

December 4, 2003



Environment

Defense Hotline Allegations
Regarding the Environmental
Compliance Assessment Process at
U.S. Army Corps of Engineers,
Portland District
(D-2004-034)

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Acronyms

CAP	Corrective Action Plan
ER	Engineer Regulation
ERGO	Environmental Review Guide for Operations
ESSR	Environmental and Safety Status Report
TEAM	The Environmental Assessment Manual



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

December 4, 2003

MEMORANDUM FOR AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Report on Defense Hotline Allegations Regarding the Environmental Compliance Assessment Process at U.S. Army Corps of Engineers, Portland District (Report No. D-2004-034)

We are providing this report for your information and use. We conducted this audit in response to a Defense Hotline referral regarding the environmental compliance assessment process at the U.S. Army Corps of Engineers, Portland District. We considered management comments on a draft of this report when preparing the final report.

Comments on the draft of this report conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, no additional comments are required.

We appreciate the courtesies extended to the staff. Questions should be directed to either Mr. Kenneth B. VanHove at (703) 604-9564 (DSN 664-9564) or Deborah L. Culp at (703) 604-9335 (DSN 664-9335). See Appendix C for the report distribution. The team members are listed inside the back cover.

By direction of the Deputy Inspector General for Auditing:

David K. Steensma

Director

Contract Management Directorate

Office of the Inspector General of the Department of Defense

Report No. D-2004-034

December 4, 2003

(Project No. D-2003CK-0003)

Defense Hotline Allegations Regarding the Environmental Compliance Assessment Process at U.S. Army Corps of Engineers, Portland District

Executive Summary

Who Should Read This Report and Why? U.S. Army Corps of Engineers personnel responsible for conducting or participating in environmental compliance assessments at civil works projects should read this report because it discusses possible changes in the Corps of Engineers environmental compliance assessment process.

Background. This audit is in response to a Defense Hotline referral regarding the environmental compliance assessment process used by the U.S. Army Corps of Engineers, (the Corps) Portland District. Specifically, the allegations focused on environmental compliance issues at the Bonneville Lock and Dam. The Corps Portland District operates and maintains Bonneville Lock and Dam for hydropower production, fish and wildlife protection, recreation, and navigation. The purpose of the environmental compliance program is to assure that Corps projects meet environmental standards and support and promote pollution prevention, while continually improving stewardship of natural and cultural resources. Each project is responsible for annually completing internal environmental compliance assessments to identify, maintain, and monitor compliance. Corps civil works projects undergo external environmental compliance assessments every 5 years to provide an outside perspective of the facility's environmental compliance status. Bonneville Lock and Dam completed its most recent external assessment in September 2002.

Results. The Corps needed to improve the process for performing and documenting environmental compliance assessments. Corps or contractor personnel performed external environmental compliance assessments for Portland District civil works projects when required. However, Bonneville Lock and Dam personnel did not document internal environmental compliance assessments as required by Corps guidance. In addition, the assessment team responsible for preparing the Cycle 3 external assessment reports for Bonneville Lock and Dam did not maintain supporting documentation. The Corps districts do not have a uniform process for conducting internal environmental compliance assessments. Additionally, we could not determine whether Bonneville Lock and Dam personnel performed internal assessments or whether external assessments accurately addressed all findings. The Corps should clarify the requirements for internal environmental compliance assessments. The Portland District Environmental Compliance Coordinator should develop an internal assessment process for monitoring environmental compliance that incorporates all Corps requirements, and ensure that project personnel properly document environmental compliance assessments. (See the Finding section of the report for the detailed recommendations.)

The allegation to the DoD Hotline that the Corps Portland District did not perform environmental compliance assessments when required was indeterminable. The allegation that the 2002 Bonneville Lock and Dam external assessment was biased was unsubstantiated. The allegation that the Corps did not act to correct environmental compliance problems identified in previous assessments was partially substantiated. The allegation that the Corps Omaha District personnel withheld the Cycle 3 assessment for Bonneville Lock and Dam was partially substantiated. (See Appendix B for a complete discussion of the DoD Hotline allegations.)

Management Comments. The U.S. Army Corps of Engineers concurred with the recommendations and initiated the revision of Engineer Regulation 200-2-3, which will clarify the requirements for the internal assessments and Portland District began development of an internal assessment process which will ensure proper documentation of environmental compliance assessments. See the Finding section of the report for a discussion of management comments and the Management Comments section of the report for the complete text of the comments.

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Background

We conducted this audit in response to a Defense Hotline referral regarding the environmental compliance assessment process at the U.S. Army Corps of Engineers (the Corps), Portland District. Specifically, the allegations focused on environmental compliance issues at the Bonneville Lock and Dam (Bonneville Project). (See Appendix B for a discussion of the allegations made to the DoD Hotline.)

Bonneville Project. The Corps operates and maintains Bonneville Project primarily for hydropower production. The project also provides fish and wildlife protection, recreation, and navigation. The Corps Portland District oversees Bonneville Project, as well as 11 other hydropower projects located in the Pacific Northwest.

Environmental Compliance Assessment Program. Former Secretary of Defense, Richard B. Cheney called for the Department of Defense to become the lead Federal agency in environmental compliance and protection. Therefore, in 1989, the Department of Defense initiated the environmental compliance assessment program. In 1990, the Corps established an environmental compliance program and a network of Environmental Compliance Coordinators.

The purpose of the environmental compliance program is to assure that Corps projects meet environmental standards, and to support and promote pollution prevention while continually improving stewardship of natural and cultural resources. Each project is required to annually complete an internal environmental compliance assessment (internal assessments) to identify, maintain, and monitor compliance.

In addition to annual internal assessments, Corps civil works projects undergo external environmental compliance assessments (external assessments) every 5 years to provide an outside perspective of the facility's environmental compliance status. The Corps uses environmental compliance assessments in combination with environmentally sensitive day-to-day operation as a means of attaining, sustaining, and monitoring compliance.

Corps Guidance. Engineer Regulation (ER) 200-2-3, "Environmental Compliance Policies," October 30, 1996, establishes the policy for the management of environmental compliance-related activities at Corps projects and facilities. Specifically, Chapter 3, "Environmental Compliance Assessments," addresses conducting environmental compliance assessments at Corps projects. Contractors or Corps personnel not employed at the project being assessed, and who have the necessary organizational and subject matter expertise, conduct the external assessments. Project personnel may conduct the internal assessments.

Personnel conducting the environmental compliance assessments use the current versions of The Environmental Assessment Manual (TEAM) and the Environmental Review Guide for Operations (ERGO) manual, supplemented with applicable state and local laws and regulations. TEAM measures a project against various criteria including Federal legislation, state and local regulations, key

compliance requirements, typical physical features to inspect, and the environmental compliance checklist. ERGO consists of 13 major environmental categories or protocols such as Air Emissions Management; Petroleum, Oil and Lubricant Management; and Water Quality Management. Each protocol considers engineering manuals, Federal regulations, and good management practices.

Assessment Reports. For external assessments, the assessment team prepares an environmental compliance assessment report. The report identifies findings of actual or potential areas of environmental noncompliance. The findings are categorized as Significant, Major, Minor, or Management Practice; and identify a condition, criteria, and suggested corrective actions. Project personnel then prepare an accompanying Corrective Action Plan (CAP) to address the findings. For internal assessments, the assessors prepare a brief addendum to the last external assessment report CAP and incorporate any internal assessment findings. The Corps project personnel forward the internal and external assessments, as well as the CAPs through their chain of command to the District level for final approval.

Objectives

The audit objectives were to determine whether environmental compliance assessments at the Portland District were performed when required; whether environmental compliance assessments were performed at Bonneville Lock and Dam and Bonneville Hatchery according to established laws and regulations; and whether environmental compliance assessment reports for Bonneville Lock and Dam and Bonneville Hatchery accurately portrayed assessment results. We also reviewed specific allegations made to the DoD Hotline. Since Bonneville Hatchery is an outgrant,¹ it was excluded from the audit. See Appendix A for a discussion of audit scope, scope limitations, and methodology.

¹ An outgrant is Corps-owned land that is leased to another party.

Environmental Compliance Assessments

Corps or contractor personnel performed external assessments for Portland District civil works projects when required. However, Bonneville Project personnel did not document internal environmental compliance assessments according to Corps guidance. In addition, the assessment teams responsible for preparing the 2002 external environmental compliance assessment report for Bonneville Project did not maintain supporting documentation. Inadequate documentation of internal assessments occurred because Corps guidance was ambiguous. In addition, Portland District personnel used a method for monitoring environmental compliance that was inconsistent with Corps guidance. Further, Corps guidance did not require that documentation be retained to support work conducted during the environmental compliance assessments. As a result, the Corps districts do not have a uniform process for conducting internal assessments. Additionally, we could not determine whether Bonneville Project personnel performed internal assessments or whether external assessments accurately addressed all findings.

Conducting Environmental Compliance Assessments

The Corps performed or scheduled external assessments for civil works projects within the Portland District. Specifically, Corps or contractor personnel performed external assessments for the Bonneville Project in 1992 (Cycle 1), 1997 (Cycle 2), and 2002 (Cycle 3). However, Bonneville Project personnel were unable to provide documentation to show that they conducted internal assessments. In addition, the assessment teams responsible for preparing the Cycle 3 external assessment report for Bonneville Project did not maintain supporting documentation.

Portland District External Assessments. Corps or contractor personnel performed external assessments for civil works projects within Portland District when required. We reviewed the Cycle 2 and Cycle 3 external assessments for 24 Portland District projects. As of March 18, 2003, contractor personnel had completed the Cycle 2 assessments for the 24 Portland District projects and Corps personnel had completed two of the Cycle 3 assessments. The remaining 22 projects appropriately scheduled their Cycle 3 assessments for FYs 2003 and 2004.

Documenting Internal Assessments. Bonneville Project personnel did not document internal assessments as required by Corps guidance. We reviewed internal assessments for Bonneville Project for the period 1998 through 2003. Bonneville Project personnel were unable to provide a CAP signed by the project manager for any year in which an internal assessment was required. Additionally, Bonneville personnel documented no new findings from the internal assessments.

Support for External Assessments. The assessment teams responsible for preparing the Cycle 3 external environmental compliance assessment report for

Bonneville Project did not maintain supporting documentation. Corps civil works projects are required to undergo an external environmental compliance assessment every fifth year. At the conclusion of the assessment, the assessment team prepares an environmental compliance assessment report. Project personnel then prepare a CAP to address the report findings. The environmental compliance assessment report and CAP are the only documentation of the assessment process.

Assessment Guidance

Inadequate documentation of internal assessments occurred because Corps guidance was ambiguous. The ambiguity led personnel from Corps Headquarters and at the various districts to interpret internal assessment guidance differently. In addition, Portland District personnel used the Environmental and Safety Status Report (ESSR), which was inconsistent with Corps guidance, to document internal assessments and to monitor the status of external assessments. Additionally, Corps guidance did not require Corps personnel to retain assessment report supporting documentation.

Ambiguous Guidance. Project personnel did not properly document internal assessments because Corps guidance for internal assessments was ambiguous. Corps personnel differed regarding the minimum requirements for performing an internal environmental compliance assessment. ER 200-2-3, Section 3-3, “Policy” states:

b(3) At a minimum, internal assessments will review and follow up on the status of uncompleted corrective actions contained in the Corrective Action Plan (CAP) from the last external and subsequent internal assessments. . . . (c) Environmental compliance assessments will be conducted using the current versions of The Environmental Assessment Manual (TEAM) and the Environmental Review Guide for Operations (ERGO) manual. . . . (d) . . . Internal assessment findings are incorporated in a brief addendum to the last external assessment report and CAP, and signed by the project/facility manager.

Minimum Requirement. Bonneville Project and Portland District personnel stated that “at a minimum” the regulation only required that the internal assessment team review and follow-up on the findings and corrective actions identified in previous external assessments. As a result, Bonneville Project personnel did not prepare a CAP and did not document new findings identified during internal assessments.

Internal Assessments at Other Districts. Other Corps districts inconsistently conducted internal assessments because of the ambiguous guidance. Corps personnel from the Kansas City and Omaha Districts differed in their perception of what they believed was required for internal assessments. Kansas City District personnel stated that during an internal assessment project personnel were to: 1) follow up on open external findings, 2) identify new environmental findings, and 3) identify new regulatory requirements that the project must follow. In their opinion, the project personnel were not meeting the

intent of the internal assessment process, as stated in ER 200-2-3, if they were not reviewing all three items. Conversely, Omaha District personnel stated that an internal assessment is mainly a follow-up of the previous external assessment findings. Corps Headquarters and Northwest Division environmental personnel agreed that the internal assessment process is not uniform throughout the Corps. The Headquarters Corps Environmental Compliance Coordinator should clarify the internal assessment requirements to ensure a consistent process.

Compliance Monitoring. Portland District personnel, including Bonneville Project staff, used the ESSR to document internal assessments and to monitor the status of external assessments. The ESSR is an effective tool for providing a snapshot of a project's compliance position in as many as 26 different environmental and safety categories on any given day. However, the ESSR does not meet the requirements for internal assessments called for in ER 200-2-3. Environmental personnel updated the ESSR by overwriting existing data with current information, which deleted any historical data. As a result, Bonneville Project personnel could not document performance of annual internal assessments. The Portland District Environmental Compliance Coordinator should develop an internal assessment process for monitoring environmental compliance that incorporates all requirements of ER 200-2-3. Project personnel should prepare a CAP signed by the project manager to document the performance of an internal assessment, and incorporate the internal assessment into the last external assessment as an addendum.

Supporting Documentation. Corps personnel did not retain supporting documentation for environmental compliance assessment reports because it was not required by Corps guidance. For an internal assessment, the project personnel prepare an addendum to the previous external assessment CAP that includes any new findings identified during the internal assessment. For an external assessment, the assessment team prepares the assessment report and project personnel prepare a CAP. However, ER 200-2-3 does not require documenting the areas reviewed during the assessment or the accuracy and completeness of the findings presented. The assessment report and the CAP are the only documentation from the external assessment. As a result, we could not determine whether Bonneville personnel performed internal assessments and whether external assessments accurately presented all findings. The Corps of Engineers Portland District Commander should direct the District Environmental Compliance Coordinator to ensure that personnel properly document internal and external assessments.

Prior Review. The Army Corps of Engineers Hazardous, Toxic, and Radioactive Waste Center of Expertise in Omaha, Nebraska, performed a program review of the Portland District's environmental compliance program in September 2002. The review team also identified that assessment documentation within the Portland District does not comply with Corps policy. The review team recommended that the projects prepare addendums to external reports and CAPs, as well as documenting the resolution of past and new findings or any outstanding issues.

Conclusion

The Corps districts do not have a uniform process for conducting environmental compliance internal assessments. We could not determine whether Bonneville personnel performed internal assessments or whether external assessments accurately addressed all findings. The Corps needs to continue to clarify and improve the environmental compliance assessment process to ensure the consistent execution by all districts. In addition, continued progress depends upon projects identifying compliance findings, properly documenting assessment findings in reports and databases, and obtaining the funds needed to correct these findings. If projects do not comply with Corps guidance, assessment reports may not accurately reflect the projects' current compliance status. Corps personnel demonstrated a commitment to ensuring the success of the compliance process, but it would be advantageous to document problems self-identified and corrected to demonstrate the effectiveness of their assessment.

Recommendations and Management Comments

1. We recommend that the Headquarters, U.S. Army Corps of Engineers, Chief, Environmental Compliance Section, Natural Resource Branch clarify requirements for internal assessments.

Management Comments. The U.S. Army Corps of Engineers concurred. The Corps initiated the revision of Engineer Regulation 200-2-3, which will clarify the requirements for the internal assessments. The revised regulation will be complete by September 30, 2004. As an interim measure, a directive will be issued to clarify the requirements for internal assessments.

2. We recommend that the U.S. Army Corps of Engineers, Portland District Commander:

- a. Direct the Portland District Environmental Compliance Coordinator to develop an internal assessment process for monitoring environmental compliance that incorporates all requirements in Engineer Regulation 200-2-3.**
- b. Direct the Portland District Environmental Compliance Coordinator to ensure the proper documentation of internal and external assessments.**

Management Comments. The Corps concurred. The Commander of the Portland District directed the Portland District Environmental Compliance Coordinator to develop an internal assessment process that incorporates all requirements in Engineer Regulation 200-2-3, and will ensure proper documentation of both internal and external environmental compliance assessments.

Appendix A. Scope and Methodology

We interviewed key personnel from U.S. Army Corps of Engineers Headquarters; Northwest Division; Portland District; Omaha District; the Hazardous, Toxic, and Radioactive Waste Center of Expertise; Bonneville Lock and Dam; and the State of Oregon Department of Environmental Quality regarding DoD Hotline allegations. We reviewed external assessments for Bonneville Project for 1992, 1997, and 2002 and internal assessments for 1998 through 2003. We also reviewed Cycle 2 and Cycle 3 external assessment reports for other Portland District projects to determine whether Portland District performed external assessments when required. We also reviewed Corps correspondence, Freedom of Information Act requests and responses, Notices of Violation, spill reports, and media reports for the period 1998 through May 2003.

We performed this audit from January 2003 through September 2003 in accordance with generally accepted government auditing standards. We did not review the management control program because we performed the audit in response to specific allegations related to one civil works project in one Corps district. In addition, during the survey phase of the audit, we determined that the Hotline allegations were specific to the Bonneville Project. The Bonneville Fish Hatchery is an outgrant program for which the grantee is responsible for correcting the identified findings. Therefore, we only reviewed assessment reports for the Hatchery to determine whether the Corps performed the assessment. Finally, we did not review internal assessments from Corps projects other than the Bonneville Project.

Use of Computer-Processed Data. We did not use computer processed data to perform this audit.

Prior Coverage

No prior coverage directly related to the DoD Hotline allegations has been conducted on the subject during the last 5 years.

Appendix B. Summary of Allegations and Results

The results of the allegations to the Defense Hotline are discussed below. The allegations were specific to the Bonneville Project.

Allegation 1. The Corps Portland District did not perform environmental compliance assessments during FYs 2000 and 2001.

Results. Indeterminable. Corps personnel or contractors performed external assessments at the Bonneville Project in 1992, 1997, and 2002, as required. However, we were unable to determine whether Bonneville Project personnel performed internal assessments because personnel did not properly document internal assessments. The finding provides additional details on the Corps' documentation and performance of internal assessments.

Allegation 2. The 2002 Bonneville Project external assessment was biased because Corps personnel, rather than contractors performed the assessment. Further, Corps personnel performed the assessment in 1 week, as opposed to 2 weeks used by the contractor.

Results. Unsubstantiated. A contractor performed the 1997 external assessment for the Bonneville Project and the Corps Omaha District personnel performed the 2002 external assessment. The Corps environmental compliance assessment guidance specifically allows Corps personnel not assigned to the project under assessment to perform external assessments. Additionally, Omaha District personnel that performed the assessment stated that they had sufficient time to perform the assessment.

Allegation 3. The Corps did not act to correct environmental compliance problems identified in previous assessments. Specifically, the Corps failed to take corrective actions to address environmental compliance findings that involved the Bradford Island Landfill and oil leaking into the Columbia River because of ineffective oil/water separators.

Results. Partially substantiated. Overall, Bonneville Project personnel worked to correct deficiencies identified by the assessment process. However, the Cycle 3 external assessment report contained problems identified in previous external assessments. The external assessment reports identified the Bradford Island Landfill as a minor finding in 1992 and as a major finding in 1997. The external assessment reports also identified the oil/water separator as a major finding in 1997 and as a significant finding in 2002. Although the repeat findings appeared in assessments that occurred in 5-year increments, the Corps was taking corrective action to address the issues.

Bradford Island. The Bradford Island Landfill was used to dispose of household garbage and some project waste materials—oil and grease; paint, solvents, scrap metals, mercury vapor lamps, pesticide residues, cables, and sand blast grit. The Landfill also contained electrical transmission components, such as switchgear, insulators, and light ballasts. In addition to the findings identified by the Corps, the State of Oregon, Department of Environmental Quality

conducted a study in 1997 that determined Bradford Island was only a medium priority for clean-up. However, the Corps initiated corrective actions in 1995, and continues to clean up the site in compliance with oversight provided by the State of Oregon.

Oil/Water Separator. The Cycle 3 assessment identified the oil leaking into the Columbia River as a significant finding. This finding also appeared in previous assessments. Since 1995, Bonneville Lock and Dam has experienced problems of oil leaking from the oil/water separator in Powerhouse 1. However, the Corps has taken actions over the years to address the problem and as of July 2003, was applying for a National Pollutant Discharge Elimination System permit.

Overall Performance. Bonneville Project personnel effectively worked to correct deficiencies identified during the assessment process. Table 1 shows the number of significant, major, and minor findings identified in the three external assessments for Bonneville Lock and Dam.

Table 1. Number of External Assessment Findings for Bonneville Project

Assessments	Significant Findings ¹	Major Findings ²	Minor Findings ³	Total
Cycle 1 Assessment 1992	0	31	24	55
Cycle 2 Assessment 1997	4	20	0	24
Cycle 3 Assessment 2002	5	18	23	46
Total	9	69	47	125

¹**Significant Finding.** A problem categorized as significant requires immediate attention. It poses, or has a high likelihood to pose, a direct and immediate threat to human health, safety, the environment, or the facilities' mission.

²**Major Finding.** A major deficiency requires action, but not necessarily immediate action. Major deficiencies may pose a threat to human health, safety, or the environment. Any immediate threat, however, must be categorized as significant.

³**Minor Finding.** A minor deficiency is usually administrative in nature, even though it may result in a notice of violation. This category may also include temporary or occasional instances of noncompliance.

In addition, Table 2 shows that, as of May 15, 2003, personnel at Bonneville Project either had corrected or were in the process of correcting all but two of the findings. The three external assessments performed in 1992, 1997, and 2002 identified 125 significant, major, and minor findings. Two of the more serious findings concerned pollution at Bradford Island Landfill and problems with the oil/water separator, which Bonneville Project personnel were addressing. As of May 15, 2003, only two of 125 (1.6 percent) external assessment findings had not been addressed. As a result, the environmental compliance assessment process at Bonneville Project was 98.4 percent effective in addressing identified findings within the Project.

Table 2. Status of External Assessment Findings as of May 2003

Assessments	Findings Corrected	Findings in Process of Completion ¹	Findings Not Completed ²	Total Findings
Cycle 1 Assessment 1992	53	1	1	55
Cycle 2 Assessment 1997	21	2	1	24
Cycle 3 Assessment 2002	43	1	2	46
Total	117	4	4	125

¹The four findings in process of completion consist of repeat findings in the Cycles 1, 2, and 3 external assessments pertaining to the oil/water separators and the Bradford Island Landfill.

²The four findings not completed consist of two repeat findings in the Cycles 1, 2, and 3 external assessments related to the facility-wide asbestos survey and the Cultural Resources Management Plan.

Allegation 4: Corps Omaha District personnel withheld the Cycle 3 assessment for Bonneville Project and altered assessment findings.

Audit Results: Partially substantiated. The Corps did not release the Cycle 3 assessment report for Bonneville Project until almost 9 months after the team completed their fieldwork. Corps Omaha District personnel performed the Cycle 3 assessment of Bonneville Project in December 2001. However, the Omaha District personnel did not release the report until September 2002. During that time the Corps and the state environmental agencies disagreed about state oversight of Corps dam projects. The Corps and state environmental agencies disagreed over whether the Corps was required to report all oil spills that occurred within the dam structure or whether the Corps was required to only report spills that resulted in discharges into waterways. The press had received several internal Corps documents and Omaha District wanted to ensure the report did not affect the Corps legal position on the reporting of oil spills. However, the Corps conducted the external assessments on a 5-year cycle, as required by policy.

The Cycle 3 final assessment report findings did not substantially differ from the draft assessment report. The assessment team stated that the final report was accurate. However, we could not determine whether the report accurately reflected the assessment results because the Corps guidance does not require that the assessment team maintain supporting documentation. (See the finding for more information regarding supporting documentation for environmental compliance assessment reports.)

Appendix C. Report Distribution

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Comments from U.S. Army Corps of Engineers



DEPARTMENT OF THE ARMY
U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:

CEIR

19 NOV 2003

MEMORANDUM FOR THE INSPECTOR GENERAL, DEPARTMENT OF DEFENSE,
ATTN: SAAG-PMO, 3101 Center Park Drive, Arlington, VA 22302

SUBJECT: Defense Hotline Allegations Regarding the Environmental Compliance
Assessment Process at Portland District -- RESPONSE

Attached is the official USACE response to subject DODIG audit.

FOR THE COMMANDER:

A handwritten signature in black ink, appearing to read "Michael J. Walsh".

MICHAEL J. WALSH
Colonel, Corps of Engineers
Chief of Staff

**Defense Hotline Allegations Regarding the
Environmental Compliance Assessment Process at
U.S. Army Engineer District, Portland
Project No. D2003CK-0003**

Recommendation 1: We recommend that the Headquarters, U.S. Army Corps of Engineers, Chief, Environmental Compliance Section, Natural Resource Branch clarify requirements for internal assessments.

Concur. We have initiated the revision of Engineer Regulation 200-2-3. The revised regulation will clarify the requirements for internal assessments and will also address changes in other areas. The revised regulation will be completed by 30 September 2004. As an interim measure, a directive will be issued to clarify the requirements for internal assessments by 1 December 2003.

Recommendation 2: We recommend that the U.S. Army Corps of Engineers, Portland District Commander:

- a. Direct the Portland District Environmental Compliance Coordinator to develop an internal assessment process for monitoring environmental compliance that incorporates all requirements in Engineer Regulation 200-2-3.
- b. Direct the Portland District Environmental Compliance Coordinator to ensure the proper documentation of internal and external assessments.

Concur. We will fully implement both parts of Recommendation 2. The Commander of the Portland District has directed the designated Environmental Compliance Coordinator to develop an internal assessment process that incorporates all requirements in Engineer Regulation 200-2-3, and to ensure proper documentation of both internal and external environmental compliance assessments. These directives will be fully implemented by 1 December 2003.

Additional Comments

1. The Corps issued Environmental Operating Principles in March 2002 and an accompanying Doctrine was established in January of 2003. The principles and associated doctrine highlight the Corps' roles in and responsibilities for stewardship and restoration of our Nation's natural resources as we conduct activities. These principles and associated doctrine are based on the premise that through the restoration and maintenance of environmental health and productivity, both economic development and social equity can be achieved. The seven Environmental Operating Principles are listed here.

-
- Strive to achieve environmental sustainability. An environment maintained in a healthy, diverse, and sustainable condition is necessary to support life.
 - Recognize the interdependence of life and the physical environment. Proactively consider environmental consequences of Corps programs and act accordingly in all appropriate circumstances.
 - Seek balance and synergy among human development activities and natural systems by designing economic and environmental solutions that support and reinforce one another.
 - Continue to accept corporate responsibility and accountability under the law for activities and decisions under our control that impact human health and welfare and the continued viability of natural systems.
 - Seeks ways and means to assess and mitigate cumulative impacts to the environment; bring systems approaches to the full life cycle of our processes and work.
 - Build and share an integrated scientific, economic, and social knowledge base that supports a greater understanding of the environment and impacts of our work.
 - Respect the views of individuals and groups interested in Corps activities, listen to them actively, and learn from their perspective in the search to find innovative win-win solutions to the nation's problems that also protect and enhance the environment

2. In May 2003, the Corps issued an Environmental Management System policy mandating the implementation of environmental management systems (EMS) at some of our facilities, and recommending integration of EMS in our planning, design, and construction program areas. The internationally recognized standard, ISO 14001, was established as the framework for the EMS. Implementation of EMS is expected to begin in FY 2004 at some facilities and should be in place by 31 December 2005.

Team Members

The Contract Management Directorate, Office of the Deputy Inspector General for Auditing of the Department of Defense prepared this report. Personnel of the Office of the Inspector General of the Department of Defense who contributed to the report are listed below.

David K. Steensma
Robert K. West
Deborah L. Culp
Kenneth V. VanHove
John G. LaBelle
Curtis P. Greene