



**United States  
Environmental Protection Agency**

**FISCAL YEAR 2025**

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

**Tab 06: Inspector General**

**Environmental Protection Agency  
FY 2025 Annual Performance Plan and Congressional Justification**

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**Environmental Protection Agency  
FY 2025 Annual Performance Plan and Congressional Justification**

**APPROPRIATION: Inspector General  
Resource Summary Table  
(Dollars in Thousands)**

	<b>FY 2023 Final Actuals</b>	<b>FY 2024 Annualized CR</b>	<b>FY 2025 President's Budget</b>	<b>FY 2025 President's Budget v. FY 2024 Annualized CR</b>
<b>Inspector General</b>				
Budget Authority	\$41,521	\$44,030	\$65,257	\$21,227
Total Workyears	202.4	227.5	284.5	57.0

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

**Bill Language: Office of Inspector General**

*For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, \$65,257,000, to remain available until September 30, 2026.*

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

<b>Program Project</b>	<b>FY 2023 Final Actuals</b>	<b>FY 2024 Annualized CR</b>	<b>FY 2025 President's Budget</b>	<b>FY 2025 President's Budget v. FY 2024 Annualized CR</b>
Audits, Evaluations, and Investigations				
Audits, Evaluations, and Investigations	\$41,521	\$44,030	\$65,257	\$21,227
<b>TOTAL IG</b>	<b>\$41,521</b>	<b>\$44,030</b>	<b>\$65,257</b>	<b>\$21,227</b>

\*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  
Cross-Agency Mission and Science Support

(Dollars in Thousands)

	FY 2023 Final Actuals	FY 2024 Annualized CR	FY 2025 President's Budget	FY 2025 President's Budget v. FY 2024 Annualized CR
<b><i>Inspector General</i></b>	<b><i>\$41,521</i></b>	<b><i>\$44,030</i></b>	<b><i>\$65,257</i></b>	<b><i>\$21,227</i></b>
Hazardous Substance Superfund	\$13,244	\$11,800	\$13,979	\$2,179
Total Budget Authority	\$54,765	\$55,830	\$79,236	\$23,406
Total Workyears	246.6	270.0	333.5	63.5

### **Program Project Description:**

Created pursuant to the Inspector General Act of 1978, as amended, the U.S. Environmental Protection Agency Office of Inspector General (OIG) is an independent office within the Agency. The mission of the OIG is to promote economy and efficiency in, and detect fraud, waste, and abuse related to, programs and operations of EPA and the U.S. Chemical Safety and Hazard Investigation Board (CSB), as well as to help ensure ethical conduct and program integrity. To this end, the OIG is responsible for conducting, supervising, and coordinating audits and investigations relating to EPA's and CSB's programs. One of the OIG's top responsibilities is the requirement to keep agency heads, Congress, and the American people fully and currently informed about problems and deficiencies in Agency or Board programs and operations.

In support of the OIG's independence, Congress provides the OIG with, among other things, a separate appropriation within the Agency's budget. Appropriated resources allow the OIG to not only complete its mandated oversight work but also to identify and execute discretionary oversight of key areas, such as water infrastructure, climate change, environmental justice, and toxic chemicals. Investing in EPA's OIG is a sound monetary investment. In FY 2023, for example, the OIG identified over \$176 million in potential fraud, waste, or abuse; in other words, for every dollar Congress invested in the OIG, the OIG returned at least three dollars in identified or avoided fraud, waste, and abuse. However, quantifying and monetizing the human health or environmental benefits from the OIG's work is not always straight forward. For example, a recent evaluation of the effectiveness of EPA's Accountability Framework for overseeing Chesapeake Bay Total Maximum Daily Load pollution-reduction goals resulted in renewed commitments from EPA's Chesapeake Bay Program partners. Although there were no identified monetary benefits, the significance of this evaluation is illustrated through partner action and press coverage, which included front-page coverage in one of the partner's major newspapers.

### **Audits**

The Office of Audit (OA) is responsible for conducting financial and performance audits of EPA's and CSB's programs and operations. Utilizing a cadre of auditors with specialized training and experience in environmental, financial, and cyber programs, the OA generally conducts its projects

in compliance with the generally accepted government auditing standards, as applicable based upon the work performed. Specifically, the OA conducts performance audits to assess the economy, efficiency, and effectiveness, internal control, and compliance of EPA programs and EPA business operations. In addition, the OA conducts approximately 16 mandated audits each year, including financial audits of EPA's and CSB's financial statements as required by the Chief Financial Officers Act of 1990 and audits of EPA's and the CSB's information security practices as required by the Federal Information Security Modernization Act of 2014.

Impact is measured both in terms of recommendations and in potential monetary benefit. In FY 2023, the OA issued over a dozen reports leading to over 30 recommendations for program improvements. For example, in August 2023, the OA issued a management alert identifying erroneous guidance to states that they do not have to review single audits of nonfederal entities that borrow money from state revolving funds. Because of this erroneous guidance, the Mississippi State Department of Health did not review single audit reports which identified Drinking Water State Revolving Fund (DWSRF) and financial statement deficiencies for the City of Jackson. Once alerted, EPA promptly revised this guidance for state revolving funds. The OA also has identified over \$77 million in potential monetary benefits. For example, in an audit of DWSRF loan subsidies for disadvantaged communities, the OA found that if one state increased its set-aside award to the national average, it would have an estimated \$30.7 million for federal FY 2023 through FY 2026 that it could put to better use by assisting disadvantaged communities in qualifying for loans. Finally, the OA has begun reviewing the regulatorily required financial and compliance audits from each of the clean water and drinking water state revolving funds. These audits, and the OIG's review of these audits, is an important control in ensuring that the billions of dollars invested in water and wastewater infrastructure is used effectively and appropriately.

### **Investigations**

The OIG Office of Investigations (OI) is the oversight component responsible for investigating allegations of fraud, waste, and abuse related to EPA and CSB programs and operations including EPA's Superfund Program. Consisting of criminal investigators with statutory authority under the IG Act to carry firearms, make arrests, execute search and seizure warrants, and perform other law enforcement duties, the OI's special agents are authorized to conduct criminal, civil, and administrative investigations. With a geographical area of responsibility spanning from Saipan to Maine and Alaska to the U.S. Virgin Islands, the OI prioritizes work related to the critical sectors of water and wastewater, including those involving cybercrime or relating to national security, as well as crimes affecting the integrity of EPA and the CSB. Within these priorities, the OI leverages a data- and intelligence-driven framework to identify high-impact investigations.

One of the tools that the IG Act provides the OIG is to request assistance from any federal, state, or local governmental agency, allowing the OI to coordinate with such agencies regarding the prevention and detection of fraud, waste, and abuse. To this end, the OI's criminal and civil investigations are often done in coordination with the U.S. Department of Justice and with various law enforcement task forces. In FY 2023, the OI recovered more than \$5 million from more than a dozen criminal indictments and convictions or civil judgments. And through the OI's work, EPA was able to avoid awarding over \$12 million in a potential grant fraud scheme. In addition, the OI works with EPA's Suspension and Debarment Program, "whose actions protect the government

from doing business with entities that pose a business risk to the government.” In FY 2023, the OI initiated over 140 OIG investigations on fraud, waste, and abuse; these investigations were conducted in response to information obtained through intelligence-gathering or from witness reports. Finally, the OI has published three “lessons learned” Management Implication Reports, identifying potential measures to reduce the Agency’s vulnerability to criminal activity.

## **Evaluations**

The OIG Office of Special Review and Evaluation (OSRE) is responsible for evaluating the effectiveness of EPA’s and the CSB’s programs. Its oversight projects focus on the efficiency of program operations, such as program performance from implementation to outcome. It does so by leveraging a cadre of engineers, scientists, social scientists, and other environmental and public health professionals, who generally conduct projects in compliance with the Council of the Inspectors General on Integrity and Efficiency’s *Quality Standards for Inspection and Evaluation*. The evaluative reach of the OSRE spans every EPA program office and includes assessments of implementation efforts by EPA’s ten regional offices and the Agency’s state, local, and tribal partners, as well as EPA Superfund programs, and activities that support clean air, clean water, safer chemicals, cleaner communities, scientific research and integrity, and effective oversight and enforcement.

Past OIG evaluations have resulted in EPA policy changes, improvements to agency guidance documents and other written materials, increased transparency on regulatory and other decision-making, and process changes to eliminate barriers and improve program outcomes. These evaluations also have provided EPA and Congress with information that is useful in policymaking. For example, in FY 2023, the OSRE found that EPA’s residential wood heater program put human health and the environment at risk for exposure to dangerous fine-particulate-matter pollution by allowing sales of wood heaters that may not meet emission standards. It also found that EPA had distributed approximately \$82 million in grants for residential wood heater changeout programs, which would be wasted if the replacement models do not meet emission standards. Because of this report, Congress is requiring EPA to use FY 2024 funding for the program to increase its staffing and other required efforts, and to provide a briefing to Congress regarding improvements it plans to make to the program. Additionally, ten state attorneys general cited our report in litigation against EPA to update wood stove emissions standards. The OSRE also engages in nimble evaluations to quickly pivot planned work toward emerging public health concerns. For example, shortly after a fuel spill at the Red Hill Bulk Fuel Storage Facility contaminated Honolulu’s drinking water, the OSRE undertook an evaluation of EPA’s oversight of relevant authorized state programs’ response to contamination at Red Hill, ultimately making recommendations regarding plans to defuel and close the fuel storage facility.

## **Administrative Investigations**

The Administrative Investigations Directorate (AID), located in the Office of Special Review and Evaluation, conducts civil and administrative investigations into allegations of misconduct by senior employees and complaints of whistleblower reprisal by Agency or Board employees, contractors, subcontractors, grantees, subgrantees, or personal services contractors. It also performs special reviews of significant events and emergent issues of concern that involve a

suspected or alleged violation of law, regulation, or policy, as well as allegations of serious mismanagement. Additionally, along with select evaluation staff, this directorate regularly meets with EPA's scientific integrity official, updates coordination procedures between the OIG and EPA's Scientific Integrity Office, and reviews documents to make EPA aware of all identified allegations of violations of its Scientific Integrity Policy.

Since its creation in 2021, the AID has made an immediate impact in helping promote ethical conduct in EPA and the CSB, particularly in the areas of senior employee misconduct and scientific misconduct. Despite consisting of only five investigative attorneys and civil investigators, the AID carries a docket consists of over a dozen civil and administrative investigations. It also has issued significant reports related to ethical misconduct and whistleblower protection, among other matters. For example, the AID recently issued a report of investigation substantiating allegations that the former chair of the CSB improperly spent nearly \$100 thousand in Board funds for travel, training, and office refurbishment.

The AID also manages the OIG Hotline, triaging each complaint, tracking its referrals, monitoring the progress of its referrals, and communicating with complainants. As the principal method for reporting suspected fraud, waste, and abuse to the OIG, the OIG Hotline is an invaluable tool for gathering intelligence related to EPA and CSB programs and operations and for identifying further oversight work. Recent examples of projects arising out of hotline complaints include *The EPA's January 2021 PFBS Toxicity Assessment Did Not Uphold the Agency's Commitments to Scientific Integrity and Information Quality*, Report No. 23-E-0013 and *The EPA Lacks Complete Guidance for the New Chemicals Program to Ensure Consistency and Transparency in Decisions*, Report No. 23-P-0026.<sup>1</sup> In FY 2023, the OIG Hotline received 7,635 contacts through the OIG website, email account, and telephone number. Furthermore, the OIG employs authorities under 5 U.S.C. § 4512 to incentivize the disclosure of fraud, waste, or mismanagement through cash awards.

## **Data Analytics**

The Data Analytics Directorate (DAD) supports OIG wide oversight planning and execution by leveraging advance analytics to identify and highlight key risk areas to EPA or CSB program integrity. Specifically, the DAD uses programming languages and database software to automate the acquisition, transformation, and analysis of large and disparate data sets that supports audits, evaluations, and investigations. It also provides statistical sampling and survey creation support for audits and evaluations. The DAD's oversight products, created by a team of data analysts and data scientists, allow the OIG and the public to visualize the extent of EPA programs and operations.

Unlike other data analytics operations, the OIG uses its DAD to increase public awareness of EPA's programs and operations. For example, in FY 2023, the DAD published a new version of a geographical dashboard on the OIG website, allowing anyone to see where EPA is spending supplemental appropriations under the Infrastructure Investment and Jobs Act or the IIJA. This geographical dashboard allows the public to filter the spending data by such fields as congressional

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<sup>1</sup> For more information on Report No. 23-E-0013, please see <https://www.epa.gov/office-inspector-general/report-epas-january-2021-pfbs-toxicity-assessment-did-not-uphold-agencys> and for more information on No. 23-P-0026, please see [https://www.epa.gov/system/files/documents/2023-08/epaig\\_20230802-23-P-0026.pdf](https://www.epa.gov/system/files/documents/2023-08/epaig_20230802-23-P-0026.pdf).

districts and Justice40 Initiative overlays. The OIG also uses the DAD to create internal dashboards and other analytical tools to monitor OIG productivity and improve OIG operations. Just recently, the DAD developed a dashboard to monitor EPA's progress in completing corrective actions in response to audit or evaluation recommendations.

### **OIG Support**

The Office of Inspector General and its oversight programs are supported by the Office of Counsel, the Office of Congressional and Public Affairs, the Office of Information Technology, the Office of Mission Support, and the Office of Strategic Analysis and Results. These support offices provide legal, professional, and technical support to the oversight programs, as well as support the recruitment, retention, and training of the OIG's employees. These support offices also manage the OIG's public outreach efforts through, among other things, congressional and public engagements and by, among other things, engaging traditional and social media and the Internet. In FY 2023, the OIG expanded its social media outreach by becoming the first federal OIG on Instagram. The OIG also improved public outreach by acquiring a new domain, epaoig.gov, and developing a new website focused on facilitating the dissemination of the OIG's oversight products and the reporting of potential fraud, waste, and abuse related to EPA's or the CSB's programs and operations.

### **FY 2025 Activities and Performance Plan:**

The OIG takes a rigorous approach to the planning and execution of its oversight work, starting with the statutory mandate to prepare an annual statement summarizing "the most serious management and performance challenges facing the agency" and to briefly assess the Agency's progress in addressing those challenges. To identify these top management challenges, the OIG reviews the work of the OIG and the U.S. Government Accountability Office, solicits input from senior EPA leadership and program offices, and considers the public statements of EPA, administration, and congressional leaders, as well as EPA planning documents, such as the *FY 2022 - 2026 EPA Strategic Plan*. The OIG then plans specific audits and evaluations for the next fiscal year that will address these top management challenges, as well as the goals and objectives of the EPA OIG's strategic plan. This discretionary oversight is, of course, constrained by the OIG's statutory or regulatory mandates, such as the oversight of the financial and operation audits of the over 100 state revolving funds, as well as work requested by Congress or resulting from an OIG Hotline contact.

In FY 2025, the OIG will continue to target initiatives addressing EPA's and CSB's top management challenges and stated priorities. To execute these initiatives, the OIG will 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 to improve efficiency, effectiveness, accountability, and monetary benefits; focus on measurable impacts; and increase its return on investment to the American public. The OIG also will continue to expand upon its oversight of

EPA's implementation of the IJJA to assess whether the approximately \$60 billion in IJJA funding provided to EPA is effectively and properly spent.

### **Audits**

The Office of Audit (OA) is responsible for nearly all of the OIG's mandates, which comprised over 34 percent of the office's oversight work in FY 2023. Furthermore, the OIG will need to continue its oversight of other requirements, such as single audits. For example, although EPA is the cognizant agency for audit under the Single Audit Act, the OIG is, under the IG Act, responsible for providing policy direction for audits relating to EPA's programs and operations. To this end, the OA will conduct quality control reviews of the single audits submitted to EPA. Finally, the Office of Audit will conduct oversight work in response to congressional requests or hotline contacts. In FY 2023, this comprised over 11 percent of the OA's work. Based on OIG funding trends, the OIG estimates that by FY 2025 more than half of the OA's work will be non-discretionary work. At the heart of the independence protections enshrined in the IG Act is the ability to conduct discretionary oversight of EPA's core programs; however, without additional resources to complete mandatory, requested, and discretionary oversight projects, the OA's ability to conduct discretionary oversight in FY 2025 will be significantly constrained.

### **Investigations**

The Office of Investigations will prioritize investigations based on its Annual Investigative Priorities and the OIG's strategic plan, giving consideration to the U.S. Department of Justice's prosecutorial priorities and the U.S. Attorney Offices' prosecutorial guidelines. With a vast geographic jurisdiction spanning Saipan to Maine and Alaska to the U.S. Virgin Islands, the Office of Investigations maximizes its reach by using technology, engaging stakeholders, and sharing information with and working alongside other federal, state, local, and tribal governments, and law enforcement agencies. An enduring investigative priority will be work related to the critical sectors of water and wastewater, including those investigations involving cybercrime and national security-related matters. This remit requires the office to have a cadre of special agents and civilian employees expressly trained in investigating and countering network attacks, intrusions, and cyber fraud; and specialists trained in obtaining evidence through digital forensics. Further, this cadre must be supported by ongoing training to maintain proficiency and currency on ongoing industry and technological advances as well as the ability to procure, sustain, and deploy specialized cyber investigation and forensic tools. As the OIG has faced stagnant or decreasing budgets over the last decade, the Office's ability to effectively investigate cyber-based threats to the critical sectors of water and wastewater has been constrained.

### **Evaluations**

Like the Office of Audit, the Office of Special Review and Evaluation will continue to conduct oversight projects in response to congressionally requested work, emerging environmental emergencies, and hotline contacts. Its discretionary oversight will continue to focus on program performance, state and federal program capacity, and federal oversight of state delegated air and water programs, among other things.

## **Administrative Investigations**

The Administrative Investigations Directorate (AID) generally initiates investigations in response to allegations of misconduct and special reviews in reaction to unique circumstances. However, over the last two years, the number of investigations on the AID's docket has significantly outnumbered the AID's ability to complete those investigations in a timely fashion. Many of these matters, particularly those involving allegations of scientific misconduct, are particularly complex, requiring rigorous and highly technical investigations. Additional resources in FY 2025 will allow the AID to take on more investigations and to complete those investigations sooner.

The OIG Hotline has recently seen a notable increase in contacts, going from less than 3,000 in FY 2022 to approximately 7,000 in FY 2023. As EPA expands its programs because of increased appropriations and expends more funds because of an unprecedented \$100 billion in supplemental appropriations, the AID expects to see a significant increase in the number of hotline contacts in FY 2025. With this expected increase in contacts will come an accompanying increase in allegations of ethical misconduct, scientific misconduct, and whistleblower retaliation that will need to be investigated.

## **Data Analytics**

The Data Analytics Directorate (DAD) supports the OIG's oversight by obtaining agency data and conducting data or statistical analysis. The result is often a dashboard or other visualization of structured and unstructured data, providing easy identification of complex problems or otherwise hidden relationships. The DAD's efforts to automate data acquisition and analysis processes has created time and cost efficiencies for audits, investigations, and evaluations. But the DAD also provides oversight products to the public through the OIG website, including a geographical dashboard showing EPA IJIA spending by program, region, and district. Sustaining this work will require continued investment in both personnel and analytic tools, such as computer hardware and database software. In FY 2025, the DAD will continue to help oversight the challenges facing EPA's contract and grant data management because of missing, incomplete, or unstructured data. Expanding the DAD's work will, therefore, require additional resources. Expanded DAD work will mean better analytic support for our audits, investigations, and evaluations and better oversight products for the public.

## **OIG Support**

In FY 2022, the OIG reported that an agency employee was improperly granted access to the Whistleblower Protection Coordinator's email box, potentially revealing confidential whistleblower information outside of the OIG. Accordingly, the OIG requests additional funding to upgrade its IT capabilities to ensure that it can begin obtaining technological independence from the Agency. The OIG must use EPA IT resources, including for its two most sensitive systems, the hotline and the whistleblower protection services. Vulnerabilities were discovered in these IT capabilities that gave EPA access to these sensitive systems. This initial effort towards IT independence allows the OIG to establish separate email and other systems from EPA.

## **Performance Measure Targets:**

EPA's FY 2025 Annual Performance Plan does not include annual performance goals specific to this program.

## **FY 2025 Change from FY 2024 Annualized CR (Dollars in Thousands):**

- (+\$2,841.0) This change to fixed and other costs is an increase due to the recalculation of base workforce costs for existing FTEs due to annual payroll increases, adjustments to provide essential workforce support, and changes to benefits costs.
- (+\$13,056.0 / +50.0 FTE) This program change provides resources and FTE to expand the oversight arm of audits, evaluations, and investigations, including administrative investigations into allegations of misconduct by senior agency employees and complaints of whistleblowers and the corresponding support offices; advanced data analytics; and business intelligence tools to address high-risk, high-vulnerability areas related to program integrity. This investment includes \$9.5 million for payroll.
- (+\$5,330.0 / +7.0 FTE) This program investment provides initial resources to oversee the establishment of a separate OIG tenancy. This investment includes \$1.3 million for payroll.

## **Statutory Authority:**

Inspector General Act of 1978, as amended, 5 U.S.C. §§ 401–424.

## **Budget Requests:**

Since 2010, the OIG's budget has only increased by \$1 million, which, when inflation is accounted for, represents a decrease of nearly \$13 million in real terms; put differently, the OIG's authorized full-time equivalent has decreased from 361 in 2010 to 270 or less in 2023. Exacerbating the OIG's diminished resources is the increasing assessments from the Council of the Inspectors General on Integrity and Efficiency. While the OIG's budget has declined by nearly 21 percent when inflation is accounted for, the CIGIE's assessment has increased from 16 basis points in FY 2016 to 40 basis points in FY 2025, representing a 250 percent increase in funding for CIGIE. This will require the OIG to pay \$316.9 thousand for increased CIGIE operations. For these reasons, the OIG requests the following, provided pursuant to 5 U.S.C. § 406(g):

- The aggregate budget request from the inspector general for the operations of the OIG is \$79.2 million (\$65.3 million OIG; \$13.9 million Superfund Transfer)
- The aggregate President's Budget for the operations of the OIG is \$79.2 million (\$65.3 million OIG; \$13.9 million Superfund Transfer)
- The portion of the aggregate President's Budget needed for training is \$1.0 million (\$820.0 thousand OIG; \$180.0 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 \$316.9 thousand (\$259.9 thousand OIG; \$57.0 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 2025.”