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November 3, 1998

The U.S. Environmental Protection Agency (EPA) invites you to participate in a voluntary and confidential survey regarding the EPA Audit Policy. Participation in this survey will help EPA serve you better and will help EPA evaluate and improve the Audit Policy. EPA has contracted Science Applications International Corporation (SAIC) to conduct this survey of companies that have disclosed environmental violations under the EPA Audit Policy. The Audit Policy, entitled "Incentives for Self-Policing: Discovery, Disclosure, Correction and Prevention of Violations," appeared in the Federal Register on December 22, 1995 at GO FR 66705. The intent of the Audit Policy is to encourage regulated entities to voluntarily discover, disclose, correct and prevent violations of federal environmental laws. EPA is currently conducting a study of the effectiveness of the policy. The information collected by SAIC through this survey of entities that have used the Audit Policy will help EPA in its evaluation process. The results of the study will be made available to the public.

- **Facility/Company:** You are invited to participate in this survey for the Company Name(s) here.
- **Survey Format:** The survey consists of 30 questions. The average time to fill out the survey is estimated at 45 minutes.
- **Verification of Receipt.** Please complete the "Verification of Receipt" form (see back of this letter) and fax it to Carol Winston of SAIC at 703-903-1373. This form will let SAIC know that you have received your survey form.
- **Completing the Survey:** Simply fill out the enclosed survey and mail it back using the enclosed self-addressed stamped envelope. If you choose not to complete the survey, please indicate this on the "Verification of Receipt" form along with your reason(s) for not participating. Please fax this form to Carol Winston of SAIC at 703-903-1373.

2222 Gallows Road, Suite 300, Dunn Loring, Virginia 22027 • (703) 845-6900

Other SAIC Offices: Albuquerque, Colorado Springs, Dayton, Falls Church, Huntsville, Las Vegas, Los Altos, Los Angeles, McLean, Oak Ridge, Orlando, San Diego, Seattle, Tucson



- **Confidentiality of Survey Results:** In order to keep all of your answers confidential, EPA has contracted with an outside organization (SAIC) to conduct this survey. You need not supply your name, address, and telephone number as part of the survey. Each company in the survey has been assigned an identifier code by SAIC. The results of the survey will be compiled and presented to EPA by SAIC using the identifier codes only; not company names. In the event that more information or clarifications are needed on survey responses, SAIC will contact the company and gather this information. At no time will EPA be provided the information linking the identifier codes or survey responses to the company names.
- **Deadline for Survey Responses:** Please complete the survey and return it using the enclosed self-addressed stamped envelope by **Monday November 23, 1998**.
- **For More Information:** If you have questions about this survey, contact Carol Winston of SAIC at 703-645-6925.

Thank you for taking the time to participate in this survey, EPA appreciates your responses.

## Verification of Receipt Form

- ☐ I have received the survey form. I will be completing and returning the form in the enclosed self-addressed stamped envelope by November 23, 1998.
- ☐ I have received the survey form. However, I am choosing not to participate in the survey for the following reason(s):

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Please complete and fax this form to  
**Carol Winston (SAIC)** at 703-903-1373.

For more information, please call  
Ms. Winston at 703-645-6925.

## Audit Policy User's Survey

EPA has contracted Science Applications International Corporation (**SAIC**) to conduct a voluntary and confidential survey of companies that have disclosed environmental violations under the EPA Audit Policy. The **Audit Policy**, entitled "Incentives for Self-Policing: Discovery, Disclosure, Correction and Prevention of Violations," appeared in the **Federal Register** on December **22, 1995** at 60 FR 66705. The intent of the Audit Policy is to encourage regulated **entities** to voluntarily discover, disclose, correct and prevent violations of federal **environmental** law. This survey will help EPA serve you better and will help **EPA** evaluate and improve the Audit Policy.

You are invited to participate in this survey. The average time to fill out the survey is estimated to be 45 minutes. Please return the completed survey in the enclosed stamped envelope addressed to **SAIC** by **Monday, November 23, 1998**. **EPA** will not obtain your name or the name of your company/facility in connection with any of the answers provided. Your participation is very much appreciated. Your response matters!

If you disclosed more than one type of violation, please either generalize for **all** of your experiences or if the **experiences** differed, please answer separately for each violation. If you disclosed for more than one facility, please either generalize for your experiences at these facilities, or copy this **survey** form and complete separate **forms** for each facility.

1. Has your case or matter been resolved?

☐ YES, to my knowledge    ☐ N    ☐ o

2. Does your company have both domestic (U.S.) and international operations?

Yes                      NO

3. What were your 1997 U.S. **annual** sales?

<input type="checkbox"/> Less than \$500,000	<input type="checkbox"/> \$501,000 - \$1 million	<input type="checkbox"/> \$1, 1 - 5 million
<input type="checkbox"/> \$5-50 million	<input type="checkbox"/> \$50 - 100 million	<input type="checkbox"/> \$100 - 1 billion
<input type="checkbox"/> Over \$1 billion	<input type="checkbox"/> Don't know	

3. What were your 1997 world-wide **annual** sales if different ~~than~~ above?

<input type="checkbox"/> Less than \$500,000	<input type="checkbox"/> \$501,000 - \$1 million	<input type="checkbox"/> \$1.1 - 5 million
<input type="checkbox"/> \$5-50 million	<input type="checkbox"/> \$50 - 100 million	<input type="checkbox"/> \$100 - 1 billion
<input type="checkbox"/> Over \$1 billion	<input type="checkbox"/> Don't know	<input type="checkbox"/> Not applicable

5. Approximately how many employees do you have in the U.S.?

<input type="checkbox"/> 1-20	<input type="checkbox"/> 21-50	<input type="checkbox"/> 51-100	<input type="checkbox"/> 101-500
<input type="checkbox"/> -501-1000	<input type="checkbox"/> -1001-5000	<input type="checkbox"/> 5000-20,000	<input type="checkbox"/> Over 20,000
<input type="checkbox"/> -Don't know			

Identifier Code Here

6. Approximately how many employees do you have outside of the U.S.?

☐ 1-20      ☐ 21-50      ☐ 51-100      ☐ 101-500  
☐ 501-1000      ☐ 1001-5000      ☐ 5000-20,000      ☐ Over 20,000  
☐ Don't know

7. Please check your industry

Aerospace or defense equipment      ☐ Energy production (non-utility) or petroleum refining  
Business services or supplies      ☐ Food, beverages or tobacco  
-Chemicals or petrochemicals      ☐ Forest or paper products  
Construction or **building** materials      ☐ -Health care products (including packaging)  
Consumer durable or nondurable goods      ☐ Industrial or farm equipment  
Electric or gas utilities      ☐ Metals or mining  
-Electronics, computers or electrical equipment      ☐ **Travel** or transportation  
☐ Other \_\_\_\_\_

8. How did you learn of EPA's Audit Policy?

Trade association      ☐ Federal Register      ☐ Seminar or conference  
☐ In-house or outside counsel      ☐ EPA/OECA website      ☐ Trade publications  
☐ Other (please indicate) \_\_\_\_\_

9. Would you have disclosed the violation to EPA in the absence of an Audit Policy?

☐ Yes      ☐ No      ☐ Don't know

Please **explain** why or **why** not \_\_\_\_\_

10. What type of violation did you disclose?

☐ RCRA      ☐ EPCRA      ☐ TSCA      ☐ CWA      ☐ CAA  
☐ Other \_\_\_\_\_

11. What was the duration of the audit that revealed the violation(s) that you disclosed?

☐ 1-2 days      ☐ 3-7 days      ☐ 1-3 weeks      ☐ 1-5 months  
☐ 6 months or longer      Not applicable

12. What was the affiliation of the auditors that discovered the violation(s) that you disclosed?

☐ In-house, engages in activity audited      ☐ In-house, independent of activity audited  
☐ Outside contractor      ☐ - Don't know  
☐ Other \_\_\_\_\_

13. Does your facility have a formal environmental compliance auditing program?

Yes      ☐ No      ☐ Don't know

If yes, please answer questions 13 a- 13 e:

13a. What is the scope of the auditing program?:

☐ multi-media      ☐ selected media and statutes      ☐ other \_\_\_\_\_

13b. What facilities are audited under the program?

all facilities most facilities some facilities  
other

13c. What was the typical duration of an audit under the program?

1-2 days 3-7 days 1-3 weeks 1-5 months  
6 months or longer

13d. What is the typical affiliation of the auditors under the program?

In-house, engages in activity audited In-house, independent of activity audited  
Outside contractor Don't know  
Other

13e. What is the typical audit frequency under the program?

Once every year Once every two years  
Once every three to five years Other

13 f. In what ways, if any, did the Audit Policy encourage improvements in your facility's auditing practices?

Scope of media covered Number of facilities audited  
Frequency of auditing Scope of processes covered  
Number of people involved  
Other

Did not encourage improvements in auditing program

14. Does your facility have a formal environmental management system (EMS) or compliance management ("due diligence") system?

Yes No

If yes, please answer questions 14a - 14b:

14a. What type of formal system does your facility have?

EMS that focuses on compliance and other objectives and targets, or that has a compliance management system or "due diligence" system that is part of the EMS  
EMS that does not formally address compliance  
other (please describe)

14b. If yes, in what ways, if any, did the Audit Policy encourage improvements in your EMS or compliance management (due diligence) system?

Did not encourage improvements in management system

15. What form of "systematic discovery" did you indicate in your disclosure letter to EPA?

Environmental audit Compliance management ("due diligence") system  
Both Not applicable because did not systematically discover violation

16. What was the basis for calculation of the discovery date, (i.e., disclosure within 10 days of discovery date)?

Date that a low-level employee had reason believe that a violation had occurred

Date that a **high-level** manager had reason to believe that a violation had occurred

-Date ~~that the~~ technical person verified ~~that~~ there was a reason to believe that a violation had occurred

Date ~~that~~ attorney for the facility verified that ~~a~~ there ~~was~~ a reason to believe that a violation had occurred

Other \_\_\_\_\_

-Don't know

Comment \_\_\_\_\_

17. Why did you decide to disclose the violation(s) under the Audit Policy?

Please **rank** reason(s) ("1," "2," etc.) if they apply

To take proactive measures to find and address compliance problems before EPA discovered them

To **take** advantage of the penalty mitigation incentives under ~~the~~ Policy (little or no **penalty**)

\_\_\_ To conduct and publicize disclosures as evidence of good corporate citizenship and awareness of need to protect public health and the environment

To obtain certainty by relying on predictable enforcement response under Audit Policy

To obtain assurance from EPA that ~~the~~ violation(s) is being properly corrected and/or damage is properly **remediated**

To help protect public health and the environment regardless of any public image benefits

\_\_\_ To take advantage of the incentives regarding no recommendation for criminal **prosecution** under the Policy

\_\_\_ Other \_\_\_\_\_

\_\_\_\_\_

\_\_\_ Don't know

18. Are you aware that a company may receive reduced penalties for voluntarily disclosing a violation even though the company did not qualify for relief under the Audit Policy?

\_\_\_ Yes      \_\_\_ Did not know

19. What relief did you receive under ~~the~~ Audit Policy?

\_\_\_ All penalties eliminated

**All** gravity-based penalties eliminated with economic benefit penalty assessment

-75% of gravity-based penalties eliminated with no economic benefit penalty assessment

75% of gravity-based penalties eliminated with economic benefit **penalty** assessment

Penalties reduced under another authority because the disclosure did not meet the Audit Policy criteria

Penalties not reduced because the disclosure did not meet the criteria of any authority

-Don't **know** because ~~the~~ case is not concluded

Other \_\_\_\_\_

20. What compliance or environmental improvements, if any, were induced, at least in part, by the incentives offered under the Audit Policy?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_ Too early to tell      \_\_\_\_ Don't know

21. What should EPA do to increase the regulated community's awareness of the Audit Policy?

\_\_\_\_\_  
\_\_\_\_\_

22. How can EPA promote the regulated community's use of the Audit Policy?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

23. Would you use the Audit Policy again?

Yes, if applicable    No      Don't know  
\_\_\_\_ It depends, on \_\_\_\_\_

24. Would you recommend the Policy to clients/counterparts?

\_\_\_\_ Yes      \_\_\_\_ No      \_\_\_\_ Don't know  
Why or why not? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

25. Do you have any suggestions for **changes** to the terms of the Audit Policy?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

26. Do you have suggestions for **clarifications** of the terms of the Audit Policy? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

27. Do you have suggestions for changes to EPA's procedures for responding to disclosures under the Audit Policy? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

28. Do you have any other comments or suggestions about your experience with the Audit Policy? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



Identifier Code Here

29. Are you aware of EPA's "Final Policy on Compliance Incentives for Small Businesses," 61 F.R. 27984, June 3, 1996?

☐ Yes

☐ No

(The **Small** Business Policy is intended to promote environmental compliance among businesses with 100 or fewer employees through incentives to participate in compliance assistance programs or conduct environmental audits and to subsequently correct any violations discovered.)

30. Would you consider using the Small Business Policy?

☐ Yes

☐ No

☐ Not applicable because have > 100 employees

**Don't know**

Please explain why or why not. \_\_\_\_\_

Thank you for your participation