



**United States
Environmental Protection Agency**

FISCAL YEAR 2021

**Justification of Appropriation
Estimates for the Committee
on Appropriations**

Tab 05: Office of Inspector General

EPA-190-S-20-001

**February 2020
www.epa.gov/ocfo**

**Environmental Protection Agency
FY 2021 Annual Performance Plan and Congressional Justification**

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**Environmental Protection Agency
FY 2021 Annual Performance Plan and Congressional Justification**

APPROPRIATION: Inspector General

**Resource Summary Table
(Dollars in Thousands)**

	FY 2019 Actuals	Estimated FY 2020 Enacted	FY 2021 Pres Budget	FY 2021 Pres Budget v. Estimated FY 2020 Enacted
Inspector General				
Budget Authority	\$39,929.8	\$41,489.0	\$39,825.0	-\$1,664.0
Total Workyears	218.4	227.5	201.4	-26.1

*For ease of comparison, Superfund transfer resources for the audit and research functions are shown in the Superfund account.

Bill Language: Inspector General

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, \$39,825,000, to remain available until September 30, 2022.

**Program Projects in IG
(Dollars in Thousands)**

Program Project	FY 2019 Actuals	Estimated FY 2020 Enacted	FY 2021 Pres Budget	FY 2021 Pres Budget v. Estimated FY 2020 Enacted
Audits, Evaluations, and Investigations				
Audits, Evaluations, and Investigations	\$39,929.8	\$41,489.0	\$39,825.0	-\$1,664.0
TOTAL IG	\$39,929.8	\$41,489.0	\$39,825.0	-\$1,664.0

*For ease of comparison, Superfund transfer resources for the audit and research functions are shown in the Superfund account.

Audits, Evaluations, and Investigations

Audits, Evaluations, and Investigations

Program Area: Audits, Evaluations, and Investigations

Goal: Greater Certainty, Compliance, and Effectiveness

Objective(s): Improve Efficiency and Effectiveness

(Dollars in Thousands)

	FY 2019 Actuals	Estimated FY 2020 Enacted	FY 2021 Pres Budget	FY 2021 Pres Budget v. Estimated FY 2020 Enacted
<i>Inspector General</i>	\$39,929.8	\$41,489.0	\$39,825.0	-\$1,664.0
Hazardous Substance Superfund	\$8,875.9	\$11,586.0	\$9,747.0	-\$1,839.0
Total Budget Authority	\$48,805.7	\$53,075.0	\$49,572.0	-\$3,503.0
Total Workyears	268.7	270.0	242.0	-28.0

Program Project Description:

EPA’s Office of Inspector General (OIG) is an independent office of the U.S. Environmental Protection Agency, created by the Inspector General Act of 1978, as amended. In support of that independence, Congress provides the OIG with a separate appropriation, within the Agency’s budget. The vision of the OIG is to be a premier oversight organization trusted to speak the truth, promote good governance, and contribute to improved human health and the environment. This vision is met through the mission of the OIG. The OIG conducts and supervises independent audits, evaluations, and investigations while reviewing existing and proposed legislation and regulations relating to the programs and operations of the Agency; provides leadership and coordination; makes evidence-based policy recommendations for activities designed to promote economy, efficiency and effectiveness; and works to prevent and detect waste, fraud, and abuse in Agency, grantee, and contractor operations.

The OIG activities add value and enhance public trust and safety by keeping the head of the Agency and Congress fully and immediately informed of problems and deficiencies, and the necessity for and progress of corrective actions. The OIG activities also prevent and detect fraud in EPA’s programs and operations, including financial fraud, laboratory fraud, and cybercrime. The OIG consistently provides a significant positive return on investment to the public in the form of recommendations for improvements in the delivery of EPA’s mission, reduction in operational and environmental risks, costs savings and recoveries, and improvements in program efficiencies and integrity.¹ The audit, evaluations and inspection, and investigative services programs are directly supported through the OIG’s management and administrative functions of information technology, human resources, human capital, budget, planning and performance, legal advice and counseling, report publishing and communications, and congressional outreach. EPA’s OIG plans its work with a focus on identifying and influencing resolution of the Agency’s major management challenges and in support of the Agency’s strategic goals and objectives in the *FY 2018 - 2022 EPA Strategic Plan*.

¹ For more information, please refer to: <https://www.epa.gov/office-inspector-general/epa-oig-organization-profile>.

In addition, EPA's Inspector General was designated by Congress in FY 2004 to serve as the Inspector General for the U.S. Chemical Safety and Hazard Investigation Board (CSB) and provides the full range of audit and investigative services specified by the Inspector General Act, as amended. Specifically, the OIG conducts required audits of the CSB's financial statements and of CSB's compliance with the Federal Information Security Management Act. In addition, the OIG performs audits and evaluations of the CSB's programmatic and management activities and follow-up on prior audit recommendations.

FY 2021 Activities and Performance Plan:

Work in this program directly supports Goal 3/Objective 3.5, Improve Efficiency and Effectiveness in the *FY 2018 - 2022 EPA Strategic Plan*. The activities of the OIG are supported through the core value to be the best in public service through customer service, integrity, and accountability. The summary of this value is to contribute to improved EPA and CSB programs and operations protecting human health and the environment, and enhancing safety; conduct audits, evaluations, and investigations that enable EPA and the CSB to improve business practices and accountability to meet stakeholders' needs. The OIG assists the Agency in its efforts to develop and enforce regulations that implement environmental laws by making recommendations to improve program operations; save taxpayer dollars; reduce the potential for fraud, waste, and abuse; respond to cybercrimes; and resolve previously identified major management challenges and internal control weaknesses resulting in cleaner air, land, and water, and ensured chemical safety for America. In FY 2021, the OIG will target initiatives supporting EPA's six National Compliance Initiatives; increase its agility to assess emerging environmental threats; increase its use of data analytics, business analytics, and business intelligence to better target resources to address high risk, high vulnerability areas of interest; employ best practices in support of improving efficiency, effectiveness, accountability, and monetary benefits; focus on measurable impact and will increase its return on investment to the American public.

The OIG carries out its statutory mission by conducting many types of audits, evaluations, and investigations for both EPA and the CSB. Plans are implemented through audits, evaluations, investigations, inspections, and follow-up reviews in compliance with the Inspector General Act (as amended), the Generally Accepted Government Accounting Standards, and the Council of Inspectors General on Integrity and Efficiency's *Quality Standards for Federal Offices of Inspector General*. The OIG conducts the following types of assignments focused on efficiency and program operations: program performance, including a focus on the award and administration of grants and contracts; statutorily mandated audits; financial reviews of grantees and contractors; and information resources management. In addition, program performance audits, evaluations and inspections are conducted in the areas of EPA's mission objectives for improving and protecting the environment and public health, including: air; water; land cleanup and waste management; toxics, chemical management, and pollution prevention; and environmental research programs.

The investigative mission of the OIG continues to evolve in conducting criminal, civil, and administrative investigations into fraud and serious misconduct within EPA programs and operations that undermine the organization's integrity and public trust, or create an imminent risk or danger. The OIG investigations are coordinated with the Department of Justice and other federal, state, and local law enforcement entities. These investigations often lead to successful

prosecution and civil judgments wherein there is a recovery and repayment of financial losses. Major areas of investigative focus include: financial fraud, program integrity, threats to the Agency's resources, employee integrity, cyber-crimes, and theft of intellectual or sensitive data.

The ten directorates within the Office of Audit and Evaluation are responsible for independent oversight of EPA and CSB programs and recommending improvement to programs and operations. A significant portion of audit resources will be devoted to statutorily mandated work assessing the financial statements of EPA, as required by the Chief Financial Officers Act and the Accountability of Tax Dollars Act of 2002, respectively. The OIG work also will include assessing the information security practices of EPA as required by the Federal Information Security Management Act. The OIG will examine the delivery and performance of national programs, as well as specific cross-regional and single region or place based issues that represent a risk to public health and the environment in response to stakeholder concerns.

EPA's OIG continues to balance its workload with the capacity of a reduced workforce, while meeting statutorily-mandated requirements and delivering a strong return on investment. Three of the four EPA OIG Annual Performance Goals reported to Congress by way of the Semiannual Report are being exceeded, however, goals were adjusted to align with available resources. Based on prior work, cross-agency risk assessment, Agency challenges, future priorities, and extensive stakeholder input, the OIG will focus its resources on efforts in the following areas of concentration during FY 2021:

Audits and Evaluations

Sound and Economical Financial Management

- Annual mandated improper payments audit
- Internal controls
- Annual mandated financial statements audits
- Audits of costs claimed by grantees and contractors
- Grant and contract administration
- Maximizing cost efficiencies and process improvement
- Capital investments in information technology, equipment, facilities, and other items
- Technological changes that create transformation opportunities
- Annual mandated travel card program, including risk assessment in accordance with the Government Charge Card Abuse Prevention Act of 2012
- Annual mandated purchase card and convenience check program, including risk assessment
- Annual mandated toxic substances fees in accordance with the Pesticide Registration Improvement Act and Federal Insecticide, Fungicide, and Rodenticide Act
- Efficiency and effectiveness of collection and payment processes

Efficient Processes and Use of Resources

- Management of the Brownfields Program
- Partnering or coordination with other agencies to maximize efficiencies
- Opportunities to reduce duplication, overlap, and fragmentation within EPA

- Grant, Interagency Agreement Grant, and Interagency Agreement Management
- Efficiency and effectiveness of human capital management programs

Ensuring the Integrity of EPA Information

- Protection from advanced persistent threats to steal/modify data
- Agency efforts to enhance its capability to respond to cyber-attacks
- Cybersecurity/infrastructure development; and assessment of processes to ensure protection and security of information systems from fraud, waste, and abuse
- File server security
- Processes for Managing Background Investigations and Plan of Action & Milestones (POA&Ms)
- Annual mandated audit of compliance with the Federal Information Security Modernization Act
- Oversight of Chief Information Officer's responsibilities under the Federal Information Technology Acquisition Reform Act
- Mandated readiness reviews of Agency Digital Accountability and Transparency Act of 2014

Assessing Risk Management and Performance Measurement

- Implementation of Federal Managers Financial Integrity Act, Federal Information Security Management Act, and Government Performance and Results Act
- Disaster response and homeland security and emergency preparedness and response
- Construction grants and revolving loan funds awarded to states and territories
- Review of contractor federal performance
- Assistance agreements related to cleanup and Brownfields

Assessing Program Integrity, Results, Oversight, Enforcement

- Evaluation of the Management Audit Tracking System
- Evaluation of the implementation of the Toxic Substances Control Act (TSCA)
- Oversight of Clean Water State Revolving Loan Funds
- Assess EPA's policy, procedures, and internal controls to prevent or reduce improper computer use
- Evaluations of EPA's programs and activities to protect human health and the environment through progress toward air quality goals and compliance with requirements
- Evaluation of EPA's programs and adherence to requirements to protect and restore water that sustains human health and the environment
- Evaluation of EPA's programs, activities, requirements and initiatives to protect human health and the environment through hazardous waste cleanup, waste management, accident prevention and emergency response
- Evaluations of EPA's programs and requirements to protect human health and the environment from chemical risks, including implementation of the TSCA
- Evaluation of controls and processes in EPA's research and development programs that support EPA's core mission to protect human health and the environment

Investigations

The Inspector General Act identifies the Assistant Inspector General for Investigations as responsible for developing and implementing an investigative program that furthers OIG objectives. The OIG's Office of Investigations (OI) conducts independent investigations to detect and prevent fraud, waste and abuse, while protecting the integrity of EPA and CSB programs, operations and resources. Investigations focus on allegations of criminal activity and serious misconduct in EPA and CSB programs and operations. The OIG's investigative process is mostly reactive, and the OI performs its proactive work strategically as opportunities and resources allow. Due to the reactive nature of the OI's work, investigations are opened in accordance with priorities set forth in the OIG Strategic Plan for FY 2018 – 2022 and in consideration of prosecutorial guidelines established by U.S. Attorneys. OIG investigations are governed by the *Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority* and by the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Investigations*, as well as other federal statutes and regulations.

The investigative mission of the OIG continues to evolve in conducting criminal, civil, and administrative investigations into fraud and serious misconduct within EPA programs and operations that undermine the organization's integrity and public trust, or create an imminent risk or danger. Special Agents within the OI are duly appointed federal criminal investigators and have statutory authority to carry firearms, make arrests, execute search and seizure warrants, and perform other law enforcement duties. Special Agents have been trained as armed law enforcement first responders and are responders in the event of an active shooter or terrorist attack impacting EPA and CSB facilities. The OI often collaborates with other law enforcement entities and external stakeholders to enhance the effectiveness of its work. The OIG investigations are coordinated with the Department of Justice and other federal, state, and local law enforcement entities for criminal and civil litigation or with EPA management for administrative action. Investigative efforts often lead to successful criminal convictions, administrative sanctions, civil monetary penalties and judgments wherein there is a recovery and repayment of financial losses. Additionally, during and at the conclusion of investigations, the OI works with the Suspension and Debarment Office within EPA, "whose actions protect the government from doing business with entities that pose a business risk to the government."

The OIG plays a critical oversight role helping to ensure that EPA and CSB funds are properly expended and not subject to fraud, waste, or abuse. Major areas of investigative focus in this oversight include: 1) financial fraud relating to Agency grants and contracts concerning State Revolving Funds, interagency and cooperative agreements, and fraud related to mischarging, defective pricing, defective products and collusion on contracts; 2) employee integrity and alleged criminal conduct or serious administrative misconduct focusing on activities that could undermine the integrity of Agency programs involving safety and public health, and erode confidence in the Agency pursuing its mission; 3) threats directed against EPA and CSB employees, facilities, and assets involving threats to the physical assault upon such employees and contractors; 4) program integrity focusing; 5) EPA's OIG hotline, deterrence and oversight focusing on managing EPA's OIG hotline program, which receives complaints, referrals and allegation of fraud, waste, abuse, mismanagement and misconduct involving EPA and the CSB; 6) other investigative activity for

which the focus is on providing support to the OIG program offices and participating in multiagency coordination on urgent matters facing EPA and the Nation.

Finally, the OI often makes observations or “lessons learned” for EPA’s management to reduce the Agency’s vulnerability to criminal activity. The results of OI’s investigations are published in the OIG’s semiannual reports and can serve as a deterrent to future misconduct. In addition, the OI’s investigations provide measurable results wherein recovery and restitution of financial losses are achieved, and administrative actions are taken to prevent those involved from further participation in any of EPA’s programs or operation.

The Office of Investigations is proposing to realign its Field Operations Directorate by reducing the number of field offices from four to three and realigning the offices that are currently under the purview of the Chicago, Illinois field office to the Atlanta, Georgia and Washington, DC field offices. The employees in the Chicago office will report to the Washington field office and the employees in the Dallas and Kansas City offices, who currently report to the Chicago office, will report to the Atlanta office. Thus, none of the offices will be closed, and each of the three field offices will continue to have a GS-14 supervisor, a GS-15 supervisor, and a team of Special Agents. Once fully implemented and operational, this realignment will improve the efficiency, effectiveness and consistency of OI’s operations by allowing the Field Operations Directorate to better oversee its field operations and investigations. The realignment will move OI towards an appropriate manager-to-staff ratio.

Follow-up and Policy/Regulatory Analysis

To further promote economy, efficiency, and effectiveness, the OIG will conduct follow-up reviews of Agency responsiveness to the OIG’s recommendations to determine if appropriate actions have been taken and intended improvements have been achieved. This process will serve as a means for keeping Congress and EPA leadership apprised of accomplishments and opportunities for needed corrective actions, and facilitate greater accountability for results from the OIG operations.

Additionally, as directed by the IG Act (as amended), the OIG also conducts reviews and analysis of proposed and existing policies, rules, regulations and legislation to identify vulnerability to waste, fraud and abuse. These reviews also consider possible duplication, gaps or conflicts with existing authority, leading to recommendations for improvements in their structure, content, and application.

Performance Measure Targets:

EPA’s FY 2021 Annual Performance Plan does not include annual performance goals specific to this program.

FY 2021 Change from Estimated FY 2020 Enacted Budget (Dollars in Thousands):

- (+\$2,963.0) This change is an increase due to the recalculation of base payroll costs.

- (-\$4,627.0 / -26.1 FTE) This net program change is a decrease to address costs associated with the reduction in FTEs and other nonpay changes for all activities across the Office of the Inspector General.

Statutory Authority:

Inspector General Act of 1978.

Inspector General Reform Act:

The following information is provided pursuant to Section 6(g)(2) of the Inspector General Reform Act:

- The aggregate budget request from the Inspector General for the operations of the OIG is \$59.3 million (\$48.6 million Inspector General; \$10.7 million Superfund Transfer)
- The aggregate President's Budget for the operations of the OIG is \$49.6 million (\$39.8 million Inspector General; \$9.8 million Superfund Transfer)
- The portion of the aggregate President's Budget needed for training is \$500 thousand (\$410 thousand Inspector General; \$90 thousand Superfund Transfer)
- The portion of the aggregate President's Budget needed to support the Council of the Inspectors General on Integrity and Efficiency is \$122 thousand (\$100 thousand Inspector General; \$22 thousand Superfund Transfer)

“I certify as the Inspector General of the Environmental Protection Agency that the amount I have requested for training satisfies all OIG training needs for FY 2021.”

