

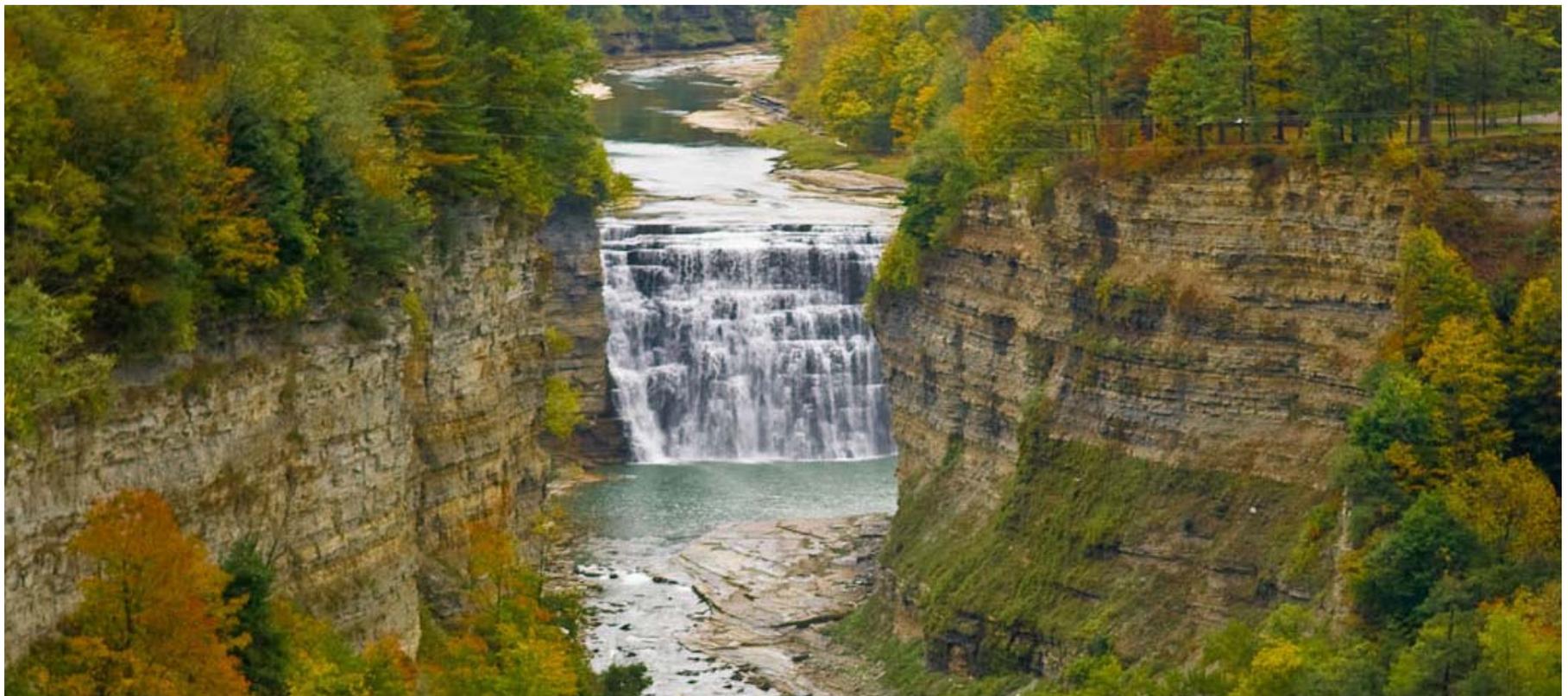
January 2013



U.S. ENVIRONMENTAL PROTECTION AGENCY  
OFFICE OF INSPECTOR GENERAL

*Be the best in public service and oversight for a better environment tomorrow*

# *FY 2013 Annual Plan*



*The Office of Inspector General (OIG) Annual Plan is produced by the OIG with input from the EPA Administrator, Deputy Administrator, Assistant Administrators, and Regional Administrators, as well as congressional stakeholders and the Office of Management and Budget.*

**This plan is available in hard copy from:**

**Office of Inspector General  
U.S. Environmental Protection Agency  
MC 2491T  
1200 Pennsylvania Avenue, NW  
Washington, DC 20460**

**by calling (202) 566-2391**

**or**

**via the Internet at: [www.epa.gov/oig](http://www.epa.gov/oig)**

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## Hotline

To report fraud, waste, or abuse, contact us through one of the following methods:

**e-mail:** [OIG\\_Hotline@epa.gov](mailto:OIG_Hotline@epa.gov)

**phone:** 1-888-546-8740

**fax:** 202-566-2599

**online:** <http://www.epa.gov/oig/hotline.htm>

**write:** EPA Inspector General Hotline  
1200 Pennsylvania Avenue, NW  
Mailcode 2431T  
Washington, DC 20460

## Message from the Inspector General

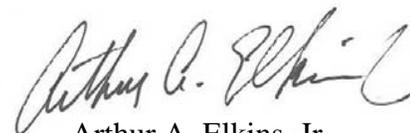
I am pleased to present the U.S. Environmental Protection Agency (EPA) Office of Inspector General (OIG) Annual Plan for fiscal year (FY) 2013. This document describes how the OIG will achieve its statutory mission of promoting economy, efficiency, effectiveness, and integrity relating to the programs and operations of EPA and the U.S. Chemical Safety and Hazard Investigation Board (CSB). This plan reflects the priority work that the OIG believes is necessary to keep the Administrator and Congress fully informed about problems and deficiencies relating to the administration of Agency programs and operations, and the necessity for and progress of corrective action.

This OIG Annual Plan identifies mandated and selected assignment topics continuing from FY 2012 and scheduled to be started during FY 2013. Although this Annual Plan provides a framework for activities we intend to carry out in FY 2013, the OIG is often required to perform unanticipated work based on legislative mandates, congressional inquiries, hotline requests, or government-wide reviews.

Our plan is implemented through audits, evaluations, investigations, and follow-up reviews in compliance with the Inspector General Act, the applicable professional standards of the U.S. Comptroller General, and the Quality Standards for Federal Offices of Inspector General of the Council of the Inspectors General on Integrity and Efficiency. Readers are encouraged to consult our website, [www.epa.gov/oig](http://www.epa.gov/oig), for the most current listing of recently issued reports relating to our implementation of the plan.

Primary sources of input for the assignments listed in this plan included risk assessments across Agency programs and operations based upon prior OIG work, U.S. Government Accountability Office (GAO) high-risk assessments, congressional interest, Office of Management and Budget (OMB) priorities, Agency vulnerability/internal control assessments under OMB Circular A-123 and the Federal Managers' Financial Integrity Act (FMFIA), and identification of key Agency challenges and strategic planning priorities. Our current planning also reflects direct outreach and solicitation of topics and assignment suggestions from EPA's leadership and external stakeholders (see appendix B). Other assignments are required or are self-initiated based upon our strategic themes, which are focused on providing the greatest value and risk reduction to the Agency, and the greatest benefit to public health.

We want to thank each member of the Agency leadership as well as external stakeholders and our staff for their direct participation in this process. We look forward to continuing an open dialogue for receiving their ideas, suggestions, and feedback. We welcome input into our planning process and feedback on the quality and value of OIG products and services from all customers, clients, stakeholders, and the public via [webcomments.oig@epa.gov](mailto:webcomments.oig@epa.gov).



Arthur A. Elkins, Jr.  
Inspector General

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## **EPA's Mission Statement – To Protect Human Health and the Environment**

### *The Foundation of the OIG's Planning Objectives*

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#### ***EPA Goals: A Five-Goal Structure Focuses on Environmental Results and Links to OIG Goals***

The OIG Strategic and Annual Plans are specifically designed to connect implementation of the Inspector General Act with EPA's mission for the most economical, efficient, and effective achievement of EPA's performance goals. The table below identifies EPA's strategic goals and cross-cutting fundamental strategies that we take into account when planning audits, evaluations, and investigations.

#### **EPA's FY 2011–2015 Strategic Goals and Cross-Cutting Strategies**

##### **EPA's Strategic Goals**

- 1. Taking Action on Climate Change and Improving Air Quality:** Protect and improve the air so it is healthy to breathe, and risks to human health and the environment are reduced. Reduce greenhouse gas emissions and develop adaptation strategies to address climate change.
- 2. Protecting America's Waters:** Ensure drinking water is safe. Restore and maintain our oceans, watersheds, and their aquatic ecosystems to protect human health, sustain fish, plants, and wildlife, and economic, recreational, and subsistence activities.
- 3. Cleaning Up Communities and Advancing Sustainable Development:** Promote sustainable, healthier communities and protect vulnerable populations and tribal communities. Prevent releases of harmful substances and clean up and restore contaminated areas.
- 4. Ensuring the Safety of Chemicals and Preventing Pollution:** Ensure the safety of chemicals that are used in consumer products, the workplace, and the environment. Strengthen EPA's chemicals management and risk-assessment programs through novel chemicals-management plans.
- 5. Enforcing Environmental Laws:** Protect human health and the environment through vigorous and targeted civil and criminal enforcement. Assure compliance with environmental laws.

##### **EPA's Cross-Cutting Fundamental Strategies**

- **Expanding the Conversation on Environmentalism**
- **Working for Environmental Justice and Children's Health**
- **Advancing Science, Research, and Technological Innovation**
- **Strengthening State, Tribal, and International Partnerships**
- **Strengthening EPA's Workforce and Capabilities**

# EPA Office of Inspector General – Strategic Plan Outline

## Vision

Be the best in public service and oversight for a better environment tomorrow.

## Mission

Promote economy, efficiency, effectiveness, and prevent and detect fraud, waste, and abuse through independent oversight of the programs and operations of the Environmental Protection Agency and Chemical Safety and Hazard Investigation Board.

## Goals

**1** Contribute to improved human health, safety, and the environment

**2** Contribute to improved EPA and CSB business practices and accountability

**3** Be responsible stewards of taxpayer dollars

**4** Be the best in public service

## Objectives

- Influence programmatic and systemic changes and actions that contribute to improved human health, safety, and environmental quality
- Add to and apply knowledge that contributes to reducing or eliminating environmental and infrastructure security risks and challenges
- Make recommendations to improve EPA and CSB programs

- Influence actions that improve operational efficiency and accountability, and achieve monetary savings
- Improve operational integrity and reduce risk of loss by detecting and preventing fraud, waste, abuse, or breach of security
- Identify best practices, risks, weaknesses, and monetary benefits to make recommendations for operational improvements

- Promote and maintain an accountable, results-oriented culture
- Ensure our products and services are timely, responsive, and relevant, and provide value to our customers and stakeholders
- Align and apply our resources to maximize return on investment
- Ensure our processes and actions are cost effective and transparent

- Maintain the highest ethical standards
- Promote and maintain a diverse workforce that is valued, appreciated, and respected
- Enhance constructive relationships and foster collaborative solutions
- Provide leadership, training, and technology to develop an innovative and accomplished workforce

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## **EPA Office of Inspector General FY 2013 Annual Plan: Identifying the Risks** *The Criteria for Developing and Selecting Assignments*

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As required by the Reports Consolidation Act of 2000, the OIG reviewed the major risks, challenges, and planning priorities across EPA and solicited first-hand input from Agency leadership to identify and select OIG products and topics that would be of greatest benefit to the Agency and the American public it serves. This section summarizes and applies the key FY 2012 Agency-wide risks, issues, and management challenges that help guide the general direction and focus of OIG audits, evaluations, and investigative work.

### **Top EPA Management Challenges—Reported by the OIG for FY 2012**

1. **Oversight of Delegations to States:** Due to differences between state and federal policies, interpretations, strategies, and priorities, EPA needs to more consistently and effectively oversee its delegation of programs to the states, assuring that delegated programs are achieving their intended goals.
2. **Safe Reuse of Contaminated Sites:** EPA's duty is to ensure that reused contaminated sites are safe for humans and the environment. EPA must strengthen oversight of the long-term safety of sites, particularly within a regulatory structure in which non-EPA parties have key responsibilities, site risks change over time, and all sources of contamination may not be removed.
3. **Limited Capability to Respond to Cyber Security Attacks:** EPA is highly vulnerable to existing external network threats, despite reports from security experts that Advanced Persistent Threats, designed to steal or modify information without detection, are becoming more prevalent throughout the government.
4. **EPA's Framework for Assessing and Managing Chemical Risks:** EPA's effectiveness in assessing and managing chemical risks is limited by its authority to regulate chemicals under the Toxic Substances Control Act. Chemicals manufactured before 1976 were not required to develop and produce data on toxicity and exposure, which are needed to properly and fully assess potential risks.
5. **Workforce Planning:** EPA's human capital is an internal control weakness in part due to requirements released under the President's Management Agenda. EPA has not developed analytical methods, and does not collect data needed to measure its workload and the corresponding workforce levels necessary to carry out that workload.

## EPA Internal Control Risks and Weaknesses Identified by the OIG for 2012

The following information identifies EPA's internal control weaknesses as part of FMFIA activities.

- Agency Audit Follow-Up Process: Revising EPA Manual 2750
- Efficient Use of Available Funds
- Tribal Environmental Capacity Building
- Processing Hiring Actions
- Recovery of Funds
- Management of Emergency Response Equipment
- Information Technology Systems Development and Implementation

## Risks, Priorities, and Issues Identified by EPA Through OIG Outreach Interviews

The following information identifies cross-cutting risks identified through outreach solicitations and meetings with EPA leadership. In appendix B, we provide further details.

1. **Emergency Preparedness/Homeland Security**
2. **Better Collaboration/Coordination with States and Other Federal Agencies**
3. **Consistent and Reliable Data and Performance Measurement**
4. **Improving EPA Organizational Design and Coordination of Resources to Eliminate Duplication**
5. **Monitoring of States, Grants Management, Compliance and Enforcement (How Much Delegation? Federal vs. State Roles?)**
6. **Human Capital Management—Skill Gaps/Alignment With Functions**
7. **Better Use of Technology, Information, and Research**
8. **EPA's Regulatory Process (Better and Faster Analysis of Costs, Science, and Benefits)**
9. **Cross-Media Risk Assessment, Planning, and Priority Setting for Better Application of Resources**
10. **Water Infrastructure, Financing, and Water Availability**
11. **Climate Change and Air**

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## EPA Office of Inspector General FY 2013 Annual Plan: The Strategy

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Annual planning is a dynamic process and requires adjustments throughout the year to meet priorities and to anticipate and respond to emerging issues with the resources available. The OIG examines the cross-Agency risk assessment, Agency challenges, prior work, future priorities, and customer input to develop and prioritize its FY 2013 work by using the following strategic themes to outline the OIG's focus for each project. These eight themes generally represent cross-Agency weaknesses, vulnerabilities, and opportunities for significant Agency improvement through greater savings, efficiency, and risk reduction.

### Risk and Customer-Driven Themes for Greater Performance and Efficiency

**Integrity of Agency Resources:** Managing and ensuring the integrity of the Agency's resources is of critical importance. The delegation of proper management to each office and region increases the likelihood of differential applications of internal controls over processes and assets. The risk of resource waste or loss, environmental danger to the public, or failure to accomplish mission objectives due to a lack of controls or fraud increases as internal monitoring and accountability, as well as contractor and grantee monitoring and accountability, is diminished.

#### Oversight and Monitoring

- **Planning:** Without goal setting based on consistent criteria, operations and efforts are fragmented and competing.
- **Organization:** Without coordination and collaboration, there is risk of duplication, conflicting forces, inconsistencies, and gaps across organizational units.
- **Policies and procedures:** Without effective policies or procedures, no basis exists for consistency, criteria, or control to guide actions within or across EPA.
- **Performance measurement:** Without clear and consistent measurement, the Agency cannot recognize priorities, nor can it assess progress or accountability.
- **Monitoring:** Without oversight, deviations from the plan cannot be identified and corrected.
- **Accountability:** Without accountability, no commitment, obligation, recourse, or enforceability exists.

**Workforce Allocation:** The nature of the Agency's work continues to evolve as more programs are delegated and have integrated relationships. As the role of the Agency changes in relation to its partners, laws, and goals, EPA should accurately assess workforce allocation within its organizational structure to determine the correct number, location, and skills inventory of staff.

**Program Effectiveness:** The Agency's regulatory process is extremely complex, and opportunities may exist to streamline the process without compromising required integrity. Enforcement of environmental laws and regulations, for example, can be inconsistent, as it is carried out differently among various federal, state, tribal, and local government entities. Questions related to jurisdiction, interpretation, and coordination can undermine program effectiveness.

**Data Quality:** Through Agency programs, EPA should determine relative risk and demonstrate outcome results in terms of environmental conditions and human health for the funds that are spent. These determinations require valid and reliable data linked to the resources applied, the processes used, and the actions taken within EPA and by its federal, state, and grantee partners. Accessing such data is a difficult challenge, as there are no standards or universal agreements among stakeholders on which to base consistent measures of environmental risk and outcomes. Data are sometimes used without independent verification of their accuracy, making them vulnerable to manipulation or misuse to influence decisions.

**Operational Efficiency:** As operational budgets are reduced, environmental issues become more complex and costly, and EPA has greater oversight responsibilities over more grant and contract funds, EPA should determine whether it has the correct skills in the correct places, along with the appropriate systems of accountability, to manage efficiently and effectively. EPA must improve its operational efficiency by reducing the cost of operations, eliminating unnecessary spending and duplication, collecting receivables, and leveraging resources to apply a greater percentage of available funds to directly solving the greatest environmental problems.

**Superfund/Hazardous Waste:** EPA should encourage the appropriate reuse and revitalization of brownfields, underground storage tank fields, Superfund sites, Resource Conservation and Recovery Act sites, Base Realignment and Closure sites, and other federal properties through voluntary action and economic incentives, as well as through appropriate compliance and enforcement tools.

**Recovery Act:** EPA received over \$7.22 billion under the American Recovery and Reinvestment Act of 2009 (ARRA, or Recovery Act) to be used during FYs 2009 through 2011 as part of the federal government's stimulus spending effort to help rebuild America's infrastructure. The purpose of the Recovery Act was to create and save jobs, jumpstart the U.S. economy, and build the foundation for long-term economic growth. One of the major features of ARRA is specific statutory responsibility for transparency, accountability, and direct oversight by the OIG. The urgency to achieve the economic goals of ARRA through grantees at the state, tribal, and local levels created a unique combination of opportunities, challenges, and risks for both the Agency and the OIG. Although ARRA funding for the OIG expired in September 2012, the OIG will continue to audit and investigate the integrity, propriety, and accountability in application of ARRA funds by EPA's recipients and sub-recipients.

## Making Choices—A Customer-Driven Process

OIG work that is not otherwise mandated is proposed, considered, and selected through a rigorous process using the criteria listed below to develop a portfolio of assignments that represents the best possible return on investment in terms of monetary or public value and responsiveness in addressing the needs, risks, challenges, priorities, and opportunities of OIG customers, clients, and stakeholders. We conducted considerable outreach to Agency leaders and stakeholders on environmental and management risks, challenges, and opportunities. We conducted a risk assessment based upon previously identified risks and challenges. We invited our entire staff to formulate assignment suggestions from their immediate knowledge of EPA operations and the consideration of stakeholder input and risks.

### Criteria Considered in Identifying and Selecting Audit and Evaluation Assignments for FY 2013:

#### Environmental/Human Health/Business Risks Addressed, Including:

- What is the known extent of the issue (i.e., sensitive or other populations impacted, area involved, environmental justice)?
- What is the potential environmental or human health benefits (return on investment) to be derived and the reduction or prevention of environmental, human health, or business risks?

#### Potential Risk of Fraud, Waste, or Abuse:

- What resources and data, physical or cyber security equipment, and program integrity and violations of laws/regulations are involved?

#### Opportunity for Improved Business Systems/Accountability, Including:

- How does the project align with EPA's strategic goals/objectives?
- What is the expected return on investment (for example, potential questioned costs, funds put to better use or other potential monetary benefits, improved decision-making, improved data quality/reliability, reduced vulnerabilities, and strengthened internal controls)?

#### EPA Dollar/FTE Investment/Financial Impact (in relation to EPA's overall resource level):

- What headquarters and regional resources are committed to the program, including FTEs?
- What resources are used including contracts, grants, state programs, or other mechanisms, such as state funding, to accomplish the goals? How might this impact the program's implementation? What percentage of the program's funding is coming from state, other federal, or private partnership resources?

#### Prior Audit/Evaluation Results:

- What are the conditions or changes since prior review by EPA OIG, GAO, or other auditing body?
- What new information or indications of auditable issues are available?

#### Stakeholder/Public Interest:

- Is the topic of the project generating interest from Congress, the public, and news organizations? What is the interest and why?
- Who are the expected users of the project's product? How would it be used?

## THE PLAN: CONTINUING AND NEW ASSIGNMENTS

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### EPA Office of Inspector General FY 2013 Annual Plan: Office of Audit

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**Office of Audit.** OIG audit work focuses on six areas, with emphasis on identifying opportunities for cost savings and reducing risk of resource loss. Funds awarded for assistance agreements and contracts account for approximately two-thirds of EPA's budget. Producing timely and reliable financial statements remains a priority across the federal government. Equally important is the need to gather, protect, and use financial and program performance information to improve EPA's accountability and program operations. The Office of Audit's six product lines are:

- Assistance Agreements and Contract Audits
- Forensic Audits
- Efficiency Audits
- Financial Audits
- Risk Assessment and Program Performance Audits
- Information Resources Management Audits

Specific assignments are listed on the following pages; ARRA-related assignments are denoted with an asterisk. Planned work will emphasize:

- Direct testing for fraud in grants, contracts, and operational activities
- Cost savings resulting from audits of grantee and contractor claims
- Continued improvements in assistance agreements and contract administration
- EPA's preparation of timely, informative financial statements
- EPA's use of financial and program performance information, including efficiency measures, to identify cost savings and potential cost recoveries, reduce risks, and maximize results achieved from its environmental programs
- Reviews of EPA's internal controls, including its risk assessment processes and allocation/application of human resources
- EPA's integrity of data and system controls, as well as compliance with a variety of federal information security laws and requirements, to ensure system and data integrity

## Assistance Agreements and Contract Audits

Is EPA using assistance agreements and contracts to efficiently and effectively accomplish its mission?

Is EPA effectively managing contracts to ensure services and products are received from qualified contractors at a reasonable price in a timely manner?

**Contract Issues Covered** (812) 886-3059

- Oversight and Monitoring
- Workforce Allocation
- Operational Efficiency
- Program Effectiveness
- Data Quality
- Integrity of Agency Resources
- Superfund/Hazardous Waste

### Carryover Assignments from FY 2012

- Superfund Remedial Action Contracting
- Review of Science to Achieve Results Grants

### New Assignments Planned for FY 2013

- Puget Sound Action Agenda
- Audit of Emergency and Rapid Response Service Contracts
- State Revolving Fund – Pace of Expenditures
- EPA’s Implementation of the “Do Not Pay” Requirements

### Required Assignments Planned for FY 2013

- Improper Payments Elimination and Recovery Act Compliance – FY 2013

## Forensic Audits

Is EPA sufficiently protected against the risk of fraud, waste, and abuse in its grants, contacts, and internal operations?  
Is EPA carefully controlling and monitoring the application and accountability of Recovery Act funds to subgrantees and contractors?

### Orig. Themes Covered (415) 947-4537

- Oversight and Monitoring
- Integrity of Agency Resources
- Operational Efficiency
- Recovery Act (projects denoted with \*)
- Superfund/Hazardous Waste

### **Carryover Assignments from FY 2012**

- ARRA Diesel Elimination Reduction Act – Grant to the Chelsea Collaborative\*
- ARRA Diesel Elimination Reduction Act – Grace Hill Settlement House\*
- ARRA Diesel Elimination Reduction Act – Tennessee Department of Transportation\*
- ARRA Diesel Elimination Reduction Act – Railroad Research Foundation\*
- ARRA Hotline Review – Goshen, Indiana\*
- ARRA Site Visit – Yauco, Puerto Rico\*
- New Mexico Environment Department – Timekeeping Practices and Procedures
- ARRA Superfund – Idaho Department of Environmental Quality (Contracted)\*
- ARRA Superfund – Colorado Department of Health (Contracted)\*
- ARRA Leaking Underground Storage Tanks – New Jersey Department of Environmental Protection (Contracted)\*
- ARRA Diesel Elimination Reduction Act – Greater Lansing Area Clean Cities (Contracted)\*

### **New Assignments Planned for FY 2013**

- Audits of Various Contractors and Grantees
- Forensic Reviews of Hotline Complaints
- Forensic Reviews of Contractor Proposals

### **Required Assignments Planned for FY 2013**

- Single Audit Processing

## Efficiency Audits

Are EPA programs and operations performing with the greatest efficiency in regard to allocation and application of resources?

Contact: Mike Davis (513) 487-2363

### ORG Themes Covered

- Program Effectiveness
- Data Quality
- Integrity of Agency Resources

### **Carryover Assignments from FY 2012**

- EPA Facility Space Management to Optimize Occupancy
- Review of EPA Customer Service Help Desk, Hotlines, and Clearinghouses
- Working Capital Fund Contracts

### **New Assignments Planned for FY 2013**

- Disposal of Used/Excess Computers
- Controls for Travel of EPA Employees

## Financial Audits

Does EPA have the people, processes, and systems to efficiently provide timely, accurate, complete, and useful financial information for decision-making, including resource management and accountability?

Contact: Paul Curtis (202) 566-2523

### **OIG Themes Covered**

- Operational Efficiency
- Data Quality
- Superfund/Hazardous Waste

### **Carryover Assignments from FY 2012**

- Agreed-Upon Procedures for EPA's Quarterly Financial Statements for FY 2012
- FY 2012 EPA Financial Statements
- Lead Accreditation and Certification Fees

### **New Assignments Planned for FY 2013**

- EPA's Accounts Receivable Internal Controls
- EPA's Biennial User Fee Reviews
- Appropriated Funds Not Obligated
- Agreed-Upon Procedures – First and Second Quarters FY 2013

### **Required Assignments Planned for FY 2013**

- FY 2012 Financial Statements: Pesticides Reregistration and Expedited Processing Fund (FIFRA)
- FY 2012 Financial Statements: Pesticide Registration Fund (PRIA)
- FY 2013 EPA Financial Statements

## Risk Assessment and Program Performance Audits

Does EPA have the control systems in place to identify and prevent the misuse of resources, assess its human capital needs, and determine whether its program processes are efficient and goals are being achieved?

Contact: Patrick Gilbride (303) 312-6969

### **OIG Themes Covered**

- Oversight and Monitoring
- Workforce Allocation
- Program Effectiveness
- Data Quality
- Integrity of Agency Resources

### **Carryover Assignments from FY 2012**

- Hotline – Fort Belknap Indian Community Drinking Water System
- Review of Emergency Response Contingency Plans
- Follow-Up Audit – Tribal Capacity Building
- Review of EPA’s Gulf of Mexico Program Office
- Implementation of the Smart Card Program

### **New Assignments Planned for FY 2013**

- Internal Controls over Renewable Fuel Credits
- Review of EPA’s Controls Over Development and Use of Quality Assurance Project Plan
- Follow-Up Review – EPA Actions to Address OIG Recommendations for Conducting Workload and Workforce Analysis
- Government Performance and Results Modernization Act Implementation

### **Required Assignments Planned for FY 2013**

- FY 2013 Management Challenges and Internal Control Weaknesses

## Information Resources Management Audits

**Information Technology Investment Management:** Has EPA implemented well-structured and effective processes to ensure that investments in information technology resources achieve the desired results?

**Information Security and Privacy:** Are EPA's computer security and privacy programs comprehensive and actively implemented throughout the Agency to balance risk and mission requirements?

**OIG Audits Covered** (202) 566-0893

- Oversight and Monitoring
- Operational Efficiency
- Program Effectiveness
- Data Quality
- Integrity of Agency Resources

### Carryover Assignments from FY 2012

- Audit of Preaward Activities for Multiple-Award Contracts at National Computer Center
- FY 2012 Federal Information Security Management Act (FISMA) Audit
- Implementation of Cross-Media Electronic Reporting Rule
- Assessment of Information Security Practices at Key EPA Locations
- EPA's Use of Service Organization for Financial Management
- Assessment of Qualifications of EPA Personnel With Significant Security Responsibilities (Contracted)

### New Assignments Planned for FY 2013

- Audit of EPA's Controls Over Sensitive Personally Identifiable Information
- Audit of EPA's Non-Major IT Investments (Capital Planning and Investment Control - Lite)
- Audit of EPA's Cloud Computer Initiative
- Audit of Certain EPA's Electronic Records Management Practices

### Required Assignments Planned for FY 2013

- Audit of EPA's Implementation of New Human Resources Management System
- Audit of Integrity of Data Within the Compass Data Warehouse
- FY 2013 FISMA Audit

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## EPA Office of Inspector General FY 2013 Annual Plan: Office of Program Evaluation

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**Office of Program Evaluation.** OIG program evaluations examine root causes, effects, and opportunities leading to conclusions and recommendations that influence systemic changes and contribute to the accomplishment of the Agency's mission. Program evaluations answer questions about how well a program or activity is designed, implemented, or operating in achieving EPA goals. Program evaluations may produce conclusions about the value, merits, or worth of programs or activities. The results of program evaluations can be used to improve the operations of EPA programs and activities, sustain best practices and effective operations, and facilitate accomplishment of EPA goals. Evaluations by the Office of Program Evaluation are performed by staff with diverse backgrounds, including accounting, economics, environmental management, and the sciences, and they comply with *Government Auditing Standards*.

Evaluation topics and priorities in our FY 2013 plan are driven by our assessment of organizational risk in relation to available resources and based on input from EPA's leadership, Congress, and stakeholders. Program evaluations are conducted by the following five product lines:

- Air and Research
- Water and Enforcement
- Land and Superfund
- Cross Media
- Special Reviews

Assignments concentrate on all of the OIG themes, reflecting our attention to the Agency's mission and operational and systemic risks. Specific assignment titles are listed on the following pages.

## Air and Research

**Research:** Is EPA effectively and efficiently planning, managing, conducting, and overseeing research to address the Agency's current and future needs?

**Air Pollution:** Is EPA assessing and managing risks to provide reasonable assurance of progress toward goals and adequate protection to the public?

**Clean Air Partnerships:** Are partnerships, voluntary programs, and other nonregulatory initiatives achieving clean air goals efficiently and effectively?

### OIG Themes Covered

~~Contact: Rick Seisse (919) 541-5747~~

- Oversight and Monitoring
- Workforce Allocation
- Data Quality
- Integrity of Agency Resources

### **Carryover Assignments from FY 2012**

- EPA Inspector Capability to Conduct Risk Management Program Inspection
- Use of Remote Sensing Data to Assess Contamination—2nd Phase, Sampling/Analysis Under Existing Interagency Agreements With U.S. Geological Survey
- EPA Oversight of Clean Air Act Title V Fees
- EPA Management of Selected Clean Air Advisory Committees
- Hotline Assignment: EPA's Review of American Society for Testing and Materials D7575 as an Alternative Test Method for Measuring Oil and Grease

### **New Assignments Planned for FY 2013**

- Flare Emissions and Control
- Assessment of EPA Efforts to Reduce Methane Product Emissions From Leaking Pipes
- Efficiency and Effectiveness of EPA's Vehicle Inspection and Maintenance Programs
- Evaluation of EPA's Research on Human Subjects

## Water and Enforcement

**Protecting Human Health:** How successfully have the Safe Drinking Water Act and other activities protected human health?

**Health of Aquatic Systems:** How can EPA effectively protect and restore sustainable, healthy aquatic communities and ensure waters that sustain human health?

**Enforcement:** How effective is EPA's enforcement program at ensuring compliance with environmental laws?

### OIG Themes Covered (202) 566-0830

- Oversight and Monitoring
- Workforce Allocation
- Data Quality
- Integrity of Agency Resources

### **Carryover Assignment from FY 2012**

- EPA Oversight of State Approvals of Clean Water Act Section 316(a) Thermal Variances and 316(b) Cooling Water Intake Structures
- EPA's Ability to Safeguard the Nation's Water Supply in the Event of an Attack or Natural Disaster
- Region 7 Compliance and Enforcement Actions
- Review of Region 6 Emergency Administrative Order Against Range Resources
- Adequacy of Enforcement Monitoring and the Discontinuation of Recidivism Rate Measurement
- National Petroleum Refinery Initiative

### **New Assignments Planned for FY 2013**

- EPA's Watch List for Targeting Noncompliance with Environmental Regulations
- Feasibility of EPA Achieving Its Goal of Reducing the Gulf of Mexico Hypoxic Zone by Two-Thirds by FY 2015
- Effectiveness of Wetlands Mitigation Guidelines
- Effectiveness of EPA's Small Drinking Water System Strategy

## Land and Superfund

**Cleanup of Contaminated Sites:** Is EPA ensuring that requirements are met and guidance is followed in conducting Superfund cleanups? Is EPA recovering the government's costs to clean up Superfund sites?

**Land Preservation, Reuse, and Revitalization:** Are controls in place to provide long-term protection to human health and the environment from contaminated sites designated as ready for reuse? Is EPA ensuring proper management of waste streams?

### Office of General Counsel (312) 886-6530

- Oversight and Monitoring
- Workforce Allocation
- Data Quality
- Integrity of Agency Resources
- Superfund/Hazardous Waste
- Operational Efficiency

### **Carryover Assignments from FY 2012**

- Superfund Removal Program Results
- Office of Solid Waste and Emergency Response Cross-Program Revitalization Measures
- Hotline Complaint: National Zinc Smelter Site in Cherryvale, Kansas
- Hotline Complaint: Enbridge Oil Spill

### **New Assignments Planned for FY 2013**

- Human Exposure from Lead Smelters
- EPA Inaction on Proposed Superfund Sites Awaiting Final Listing
- Hazardous Waste Discharge by Publicly Owned Treatment Works
- Process Related to Resolving Superfund Disputed Costs at Sites Not Required to Established Escrow Accounts

## Cross Media

**Energy Efficiency and Climate Change:** Evaluations on EPA's efforts to reduce domestic greenhouse gas emissions as part of the Administrator's priority to take action on climate change.

**At-Risk and Vulnerable Populations:** Evaluations in support of the Administrator's priority on environmental justice and EPA's cross-cutting fundamental strategy working for environmental justice and children's health.

**Chronic and Emerging Environmental Health Threats:** Evaluations in support of the EPA management challenge to assess and manage chemical risks; the Administrator's priority to assure the safety of chemicals; and EPA's cross-cutting fundamental strategy to advance science, research, and innovation.

Contact: Jerri Dorsey (919) 541-3601

### OIG Themes Covered

- Oversight and Monitoring
- Workforce Allocation
- Program Effectiveness
- Data Quality
- Integrity of Agency Resources

### **Carryover Assignments from FY 2012**

- Penalties for Federal Insecticide, Fungicide, and Rodenticide Act and Toxic Substances Control Act Violations
- EPA's Children's Health Evaluation Agenda
- EPA's Action Development Process
- Electronic Waste Management
- Evaluation of EPA's Laboratory Fraud Prevention
- Hotline Complaint Regarding the Region 4 Environmental Justice Program

### **New Assignments Planned for FY 2013**

- Evaluation of EPA's National Environmental Policy Act Reviews
- Evaluation of EPA's International Partnerships
- EPA's Greener Product Programs – Conventional Reduced Risk Pesticide Program

## Special Reviews

**Evaluations of Agency Programs:** Special Reviews performs evaluations of Agency programs and functions to determine whether sufficient controls are in place to reduce the Agency's risk of fraud, waste, and abuse in its operations. Special Reviews assignments also examine Agency programs and activities to determine impediments or challenges to meeting environmental or human health protection goals. In FY 2013, Special Reviews is adding focus on conducting follow-up evaluations to determine EPA progress in implementing OIG recommendations for improvement.

Eric Lewis (202) 566-2664

### **OIG Themes Covered**

- Oversight and Monitoring
- Data Quality
- Operational Efficiency

### **Carryover Assignments from FY 2012**

- Review of Time and Material Contracts
- Review of Time and Material Contract Controls
- Integrated Risk Information System Utilization Survey
- Libby Toxicity Assessment Follow-Up
- Science to Achieve Results (STAR) Grant Hotline
- Alternative Asbestos Control Method Special Review

### **New Assignments Planned for FY 2013**

- Follow-Up on Agency Actions in Response to Selected OIG Reports

### **Required Assignments Planned for FY 2013**

- Review of EPA's Classification of National Security Information

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## EPA Office of Inspector General FY 2013 Annual Plan: Office of Investigations

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**Office of Investigations (OI).** OI primarily employs criminal investigators (Special Agents), as well as computer specialists and support staff. OI maintains a presence in most EPA regions and at selected EPA laboratories, other facilities, and headquarters. The majority of investigative work is reactive in nature. OI receives hundreds of allegations of criminal activity and serious misconduct in EPA programs and operations that may undermine the integrity of, or confidence in, programs, and create imminent environmental risks. To prioritize its work, OI evaluates allegations to determine which investigations may have the greatest impact on Agency resources and on the integrity of an EPA program and operation, and produce the greatest deterrent effect. OI contributes to EPA's strategic goals by ensuring that the Agency's resources are not pilfered by criminal activity or criminals. OI has identified the following major areas on which to focus their work activity: financial fraud (contracts and assistance agreements); investigation and mitigation of threats directed against EPA employees, facilities, and assets; and investigations of alleged criminal conduct or serious administrative misconduct by EPA employees. OI supports the Agency and conducts OIG oversight and assistance, as directed by statute and OMB, by providing fraud awareness, detection, and prevention training to federal, state, tribal, and local officials. OI manages the EPA OIG Hotline Program, which receives hundreds of complaints, referrals, and allegations of abuse and misconduct. Additionally, this office is responsible for identifying and investigating attacks against EPA's computer and network systems to protect resources, infrastructure, and intellectual property.

## Investigations

**Office of Investigations** conducts criminal, civil, and administrative investigations into allegations of fraud and serious misconduct that could create imminent risks or undermine the integrity of EPA or the public's confidence in EPA's key environmental work.

Contact: Patrick Sullivan (202) 566-0308

### **OIG Themes Covered**

- Oversight and Monitoring
- Workforce Allocation
- Operational Efficiency
- Program Effectiveness
- Data Quality
- Integrity of Agency Resources
- Recovery Act (projects denoted with \*)
- Superfund/Hazardous Waste

### **Investigations begun prior to FY 2013 and new investigations will examine:**

- Criminal activities in the award, performance, and payment of funds under EPA contracts, grants, and other assistance agreements to individuals, companies, and organizations
- Contract laboratory fraud relating to water quality and Superfund data, as well as payments made by EPA for erroneous environmental testing data and results, that could undermine the bases for EPA decision-making, regulatory compliance, and enforcement actions
- Criminal activity or serious misconduct affecting the integrity of EPA programs that could erode the public trust such as misuse of the Agency seal or fraudulent EPA endorsement of a commercial product
- Investigation and mitigation of threats directed against EPA employees, facilities, and assets
- Intrusions into and attacks against EPA's network, as well as incidents of hijacking EPA computers and/or systems in furtherance of criminal activities, and use of outside computers to commit fraud against EPA
- Investigations of alleged criminal conduct or serious administrative misconduct by EPA employees
- Recovery Act Spending and Deep Water Horizon Taskforce participation\*

### **Investigative support to EPA and new initiatives:**

- Continue fraud awareness briefings and training of key EPA officials and other stakeholders to increase their awareness of the indicators of contract and grant fraud and to identify and report funds at risk, as well as recognize and refer cyber threat issues and indicators of vulnerabilities
- Completion of Recovery Act investigations started by the ARRA Fraud Taskforce
- Disaster relief spending, including participating with other federal OIGs and the Office of Audit on the Hurricane Sandy Fraud Taskforce
- Small Business Innovative Research grant fraud proactive investigative projects
- Work with the Office of Audit to seek out fraud indicators at a Superfund site in New York City

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|  | <ul style="list-style-type: none"><li>• Seek assistance from the Office of Audit to provide forensic audit support for investigations of contracts, grants, and program integrity</li><li>• Provide information and cyber forensic analysis in support of investigations of intrusions into Agency computer networks and evaluations of threats targeting EPA's network infrastructure</li><li>• Enhance hotline reporting capabilities</li><li>• Liaison with other federal, state, tribal, and local law enforcement concerning violations of laws investigated by the EPA OIG</li><li>• Proactive investigations with the Federal Bureau of Investigation, Bureau of Indian Affairs, and the U.S. Department of Interior OIG into the fraudulent use of EPA funds by tribal entities</li></ul> |
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## EPA Office of Inspector General FY 2013 Annual Plan: Office of the Chief of Staff

**Office of the Chief of Staff (OCOS).** OCOS, in the immediate office of the inspector general, is the organization-wide corporate focal point that promotes the efficient use of, and accountability for, OIG resources, ensuring that the OIG effectively achieves its mission and strategic goals. Specifically, the chief of staff is responsible for the following OIG-wide functions: strategic and annual planning; financial controllership and budget formulation and execution; performance, results, and financial reporting; policies and procedures; audit follow-up and OIG internal control assessment; workforce analysis, human capital, and facilities management; procurement and acquisition administration; and the continuity of operations program. The chief of staff serves as the management, administrative, and resource advisor to the inspector general, and serves as the primary resource management point of contact between the inspector general and the OIG’s internal customers and external stakeholders. The chief of staff comprises the following two subcomponents: (1) Human Resources Directorate, and (2) Budget, Planning, and Results Directorate.

### Human Resources Directorate

The Human Resources Directorate is responsible for all aspects of OIG human resources operations and workforce planning and management.

Contact: John Mondragon (202) 566-0403

### Budget, Planning, and Results Directorate

The Budget, Planning, and Results Directorate manages the OIG’s budget process and coordinates OIG strategic planning, policies and procedures, and organizational performance measurement, as well as all functions related to audit follow-up.

Contact: Crystal Barrett (202) 566-2060

#### OIG Themes Covered

- Oversight and Monitoring
- Workforce Allocation
- Operational Efficiency
- Data Quality
- Integrity of Agency Resources

#### **Assignments and Functions Planned for FY 2013**

- Internal Policy Coordination; External Policy, Exposure Draft and Regulation Review
- OIG Follow-Up Coordination and Semiannual Compendium of Unimplemented Recommendations
- OIG Annual FMFIA Assessment and Report to the Administrator
- OIG Budgeting, Controllership, and Financial Management
- OIG Contracting and Acquisitions, Continuity of Operations
- OIG Human Resources and Human Capital Management/Training
- OIG Annual Performance Reporting, Strategic and Annual Planning
- OIG Integrated System Business Application Feature Design and Reporting
- Internal Financial and Operational Accountability Reporting
- Quality Assurance Oversight and Coordination

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## OIG Assignments Planned for CSB

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# About CSB and Its Office of Inspector General



The U.S. Chemical Safety and Hazard Investigation Board (CSB) was created by the Clean Air Act Amendments of 1990. CSB's mission is to investigate accidental chemical releases at facilities, report to the public on the root causes, and recommend measures to prevent future occurrences.

In FY 2004, Congress designated the EPA inspector general to serve as the inspector general for CSB. The OIG has the responsibility to audit, evaluate, inspect, and investigate CSB's programs, and to review proposed laws and regulations to determine their potential impact on CSB's programs and operations. During FY 2013, the OIG plans to assess the following for CSB:

- Does CSB provide timely, accurate, complete, and useful financial information for decision-making?
- Are CSB programs and operations performing with the greatest efficiency and effectiveness in regards to allocation and application of resources?
- Are CSB's computer security and privacy programs comprehensive and actively implemented throughout the Agency to balance risk and mission requirements?

### Assignments Planned for FY 2013

- CSB Investigation Process
- CSB Audit Follow-Up Process
- CSB Contracts
- CSB Improper Payments Elimination and Recovery Act Compliance
- OIG Follow-Up on Prior Reviews of CSB
- CSB FY 2013 FISMA Audit (Contracted)
- CSB FY 2012 Financial Statement Audit (Contracted)
- CSB FY 2013 Financial Statement Audit (Contracted)

## EPA Office of Inspector General FY 2013 Annual Plan: Performance Measures and Targets

The Government Performance and Results Act (GPRA) requires federal agencies to develop goal-based budgets supported by annual performance plans that link the organization’s mission and strategic goals to its annual performance goals. The annual performance goals are quantifiable targets supported by measures and indicators representing the expected outputs and outcomes. The Agency’s annual Performance Accountability Report includes actual results compared to targets to inform OMB, Congress, and the public about the value they are receiving for funds invested and how well the OIG is achieving its goals.

This annual plan explains how the OIG will convert its resources into results and benefits of its work through required and priority assignments. Outcome results and benefits from OIG work reflect measurable actions and impacts, but there is typically a time lag between the completion of OIG work and recognition of such results and benefits. Therefore, results and benefits from OIG audits, evaluations, investigations, and reviews are recorded in the year they are recognized regardless of when the work was performed. Through current-year outputs and long-term outcomes, OIG targets and seeks to measure and demonstrate the many ways the OIG promotes economy, efficiency, and effectiveness; and prevents and detects fraud, waste, and abuse.

The FY 2013 President’s Budget for the OIG is \$59.137 million, which includes Superfund and CSB. The following are the OIG annual performance goals that this plan is designed to achieve, pending final budget agreements:

Annual performance measures	Supporting indicators	FY 2013 targets (based upon Pres. Budget funding level)
Environmental and business actions taken for improved performance and reduction of risk from or influenced by OIG work	<ul style="list-style-type: none"> <li>○ Policy, process, practice, or control changes implemented</li> <li>○ Environmental or operational risks reduced or eliminated</li> <li>○ Critical congressional or public concerns resolved</li> <li>○ Certifications, verification, or analysis for decision or assurance</li> </ul>	334 total
Environmental and business recommendations or risks identified for corrective action by OIG work	<ul style="list-style-type: none"> <li>○ Recommendations or best practices identified for implementation</li> <li>○ Risks or new management challenges identified for action</li> <li>○ Critical congressional/public actions addressed or referred for action</li> <li>○ Outreach/technical advisory briefings</li> </ul>	903 total
Potential monetary return on investment (ROI) in the OIG, as a percentage of the OIG budget	<ul style="list-style-type: none"> <li>○ Recommended questioned costs</li> <li>○ Recommended cost efficiencies and savings</li> <li>○ Fines, penalties, settlements, restitutions</li> </ul>	120% ROI total (\$65.05 million)
Criminal, civil, administrative, and fraud prevention actions taken from OIG work	<ul style="list-style-type: none"> <li>○ Criminal convictions</li> <li>○ Indictments/informations</li> <li>○ Civil judgments</li> <li>○ Administrative actions (staff actions and suspension or debarments)</li> </ul>	85 total

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## Appendix A—Limitations on Advisory Services

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The OIG provides certain advisory services to the Agency as part of the value it adds in promoting economy, efficiency, and effectiveness. However, to protect inspector general independence, the Inspector General Act explicitly restricts the inspector general from making or deciding on Agency policies. The generally accepted government auditing standards provide specific criteria delineating what advisory services, defined as nonaudit services, OIG staff can perform, and what constitutes a personal or organizational impairment of independence in fact or appearance. Several of the standards limitations are cited below and explain why the OIG may not be able to assist the Agency in ways that may be requested.

### Overarching Independence Principles When Performing Nonaudit Services

The following overarching principle applies to auditor independence when assessing the impact of performing a nonaudit service for audited entities:

- Auditors may be able to provide nonaudit services without impairing independence if (1) the nonaudit services are not expressly prohibited, (2) the auditor has determined that the requirements for performing nonaudit services have been met, and (3) any significant threats to independence have been eliminated or reduced to an acceptable level through the application of safeguards.

In considering whether audits performed by the audit organization can be significantly or materially affected by the nonaudit service, audit organizations should evaluate (1) ongoing audits; (2) planned audits; (3) requirements and commitments for providing audits, which include laws, regulations, rules, contracts, and other agreements; and (4) policies placing responsibilities on the audit organization for providing audit services. If requested to perform nonaudit services that would impair the audit organization's ability to meet either or both of the overarching independence principles for certain types of audit work, the audit organization should inform the requestor and the audited entity that performing the nonaudit service would impair the auditor's independence with regard to subsequent audit or attestation engagements.

## **Nonaudit Services That Impair Independence**

By their nature, certain nonaudit services directly support the entity's operations and impair the audit organization's ability to meet either or both of the overarching independence principles for certain types of audit work. Examples of the types of services under this category include the following:

- Maintaining or preparing the audited entity's basic accounting records or maintaining or taking responsibility for basic financial or other records that the audit organization will audit.
- Designing, developing, installing, or operating the entity's accounting system or other information system that is material or significant to the subject matter of the audit.
- Recommending a single individual for a specific position that is key to the entity or program under audit, or otherwise ranking or influencing management's selection of the candidate; or conducting an executive search or a recruiting program for the audited entity.
- Developing an entity's performance measurement system when that system is material or significant to the subject matter of the audit.
- Performing the entity's internal control self-assessment process or developing the internal control system.
- Developing an entity's policies, procedures, and internal controls.
- Providing services used as management's primary basis for making decisions that are significant to the subject matter under audit.
- Providing internal audit functions, when performed by external auditors.
- Serving as voting members of an entity's management committee or board of directors, making policy decisions that affect future direction and operation of an entity's programs, supervising entity employees, developing programmatic policy, authorizing an entity's transactions, or maintaining custody of an entity's assets.
- Planning, conducting, or reviewing audit work of the subject matter of the nonaudit by the same person providing the nonaudit services under the overarching independence principle that auditors must not audit their own work.

## Appendix B—Risks, Priorities, and Issues Identified by OIG During EPA Outreach Interviews

### With Agency Management

The OIG is highly committed to being a customer-driven organization that provides products and services that address the needs and concerns of Agency management. Our planning processes are highly dependent upon, and reflective of, the input received through our outreach to the Agency. A summary of current identified areas of concern from the Agency is provided below. This information is used by staff as a foundation to lead to the selection of well-supported assignments that answer compelling needs with measurable results.

EPA Cross-Cutting Risks	EPA Outreach Interviews Areas of Concern
<b>Emergency Preparedness/Homeland Security</b>	<ul style="list-style-type: none"> <li>• Preparedness for emergencies (natural or manmade disasters) is an unknown risk and needs greater attention.</li> <li>• Protection of drinking water (Water Sentry program) requires a coordinated effort.</li> <li>• Waste management under possible disaster conditions presents a secondary risk that needs attention.</li> <li>• Data security and protection controls may be vulnerable and should be tested to guard against cyber attack.</li> <li>• Clarification of roles and responsibilities (within EPA, and between federal agencies and states) needs to be determined and articulated.</li> </ul>
<b>Better Collaboration/Coordination with States and Other Federal Agencies</b>	<ul style="list-style-type: none"> <li>• EPA implements original authorizing legislation on the basis of specific media instead of holistically.</li> <li>• The 30 federal agencies with an environmental mission need better coordination in planning and implementation.</li> <li>• There is a lack of direct lines of authority (coordination) among and between assistant administrators and regions.</li> <li>• Plans, resources, data, authority, and measures are not aligned with risks and priorities across EPA.</li> <li>• Better collaboration internally and with stakeholders is needed to align processes, leverage resources, implement controls, reduce duplication, and align resources with priorities.</li> </ul>

<b>EPA Cross-Cutting Risks</b>	<b>EPA Outreach Interviews Areas of Concern</b>
<b>Consistent and Reliable Data and Performance Measurement</b>	<ul style="list-style-type: none"> <li>• There are gaps and inconsistencies in the information that drives the decision-making process.</li> <li>• Questions exist as to whether EPA is collecting the right data, of sufficient quality, and is making that data available.</li> <li>• EPA’s information systems are not aligned for efficiency, consistency, accessibility, and security.</li> <li>• Control of laboratory data, personally identifiable information, and confidential business information outside of EPA, especially related to registration and re-registration of pesticides and other formulas regulated by the Toxic Substances Control Act, all present significant risks.</li> </ul>
<b>Improving EPA Organizational Design and Coordination of Resources to Eliminate Duplication</b>	<ul style="list-style-type: none"> <li>• EPA and its partners need a clear linkage among goals, resources, processes, actions taken, and outcomes.</li> <li>• There are no standards or agreements among stakeholders on which to base measures of environmental risks and outcomes (states vs. national).</li> <li>• Program efficiency, progress, and results are not measured meaningfully.</li> <li>• EPA does not know what activities cost and what efficiency measures are needed.</li> <li>• Differences exist in the ways environmental laws are monitored and enforced between EPA and states/tribes. Monitoring requirements for grants are underfunded.</li> </ul>
<b>Monitoring of States, Grants Management, Compliance, and Enforcement (How Much Delegation? Federal vs. State Roles?)</b>	<ul style="list-style-type: none"> <li>• EPA lacks control of fund management and accountability once the funds for assistance agreements to grantees are distributed; half of the Agency’s budget is allocated to these agreements.</li> <li>• The highest risk in the grants management process is at the point that funds are spent by grantees and are sometimes commingled with other sources of grant funds.</li> <li>• Grantees have limited capacity or incentive to account for funds or performance.</li> <li>• EPA lacks resources to adequately monitor grants and lacks uniform reporting and accountability conditions.</li> <li>• EPA should execute and manage grants for measurable success vis-à-vis their intended goals.</li> </ul>
<b>Human Capital Management – Skill Gaps/Alignment With Functions</b>	<ul style="list-style-type: none"> <li>• EPA should analyze its workforce to identify and fill skill gaps and to implement its Human Capital Strategy.</li> <li>• EPA should recruit to close identified competency gaps.</li> </ul>

EPA Cross-Cutting Risks	EPA Outreach Interviews Areas of Concern
<b>Better Use of Technology, Information, and Research</b>	<ul style="list-style-type: none"> <li>• The Agency should manage its resources and the performance of contractors to optimize their value added.</li> <li>• EPA needs operational controls to protect and account for costs, assets, information, and performance.</li> <li>• EPA should more strongly implement FMFIA and the OMB Circular A-123 process.</li> <li>• The Working Capital Fund lacks the transparency or accountability necessary to prove its efficiency.</li> <li>• Agency management should better understand and be accountable for taking agreed-to actions on OIG recommendations.</li> </ul>
<b>EPA’s Regulatory Process (Better and Faster Analysis of Costs, Science, and Benefits)</b>	<ul style="list-style-type: none"> <li>• The Agency’s extremely complex regulatory process should be streamlined without compromising its required integrity. Competing interests of stakeholders and the regulated community may lead to overlaps, gaps, and conflicts.</li> <li>• Many policies are out of date or are based on outdated science and technology.</li> </ul>
<b>Cross-Media Risk Assessment, Planning, and Priority Setting for Better Application of Resources</b>	<ul style="list-style-type: none"> <li>• EPA should use a consistent approach to evaluate actual and relative environmental and operational risk and program effectiveness, assign resource priorities, make regulatory decisions, take enforcement actions, and inform its stakeholders.</li> <li>• EPA should ensure the integrity of laboratory data, results, and scientific research; knowledge and innovative technology should be transferred in a timely manner in the regulatory and policy process.</li> <li>• Agency programs need a consistent approach for determining relative risk and demonstrating outcome results.</li> </ul>
<b>Water Infrastructure, Financing and Water Availability</b>	<ul style="list-style-type: none"> <li>• The Agency needs to address failing infrastructure for drinking and storm water systems. Approximately \$20 billion will be needed to stabilize infrastructure across states.</li> <li>• It is unclear who will pay for needed infrastructure investment.</li> </ul>
<b>Climate Change and Air</b>	<ul style="list-style-type: none"> <li>• EPA should determine how to use creative financing and leverage funding through public-private partnerships.</li> <li>• EPA should utilize a better method for understanding air toxics and their monitoring.</li> <li>• EPA needs a clear and unified strategy, including participation of other federal agencies and other national governments.</li> </ul>