

United States
Environmental Protection
Agency

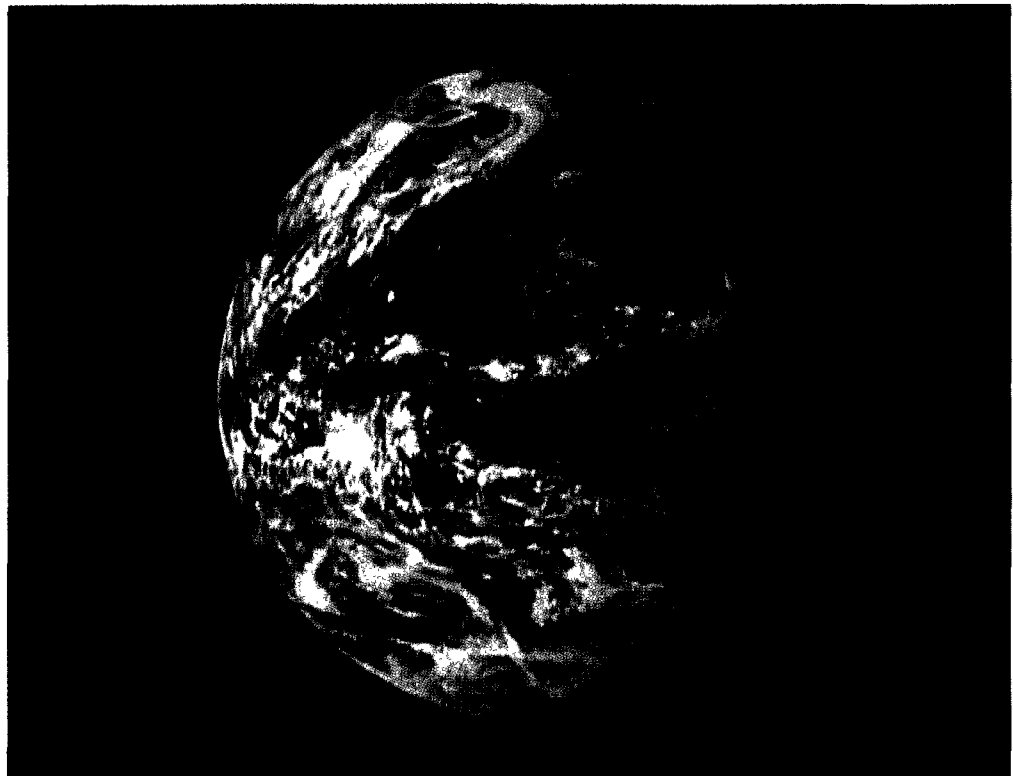
Office of
Inspector General (2441)
Washington DC 20460

EPA-350-K-02-001
May 2002



Office of Inspector General Semiannual Report to the Congress

October 1, 2001 through
March 31, 2002



Profile of Activities and Results

October 1, 2001 to March 31, 2002

OIG-Managed Reviews (Reviews Performed by EPA, Independent Public Accountants, and State Auditors)	Other Reviews (Reviews Performed by Another Federal Agency or Single Audit Act Auditors)
Questioned Costs *	Questioned Costs *
- Total \$3.0	- Total \$.6
- Federal \$2.7	- Federal \$.6
Recommended Efficiencies *	Recommended Efficiencies *
- Federal \$.03	- Federal \$0
Costs Disallowed to be Recovered	Costs Disallowed to be Recovered
- Federal \$5.6	- Federal \$.9
Costs Disallowed as Cost Efficiency	Costs Disallowed as Cost Efficiency
- Federal \$0	- Federal \$0
Reports Issued - OIG-Managed Reviews	Reports Issued - Other Reviews
- EPA Reviews Performed by OIG 24	- EPA Reviews Performed by Another Federal Agency 102
- EPA Reviews Performed by Independent Public Accountants 0	- Single Audit Act Reviews 76
- EPA Reviews Performed by State Auditors 0	Total 178
Total 24	Agency Recoveries - Recoveries from Audit Resolutions of Current and Prior Periods (cash collections or offsets to future payments) ** \$10.6
Reports Resolved (Agreement by Agency officials to take satisfactory corrective actions) *** 86	

Investigative Operations

Fines and Recoveries (including civil) ****	\$19 M
Investigations Opened	25
Investigations Closed	22
Indictments/Criminal Complaints of Persons or Firms	10
Convictions of Persons or Firms	13
Administrative Actions Against EPA Employees / Firms	5
Civil Filings/Settlements	2

- * Questioned Costs and Recommended Efficiencies subject to change pending further review in audit resolution process
- ** Information on recoveries from audit resolution is provided from EPA Financial Management Division and is unaudited
- *** Reports Resolved are subject to change pending further review.
- **** Total includes actions resulting from joint investigations

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It was further charged that ITS engaged in the conduct for the purpose of saving time and money that would otherwise be spent to properly maintain the testing equipment and to repeat tests.

On February 8, 2002, ITS was sentenced as a corporation to 3 years and 6 months probation and fined \$9 million. On March 25, 2002, ITS entered into a civil settlement agreement with the Department of Justice Civil Litigation Branch, Washington, DC, in which they agreed to pay \$8,741,000. The settlement agreement was reached in order to resolve certain civil claims the United States had on behalf of the Army Corps of Engineers, Department of Defense, and the EPA against ITS for tests the United States alleged were not done pursuant to contractual requirements since 1989.

This investigation was conducted jointly by the EPA OIG, the EPA Criminal Investigation Division, the Defense Criminal Investigative Service, the Army Criminal Investigation Command, and the Air Force Office of Special Investigations.

***Utility Vice
President Pleads
Guilty to Polluting
Sarasota Bay
Watershed***

On October 31, 2001, Eli Ray Bontrager, Vice President of South Bay Utilities, Inc. (SBU), Sarasota, Florida, pleaded guilty in U.S. District Court, Tampa, Florida, to count one of a criminal indictment, charging him with discharging pollutants without a permit, in violation of the Clean Water Act.

Shortly after SBU's wastewater treatment plant came on line in 1976, its drain fields became saturated and were not able to process the amount of effluent discharged. To relieve the pressure on the drain fields, SBU illegally installed underground bypass pipes without informing government regulators. After the installation, the pipes allowed effluent to flow through the storm water pipes directly into Dryman Bay, discharging about 1 ½ tons of nitrogen into Sarasota Bay annually.

In the plea agreement, Bontrager admitted that, as Vice President of Utilities for SBU, he was a "responsible corporate officer" over field activities for SBU's utilities, including the wastewater treatment plant, and knew that such a connection would require a National Pollutant Discharge Elimination System permit. Bontrager further admitted that he could have intervened to correct the situation affecting the drain fields, but opted not to act and became willfully blind to the ongoing situation.

This investigation was conducted jointly by the EPA OIG, the EPA Criminal Investigation Division, the Federal Bureau of Investigation, the Internal Revenue Service, the Florida Department of Law Enforcement, the Florida Department of Environmental Protection, and the Sarasota County Office of Pollution Control.
