Audit Follow-Up Process Needed for the U.S. Chemical Safety and Hazard Investigation Board

Report No. 13-P-0128

February 1, 2013
Report Contributors:  
Gloria Taylor-Upshaw  
Richard Eyermann  
Michael Davis  
Bettye Bell-Daniel  
Michael Binder

Abbreviations

CSB  U.S. Chemical Safety and Hazard Investigation Board  
EPA  U.S. Environmental Protection Agency  
FY  Fiscal Year  
GAO  U.S. Government Accountability Office  
IG  Inspector General  
MATS  Management Audit Tracking System  
OIG  Office of Inspector General  
OMB  Office of Management and Budget

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Why We Did This Review

We developed this report based on observations made while preparing the recommended fiscal year 2012 management challenges and internal control weaknesses for the U.S. Chemical Safety and Hazard Investigation Board (CSB). Our objective for the review was to assess the current CSB audit follow-up process. CSB is an independent federal agency authorized by the Clean Air Act Amendments of 1990. The Office of Inspector General (OIG) of the U.S. Environmental Protection Agency serves as the Inspector General for CSB. The OIG's Office of the Chief of Staff is responsible for reviewing CSB's performance in taking agreed-to corrective actions on OIG recommendations.

This report addresses the following CSB Goal:

- Preserve the public trust by maintaining and improving organizational excellence

Audit Follow-Up Process Needed for the U.S. Chemical Safety and Hazard Investigation Board

What We Found

CSB does not have a follow-up process to allow for prompt implementation of agreed-to OIG audit recommendations. CSB had unimplemented audit recommendations from an OIG fiscal year 2011 audit report for over a year past the agreed-to dates for implementation. Also, CSB’s tracking system did not assist in the prompt resolution and implementation of audit recommendations. By not having a follow-up process, controls over promoting efficiency and effectiveness within CSB’s operations are weakened.

Office of Management and Budget (OMB) Circular A-50, Audit Follow-up, states that “[a]gency heads are responsible for: (1) Designating a top management official to oversee audit follow-up, including resolution and corrective action and (2) Assuring that management officials throughout the agency understand the value of the audit process and are responsive to audit recommendations.” In addition, “the audit follow-up official has personal responsibility for ensuring that (1) systems of audit follow-up, resolution, and corrective action are documented and in place, (2) timely responses are made to all audit reports, (3) disagreements are resolved, (4) corrective actions are actually taken, and (5) semiannual reports required by paragraph 8.a. (6) below are sent to the head of the agency.”

OMB Circular A-123, Management’s Responsibility for Internal Control, Section 5, states “Agency managers are responsible for taking timely and effective action to correct deficiencies…. Management should track progress to ensure timely and effective results…. Management has a responsibility to complete action, in a timely manner, on audit recommendations on which agreement with the IG has been reached.”

Recommendation

We recommended that the CSB Chairperson develop and implement a follow-up system as required by OMB Circulars A-50 and A-123. CSB disagreed with our recommendation.
February 1, 2013

The Honorable Rafael Moure-Eraso, Ph.D.
Chairperson and Chief Executive Officer
U.S. Chemical Safety and Hazard Investigation Board
2175 K Street, NW, Suite 400
Washington, DC  20037-1809

Dear Dr. Moure-Eraso:

This is our report on the audit follow-up process needed for the U.S. Chemical Safety and Hazard Investigation Board (CSB), based on a review conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency. This report contains findings 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 CSB position on the subjects reported. CSB managers will make the final determination on matters in this report.

CSB disagreed with both of our draft report recommendations, one of which we removed. Resolution efforts are in progress on the remaining recommendation. Please provide a written response to this final report, including a proposed corrective action, within 60 calendar days of the report date. We request that CSB provide in its response support for how CSB complies with OMB Circular A-50. The response will be posted on the OIG’s public website, along with our memorandum commenting on the response. The 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 should not be released to the public; if the response contains such data, the data for redaction or removal should be identified. We have no objections to the further release of this report to the public. We will post this report on our website at http://www.epa.gov/oig.

If you or your staff have any questions regarding this report, please contact Melissa Heist, Assistant Inspector General for Audit, at (202) 566-0899 or heist.melissa@epa.gov; or Michael Davis, Product Line Director, at (513) 487-2363 or davis.michaeld@epa.gov.

Sincerely,

Arthur A. Elkins, Jr.
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**Purpose**

While preparing the recommended fiscal year (FY) 2012 management challenges and internal control weaknesses for the U.S. Chemical Safety and Hazard Investigation Board (CSB), we noted areas of concern with CSB’s follow-up process and status of unimplemented audit recommendations. Our objective for this review was to assess the current CSB audit follow-up process. We developed this report so that CSB can formally address our concerns.

**Background**

CSB is an independent federal agency authorized by the Clean Air Act Amendments of 1990. The Act directs CSB to (1) investigate and report on the cause or probable cause of any accidental chemical release resulting in a fatality, serious injury, or substantial property damage; (2) make safety recommendations to reduce the likelihood or consequences of accidental chemical releases and propose corrective measures; and (3) establish regulations for reporting accidental releases. CSB became operational in January 1998. CSB’s authorizing statute provides for five board members, including a chairperson, all appointed by the President of the United States, with the consent of the Senate. As of May 2012, the board had 3 appointed members and a professional staff of 38.

The Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA) assumed inspector general oversight responsibility for CSB in FY 2004. Previously, the Federal Emergency Management Agency and the U.S. Department of Homeland Security had the OIG oversight responsibility for CSB. The OIG’s Office of the Chief of Staff is responsible for reviewing CSB’s performance in taking agreed-to corrective actions on OIG recommendations based on requirements of the Inspector General Act, the Federal Managers’ Financial Integrity Act, and Office of Management and Budget (OMB) Circulars A-50 and A-123.

The OIG reported in an OIG FY 2011 audit report, *Chemical Safety and Hazard Investigation Board Did Not Take Effective Corrective Actions on Prior Audit Recommendations* (Report No. 11-P-0115, dated February 15, 2011), that CSB did not take timely corrective actions to address 34 audit recommendations from 3 OIGs and the U.S. Government Accountability Office (GAO). In four instances, it took CSB 4 years beyond the agreed-to corrective actions date (or report date) to implement corrective actions. CSB’s actions to address 13 recommendations were not completely effective and required additional corrective actions, and 7 recommendations were not yet completed. The FY 2011 audit report resulted in seven recommendations, and one of the seven has five detailed recommended actions for CSB to address.
Audit Follow-Up Criteria

OMB Circular A-50, *Audit Follow-up*, affirms that corrective action by management on resolved findings and recommendations is essential for improving the effectiveness and efficiency of government operations. Specifically, Section 5 states:

> [e]ach agency shall establish systems to assure the prompt and proper resolution and implementation of audit recommendations. These systems shall provide for a complete record of action taken on both monetary and non-monetary findings and recommendations.

Section 8(a) outlines numerous requirements for agency follow-up systems. It states that follow-up systems for resolution and corrective action must require prompt resolution and corrective actions on audit recommendations. Resolution shall be within a maximum of 6 months after issuance of a final report and corrective action should proceed as rapidly as possible. Also, the follow-up system should “[m]aintain accurate records of the status of audit reports or recommendations through the entire process of resolution and corrective action. Such records shall include appropriate accounting and collection controls over amounts determined to be due to the Government.” In addition, the system should “[p]rovide semi-annual reports to the agency head on the status of all unresolved audit reports over six months old, the reasons therefor[e], and a timetable for their resolution.”

The Inspector General Act of 1978, as amended, states in Section 2(3) that one of the purposes of inspectors general is “to provide a means for keeping the head of the establishment and the Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress of corrective action.”

GAO, in its *Standards for Internal Control in the Federal Government*, emphasizes that internal controls are a major part of managing an organization. OMB Circular A-123, *Management’s Responsibility for Internal Control*, Section 5, states, “[a]gency managers are responsible for taking timely and effective action to correct deficiencies…. Management should track progress to ensure timely and effective results…. Management has a responsibility to complete action, in a timely manner, on audit recommendations on which agreement with the IG has been reached. Management must make a decision regarding IG audit recommendations within a six month period after issuance of the audit report and implement management's decision within one year to the extent practicable.”
Having an audit follow-up system is an important control that will provide an avenue for the agency to ensure audit recommendation implementation and the achievement of agency objectives.

**Scope and Methodology**

We conducted this limited-scope review from April 2012 to October 2012. We performed this review in accordance with generally accepted government auditing standards, except we did not review additional management controls, or evaluate unimplemented recommendations in all CSB audit reports. These limits were outside our scope and did not affect our review. We are reporting on our observations made while preparing CSB’s 2012 management challenges and internal control weaknesses. We believe that our observations provide a reasonable basis for our conclusions.

During a meeting on CSB’s 2012 management challenges and internal control weaknesses, we observed that prior audit recommendations from a FY 2011 audit report remain unimplemented and there was no agreed-to process in place between the OIG and CSB to facilitate implementation. We issued a finding outline to CSB in May 2012.

Our scope was limited to the current process between CSB and the OIG. We included the FY 2011 report’s audit recommendations and CSB’s response and status of those recommendations as of February 2012, and analyzed CSB’s responses. We reviewed OMB Circular A-50, *Audit Follow-up*; the Inspector General Act of 1978; GAO’s *Standards for Internal Control in the Federal Government*; and OMB Circular A-123, *Management’s Responsibility for Internal Control*. We held a meeting with CSB and the OIG’s Office of the Chief of Staff on their internal processes. We also reviewed the OIG’s FY 2011 EPA Semiannual Reports to Congress and accompanying Compendiums of Unimplemented Recommendations.

**Results of Review**

CSB does not have an agreed-to follow-up process to ensure prompt implementation of audit recommendations. CSB had unimplemented audit recommendations from an OIG FY 2011 audit report more than a year past the agreed-to date for implementation. Also, CSB’s tracking system did not assist in the prompt and proper resolution and implementation of audit recommendations. We believe that CSB’s lack of an audit follow-up process is an internal control weakness. Several authorities provide for follow-up activities for federal agencies, including OMB Circular A-50, the Inspector General Act, and OMB Circular A-123. By not having a follow-up process, controls to promote efficiency and effectiveness within CSB’s operations are weakened.
CSB does not have a follow-up process to resolve OIG audit recommendations and complete corrective actions for agreed-to unimplemented recommendations. Since 2004, the OIG has issued 21 reports to CSB. As requested by the OIG, CSB provided the status of recommendations from an OIG FY 2011 audit report (see appendix A). As of February 2012, CSB had only implemented the agreed-to corrective actions for two of the seven audit recommendations (#4 and #7 in appendix A) and for two corrective actions for one other recommendation (#6a and #6b in appendix A). CSB is close to a year past the agreed-to date on fully implementing three of the remaining four recommendations. Our review of CSB’s FY 2012 status report showed that CSB changed or updated its response to two of four unimplemented recommendations. For one, CSB did not notify the OIG that it had revised a corrective action noting that completion was no longer applicable (#6e in appendix A). For the other, CSB noted that the recommendation (#3 in appendix A) should be closed but kept it open with a revised corrective action date because activities were planned to be completed in April 2012. Those activities remained unimplemented as of May 2012.

In September 2011, we provided CSB with a spreadsheet listing the recommendations, due dates, status, and CSB’s action plan from its response to the audit report. In February 2012, CSB provided OIG an update to the spreadsheet noting the current status for the audit recommendations. CSB’s internal process included a review of the status of audit recommendations and follow-up with senior management around the recommendation due dates. In addition to the spreadsheet, CSB should have a follow-up system that should include at a minimum a policy, a designated audit follow-up official, roles and responsibilities, and reporting requirements to allow for prompt resolution of recommendations and implementation of agreed-to corrective actions, which is required by OMB Circular A-50.

The OIG prepares a compendium of unimplemented recommendations for EPA on a semiannual basis to supplement our Semiannual Reports to Congress. The EPA compendiums highlight significant recommendations that have remained unimplemented past the date agreed upon by EPA and the OIG. The OIG considers a recommendation to be past due if the associated corrective action was not completed within 1 year of the original agreed-upon date or the extended date established by September 30, 2011. The compendium provides a listing of all of the other significant recommendations with future completion dates as reported in the EPA Management Audit Tracking System.

In the past, for prior periods to March 31, 2012, the OIG did not prepare a semiannual report or compendium for CSB. The OIG’s semiannual report for EPA listed audit reports addressed to CSB. The compendium helps EPA management stay informed about outstanding commitments and its progress on corrective actions. For the first time, for the period April 1 through September 30, 2012, the OIG prepared a separate semiannual report for CSB that included a list of “Reports With Corrective Action Not Completed.” CSB should ensure a
follow-up process is in place as required by OMB Circular A-50. The lack of a follow-up process affects the ability of CSB to promote efficiency and effectiveness and to assure accountability for taking the agreed-to corrective actions by agreed-to dates. We consider not having a process for following up on recommendations to be an internal control weakness for CSB. Addressing this control weakness would help ensure that CSB is achieving its objectives, is efficiently and effectively using its resources, and is complying with OMB Circular A-50 and A-123.

The OIG reported CSB’s unimplemented recommendations using an agreed-to interim method for tracking the status of recommendations, which is part of a follow-up system. During a May 2012 meeting, CSB agreed to continue to update the OIG’s spreadsheet for the status of unimplemented recommendations. CSB stills needs a complete follow-up system that addresses the requirements of OMB Circular A-50.

**Recommendation**

We recommend that the Chairperson, U.S. Chemical Safety and Hazard Investigation Board:

1. Develop and implement a follow-up system as required by OMB Circulars A-50 and A-123 that includes establishing a policy that identifies an audit follow-up official, roles and responsibilities, required documentation, and reporting requirements, to allow for prompt resolution of recommendations and implementation of agreed-to corrective actions.

**CSB Comments and OIG Evaluation**

CSB disagreed with both of our draft report recommendations, and noted the following in its response:

The CSB has reviewed draft report OA-FY12-0492 produced by your office. We do not concur in its findings or recommendations. We believe that the CSB has an adequate audit tracking system in place that meets the requirements of Office of Management and Budget (OMB) Circular A-50, “Audit Follow-Up.” As to the development of an audit follow-up process as recommended by your office, we believe that your recommendations would essentially substitute (sic) the judgment of the IG for that of the CSB, as a collegial body, and intrude upon the CSB’s policy prerogatives.

We believe that your office is simply mistaken as to the level of documentation and necessary actions that the CSB should take to review and address EPA IG recommendations. Your staff
continues to insist on the development of a more formalized and labor-intensive tracking and follow-up process than is necessary for an agency with approximately 40 employees and an $11 million annual budget.

We agree that a more formalized audit tracking system may be labor-intensive for CSB. We did not make such a recommendation in our draft report, and have adjusted wording in our final report to avoid such an implication. We disagree that CSB has an adequate follow-up process or system in place, since agreed-to recommendations from FY 2011 remain unimplemented in FY 2013.

OMB Circular A-50 “provides the policies and procedures for use by executive agencies when considering reports issued by the Inspectors General (IGs), other executive branch organizations, the General Accounting Office (GAO) and non-Federal auditors where audit follow-up is necessary” and “Agency heads are responsible for: (1) Designating a top management official to oversee audit follow-up, including resolution and corrective action.” In addition, “the audit follow-up official has personal responsibility for ensuring that (1) systems of audit follow-up, resolution, and corrective action are documented and in place, (2) timely responses are made to all audit reports, (3) disagreements are resolved, (4) corrective actions are actually taken, and (5) semiannual reports required by paragraph 8.a. (8) below are sent to the head of the agency.” We recommended these requirements in recommendation 1. The OMB circular does not define requirements based on agency size or budget. CSB did not provide details that show how its current follow-up system supports these requirements, hence our recommendation. We request that CSB’s 60-day response include details on how its follow-up system meets the requirements of OMB Circular A-50.

Recommendation 2 in our draft report was the OIG’s effort to address recommendations in which CSB has changed the resolution status. We have removed this recommendation because it is not a requirement in OMB Circular A-50.

In conclusion, we disagree with CSB that many of the unimplemented recommendations are over-reaching; rather, they are necessary to manage CSB’s program operations. CSB initially agreed with the recommendations, but has since decided the recommendations were not necessary and left them unresolved. We believe that this further supports the need for CSB to appoint an audit follow-up official and implement a policy to address the resolution process.
## Status of Recommendations and Potential Monetary Benefits

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<thead>
<tr>
<th>Rec. No.</th>
<th>Page No.</th>
<th>Subject</th>
<th>Status⁴</th>
<th>Action Official</th>
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<tbody>
<tr>
<td>1</td>
<td>5</td>
<td>Develop and implement a follow-up system as required by OMB Circulars A-50 and A-123 that includes establishing a policy that identifies an audit follow-up official, roles and responsibilities, required documentation, and reporting requirements, to allow for prompt resolution of recommendations and implementation of agreed-to corrective actions.</td>
<td>U</td>
<td>Chairperson, U.S. Chemical Safety and Hazard Investigation Board</td>
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¹ O = recommendation is open with agreed-to corrective actions pending  
² C = recommendation is closed with all agreed-to actions completed  
³ U = recommendation is unresolved with resolution efforts in progress
# Status of CSB Corrective Actions to Prior Audit Recommendations

<table>
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<tr>
<th>#</th>
<th>Audit Recommendations</th>
<th>CSB Response from Final Report</th>
<th>CSB Estimated Completion Date</th>
<th>OIG Status</th>
<th>Status as of February 14, 2012</th>
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<tr>
<td>1</td>
<td>Develop and implement a management control plan that documents and addresses the five internal control standards in accordance with OMB Circular A-123 and GAO’s Standards for Internal Controls in the Federal Government. The plan should include an effective monitoring system to track corrective actions to address and implement audit recommendations. The plan is to include a. A database to track all prior audit recommendations, planned milestone completion dates, and corrective actions taken. b. Procedures for conducting periodic internal control reviews and properly documenting those reviews, including verifying and ensuring that audit recommendations are resolved promptly.</td>
<td>We agree with the recommendation and developing a management control plan will be an initiative in our fiscal year (FY) 2011 Action Plan.</td>
<td>2/28/2011</td>
<td>Open</td>
<td>The management control plan is being developed in conjunction with the strategic plan. The internal control framework will stem from the strategic plan framework. Specifically, the strategic plan will cascade into a redesigned action plan, which will then flow to individual performance plans. In addition, the management control plan will look at the Board Orders and address their revision as well as new &quot;operating procedures&quot; which do not require board vote themselves but provide administrative guidance to staff.</td>
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<td>2</td>
<td>Develop and publish a regulation requiring persons to report chemical accidents, as required by the CAA (Clean Air Act).</td>
<td>We agree with the recommendation and issuing a proposed rule on accident reporting will be an initiative in our FY 2011 Action Plan.</td>
<td>9/30/2011</td>
<td>Open</td>
<td>After further considering this issue, CSB believes that it receives adequate incident notifications through constant media and Internet searches, as well as existing Federal sources such as the National Response Center. In 2011, CSB recorded 282 high-consequence incidents using these data sources; of these, CSB deployed investigators to five sites. Accordingly, the CSB will consult with its congressional committees of jurisdiction by April 30, 2012, requesting clarification on whether there is a desire to preserve the mandate in the existing statute. In addition, as a prelude to a possible reporting rule, the CSB will develop a letter with questions to be sent to companies that have experienced incidents. Responses to the letter will inform the design of a future reporting form. The letter will be developed by July 31, 2012.</td>
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<td>Follow up with Congress on the CSB request for clarification of its statutory mandate. Upon receipt of the response, develop a plan to describe and address the investigative gap, address prior audit recommendations and request the necessary resources to meet CSB’s statutory mandate.</td>
<td>We agree with the recommendations. Under our 2011 action plan, we will transmit a formal package of suggested legislative improvements to the CSB’s Congressional authorizing committees. The package will include language to clarify the statutory mandate to investigate [chemical accidents]. The CSB is not in a position, however, to guarantee a Congressional response as indicated in the OIG recommendation.</td>
<td>4/30/2011</td>
<td>Open</td>
<td>CSB believes this recommendation should be closed since CSB raised the statutory issue with Congress by letter in November 2009. In addition, the letter from then-Chairman Bresland stated, &quot;Pending any further direction from Congress, the CSB will continue to adhere to its interpretation of its statutory authority and mandate.&quot; Nonetheless, CSB will remind the relevant committees of this issue when it writes concerning the incident report rule, by April 30, 2012.</td>
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<td>4</td>
<td>Ensure that the responsibilities of the Managing Director include: a. Establishing performance goals, holding program managers accountable for meeting those goals, and demonstrating improvement in the Board’s ability to meet it statutory mandates over time, as recommended by GAO. b. Developing and implementing an executive succession and transition planning strategy that ensures a sustained commitment and continuity of leadership operations.</td>
<td>We agree with the recommendation. We will review the Managing Director’s position description and make any necessary modifications to ensure these responsibilities are included.</td>
<td>3/31/2011</td>
<td>Closed</td>
<td>4a was completed in January 2011. 4b is addressed as part of the Human Capital Plan (see recommendation #7-completed November 16, 2011).</td>
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<td>5</td>
<td>Develop and implement a system for periodic reviews of Board Orders to ensure they remain updated (i.e., effective date of the policy and scheduled review date) and include the requirement for such a system in the management control plan.</td>
<td>We agree with the recommendation. A system for periodic reviews of Board Orders will be developed and included in the management control plan.</td>
<td>2/28/2011</td>
<td>Open</td>
<td>See recommendation # 1</td>
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<td>6a</td>
<td>Take corrective actions that will satisfy prior audit recommendations by updating and formalizing Board Orders that are essential to facilitate and manage effective and efficient control activities. Specifically, update: Board Order 036, “Incident Selection Process,” to reflect current changes, such as its data sources, changes due to technology improvements, and the incident selection process decision-making flowchart, to improve the incident screening and deployment decision-making process. In addition, formalize the Incident Screeners Guide.</td>
<td>We agree with the recommendation. Specifically, updating Board Order 036 will be included as an initiative in our FY 2011 action plan</td>
<td>3/31/2011</td>
<td>Closed</td>
<td>Amendments to Board Order 036 were approved by notation item 904 on February 6, 2012.</td>
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## Recommendations from *Chemical Safety and Hazard Investigation Board Did Not Take Effective Corrective Actions on Prior Audit Recommendations*, Report No. 11-P-0115, February 15, 2011

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<td>6b</td>
<td>Board Order 040, “Investigation Protocol,” to govern employees retaining memberships in societies or organizations to which the CSB issues recommendations.</td>
<td>We agree with the recommendation. Specifically, we will either update Board Order 40 or develop a specific Board Order to address employee participation and memberships in professional associations.</td>
<td>9/30/2011</td>
<td>Closed</td>
<td>Board Order 040 was amended by notation item 894 on December 7, 2011, to address employee memberships in outside organizations to which the CSB may issue recommendations.</td>
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<td>6c</td>
<td>Board Order 027, “Roles, Responsibilities, and Standards of Conduct in Procurement Activities,” to reflect current procurement practices and processes to ensure consistency in the procurement process.</td>
<td>We agree with the recommendation. Specifically, improving the procurement program will be an initiative in the FY 2011 Action Plan. As part of this initiative, we will update Board Order 027 as appropriate.</td>
<td>3/31/2011</td>
<td>Open</td>
<td>CSB is analyzing a way to administratively correct Board Orders when offices or positions are eliminated. Responsibilities will likely be transferred back to the Chairperson who can redelegate as appropriate.</td>
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<td>6d</td>
<td>Board Order 022, “Recommendation Program,” to include new practices adopted for following up on safety recommendations, to include a quality review program to ensure timely follow-up on closed safety recommendations.</td>
<td>We agree with the recommendation. Specifically, Board Order 022, “Recommendations Program,” is currently under review and we will consider including a quality review program to ensure timely follow-up on safety recommendations. We are also updating our Recommendation Office “Standards of Practice” document and expect that the Board Order will contain general guidance and the Standards of Practice will include detailed procedures.</td>
<td>9/30/2011</td>
<td>Open</td>
<td>Awaiting new OIG audit recommendations on the CSB's Recommendation Program so that Board Order 022 can have a single comprehensive revision.</td>
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<td>6e</td>
<td>Board Order 028, “Executive Administrative Functions of the Board,” to document the role and responsibility of the Managing Director position.</td>
<td>We agree with the recommendation. Specifically, we will review Board Order 028, and update it as appropriate to reflect the role and responsibility of the Managing Director position.</td>
<td>9/30/2011</td>
<td>Open</td>
<td>The CSB reviewed Board Order 028 and determined that it is not appropriate to document the role and the responsibilities of the Managing Director in this Board Order. The purpose of the Board Order is to establish the manner in with the Board exercises its executive and administrative functions through the position of the Chairperson. The Managing Director is a staff position, for which roles and responsibilities are appropriately established in the position description.</td>
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<td>7</td>
<td>Finalize and issue the human capital plan currently under development.</td>
<td>We agree with the recommendation. Updating and approving the human capital plan is an initiative in our FY 2011 Action Plan.</td>
<td>1/31/2011</td>
<td>Closed</td>
<td>The Human Capital Plan was approved by notation item 836 on November 16, 2011.</td>
</tr>
</tbody>
</table>

* CSB determined that this recommendation was no longer applicable.
CSB Response to Draft Report

November 26, 2012

Honorable Arthur A. Elkins, Jr.
Inspector General
U. S. Environmental Protection Agency
Washington, DC 20460

Re: U.S. Chemical Safety and Hazard Investigation Board (CSB) Response to EPA
OIG Project No. OA-FY12--0492

Dear Mr. Elkins:

The CSB has reviewed draft report No. OA-FY12-0492 produced by your office. We do not concur in its findings or recommendations. We believe that the CSB has an adequate audit tracking system in place that meets the requirements of Office of Management and Budget (OMB) Circular A-50, “Audit Follow-Up.” As to the development of an audit follow-up process as recommended by your office, we believe that your recommendations would essentially substitute the judgment of the IG for that of the CSB, as a collegial body, and intrude upon the CSB’s policy prerogatives.

We believe that your office is simply mistaken as to the level of documentation and necessary actions that the CSB should take to review and address EPA IG recommendations. Your staff continues to insist on the development of a more formalized and labor-intensive tracking and follow-up process than is necessary for an agency with approximately 40 employees and an $11 million annual budget. Indeed, we perceive layer upon layer of bureaucratic burdens proposed by your office, with little focus on anything that might actually assist the agency in its mission. Moreover, we note that none of the IG’s audit findings have any potential monetary impact, and we believe that many of the “unimplemented recommendations’ unnecessarily delve into matters that go beyond management efficiency issues and intrude upon Board’s substantive mission and program.

For example, the IG’s recommendation that the Board seek Congressional clarification of its statutory mandate – concerning whether the CSB is hypothetically required to investigate all accidental chemical releases in its jurisdiction – is not a management deficiency. That represents a policy judgment that the CSB does not agree with. Similarly, the IG’s recommendation that the CSB publish a chemical incident reporting rule, while perhaps having merit, represents not a management deficiency, but the substitution of the IG’s judgment for that of the CSB.
To the extent that your office continues to insist on “form over substance” in its evaluation of the CSB’s work, and the substitution of its judgment for that of the CSB as a whole, we will continue to respectfully nonconcur in the recommendations your have proffered.

Sincerely,

/Signed/

Rafael Moure-Eraso, Ph.D.  
Chairperson
Appendix C

Distribution

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