



Highlights of [GAO-04-801](#), a report to congressional recipients

PIPELINE SAFETY

Management of the Office of Pipeline Safety's Enforcement Program Needs Further Strengthening

Why GAO Did This Study

While pipelines are inherently safer to the public than other modes of freight transportation, pipeline accidents involving natural gas and hazardous liquids (such as gasoline) can have serious consequences. For example, a natural gas pipeline ruptured near Carlsbad, New Mexico, in 2000, killed 12 people, and resulted in \$1 million in damages or losses. The Office of Pipeline Safety (OPS) administers the national regulatory program to ensure safe pipeline transportation. OPS uses its enforcement program, when safety problems are found, as one means to do so.

This study reports on (1) the effectiveness of OPS's enforcement strategy and (2) OPS's actions for assessing monetary sanctions (civil penalties), among other things.

What GAO Recommends

GAO recommends that OPS define its enforcement goals and strategy and establish a systematic approach for designing new performance measures. GAO also makes several recommendations aimed at improving management control over the collection of civil penalties.

GAO provided a draft of this report to the Department of Transportation for its review and comment. The department generally agreed with the information in the report and its recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-04-801.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Katherine Siggerud, (202) 512-2834, siggerudk@gao.gov.

What GAO Found

The effectiveness of OPS's enforcement strategy cannot be determined because the agency has not set goals for its enforcement program, fully defined its strategy, or established performance measures linked to goals that would allow an assessment of results. (See below.) These are key elements of effective management. Without these elements, the agency cannot determine whether recent changes in its strategy are having the desired effects on pipeline safety. Over the past several years, OPS has placed priority on other areas—developing a new risk-based regulatory approach—and it believes these efforts will change the safety culture of the industry. OPS now intends to devote more attention to strengthening the management of the agency's enforcement program. In particular, OPS is developing an enforcement policy that will help define its enforcement strategy and has made some initial steps toward identifying new performance measures. However, OPS does not anticipate finalizing such a policy until sometime during 2005 and lacks a systematic approach for incorporating some of the key practices identified for achieving successful performance measurement systems.

Incorporation of Key Program Management Elements into OPS's Enforcement Strategy

Element	Extent
Clear program goals	○
Well-defined strategy for achieving goals	◐
Performance measures linked to program goals	◑

● Fully incorporated ◐ Partially incorporated ○ Not incorporated

Source: GAO.

OPS has increased both the number and the size of the penalties it has assessed against pipeline operators over the last 4 years (2000 through 2003) following its decision to be "tough but fair" in assessing penalties. During this period, OPS assessed an average of 22 penalties per year, compared with an average of 14 per year for the previous 5 years (1995 through 1999), a period of more lenient enforcement. In addition, the average penalty amount increased from \$18,000 to \$29,000 over the two periods. While civil penalty use and size has increased, it is not clear whether this action will help deter noncompliance with the agency's safety regulations. Stakeholders expressed differing views: some thought that any penalty had a deterrent effect if it kept the pipeline operator in the public eye, while others told us that the penalties were too small to be effective sanctions. About 94 percent of the 216 penalties levied from 1994 through 2003 have been paid. However, OPS lacks effective management controls to assure that penalties are collected. For example, OPS does not routinely inform its collection agent of penalties it has assessed.