

September 30, 1999

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VICE PRESIDENT, CONTROLLER

Subject: Removal of Underground Storage Tanks  
(Report Number CA-AR-99-002)

This report represents the results of our review of the Removal of Underground Storage Tanks (Project Number 99RA007CA000). The report addresses our concerns related to the overall process.

The audit revealed that the process for removing underground storage tanks needed improvement. USPS made the decision to install, upgrade, and then remove compliant underground storage tanks without adequate planning and cost-benefit analysis, resulting in premature and unnecessary expenditures. Management agreed with our recommendations and has initiatives in progress and planned to address the issues in this report. Management's comment and our evaluation of these responses are included in the report.

We appreciate the cooperation and courtesies provided by your staff during the review. If you have any questions or need additional information, please contact Kim H. Stroud, Director, Contracts, or me at (703) 248-2300.

Sylvia L. Owens  
Assistant Inspector General  
for Revenue/Cost Containment

Attachment

cc: John E. Potter  
Norman E. Lorentz  
Office of Deputy Postmaster General  
M. Richard Porras  
John R. Gunnels  
Alan B. Kiel

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## EXECUTIVE SUMMARY

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### Introduction

We performed an audit to evaluate the process for removing regulated fuel underground storage tanks.<sup>1[1]</sup>

In 1988, the U.S. Environmental Protection Agency issued requirements for leak detection and prevention for all underground storage tanks containing regulated substances.<sup>2[2]</sup> In response to the Environmental Protection Agency's requirements, the United States Postal Service (USPS) developed policies and guidelines, and funded a program to comply with federal, state, and local environmental laws.

During the audit, we examined records for the period January 1990 through June 1999.

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### Results in Brief

We concluded that the process for removing underground storage tanks needed improvement. Our audit showed that, in some instances, USPS management removed compliant underground storage tanks and used commercial fueling as an alternative. As a result, the USPS incurred unnecessary expenditures.

We identified the following areas of concern during our audit. Specifically:

- • Accuracy was not verified before data was entered in the Facilities Management System-Windows<sup>3[3]</sup> and the Environmental Management Information System storage tank module.
- • Cost-benefit analysis was not accomplished before removing tanks.
- • Based on the statistical sample, 91 sites improperly capitalized \$4.7 million for tank removal and replacement.

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<sup>1[1]</sup> An underground storage tank is one whose volume (including ancillary piping) is 10 percent or more beneath the surface of the ground. Under federal regulations, regulated underground storage tanks do not include tanks used for storing heating oil for consumptive use on the premises. However, some states have expanded their underground storage tank regulations to cover heating oil underground storage tanks used for consumptive use on the premises. (Management Instruction, AS-550-95-9).

<sup>2[2]</sup> Requirements issued in 40 CFR, parts 280 and 281.

<sup>3[3]</sup> Facilities Management System-Windows (FMS-WIN) provides the data repository for transactions related to Facilities business functions and activities. We did not verify the integrity of the database.

- • About \$1.5 million was spent for premature removal of tanks.
- • Managers used compliance funds to remove tanks already in compliance.
- • Non-compliant tanks were installed, resulting in unnecessary expenditures of almost \$200,000.

USPS management needs to revise, clarify, and rewrite the Management Instructions and policy on underground storage tanks. This will assist managers in making cost-effective and sound business decisions relating to the utilization and administration of underground storage tanks.

<b>Summary of Recommendations</b>	<p>We made four recommendations to the Vice Presidents, Field Operations Support, Facilities, Engineering, and Controller to improve the accuracy of information and adhere to policy on underground storage tanks. Specific recommendations are contained in the body of this report.</p>
<b>Summary of Management's Comments</b>	<p>Management agreed with the recommendations. Management stated that they will take corrective action to improve the current process for validating and ensuring the accuracy of information entered into the underground storage tanks databases. Also, management will reemphasize and strengthen existing policy outlined in Management Instructions on underground storage tanks when future decisions involve installation, replacement or removal of tanks. In addition, management stated they have already made adjustments to capitalized projects totaling \$4.7 million that should have been expensed. Management booked \$4.7 million in fiscal year (FY) 1999 as impaired assets. Currently, management is performing a further review in this area and will make adjustments to the impaired asset amount, as appropriate. Management's comments are included in their entirety in Appendix B of this report.</p>
<b>Evaluation of Management's Comments</b>	<p>Management's planned or implemented actions are responsive and address the issues identified in this report.</p>

## INTRODUCTION

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### **Background**

The Office of Inspector General (OIG) conducted an audit of the United States Postal Service process for removing regulated fuel (gasoline or diesel) underground storage tanks. This report highlights the results of our audit and offers recommendations for improvement.

In 1988, the U.S. Environmental Protection Agency issued requirements for leak detection and prevention for all underground storage tanks containing regulated substances.<sup>4[4]</sup> The regulations stipulated that underground storage tanks installed before December 22, 1988, be protected against corrosion, spills, and overfills by December 22, 1998.

In response to the Environmental Protection Agency's requirements, USPS developed policies and guidance to ensure that Postal facilities complied with federal, state, and local environmental laws.

To ensure compliance with the Environmental Protection Agency's requirements, USPS Headquarters developed Management Instructions on underground storage tank systems and administration. Headquarters Facilities developed fiscal year funding requirements, through Budget Account Finance Number 7F 10-0240, to properly maintain underground storage tanks and to promptly and appropriately remedy leaking tank systems.<sup>5[5]</sup>

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### **Objective, Scope, and Methodology**

The overall objective of our audit was to evaluate the USPS process for removing, upgrading, and replacing regulated fuel underground storage tanks. We reviewed various USPS policies and guidance, interviewed management and operating officials, reviewed contract and tank files, analyzed information, obtained system documentation, and reviewed various management reports. We conducted audit fieldwork at USPS Headquarters and facilities located in Texas, Louisiana, Georgia, and Florida.

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<sup>4[4]</sup> Requirements issued in 40 CFR, Parts 280 and 281.

<sup>5[5]</sup> Management Instruction, AS-510-88-14, Sections I. Policy and IV. Budget and Fiscal Administration

We performed a two-stage random sample to select Postal facilities in the Southwest and Southeast areas (see Appendix A, Statistical Design and Analysis, for details). Our sample consisted of the 25 sites where Area management made the decision to remove underground storage tanks after January 1, 1990.

This audit was conducted from December 1998 through August 1999 in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. We discussed our conclusions and observations with appropriate management officials and included their comments, where appropriate.

## AUDIT RESULTS

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### **Underground Storage Tank Database**

USPS personnel did not record accurate information in the Facility Management System--Windows and the Environmental Management Information System. As a result, managers had been basing underground storage tank decisions on inaccurate or incomplete information. Underground storage tank projects at Postal facilities in the Southeast and Southwest areas are recorded in the Environmental Management Information System. We reviewed information dated March 18, 1999, to identify the tanks at each site and compared the data to the Facilities Management System--Windows Project Listing, dated March 12, 1999. Both systems contained inaccurate information on the status of tanks in our sample.

We found differences such as tank type, capacity of tank and number of tanks, etc., in the Environmental Management Information System. The status of tanks was incorrect for 10 of the 23 sites reviewed.

In addition, the Facilities Management System--Windows Underground Storage Tank Program Project Listing did not reflect an accurate description of the project. For example:

- • three removal projects were listed as "replacement or upgrade";
- • seven removal projects were listed as "UST"; and
- • one upgrade project was listed as a "replacement."

Most of the problems we identified occurred because USPS officials did not verify the accuracy of information before entering the data.

USPS managers need accurate information to make decisions on underground storage tanks.

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### **Recommendation**

The Vice President, Engineering, and Vice President, Facilities, should:

1. 1. Direct appropriate USPS personnel to verify the completeness and accuracy of information entered into the Facilities Management System--Windows and the Environmental Management Information System storage tank module database.



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**Management's  
Comments**

Management agreed with the recommendation and stated that they are relieving the current contractor of oversight responsibility and assigning the responsibility for validating and ensuring the accuracy of information entered into the underground storage tanks databases to the Area District Environmental Compliance Coordinators. A memo to the field expressing this change will be sent by November 1999. This will be followed by a revision to the Management Instruction within the next six months.

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**Evaluation of  
Management's  
Comments**

Management's comments are responsive to our recommendation.

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**Cost-Benefit Analysis** Most of the sites we visited did not perform or document cost-benefit analysis before removing tanks. Based on Headquarters' correspondence dated, June 25, 1990, and USPS policies, Management Instruction, AS-550-95-9, and Facilities Bulletin, FPA-95-2, recommendations for underground storage tank removal or upgrade to meet 1998 requirements must be in accordance with the Decision Tree Flowchart and Cost-Benefit Model.<sup>6[6]</sup>

Responsible personnel told us the primary factors that Area managers considered when deciding to remove tanks were potential liability and, in some instances, Headquarters' funding, instead of local funding. Consequently, the decision to remove underground storage tanks was made without considering the economic and operational impact at each site. A cost-benefit analysis needs to be accomplished to identify economic and operational alternatives before replacing or removing underground storage tanks.

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**Recommendation** The Vice President, Field Operations Support, in coordination with the Vice President, Facilities, should:

2. 2. Direct appropriate USPS officials to accomplish a cost-benefit analysis as outlined in existing underground storage tank policy.

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**Management's Comments** Management agreed with the recommendation and stated that the Vice President, Field Operations Support, will require justification, including a cost-benefits analysis, when considering future tank removal decisions.

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**Evaluation of Management's Comments** Management's comments are responsive to our recommendation.

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<sup>6[6]</sup> Two cost-benefit models were distributed for nationwide use: (1) 1990 Lotus software -- upgrading/replacing existing underground storage tanks versus purchasing fuel from retail outlets, and (2) 1995 "Fillerup Software Application User's Guide" which originated in the Northeast Area.

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**Fiscal  
Administration--  
Capital vs. Expense  
Projects**

Underground storage tank removal projects in the Southwest Area were capitalized when they should have been expensed. Based on our sample, we project that 91 sites in the Southwest Area capitalized removals totaling \$4.7 million that should have been expensed. As a result, expenses were understated and assets were overstated in accounting records. The Southeast Area properly expensed all their tank removal projects.

Complete underground storage tank replacement projects, including the costs of site excavation, removal of old tanks, and purchase and installation of new tanks are considered capital expenses and must be depreciated over a 10-year life.<sup>7[7]</sup> However, removals without replacement are considered expense projects.

The Southwest Area capitalized 8 of the 13 removal projects, totaling \$366,779, that should have been expensed—3 in 1992 and 5 in 1997 and 1998. Of those eight, three were capitalized as repairs and alterations. Based on Headquarters' correspondence, dated June 23, 1989, "In no case should tanks be charged to real property of a facility. This action would result in tanks having a depreciation rate based on the remaining service life of the facility. Accounting wise, in numerous cases, removed tanks would not be fully depreciated if replacement was necessary."

The Facilities Management System--Windows Project Listing shows that for the period January 1, 1990 through March 12, 1999, the following funds were spent on underground storage tank projects:

	<u>Capitalized</u>	<u>Expensed</u>
Southwest Area	\$8,962,548	\$11,006,295
Southeast Area	7,100,504 <sup>8[8]</sup>	5,371,229 <sup>9[9]</sup>

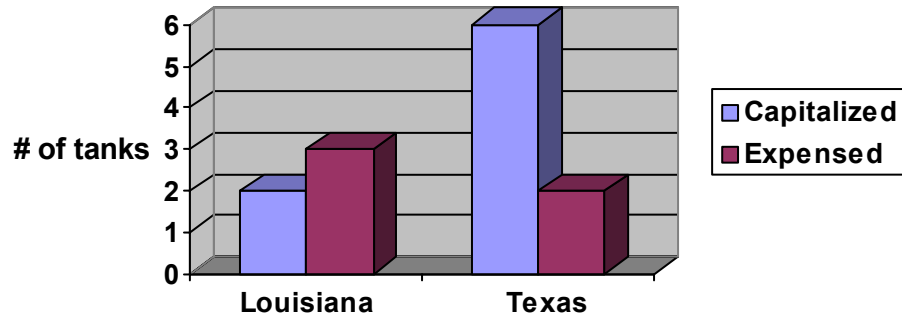
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<sup>7[7]</sup> Management Instructions AS-550-95-9 and AS-550-88-14, Underground Storage Tank Management.

<sup>8[8]</sup> This amount contains expensed dollars that were incorrectly capitalized.

<sup>9[9]</sup> This amount may be underestimated as we found 3 of 23 removal projects were capitalized as Repair and Alterations projects.

## Removals Capitalized versus Expensed



The Southwest Area has removed all of their federally regulated underground storage tanks. The Southeast Area has 64 regulated underground storage tanks remaining.<sup>10[10]</sup>

Our limited review of the Facilities Management System-- Windows Project Listing for the entire population of the Southwest Area reflected about 55 sites (19 in 1997) totaling about \$2.5 million for the period 1992 through 1997. However, most of the 55 projects were listed as UST (Underground Storage Tank) Removal on the Program Project Listing for capital funding. Other sites might have used other language to capitalize similar projects.

Based on our statistical sample, we project that 91 sites capitalized removals totaling \$4.7 million that should have been expensed. Capitalizing a tank removal results in overstated assets and understated expenses for the year in which they occur.

New tanks must be depreciated over a 10-year period. Premature removal without an expense entry results in an overstatement of capital and understatement of expenses the year they were removed.<sup>11[11]</sup> Based on interviews with field and headquarters' personnel, projects were capitalized as real property over the life of the building.

<sup>10[10]</sup> National Federal Underground Storage Tank Compliance Report dated July 29, 1999, from the Facilities Management System, Environmental Management Information System module.

<sup>11[11]</sup> This assumption is predicated on the fact that they were depreciating new tank installations according to the Management Instruction, AS-510-88-14 using Postal Control Number 6030.20.

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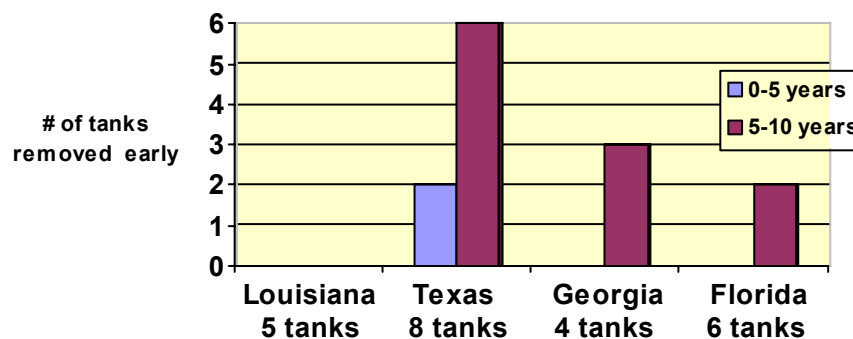
<b>Recommendation</b>	<p>The Vice President, Controller, should:</p> <p>3. 3. Ensure the Manager, Corporate Accounting, and Southwest Manager, Finance, review capitalized underground storage tank projects and reclassify, if appropriate.</p>
<b>Management's Comments</b>	<p>Management agreed with the recommendation and stated that they have already made adjustments to the capitalized projects that should have been expensed. Management booked the \$4.7 million identified during the period of January 1, 1990 through March 12, 1999, in FY 1999 as impaired assets. Currently, management is performing a further review in this area and will make adjustments to the impaired asset amount, as appropriate.</p>
<b>Evaluation of Management's Comments</b>	<p>Management's comments are responsive to our recommendation.</p>

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## Removal of Underground Storage Tanks

Excessive costs were incurred when fuel tanks were removed before the end of their useful life. The 1986 and 1988 Management Instructions<sup>12[12]</sup> required that tanks be designed to have a minimum 30-year life, depreciated over a 10-year period. We excluded 2 of the 25 sites that had heating oil tanks. Of the remaining 23 sites, 13 of the tanks were removed prior to the 10-year depreciated life.

**Tank Removal Sample**



From the statistical sample data cited above, we project that 188 sites (60.6 percent) in the Southeast and Southwest Area removed tanks that were 10 years or less in age.

One of the sample sites installed a tank in 1989. However, the tank was never used, and was filled with water instead of fuel, in order to keep it from rising to the surface. An attempt to upgrade the tank in 1991 was unsuccessful because it had rusted. Consequently, officials removed the tank in 1993.

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<sup>12[12]</sup> Management Instructions AS-510-86-2 New Underground Storage Tank Systems, and AS-510-88-14, Underground Storage Tank Management

Our audit also disclosed that, from the period January 1990 through February 1999, several facilities installed or upgraded tanks and later removed them, resulting in additional costs as follows:

<u>No. of Facilities</u>	<u>Description</u>	<u>Installation</u>	<u>Upgrade</u>	<u>Remove</u>
4	Install & Remove	\$937,810		\$178,408
2	Install w/bldg & Remove	Unknown		78,933
6	Upgrade & Remove		<u>\$172,585</u>	<u>215,329</u>
	Subtotal	\$937,810	\$172,585	\$472,670

Total: \$1,583,065

Tanks were prematurely removed because Management Instruction, AS-550-95-9, gave area managers a great deal of discretion. Managers did not justify or document tank replacement decisions as required. Because tank replacement was funded by Headquarters, Southwest Area made the decision to remove all tanks.

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## **Recommendations**

The Vice President, Field Operations Support, in coordination with the Vice President, Facilities, should:

4. 4. Require area management to establish an operational need prior to installing an underground storage tank, and an operating plan to ensure the tank(s) are maintained and remain in compliance with regulations.
5. 5. Require area management to prepare an adequate plan, supported by a decision analysis, before installing, replacing, or removing fuel storage tanks.

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**Management's  
Comments**

Management agreed with the recommendations and stated that the Vice President, Field Operations Support, will require documentation from area management justifying the need along with submission of the operating plan prior to the installation of underground storage tanks. In addition, area management will be required to submit adequate documentation of their plan and a quantifiable decision analysis to support their proposal.

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**Evaluation of  
Management's  
Comments**

Management's comments are responsive to our recommendations.



## OTHER MATTERS

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### **Project Funding**

Headquarters' funds were used to remove compliant tanks with finance number 10-0240. These funds were to be used for testing, repair, replacement, cleanup, and monitoring. However, the funding was not intended for existing tanks already in compliance.

Four facilities used compliance funding for other purposes. Compliant tanks were installed and/or upgraded and then removed with compliance funds totaling over \$219,000.

The Southwest Area requested additional funding to remove 24 compliant tanks. Headquarters Facilities issued a deviation from Headquarters policy and provided funding to the Southwest Area to remove 24 compliant tanks.

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### **Installation of Non-Compliant Tanks**

Excessive costs were incurred because single-wall tanks were installed that had to be replaced. With the issuance of the 1986 Management Instruction,<sup>13[13]</sup> new tanks were required to be double-wall to meet Postal standards. USPS Facilities installed single-wall (USPS non-compliant) tanks at three of our sample sites after the issuance of the Management Instruction. Additional costs of almost \$200,000 were later incurred to upgrade and remove the tanks.

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<sup>13[13]</sup> Management Instruction AS-510-86-2, New Underground Storage Tank Systems

## APPENDIX A: STATISTICAL DESIGN AND ANALYSIS

We designed a two-stage sampling process for this audit. The population consisted of just two Postal Areas, the Southeast and the Southwest. The Southeast Area consisted of 5 states, 166 sites with underground storage tanks; the Southwest Area consisted of 4 states, 144 sites; thus we included 310 sites over 9 states in our sample. At the first stage, we selected four states out of nine in the population using sampling with probability proportional to size. States selected and the number of sites available follows:

<u>State</u>	<u>Sites</u>
Florida	95
Georgia	33
Louisiana	21
Texas	<u>110</u>
Total Sites	259

In the second stage we randomly selected 25 sites. The specific number of sites by state follows:

<u>State</u>	<u>Sites</u>
Florida	7
Georgia	5
Louisiana	5
Texas	<u>8</u>
Total Sites	25

From this sample of sites within states, we projected two attributes and one monetary estimate:

Attribute 1: Percent and number of sites with tanks removed, 10 years old or less.

Percent Point Estimate:	60.6%
Precision of Estimate with 90% Confidence:	± 44.9%
Number of Sites Projected:	188
Precision of Projection with 90% Confidence:	± 139

Attribute 2: Percent and Number of Sites with Removal Amounts Improperly Capitalized

Percent Point Estimate:		35.1%
Precision of Estimate with 90% Confidence:	±	15.6%
Number of Sites Projected:		91
Precision of Projection with 90% Confidence:	±	40

Monetary Estimate: Projected Dollars Improperly Capitalized from Removal Projects

Point Projection:		\$4.70 million
Precision of Projection with 90% Confidence:	±	\$2.95 million

JOHN A. RAPP  
VICE PRESIDENT, FIELD OPERATIONS SUPPORT



September 17, 1999

SYLVIA L. OWENS  
ASSISTANT INSPECTOR GENERAL FOR  
REVENUE/COST CONTAINMENT

SUBJECT: Transmittal of Draft Audit Report on Removal of Underground  
Storage Tanks Audit Report Number CA-AR-99-Draft

As requested, Field Operations Support has reviewed the subject report for disclosure under the Freedom of Information Act (FOIA) with regard to the proposed corrective actions and recommendations. We find no difficulty with release of the information contained in the report as it applies to the FOIA.

As a general statement, we concur with the recommendations made in the report. However, we suggest that the correct title of "Vice President, Field Operations Support" be applied to report references of "Vice President, Operations."

Our response to recommendation #2, page number 5 of the draft report, requiring the performance of "... cost-benefit analysis as outlined in existing underground storage tank policy.," is as follows:

*As future decisions are considered regarding potential removal of tanks in Vehicle Maintenance Facilities (VMFs), we will require justification, including a cost-benefit analysis, to be submitted through the Environmental Programs office at USPS Headquarters to ensure that economic factors are properly considered. The cost-benefit analysis must be reviewed and approved by the offices of Finance, Facilities, and Delivery. This requirement is already outlined in the decision tree attachment of the Management Instruction and will be enforced effective immediately.*

Our response to recommendation #4, page number 10, requiring "... Area management to establish an operational need prior to installing an underground

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tank and an operating plan to ensure the tank(s) are maintained and remain in compliance with regulations," is as follows:

*As decisions for the installation of underground storage tanks in VMFs are considered, Area management will be required to submit documentation justifying the need along with submission of the maintenance operating plan for the tank(s). The documentation will be submitted as part of the facility plan and must be reviewed and approved by the offices of Finance, Facilities, Delivery, and Environmental Programs.*

Our response to recommendation #5, page number 10, requiring "... Area management to prepare an adequate plan, supported by a decision analysis before installing, replacing, or removing fuel storage tanks," is as follows:

*As decisions regarding the installation, replacement or removal of underground storage tanks in VMFs are considered, Area management will be required to submit adequate documentation of their plan and a quantifiable decision analysis to support their proposal. The documentation will be submitted through the Environmental Programs office and must be reviewed and approved by the offices of Finance, Facilities, Delivery, and Environmental Programs.*

If you have further questions, feel free to contact David A. Clark, Manager, Delivery Vehicle Operations, on extension 2861.

  
John A. Rapp

JOHN H. WARD  
VICE PRESIDENT, FINANCE, CONTROLLER



September 22, 1999

SYLVIA L. OWENS

SUBJECT: Transmittal of Draft Audit Report on Removal of Underground Storage Tanks  
Audit Report Number CA-AR-99-Draft

We have completed a preliminary review of the draft report concerning the removal of underground storage tanks (UST). Our review of the report centered on a sample of UST sites projected from January 1, 1990, through March 12, 1999, showing that the Southwest Area capitalized 91 UST sites totaling \$4.7 million that should have been expensed. Accordingly, we have booked \$4.7 million in fiscal year 1999 as impaired UST assets.

Currently, we are validating this impaired assets amount by reviewing all available project documentation, including recorded accumulated depreciation, on the large projects in the report sample. This detailed review involves the Southwest Area, the St. Louis Accounting Service Center, and Corporate Accounting. We will report on our findings and recommend an adjustment to the impaired asset amount, as appropriate.

A handwritten signature in black ink, appearing to read "J. H. Ward", written over the printed name.

John H. Ward

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RUDY UMSCHIED  
VICE PRESIDENT, FACILITIES



September 22, 1999

SYLVIA L. OWENS  
ASSISTANT INSPECTOR GENERAL FOR REVENUE/COST CONTAINMENT  
OFFICE OF INSPECTOR GENERAL

RE: Draft Audit Report on Removal of Underground Storage Tanks

Thank you for the opportunity to review the draft audit report prepared by your office on the Underground Storage Tank (UST) Program. The report is addressed to Facilities as well as Operations, Engineering and Controller. From 1988-1998, the funding for the UST Program rested with Facilities. We have never had involvement in or responsibility for the operations of USTs at postal facilities. With the ending of Headquarters funding in March of this year Facilities has no involvement in system or operational compliance. Given this relatively limited role, I am only responding to those items that directly involved or relate to Facilities.

UST Database, Recommendation (page 3)

The EMIS tank module is a national database developed by EMP, Engineering, with data to be entered and maintained by the field. Facilities has no involvement in the validation or maintenance of the database.

Cost-Benefit Analysis, Recommendation (page 5)

As cited in the text, there were Facilities bulletins and management instructions which directed the field of the need to conduct cost-benefit analysis when considering removing tanks. Future UST projects will be handled by our Facilities Service Offices (FSOs) only when they exceed the funding authority of the ASO manager. This will probably only involve remediation of postal property contaminated by leaking USTs. We have advised Engineering of the need to update postal UST policies and offered to sit on any future cross-functional task forces created. However, compliance with such policies will likely rest with the ASOs.

Removal of USTs, Recommendation (page 10)

It is not the role of Facilities to require Area management to establish UST plans. Most districts have established tank management plans for each facility with active USTs. Facilities is not involved in the operation of USTs, nor do we have authority to direct a district when they can or can not install a tank. Our involvement is limited to providing the design criteria to ensure installations of new systems meet federal EPA specifications.

Thank you for the opportunity to review your findings.

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WILLIAM J. DOWLING  
VICE PRESIDENT  
ENGINEERING



September 24, 1999

SYLVIA OWENS

SUBJECT: Draft Audit Report on Removal of Underground Storage Tanks (USTs)  
Audit Report Number CA-AR-99-Draft

We agree with the UST database findings and recommendation of the report. As a corrective action, we are relieving the contractor with oversight responsibility and are assigning the UST validation and accuracy to the Area(s) and District(s) for completeness.

Within the next 30 days, we will issue a memo to the field to verify and validate UST information entered into the EMIS database, followed with a revised Management Instruction within the next six months.

Thank you for the opportunity to review and comment on the subject audit report.

A handwritten signature in black ink, appearing to read "W. Dowling", written over a printed name.

William J. Dowling

cc: Mr. Baca  
Mr. Bridges



RUDY UMSCHIED  
VICE PRESIDENT, FACILITIES



September 24, 1999

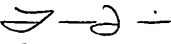
SYLVIA L. OWENS  
ASSISTANT INSPECTOR GENERAL FOR REVENUE/COST CONTAINMENT  
OFFICE OF INSPECTOR GENERAL

RE: Draft Audit Report on Removal of Underground Storage Tanks

As a follow-up to our September 22 memorandum, I would like to add additional information.

Facilities agrees with your recommendation (PG. 3) that project descriptions should accurately reflect the action being taken. As cited in our September 22 response, future input of Underground Storage Tank (UST) projects will be handled at the district office level under the authority of the manager, Administrative Services.

Facilities will work with the Field Operations Support and Engineering vice presidents to ensure that future direction/instructions, to the field for UST projects includes a nomenclature convention that clearly defines the action to be taken.

*FDR*   
Rudy K. Umschied

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September 24, 1999

SYLVIA L. OWENS  
ASSISTANT INSPECTOR GENERAL FOR  
REVENUE/COST CONTAINMENT

SUBJECT: Transmittal of Draft Audit Report on Removal of Underground  
Storage Tanks Audit Report Number CA-AR-99-Draft

This letter is follow-up information to the management response regarding the subject audit report. Jim Williams of your staff contacted me regarding specific actions we will commit to take in the near future to better communicate with Vehicle Maintenance Facilities (VMF's) and ensure their awareness of required actions as future decisions are made regarding UST issues.

In response to this request, the following action will take place:

*The Manager, Delivery Vehicle Operations, will issue a Vehicle Maintenance Bulletin (VMB) to Vehicle Maintenance Facilities (VMF's) directing them to follow the established Management Instruction any time consideration is given to adding or removing underground storage tanks. The required supporting documentation will be reviewed as part of the request submitted for Headquarters' approval. This VMB will be issued by November 1, 1999.*

If you have further questions, feel free to contact me at (202) 268-2861.

A handwritten signature in cursive script, appearing to read "David A. Clark".

David A. Clark, Manager  
Delivery Vehicle Operations

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**Major Contributors  
to This Report**

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