



# OFFICE OF INSPECTOR GENERAL

*Catalyst for Improving the Environment*

## *Strategic Plan, Fiscal 2004 - 2008* *Appendix*

The information contained in this Appendix fulfills the requirements of the Government Performance and Results Act for a Strategic Plan, and provides additional background or detailed information in support of the EPA OIG Strategic Plan, Fiscal 2004 - 2008.

<b>Contents</b>	<b>Page</b>
<b>External Factors and Trends That Could Shape Our Future .....</b>	<b>1</b>
<b>Data Validation and Information Quality .....</b>	<b>3</b>
<b>EPA PART Assessment Schedule .....</b>	<b>4</b>
<b>Major Laws Affecting EPA and OIG Work .....</b>	<b>5</b>
<b>EPA Goals and Strategies .....</b>	<b>6</b>
<b>Description of OIG Product Lines .....</b>	<b>8</b>
<b>Criteria Used to Evaluate and Determine Risk, Priorities and Assignments .....</b>	<b>9</b>
<b>Alignment of Planning and Measurement Throughout OIG .....</b>	<b>9</b>
<b>OIG Management Challenges .....</b>	<b>10</b>
<b>Summary Input from External Customer and Staff Surveys/Interviews .....</b>	<b>10</b>
<b>Partnering Opportunities/Environmental Programs Across Federal Agencies ...</b>	<b>11</b>



## *External Factors and Trends That Could Shape Our Future*

This section presents an overview of just some of the environmental and societal issues, concerns, and threats that could shape our lives, and the future priorities of EPA and the OIG. The Government Performance and Results Act requires a consideration of external events and threats that should be accounted for in the plan, or could prevent the goals from being attained. We have selected items that represent contemporary research and a variety of opinions to increase our awareness of conditions that could shape our future and form the basis for future discussion and public policy.

### **Balancing Energy, Transportation, and Development with Environmental Quality**

- ' The burning of oil, natural gas, and coal provides 80 percent of all human-caused carbon dioxide emissions.
- ' Energy demand has nearly doubled in the past three decades and is expected to increase 60 percent by 2020.
- ' Automobile manufacturers are producing larger vehicles requiring more fuel, and more roads are being built encroaching on irreplaceable environmental systems. Due to technological advancements, vehicles today emit only about one tenth of the pollution as vehicles of the early 1970s.
- ' Increasing mobility undoubtedly improves quality of life, by providing access to better employment, education, health care, and fulfillment of the "American Dream."
- ' Growth of urban areas and "sprawl" without coordinated planning or alternatives to the use of fossil fuels exacerbates pollution, which directly impacts human health.
- ' Nearly 10 percent of the world's total energy (mostly from hydropower) comes from alternative sources, such as wind turbines, solar cells, biomass fuels, and hydrogen fuel cells, could provide half the world's energy by 2050. Gasoline-electric hybrid cars are already reducing carbon dioxide emissions in Japan, Europe and US.
- ' A vehicle powered by a hydrogen fuel cell creates emissions you can drink in the form of pure water. Use of alternative fuels can radically reduce the impacts from carbon dioxide.

### **Regulated Community Can Be Part of the Solution**

- ' Environmentally conscious businesses are realizing that conservation may also help the bottom line.
- ' Xerox's Waste Free program recycled 80 percent of nonhazardous solid waste generated by the corporation's factories in 2000. It also kept 158 million pounds of electronics waste out of landfills through remanufacturing, saving several millions of dollars a year and proving that sustainability is good business.
- ' The expanded use of market incentives for the Air Credit Trading program is an example of how economic incentives, applied properly, with strong oversight and controls, can promote compliance.

### **Population and Demographics**

- ' Population growth and movement throughout history have forever changed the quantity and quality of life as well as the atmosphere, soils and waters. Although fertility rates have fallen sharply in the developing world due to increased education and greater access to contraceptives, the population in poor countries is expected to triple in less than the next 50 years.
- ' The United States is a destination for many in the world who seek a better life, while the aging population will live longer and will migrate to more southern and coastal regions, increasing the pressure to yet further develop precious natural resources and build greater infrastructures to support a higher standard of life at the expense of wetlands, forests, and shores.

### **Fraud, Waste, and Abuse When Accountability is Absent and Opportunity Meets Greed**

- ' Reports of corporate fraud have shaken our financial state of well being.
- ' Fraud extends beyond the few who commit it, and when it occurs in government by its employees, grantees, or contractors, it can have a far-reaching impact, creating a lack of confidence in government by taxpayers.
- ' An obvious deterrent to fraud and mismanagement is strong controls, accountability and criminal and civil punishment for those found guilty of such acts. It requires a better understand of conditions that permit fraud, waste, and abuse, and a commitment to building or correcting control systems that can prevent it.

## **Technology, Information, and the Market**

- ' Environmental protection was originally provided by the government through a series of environmental laws, and by mandating rules, regulation of industry, and litigation designed to address the most obvious problems.
- ' The problems of the future are getting much more complex and increasingly expensive. They will require greater participation by non-government entities and use of innovative market mechanisms for both funding and self regulation.
- ' In recent years, market based "greenery" has shown promise with a few exceptions. In the past decade, an amendment to the Clean Air Act, created an emissions trading system to reduce sulfur dioxide.
- ' Economists say the market place is the greatest price discovery mechanism capable of self balancing, but markets are not currently very good at valuing environmental goods.
- ' As business begins to realize the benefits of environmental balance sheets, actions such as carbon storage, watershed management to produce new revenue flows, and paying for greenery upstream rather than cleaning the water downstream after it is fouled, could provide the economic drivers of environmental solutions.
- ' The market itself may not provide enough information to value nature adequately, especially for threats that have no solution at any price. The difficult notion of both sustainable development and environment can be pursued through market efficiency and collaborative planning, based upon sound technology and information.

## **Financial Resources: Who Will Pay and Where Will They Come From**

- ' The New York Times reported that "states are desperate, struggling with their worst financial crises since World War II." California, with one of the world's largest economies, has presented an extreme example of state budget problems, which have forced cuts in many programs including environmental programs.
- ' According to the Environmental Council of States (ECOS), "The States' commitment of 1.4 percent of the total state budget [to environmental spending] is the lowest in 17 years of observation."
- ' EPA officials have consistently expressed concerns about the increasing stress on State environmental programs as State funds decline and environmental responsibilities grow. The majority of Federal environmental programs are delegated to States, including 98 percent of the Clean Air Act, 84 percent of the Clean Water Act, and 85 percent of the Resource Conservation and Recovery Act.
- ' State financial problems are also in the context of increasing Federal deficits, the largest in the nation's history, which will have long-term impacts on all levels of government and funding for expensive but urgent infrastructure and other environmental projects.

## **Information: The Most Powerful Tool of Environmental Protection**

- ' The environmental movement in this country was inspired by the vision and grass roots efforts of a minority of concerned citizens using limited information to leverage public involvement and action that eventually resonated with our politicians and policy makers to solve the most obvious problems.
- ' The information age, through scientific, social, and economic research, will continue to inspire the actions necessary to reevaluate the kind of legislation needed to solve the more complex, but less obvious, environmental problems at all levels of government.
- ' The public is demanding more environmental disclosure by companies, and EPA similarly can promote and actively use information to make the most informed policies that further encourage compliance and even economic benefit from strong environmental stewardship.
- ' Information brings many stakeholders and partners together to collaboratively seek an optimal balance between social and financial costs and benefits. Information about risks, condition impacts, trends, and performance will only be valuable if it has integrity, and is comparable, valid, reliable, accurate, complete, and timely.
- ' Environmental data along with its analysis of cause and effect relationships to ecosystems and human health is relatively new, because the devastation of environmental impacts has happened so recently in the scheme of all history. Also, science and the effects are usually episodic, information is fragmented, and measurement is inconsistent.

## **Unlocking the Future**

- ' A new sensitivity to humanity's impact on the environment has leveraged corrective actions by individuals and governments through science, economic interests, and activism.
- ' We can not turn back the clock and return nature to a pristine state, nor would we want to, at the expense of otherwise higher standards of living. Similarly, we cannot freeze nature at its current state.
- ' The debate about the future of natural resources will need to include, technology, institutions, public and private involvement, and especially the capacity to innovate. Where there are strong scientific indications of unsustainability, we must act on behalf of the future, even at the price of today's development.
- ' The demands of development seem sure to grow into the next few decades, but we seem to be entering a period of huge technological advances in emerging fields such as bio technology, which could greatly increase resource productivity and more than offset the effects of population growth, economic development, and energy usage on the environment.
- ' The best way to encourage powerful forces of sustainability is through partnerships, empowerment of local people to manage local resources, encouragement of science and technology for information and innovation, and reliance on businesses to be active participants in funding, compliance, and risk reduction.

## **External Threats**

- ' As we have become aware, there is now almost a certainty that uncontrollable and unforeseen threats such as terrorism and natural disasters will alter our plans, lives, and intended paths to results.
- ' Contrived threats such as fraud, political unrest, military conflict and terrorism have become constant disruptive forces both domestically and internationally.
- ' Economic and resource deprivation can drive acts of desperation. Additionally, there is always the peril of naturally occurring disasters and environmental neglect and degradation.
- ' Homeland Security was an unfamiliar term a few years ago, yet now dominates our attention, sense of well being, and national priorities. We must stay constantly vigilant in anticipation of such threats, with the flexibility and preparation to adapt and take responsive contingency actions.

## **Conclusion**

Humans are both dependent upon and interdependent with their environments. Natural resources remain the basis for economic growth and civilization even as development of those resources contributes to the loss of other environmental values. Improved technologies have helped humans to have far greater impacts on their environment, but the same technology has outpaced our knowledge of its effects on the environment. When the problems were obvious, such as belching smoke stacks and dumping of raw sewage at the end of a pipe, the solutions were relatively easy to define. Many problems and their effects on our future environmental and public health are not as obvious, yet could be devastating, including the political environment internationally and domestically as competition increases for limited natural and economic resources. The availability of funding at all levels of government is an emerging issue which will increase during the next several years. We cannot predict the future consequences of our actions, but there are undisputable trends. The cost and complexity of the potential solutions will require significant participation by the marketplace and government agencies working together for the synergy to drive the needed science, technology, legislation, and actions to sustain growth and our environment. The OIG has an important role in helping EPA address these issues and find needed solutions.

## **Data Validation and Information Quality**

All data and analysis used in this Strategic Plan are derived from independent authoritative sources. OIG products and services are subject to rigorous compliance with the Government Auditing Standards of the Comptroller General, and are regularly reviewed by OIG management, an independent OIG Management Assessment Review Team, and an external independent peer review. This Plan specifically complies with the OIG Data Quality Standards, the OIG Strategic Planning Policy and procedures, and the Government Performance and Results Act. This Plan attempts to use the best available information and opinions that will help direct the future decisions and activities of the OIG. Also in accordance with the Federal Managers' Financial Integrity Act of 1982, the OIG annually submits an assurance letter to the EPA Administrator reporting on whether the OIG's management controls reasonably protect the OIG programs from waste, fraud, abuse, or mismanagement.

## ***OIG Assistance With OMB PART Assessments of EPA Programs***

For the fiscal year 2004 budget process, the Office of Management and Budget (OMB) introduced a new instrument, the Program Assessment Rating Tool (PART), for assessing government programs' purpose, design, strategic planning, management, results, and accountability to determine overall effectiveness. PART assessments are similar to the OIG Goal 2 Strategy of using a Systems Approach to evaluate the economy, efficiency, and effectiveness of EPA programs. Therefore, the OIG will assist the Agency and OMB in performing effective PART reviews by selectively aligning our audit and program evaluation work to correspond with PART review questions for the scheduled EPA programs. Information about PART assessments is found at <http://www.whitehouse.gov/omb/mgmt-gpra/spring.html>

The following represents several approaches for OIG involvement with PART assessments based upon discussions with OMB and our own research. ***Specific OIG PART activities and EPA program areas, of those scheduled for OMB review (below), will be addressed in the OIG Multi-Year Plans.***

- ' Link or cross reference PART reviews to prior and current OIG reports/assessments
- ' Include scheduled Agency PART assessments in OIG planning process/selection criteria
- ' Provide review comments on Agency PART assessments, before and after OMB ratings
- ' Conduct special OIG PART- related reviews/evaluations
- ' Coordinate OIG level of effort, expectation agreements with OMB

### **Schedule of EPA Programs Currently Planned for OMB PART Review**

*\* Represents additional programs subject to review at OMB direction*

<b><u>FY 2004</u></b>	<b><u>FY 2005*</u></b>	<b><u>FY 2006*</u></b>	<b><u>FY 2007*</u></b>	<b><u>FY 2008*</u></b>
Leaking Underground Storage Tanks	RCRA Corrective Action	Superfund R&D	State Water Pollution Control Grants	Public Water System Supervision Grants
Air Toxics Nonpoint Source	RCRA State Grants Ecosystem Research	Superfund Remedial Actions plus other Superfund	Clean Water Regulations	Drinking Water Regulations
Superfund Removal	Clean Water SRF (including CWSRF	National Estuary Program	Clean Water Implementation	Drinking Water Implementation
Drinking Water SRF	Indian Set Aside Program)	Stratospheric Ozone Programs	Environmental Information	Toxic Release Inventory
Pesticides Registration	Criminal Enforcement	Compliance Assistance Programs	Human Health Research	Regulatory Development
Pesticides Reregistration	PM Research	Air State Grants (except Radon)	Indoor Air	Research
New Chemicals	Brownfields	(except Radon)	Ozone and PM Implementation	Science Advisory Board, Science Policy & Coordination, Science Advisor
Existing Chemicals	Pollution Prevention Research	High Production Volume Chemicals Challenge Program		Homeland Security
Tribal GAP	Acid Rain	Climate Change Programs		UST State Grants and UST Program
Civil Enforcement	Environmental Education	Mexican Border Alaskan Native Village		

## Major Laws Affecting EPA And OIG Work

Statute	Provisions
<b>Toxic Substances Control Act</b>	Requires that EPA be notified of any new chemical prior to its manufacture and authorizes EPA to regulate production, use or disposal of a chemical.
<b>Federal Insecticide, Fungicide and Rodenticide Act</b>	Authorizes EPA to register all pesticides and specify the term and conditions of their use, and remove unreasonably hazardous pesticides from the market place.
<b>Federal Food, Drug and Cosmetic Act</b>	Authorizes EPA in cooperation with the Food and Drug Administration to establish tolerance levels for pesticide residues on food and food products.
<b>Resource Conservation and Recovery Act</b>	Authorizes EPA to identify hazardous wastes and regulate their generation, transportation, storage and disposal.
<b>Comprehensive Environmental Response, Compensation &amp; Liability Act</b>	Requires EPA to designate hazardous substances that can present substantial danger and authorizes the cleanup of sites contaminated with such substances.
<b>Clean Air Act</b>	Authorizes EPA to conduct research, set air quality standards, and emissions limits, regulate emission of stationary area and, mobile sources, and take enforcement action.
<b>Clean Water Act</b>	Authorizes EPA to establish a list of toxic water pollutants and set standards.
<b>Safe Drinking Water Act</b>	Requires EPA to set drinking water standards to protect public health from hazardous substances.
<b>Marine Protection Research and Sanctuaries Act</b>	Regulates ocean dumping of toxic contaminants.
<b>Asbestos School Hazard Act</b>	Authorizes EPA to provide loans and grants to schools with financial need for abatement of severe asbestos hazards.
<b>Asbestos Hazard Emergency Response Act</b>	Authorizes EPA to establish a comprehensive regulatory framework for controlling asbestos hazards in schools.
<b>Emergency Planning and Community Right to Know Act</b>	Requires states to develop programs for responding to hazardous chemical releases and requires industries to report on the presence and release of certain hazardous substances.

### Other Laws \* Laws that contain provisions that mandate EPA-OIG work.

Anti-Deficiency Act Chief Financial Officers Act* Clinger-Cohen Act Competition in Contracting Act Computer Fraud and Abuse Act/Computer Security Act Consolidated Reports Act of 2000 Contract Disputes Act E-Government Act* Endangered Species Act Environmental Research, Development and Demonstration Act Ethics in Government Act False Claims Act Federal Advisory Committee Act Federal Facility Compliance Act Federal Financial Management Improvement Act* Federal Claims Collection Act Federal Grant and Cooperative Agreement Act Federal Information Security Management Act Federal Managers' Financial Integrity Act	Federal Records Act Federal Technology Transfer Act Food Quality Protection Act* Freedom of Information Act/Privacy Act Government Performance and Results Act Homeland Security Act Inspector General Act of 1978, as amended* National Environmental Education Act National Environmental Policy Act of 1969 Ocean Dumping Act Oil Pollution Act of 1990 Paperwork Reduction Act Pollution Prevention Act Single Audit Act Solid Waste Disposal Act U.S. Code, Title 18 (Criminal Code) VA, HUD and Independent Agencies Appropriations Acts Whistle Blower Protection Act
--	---

## EPA Goals: A New Five-Goal Structure Focuses on Environmental Results

The following pages are EPA's Strategic Goals, Strategies, and Objectives, with corresponding references to the *OIG Strategic Plan*. This *OIG Strategic Plan* closely parallels the EPA's Plan, applying the *OIG's* unique role and authority in EPA. The EPA Strategic Plan is available at: <http://www.epa.gov/ocfo/plan/2003sp.pdf>

EPA Goals FY 2004 - 2008	EPA Cross Goal Strategies
<p><b>1. Clean Air and Global Climate Change:</b> <i>Protect and improve the air so it is healthy to breathe, and risks to human health and the environment are reduced. Reduce greenhouse gas intensity by enhancing partnerships with business and other sectors.</i></p> <p><b>2. Clean and Safe Water:</b> <i>Ensure drinking water is safe. Restore and maintain oceans, watersheds and their aquatic ecosystems to protect human health, support economic and recreational activities, and provide healthy habitat for fish, plants, and wildlife.</i></p> <p><b>3. Land Preservation and Restoration:</b> <i>Preserve and restore the land by using innovative waste management practices, and cleaning up contaminated properties to reduce risks posed by releases of harmful substances.</i></p> <p><b>4. Healthy Communities and Ecosystems:</b> <i>Protect, sustain, or restore the health of people, communities, and ecosystems using integrated, and comprehensive approaches, and partnerships.</i></p> <p><b>5. Compliance and Environmental Stewardship:</b> <i>Improve environment through compliance with environmental requirements, preventing pollution, and promoting environmental stewardship. Protect human health and the environment by encouraging innovation, and providing incentives for government, business, and the public that promote environmental stewardship.</i></p>	<p><b>Focusing on Results:</b> <i>A new set of goals</i></p> <p><b>Implementing Reforms:</b> <i>The President's Management Agenda</i></p> <p><b>Improving Accountability:</b> <i>Assessing the State of the Environment</i></p> <p><b>Strengthening Partnerships:</b> <i>Improved Relationships with States and Tribes</i></p> <p><b>Information</b></p> <ul style="list-style-type: none"> <li>&lt; <i>Analytical Capacity</i></li> <li>&lt; <i>Governance</i></li> <li>&lt; <i>Excellence in Information Service Delivery</i></li> </ul> <p><b>Innovation</b></p> <ul style="list-style-type: none"> <li>&lt; <i>Innovation: Enabling state and tribal innovation</i></li> <li>&lt; <i>Using innovation to solve priority problems</i></li> <li>&lt; <i>Developing problem solving tools and approaches</i></li> <li>&lt; <i>Creating a culture and organizational systems</i></li> </ul> <p><b>Human Capital</b></p> <ul style="list-style-type: none"> <li>&lt; <i>Strategic alignment with mission</i></li> <li>&lt; <i>Workforce planning and deployment</i></li> <li>&lt; <i>Leadership and knowledge management</i></li> <li>&lt; <i>Performance Culture</i></li> <li>&lt; <i>Recruiting and retaining talent</i></li> <li>&lt; <i>Accountability</i></li> </ul> <p><b>Science</b></p> <ul style="list-style-type: none"> <li>&lt; <i>Generating and using scientific information</i></li> <li>&lt; <i>Science Priorities</i></li> <li>&lt; <i>EPA science practices</i></li> <li>&lt; <i>Meeting the challenge</i></li> <li>&lt; <i>Achieving results</i></li> </ul> <p><b>Homeland Security</b></p> <ul style="list-style-type: none"> <li>&lt; <i>Organizing the work</i></li> <li>&lt; <i>Coordinating the effort</i></li> <li>&lt; <i>Achieving results</i></li> </ul> <p><b>Economic and Policy Analysis</b></p> <ul style="list-style-type: none"> <li>&lt; <i>Enhancing the quality of Agency decisions</i></li> <li>&lt; <i>Improving analytic tools and capabilities</i></li> <li>&lt; <i>Addressing public priorities</i></li> </ul>

### EPA Strategic Air Objectives FY 2004 to 2008 - Corresponds to OIG Goal 1 Air Product Line

- **Healthier Outdoor Air:** EPA and its partners will protect human health and the environment by attaining and maintaining health-based air quality standards and reducing risk from toxic pollutants.
- **Healthier Indoor Air:** 22.6 million more Americans than in 1994 will be experiencing healthier indoor air in homes schools and office buildings.
- **Reduce Greenhouse Gas Intensity:** EPA's voluntary climate protection programs will contribute 45 million metric tons of carbon equivalent annually to the President's 18 percent greenhouse gas intensity improvement.
- **Protect the Ozone Layer:** Through worldwide action, ozone concentrations in the stratosphere will have stopped declining and slowly begun the process of recovery, and the risk to human health from over exposure to ultraviolet radiation, particularly among susceptible subpopulations, such as children, will be reduced.
- **Radiation:** EPA and its partners will minimize unnecessary releases of radiation and be prepared to minimize impacts to human health and environment should unwanted releases occur.
- **Enhance Science and Research:** Provide and apply sound science to support clean air by conducting leading edge research and developing a better understanding and characterization of environmental outcomes.

### EPA's Strategic Water Objectives FY 2004 to 2008 - Corresponds to OIG Goal 1 Water Product Line

- **Protect Human Health:** Protect human health by reducing exposure to contaminants in drinking water (including protecting source waters), in fish and shellfish, and in recreational waters.
- **Protect Water Quality:** Protect the quality of rivers, lakes, & streams on a watershed basis & protect coastal & ocean waters.
- **Enhance Science and Research:** Provide and apply a sound scientific foundation to EPA's goal of clean and safe water by conducting leading edge research and developing a better understanding and characterization of the environmental outcomes.

### EPA's Strategic Land Objectives FY 2004 to 2008 - Corresponds to OIG Goal 1 Land Product Line

- **Preserve Land:** Reduce adverse effects to land by reducing waste generation, increasing recycling, and ensuring proper management of waste and petroleum products at facilities in ways that prevent releases.
- **Restore Land:** Control risks to human health and the environment by mitigating the impact of accidental or international releases and by cleaning up and restoring contaminated sites or properties to appropriate levels.
- **Enhance Science and Research:** Provide and apply sound science for protecting and restoring land by conducting leading-edge research and developing a better understanding and characterizations of environmental outcomes.

### EPA's Strategic Healthy Communities and Ecosystems/Compliance and Environmental Stewardship Objectives FY 2004 - 2008 - Corresponds to OIG Goal 1 Cross-media Product Line

- **Chemical, Organisms, and Pesticide Risks:** Prevent and reduce pesticide, chemical and genetically engineered biological organism risks to humans, communities and ecosystems.
- **Communities:** Sustain, clean up and restore communities and the ecological systems that support them.
- **Ecosystems:** Protect, sustain, and restore the health of natural habitats and ecosystems.
- **Homeland Security:** Enhance the nation's capability to prevent, detect, protect and recover from acts of terror.
- **Enhance Science and Research:** Provide a sound scientific foundation for EPA's goal of protecting, sustaining and restoring the health of people, communities and ecosystems by conducting leading edge research and developing a better understanding and characterization of environmental outcomes.
- **Improve Compliance:** Maximize compliance to protect human health and the environment through compliance assistance, incentives and enforcement.
- **Improve Environmental Performance Through Pollution Prevention and Innovation:** Improve environmental protection and enhance natural resource conservation on the part of government, business, and the public through adoption of pollution and sustainable practices that include the design of products and manufacturing processes that generate less pollution, the reduction of regulatory barriers and the adoption of results based, innovative, and multimedia approaches.

## OIG Product Lines

Below is a description of the OIG Product Lines, which are designed to focus on specific aspects or approaches, while working together for systemic recommendations and improvements.

**Program Evaluations** determine whether EPA's programs, projects, and tasks are achieving the desired results and impacts in the most efficient and cost-effective manner. Staffed with a mix of program analysts, scientists, auditors, economists, and others, program evaluations assist the Agency in identifying what works and at what cost for Air, Water, Land, and Cross-Media environmental programs. Evaluations by type include:

- **Process evaluations** assess the extent to which a program is operating as it was intended.
- **Outcome evaluations** assess the extent to which a program achieves its outcome-oriented objectives.
- **Impact evaluations** assess net effect of a program by comparing outcomes to absence of the program.
- **Cost Benefit evaluations** compare the program's outputs or outcomes with the costs to produce them.

**Audits** determine whether EPA's programs, systems, and processes are operating effectively & efficiently.

- ' **Contract Audits** determine the allowability, allocability, and reasonableness of costs claimed by contractors and assess the effectiveness of EPA's contract management.
- ' **Assistance Agreement Audits** assess financial and performance of EPA's State Revolving Fund programs, EPA grants, interagency agreements, and cooperative agreements.
- ' **Financial Statement Audits** review the Agency's financial systems and statements to ensure that adequate controls are in place and the Agency's financial information is timely, accurate, reliable and useful, and complies with applicable laws and regulations.
- ' **Business Systems Audits** review the economy, efficiency and effectiveness of operations by examining the Agency's support systems for achieving environmental goals, including its information systems and systems for setting priorities, developing and implementing strategies to accomplish them, and measuring performance.

**Investigations** identify and close high risk and systemic weaknesses; obtain prosecutions, recoveries, indictments, and convictions for criminal activity, and civil and administrative remedies.

- ' **Contract and Assistance Agreement** investigations focus on financial crimes, criminal activity, or serious misconduct in the performance of EPA contracts and procurement practices; grants to individuals, businesses or organizations, the application and awarding of EPA grant monies. These investigations also focus on similar activities in the use of EPA money involved in State Revolving Funds, interagency agreements, and cooperative agreements awarded to state, local, and tribal governments, universities, and nonprofit recipients.
- ' **Employee Integrity** investigations focus on allegations of criminal activity or serious misconduct by EPA employees that could threaten the credibility of the Agency, validity of executive decisions, security of personnel or business information entrusted to the Agency, or financial loss to the Agency.
- ' **Computer Fraud** investigations respond to suspected computer intrusions, and support Agency information security personnel as they examine the Agency network for weaknesses and vulnerabilities.
- ' **Laboratory Fraud** investigations uncover criminal activity in laboratories within the environmental community including commercial and EPA laboratories. The Agency relies upon laboratory test results to assess environmental threats and determine what actions are necessary to control hazardous wastes, toxins, and other contaminated substances that pollute our air, water, and land.

## Planning Criteria Used to Evaluate and Determine Risk, Priorities and Assignments

In addition to Strategic Customer Analysis, we constantly consider a number of factors listed below to assess risks and opportunities. This process helps identify new directions, the best application of resources, and the selection of assignments through the Multi-Year Plan in support of the Strategic Plan.

Evaluation Factors in Determining Goals, Objectives, Strategies and Measures In relation to <i>current</i> , Strengths, Weaknesses, and <i>emerging</i> Opportunities and Threats	
1. Environmental Risk	Considers problems, relative risks, and our potential to reduce or prevent the risks
2. Risk of Fraud	Considers indicators of fraud, waste, or abuse, and opportunities for improvement
3. Business Systems	Considers major management challenges, processes, accountability for decision making
4. Customer/Stakeholder Interest	Considers customer/client/partner interest, need, value, and public benefit
5. Federal Investment	Considers investment level from EPA and others, and potential of larger scale results
6. Agency Credibility	Considers if our work can enhance, protect, or restore EPA credibility in its operations
7. Previous Experience New Indicators	Considers historic work of the OIG (and others), chronic problems or issues, and new knowledge, research, indicators
8. Quality/Value	Considers ways of improving and leveraging results and usefulness of OIG work
9. Timely/Cost Effective	Considers process improvements to deliver products faster and more efficiently
10. Innovative	Considers new products, approaches, and applications of technology & skills

### Alignment of Planning and Performance Measurement Throughout the OIG, for Integration with Staff Performance Expectation Agreements



<b>Plan: Linking Purpose and Expectations</b>	<b>Measures: Linking Performance/Results</b>
<ul style="list-style-type: none"> <li>- Strategic strengths, weaknesses, opportunities, threats</li> <li>- Cultural/organizational change &amp; direction (vision, values)</li> <li>- Alternative options</li> <li>- Set goals and targets</li> </ul>	<b>Annual/Semiannual Reporting</b> <ul style="list-style-type: none"> <li>- Intermediate &amp; Impact Outcomes</li> <li>- Return on Investment of Resources</li> </ul>
<ul style="list-style-type: none"> <li>- Tactical Program Direction</li> <li>- Management Accountability</li> <li>- Establish milestones</li> <li>- Align process activities</li> <li>- Assignment/Staff Performance Expectation Agreements</li> </ul>	<b>Monthly/Quarterly Reporting</b> <ul style="list-style-type: none"> <li>- Outputs/Quantity</li> <li>- Quality/Activity</li> <li>- Customer Value</li> <li>- Cost/Resource Application</li> <li>- Timeliness</li> </ul>

## OIG Management Challenges (From FMFIA Reporting)

Below is the list of Management Level Weaknesses that the OIG has reported to the EPA Administrator FY 2001-2003 in accordance with OMB Circular A-123, Management Accountability and Control, and the Federal Managers' Financial Integrity Act (FMFIA), and internal control requirements of OMB Circular A-130, Management of Federal Information Resources. *The strategies and objectives in Goal 3 of this Plan are specifically designed to resolve OIG weaknesses and improve upon previously reported issues. The issues listed below will also have priority for OIG internal process assessment.*

OIG Management Level Weaknesses	2001	2002	2003
OIG Intranet			
Records Management			
Cost Accounting			
Business Planning Process			
Followup on Assignments/Corrective Actions			
Human Capital Strategy			
Organizational Structure			
Information Technology Strategy			
Inspector General Operations Reporting System (IGOR)			
Project Management/Accountability			
Background Investigations/ Security Process			

### Summary of Most Frequent Suggestions for Improving OIG Products and Services Identified from External Customer and Staff Surveys/Interviews

- |   |   |
|---|---|
| Develop better program and technical knowledge  | Partner more with Agency training activities, especially in planning, measuring, grants   |
| Make recommendations more specific and focused, but flexible to help implement solution             | Provide better balance and credit on progress   |
| Improve timeliness of products  | Offer more practical recommendations/solutions instead of ones requiring more resources   |
| Provide better transfer of knowledge, problems, recommendations and best practices across EPA       | Improve IG local contact points in Regions  |
| Expand advisory services to help solve specific problems and issues                                 | Help improve EPA program efficiency, helping and finding ways of doing more with less     |
| Provide Agency with monthly status report with brief descriptions and links to significant work     | Keep Agency more currently informed of project findings, and provide more time to respond |
| Perform followup to keep the Agency focused   | Coordinate better with GAO and internally to avoid duplication                            |
| Link performance awards to outcomes   | Follow up on leads presented during reviews   |
| Provide better communication with Regions to better balance regional issues with national concerns  | Should have separate review and assistance teams to identify and help advise on solutions |
| Need to work closer with states to help coordinate problem identification and solutions             | Should review Working Capital Fund and Regional support                                   |
| Need more user friendly web page  | Provide advisory assistance to recommend solutions on specific problems and issues        |
| Need historical index of work and recommendations   | Eliminate pass/fail performance evaluations   |
| Segment products better by 1. research/problem identification, 2. solution development, 3. followup | Improve consistency of communications and actions with values                             |
|   | Employ flexible faster recruiting and contracting tools                                   |

## EPA and OIG Federal Partnering Opportunities

The following chart, from the Compendium of Environmental Programs demonstrates, that there are 29 Federal agencies with a known environmental mission, and provides the number of programs administered within each media area, presenting significant opportunities for collaboration. The full Compendium is available at: [yosemite.epa.gov/oig/compendium.nsf/homepage?openform](http://yosemite.epa.gov/oig/compendium.nsf/homepage?openform)

Federal Departments and Agencies	Participation (No. of Programs/Activities Identified)			
	Air	Water	Waste	Totals
Department of Agriculture	16	73	6	95
Department of Interior	9	68	12	89
Department of Transportation	36	12	14	62
Department of Commerce	13	33	6	52
Department of Defense	7	21	18	46
Department of Energy	22	5	16	43
Department of Health and Human Services	14	14	12	40
Tennessee Valley Authority	19	8	0	27
Department of Justice	0	1	15	16
National Aeronautics and Space Administration	9	2	1	12
National Science Foundation	3	3	1	7
Federal Emergency Management Agency	0	0	6	6
Office of Science and Technology Policy	5	0	0	5
Department of Treasury	0	0	5	5
Department of Housing and Urban Development	1	3	1	5
Department of State	1	0	4	5
U.S. Postal Service	0	4	0	4
Nuclear Regulatory Commission	0	1	2	3
National Academy of Sciences	2	1	0	3
Small Business Administration	0	2	1	3
General Services Administration	0	2	1	3
Department of Labor	1	0	1	2
Agency for International Development	0	2	0	2
Federal Housing Finance Board	0	0	1	1
Department of Veterans Affairs	0	0	1	1
Joint Subcommittee on Aquaculture	0	1	0	1
N. American Research Strategy for Tropospheric Ozone	1	0	0	1
International Boundary and Water Commission	0	1	0	1
Endocrine Disruptor Screening & Testing Advisory Commission	0	1	0	1