



**OIG**  
OFFICE OF INSPECTOR GENERAL

FEBRUARY 2002

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# **OFFICE OF THE INSPECTOR GENERAL CONSOLIDATED ANNUAL PLAN**

**October 1, 2001 Through  
September 30, 2002**





UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
Washington, DC 20460

FEB -5 2002

THE INSPECTOR GENERAL

**MEMORANDUM**

**TO:** The Administrator  
Deputy Administrator  
Assistant Administrators  
Associate Administrators  
Chief Financial Officer  
General Counsel  
Regional Administrators

It is my pleasure to present the Office of Inspector General's (OIG) FY 2002 Work and Performance Plan, which consolidates the annual planning perspective of audit, evaluation and investigation work for the performance of multidiscipline products and services. This plan is designed to clearly demonstrate how the OIG is implementing the second yearly increment of its *Strategic Plan Through 2005*, and our resolve to help EPA meet its strategic goals by focusing on environmental results and improving EPA's performance management and accountability. We have revised several objectives and performance targets for FY 2002 from the original Strategic Plan. This was based on our FY 2001 reported performance and the realignment of measures to more accurately group and report outputs and outcomes.

As part of our planning process, we solicited Agency management's input to identify areas requiring analysis or oversight, and to identify potential or emerging areas. This ensures that we focus our work on the areas of the greatest potential for improving economy, efficiency, and effectiveness in the delivery of Agency programs.

Planning is an ongoing process that requires constant monitoring and modification. As circumstances or requirements change, we will revise our annual plan. We invite your continuing input and dialog as we implement our plan. We are committed to assisting the Agency in accomplishing its mission of delivering the best programs possible to protect the environment and human health.

  
Nikki L. Tinsley

# Goals, Fiscal 2002 Objective Targets and Supporting Measures

## Goal #1. Contribute to improved environmental quality and human health

**Target: 50** improvements/changes/decisions/actions implemented, contributing to or influencing positive impacts on environmental quality and/or human health

- ▶ Legislative changes/decisions
- ▶ Regulatory changes/decisions
- ▶ EPA policy, directive or process changes/decisions
- ▶ Examples of environmental improvements/impacts
- ▶ Best environmental practices implemented

**Target: 15** risks to environmental quality and health reduced by identification, solutions or enforcement actions

- ▶ Environmental risks reduced/eliminated
- ▶ Certifications/validations/verifications

**Target: 75** recommendations, risks or best practices identified that can influence environmental/health actions & change

- ▶ Recommendations for environmental improvement
- ▶ Environmental best practices identified
- ▶ Environmental risks identified

## Goal #2. Improve EPA's management, accountability and program operations

**Target: 100% (\$45.9 Million)** return from improved business practices & potential savings, recoveries & fines

- ▶ Questioned costs
- ▶ Recommended efficiencies, costs saved or avoided
- ▶ Fines, recoveries, restitutions, collections

**Target: 75** actions reducing or eliminating risk of loss, or improving efficiency and integrity in management of resources, operations & programs, resolving Mgt Challenges

- ▶ Certifications/validations/verifications
- ▶ Criminal, civil, administrative actions
- ▶ Examples of process/practice changes/decisions to reduce risk & improve integrity or efficiency
- ▶ Corrected Management Challenges/GPRA rating
- ▶ Best practices implemented

**Target: 150** recommendations, best practices, FMFIA or management challenges identified to promote action

- ▶ Recommendations for management improvement
- ▶ New FMFIA/ Management Challenges identified
- ▶ Best Practices identified

## GOAL #3. Produce timely, quality & cost effective products and services that meet customer needs

**Targets: 79%** Overall OIG Customer Satisfaction  
**3** New Federal, **5** New State partnerships  
**35%** OIG work requested/required externally  
**66%** Milestones/plans met

- ▶ Customer survey satisfaction rating
- ▶ Collaborative partnerships
- ▶ Requested assignments
- ▶ Congressional meetings/requests to testify
- ▶ Cost/time per assignment, Milestones met
- ▶ Cases/Recommendations/Advice accepted

## GOAL #4. Enhance diversity, innovation teamwork and competencies in the OIG

**Targets: 10%** Increase in application of technology (82%), diversity (96% civilian WF), innovation (20 new techniques), multi-discipline teams (21)

- ▶ Products by multi-discipline teams
- ▶ Products done and available electronically
- ▶ Staff in parity with civilian workforce
- ▶ Innovative techniques/practices in OIG

## Summary of the Consolidated Annual Plan for Fiscal 2002

### Goal 1 Areas & Subjects of Emphasis

<b>Air</b>	<p>Review of EPA's One Hour Ozone Designation</p> <p>Adequacy of Ambient Air Monitoring Networks and Data</p> <p>Adequacy of EPA's Health and Ecological Impact Measures</p> <p>Emission Credit Trading and Environmental Justice</p> <p>Environmental Measures for Air Pollutants</p> <p>Evaluation of Air Toxics Emissions Measures and Data For Reporting Agency Progress Under GPRA.</p>
<b>Water</b>	<p>Determine if the New Permit Compliance System will Provide Data To Manage the Point Source Data Program</p> <p>Effectiveness of Non-Point Source Program Grants at Reducing Loadings and Improving Water Quality</p> <p>Effluent Guideline Program</p> <p>Determine the Impact of the NPDES Permit Backlog</p> <p>EPA's Assessment of Progress Toward Achieving Clean and Safe Water</p>
<b>Waste Management</b>	<p>Effectiveness of the Pump and Treat Presumptive Remedy for Superfund Cleanups of Groundwater</p> <p>Evaluation of Mega Sites</p> <p>Appropriateness in Superfund Remedy Selection</p> <p>Efforts to Improve State / Tribe Partnering</p> <p>RCRA: Opportunities and Challenges</p> <p>Brownfields: Effects on Community Redevelopment</p> <p>Effectiveness of EPA/Other Federal Agencies Activities and Their Impact on Community Relations</p> <p>Efforts to Improve the Capabilities of States to do Superfund Cleanups</p> <p>Determine the Effectiveness of Institutional Controls at Superfund Sites</p>
<b>Scientific Research</b>	<p>Use of Science To Achieve Results (STAR) Grants</p> <p>Relationship of Research to Risk Reduction in Children's Health</p> <p>Impact of Science on Rule-Making</p>
<b>Enforcement &amp; Compliance Assistance</b>	<p>Effectiveness of Compliance Assistance and Other Alternative Enforcement Approaches</p>

### Goal 2 Areas & Subjects of Emphasis

<b>Financial Management</b>	<p>Annual Financial Statements</p> <p>Pesticide Reregistration and Expedited Processing Fund Financial Statements</p> <p>Credit Card Erroneous/Over Payments</p>
<b>Contracts</b>	<p>Incurred cost audits</p> <p>Alternative Contracting Vehicles</p> <p>Performance-Based Contracts</p> <p>Contract Erroneous/Over Payments</p>
<b>Assistance Agreements</b>	<p>Controls over Assistance Agreements</p> <p>Grantee Procurement Practices</p> <p>Performance Partnership Grants – Determining the Effectiveness of State Self-Assessments to Identify Environmental Priorities</p>
<b>Systems (Information Resources Management)</b>	<p>Government Information Security Reform</p> <p>Implementation of EPA's Internet Firewall</p> <p>Router Configuration Management and Security</p> <p>Remote Access Server Configuration Management</p> <p>Security of the UNIX Server and Remote Access Server</p>
<b>Other</b>	<p>EPA Labs Quality and Control</p> <p>Data Quality (financial &amp; performance)</p>



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## Vision

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*To be agents of positive change striving for continuous improvement in our Agency's management and program operations and in our own office. We contribute to environmental quality, human health, and good government through problem prevention and cooperative solutions.*

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## Mission

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*The Inspector General Act of 1978 (Public Law 95-452), as amended, established the OIG to: (1) conduct and supervise audits, evaluations, and investigations relating to programs and operations in the Agency; (2) provide leadership and make recommendations designed to (i) promote economy, efficiency, and effectiveness, and (ii) prevent and detect fraud and abuse in Agency programs and operations; and (3) fully inform the Agency Head and the Congress about problems and deficiencies identified by the OIG relating to the administration of Agency programs and operations, and the need for and status of corrective actions. The authors of the IG Act recognized that Inspectors General, to be effective, would need both an unusual degree of independence and a close working relationship with their Agency heads. To accomplish our mission and goals, the Act requires that we carefully balance our independence with the need to assist the Agency in improving its management and program operations.*

Overall, the OIG sees its mission as identifying solutions to problems rather than just the problems themselves. Our mission effectiveness is achieved by (1) focusing our activities on the right issues at the right time, (2) performing the work professionally, and (3) reporting the results of our work to achieve maximum impact and encourage expeditious corrective action.

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## EPA Strategic Goals

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1. Clean Air
2. Clean and Safe Water
3. Safe Food
4. Preventing Pollution and Reducing Risks in Communities, Homes, Workplaces, and Ecosystems
5. Better Waste Management, Restoration of Contaminated Wastes Sites, and Emergency Response
6. Reduction of Global and Cross-Border Environmental Risks
7. Quality Environmental Information
8. Sound Science, Improved Understanding of Environmental Risk, and Greater Innovation to Address Environmental Problems
9. A Credible Deterrent to Pollution and Greater Compliance with the Law
10. Effective Management

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## OIG Strategic Goals

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EPA is charged with improving the environment and human health. As a part of EPA, the OIG must also support that mission, but the OIG cannot directly improve the environment or human health. We do believe, however, our work can and should indirectly contribute to those improvements. Therefore, we developed a hierarchy of interrelated strategic goals, each linked to outcome objectives, measures and strategies committed to that end. These goals are both internally focused towards improving the OIG and externally focused towards improving EPA. *Plans for our internally focused goals are being addressed separately as organizational change issues, such as outreach, human capital, and information systems.*

### OIG Strategic Goals:

- *Contribute to improved environmental quality and human health*
- *Improve EPA's management and program operations*
- *Produce timely, quality and cost effective products and services that meet customer needs*
- *Enhance diversity creativity, innovation, teamwork and competencies*

**We cannot achieve our vision, mission and goals by working alone.** Therefore, while always vigilant of our independent and impartial perspective, we will work cooperatively with EPA, other Federal OIGs, General Accounting Office (GAO), States and other partners who are committed to protecting human health and safeguarding the natural environment.

**The Annual Work and Performance Plan serves as a link between our Strategic Goals and annual goals.** The goals established in our Strategic Plan and further refined as specific targets in this Annual Plan provide the framework for the activities that we will pursue during FY 2002. The Annual Plan serves as a tool for directing OIG resources to those specific assignments which will most effectively help us carry out our mission over the 12-month period.

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## FY 2002 Outcomes and OIG Goals

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During 2002, we have reviewed the results of 2001 and input from employees, Congress, OMB, the Agency and other stakeholders to adjust our targets and areas of emphasis to achieve the following outcomes in support of our Strategic Goals:

- Improve the quality, timeliness, usability and economy of our products and services.
- Further promote a cooperative and constructive atmosphere and working relationships with Agency management officials and other partners to help leverage the delivery of greater environmental results.
- Help EPA identify and resolve its Top Management Challenges, implementation of cost accounting objectives and the Government Performance and Results Act.
- Expand OIG program evaluation capacity and results for better Agency decisions.
- Improve OIG performance measurement, feedback processes, and accountability.
- Improve OIG annual planning process, and implement external follow-up reviews to validate OIG outcomes.

## Annual OIG Plan

The Annual Plan focuses on our specific efforts by providing our customers with independent and objective information necessary to improve program delivery and promote the integrity and the effectiveness of Agency programs and operations.

### ***Our Customers and Clients Inputs in the Process***

As part of our planning process, we surveyed our EPA customers, including EPA senior program managers, to determine how we can improve the delivery of our products and services, identify areas requiring OIG analysis or oversight, and better serve the Agency needs. We communicated with key congressional committees to identify areas of concern or interest, and to obtain views on potential or emerging issues. We obtained ideas and suggestions from a variety of sources including our employees, prior OIG and General Accounting Office audits, and Federal Managers' Financial Integrity Act reviews.

To maximize the impact of our work, we considered the following factors in developing this plan:

!	Statutory and regulatory requirements	!	Results of other evaluations
!	Adequacy of internal control systems	!	Availability of OIG resources
!	Relatively new programs or functions	!	Customer needs and concerns
!	Management needs	!	Federal participation in terms of resources
!	Prior audit history		or regulatory authority

Our reviews of the Agency's programs will include more thorough evaluations of the management control systems and use of risk-based assessments. We will focus on improving the effectiveness of environmental programs and/or streamlining processes so program operations can be completed more efficiently and economically.

We will especially work to identify emerging Major Management Challenges, provide advice, and recommend solutions for timely resolution of these issues. It is worth noting that Protecting Critical Infrastructure was added after the September 11 terrorist attacks.

### **EPA's TOP MANAGEMENT CHALLENGES**

*In support of Agency efforts to achieve its strategic goals, the OIG has identified the following top 10 priority management issues which must be addressed by EPA. We will review the Agency's progress in resolving these issues.*

- |  |   |
|--|---|
| <ol style="list-style-type: none"> <li>1. Linking Mission and Management</li> <li>2. Information Resources Management</li> <li>3. Results-Based Information Technology Project Management</li> <li>4. Employee Competencies</li> <li>5. Quality of Laboratory Data</li> <li>6. EPA's Information Systems Security</li> </ol> | <ol style="list-style-type: none"> <li>7. EPA's Use of Assistance Agreements to Accomplish its Mission</li> <li>8. Backlog of National Pollutant Discharge Elimination System Permits</li> <li>9. EPA's Working Relationships with the States</li> <li>10. Protecting Critical Infrastructure from Non-Traditional Attacks</li> </ol> |
|--|---|

While the Agency is making progress in resolving its Major Management Challenges, several have been longstanding problems. Two of the challenges have been listed for the past five years; three others have been listed for the past four years.

**EPA'S TOP MANAGEMENT CHALLENGES AS REPORTED BY OIG  
HISTORICAL PERSPECTIVE**

<b>Management Challenge</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
Environmental Data Quality					
Emission Factor Development					
Year 2000 Modification on Information Systems					
Closeout of Construction Grant Program					
Inconsistent/Oversight Enforcement Activities					
Quality Assurance/Plans					
Use of Inefficient Contract Types					
Managerial Cost Accounting *					*
Automated Information System Security Plans					
Oversight/Use of Assist. Agreements to Accomplish Mission					
Agency Relationship w/Contractors					
Environmental Data Information Systems					
Accountability *					*
Backlog of Nat'l Pollutant Discharge Elimination System. Permits					
Resources to Enhance Employee Competencies/Human Capital					
Process for Preparing Financial Statements					
Superfund Five Year Reviews					
Great Lakes Program					
Quality of Laboratory Data					
Information Resources Management (IRM) Management					
Working Relationships with States & other Partners					
Results-based Information Technology Project Management					
Protecting Critical Infrastructure from Non-Traditional Attacks					

\* Combined for 2001

## OIG Products and Services - *The Work We Do*

<i>Audits</i>	<i>Program Audits and Evaluations</i>	<i>Investigations</i>	<i>Advisory, Assistance &amp; Analysis</i>
Financial Statement Contracts Assistance Agreements Fact Finding	Process Outcome Impact Cost-Benefit	Program Integrity Contract & Procurement Employee Integrity Assistance Agreements Hotline Computer Forensics	Legislation & Regulations GPRA Implementation Control Assessment Fraud Prevention Presentations & Workshops

### Audits

- Financial Statement Audits** consist of audits of the Agency's financial systems and statements to ensure that adequate controls are in place and the Agency's accounting information is accurate, reliable and useful, and complies with applicable laws and regulations.
- Contract Audits** determine the eligibility, allocability, and reasonableness of costs claimed by contractors and assure that EPA pays only for what it requests and receives. They include audits of EPA contractors' indirect cost proposals, preaward, interim and final contract cost submissions.
- Assistance Agreements Audits** consist of financial and performance audits of EPA's State Revolving Fund program, Performance Partnership Grants, interagency agreements and assistance agreements, which provide assistance to state, local and tribal governments, universities and nonprofit recipients and account for about half of EPA's budget to ensure that EPA funded assistance agreements are being awarded and administered in a manner that supports achievement of the Agency's environmental mission.
- Fact Finding** is the service the OIG provides as the "honest broker" to answer specific questions, assess systems integrity, or gather information upon request of the Agency, Congress, or other customers.

### Program Audits and Evaluations

- 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 the net effect of a program by comparing known outcomes with the *absence* of the program.
- Cost-Benefit Evaluations** compares the program's outputs or outcomes with the costs to produce them.

### Investigations

- Program Integrity Investigations** focus on activities that could undermine the integrity of Agency programs concerning safety and public health, and erode public confidence in the Agency.
- Assistance Agreement Investigations** focus on criminal activities related to Agency grants, State Revolving Funds, interagency agreements and cooperative agreements.
- Contract and Procurement Investigations** focus on cost mischarging, defective pricing, and collusion on EPA contracts associated with acquisition management, contracts and procurement practices.
- Employee Integrity Investigations** focus on allegations against EPA employees that could threaten the credibility of the Agency.
- Computer Forensic Investigations** identify and counter illegal intrusions of EPA's computer systems.

### Advisory, Assistance and Analysis Services

- Include a wide variety of products and services such as:
- Reviews of proposed legislation and regulations.
  - Assessment and advice on implementation of GPRA.
  - Assessments of internal, financial and management controls.
  - Fraud prevention workshops.
  - Presentations on best practices and management improvement techniques.

## Our Major Areas of Emphasis in Our Strategic Plan-2001 to 2005

### **Strategic Goal 1.**

*Contribute to improved environmental quality and human health*

#### **Areas of Emphasis for Fiscal 2002**

**Air**

**Water**

**Waste Management**

**Scientific Research**

**Enforcement and**

**Compliance**

We will focus our work on the areas listed here, as related to the OIG's first and second business line Strategic Goals. We will continue to focus on assessing the Agency's operations to identify best practices, areas for improvement, and cooperative solutions to problems identified. We will perform work related to new programs, activities, and systems to timely identify potential system and control weaknesses and to make recommendations to prevent problems from occurring. Our work will assess the Agency's implementation of the Government Performance and Results Act (the Results Act), including its

### **Strategic Goal 2.**

*Improve EPA's management and program operations*

#### **Areas of Emphasis for Fiscal 2002**

**Financial Management**

**Contracts**

**Assistance Agreements**

**Systems (Information**

**Resources Management)**

**Other**

goals, objectives and measurements, and the quality of data available to measure achievement of these goals.

Our areas of emphasis for FY 2002, and their relationship to EPA goals are summarized in the charts below. We selected these areas based on: (1) past work in the area; (2) information on environmental risk and the risk of fraud, waste and abuse; and (3) the results of our employee and customer surveys. Additional information regarding specific approaches, strategies and pending assignments follows these charts.

### **Strategic Goal 1: Some of the Environmental Media Areas to Be Addressed in FY 2002**

<b><u>Air</u></b>	<b><u>Water</u></b>	<b><u>Waste Management</u></b>
Emission Credit Training and Environmental Justice Environmental Measures for Air Toxics Adequacy of EPA's Health and Ecological Impact Measures Relationship of Environmental Measures for Air Toxics Evaluation of Air Toxics Emissions Measures and Data For Reporting Agency Progress Under GPRA EPA's One Hour Ozone Designation	Quality of Permit Compliance System Data Effectiveness of Non-Point Source Program Grants at Reducing Loadings and Improving Water Quality Effluent Guideline Program EPA's Assessment of Progress Toward Achieving Clean and Safe Water	Effectiveness of the Pump and Treat Presumptive Remedy for Superfund Cleanups of Groundwater Mega Sites Appropriateness in Superfund Remedy Selection Superfund cleanups at DOE Brownfields: Effects on Community Redevelopment RCRA Hazardous Waste Program Opportunities and Challenges

<b><u>Enforcement &amp; Compliance Assistance</u></b>	<b><u>Scientific Research</u></b>
Effectiveness of Compliance Assistance and Other Alternative Enforcement Approaches	Use of Science to Achieve Results (STAR) Grants Relationship of Research to Risk Reduction in Children's Health Impact of Science on Rule-Making

## Strategic Goal 2: Some of the Planned Management and Program Improvement Areas To Be Addressed in FY 2002

Financial Management	Assistance Agreements (Grants)	Contracts
Annual Financial Statements Credit Card-Erroneous/Over Payments	Controls over Assistance Agreements Grantee Procurement Practices PPGs– Determining the Effectiveness of State Self-assessments to Determine Environmental Priorities	Incurred Cost Audits Alternative Contracting Vehicles Performance-Based Contracts

Systems (Information Resources Mgt)	Other
Internet Firewall Government Information Security Reform Security of the UNIX Server and Remote Access Server	EPA Labs quality and control Data quality (financial & perform) Overall GPRA implementation

The following chart shows the relationship between EPA's goals and our planned emphasis areas.

### Relationship of OIG Areas of Emphasis for FY 2002 to EPA's 10 Goals

<u>EPA Goals</u> OIG Emphasis Areas	Air	Water	Safe Food	Pollution Prevention	Waste Mgt	Global Issues	Envir. Info.	Sound Science	Credible Deterrent	Effective Mgt
Air	X			X					X	X
Water		X					X		X	X
Waste Management				X	X		X			X
Scientific Research	X	X		X	X		X			X
Enforcement and Compliance Asst	X	X							X	X
Financial Management	X	X	X	X	X					X
Assistance Agree.	X	X			X					X
Contracts										X
Systems (Information Resources Mgt)							X			X
Human Capital	X	X			X		X			X
Other	X	X	X	X	X	X	X		X	X

## Linkage of OIG Work to Output Measures, Agency Annual Reporting Performance Goals (APGs) & Strategic Outcomes and Impacts

The Plan demonstrates our sustained efforts to improve the efficiency and effectiveness of Agency programs and operations and our cooperative efforts with Agency management to help achieve desired program results. The Plan's audit, program evaluation, and investigative initiatives, collectively identified by Agency management and the OIG, when implemented, will contribute to the Agency's long-term effectiveness and achievement of its mission..

Relationship of Planned OIG Products and Services to → Annual Goals and AGENCY RESULTS			
OIG Means	Intermediate Output Measures	Annual Performance Goals (In EPA Plan & Budget)	OIG Strategic Goals, Objectives/Agency Intermediate Outcomes/Impacts
Program Audits and Evaluations  Assistance Agreement Audits  Contract Audits  Financial Statement Audits  Information System Audits  Advisory and Assistance Services including analysis, legislative and regulatory review and briefings  Program Integrity Investigations  Contract and Procurement Investigations  Assistance Agreement Investigations  Employee Integrity Investigations  Computer Forensics	Questioned Costs Recommended Efficiencies Reports Issued Reports Resolved Agency Recoveries (from prior periods) Legislative, Regulatory or Policy Items Reviewed % of planned audits started % of audits completed within plan % of EPA measures verified/validated % of recommendations implemented Number or % of innovative or best practices implemented Number of Agency workgroups/projects Indictments / Convictions / Settlements /Judgements Monetary Fines, Restitution, and Recoveries Cost savings/costs avoided Suspensions & Debarments Modification of Grants and Contracts Other Criminal, Civil, and Administrative Sanctions Management Implication Reports Number of Referrals % of Referrals accepted Cycle time saved % of OIG work requested % of Engagement letter expectations met Time and cost of assignment	1. Potential monetary value of recommendations, questioned costs, savings, fines, recoveries, and settlements  2. Examples of recommendations, advice and actions leading to improved business practices, and attainment of Agency goals  3. Overall customer/client satisfaction with OIG products and services & staff professionalism	Legislative Change Regulatory Change Policy Change Practice Change Enforcement Actions Industry, State, Grantee Monitoring/Compliance \$s Recovered, Offsets Avoided Improved Controls Improved Compliance Improved Environment and Health Indicators Improved Efficiency Risks Identified/Reduced/ Eliminated Customer/client satisfaction with OIG products, services & staff

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## Planned Products and Services By Media Area

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The OIG will achieve its mission, annual goals and strategic objectives through a planned, balanced program of products and services in the **EPA media areas listed below** that will:

- provide useful information, analysis, and recommendations to Agency managers in promoting economy, efficiency and effectiveness of programs and resources;
- determine whether intended environmental results are being achieved;
- determine if EPA is coordinating its plans and operations with its partners, customers, and stakeholders; and
- detect, prevent and avoid risks of loss in program integrity, resources and human health.

### Air

*Our planned product and services in air focuses on analyzing key air and air-related programs and identifying opportunities for cost-effective risk reduction.*

#### **We plan to complete the following air assignments in FY 2002:**

- ! Title V State Operating Permits in the Air Program;
- ! Louisiana's Air Pollution Operating Permit Program; and
- ! Air Emission Trading.

#### **We also plan to start some of the following air assignments in FY 2002:**

- ! Review of EPA's One Hour Ozone Designation;
- ! Adequacy of Ambient Air Monitoring Networks and Data;
- ! Adequacy of EPA Air Pollution Emissions Data Systems Design and Implementation;
- ! Adequacy of EPA's Health and Ecological Impact Measures;
- ! Air Emission Trading Credit and Environmental Justice;
- ! Relationship of Environmental Measures for Air Toxics; and
- ! Evaluation of Air Toxics Emissions Measures and Data For Reporting Agency Progress Under GPRA.

## Water

*Our planned products and services in water focus on the following water quality areas and questions.*

### **We plan to complete the following water assignments in FY 2002:**

- ! Water Characterization Evaluation;
- ! Controlling and Abating Combined Sewer Overflows;
- ! Reporting of Safe Drinking Water Act Violations to EPA; and
- ! Drinking Water Capacity Evaluation.

### **We also plan to start some of the following water assignments in FY 2002:**

- ! Determine if the Modernized Permit Compliance System will Provide Adequate Information to Manage the Point Source Water Program;
- ! Ascertaining the Effectiveness of EPA's Effluent Guideline Program;
- ! Effectiveness of EPA's Pretreatment Program at Limiting Indirect Pollutant Discharges to Publicly-Owned Treatment Works;
- ! Determine the Effectiveness of Non-Point Source Grants Program at reducing Water Loadings and Improving Water Quality;
- ! Determine if the NPDES is Properly Focused and Resources Appropriately Balanced Across Point Sources of Pollution;
- ! Determine the Impact of NPDES Permit Backlog;
- ! Report on the Early Experience with the Effectiveness of EPA's Total Maximum Daily Load (TMDL) Program; and
- ! EPA's Assessment of Progress Toward Achieving Clean and Safe Water.

## Waste Management

*Our planned products and services in waste management focus on opportunities for reducing the risks to human health and the environment using the fastest and most effective waste management and cleanup methods for restoration of abandoned and active waste site. Our work will assist EPA in it's partnership with States, tribal governments, the public, and other stakeholders to controls the risks at Superfund, Brownfields, Resource Conservation and Recovery Act (RCRA), and Underground Storage Tank (UST) sites. A literature search of our stakeholders indicated there were 14 areas of interest, and five of those areas were on each of the stakeholder's list. Those areas are:*

<u>Areas listed by all stakeholders:</u>	<u>Areas listed by one or more stakeholders:</u>
<ul style="list-style-type: none"> <li>! Brownfields</li> <li>! State/Local/Tribal</li> <li>! Sound Science/Innovative Technologies</li> <li>! Federal Facilities Cleanups</li> <li>! RCRA/UST</li> </ul>	<ul style="list-style-type: none"> <li>! Environmental Justice</li> <li>! Land Recycling</li> <li>! Community Involvement</li> <li>! Contracts/Grants</li> <li>! Enforcement</li> <li>! Policy Issues</li> <li>! EPA Mgmt. Issues</li> <li>! Counter-terrorism</li> <li>! Data Quality/Management</li> </ul>

### Implementation Plans

#### **We plan to complete the following waste management assignments in FY 2002**

- ! Oversight of Superfund Cleanup Actions for DOE Sites;
- ! Region 4 DOE Federal Facility Cleanups; and
- ! Phase 1 of a Program Evaluation for Superfund Mega-Sites.

#### **We also plan to start some of the following waste management assignments in FY 2002:**

- ! Examine of the Effectiveness of the Selection of the Pump and Treat Presumptive Remedy for Superfund Cleanups of Groundwater;
- ! Superfund Sites: Determining the Appropriateness in Remedy Selection;
- ! EPA Efforts to Improve State / Tribe Partnering;
- ! RCRA Hazardous Waste Program - Opportunities and Challenges;
- ! Brownfields: Effects on Community Redevelopment;
- ! Implications and Effectiveness of EPA/Other Federal Agency Activities and Their Impact on Community Relations;
- ! EPA Efforts to Improve the Capability of States to Perform Superfund Cleanups; and
- ! Determine the Effectiveness of Institutional Controls at Superfund Sites.

## **Enforcement and Compliance Assistance**

*Our planned products and services in this area will focus on the cost and the effectiveness of EPA's compliance activities in achieving environmental protection and identifying the strengths or weaknesses of EPA's enforcement efforts in maximizing public health and the environment.*

### **Implementation Plans**

**We plan to complete the following enforcement and compliance assistance assignments in FY 2002:**

- ! Enforcement and Compliance Planning and Accountability; and
- ! Louisiana Department of Environmental Quality.

## **Scientific Research**

*Our planned work in scientific research will identify the quality, integrity and use of scientific research and data in supporting the Agency's policy, regulatory and enforcement mission. We will analyze EPA's scientific and peer review programs, evaluate the effectiveness of scientific data in influencing management decisions, and continue to identify possible criminal activity in laboratory work.*

**Implementation Plans** - Specific assignments in FY 2002 will be joint efforts of audits, evaluations and investigations assessing how EPA Goal 8 supports the Agency's environmental mission.

**We plan to complete the following scientific research assignment in FY 2002:**

- ! Use of Science To Achieve Results (STAR) Grants in Achieving EPA's Strategic Goals.

**We also plan to start the following scientific research assignments in FY 2002:**

- ! The Relationship of EPA Research to Risk Reduction in Children's Health; and
- ! Phase I of an Evaluation of the Impact of Science on Rule-Making over the Last 10-Years.

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## Planned Management and Program Products and Services

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The OIG will achieve its mission, annual goals and strategic objectives through a planned, balanced program of products and services in **EPA cross-cutting & management areas** listed below that will: provide useful information, analysis, and recommendations to Agency managers in promoting economy, efficiency and accountability in EPA programs and operations; ensure that EPA Programs, operations, grants and contracts have financial, scientific, legal, performance, and informational integrity to detect or prevent vulnerabilities to fraud, risk and loss of resources, public confidence and human health; and help EPA resolve its “major management challenges”.

### Financial Statement Audits

*A major effort, encompassing all aspects of EPA activities, are annual audits of the Agency’s financial statements required by the Government Management Reform Act. During these audits, we test the accuracy of the EPA’s financial statements, evaluate controls, and determine whether the Agency has complied with applicable laws and regulations. Our objective in performing these audits is to help EPA improve its financial management processes, systems, and controls, to provide better decision-making information. Accurate and timely financial information, including costs of the Agency’s various programs, is essential for EPA to achieve the greatest possible environmental results with the resources provided. Our audit work will result in reports on EPA’s Agency-wide financial statements, and the financial statements for the Pesticide Reregistration and Expedited Processing Fund.*

### Implementation Plans

#### **We plan to complete the following financial statement assignments in FY 2002:**

- ! FY 2001 Agency-wide Financial Statements; and
- ! FY 2001 Pesticide Reregistration and Expedited Processing Fund Financial Statements.

#### **We also plan to start the following assignments in FY 2002:**

- ! FY 2002 Agency-wide Financial Statements;
- ! FY 2002 Pesticide Reregistration and Expedited Processing Fund Financial Statements; and
- ! Review of Credit Card Erroneous/Over Payments.

## Assistance Agreements

*EPA accomplishes a large part of its environmental mission through numerous assistance programs awarded as grants and cooperative agreements to state, local and tribal governments, universities, and nonprofit recipients. Today assistance programs account for about half of the Agency's total budget, which has stimulated special concern by EPA managers and several Congressional committees. We will use a national, rather than individual, approach, which will help identify systemic problems while we review the smaller dollar value grants. Our planned work will review both the financial and performance aspects of assistance agreements awarded to various entities.*

### **We plan to complete the following assistant agreement assignments in FY 2002:**

- ! Assistance Agreements Awarded as Special Surveys and Investigations;
- ! EPA's Oversight Controls for Assistance Agreements;
- ! Red Lake Chippewa Assistance Agreements; and
- ! Phase 3 of Region 8 Tribal Reviews.

### **We also plan to start some of the following assistant agreement assignments in FY 2002:**

- ! Performance Partnership Grants - Effectiveness of State Self-Assessments to Identify Environmental Priorities;
- ! Does EPA's awarding assistance agreements contain measurable targets and deliverables that support achievement of EPA's strategic goals (Formerly funding EPA Assistance Agreements); and
- ! Equipment Acquired Under Assistance Agreements.

## Financial Audits of Assistance Agreements

*Our planned products and services will focus on the following areas: State Revolving Fund (SRF) program, Performance Partnership Grants, and Superfund cooperative agreements. Our overall objectives are to ensure that the scope and goals of the assistance agreements are being achieved, funds are being effectively managed, and the Agency is receiving what it is paying for.*

### **State Revolving Fund Program**

The Clean Water SRF program provides financial assistance to state governments to establish a water pollution control revolving fund for constructing municipal treatment works, and provides financial assistance for developing and implementing non-point source management programs and estuary management plans. EPA awards capitalization grants to states, which make low interest loans and other financial assistance available to municipalities. The nature of EPA's involvement in municipal wastewater treatment facilities is changing from project management to a complex financing program in partnership with the states.

The Drinking Water SRF program provides financing for various drinking water programs, including technical assistance and capacity development. The Drinking Water SRF allows flexible financing arrangements, including subsidies and debt forgiveness.

### **Implementation Plans**

- ! Review Clean Water State Revolving Fund and Drinking Water State Revolving Fund financial statement audits available from the states conducting these audits, and advise the program offices on the usability of this financial information.
- ! Work with several states conducting audits to improve the financial information.
- ! Conduct financial statement opinion audits, and reports on internal controls and compliance in the remaining states.
- ! Continue working with Agency SRF coordinators to improve operations and, when asked, consult with EPA regional officials on SRF financial reviews.

### **Performance Partnerships Grants**

A Performance Partnership Grant (PPG) is a multi-program grant made to a state or tribal agency from funds allocated and otherwise available for a specific environmental program. PPGs are part of the National Environmental Performance Partnership System (NEPPS) giving states a stronger role in priority setting; focus scarce resources on their highest priorities; and tailor the amount and type of EPA oversight to individual performance. Additionally, the Agency designed PPGs to encourage improved environmental performance by linking program goals with program outcomes, increasing the use of environmental indicators and program performance measures, rather than reporting outputs and activities. Performance measures, negotiated between the region and each state or tribe, will gauge progress in meeting agreed upon goals.

### **Implementation Plans**

When requested, we will continue to assist EPA regional officials, as consultants, in their implementation of PPGs and NEPPS. We will also participate in the Agency's NEPPS workgroups.

### **Superfund Cooperative Agreements**

The Superfund Amendments and Reauthorization Act requires the Office of Inspector General to audit a sample of cooperative agreements with states carrying out response clean-up actions. We perform financial and compliance audits of cooperative agreements with states and political subdivisions. Some of our audits also review program performance.

### **Implementation Plans**

We will continue our mandated coverage of selected cooperative agreements. In FY 2002, we plan to audit Superfund cooperative agreements at locations to be determined at a later date.

# Contracts

*EPA relies extensively on contractors to provide goods and services to meet its environmental mission. We are committed to assisting EPA in improving its management of its contract operations; we want to ensure that the Agency is using the correct type of contract and is getting value for its expenditures.*

Our contract program goal is evolving, however we will focus on the following areas.

<ul style="list-style-type: none"> <li>• Improper/erroneous payments</li> <li>• Use of alternative contracting vehicles</li> </ul>	<ul style="list-style-type: none"> <li>• Use of multiple award contracts</li> <li>• Implementation of performance based service contracting</li> </ul>
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## We plan to complete the following contract assignment in FY 2002:

- ! Improper Contract Payments.

## We plan to start some of the following contract assignments in FY 2002:

- ! Use of Alternative Contracting Vehicles, such as Government-wide Acquisition Contracts, Multi-agency Contracts, and Federal Supply Schedule Contracts;
- ! Use of Multiple Award Contracts; and
- ! Use of Performance-Based Service Contracts.

# Financial Audits of Contracts

*Our planned products and services are committed to assisting EPA in ensuring that it pays only for the services and products it requests and receives by assisting EPA's and other Federal agencies' procurement functions in the award, administration, and close out of contracts; providing assistance to investigative work; and performed audits of contracts to prevent and detect fraud, waste and abuse.*

Our financial contract audit program includes seven work functions:

<ul style="list-style-type: none"> <li>! Support for investigative work</li> <li>! Oversight of the Defense Contract Audit Agency (DCAA) contract audit program for EPA contracts</li> <li>! Support for OIG evaluations of EPA environmental work done through contracts</li> </ul>	<ul style="list-style-type: none"> <li>! Special request audits</li> <li>! Special self-initiated audits</li> <li>! Audit cognizance at selected contractors</li> <li>! Advisory and assistance services for EPA and other Federal agency procurement officials</li> </ul>
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## We plan to perform financial audits of contracts in FY 2002 involving:

- ! **Cognizant Contractors:** We will focus on selected EPA contractors of importance to the Agency, performing the full range of contract audit services, including forward pricing reviews, incurred cost audits, system reviews, Cost Accounting Standards audits, and joint Financial Monitoring Reviews with EPA's Office of Acquisition Management.
- ! **Support to OIG procurement-related Investigations:** We will support investigations with a full range of services: audit, consulting, and other accounting services.

## **Business Systems (Information Resources Management)**

*Our planned products and services for information systems will determine if EPA has the system processes, equipment and controls to ensure the information it uses is accurate, reliable and accessible to authorized users in order for the Agency to meet its organizational goals. We will also evaluate how EPA manages its information resources to provide integrated information to the public and other users.*

### **We plan to complete the following Systems assignments in FY 2002:**

- ! Information Technology Capital Investment Process; and
- ! Offsite Consequence Analysis Information System.

### **We also plan to start some of the following Systems assignments in FY 2002:**

- ! Government Information Security Reform;
- ! Implementation of EPA's Internet Firewall;
- ! Router Configuration Management and Security;
- ! Remote Access Server Configuration Management; and
- ! Security and Administration of UNIX Server.

In addition, during FY 2002, we will participate in the Agency's efforts to implement a number of initiatives to improve data sharing, data quality, and the security of key Agency information systems.

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## **Audit, Evaluation & Investigation Teaming Efforts**

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The Offices of Audit, Program Evaluation and other OIG components support the OIG Office of Investigations by assigning auditors and evaluators to criminal investigations and proactive vulnerability assessments. Auditors assigned to assist in criminal investigations become part of the investigative team and perform functions such as computing government losses, participating in interviews, analyzing evidence and identifying issues for further investigation. Auditors and evaluators also participate in proactive investigations, such as the Removal Cost Management Systems.

Investigative staff assists the other parts of the OIG by participating in work planning, helping identify system weaknesses, and sharing program knowledge. Through teaming, the auditors, evaluators and investigators combine knowledge and skills to further the OIG mission to promote economy, effectiveness and efficiency within the agency and prevent and detect fraud, waste, and abuse in EPA.

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## Investigations

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*The OIG Office of Investigations is responsible for detecting, deterring, and referring cases for criminal prosecution, civil or administrative action involving possible fraud, abuse and other illegal acts by Agency employees, contractors and grantees. These cases are often performed by teaming with OIG auditors and/or evaluators, and other law enforcement officials.*

We plan to expand our work to include analysis of systemic deficiencies, identification of risks to the integrity of Agency programs and resources, as well as resolution of individual cases. We will provide expanded coverage of fraud awareness briefings and information throughout the Agency to help prevent fraud and better prepare Agency staff to recognize and refer possible fraud to the OIG. We will leverage additional resources and expand the value of our results beyond EPA, by participating in the OIG partnering projects with both federal and state members.

### **In FY 2002 we plan to investigate cases involving:**

- ! **Assistance Agreements and Contracts:** We will focus investigative resources on high cost administrative assistance agreements and contracts across the Agency's programs that can seriously undermine the integrity of the public trust in its ability to carry out its mission.
- ! **Laboratory Fraud and Data Integrity:** We will investigate indicators of laboratory fraud within the environmental community, involving commercial, contractual, and Agency laboratories; and the security of data relied upon to assess environmental threats, control hazardous wastes and other pollutants in determining regulatory and enforcement actions.
- ! **Computer Forensics:** We will investigate attempts at illegal penetration of EPA data bases, provide advanced computer forensic training to OIG staff, and provide the Agency's various Information Security Officers with designated points of contact for investigative referrals.
- ! **Superfund Contracting:** Our investigations will focus on all stages of the Superfund program, with a special emphasis on Agency contracting processes and contracts for removals and remediation.

## Prospective Agency Improvements, Outputs, Outcomes and Environmental Impacts From FY 2002 OIG Products and Services

OIG audits, evaluations, and investigations are planned based on their anticipated value toward influencing resolution of the Agency's top management challenges, reducing risk, and improving practices, outputs, and outcomes leading to attainment of EPA's Strategic Goals. Below are examples of prospective EPA outputs and outcomes planned "*With the End In Mind*," potentially resulting from Agency acceptance of currently planned FY 2002 OIG products and services. Environmental impacts are logical extensions of actions taken on our review's recommendations and advice as shown. *For a listing of Agency Goals see page 1, and for a listing of EPA Top Management Challenges see page 3 of this document.*

### Prospective Results Linked to Agency Goals & Resolving Management Challenges

Air	Agency Goals	Top Mgt Challenges
<input type="checkbox"/> Effect of emission trading credits on Environmental Justice issues.	1, 10	1
<input type="checkbox"/> Improved quality and completeness linking reduced emissions to improved human and ecosystem health.	1, 8	1
<input type="checkbox"/> Determine the relationship of environmental measures for air toxics to human and ecosystem health.	1, 7, 8	1, 2
<input type="checkbox"/> Adequacy of ambient air monitoring networks and data.	1	1, 2

Water	Agency Goals	Top Mgt Challenges
<input type="checkbox"/> Modernized permit compliance system providing adequate information to manage the point source program	2, 7	1, 2
<input type="checkbox"/> Greater compliance/reduction in pollution/cleaner water	2, 9	1
<input type="checkbox"/> Better data from the modernized PCS will lead to better decisions regarding compliance with Permit Conditions	2, 6, 9	1, 2
<input type="checkbox"/> Effectiveness of Non-Point Source Grants program at reducing water loadings and improving water quality.	2	1,7
<input type="checkbox"/> Determining if the NPDES is properly focused and resources appropriately balanced across point source pollutants	2	1
<input type="checkbox"/> Determining the impact of NPDES permit backlog on water quality.	2	1, 8

Waste Management	Agency Goals	Top Mgt Challenges
<input type="checkbox"/> Challenges posed by Superfund-mega sites	5	1
<input type="checkbox"/> Assessment of the Pump and Treat Remedy for Superfund Cleanups of Groundwater	2, 5	1
<input type="checkbox"/> Improved EPA working relationship with state and tribes leads to improving the environmental quality of their citizen's lives	5, 10	1, 9
<input type="checkbox"/> Advantages of using RCRA Corrective Action Program versus the Superfund Cleanup Program.	5	1
<input type="checkbox"/> Determining the effects of Brownfields development on community redevelopment.	5	1, 9
<input type="checkbox"/> Effectiveness of the institutional controls at Superfund sites.	5	1
<input type="checkbox"/> Improving the capability of States to perform Superfund cleanups.	5	1, 7
<input type="checkbox"/> Implications of other Federal agency activities and their impact on Community Relations	5	1

<b>Enforcement and Compliance Assistance</b>	<b>Agency Goal(s)</b>	<b>Top Mgt Challenges</b>
<input type="checkbox"/> Evaluate the effectiveness of compliance assistance and other alternative enforcement approaches	<b>9, 10</b>	<b>1</b>
<b>Science Research</b>		
<input type="checkbox"/> Use of Science To Achieve Results (STAR) grants in achieving EPA's strategic goals.	<b>10</b>	<b>1, 7</b>
<input type="checkbox"/> Determining the relationship of EPA research to risk reduction in children's health.	<b>10, 8</b>	
<b>Financial Statement Audits</b>		
<input type="checkbox"/> Opining on the Agency's Financial Statements	<b>10</b>	<b>1</b>
<input type="checkbox"/> Opining on the Pesticide Reregistration and Expedited Processing Fund Financial Statements	<b>10</b>	<b>1</b>
<input type="checkbox"/> Review of Credit Card Erroneous/Over Payments	<b>10</b>	<b>1</b>
<b>Assistance Agreements</b>		
<input type="checkbox"/> Reviewing controls over assistance agreements	<b>10</b>	<b>1, 8</b>
<input type="checkbox"/> Determining if awarding assistance agreements results in awards that contain measurable targets and goals that support EPA's strategic goals	<b>10</b>	<b>1, 8, 9</b>
<input type="checkbox"/> Determining the effectiveness of State self assessments to identify environmental priorities	<b>10</b>	<b>1, 9</b>
<b>Contracts</b>		
<input type="checkbox"/> Performing incurred cost audits of cognizant contractors	<b>10</b>	<b>1</b>
<input type="checkbox"/> Examining alternative contracting vehicles	<b>10</b>	<b>1</b>
<input type="checkbox"/> Reviewing the use of multiple award contracts	<b>10</b>	<b>1</b>
<input type="checkbox"/> Examining the use of performance-based service contracts	<b>10</b>	<b>1</b>
<input type="checkbox"/> Determining if the agency made improper contract payments	<b>10</b>	<b>1</b>
<b>Systems (Information Resource Management)</b>		
<input type="checkbox"/> Determining if the Agency is complying with the Government Information Security Reform Act	<b>10</b>	<b>1, 6</b>
<input type="checkbox"/> Testing the protection EPA's Internet firewall provides against intruders	<b>10</b>	<b>1, 6</b>
<input type="checkbox"/> Improved security for the Agency's Computer Systems	<b>10</b>	<b>1, 6</b>
<input type="checkbox"/> Reviewing system software change controls for EPA's mainframe computer	<b>10</b>	<b>1</b>