Audit Report

OFFICE OF THE INSPECTOR GENERAL

MANAGEMENT OF UNDERGROUND STORAGE TANKS AT DEFENSE LOGISTICS AGENCY CENTERS

Report No. 98-021 November 13, 1997

Department of Defense

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Acronyms

DLA	Defense Logistics Agency
RCRA	Resource Conservation and Recovery Act
UST	Underground Storage Tank

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884

November 13, 1997

MEMORANDUM FOR DIRECTOR, DEFENSE LOGISTICS AGENCY

SUBJECT: Audit Report on the Management of Underground Storage Tanks at Defense Logistics Agency Centers (Report No. 98-021)

We are providing this audit report for review and comment. We considered management comments on a draft of this report when preparing the final report. This report is one in a series about DoD management of underground storage tanks.

DoD Directive 7650.3 requires that all audit recommendations be resolved promptly. The Defense Logistics Agency comments were partially responsive. As a result of management comments, we revised Recommendation 4. We request additional comments on Recommendations 1., 2., and 4. by January 13, 1997.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. Joseph P. Doyle, Audit Program Director, at (703) 604-9348 (DSN 664-9348) or Ms. Addie M. Beima, Audit Project Manager, at (703) 604-9231 (DSN 664-9231). See Appendix C for the report distribution. The audit team members are listed inside the back cover.

Robert J. Lieberman
Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 98-021 **November 13, 1997**
(Project No. 6CK-5051.01)

Management of Underground Storage Tanks at Defense Logistics Agency Centers

Executive Summary

Introduction. This audit is part of the overall audit, "DoD Management of Underground Storage Tanks," (Project No. 6CK-5051). The overall audit was jointly conducted by the Inspector General, DoD, and the Army, Navy, and Air Force audit agencies. The audit was performed in response to a request from the Assistant Deputy Under Secretary of Defense (Environmental Quality). The Resource Conservation and Recovery Act, Subtitle I, effective December 22, 1988, requires all underground storage tanks to be equipped with specified minimum spill, overfill, leak detection, and corrosion protection by December 22, 1998. As of March 1996, the Defense Logistics Agency reported having 144 underground storage tanks at 22 locations. Thirty-two of these underground storage tanks were noncompliant with the Resource Conservation and Recovery Act, Subtitle I.

Audit Objectives. Our primary audit objective was to evaluate underground storage tank management at Defense Logistics Agency centers. Specifically, we evaluated:

o the accuracy of underground storage tank data reported to the Assistant Deputy Under Secretary of Defense (Environmental Quality);

o the status of underground storage tank compliance with the Resource Conservation and Recovery Act, Subtitle I;

o whether officials at Defense Logistics Agency centers established underground storage tank compliance plans and schedules, and provided adequate funds; and

o whether management controls were adequate to ensure compliance with the Resource Conservation and Recovery Act, Subtitle I.

Audit Results. The Defense Logistics Agency needed to improve management of the underground storage tank program. The Defense Logistics Agency reported inaccurate underground storage tank data to the Assistant Deputy Under Secretary of Defense (Environmental Quality); did not implement Title 50, United States Code, Section 98, or Defense Planning Guidance to establish plans and provide adequate funds to bring noncompliant underground storage tanks into compliance with the Resource Conservation and Recovery Act, Subtitle I; and did not maintain complete underground storage tank files. As a result, the Defense Logistics Agency could not provide reliable assurance that all underground storage tanks would be compliant with the Resource

Conservation and Recovery Act, Subtitle I, by December 22, 1998. See Part I for a discussion of the audit results and Appendix A for details on the management control program.

Summary of Recommendations. We recommend that the Director, Defense Logistics Agency, direct the Defense Logistics Agency centers to:

o establish management controls to ensure that underground storage tank information provided to the Assistant Deputy Under Secretary of Defense (Environmental Quality) is current and obtained from the officials who maintain underground storage tank inventories,

o fully document and support underground storage tank projects in future funding requests, in consonance with Title 50, United States Code, Section 98, and the Defense Planning Guidance,

o establish management controls to ensure that information relative to underground storage tanks is shared with tank managers and properly documented in centralized underground storage tank files, and

o obtain all pertinent documents required by the Environmental Protection Agency and maintain them in a separate file for each underground storage tank to readily demonstrate compliance with statutory and regulatory guidance.

Management Comments. The Defense Logistics Agency provided comments on a draft of this report. The Defense Logistics Agency concurred with two of the recommendations that dealt with establishing management controls to ensure that underground storage tank information reported to the Assistant Deputy Under Secretary of Defense (Environmental Quality) is current and that information relative to underground storage tanks is provided to tank managers and properly documented in centralized files. The Defense Logistics Agency nonconcurred with two of the recommendations stating that the Defense Logistics Agency centers comply with the Defense Planning Guidance for low cost projects, that the Defense National Stockpile Center is not subject to Defense Planning Guidance, and that the Environmental Protection Agency requires regulatory documents to be maintained at the underground storage tank location. See Part I for a discussion of management comments and Part III for the complete text of management comments.

Audit Response. Management comments were partially responsive to the recommendation on establishing management controls to ensure that current underground storage tank information is reported. Management comments were fully responsive to the recommendation on establishing management controls to ensure that underground storage tank information is provided to tank managers and properly documented in centralized files, and no further comments are required. Management provided no new information to support the Defense Logistics Agency position that they comply with Title 50, United States Code, Section 98, and Defense Planning Guidance. As a result of management comments, we revised Part I of the report to include a discussion about budgeting procedures for the Defense National Stockpile Center. We also clarified the recommendation on maintaining underground storage tank information. We request additional management comments by January 13, 1997.

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Part I - Audit Results

Audit Background

This audit is part of the overall audit, "DoD Management of Underground Storage Tanks," (Project No. 6CK-5051), which was performed at the request of the Assistant Deputy Under Secretary of Defense (Environmental Quality). Because of variances in UST data reported in prior semiannual reports, the Assistant Deputy Under Secretary was not certain that DoD would meet Resource Conservation and Recovery Act, Subtitle I, (RCRA, Subtitle I), requirements for USTs within the specified time frames. The overall audit was jointly conducted by the Inspector General, DoD, and the Army, Navy, and Air Force audit agencies.

As part of a semiannual DoD Environmental Compliance Program Review, the Assistant Deputy Under Secretary requests that DoD Components report the number of known underground storage tanks (USTs) subject to the requirements of RCRA, Subtitle I; the status of UST compliance with RCRA, Subtitle I; and the likelihood that noncompliant regulated USTs will be compliant with RCRA, Subtitle I, by December 22, 1998. According to the March 1996 report, the Defense Logistics Agency (DLA) managed 144 USTs at 22 centers (see Appendix B). Consistent with the overall UST audit, we limited the audit universe to 2 DLA centers that reported having more than 10 USTs. The audit universe included 82 USTs, 57 percent of the total DLA UST population.

Regulated USTs. RCRA, Subtitle I, defines a UST as any tank and connected piping that contains a regulated substance and has ten percent or more of its volume underground. Regulated substances include motor fuels, jet fuels, lubricants, petroleum solvents, and used oils.

UST Criteria. USTs owned and operated by DoD are subject to Federal, state, and local statutory and regulatory guidance. Federal UST statutory provisions are found at 42 United States Code 6991 - 6991h. Implementing regulations are located in Title 40 Code of Federal Regulations, Chapter 1, Part 280, "Technical Standards and Corrective Action Requirements for Owners and Operators of Underground Storage Tanks," December 22, 1988 (revised July 1, 1995). We considered both statutory and regulatory requirements in our analysis of UST management. References to RCRA, Subtitle I, in this report include both the statute and regulation. USTs at DLA centers are also subject to the "DLA Environmental Protection Manual 6050.1," July 1991.

Federal Regulations. RCRA, Subtitle I, sets minimum standards for spill, overfill, and corrosion protection mechanisms to be included in new USTs as well as standards for upgrading, replacing, and closing existing USTs. Existing USTs (those installed before December 22, 1988) were required to have functional leak detection methods by December 1993. By December 22, 1998, existing USTs must be upgraded to have spill, overfill, and corrosion protection; otherwise the USTs must be removed, closed in place, or replaced

with a new UST. New USTs must be installed according to industry codes and must have leak detection as well as spill, overfill, and corrosion protection.

State Regulations. DLA USTs were subject to state-specific statutes and regulations, which incorporated Federal regulations.

DLA Regulation. DLA Manual 6050.1, Paragraph 2-2(4), "Underground Storage Tank Program," implements Federal and state guidance.

Audit Objectives

Our primary audit objective was to evaluate UST management at DLA centers. Specifically, we evaluated:

o the accuracy of UST data reported to the Assistant Deputy Under Secretary;

o the status of UST compliance with RCRA, Subtitle I;

o whether DLA officials established UST compliance plans and schedules, and provided adequate funds; and

o whether management controls were adequate to ensure compliance with RCRA, Subtitle I.

See Appendix A for a discussion of the audit process and for a summary of prior coverage related to the audit objectives. See the finding for a discussion of the material weakness identified and Appendix A for the details of our review of the management control program.

Underground Storage Tank Management

The Defense Logistics Agency did not adequately manage its UST program. DLA reported inaccurate UST data to the Assistant Deputy Under Secretary of Defense (Environmental Quality); did not implement Defense Planning Guidance to establish plans and provide adequate funds to bring eight USTs into compliance with RCRA, Subtitle I; and did not maintain complete UST documentation files. This condition occurred because management controls did not ensure effective management of the UST program. As a result, DLA could not provide reliable assurance that USTs would be compliant with RCRA, Subtitle I, by December 22, 1998.

Program Management

DLA did not adequately manage its UST program. DLA reported inaccurate UST data to the Assistant Deputy Under Secretary; did not implement Defense Planning Guidance to establish plans and provide adequate funds to bring USTs into compliance with RCRA, Subtitle I, by December 22, 1998; and did not maintain complete UST documentation files.

UST Data Accuracy. DLA reported inaccurate UST data to the March 1996 Assistant Deputy Under Secretary UST data call. Officials at the DLA centers we visited reported having 82 USTs with 7 in noncompliance with RCRA, Subtitle I. However, UST files at these centers did not support the reported number of USTs or their status. As of February 1997, the UST inventories at those centers showed 27 USTs, 8 of which were noncompliant with RCRA, Subtitle I. DLA officials were unable to fully explain the difference between the 82 USTs reported in March 1996 and the 27 USTs identified in February 1997. Also, the variance could not be explained by subsequent changes in the existence or status of USTs.

Plans and Funds. Officials at DLA centers could not demonstrate that they had established plans or provided adequate funds to bring eight noncompliant USTs into compliance with RCRA, Subtitle I, by December 22, 1998. The DLA centers informally identified projects they intended to undertake to bring USTs into compliance. They had not prepared work requests, initiated contracting actions, or otherwise formally acknowledged or planned to execute their intended projects. In addition, the centers did not allocate funds for UST projects in environmental compliance budgets. For example, the Defense National Stockpile Center had an "Other" section in its environmental compliance budget, which, according to the UST manager, included UST compliance projects. The UST manager could not provide supporting documents to identify which projects were included in the "Other" section or specify how the budget estimate for the projects was determined. The Defense National Stockpile Center is subject to Title 50, United States Code, Section 98,

"Strategic and Critical Materials Stock Piling Act," which states that the details of all planned expenditures from the National Defense Stockpile Transaction Fund must be reported to Congress annually. According to officials in the Office of the Under Secretary of Defense (Comptroller), the other DLA centers are subject to Defense Planning Guidance which dictates that the cost of environmental compliance must be captured and recorded on the "Summary of Base Support" (Exhibit Fund-22) for each business area. Without the required budgetary documentation, we could not determine whether the centers actually intended to undertake any UST projects. However, if all the actions the managers said they intended to take are initiated, it appears that DLA may have the time and funds necessary to bring its USTs into compliance within the specified time frame.

UST Document Files. UST managers at the DLA centers we visited did not maintain complete UST files with the documents required by the Environmental Protection Agency. The centers were unable to demonstrate that USTs were compliant with RCRA, Subtitle I, without expending significant effort to locate the information from other sources. Without centrally maintained UST documentation, it took the auditors and DLA staff 6 days to locate information sufficient to prove the status of 27 USTs. For example, we determined that USTs included leak detection, spill, overfill, and corrosion protection by researching drawings maintained by the Civil Engineering Department. If the UST files had contained required documents (such as evidence that existing USTs were properly upgraded, leak detection test results, and corrosion protection system inspection reports), the UST manager could have immediately determined whether USTs were compliant with RCRA, Subtitle I. Without such documentation, the UST manager could neither be certain nor demonstrate to oversight officials that USTs were compliant with applicable statutory or regulatory requirements.

Management Controls

Management controls did not ensure that UST data reported to the Assistant Deputy Under Secretary was accurate; DLA centers implemented Defense Planning Guidance when planning and budgeting for UST projects; or that events relative to USTs were properly documented in UST files.

UST Data. Management controls did not ensure that individuals responsible for collecting and reporting UST data to the Assistant Deputy Under Secretary obtained the information from UST managers or verified the accuracy of the data before reporting it. The Assistant Deputy Under Secretary's March 1996 data call requested information about a number of environmental compliance issues; not just USTs. As a result, the responding centers appointed coordinators to collect and report the requested information. The coordinators did not always obtain UST information from the individuals who were responsible for tracking and reporting UST compliance matters. Instead, the coordinators either used old inventory reports or information gathered for other

purposes. For example, the Defense Supply Center Richmond used Base Realignment and Closure data when responding to the data call. Therefore, the responses to the Assistant Deputy Under Secretary included storage tanks that were not regulated by RCRA, Subtitle I, or contained outdated UST quantity and status information. When responding to future data calls, DLA should require coordinators to obtain current UST information from UST managers.

Documented UST Planning and Budgeting Requirements. Management controls did not ensure that DLA centers implemented Defense Planning Guidance by properly documenting UST projects during the planning and budgeting process. Instead, the DLA centers relied on informal planning actions and money set aside for projects they deemed too insignificant to warrant specific mention in funding requests. This practice failed to provide visibility of UST project requirements to management and risked having the projects overlooked or delayed because of "higher priority" efforts. UST compliance projects are Class II projects. Class II projects are defined in DoD Instruction 4715.6, "Environmental Compliance," Enclosure 3, April 24, 1996, as projects that address environmental problems that, while currently out of compliance, must be fixed by a specific date in the future. The instruction requires DoD Components to fund Class II projects to allow for timely execution of the projects to meet deadlines.

The lack of documentation in the planning and budgeting process also denied management an audit trail with which to determine whether DLA effectively used its environmental funds under the Deputy Under Secretary of Defense (Environmental Security) Measures of Merit Program. The Measures of Merit Program evaluates environmental performance against budget submissions by defining environmental security goals, measuring how well those goals are being achieved, and assessing program effectiveness. For DLA environmental projects to be included in the Measures of Merit Program, the centers should fully document UST projects, in accordance with Defense Planning Guidance, in funding requests.

Documentation of UST Events. Management controls at the DLA centers we visited were not adequate to ensure that events relative to USTs were properly documented in UST files. Instead, UST documentation was maintained by several offices that were not required to provide UST managers with the information to track or readily assess UST compliance with RCRA, Subtitle I. For instance, UST drawings and all related documents were maintained by the Civil Engineering Department and results of tank tightness tests were maintained by UST operators. The information was not provided to UST managers. To the extent that information supports the status of UST compliance with applicable regulations, it should be shared with UST managers and maintained in UST files.

Compliance with RCRA, Subtitle I

Thirty percent (8 of 27) of DLA USTs were not compliant with RCRA, Subtitle I, and UST managers could not provide reliable assurance that these USTs would be compliant by December 22, 1998. Management failed to report accurate UST data, properly plan and budget for needed UST projects, and maintain complete UST files. As a result, they were unable to demonstrate UST compliance with RCRA, Subtitle I. However, if DLA implements all intended actions, it appears that they may have adequate time and environmental compliance funds to bring the eight USTs into compliance with RCRA, Subtitle I, by December 22, 1998.

Management Comments on the Finding and Audit Response

Management Comments. DLA partially concurred with the finding stating that the Defense National Stockpile Center had management control weaknesses that led to inaccurate reporting of UST data. However, DLA did not believe that the Defense Supply Center Richmond had reporting problems.

Audit Response. Both of the DLA centers visited had management control weaknesses and reported inaccurate UST data. Furthermore, neither of the DLA centers could provide an accurate inventory to support the UST data reported to the Assistant Deputy Under Secretary of Defense (Environmental Quality) in March 1996.

Recommendations, Management Comments, and Audit Response

Revised Recommendation. As a result of management comments, we revised draft Recommendation 4. to clarify our intent that the DLA centers be readily able to demonstrate compliance with statutory and regulatory guidance.

We recommend that the Director, Defense Logistics Agency, direct the Defense Logistics Agency centers to:

1. Establish management controls to ensure that underground storage tank information provided to the Assistant Deputy Under Secretary of Defense (Environmental Quality) is current and obtained from officials who maintain underground storage tank inventories.

Management Comments. DLA concurred with the recommendation, stating that DLA centers have adequate management controls, except the Defense National Stockpile Center. DLA will direct the Defense National Stockpile Center to physically verify all USTs and prepare a detailed inventory by June 30, 1998.

Audit Response. DLA comments were not fully responsive to the recommendation. Management controls in place at the Defense Supply Center Richmond did not ensure that its personnel reported current UST data. DLA should establish and implement management control procedures that ensure accurate reporting of current UST data at both centers. We request that DLA reconsider its position and provide additional comments in response to the final report.

2. Fully document and support underground storage tank projects in future funding requests, in consonance with the Defense Planning Guidance and DoD Instruction 4715.6, to ensure visibility and execution of projects required to satisfy underground storage tank compliance requirements.

Management Comments. DLA nonconcurred with the recommendation. Management believes that DLA complies with the requirements of the Defense Planning Guidance related to low cost projects, such as UST projects. Further, the Defense National Stockpile Center is not subject to Defense Planning Guidance.

Audit Response. DLA comments were not responsive. Management provided no new information to support the position that it complies with the Defense Planning Guidance. We agree that the Defense National Stockpile Center is subject to Title 50, United States Code, Section 98, "Strategic and Critical Materials Stock Piling Act." However, the Stock Piling Act, in accordance with Defense Planning Guidance, requires the Center to identify the details of planned expenditures without regard to dollar value, which includes planned expenditures for UST projects. Therefore, we request that DLA reconsider its position and provide additional comments in response to the final report.

3. Establish management controls to ensure that information relative to underground storage tanks is shared with tank managers and properly documented in centralized underground storage tank files.

Management Comments. DLA concurred with the recommendation. The Director will direct the DLA centers to ensure that tank managers obtain all relevant underground storage tank information by February 28, 1998.

Audit Response. DLA comments are responsive and no further comments are required.

4. Obtain all pertinent documents required by the Environmental Protection Agency and maintain them in a separate file for each underground storage tank to readily demonstrate compliance with statutory and regulatory guidance.

Management Comments. DLA nonconcurred with the draft recommendation, stating that Environmental Protection Agency regulations require UST documents to be maintained at the facility where the USTs are located. Maintaining such documents at the Headquarters, Defense National Stockpile Center, would violate Environmental Protection Agency regulations.

Audit Response. Based on the DLA response, we revised the recommendation to clarify our intent that underground storage tank information should be maintained to readily demonstrate compliance with statutory and regulatory guidance. We request that DLA reconsider its position and provide additional comments in response to the final report.

Part II - Additional Information

Appendix A. Audit Process

Scope

We reviewed the management of the Defense Logistics Agency UST program to determine whether their USTs were compliant with RCRA, Subtitle I. The scope of the audit was limited to a review of USTs included in the overall UST sample. The DLA sample was an integral part of the overall UST sample. To develop the overall sample, we used the number of USTs reported by Defense Components to the Assistant Deputy Under Secretary in March 1996. The Defense Components reported a total population of 12,924 USTs at 628 locations, of which DLA reported a population of 144 USTs at 22 locations. To obtain a manageable sample that included the maximum number of USTs, we limited the audit universe to locations that reported more than 10 USTs. The overall universe consisted of 11,389 USTs at 222 locations, or 88 percent of the population. The DLA audit universe consisted of 82 USTs at 2 DLA centers. By limiting the universe to only those locations that reported more than 10 USTs, the overall sample consisted of 6,943 USTs at 83 locations, or 61 percent of the universe. The DLA sample consisted of the census of the DLA universe, or 82 USTs at 2 locations. Specifically, we evaluated the status of 45 USTs at the Defense Supply Center Richmond, Virginia, and 37 USTs at the Defense National Stockpile Center, Fort Belvoir, Virginia.

Audit Methodology

Since we used a census of the DLA universe and not a simple sample, no projections were needed. Therefore, we are reporting actual results in this report. At the Defense Supply Center Richmond and the Defense National Stockpile Center, we accomplished the following:

o We interviewed environmental officials to identify their UST inventories and plans to bring all USTs into compliance with RCRA, Subtitle I, by December 22, 1998.

o We reviewed UST source documents including contracts, state permits, tank test and maintenance reports, and UST site drawings for the period October 1989 to October 1993, the period during which USTs were replaced, to determine the number of USTs that were compliant with RCRA, Subtitle I.

o We reviewed FY 1997 funding documents to determine if the DLA centers visited provided sufficient funding to bring USTs into compliance with RCRA, Subtitle I.

o We interviewed management control officials to identify controls relating to the UST program and review their self-evaluation process.

o We reviewed the November 1994 Internal Environmental Compliance Audit Report and the September 1995 Environmental Compliance Review Report at the Defense Supply Center Richmond, and the Environmental Program Review Reports for FYs 1990 to 1992 at the Defense National Stockpile Center to determine whether there had been any findings related to our overall audit objectives and, if so, the status of corrective actions. There were no findings related to our audit objectives.

Audit Period and Standards. We performed this program audit from October 1996 through June 1997 in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD. Accordingly, we included tests of management controls considered necessary. We did not rely on computer processed data for this audit.

Contacts During the Audit. We visited or contacted individuals and organizations within DoD and within state environmental agencies. Further details are available on request.

Management Control Program

DoD Directive 5010.38, "Management Control Program," August 26, 1996, requires DoD organizations to implement a comprehensive system of management controls that provides reasonable assurance that programs are operating as intended and to evaluate the adequacy of the controls.

Scope of Review of Management Control Program. We reviewed DLA management controls over management of the UST program including identification and maintenance of UST inventories, and planning and budgeting of UST projects needed to meet RCRA, Subtitle I, requirements by December 22, 1998. We also reviewed the results of management's self-evaluation of those management controls.

Adequacy of Management Controls. We identified material management control weaknesses for DLA as defined by DoD Directive 5010.38. DLA management controls were ineffective to ensure accurate reporting of UST data; implementation of Defense Planning Guidance to establish plans and provide adequate funds to bring USTs into compliance with RCRA, Subtitle I; or to ensure that information relative to USTs was properly documented in tank files. All recommendations, if implemented, will improve management of the UST

program. A copy of the report will be provided to the senior official responsible for management controls at Headquarters, Defense Logistics Agency.

Adequacy of Management's Self-Evaluation. At the Defense Supply Center Richmond, officials identified USTs as part of the RCRA, Subtitle I, environmental compliance area. However, they did not identify the material weaknesses identified by the audit because they did not include steps to evaluate the same issues. At the Defense National Stockpile Center, USTs were not yet included in an assessable unit because the Center was establishing a management control program. Therefore, we did not review management's self-evaluation at the Defense National Stockpile Center.

Appendix B. Summary of Prior Coverage

Inspector General

Inspector General, DoD, Report No. 98-017, "Upgrade of the Interim TANKMAN System," November 7, 1997. The report states that it is not cost-effective to proceed with the upgrade of the interim Army Tank Management System. The Assistant Deputy Under Secretary of Defense (Environmental Quality) would have spent $98,000 for unnecessary upgrades to the Army Tank Management system. The report did not make recommendations because the Assistant Deputy Under Secretary agreed with the preliminary audit finding and the Defense Environmental Security Corporate Information Management office discontinued the upgrade and reprogrammed $98,000 to focus on other projects while the audit was ongoing.

Inspector General, DoD, Report No. 97-208, "Management of Underground Storage Tanks at Fort Bragg," August 26, 1997, concludes that Fort Bragg could not provide a verifiable inventory of USTs on the installation and did not have a plan or adequate funds to guarantee that at least 212 regulated USTs on Fort Bragg will comply with RCRA, Subtitle I, by December 22, 1998. The condition was caused by a lack of program emphasis and oversight which led to the breakdown of controls established to ensure effective management of the UST program. As a result, Fort Bragg risks being in noncompliance with RCRA, Subtitle I. The report recommended development of a complete, verifiable inventory; determination of the status of UST compliance with RCRA, Subtitle I; and development of a plan and provision of adequate funds to bring noncompliant USTs into compliance with RCRA, Subtitle I. The report also recommended that steps to test controls over the management of USTs be included in Fort Bragg's Environmental Natural Resources Division assessable unit. The Army concurred with all of the audit recommendations.

U. S. Army Corps of Engineers

The U.S. Army Corps of Engineers, Huntsville Division, "Environmental Compliance Review Report," September 1995, identifies ten UST deficiencies at the Defense Supply Center Richmond. The report concludes that the Defense Supply Center Richmond was in the process of preparing an up-to-date UST inventory, but the inventory contained errors. The report also concludes that they improperly labeled and overfilled USTs. Officials at the Defense Supply Center Richmond have since completed their inventory and it is accurate. They also corrected the other deficiencies identified in the report.

Appendix C. Underground Storage Tanks Reported in March 1996

DLA Center	Total USTs Reported	USTs in Compliance	USTs not in Compliance
Defense Depot Memphis	2	2	0
Defense Depot New Cumberland	9	6	3
Defense Depot Ogden	0	0	0
Defense Depot San Joachin - Lathrop	10	2	8
Defense Depot San Joachin - Tracy	3	0	3
Defense Electronic Supply Center Dayton	0	0	0
Defense Fuel Supply Point Charleston	5	0	5
Defense Fuel Supply Point Cincinnati	1	1	0
Defense Fuel Supply Point Grand Forks	2	2	0
Defense Fuel Supply Point Melville	8	6	2
Defense Fuel Supply Point Moffett	2	2	0
Defense Fuel Supply Point Norwalk	0	0	0
Defense Fuel Supply Point Ozol	2	2	0
Defense Fuel Supply Point San Pedro	2	2	0
Defense Fuel Supply Point Searsport	5	3	2
Defense Fuel Supply Point Tampa	2	2	0
Defense Fuel Supply Point Verona	3	3	0
Defense Supply Center Columbus	4	4	0
Defense Supply Center Richmond*	45	43	2
Defense Industrial Plant Equipment Facility Atcheson	2	0	2
Defense National Stockpile Center*	37	32	5
Defense Personnel Support Center Philadelphia	0	0	0
Total	**144**	**112**	**32**

*These centers reported more than 10 USTs in the March 1996 report. They were the only centers that were included in the audit universe.

Appendix D. Report Distribution

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Part III - Management Comments

Defense Logistics Agency Comments

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IN REPLY REFER TO DDAI

21 OCT 1997

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING
DEPARTMENT OF DEFENSE

SUBJECT: Draft Report: Management of Underground Storage Tanks at Defense Logistics Agency Centers Project No. 6CK-5051.01)

This is in response to the 22 August 1997 request. If you have any questions, please contact Mrs. LaVaeda Coulter, (703) 767-6261.

Encl

JEFFREY GOLDSTEIN
Chief (Acting), Internal Review

Federal Recycling Program Printed on Recycled Paper

21 OCT 1997

Subject: Management of Underground Storage Tanks at Defense Logistics Agency Centers (Project No. 6CK-5051.01)

Finding: Underground Storage Tank Management. The Defense Logistics Agency did not adequately manage its UST program. DLA reported inaccurate UST data to the Assistant Deputy Under Secretary of Defense (Environmental Quality); did not implement Defense Planning Guidance to establish plans and provide adequate funds to bring eight USTs into compliance with RCRA, Subtitle I; and did not maintain complete UST documentation files. This condition occurred because management controls did not ensure effective management of the UST program. As a result, DLA could not provide reliable assurance that USTs would be compliant with RCRA, Subtitle I, by December 22, 1998.

DLA Comments: Partially concur. This audit accurately identifies management weaknesses at the Defense National Stockpile Center (DNSC). These weaknesses led to inaccurate reporting of underground storage tank (UST) data for tanks owned by DNSC. DLA and DNSC will implement corrective actions to ensure that accurate data are reported in the future.

The IG has provided no evidence of errors in DLA UST data other than for DNSC. DLA has reviewed data provided to us by the only other activity visited by the IG audit team, the Defense Supply Center Richmond (DSCR). We have confirmed that DSCR is accurately reporting UST data. In addition, DSCR has properly accounted for what had appeared to be inconsistent data in previous UST reports.

Internal Management Control Weakness: Concur; weakness will be reported in the DLA Annual Statement of Assurance.

Action Officer: Jeff Shelton/CAAE/767-6244
Review/Approval: Dennis Lillo, CAAEW, 767-6241
Coordination: LaVaeda Coulter, DDAI, 767-6261

DLA Approval: 10/21/97
For RADM Chamberlin

21 OCT 1997

Subject: Management of Underground Storage Tanks at Defense Logistics Agency Centers (Project No. 6CK-5051.01)

Recommendation 1.: We recommend that the Director, Defense Logistics Agency, direct the Defense Logistics Agency centers to establish management controls to ensure that underground storage tank information provided to the Assistant Deputy Under Secretary of Defense (Environmental Quality) is current and obtained from officials who maintain underground storage tank inventories.

DLA Comments: Concur. Adequate management controls are now in place at DLA activities other than DNSC. We will direct DNSC to physically verify the status of underground storage tanks at all DNSC stockpile sites, and prepare a detailed inventory, listing the location, size, and regulatory status of each tank. DNSC will be required to report any changes to the status of any tank on this inventory to DLA-CAAE.

Disposition: Action is on going. ECD: 30 June 1998

Action Officer: Jeff Shelton/CAAE/767-6244
Review/Approval: Dennis Lillo, CAAEW, 767-6241
Coordination: LaVaeda Coulter, DDAI, 767-6261

DLA Approval: 10/21/97
For Robert Chamberlain

Final Report Reference

21 OCT 1997

Subject: Management of Underground Storage Tanks at Defense Logistics Agency Centers (Project No. 6CK-5051.01)

Recommendation 2.: We recommend that the Director, Defense Logistics Agency, direct the Defense Logistics Agency centers to fully document and support underground storage tank projects in future funding requests, in consonance with the Defense Planning Guidance and DoD Instruction 4715.6, to ensure visibility and execution of projects required to satisfy underground storage tank compliance requirements.

DLA Comments: Non-concur. We believe that DLA currently does in fact comply with requirements of the DPG as they apply to such small, low-cost projects as the planned UST upgrades. We request that the IG provide specific details of situations where DLA is felt to have violated DPG requirements, as such information is not present in the draft report.

Revised, Pages 4-5

Disposition: Action is considered complete.

Action Officer: Jeff Shelton/CAAE/767-6244
Review/Approval: Dennis Lillo, CAAEW, 767-6241
Coordination: LaVaeda Coulter, DDAI, 767-6261

DLA Approval: for Chamberlin 10/21/97

21 OCT 1997

Subject: Management of Underground Storage Tanks at Defense Logistics Agency Centers (Project No. 6CK-5051.01)

Recommendation 3.: We recommend that the Director, Defense Logistics Agency, direct the Defense Logistics Agency centers to establish management controls to ensure that information relative to underground storage tanks is shared with tank managers and properly documented in centralized underground storage tank files.

DLA Comments: Concur. We will require DLA facilities to verify that all relevant documentation and information is provided to the appropriate environmental office.

Disposition: Action is on going. ECD: 28 Feb 98

Action Officer: Jeff Shelton/CAAE/767-6244
Review/Approval: Dennis Lillo, CAAEW, 767-6241
Coordination: LaVaeda Coulter, DDAI, 767-6261

DLA Approval: 10/21/97
For Robin Chamberlin

Final Report Reference

21 OCT 1999

Subject: Management of Underground Storage Tanks at Defense Logistics Agency Centers (Project No. 6CK-5051.01)

Recommendation 4.: We recommend that the Director, Defense Logistics Agency, direct the Defense Logistics Agency centers to ensure that all documents required by the Environmental Protection Agency are obtained and included in centralized underground storage tank files.

Revised Recommendation

DLA Comments: Non-concur. This recommendation appears to be based on a misunderstanding on the part of IG staff about the organization of DNSC. The IG audit team visited only DNSC HQ; they did not visit the remote GOCO stockpile sites where USTs are actually located. The EPA requires regulatory documentation for USTs to be located at the facility where the tanks actually exist. Centralizing these documents at DNSC HQ is not appropriate; it would create a regulatory violation where none currently exists.

Disposition: Action is considered complete.

Action Officer: Jeff Shelton/CAAE/767-6244
Review/Approval: Dennis Lillo, CAAEW, 767-6241
Coordination: LaVaeda Coulter, DDAI, 767-6261

DLA Approval: for Roger Chamberlin

Audit Team Members

The Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD, produced this report.

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