may have different FCE frequencies, a traditional CMS plan recommends that an FCE³ be conducted, at a minimum, every 2 federal fiscal years at all Title V major facilities, unless the facility is considered a mega site, which is a large and complex facility. At a minimum, mega sites should receive one FCE every 3 federal fiscal years, as long as there are frequent on-site visits.

Performance Partnership Agreements

Performance Partnership Agreements strengthen relationships between the EPA and states. These agreements are negotiated documents between the EPA and states, and describe jointly developed environmental priorities and strategies. The agreements cover other topics such as performance measures, evaluation, roles and accountability, and resource use. Performance Partnership Agreements can also substitute for a separate CMS plan, if the

² We also included the EPA's 2010 CMS in our review because this guidance was in effect during most of our review period.

³ We use "FCEs" and "evaluations" interchangeably in this report.

agreement contains all the required elements. Each partnership negotiation takes into account the particular capacities, needs and interests of that state.

Annual Commitment System

EPA managers use the Annual Commitment System to track annual performance commitments. EPA regions and delegated agencies negotiate commitments—for example, the number of FCEs that will be conducted annually. EPA regions also negotiate regional commitments for FCEs with OECA. Managers enter these commitments into the Annual Commitment System, which the agency uses to track and measure performance of both delegated agencies and EPA regions.

State Review Framework

The EPA implemented the State Review Framework (SRF) in FY 2004 to oversee state and local compliance and enforcement programs, including in-depth evaluations of respective CMS plan implementation. This management control includes formal reviews of facility files to ensure the accuracy of both evaluations and data. The EPA conducts SRF reviews so that each state receives one every 5 years. SRF metrics include, but are not limited to, data completeness, data accuracy, timeliness of data entry, completion of commitments, evaluation coverage and identification of alleged violations.

Minimum Data Requirements

Minimum Data Requirements (MDRs) and other guidance documents relating to the entry of data into EPA databases help to ensure the completeness, accuracy and timeliness of information needed to manage the national air stationary source compliance monitoring and enforcement program. MDRs include facility information, compliance monitoring activities, violation determinations and enforcement actions.

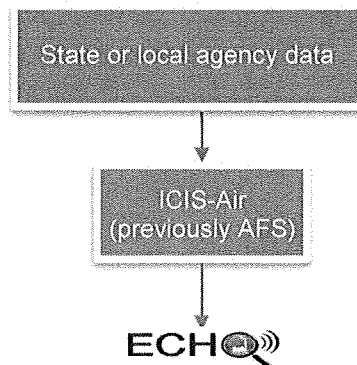
Delegated agencies enter MDRs for CAA facilities into the Integrated Compliance Information System-Air (ICIS-Air). Prior to October 2014, delegated agencies entered MDRs into the Air Facility System (AFS) database, which was replaced by ICIS-Air.

Public Access to Compliance and Enforcement Information

The EPA's Enforcement and Compliance History Online (ECHO) website provides the public with access to facility-specific compliance and enforcement information by integrating data from other systems. The ECHO website contains compliance and enforcement data from various EPA national databases, including AFS (previously) and ICIS-Air (currently).

ECHO is refreshed weekly with data from ICIS-Air. ECHO was used in this report for analytical purposes. Data quality findings identified through ECHO are based on the databases from which ECHO extracts the data. In this instance, the database of record used to extract data was AFS, which was replaced by ICIS-Air in October 2014.

Figure 1: Data flow from state and local agency databases to ECHO



Source: OIG analysis of EPA ICIS-Air and ECHO documents

Modernization of AFS

OECA's Office of Compliance had been preparing for the modernization of AFS since FY 2002. According to OECA, state and local agencies requested a new, modernized CAA reporting system because AFS was slow and difficult to use. According to the EPA, reporting under ICIS-Air has improved, and the EPA is confident that the ability of state and local agencies to report into the new database will result in more complete, accurate and timely data.

Recently, the EPA developed a set of standard reports in ICIS-Air, including a CMS report that facilitates the review of data that pertains to the implementation of CMS plans. The report allows agencies to identify where there has been a lapse in the completion of an FCE or a failure to report the completion of an FCE.

Health Impacts of Emissions From Title V Major Facilities

Title V major facilities have the potential to emit large amounts of harmful air pollutants that can pose serious health concerns when the pollutants accumulate in high enough concentrations. Table 1 describes the health impacts of some significant pollutants that are directly emitted by Title V facilities in our sample.

Table 1: Health impacts of four pollutants from Title V major stationary facilities

Pollutant	Health effects
Nitrogen dioxide (NO ₂) and sulfur dioxide (SO ₂)	Short-term NO ₂ and SO ₂ exposures are associated with adverse respiratory effects, including increased respiratory symptoms in people with asthma.
Volatile organic compounds	These compounds include a variety of chemicals, some of which may have short- and long-term adverse health effects that include eye, nose and throat irritation; headaches; loss of coordination; visual disorders; memory impairment; and cancer.
Particulate matter	Numerous scientific studies have linked particulate matter exposure to a variety of problems, including premature death in people with heart or lung disease, nonfatal heart attacks, irregular heartbeat, aggravated asthma, decreased lung function, and increased respiratory symptoms.
Hazardous air pollutants	Toxic or hazardous air pollutants are known or suspected to cause cancer or other serious health effects, such as reproductive effects or birth defects. Currently, the EPA regulates 187 toxic air pollutants.

Source: OIG analysis of EPA websites describing the health effects associated with four common pollutants and air toxics released from Title V major stationary facilities.

Responsible Offices

The EPA offices responsible for implementing the recommendations included in this report are the Office of Enforcement and Compliance Assurance, and EPA Regions 6, 8 and 9.

Scope and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our objective. We conducted our review from April 2015 through February 2016.

We analyzed data available from the EPA's ECHO website to identify all of the CAA major operating facilities that had not received an EPA or state FCE within the last 5 years. Our analysis identified 1,046 CAA Title V major facilities. However, according to the information obtained from ECHO, not all of the facilities were in operation. We determined that of the 1,046 facilities identified, only 595 were major operating facilities.

We focused our analyses on facilities with high-priority violations, noncompliance status, or unknown compliance status, because they may have a higher risk of potential violations. We selected facilities in California, Colorado and Texas for review, because these states had the highest number of facilities with high-priority violations, a noncompliance status, or an unknown compliance status.

The facilities selected in California were located in five local air districts: the Bay Area Air Quality Management District, the South Coast Air Quality Management District, the North Coast Air Quality Management District, the San Joaquin Valley Unified Air Pollution Control District, and the Great Basin Air Pollution Control District. During preliminary research we determined that the facilities in Colorado were in Indian country, and EPA Region 8 conducted the FCEs at these CAA facilities. In all, there were 65 facilities in our sample. Table 2 summarizes our sample selection by location and facility status.

Table 2: OIG sample of facilities displayed in ECHO with high-priority violations, or with noncompliance or unknown compliance status

States/Indian country	Facilities with high-priority violations	Facilities with noncompliance status	Facilities with unknown compliance status	Totals
California	17	4	8	29
Texas	18	5	0	23
State subtotals	35	9	8	52
Indian country ¹	0	1	12	13
Totals	35	10	20	65

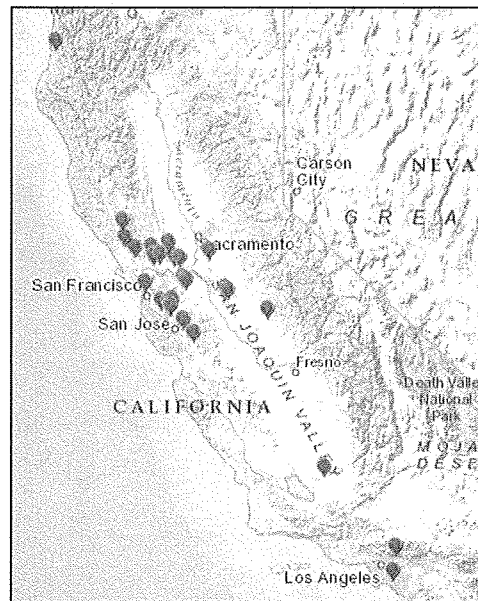
Source: OIG analysis of data from the ECHO website.

¹ EPA Region 8 conducted FCEs at CAA facilities on Indian reservations located within the exterior boundaries of the state of Colorado.

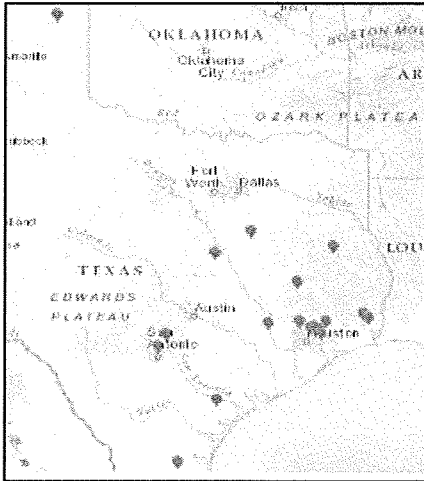
To determine whether EPA management controls provide reasonable assurance that the agency conducts compliance assurance activities for major CAA facilities, we assessed whether each sampled facility was reviewed according to the recommended minimum evaluation frequencies in the applicable CMS plan.

In California, CMS plans for the local air districts we reviewed required FCEs every 2 years for Title V major facilities. In Texas, on-site FCEs were required for Title V major facilities every 2, 3 or 5 years, depending on the location and complexity of the facility. Texas started implementing an EPA-approved alternative CMS plan in 2012.

Right: The red pins show locations of sampled facilities in California. Not all facilities are represented due to the lack of specific location information in ECHO. (Source: OIG analysis of ECHO data)



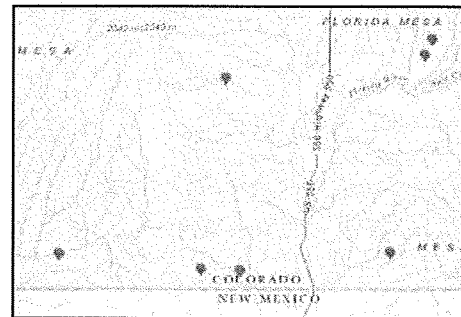
Regions are not required to use CMS timeframes for FCEs; however, Region 8 staff told us that they conducted on-site FCEs every 3 years for facilities located in Indian country.⁴



Red pins show locations of sampled facilities in Texas. Not all facilities are represented due to the lack of specific location information in ECHO.
(Source: OIG analysis of ECHO data)

To determine actual FCE frequencies for our sample of 65 facilities, we obtained and reviewed compliance monitoring reports from FYs 2010–2015 (except for Texas, which we reviewed from FYs 2012–2015⁵). Using these documents, we compared the minimum recommended CMS timeframe for FCEs with the actual evaluation frequency to determine whether CMS plans were satisfied. We reviewed the EPA’s 2010 and 2014 CMS and other applicable policies, procedures and guidance documents, including SRF and Performance Partnership documents for California and Texas, to determine general EPA guidance for facility evaluations.

To determine and confirm compliance monitoring practices and processes, we interviewed EPA managers and staff in OECA, and in EPA Regions 6, 8 and 9. We also interviewed representatives from the Colorado Department of Public Health and Environment, the Texas Commission on Environmental Quality (TCEQ), and three local air districts in California (e.g., the Bay Area Air Quality Management District, the South Coast Air Quality Management District, and the San Joaquin Valley Unified Air Pollution Control District) about compliance monitoring activities to determine how their states and local air districts implement the CMS.



Red pins show locations of sampled facilities in Indian country. Not all facilities are represented due to the lack of specific location information in ECHO.
(Source: OIG analysis of ECHO data)

⁴ Region 8 revised its criteria in 2015 to start reviewing major operating facilities in Indian country every 2 years. We based our assessment on the 3-year frequency in place before that change.

⁵ Prior to implementing its current EPA-approved alternative CMS plan, Texas conducted a 3-year pilot using a Risk-Based Investigation Strategy as an alternative to CMS for FYs 2009, 2010 and 2011. For consistency, we evaluated the sampled facilities in Texas from FYs 2012–2015 using the EPA-approved alternative CMS plan for the state.

Finally, we compared the actual dates of FCEs found in compliance monitoring reports with FCE dates found by analyzing data from the ECHO website. We wanted to determine whether the FCEs were being accurately reported in EPA databases available through the ECHO website. We also compared selected facilities' source classification (i.e., whether the facility was classified as major or minor), and operating status provided by the delegated agencies and Region 8, with data shown in ECHO.

Prior Evaluation and Audit Coverage

We previously discussed this issue in EPA OIG Report No. 12-P-0113, *EPA Must Improve Oversight of State Enforcement*, issued December 9, 2011. The OIG found that the EPA did not administer a consistent national enforcement program, which resulted in state enforcement programs that frequently do not meet national goals and states that do not always take necessary enforcement actions. The OIG recommended a number of actions to improve EPA oversight of state compliance and enforcement programs. According to data in the agency's audit tracking system, the corrective actions addressing the 2011 report's recommendations were completed.

Chapter 2

Inaccurate Facility and Evaluation Data Reported in AFS

Although information available through the ECHO website indicated that many major facilities had not received an FCE in 5 years, this was not the case for the 65 major facilities we reviewed in the three regions. We found that data available on the ECHO website were not correct and that most of the facilities either had received an FCE, or did not require an FCE because the facilities were minor or were closed.

These errors occurred when data were either not reported or inaccurately entered into AFS (the database in use during the majority of the timeframe of our review), and went undetected because of a lack of data quality oversight that would identify facilities overdue for FCEs. Inaccurate data hinder the EPA's ability to use databases as a tool to oversee delegated agencies, and hinder the agency's ability to provide reasonable assurance that compliance monitoring activities are being conducted. Moreover, inaccurate data currently in ICIS-Air and publicly available through the ECHO website could misinform the public about the status of CAA facilities.

The EPA's ECHO website contained 595 facilities that were listed as major operating facilities but had not reported having an FCE in the last 5 years. We reviewed the source classification, operational status and evaluation history for a sample of 65 of these facilities in Regions 6, 8 and 9. The following sections discuss the results of our review.

Operational Status and Source Classifications Are Not Accurately Reported in AFS

All 65 of our sample facilities were listed as major operating facilities on the ECHO website as of January 2015, but we determined that 26 percent of them were actually closed or minor, never constructed, or not a facility. The operational status for some facilities has been inaccurate for years. For example, one facility in Indian country, located within the exterior boundaries of Colorado, has been a minor facility for over 15 years but was still being displayed as an operating major facility in ECHO.

While we used ECHO to gather the data for our review, AFS was the database system in use from FYs 2010–2014, which comprised a majority of our FYs 2010–2015 review timeframe. Therefore, any data available through the ECHO website prior to October 2014 was initially entered into AFS. The ECHO website was and continues to be the mechanism used to present data to the public.

Full Compliance Evaluations Are Not Accurately Reported in AFS

At least one FCE conducted at 40 of the 65 facilities reviewed was not reported based on data entered into AFS and available on the ECHO website. Some of the FCEs occurred in 2010 and should have been presented on ECHO. Table 3 summarizes the results of our review by location. Appendix A contains facility-level results.

Table 3: Facilities with incorrect source classifications, operational status or missing FCEs that were entered into AFS and available on ECHO

States/Indian country	Number of facilities in sample	Number of facilities with incorrect source classifications, operational status or missing FCEs displayed in ECHO				Percentage of facilities with incorrect information
		Minor facilities incorrectly displayed as major	Closed (inactive) facilities incorrectly displayed as operating	Facilities with missing FCEs conducted during FYs 2010–15	Totals	
California	29	5	2	22	29	100%
Texas	23	4	0	13	17	74%
Indian country ²	13	3	3 ³	5	11	85%
Totals	65	12¹	5¹	40	57	88%

Source: OIG analysis of AFS and ICIS-Air data (via ECHO) for 65 facilities in three regions.

¹ Minor facilities and closed facilities add up to 17 in Table 3, but are noted as 10 in Tables 4 and 5 because seven facilities became minor during our timeframe. Table 3 characterizes these seven facilities as major operating facilities because they were operating as majors for part of our review period and FCEs were conducted while the facility was a major.

² EPA Region 8 conducted FCEs at CAA facilities on Indian reservations located within the exterior boundaries of the state of Colorado.

³ One of these facilities was never constructed, and one was not a facility but a placeholder for a list of engines inputted into AFS.

The EPA works with state, local and tribal agencies with CAA authority to ensure the adequate implementation of compliance and enforcement programs. To aid in this, the agency has identified MDRs to ensure that complete and accurate information is provided to manage the national air stationary source compliance monitoring and enforcement program. According to MDRs, all FCEs should be reported in ICIS-Air.

OECA staff stated that if FCEs do not appear in ECHO, the data were never entered or the data were entered incorrectly into AFS (i.e., the database used during the majority of our timeframe). The EPA transitioned from the AFS database to the ICIS-Air system in October 2014. EPA staff stated that some state and local agencies had not completed the change as of April 2015. An OECA manager stated that this might result in FCEs conducted after October 2014 not making it into the database. However, many of the inaccuracies we found occurred before October 2014; therefore, the inaccuracies should have been accounted for in the transition to ICIS-Air. In fact, Region 8, the TCEQ, and one

California local air district corrected some of the inaccuracies we found after learning of them during our review.

EPA Lacks Oversight to Ensure Better Data Accuracy

The EPA uses the SRF as a tool to conduct oversight of state and local compliance and enforcement programs. The SRF includes in-depth evaluations of CMS implementation. The agency conducts SRF reviews so that each state receives a review every 5 years. During the SRF process, EPA regions review compliance files from selected facilities (including compliance monitoring reports), and compare the reports to data in EPA databases for a specific fiscal year. According to a Region 9 enforcement manager, Region 9 conducts reviews of state compliance files during the SRF and other instances, such as prior to EPA compliance activities, initiating EPA enforcement actions, and following up on citizen complaints.

According to OECA, for the AFS system, the SRF process also included an annual verification process that required states to review their data to ensure accurate information. An OECA manager said they are developing a replacement data verification process for ICIS-Air. The OECA manager also stated that they would continue to make necessary data corrections due to the AFS to ICIS-Air migration.

In between SRFs, Region 9 reviews compliance monitoring files when issues arise at specific facilities. Region 6 also gathers information and discusses CMS compliance and data issues with Texas on a regular basis. However, Regions 6, 8 and 9 only conduct scheduled reviews of state compliance monitoring files during the SRF process. Further, when California is due for an SRF, Region 9 reviews one to two of the 35 local air districts across the state. At this rate, it would take the EPA decades to review all of the local air districts in California one time. However, according to OECA, the vast majority of the state population and federally regulated facilities are concentrated in a few local air districts, which is where Region 9 focuses their SRF reviews, along with any other air districts with known or potential monitoring, enforcement or environmental concerns.

Risks of limited data oversight

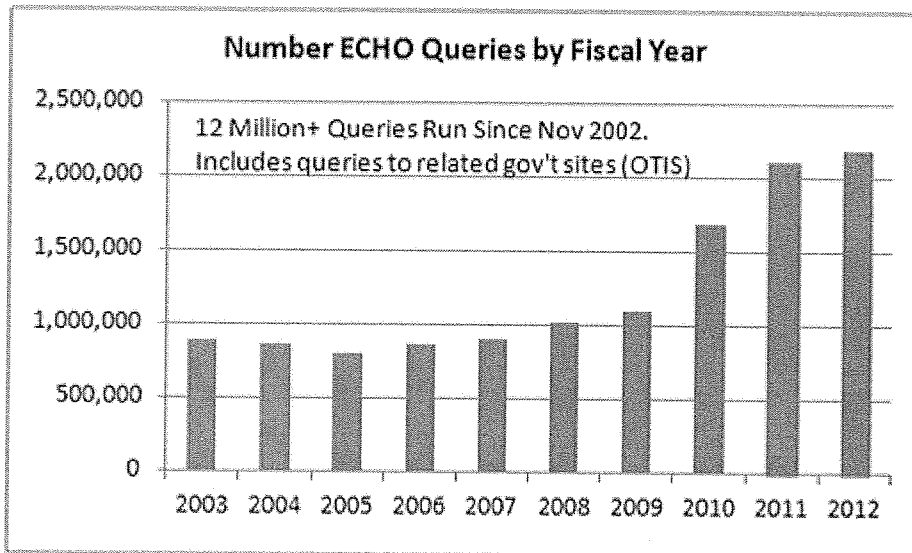
Limited checks on data accuracy increase the risk of data errors in ICIS-Air and ECHO.

In addition, according to Regions 6, 8 and 9, regional staff prepare mid-year and end-of-year reports from ICIS-Air to determine the number of FCEs completed by states, local agencies and tribes. These regions then compare those numbers to the FCE commitments in the Annual Commitment System for each state, local agency and tribe. However, the focus of the region's review is on the number of FCEs conducted and not on whether a facility has received an FCE according to its CMS or other timeframes.

Inaccurate Data Hinder Oversight and Public Awareness

The EPA needs accurate data to conduct state, local agency, and tribal oversight. Accurate data can help the agency track actions and identify serious problems in state, local agency, and tribal programs. Further, ECHO allows the public to monitor environmental compliance in their communities, companies to assess compliance across facilities, and investors to consider environmental performance in their decisions. Figure 2 shows that 12 million ECHO queries occurred between 2003 and 2012. Inaccurate data hinder these activities by misinforming the public about the status of facilities and the level of conducted oversight. Many of the data issues we encountered during our assignment could be resolved by having more frequent reviews of facility-specific data that identify facilities overdue for FCEs, and by trying to determine whether an FCE is actually overdue or the data in the system is incorrect.

Figure 2: Number of ECHO queries from 2003–2012



Source: [ECHO Web Site Modernization website](#), December 17, 2013.

Conclusion

For the 65 facilities reviewed, information was inaccurate or incomplete for 88 percent of the facilities, with respect to source classification, operational status and FCE data. The results of our review call into question the accuracy of information entered into AFS and ICIS-Air, and that is presented on the ECHO website for facilities that do not show a recorded FCE within the past 5 years. Further, limited regional data quality oversight increases the risk of data errors in ICIS-Air. The EPA has recently developed a set of national standard reports in ICIS-Air, which may help assure more accurate data in the system. Accurate data are needed so that the EPA can rely on ICIS-Air for oversight and decision-making, and the public can rely on the information presented in ECHO.

Recommendations

We recommend that the Assistant Administrator for Enforcement and Compliance Assurance:

1. Establish a process to conduct regular data quality checks to verify the proper recording of FCEs, source classifications and operational status of CAA major operating facilities in ICIS-Air.

We recommend that the Regional Administrators, Regions 6, 8 and 9:

2. Ensure that the ICIS-Air database is updated to reflect the correct source classification, operational status and FCEs for facilities within the assignment's scope, including facilities initially identified as CAA major operating facilities.

Agency Comments and OIG Evaluation

On March 21, 2016, the Assistant Administrator for Enforcement and Compliance Assurance, with concurrence from Regions 6, 8 and 9, provided a response to our draft report. OECA agreed with Recommendations 1 and 2, and provided acceptable planned corrective actions and completion dates for both recommendations. We consider Recommendations 1 and 2 to be resolved and open pending completion of the corrective actions.

The agency also provided technical comments in an attachment to its response to the draft report. We made revisions to the report to address the agency's technical comments where appropriate. Appendix B contains the agency's complete response to our draft report.

Chapter 3

Full Compliance Evaluations Are Generally Conducted, but Other Issues Hinder EPA Oversight

While FCEs are generally conducted by California local air districts, the TCEQ and Region 8, the management controls of Region 9 could be improved to provide reasonable assurance that compliance activities are being completed in accordance with CMS plans. For example:

- In California, one local air district could not locate compliance monitoring reports for FCEs at six facilities, despite having a records retention policy that would have required the district to keep the records for 7 years, or until 2018 (per the earliest missing report date) or later depending on the report date.
- Eighty-nine percent of local air districts in California had outdated CMS plans. Of the five California local air districts reviewed, four had CMS plans that expired in 2011.

As a result, the EPA has less assurance that local air districts in California have conducted adequate compliance activities, which increases the risk of undetected excess emissions that could impact human health and the environment.

California and Texas Generally Conducted FCEs According to CMS Frequencies

California local agencies and the TCEQ generally conducted FCEs for the facilities in our sample according to the frequencies outlined in the facilities' respective CMS plans.⁶ In California, the CMS plans for the local air districts we reviewed required FCEs every 2 years for Title V major facilities. In Texas, on-site FCEs were required every 2, 3 or 5 years for Title V major facilities, depending on the location and complexity of the facility.

Of our original sample of 52 facilities in California and Texas, we verified that 48 were still major operating facilities that required FCEs during our timeframe. Of these, FCEs were conducted, per CMS frequencies, for 40 or 83 percent of the facilities. Table 4 shows the major facility evaluation status in ECHO for California and Texas. Appendix A contains facility-level status.

⁶ California local air districts generally followed frequencies outlined in prior or draft CMS plans when current or approved CMS plans did not exist.

Table 4: Major facility evaluation status in ECHO for sampled facilities in California and Texas

State	Verified major operating facilities in sample	Number of facilities with required FCEs conducted	Number of facilities with required FCEs <i>not</i> conducted	Number of facilities in which we cannot determine if FCEs were conducted
California	26	20	4	2 ²
Texas	22	20	2	0
Totals	48¹	40	6	2

Source: OIG analysis of ECHO data for 52 facilities in two EPA regions.

¹ We determined that four out of the 52 California and Texas facilities in ECHO were minor or closed (inactive) facilities by obtaining documentation from the delegated agency or region.

² The local air district provided screenshots of a facility's logged compliance monitoring report dates from an internal database system, but could not provide corresponding reports.

Periodic evaluations are critical to ensure that facilities comply with CAA regulations. Without evaluations, the risk increases that facilities may emit excess emissions that could impact human health and the environment. We identified one facility in Texas that was in need of an FCE according to its CMS timeframes.⁷

Region 8 Generally Conducted FCEs on Indian Reservations Located Within the Exterior Boundaries of the State of Colorado

Table 5 illustrates the major facility evaluation status in ECHO for Region 8 facilities located in Indian country. According to a Region 8 manager, the region conducted FCEs every 3 years for facilities located on Indian reservations within the exterior boundaries of the state of Colorado. Region 8 staff also stated that two FCEs at two facilities in the sample were overlooked due to staff turnover. Of the seven facilities, FCEs were conducted, per CMS frequencies, for five of the facilities, or 71 percent.

Table 5: Major facility evaluation status in ECHO for sampled facilities in Indian country¹

Verified major operating facilities in sample	Number of facilities with required FCEs conducted	Number of facilities with required FCEs <i>not</i> conducted	Number of facilities in which we cannot determine if FCEs were conducted
7 ²	5	2	0

Source: OIG analysis of ECHO data for 13 facilities in Region 8.

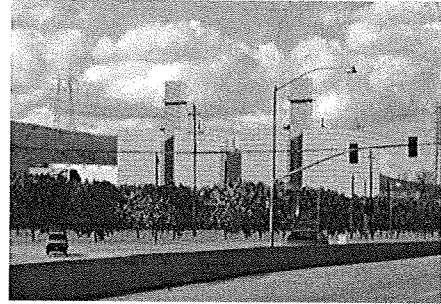
¹ EPA Region 8 conducted FCEs at CAA facilities on Indian reservations located within the exterior boundaries of the state of Colorado.

² We determined that six out of the 13 Indian country facilities in ECHO were minor or closed (inactive) facilities by obtaining documentation from Region 8.

⁷ Subsequent to the issuance of the draft report, the California local air district that oversees the Valero-Benicia Asphalt Plant provided us with a 2015 inspection report demonstrating that an inspection had been completed. As a result, we removed draft report Recommendation 6 from the final report. Draft report Recommendation 7 is now Recommendation 6 in the final report.

One California Local Air District Lacked Compliance Monitoring Reports for 11 FCEs

One California local air district could not provide us with 11 compliance monitoring reports for six different facilities. The district has a 7-year retention policy for compliance monitoring records and Title V reports. Therefore, the district should have retained the missing records until 2018 or later, depending on the report date.



CAA facility in California. (Photo courtesy of the city of San Jose, California)

EPA policy allows compliance records to be destroyed 5 years after file closure, and the compliance authority (i.e., the delegated agency) is responsible for maintaining the copy. If recordkeeping requirements (i.e., what records to keep and how long to keep them) are not covered in EPA regulations, they should be established in a memorandum of understanding with the delegated agency. The EPA's 2014 CMS states that delegated agencies and EPA regions should maintain records of their compliance monitoring activities, but the guidance does not provide specific instructions on how long to keep the records.

Compliance monitoring records help when planning for program needs, and provide evidence of agency activities and oversight. Records need to be accessible, especially in cases of accidents or other incidents in which timely facility information is critical. Thus, the EPA needs to ensure that state and local agencies are adhering to their respective records retention policies.

Most California Local Air Districts Have Outdated CMS Plans

EPA Region 9 oversees 35 local air districts in California. Thirty-one local air districts did not have current or approved CMS plans as of September 2015. Four of the five local air districts we reviewed had CMS plans that expired in 2011. While the agency's CMS guidance requires state, local and tribal agencies to submit a CMS plan biennially for discussion and approval by EPA regions, local air districts have approval from Region 9 to submit CMS plans every 6 years, with facility list updates requested on a regular basis.

According to staff from three local air districts, Region 9's communication with California local air districts has been minimal with respect to CMS plans. One local air district submitted a new plan in September 2014, but did not have any communication from Region 9 about the status of its draft CMS plan until October 2015. Another local air district does not automatically submit a new CMS plan when its plan expires, although the local air district committed to doing so. Rather, the local air district waits for Region 9 to request a CMS plan. In

contrast, a TCEQ manager told us that they automatically submit new CMS plans when they are due every 2 years.

A Region 9 manager said they have not approved draft CMS plans because the region has been awaiting OECA guidance concerning high-priority violations and Federally Reportable Violations, and how to incorporate the guidance into CMS templates the region developed for distribution to local air districts. In May 2015, the EPA issued draft guidance on these issues. According to OECA and Region 9 managers, the updated CMS template has been sent to all local air districts. In the interim, the EPA could have extended the expired CMS plans in 2011 for these local air districts.

Importance of CMS Plans
CMS plans ensure that regulated facilities across the country are evaluated for compliance on a regular basis.

CMS plans ensure that regulated facilities across the country are evaluated for compliance on a regular basis. Without active CMS plans, Region 9 has less assurance that local air districts are conducting adequate compliance activities.

Conclusion

While most of the facilities in our sample conducted FCEs according to CMS frequencies, we found that Region 9 could strengthen its oversight and implementation of the CMS by ensuring the proper retention of compliance monitoring records and by ensuring that local air districts are operating under approved plans. Addressing these issues will help provide the EPA with reasonable assurance that California local air districts are conducting compliance activities in accordance with the EPA's CMS. We did not find these issues in Regions 6 and 8.

Recommendations

We recommend that the Assistant Administrator for Enforcement and Compliance Assurance:

3. Update the EPA's CMS to specify the length of time that states and local air districts should retain evaluation records.

We recommend that the Regional Administrator, Region 9:

4. Direct California's local air districts that do not have a current CMS plan to submit draft plans to Region 9 by a specific date. Provide guidance to California's local air districts as to how and when to submit new draft CMS plans in the future.
5. Develop and implement a schedule for the review and approval of draft CMS plans.

We recommend that the Regional Administrator, Region 6:

6. Consult with TCEQ managers who have oversight responsibilities for facilities that are within the assignment's scope and overdue for an FCE. Determine whether an FCE should be scheduled based on current EPA and state priorities, available resources, and potential risks associated with not evaluating the facility's compliance.

Agency Comments and OIG Evaluation

On March 21, 2016, the Assistant Administrator for Enforcement and Compliance Assurance, with concurrence from Regions 6, 8 and 9, provided a response to our draft report. OECA and Regions 6 and 9 agreed with Recommendations 3, 4, 5 and 6, and provided acceptable planned corrective actions and completion dates for these recommendations.

Subsequent to the issuance of the draft report, the California local air district that oversees the Valero-Benicia Asphalt Plant provided us with a 2015 inspection report demonstrating that an inspection had been completed. As a result, we removed draft report Recommendation 6 from the final report. Draft report Recommendation 7 is now Recommendation 6 in the final report. We consider Recommendations 3, 4, 5 and 6 to be resolved and open pending completion of the corrective actions.

The EPA also provided technical comments in an attachment to its response to the draft report. We made revisions to the report to address the agency's technical comments where appropriate. Appendix B contains the agency's complete response to our draft report.

Status of Recommendations and Potential Monetary Benefits

RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status ¹	Action Official	Planned Completion Date	Claimed Amount	Agreed-To Amount
1	13	Establish a process to conduct regular data quality checks to verify the proper recording of FCEs, source classifications and operational status of CAA major operating facilities in ICIS-Air.	O	Assistant Administrator for Enforcement and Compliance Assurance	7/1/16		
2	13	Ensure that the ICIS-Air database is updated to reflect the correct source classification, operational status and FCEs for facilities within the assignment's scope, including facilities initially identified as CAA major operating facilities.	O	Regional Administrators, Regions 6, 8 and 9	10/1/16		
3	17	Update the EPA's CMS to specify the length of time that states and local air districts should retain evaluation records.	O	Assistant Administrator for Enforcement and Compliance Assurance	10/1/16		
4	17	Direct California's local air districts that do not have a current CMS plan to submit draft plans to Region 9 by a specific date. Provide guidance to California's local air districts as to how and when to submit new draft CMS plans in the future.	O	Regional Administrator, Region 9	10/1/16		
5	17	Develop and implement a schedule for the review and approval of draft CMS plans.	O	Regional Administrator, Region 9	10/31/16		
6	18	Consult with TCEQ managers who have oversight responsibilities for facilities that are within the assignment's scope and overdue for an FCE. Determine whether an FCE should be scheduled based on current EPA and state priorities, available resources, and potential risks associated with not evaluating the facility's compliance.	O	Regional Administrator, Region 6	9/30/16		

¹ O = Recommendation is open with agreed-to corrective actions pending.
 C = Recommendation is closed with all agreed-to actions completed.
 U = Recommendation is unresolved with resolution efforts in progress.

Facilities Reviewed and Results

Facility name	Entity with CAA authority ¹	Facility source classification/ operational status correct in ECHO? ²	FCE history correct in ECHO? ²	FCE conducted within CMS or other guideline? ²
AERA Energy LLC	SC AQMD (CA)	No ³	N/A ⁴	N/A ⁴
Blue Lake Power	NCU AQMD (CA)	Yes	No	Yes
Calpine Gilroy Cogen Limited Partnership	BA AQMD (CA)	Yes	No	Yes
Metcalf Energy Center	BA AQMD (CA)	Yes	No	Yes
City of Palo Alto Landfill	BA AQMD (CA)	Yes	No	Yes
City of Santa Clara	BA AQMD (CA)	No	N/A ⁹	Yes
Cottage Bakery	SJVU APCD (CA)	Yes	No	Yes
CR Briggs Goldmine	GB APCD (CA)	Yes	No	Yes
Custom Marble & Onyx	SJVU APCD (CA)	Yes	No	Yes
Silicon Valley Power Von Raesfeld Power	BA AQMD (CA)	Yes	No	Yes
Frazier Nut Farms, Inc.	SJVU APCD (CA)	No	N/A ⁴	N/A ⁴
Gas Recovery Systems, Inc.	BA AQMD (CA)	No	N/A ⁹	No
Graphics Packaging International Inc. (formerly Container Corp. of America)	BA AQMD (CA)	Yes	No	Yes
Kirby Canyon Landfill	BA AQMD (CA)	Yes	No	Yes
Los Medanos Energy Center	BA AQMD (CA)	Yes	No	Yes
Napa Vallejo Waste Management	BA AQMD (CA)	No	N/A ⁹	Yes
Patina Visuals Incorporated	SC AQMD (CA)	No ³	N/A ⁴	N/A ⁴
NRG Delta (formerly PG&E Gateway and Mirant Delta)	BA AQMD (CA)	No	N/A ⁹	Yes
Potrero Hills Landfill	BA AQMD (CA)	Yes	No	Cannot determine ⁷
Redwood Landfill	BA AQMD (CA)	Yes	No	No ⁷
Santa Fe Pacific Pipeline Limited Partnership	BA AQMD (CA)	Yes	No	Yes
Republic Services Sonoma County Central Disposal	BA AQMD (CA)	Yes	No	No ⁷
South Kern Industrial Center LLC	SJVU APCD (CA)	Yes	No	Yes
ST Shore Terminal	BA AQMD (CA)	Yes	No	Yes
Stuart-David Inc.	SJVU APCD (CA)	Yes	No	Yes
Valero-Benicia Asphalt Plant (formerly Huntway Refining Co.)	BA AQMD (CA)	Yes	No	No ⁷
Vasco Road Sanitary Landfill	BA AQMD (CA)	Yes	No	Cannot determine ⁷
Waste Management Altamont Landfill	BA AQMD (CA)	Yes	No	Yes

Facility name	Entity with CAA authority ¹	Facility source classification /operational status correct in ECHO? ²	FCE history correct in ECHO? ²	FCE conducted within CMS or other guideline? ²
Western Fiberglass, Inc.	BA AQMD (CA)	Yes	No	Yes
Amoco Production Co. Tiffany Compressor (formerly Amoco Production-Henrickson Unit B#1)	EPA Region 8	No ³	N/A ⁴	N/A ⁴
BP Treating Site #7	EPA Region 8	Yes	No	Yes
BP America Production Co. (Misc. Engines)	EPA Region 8	No ³	N/A ⁴	N/A ⁴
Conoco Phillips-Argenta	EPA Region 8	No	N/A	N/A ⁴
BP-Florida River (formerly El Paso Natural Gas Co. Florida River CS)	EPA Region 8	Yes	No	Yes
Northwest Pipeline Corporation – LaPlata B	EPA Region 8	Yes	Yes ⁵	No
Red Cedar – Ponderosa	EPA Region 8	Yes	Yes ⁴	Yes
Red Cedar Gathering – Diamondback CS (formerly Red Cedar Gathering – Sidewinder CS)	EPA Region 8	Yes	No ³	Yes
Red Willow – Coyote Gulch Compressor Station	EPA Region 8	No ³	N/A ⁴	N/A ⁴
Samson-South Ignacio CDP (formerly SG Interests 1 Ltd. – South Ignacio CDP)	EPA Region 8	Yes	No	Yes
Vastar-Ignacio	EPA Region 8	No	N/A ⁴	N/A ⁴
Williams Field Services Co-Red Cedar (formerly Buena Suerta)	EPA Region 8	No ³	N/A ⁴	N/A ⁴
Williams Field PLA 9 STA	EPA Region 8	Yes	No	No
Acme Brick Company San Felipe Plant	TCEQ	Yes	No	Yes
AES Deepwater Cogeneration Plant	TCEQ	Yes	No	Yes
Armortex	TCEQ	No	N/A ⁹	Yes
Aspen Power Electrical Lufkin Generating	TCEQ	Yes	Yes	Yes
West Beaumont Gas Plant	TCEQ	Yes	No	Yes
Panda Sherman Power LLC	TCEQ	Yes	Yes	Yes
Calumet San Antonio Refining LLC	TCEQ	Yes	Yes	Yes
Chem Pruf Door Company LTD	TCEQ	Yes	No	Yes
Cleburne Compressor Station	TCEQ	Yes	No	Yes
Forged Products	TCEQ	Yes	No	Yes
Gardner Glass Products	TCEQ	Yes	Yes ⁶	Yes
Mount Belvieu Fractionator	TCEQ	Yes	Yes	Yes
La Porte Methanol	TCEQ	Yes	No	Yes
Lide Industries Mexia	TCEQ	No	N/A ⁴	N/A ⁴

Facility name	Entity with CAA authority ¹	Facility source classification /operational status correct in ECHO? ²	FCE history correct in ECHO? ²	FCE conducted within CMS or other guideline? ²
Linde Gas La Porte Syngas Plant	TCEQ	Yes	No	Yes
ME OConnor	TCEQ	Yes	No	Yes
Mendota Compressor Station	TCEQ	No	N/A ⁹	Yes
Port Arthur Natural Gas Plant	TCEQ	Yes	No	Yes
Enterprise Pasadena Plant	TCEQ	Yes	No	Yes
Rawhide Gas Plant	TCEQ	Yes	Yes	No ⁸
Bayport Facility	TCEQ	Yes	No	Yes
Troy Plant	TCEQ	Yes	No	Yes
Viboras Compressor Station	TCEQ	No	N/A ⁹	No

¹ The five local air districts with CAA authority over the facilities in California included South Coast Air Quality Management District (SC AQMD), North Coast Unified Air Quality Management District (NCU AQMD), Bay Area Air Quality Management District (BA AQMD), San Joaquin Valley Unified Air Pollution Control District (SJVU APCD) and Great Basin Air Pollution Control District (GB APCD). EPA Region 8 had CAA authority over the facilities in Indian country. Texas Commission on Environmental Quality (TCEQ) had CAA authority over facilities in Texas.

² ECHO was used in this report for analytical purposes. ECHO extracts data from multiple sources. In this instance, the database of record used to extract data was the Air Facility System (AFS) or ICIS-Air, which replaced AFS in October 2014.

³ This has since been corrected.

⁴ FCEs were not required for this facility since it is a minor or closed facility.

⁵ This facility has a new ECHO record and the FCE history for this new record is correct.

⁶ TCEQ designated their FCEs as a series of partial compliance evaluations; therefore, FCEs are listed in ECHO as PCEs.

⁷ The local air district provided screenshots of a facility's logged compliance monitoring report dates from an internal database system, but could not provide the corresponding reports.

⁸ These facilities have not had FCEs conducted according to CMS timeframes. The OIG recommends that the appropriate region consult with the state or local agency to determine whether an FCE should be scheduled.

⁹ These facilities became minor sources or were closed during our timeframe; therefore, source classifications or operating status were incorrect. The facilities may have had FCEs during our review timeframe, but we did not double count these facilities in Table 3. If the facilities had an incorrect source classification or operating status, we did not include whether the conducted FCEs were in ECHO.

Agency Comments on Draft Report

March 21, 2016

MEMORANDUM

SUBJECT: EPA Comments on Draft Report: *Clean Air Act Facility Evaluations Are Conducted, but Inaccurate Data Hinder EPA Oversight and Public Awareness*. Project No. OPE-FY15-0015, February 19, 2016.

FROM: Cynthia Giles /s/

TO: Carolyn Copper, Assistant Inspector General
Office of the Inspector General

We appreciate the opportunity to provide you with comments on the draft report *Clean Air Act Facility Evaluations are Conducted, but Inaccurate Data Hinder EPA Oversight and Public Awareness*. This response is a consolidated Agency response incorporating comments and concurrence from Regions 6, 8, and 9.

EPA agrees that periodic evaluations of regulated facilities are essential to ensure industry compliance with Clean Air Act (CAA) environmental requirements. EPA appreciates and agrees with the Office of Inspector General (OIG) finding that CAA evaluations are generally being conducted and completed in accordance with the EPA CAA Compliance Monitoring Strategy (CMS). We also agree that it is important for the Agency and the public to have access to accurate compliance monitoring data to conduct general oversight of compliance monitoring programs and to monitor facility-specific performance within local communities. EPA agrees with the report recommendations. We continue to work closely with the regional offices on CAA compliance topics, and those regions have agreed to undertake the corrective actions outlined in your report.

As the OIG report points out, the data inaccuracies that were identified for some of facilities reviewed by the OIG were a result of data reporting errors entered into the former national CAA database, AFS. EPA acknowledges these errors and agrees with the OIG that the information (full compliance evaluations (FCEs), source classification, and operational status) for the subset of facilities with errors was either not reported or incorrectly reported. However, to provide context to this finding, we think that it would be beneficial for the OIG report to provide a complete description and assessment of both the past reporting problems with AFS and the advances realized with the new national compliance and enforcement database, ICIS-Air. To that end, we request that the report be expanded to acknowledge that AFS was an old, obsolete database which was cumbersome and difficult to use, and required special training and dedicated staff. We also think that it would be appropriate to note that for many years, state and local agencies have consistently requested a new, modernized CAA reporting system, and maintained

that reporting would improve with a modernized system. In addition, it would be useful to note that the Agency did respond to the requests for a new system with the launch of the ICIS-Air database in 2014, and delegated agencies are now able to report into a system that is significantly easier to access and navigate saving time and resources. Reporting has improved, and EPA is confident that the ability of state and local agencies to report into a modern and efficient database will continue to improve and result in more complete, accurate, and timely data. It also will enhance public access and allow improved data for overall program management and transparency.

While we recognize the data inaccuracies in the former CAA database, AFS, and are completing the needed corrections to address the identified errors, we disagree with the OIG conclusion that EPA lacks oversight to ensure data accuracy. In addition to the improved data quality resulting from the transition to ICIS-Air, we have multiple tools available to analyze the data and we continue to discuss data quality issues routinely with our state and local partners.

We appreciate that the OIG identified the State Review Framework (SRF) as a tool to conduct oversight of state and local agencies and agree that the SRF includes in-depth evaluations of CMS implementation. However, we believe it is important to recognize and state within the OIG report that the SRF is only one of many tools which are used by EPA for analyzing facility-specific data and the effectiveness of compliance and enforcement programs. Such tools are used more frequently than the SRF and therefore provide a more continuous dialogue and fuller assessment of state and local compliance monitoring and data programs.

The Regions engage in regular communications with their agencies to review facility-specific data and discuss data quality issues during regularly scheduled calls and meetings. In addition, ICIS-Air now provides the Regions with national standard CMS reports for conducting enhanced data quality analyses. These reports provide access to detailed facility-specific information such as source classification, operating status, the last FCE reported, and the CMS status which indicates whether a facility included in a CMS plan is overdue for an FCE. We believe such tools and regional efforts should be reflected in the OIG report.

We agree with the OIG that CMS plans help ensure that regulated facilities are evaluated on a regular and consistent basis. The OIG correctly identified several California local air districts as having outdated CMS plans as of September 2015, and we agree that they should be updated and maintained per the CAA CMS. However, we think it is important for the OIG in the report to acknowledge the unique Region 9 challenges with thirty-five local air districts, and fully describe the ongoing Region 9 efforts to manage all these districts, and maintain and update their CMS plans pursuant to the CMS.

Prior to the OIG beginning this review in April 2015, the recently formed Region 9 Enforcement Division began taking steps to increase oversight of their local air districts, including the development of a CMS plan template to be used by the districts. By the conclusion of the OIG review in February 2016, Region 9 already had received updated plans from several local air districts and anticipated receiving the remaining CMS plans shortly.

With respect to the Region 9 program, we disagree with the OIG conclusion that EPA does not have assurance that the local air districts in California have implemented adequate compliance programs. We believe this conclusion is inconsistent with the OIG finding that the California local air districts generally conducted FCEs for the facilities within the assignment's scope according to the evaluation frequencies outlined in their CMS plans, even when such plans were outdated. Confirmation of continued adherence with the CMS frequencies is documented in the SRF reviews of local air districts. Additional assurance that the districts are implementing adequate compliance monitoring programs is provided via the ongoing communications between Region 9 and their local districts. Currently, all local air districts implement compliance monitoring programs following the minimum evaluation frequencies for Title V and SM80 sources.

For your consideration, attached are Technical Comments that highlight the above comments and supplement this overall response.

EPA agrees that implementation of the OIG recommendations included in the table below would be beneficial, and provides Corrective Actions and estimated timeframes for completing each Corrective Action.

AGENCY RESPONSE TO REPORT RECOMMENDATIONS

Agreements

No.	Recommendation	High-Level Intended Corrective Actions	Estimated Completion by Quarter and FY (Calendar date)
1.	<i>Establish a process to conduct regular data quality checks to verify the proper recording of FCEs, source classifications and operational status of CAA major operating facilities in ICIS-Air.</i>	<p>OECA will issue a memorandum to the Regions regarding the availability of the ICIS-Air national standard reports and direct the regional ICIS-Air managers to have periodic calls with state/local agencies to review the data.</p> <p>OECA will re-establish periodic calls with the regional ICIS-Air managers to discuss issues related to compliance monitoring data reporting.</p>	4th Quarter of FY2016, July 1, 2016
2.	<i>Ensure that the ICIS-Air database is updated to reflect the correct source classification, operational status and FCEs for facilities within the assignment's</i>	Most of the identified data inaccuracies have already been corrected. As the responsible data stewards, Regions 6, 8, and	1st Quarter of FY2017, October 1, 2016

	<i>scope, including facilities initially identified as CAA major operating facilities. [Please note: This recommendation should be directed to Regions 6, 8, and 9 as they are responsible for completing the Corrective Action.]</i>	9 will address the remaining inaccuracies.	
3.	<i>Update the EPA's Compliance Monitoring Strategy to specify the length of time that states and local air districts should retain evaluation records.</i>	OECA will revise the Compliance Monitoring Strategy.	1 st Quarter of FY2017, October 1, 2016.
4.	<i>Direct California's local air districts that do not have a current CMS plan to submit draft plans to Region 9 by a specific date. Provide guidance to California's local air districts as to how and when to submit new draft CMS plans in the future.</i>	a. Region 9 is engaged in ongoing efforts to have all California local air districts submit draft updated CMS plans for Regional review and approval. Region 9 will direct all air districts that have not yet submitted a draft CMS plan to do so by October 1, 2016. b. Region 9 will provide guidance to the California local air districts as to how and when to submit new draft CMS plans in the future.	a. 1st Quarter of FY2017, October 1, 2016. b. 1st Quarter of FY2017, October 1, 2016.
5.	<i>Develop and implement a schedule for the review and approval of draft CMS plans.</i>	Upon receipt of a complete submission of a draft CMS plan, Region 9 commits to review and approve such plans within 30 days of receipt.	1st Quarter of FY2017, October 31, 2016.
6.	<i>Consult with California local air district managers who have oversight responsibilities for facilities that are within the assignment's scope and overdue for an FCE. Determine whether an FCE should be scheduled based on current EPA and state/local air district priorities, available resources, and potential risks associated with not evaluating the facility's compliance.</i>	Region 9 is currently engaged in consultations with the affected local air district managers as to whether the facilities within the assignment's scope and which have a CMS status of overdue should be scheduled for an FCE. Region 9 will make such determinations by March 30, 2016.	2nd Quarter of FY2016, March 30, 2016.

OIG Comment: Subsequent to the issuance of the draft report, the California local air district that oversees the Valero-Benicia Asphalt Plant provided us with a 2015 inspection report demonstrating that an inspection had been completed. As a result, we removed the draft report's Recommendation 6 from the final report. The draft report's Recommendation 7 is now Recommendation 6 in the final report.

7.	<p><i>Consult with TCEQ managers who have oversight responsibilities for facilities that are within the assignment's scope and overdue for an FCE. Determine whether an FCE should be scheduled based on current EPA and state priorities, available resources, and potential risks associated with not evaluating the facility's compliance.</i></p>	<p>a. Region 6 has consulted with TCEQ managers on the two facilities displayed in ECHO as being overdue for an FCE. An FY2016 off-site FCE is scheduled for one facility. For the second facility, the corrective action needed was data revision and has been completed. Region 6 will continue to discuss the State's progress towards meeting the negotiated CMS plan during monthly teleconferences as well as during quarterly management meetings.</p> <p>Region 6 will coordinate with TCEQ on facility-specific matters and discuss the need for more frequent investigations, as necessary, than the negotiated frequency in the current approved Alternative CMS Plan.</p> <p>b. Region 6 believes the transition to ICIS-Air from the old, obsolete AFS will help improve data accuracy. Region 6 will continue to monitor data accuracy in ICIS-Air and coordinate with EPA HQ as needed to provide assistance and support to TCEQ during their development of an electronic data transmission process from the state database to ICIS-Air.</p>	<p>a. 2nd Quarter of FY2016, March 30, 2016.</p> <p>b. 4th Quarter of FY2016, September 30, 2016.</p>
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CONTACT INFORMATION

If you have any questions regarding this response, please contact Gwendolyn Spriggs, OECA Audit Liaison, at (202) 564-2439.

Attachment (Technical Comments)

cc:

Ron Curry, Regional Administrator, Region 6
Shaun McGrath, Regional Administrator, Region 8
Jared Blumenfeld, Regional Administrator, Region 9
Larry Starfield, OECA
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Audit Follow-Up Coordinator, Region 6
Audit Follow-Up Coordinator, Region 8
Audit Follow-Up Coordinator, Region 9