



U.S. ENVIRONMENTAL PROTECTION AGENCY  
OFFICE OF INSPECTOR GENERAL

*Catalyst for Improving the Environment*

# Annual Performance Report Fiscal Year 2009



## Abbreviations

ARRA	American Recovery and Reinvestment Act of 2009
BEI	Bennett Environmental, Inc.
CAA	Clear Air Act
CWA	Clean Water Act
ECO	Environmental Careers Organization, Inc.
EPA	U.S. Environmental Protection Agency
FMFIA	Federal Managers' Financial Integrity Act
FOIA	Freedom of Information Act
FY	Fiscal Year
GAO	U.S. Government Accountability Office
ICIS-NPDES	Integrated Compliance Information System National Pollutant Discharge Elimination System
IGEMS	Inspector General Enterprise Management System
IGOR	Inspector General Operations and Reporting System
OAM	Office of Acquisition Management
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
OSWER	Office of Solid Waste and Emergency Response
PART	Program Assessment Rating Tool
PBDEs	Polybrominated diphenyl ethers
RMP	Risk Management Program
RPL	Regional public liaison
WCF	Working Capital Fund

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## ***Foreword and Overview***

I am pleased to present the eighth Annual Performance Report of the U.S. Environmental Protection Agency's (EPA's) Office of Inspector General (OIG). This report presents statistical and narrative summaries of OIG performance results for Fiscal Year (FY) 2009 compared to our FY 2009 Annual Performance Targets. It also presents cumulative OIG results for FY 2003 through 2009 compared to the OIG Annual Performance Goals. Below is a partial list of results and activities that are of special interest in demonstrating progress, improvements, and performance toward the OIG strategic and tactical goals achieved during FY 2009:

- Over 90% of OIG products (without confidential information) are accessible and available electronically to the public.
- Received top security scores for implementing Federal Information Security Management Act requirements.
- Identified over \$130 million in EPA potential savings and recoveries, which is 195% return on investment in the OIG.
- Received an unqualified opinion on the quality of audit work in compliance with professional auditing standards by a rigorous external peer review. Additionally, the OIG reduced costs of its Financial Statement Audit by 39% (\$1.1M)
- Obtained delegated examining unit authority to independently classify positions and entered into an Interagency Agreement with the Office of Personnel Management to provide dedicated staffing services for expedited/quality staffing.
- Obtained delegated unlimited contract warrant authority to independently administer and manage OIG contracts.
- Identified 71 unimplemented OIG recommendations for action to improve Agency programs and operations.
- Made key legislative recommendations to Congress to improve accountability and oversight on Federal contracts.
- Developed revised cost accounting process for individual office direct product rates and overhead allocation rates.
- Prepared semiannual compendiums to the Agency and Congress of unimplemented recommendations.
- Over 270 environmental and business actions for improvement were taken by EPA from OIG recommendations.
- Continued to develop and transfer OIG applications into a common IT infrastructure.
- Issued reports on the Agency Major Management Challenges and Internal Control Weaknesses, for corrective action.
- Based upon requirements of the American Recovery and Reinvestment Act of 2009 and Office of Management and Budget guidance, the OIG developed a comprehensive operational plan to provide oversight for EPA's implementation of the Act, accountability of funds, and training of recipients and other stakeholders in the Act and its oversight process.
- Developed a series of Recovery Act performance measures and goals. In collaboration with the Recovery Accountability and Transparency Board, OIG reports monthly on Recovery Act activities, resource use, and plans.
- Has initiated and issued a series of audits, evaluations, analyses, and investigations, as well as providing training to hundreds of Recovery Act stakeholders, on fraud prevention and detection techniques.

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- Has actively participated as a member of the Recovery Accountability and Transparency Board and on Agency Recovery Act Subcommittees to provide advisory services for improved controls and accountability.

This report supplements, in greater statistical and narrative detail, the OIG summary performance results presented in EPA's FY 2009 Performance Accountability Report available at <http://www.epa.gov/ocfopage>. It also includes items required by the Government Performance and Results Act specific to the OIG, such as financial summaries and management challenges, as well as other relevant measures of performance activity and accountability.

We rely upon our customers and stakeholders to inform us about the quality of our performance and help us identify and reduce areas of risk. Please do not hesitate to contact me for any reason, as one of my personal goals is to build constructive relationships that promote the economic, efficient, and effective delivery of EPA's mission.

A handwritten signature in black ink, appearing to read "Bill A. Roderick", written over a horizontal line.

Bill A. Roderick  
Acting Inspector General

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# About the U.S. Environmental Protection Agency, Office of Inspector General

## Vision

We are catalysts for improving the quality of the environment and government through problem prevention and identification, and cooperative solutions.

## Mission

The OIG adds value by promoting economy, efficiency, and effectiveness within the U.S. Environmental Protection Agency (EPA) and the delivery of environmental programs and inspires public confidence by preventing and detecting fraud, waste, and abuse in Agency operations and protecting the integrity of EPA programs.

## Goals

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

#### Objectives

- Influence programmatic and systemic changes and actions that contribute to improved human health and environmental quality.
- Add to and apply knowledge that contributes to reducing or eliminating environmental and infrastructure security risks and challenges.
- Identify recommendations, best practices, risks, and opportunities to leverage results in EPA programs and among its partners.

### 2. Contribute to improved business practices and accountability

#### Objectives

- Influence actions that improve operational efficiency and accountability, resolve public concerns and management challenges, and achieve monetary savings.
- Improve operational integrity and reduce risk of loss by detecting and preventing vulnerabilities to fraud, abuse, or breach of security.
- Identify recommendations, best practices, risks, weaknesses, opportunities for savings, and operational improvements.

### 3. Continuously improve OIG products and services

#### Objectives

- Improve the timeliness, responsiveness, and value of our products and services to our clients and stakeholders.
- Apply technology, innovation, leadership, and skills to motivate staff and produce highly regarded products.
- Align organization plans, performance, measurement, processes, and follow-up for a cost-accountable results culture.
- Maximize use of available resources.
- Develop constructive relationships to leverage resources effectively and foster collaborative solutions.

## OIG Product and Service Lines for Strategic Areas of Performance

### Performance Evaluations

- Air
- Water
- Land
- Cross Media
- Special Reviews

### Financial/Information Technology Audits

- Financial Statements
- Contracts
- Assistance Agreements
- Information Technology
- Forensic
- Risk Assessment & Program Performance

### Investigations

- Financial Fraud
- Program Integrity
- Employee Integrity
- Laboratory Fraud
- Computer Crimes

### Management & Public Affairs

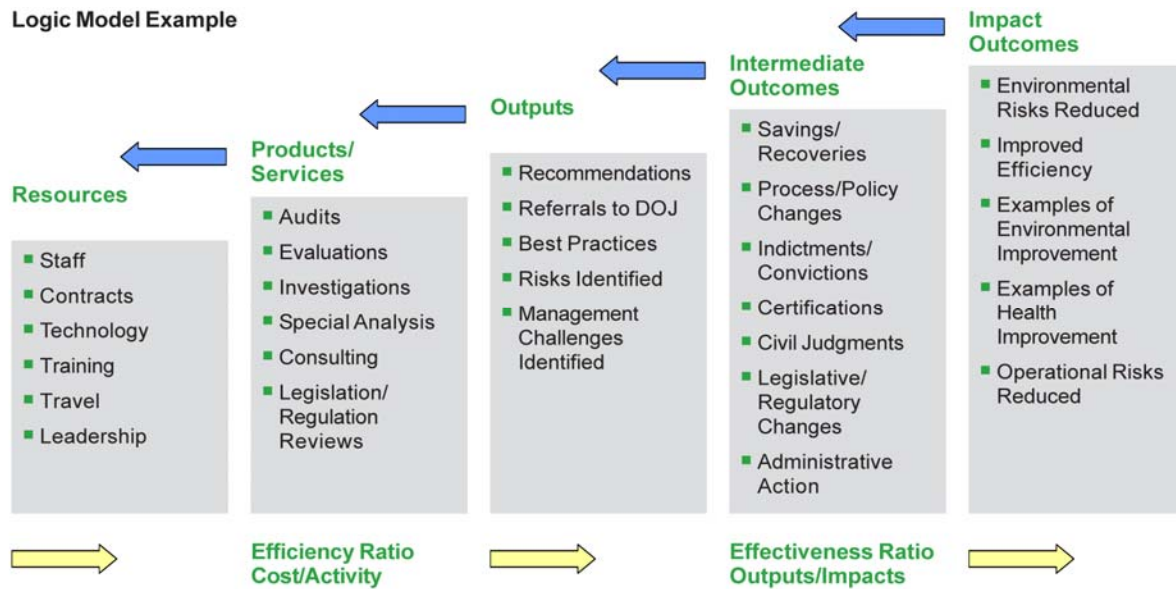
- Legislation/Policy Regulation Review
- Audit Follow-up
- Financial/Performance Management
- Human Capital
- Public/Congressional Affairs/Reporting

## Linking Our Work to Outcomes and Impacts

We plan our work with the goals of influencing resolution of the Agency's major management challenges, reducing risk, improving practices and program operations, and saving taxpayer dollars, leading to positive human health and environmental impacts and attaining EPA's Strategic Goals.

## Planning Starts with the End in Mind

We measure the return on our investment by how efficiently our resources are converted into products, and how effectively our products drive outcomes.



## Performance Presented in a Hierarchy of Related Measures

The logic model diagram above demonstrates how align our organizational factors of performance to achieve our strategic goals. The performance results in this report represent the ways we measure value added along this continuum, both quantitatively and qualitatively, in relation to the resources expended. Our annual performance and progress toward our strategic goals is demonstrated by the Scoreboard of Results compared to the Annual Performance Goal Targets. Our long-term performance progress is demonstrated by the charts comparing our results to our goal targets for fiscal year (FY) 2003 through FY 2009.



# Scoreboard of OIG FY 2009 Performance Results Compared to FY 2009 Annual Performance Goal Targets

All results reported in FY 2009, from current and prior years' work, are as reported in OIG Performance Measurement and Results System, Inspector General Enterprise Management System (IGEMS), and Inspector General Operations and Reporting System (IGOR).

OIG FY 2009 Government Performance and Results Act Annual Performance Targets Compared to FY 2009 Results Reported	Supporting Measures
<b>Goal: Contribute to human health and environmental quality through improved business practices, accountability, and integrity of program operations</b>	
<b>Environmental Improvements/Actions/Changes Improvements in Business/Systems/Efficiency Risks Reduced or Eliminated</b>  <i>Target: 318; Reported: 272 (86%)</i> ●	6 Legislative/regulatory changes/decisions 38 EPA policy, directive, practice or process change/decision 0 Environmental/health improvements 2 Best practices implemented 15 Environmental or business operational/control risks or challenges eliminated (including noncompliance) 103 Actions taken or resolved prior to report issuance (not reported) 43 Certifications/validations/verifications/corrections 65 Implemented recommendations previously reported as unimplemented
<b>Environmental &amp; Business Recommendations Challenges, Best Practices, and Risks Identified</b>  <i>Target: 903; Reported: 983 (109%)</i> ●	26 Critical congressional or public management concerns addressed 785 Recommendations for Improvement 13 Best practices identified 7 Environmental or business operational/control risks or challenges identified (including noncompliance) 81 Referrals for Agency action 71 Unimplemented recommendations identified
<b>Return on Investment: Potential dollar return as percentage of OIG budget</b>  <i>Target: \$65.6 M; Reported: \$83.3 M (127%)</i> ●	<i>(Dollars in Millions)</i> \$ 14.8 Questioned costs <i>net</i> EPA \$ 62.3 Recommended efficiencies, costs saved (EPA) \$ 6.2 Fines, recoveries, settlements
<b>Criminal, Civil, and Administrative Actions Reducing Risk of Loss/Operational Integrity</b>  <i>Target: 80; Reported: 95 (119%)</i> ●	14 Allegations disproved 14 Indictments 12 Convictions 55 Administrative actions
<b>Other</b> (no targets established)  <b>Sustained Monetary Recommendations and Savings Achieved from Current and Prior Periods: \$53.5 M</b>  <b>Sustained Recommendations: 365</b>  <b>ARRA Activity Results (not counted above)</b>  <b>Reports Issued: 253</b>	<i>(Dollars in Millions)</i> \$ 4.0 Questioned costs sustained \$ 49.5 Cost efficiencies sustained or realized  365 Sustained business recommendations  63 Outreach awareness briefings 13 Complaints Received 2 Environmental/business actions taken or risks reduced 8 Recommendations or risks identified 2 Indictments, convictions, civil or administrative actions  66 OIG-produced reports 187 Reports by other audit entities with OIG oversight

● Goal met or exceeded ● Goal not met



## OIG Strategic Cumulative Performance Results, FYs 2004-2009

This section demonstrates the EPA OIG annual progress in attaining its Strategic Performance Goals for FY 2003-FY 2009 in compliance with the Government Performance and Results Act (GRPA). OIG performance can best be considered and evaluated over a period of several years rather than a single year. A lengthy time lag may occur before the outcome actions can come to fruition and be substantiated.

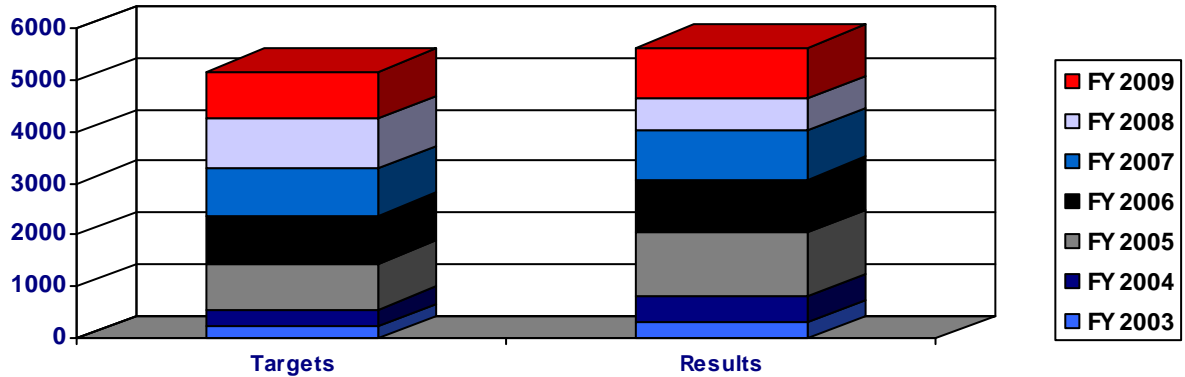
### Performance Progress

The OIG exceeded three of its four Government Performance and Results Act annual performance goal targets during FY 2009, with the results for two of the outcome targets significantly exceeded. During FY 2009, many time-lagged actions from current and prior years' recommendations are coming to fruition. The OIG has also increased its focus on identifying cost efficiencies through performance audits and program evaluations. Among the results, the OIG identified questioned costs and efficiencies totaling over \$77 million and over \$6 million in fines, settlements, and recoveries. Also, EPA sustained over \$53 million in OIG monetary recommendations and savings from current and prior periods. During the fiscal year, the OIG improved its overall quality and efficiency of its product by reducing the production cycle time and resources required to perform OIG work, and influencing greater implementation of long outstanding recommendations through expanded follow-up work. One of the most notable improvements in efficiency and performance was the 39% reduction in the staff time and cost of conducting the EPA Annual Financial Statement Audit saving over \$1 million. The OIG created two new product lines; one specializing in Efficiency Audits and another as the Office of Cyber Investigations and Homeland Security. Also, the OIG received a "clean" or "unmodified" opinion through a rigorous peer review certifying the quality of its auditing and evaluation work. While the OIG has not met all of its Annual Performance Goal targets every year due to the time delay between production of outputs and the fruition of out comes, the variable response nature of OIG results and the frustration of not being able to staff up to authorized levels in recent years in working within the constraints of the Agency Human Resources servicing office, the charts on the next page demonstrate that the OIG has exceeded its aggregate cumulative Government Performance and Results Act targets for FYs 2003-2009.

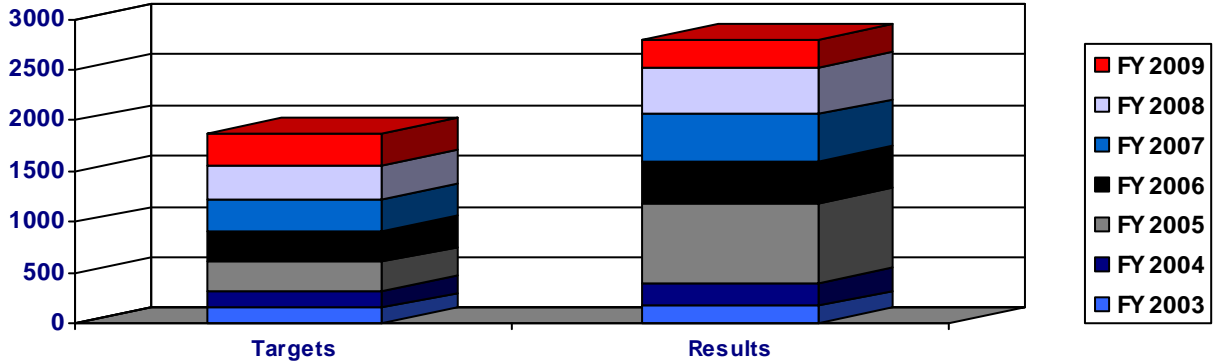
### Challenges

During FY 2009, the OIG identified four issues as OIG-level weaknesses pertaining to Investigative Case Management, Records Management, Policies and Procedures, and Data Quality Associated with Audit Follow-up Information. The OIG is continuing to improve its integration of information technology systems and data quality by applying new control tools and policies. The OIG is working to update its policies and procedures to provide greater guidance for quality and consistency of operations and is instituting a consolidated approach to organization-wide records management making greater use of technology. The OIG continuously tests its controls and operating procedures to identify potential vulnerabilities and opportunities for improvement in the quality of its products and accountability for application in the use of its resources. The OIG especially is taking decisive action to ensure its operational independence in matters of funding, contracting and human resources.

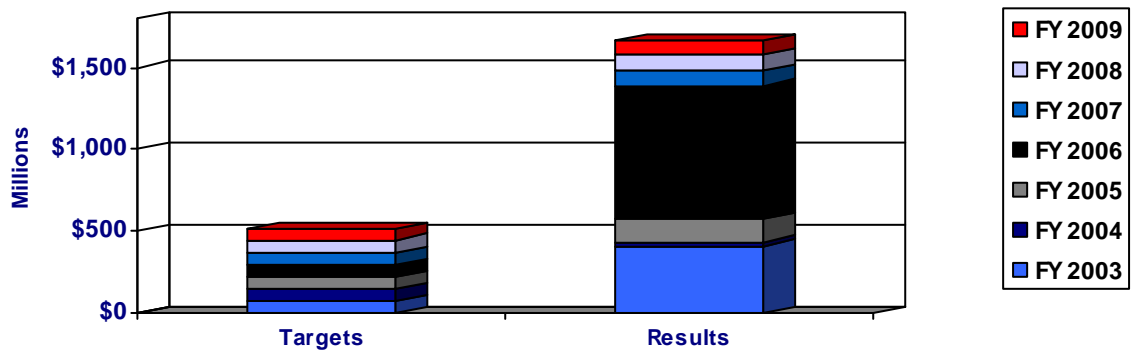
**Annual Performance Goal: Environmental and Business Recommendations and Risks from OIG Audits, Evaluations, Inspections and Investigations**



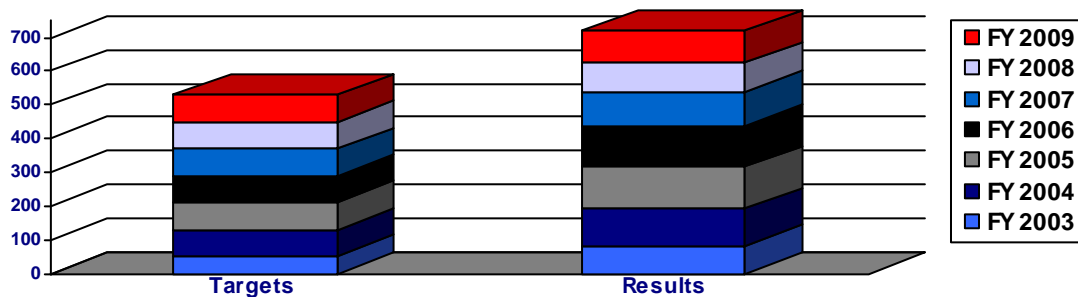
**Annual Performance Goal: Environmental and Business Actions Taken and Risks Reduced from OIG Audit, Evaluation, Inspection and Investigation Recommendations**



**Annual Performance Goal: OIG Questioned Costs, Efficiencies, Savings, Fines, Recoveries from OIG Audits, Evaluations, and Investigations**



**Annual Performance Goal: Criminal, Civil, Administrative Actions from OIG Investigations**



## Summary of FY 2009 Performance Results by Product Line

### AIR/RESEARCH AND DEVELOPMENT

<b>Air/Research and Development Results Summary – Reports Issued: 5</b>
<b>Environmental and Business Outcomes</b>
<ul style="list-style-type: none"> <li>• 1 Legislative/Regulatory Changes/Decision</li> <li>• 2 EPA Policy, Directive, Practice or Process Change/Decision</li> <li>• 1 Certifications, Verifications, Validations, or Corrections</li> </ul>
<b>Environmental and Business Outputs</b>
<ul style="list-style-type: none"> <li>• 17 Recommendations for Improvement</li> <li>• 2 Best Practices Identified</li> </ul>
<b>Sustained Recommendations</b>
• 15 Sustained Environmental/Business Recommendations

#### **Performance Highlights**

In the OIG report, *EPA Does Not Provide Oversight of Radon Testing Accuracy and Reliability*, we found that EPA does not perform oversight of radon testing device accuracy or reliability. The 1988 Indoor Radon Abatement Act required that EPA establish proficiency programs for firms offering radon-related services, including testing and mitigation. EPA established and operated proficiency programs until 1998, when it disinvested in these programs. According to Agency representatives, EPA has neither the authority nor the resources to ensure radon testing devices and testing laboratories are accurate and reliable. We recommended that the Assistant Administrator for Air and Radiation disclose that while radon testing is recommended, EPA cannot provide assurance that commercially available radon testing devices or testing laboratories are accurate and reliable. We also recommended that EPA inform Congress that the limitations of reliable testing for radon may negatively affect achieving Indoor Radon Abatement Act goals. <http://www.epa.gov/oig/reports/2009/20090512-09-P-0151.pdf>

In the OIG report, *EPA Can Improve Its Process for Establishing Peer Review Panels*, we found that the laws, regulations, guidance, and other relevant requirements governing EPA's peer review process are adequate to produce objective scientific reviews, but certain areas of EPA operating guidance can be better defined. We recommended that the Assistant Administrator for Research and Development, who oversees the National Center for Environmental Assessment, improve management controls by better defining the concept of "impartiality" and maintaining records of all management decisions pertaining to the selection of peer reviewers, particularly resolution of potential conflicts of interest. The OIG also recommended that the Assistant Administrator develop guidance to address conflict of interest issues that arise after panel formulation and amend contracts for external peer review services to require that panelists re-certify their conflict of interest status prior to the panel convening. <http://www.epa.gov/oig/reports/2009/20090429-09-P-0147.pdf>

In the OIG report, *EPA Needs an Oversight Program for Protocol Gases*, we found that 89 percent (233 components) met the Acid Rain Program's accuracy criterion and 11 percent (28 components) did not. Of the 28 components that did not meet the criterion, 17 were within 3.0 percent of the National Institute of Standards and Technology-determined true concentration; 7 were within 3.0 to 5.0 percent; and 4 exceeded the true concentration by more than 5.0 percent. We recommended that the Assistant Administrator for Air and Radiation implement oversight programs to assure the quality of EPA protocol gases used to calibrate continuous emissions monitoring systems and ambient air monitors. We also

recommended that the Assistant Administrator for Research and Development update and maintain the protocol gas procedures to ensure that the protocol meets the objectives of the Acid Rain, ambient air, and stationary source air programs. <http://www.epa.gov/oig/reports/2009/20090916-09-P-0235.pdf>

In the OIG report, *EPA Can Improve Implementation of the Risk Management Program for Airborne Chemical Releases*, we found that EPA can improve its program management and oversight to better assure that facilities covered by the Clean Air Act's (CAA's) Risk Management Program (RMP) submit or re-submit an RMP. EPA had not established national procedures to identify covered facilities that had not submitted RMPs. We recommended that the Assistant Administrator for Solid Waste and Emergency Response implement additional management controls to identify facilities with regulated chemicals that have not filed RMPs. We also recommended that the Acting Assistant Administrator for Air and Radiation develop inspection requirements to target higher-priority facilities for inspection and track its progress in completing inspections of these facilities. <http://www.epa.gov/oig/reports/2009/20090210-09-P-0092.pdf>

In the OIG report, *EPA Region 8 Needs to Better Manage the Risk Management Program for Airborne Chemical Releases*, we found that the two Region 8 offices jointly responsible for implementing the CAA 112(r) RMP have not effectively planned or coordinated compliance assurance activities. The OIG also found that regional operating guidance for the RMP is inconsistent concerning the roles and responsibilities of each office. We recommended that the Regional Administrator develop (1) a strategy for implementing the RMP in Region 8 that defines program goals, performance measures, and organizational responsibilities; and (2) an oversight process to evaluate the Region's success in implementing the strategy. <http://www.epa.gov/oig/reports/2009/20090330-09-P-0130.pdf>

In the OIG report, *EPA Needs to Improve Its Efforts to Reduce Air Emissions at U.S. Ports*, we found that while EPA has issued air emissions regulations for most port sources, EPA's actions to address air emissions from large oceangoing vessels in U.S. ports have not yet achieved its goals for protecting human health. The CAA provides EPA with the authority to regulate emissions from oceangoing vessel engines when these emissions cause significant harm to human health. We recommended that the Assistant Administrator for Air and Radiation (1) assess its authorities and responsibilities under the CAA to regulate air emissions from foreign-flagged vessels in U.S. ports, and report any shortfalls to Congress; (2) assess the extent to which Emissions Control Areas should be designated for U.S. coastal areas; and (3) revise its ports strategy to include a transformation plan. <http://www.epa.gov/oig/reports/2009/20090323-09-P-0125.pdf>

## WATER

<b>Water Results Summary - Reports Issued: 2</b>
<b>Environmental and Business Outcomes</b>
<ul style="list-style-type: none"> <li>• 1 EPA Policy, Directive, Practice/Process Change Decision</li> </ul>
<b>Environmental and Business Outputs</b>
<ul style="list-style-type: none"> <li>• 1 Critical Congressional/Public Management Concerns Addressed</li> <li>• 11 Recommendations for Improvement</li> </ul>

### Performance Highlights

In the OIG report, *Congressionally Requested Report on Comments Related to Effects of Jurisdictional Uncertainty on Clean Water Act Implementation*, we found that the Agency, the U.S. Army Corps of Engineers, and State wetlands staff spoke about a variety of impacts to their programs caused by the *Rapanos* decision (*Rapanos v. United States*). There were no recommendations. <http://www.epa.gov/oig/reports/2009/20090430-09-N-0149.pdf>

In the OIG report, *EPA Needs to Accelerate Adoption of Numeric Nutrient Water Quality Standards*, EPA’s 1998 National Strategy and Plan to promote State adoption of nutrient water quality standards (which better protect aquatic life and human health) have been ineffective. In the 11 years since EPA issued its strategy, half the States still had no numeric nutrient standards. States have not been motivated to create these standards because implementing them is costly and often unpopular with various constituencies. EPA has not held the States accountable to committed milestones. We recommended that the Assistant Administrator for Water (1) select significant waters of national value that need numeric nutrient water quality standards to meet the requirements of the Clean Water Act (CWA), (2) set numeric nutrient water quality standards for the waters identified in the first recommendation to meet the requirements of the CWA, (3) establish EPA and State accountability for adopting numeric nutrient standards for the rest of the Nation’s waters, and (4) establish metrics to gauge the actual progress made by the States.

<http://www.epa.gov/oig/reports/2009/20090826-09-P-0223.pdf>

## SUPERFUND/LAND

<b>Superfund/Land Results Summary – Reports Issued: 6</b>
<b>Environmental and Business Outputs</b>
<ul style="list-style-type: none"> <li>• 8 Recommendations for Improvement</li> </ul>
<b>Sustained Recommendations</b>
<ul style="list-style-type: none"> <li>• \$58.5 M Sustained Efficiencies</li> </ul>

### *Performance Highlights*

In the OIG report, *Results of Hotline Complaint Review for California Superfund Site*, we found that the Agency substantiated that Region 9 inappropriately charged oversight costs to the CTS Printex Site responsible parties for greening activities and other activities. Region 9 charged the responsible parties for costs associated with staff time spent reviewing a housing developer’s use of “green building practices.” Region 9 also charged the site account for its time spent responding to and preparing for our review. We recommended that the EPA Region 9 Regional Administrator identify and withdraw all past charges that are inconsistent with the meaning of “oversight costs.” The Region should develop and implement procedures to ensure that staff consistently and appropriately charges oversight costs. We also recommended that the Region amend the 1991 Record of Discussion, develop a cost recovery strategy, and review Agency policies and procedures to properly and timely recover the government’s costs from appropriate parties for the Record of Discussion amendment work.

<http://www.epa.gov/oig/reports/2009/20090331-09-P-0131.pdf>

In the OIG report, *EPA Needs to Improve Internal Controls to Increase Cost Recovery*, we found that EPA has a control for monitoring the statute of limitations on cost recovery. EPA reports show that the Agency has a high rate of success in addressing cost recovery requirements prior to the expiration of the statute of limitations. However, EPA has limited controls in other key areas that affect its ability to recover the government’s costs from responsible parties, including limited oversight of potentially responsible party searches, inconsistent documentation of potentially responsible party searches, and data quality problems in EPA databases that track Superfund clean-up status and cost recovery. We recommended that the Assistant Administrator for Enforcement and Compliance Assurance implement improved controls to (1) monitor potentially responsible party search completions, (2) document potentially responsible party searches consistently, (3) ensure data quality in EPA databases, and (4) review all appropriate Superfund accounts to ensure the government’s costs are identified for possible recovery. The Agency agreed with these recommendations.

<http://www.epa.gov/oig/reports/2009/20090427-09-P-0144.pdf>

In the OIG report, *Independent Sampling Generally Confirms EPA’s Data at the Jones Sanitation Superfund Site in New York*, we obtained groundwater and surface water samples from the Jones Sanitation Superfund Site and nearby areas, and conducted a site inspection during April 2008. The independent sampling results were generally consistent with the sampling data that Region 2 has obtained historically. In addition, the site inspection showed the site was properly maintained and secured, and is consistent with information Region 2 has obtained on the Site conditions. We recommended that the EPA Region 2 Regional Administrator demonstrate and document in an Addendum to the 2006 Five-Year Review that off-site migration of sodium, nickel, and any other compounds exceeding applicable standards are controlled at the Site. We also recommended that the Region modify and/or re-initiate some off-site monitoring if the Region determines it is needed to adequately support determinations of Site protectiveness. The Agency agreed with these recommendations.

<http://www.epa.gov/oig/reports/2009/20090923-09-P-0243.pdf>

In the OIG report, *Improved Management of Superfund Special Accounts Will Make More Funds Available for Clean-ups*, EPA had not used about \$65 million in Superfund special accounts that were available because it lacked some management controls. Additionally, EPA was holding more than \$88 million in special account funds in reserve that could be used to support priority Superfund sites, including sites where human exposure was not under control. EPA’s fragmented and uncoordinated approaches to account for these funds led to missed opportunities to fund needed Superfund clean-ups. We recommended that the EPA Deputy Administrator implement management controls to improve the Agency’s use, management, and transparency of special accounts.

<http://www.epa.gov/oig/reports/2009/20090318-09-P-0119.pdf>

In the OIG report, *EPA’s Safety Determination for Delatte Metals Superfund Site Was Unsupported*, we found that EPA’s protection determination for the Delatte Metals Superfund Site was not supported by its data. Despite evidence of potential remedy failure, EPA Region 6 determined in November 2007 that conditions at Delatte protect human health and the environment in the short term. We recommended that the EPA Region 6 Regional Administrator ensure that the Delatte clean-up remedy is performing as intended and is protective to human health and the environment, and amend its 2007 Five-Year Review determination to state that the protectiveness of the Delatte remedy cannot be determined without further information and analysis.

<http://www.epa.gov/oig/reports/2009/20091119-09-P-0029.pdf>

In the OIG report, *Sampling at Indiana Superfund Site Was Consistent with EPA’s Historical Results*, the OIG tested long-term monitoring results at Superfund sites the EPA deleted from the National Priorities List. Neal’s Dump Superfund Site, located near Spencer, Indiana, is one of eight sites that the OIG tested. Groundwater samples that we independently took in May 2008 from two private drinking water wells on residential properties adjacent to the Site showed that polychlorinated biphenyls did not exceed safe levels for drinking water. These results are consistent with EPA’s monitoring results.

<http://www.epa.gov/oig/reports/2009/20090304-09-P-0110.pdf>

## CROSS MEDIA

<b>Cross Media Results Summary – Reports Issued: 4</b>
<b>Environmental and Business Outputs</b>
• 13 Recommendations for Improvement
<b>Sustained Recommendations</b>
• 10 Sustained Environmental/Business Recommendations



## ***Performance Highlights***

In the OIG report, *Improvements Needed to Validate Reported ENERGY STAR Benefits*, we found that the ENERGY STAR program's reported savings claims were inaccurate and the reported annual savings unreliable. We identified several deficiencies with the shipment data and the process used in calculating benefits. Deficiencies included a lack of a quality review of the data collected; reliance on estimates, forecasting, and unverified third-party reporting; and the potential inclusion of exported items. We recommended that the Principal Deputy Assistant Administrator for Air and Radiation (1) establish and perform quality controls to ensure that EPA establish and implement improved quality controls, (2) develop and consistently apply a data-driven methodology to compute market transformation effects, and (3) validate the model for calculating the benefits of the ENERGY STAR commercial sector to ensure it accurately reflects the sector's impacts. <http://www.epa.gov/oig/reports/2009/20081217-09-P-0061.pdf>

In the OIG report, *EPA Needs a Cohesive Plan to Clean Up the Great Lakes Areas of Concern*, we found that since 2004, EPA has completed five Legacy Act-funded contaminated sediment clean-ups and remediated approximately 800,000 cubic yards of contaminated sediment. However, EPA is challenged by the overall extent of the contaminated sediment problem in the Great Lakes Areas of Concern. EPA is the designated lead Agency for the clean-ups; however, we found EPA does not have a regime for coordinating remediation activities across its program offices as well as with States, localities, and other stakeholders. We recommended that the Great Lakes National Program Manager: (1) establish an Areas of Concern management plan that includes written designations of authority and responsibility for each EPA program office with regard to remediating contaminated sediment; (2) assign a lead EPA office to each Sediment Remediation Site and determine the volume of contaminated sediment at each site; and (3) annually measure and publish estimates of Sediment Remediation Site sediment volumes, clean-up costs, and stakeholder progress. <http://www.epa.gov/oig/reports/2009/20090914-09-P-0231.pdf>

In the OIG report, *EPA Needs a Comprehensive Research Plan and Policies to Fulfill its Emerging Climate Change Role*, we found that EPA does not have an overall plan to ensure the development of consistent, compatible climate change strategies across the Agency. We surveyed EPA regions and offices and found they need more information on a variety of climate change topics. We recommended that the Deputy Administrator direct Assistant and Regional Administrators on how to plan for climate change challenges in their media areas/regions until the Agency develops an overall strategy, and establish guidance for regularly entering their climate change scientific information in the Science Inventory. We also recommended that the Assistant Administrator for Research and Development establish various management controls to ensure EPA fulfills its emerging climate change role and related information needs. The Agency concurred with our recommendations. <http://www.epa.gov/oig/reports/2009/20090202-09-P-0089.pdf>

In the OIG report, *Results of Hotline Complaint Review of EPA's Antimicrobial Testing Program*, we found that the allegation against EPA's Antimicrobial Testing Program was unsubstantiated. The program policies and procedures require Office of Pesticide Programs to notify the Office of Enforcement and Compliance Assurance and manufacturers when a product fails testing. The Office of Pesticide Programs – Antimicrobial Division is not withholding information on product failures from these intended users. As of February 2009, 325 of the 671 EPA registered disinfectant products had been tested under the Antimicrobial Testing Program. The program anticipates completing efficacy testing of all currently registered disinfectant products by 2011. <http://www.epa.gov/oig/reports/2009/20090527-09-P-0152.pdf>



## PUBLIC LIAISON AND SPECIAL REVIEWS

<b>Public Liaison and Special Reviews Results Summary – Reports Issued: 5</b>
<b>Environmental and Business Outcomes</b>
<ul style="list-style-type: none"> <li>• 1 Actions Taken or Resolved Prior to Report Issuance</li> </ul>
<b>Environmental and Business Outputs</b>
<ul style="list-style-type: none"> <li>• 13 Recommendations for Improvement</li> <li>• 2 Environmental/Business Operational Control Risks or Challenges Identified</li> </ul>
<b>Sustained Recommendations</b>
<ul style="list-style-type: none"> <li>• 4 Sustained Environmental/Business Recommendations</li> </ul>

### Performance Highlights

In the OIG report, *Office of Inspector General Access to Agency Information and Personnel*, we found that EPA did not have consistent overall guidance governing interaction with the OIG. Consequently, some EPA program and regional offices promulgated internal guidance that impeded OIG access to Agency information and personnel. These internal guidances included procedures with burdensome administrative requirements that allowed EPA managers to screen and potentially change information prior to issuing the information to the OIG. We recommended that the Deputy Administrator issue guidance to all EPA program and regional offices on interacting with the OIG to ensure unfettered access to information and personnel; and that all lower level guidance, written or unwritten, be revoked. <http://www.epa.gov/oig/reports/2009/20090825-09-P-0222.pdf>

In the OIG report, *EPA Has Improved Its Response to Freedom of Information Act Requests but Further Improvement Is Needed*, we found that (1) EPA has reduced its backlog of Freedom of Information Act (FOIA) initial requests and appeals; (2) EPA's procedures did not always ensure that FOIA responses were timely in all EPA program offices and regions, or that appeals were processed timely; and (3) optional training provided by the National FOIA Officer was only attended by some EPA employees from each region. We recommended that EPA issue a policy mandating training for its FOIA officers, coordinators, and individuals who have FOIA responsibilities. We also recommended that EPA conduct a review of the regional and program FOIA offices in order to make recommendations for any improvements. <http://www.epa.gov/oig/reports/2009/20090325-09-P-0127.pdf>

In the OIG report, *EPA's Human Resources Management System Did Not Deliver Anticipated Efficiencies to the Shared Service Centers*, we found that the EPA Shared Service Centers initiative lacked the necessary management controls to achieve efficiency and effectiveness. We noted that EPA's Office of Administration and Resources Management lacked necessary cost analysis and Office of Management and Budget (OMB) approval to upgrade PeoplePlus with an automated workflow feature in support of the establishment of the EPA Shared Service Centers. We recommended that the Assistant Administrator for Administration and Resources Management (1) obtain approval from OMB for the level of migration intended by EPA, (2) develop a baseline cost estimate to determine and secure necessary funding for migration to a certified Shared Service Center, (3) establish realistic milestones with OMB for migration to a certified Shared Service Center, and (4) document the risk of using PeoplePlus until EPA migrates to a certified Shared Service Center. <http://www.epa.gov/oig/reports/2009/20090811-09-P-0206.pdf>

In the OIG report, *Office of Inspector General Access Survey Results*, we found a significant lack of knowledge about the Agency's policies with regard to interaction with the OIG, and numerous requests for training in this area by survey respondents. Our analysis showed that 83 percent of respondents were either not aware, or did not know, of any policy or procedures governing interaction with the OIG. Further, 18 percent of respondents did not believe that they can provide documentation or written responses to the OIG without permission from a supervisor. An additional 34 percent of the respondents

did not know if direct contact with the OIG allowed. No recommendations were made in this report. <http://www.epa.gov/oig/reports/2009/20090113-09-P-0079.pdf>

In the OIG report, *Regional Public Liaison Program Needs Greater Focus on Results and Customer Awareness*, we found that the Office of Solid Waste and Emergency Response's (OSWER's) Regional Public Liaison (RPL) program does not sufficiently focus on or measure specific outputs and outcomes and is not consistently implemented across offices. RPLs report results in varied formats, and OSWER does not consolidate program results into a comprehensive report. As a result, RPLs reported annual results that could not be readily consolidated to show what RPLs had achieved. We recommended that OSWER use a logic model approach to revise the RPL program to help focus on outputs and outcomes and ensure stakeholders are aware of the RPL resource. We also recommended that OSWER revise the 2004 RPL guidance to reflect program revisions and build in minimum requirements for stakeholder awareness activities, including a national RPL Website. The Agency agreed with these recommendations. <http://www.epa.gov/oig/reports/2009/20090624-09-P-0176.pdf>

In the OIG report, *Contaminated Soil Waste Repository at East Mission Flats, Idaho*, we found that EPA Region 10 and the Idaho Department of Environmental Quality provided opportunities for the community to become involved and notified the public when selecting the East Mission Flats repository site location and soliciting comments on the proposed plan, location, and designs. We also found that many physical aspects of flooding have been investigated and considered in the design process. In addition, we also identified that the geochemical aspects and potential for releasing dissolved contaminants had yet to be investigated. We recommended that EPA Region 10 finish analyzing the geochemical and physical conditions that may lead to contaminants dissolving near the repository base, and then confirm the adequacy of the repository design to prevent dissolved contaminants from being released under these conditions. The Agency concurred with our recommendations. <http://www.epa.gov/oig/reports/2009/20090608-09-P-0162.pdf>

## ASSISTANCE AGREEMENTS

<b>Assistance Agreements Results Summary</b>
<b>Environmental and Business Outcomes</b>
<ul style="list-style-type: none"> <li>• 9 EPA Policy, Directive, Practice/Process Change Decision</li> <li>• 2 Best Practices Implemented</li> <li>• 5 Environmental/Business Operational Control Risks or Challenges Eliminated</li> <li>• 2 Actions Taken or Resolved Prior to Report Issuance</li> <li>• 8 Certifications, Verifications, Validations, or Corrections</li> </ul>
<b>Environmental and Business Outputs</b>
<ul style="list-style-type: none"> <li>• 1 Critical Congressional/Public Management Concerns Addressed</li> <li>• 99 Recommendations for Improvement</li> <li>• 2 Referrals for Agency Action</li> </ul>
<b>Return on Investment: Potential dollar return</b>
<ul style="list-style-type: none"> <li>• \$0.75 M Questioned Costs</li> <li>• \$0.74 M Recommended Efficiencies, Costs Saved or Avoided</li> </ul>
<b>Sustained Recommendations</b>
<ul style="list-style-type: none"> <li>• 88 Sustained Environmental/Business Recommendations</li> <li>• \$0.82 M Sustained Questioned Costs</li> </ul>

### ***Performance Highlights***

In the OIG report, *EPA Took Adequate Corrective Actions for Alaska Village Safe Water Program*, we found that Region 10 had adequately followed up on each of the findings and recommendations from the

single audit reports and had implemented corrective actions for the OMB review. The corrective actions taken by the Region should address the issues identified. We recommended that the EPA Region 10 Regional Administrator track the corrective action for follow-up on the independent review of the Alaska Native Tribal Health Consortium by re-entering it and keeping it open in Management Audit Tracking System until follow-up is complete. The Agency agreed with the recommendations.

<http://www.epa.gov/oig/reports/2009/20090121-09-P-0085.pdf>

In the OIG report, *Review of Grant Finds Procurement, Financial Management, and Lobbying Issues*, we found that in 2001, EPA awarded a grant to ML Wastewater Management to construct a wastewater treatment plant. The grant was amended four times, with EPA’s financial assistance totaling \$8,688,000. The grantee’s financial management system was not sufficient to ensure that reported costs complied with federal regulations. The grantee’s claim included unallowable costs involving procurement, interest, organizational costs, lobbying, indirect costs, and labor and fringe benefit costs. We recommended that the EPA Region 5 Regional Administrator recover \$801,118 of the questioned costs, recover any unreasonable project costs, and designate the grantee as a high-risk grantee.

In the OIG report, *Quality Control Review of Leland O’Neal, CPA, Single Audit for Town of Worthington, West Virginia, for Fiscal Year Ended June 30, 2004*, we found that the single audit report for the Town of Worthington, West Virginia, for the fiscal year ending June 30, 2004, was substandard. The audit did not meet general, field work, and reporting standards as required by the Government Auditing Standards. For example,

- The audit documentation did not contain sufficient evidence that the audit was adequately planned and compliance testing was not supported by evidential matter.
- The audit report did not contain a finding that the recipient’s accounting system was inadequate when it should have, and did not include a corrective action plan from the recipient.
- The auditor did not meet Federal continuing education requirements.

We recommended that the EPA Region 3 Regional Administrator meet with the Town of Worthington officials to ensure that the Town understands OMB Circular A-133 requirements, and its obligations to meet these requirements; and designate the Town of Worthington as a high-risk grant recipient, in accordance with Title 40 Code of Federal Regulations Part 31.12, should the recipient receive any new EPA awards. <http://www.epa.gov/oig/reports/2009/20090714-09-2-0195.pdf>

## CONTRACTS

<b>Contracts Results Summary</b>
<b>Environmental and Business Outcomes</b>
<ul style="list-style-type: none"> <li>• 9 EPA Policy, Directive, Practice/Process Change Decision</li> <li>• 2 Best Practices Implemented</li> <li>• 5 Environmental/Business Operational Control Risks or Challenges Eliminated</li> <li>• 2 Actions Taken or Resolved Prior to Report Issuance</li> <li>• 8 Certifications, Verifications, Validations, or Corrections</li> </ul>
<b>Environmental and Business Outputs</b>
<ul style="list-style-type: none"> <li>• 1 Critical Congressional/Public Management Concerns Addressed</li> <li>• 99 Recommendations for Improvement</li> <li>• 2 Referrals for Agency Action</li> </ul>
<b>Return on Investment: Potential dollar return</b>
<ul style="list-style-type: none"> <li>• \$0.75 M Questioned Costs</li> <li>• \$0.74 M Recommended Efficiencies, Costs Saved or Avoided</li> </ul>
<b>Sustained Recommendations</b>
<ul style="list-style-type: none"> <li>• 88 Sustained Environmental/Business Recommendations</li> <li>• \$0.82 M Sustained Questioned Costs</li> </ul>

## **Performance Highlights**

In the OIG report, *EPA Did Not Properly Account for All Property for Implementing Homeland Security Presidential Directive-12*, we found that EPA generally recorded Homeland Security Presidential Directive-12 property accurately in EPA's Fixed Assets Subsystem. We also noted the following discrepancies: (1) four pieces of property valued at \$29,538 were missing and not recorded in the Fixed Assets Subsystem, (2) acquisition costs in the Fixed Assets Subsystem were incorrect for some equipment, and (3) nonfinancial information for several pieces of property was not accurately recorded. We recommend that the Director, Office of Administration, Office of Administration and Resources Management use established procedures to resolve accountability for the missing property, and review accuracy of Homeland Security Presidential Directive-12 property information in the Fixed Assets Subsystem and update any discrepancies; and modify the Homeland Security Presidential Directive-12 contract to reflect contractor requirements and accountability for using government property in government facilities. The Agency agreed with these recommendations.

<http://www.epa.gov/oig/reports/2009/20090915-09-P-0233.pdf>

In the OIG report, *EPA Plans for Managing Counter Terrorism/Emergency Response Equipment and Protecting Critical Assets Not Fully Implemented*, we found that EPA has progressed in implementing the counter terrorism/emergency response initiatives, but is behind schedule in implementing the Radiation Ambient Monitoring System. EPA encountered delays and problems with the administration of the contract. As a result, the Agency may have less information about the levels of radiation should a national radiological or national emergency occur. We recommended that EPA monitor the Radiation Ambient Monitoring System contract and develop a schedule for addressing concerns of the Science Advisory Board; identify milestones, accountability, and resources for implementing the national counter terrorism/emergency response equipment tracking system; and accurately track the corrective actions in response to our 2006 report. [http://www.epa.gov/oig/reports/2009/20090127-09-P-0087\\_glance.pdf](http://www.epa.gov/oig/reports/2009/20090127-09-P-0087_glance.pdf)

In the OIG report, *EPA Should Stop Providing Estimates of Total Labor Hours to Contractors*, we found that for 6 of the 22 contracts we reviewed, EPA provided the contractor with the government's estimate for total labor hours prior to receiving the contractor's proposal. The Federal Acquisition Regulation provides that the government may use various cost analysis techniques to ensure a fair and reasonable price, including comparing proposed prices with independent government cost estimates. Since EPA is providing total labor hours to the contractor prior to receiving the proposal, EPA may be diminishing its ability to obtain a fair and reasonable price. We recommended that the Assistant Administrator for Administration and Resources Management revise EPA's Acquisition Regulation to eliminate the requirement that EPA include total estimated labor hours in work assignments or identify specific circumstances in which the requirement should apply. EPA concurred with our recommendations.

<http://www.epa.gov/oig/reports/2009/20090909-09-P-0229.pdf>

In the OIG report, *Contractor Invoice Internal Controls Need Improvement*, we found that EPA should improve its invoice review procedures to ensure costs are allowable and supported in accordance with the Federal Acquisition Regulation. We recommend that the Assistant Administrator for Administration and Resources Management require the Office of Acquisition Management (OAM) to modify the Contracts Management Manual to require use of the checklist for invoice reviews, and have Contracting Officers verify compliance with the policy during invoice reviews. Further, OAM should take corrective actions in response to the trends identified in the Financial Monitoring Reviews. EPA agreed with the findings and provided corrective action plans for addressing all but one of the recommendations in the report.

<http://www.epa.gov/oig/reports/2009/20090923-09-P-0242.pdf>

## FORENSIC AUDITS

<b>Forensics Results Summary – Reports Issued: 1</b>
<b>Environmental and Business Outcomes</b>
<ul style="list-style-type: none"> <li>• 1 Certifications, Verifications, Validations, or Corrections</li> </ul>
<b>Environmental and Business Outputs</b>
<ul style="list-style-type: none"> <li>• 2 Critical Congressional/Public Management Concerns Addressed</li> <li>• 251 Recommendations for Improvement</li> <li>• 14 Referrals for Agency Action</li> </ul>
<b>Return on Investment: Potential dollar return</b>
<ul style="list-style-type: none"> <li>• \$14.70 M Questioned Costs</li> </ul>
<b>Criminal, Civil, and Administrative Actions Reducing Risks of Operational Lost/Operational Integrity</b>
<ul style="list-style-type: none"> <li>• 2 Administrative Actions</li> </ul>
<b>Sustained Recommendations</b>
<ul style="list-style-type: none"> <li>• 77 Sustained Environmental/Business Recommendations</li> <li>• \$1.02 M Sustained Questioned Costs</li> <li>• \$0.06 M Actual Costs Recovered</li> </ul>

### Performance Highlights

In the OIG report, *Costs Claimed under EPA Grants XP96909501 and XP97963701 Awarded to the Washoe County Department of Water Resources, Nevada*, we found that the grantee did not meet financial management requirements specified by federal policy and regulations. Because of these issues, EPA will need to recover \$291,494 in questioned costs under the two grants. We recommended that the EPA Region 9 Regional Administrator (1) disallow and recover the remaining uncollected balance of the \$291,494 questioned if the grantee is unable to provide documentation that meets appropriate federal financial management requirements, and (2) require the grantee to establish procedures to ensure that it (a) charges labor and benefit costs to the federal grants in accordance with federal policy; (b) conducts procurement in accordance with federal regulations; (c) properly identifies unallowable costs and excludes them from billings to the Federal Government; (d) limits cash draws for federal grants to actual disbursements; and (e) pays contract costs charged to federal grants in accordance with contract terms and conditions. <http://www.epa.gov/oig/reports/2009/20081020-09-2-0011.pdf>

In the OIG report, *Costs Claimed under EPA Grant XP98011401 Awarded to the City of Rupert, Idaho*, we found that the grantee did not meet the Title 40 Code of Federal Regulations Part 31 requirements for financial management. Because of the above issues, EPA needs to recover \$63,256 of the \$423,106 in costs questioned under the grant. We recommended that the EPA Region 10 Regional Administrator disallow \$423,106 and recover \$63,256 in costs questioned under Grant XP98011401. <http://www.epa.gov/oig/reports/2009/20090112-09-2-0078.pdf>

**Superfund Technical Assessment and Response Team Contractor:** Based on Agency concerns related to questionable labor staffing and charging practices of one of its Superfund Technical Assessment and Response Team contractors, we conducted a labor and subcontract cost verification review. We found that:

- The contractor improperly billed for labor costs of employees who did not meet the minimum contract requirements.
- No subcontractor met the minimum contract requirements for education and training.
- The contractor billed for employees who were not approved at the time the labor costs were incurred.
- The contractor improperly billed for employees who did not complete required Basic Incident Command System Level 200 training.



Although this review only covered 1 year of the 5-year contract, we found the Agency was billed \$253,089 in ineligible labor and subcontract costs.

**Superfund Technical Assessment and Response Team Joint Venture:** We initiated an examination of costs billed under a joint venture for Superfund Technical Assessment and Response Team services in a region. Our examination focused on the joint venture’s compliance with federal laws, rules, and regulations under the specific contract. During our examination, we identified information of a time-critical nature that the Agency needed to consider in future contracting decisions concerning the joint venture. The Agency concurred with our recommendation, and decided not to award the award term option to the joint venture.

**Facilities Maintenance and Support Contract:** For a 2005 EPA small-business set-aside contract, we found that labor charges billed under the contract were in accordance with federal laws, regulations, and contract terms and conditions. We noted an improvement that should be made to the contractor’s labor charging system to increase the accuracy of allocating labor costs charged to government contracts. Overtime hours were not separately recorded. Instead, they were combined with regular hours on the employee timesheet. Implementing additional controls would improve identification of overtime and reduce the risk of mischarging overtime labor. Based on our report, the Agency agreed to work with the contractor to resolve the issue.

**Comprehensive Environmental Response, Compensation, and Liability Act Response Claim:** We reviewed a reimbursement mixed funding claim for \$1,133,543 submitted by the responsible parties for a Superfund site in North Carolina. We performed this review solely to assist OSWER in evaluating the claimant’s mixed funding claim. Our review noted no exceptions to the claimed amount. We recommended that EPA accept the claim and reimburse the claimant \$1,133,543 of the total eligible costs of \$3,675,562.

## FINANCIAL MANAGEMENT

<b>Financial Management Results Summary – Reports Issued: 7</b>
<b>Environmental and Business Outcomes</b>
<ul style="list-style-type: none"> <li>• 3 Certifications, Verifications, Validations, or Corrections</li> <li>• 9 EPA Policy, Directive, Practice or Process Change</li> <li>• 3 Implemented Recommendations Previously Reported as Unimplemented</li> </ul>
<b>Environmental and Business Outputs</b>
<ul style="list-style-type: none"> <li>• 2 Critical Congressional/Public Management Concerns Addressed</li> <li>• 54 Recommendations for Improvement</li> <li>• 9 Best Practices Identified</li> <li>• 8 Unimplemented Recommendations Identified</li> </ul>
<b>Return on Investment: Potential dollar return</b>
<ul style="list-style-type: none"> <li>• \$30.7 M in Cost Efficiencies</li> </ul>
<b>Sustained Recommendations</b>
<ul style="list-style-type: none"> <li>• 14 Management Recommendations Sustained</li> <li>• \$35 M Sustained Cost Efficiencies</li> </ul>

### Performance Highlights

In the OIG report, *Audit of EPA’s Fiscal 2008 and 2007 Consolidated Financial Statements*, we rendered an unqualified, or clean, opinion on EPA’s Consolidated Financial Statements for FYs 2008 and 2007. We found the statements to be fairly presented and free of material misstatement. However, in evaluating internal controls we noted eight significant deficiencies:

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- EPA's oversight of payroll reconciliation needs improvement.
- Accrual was not properly calculated for federal unbilled receivables.
- EPA needs to reconcile Superfund State Contract funds and credits in the general ledger to subsidiary accounts.
- EPA's review of unliquidated obligations for interagency agreements and Headquarters-funded grants was incomplete.
- The Integrated Financial Management System Vendor Table was susceptible to unauthorized changes, and EPA did not retain supporting documentation for numerous changes.
- EPA did not adequately monitor Superfund Special Account balances.
- The lack of a system implementation process contributed to financial applications not complying with requirements.
- EPA did not properly account for capitalized software and related accumulated depreciation.

We also found that EPA needs to continue to reconcile \$192 million of unreconciled differences with 46 trading partners for intragovernmental transactions. The Agency generally agreed with the internal control issues and has begun taking corrective actions. The Agency did not agree with the Anti-Deficiency Act finding, and indicated it will instead conduct an internal investigation and work with OMB. <http://www.epa.gov/oig/reports/2009/20081114-09-1-0026.pdf>

In the OIG report, *Fiscal Year 2008 and 2007 Financial Statements for the Pesticides Reregistration and Expedited Processing Fund*, we rendered an unqualified, or clean, opinion, meaning that they were fairly presented and free of material misstatement. We noted one significant deficiency in internal controls. The Office of Pesticide Programs was unable to provide reliable information on reporting accomplishments for reregistration and amendment actions under the Federal Insecticide, Fungicide, and Rodenticide Act. EPA is required to annually report on its pesticide performance measures and goals. The Agency agreed with our recommendations. <http://www.epa.gov/oig/reports/2009/20090623-09-1-0172.pdf>

In the OIG report, *EPA Can Improve Managing of Working Capital Fund Overhead Costs*, while we did not identify any significant cost savings for the Working Capital Fund (WCF), we did identify two areas requiring management attention:

- The WCF staffing process is not fully documented. Office of Technology Operations and Planning management allocates the number of full-time equivalents to WCF cost centers based on discussions during annual budget formulation. Documentation supporting staffing allocations was minimal, and we did not identify any policies documenting the process.
- We identified three issues relating to unreasonable allocation of WCF employee time. Two Office of Technology Operations and Planning employees had travel costs assigned to the WCF but no related payroll costs. Salary costs for 4 managers were allocated entirely to the WCF, even though 5 of the 53 employees they supervised did not charge time to the WCF. An Office of Technology Operations and Planning employee went on a detail outside the WCF but the employee's time continued to be charged to the WCF.

We recommended that the Office of Technology Operations and Planning Director document the WCF staffing process and methodology. We also recommended that the Office address the unreasonable allocations noted. The Agency agreed with these recommendations.

<http://www.epa.gov/oig/reports/2009/20090330-09-P-0129.pdf>

In the OIG report, *EPA Should Strengthen Internal Controls over Interagency Agreement Unliquidated Obligations*, we found that EPA has not closed out interagency agreements that have at least \$4.2 million of unneeded funds that should be deobligated. Further, EPA had deobligated an additional \$2.3 million between January 7, 2008, and April 25, 2008, as a result of our audit. These funds could be used for other environmental projects. We recommended that the Office of Administration and Resources Management:



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- Deobligate the remaining \$4.2 million in interagency agreement unliquidated obligations, and ensure these interagency agreements and those with \$2.3 million already deobligated are closed out.
- Ensure EPA Order 1610 is consistently followed.
- Ensure program offices develop performance measures involving interagency agreement management for Project Officer performance standards.
- Ensure the interagency agreement data in the Grants Information and Control System and Integrated Grants Management System are reconciled.

We also recommended that the Chief Financial Officer reformat the unliquidated obligation report and require forwarding of the report to Project Officers. The Agency agreed with these recommendations.

<http://www.epa.gov/oig/reports/2009/20090126-09-P-0086.pdf>

In the OIG report, *EPA Should Revise its Grant Accrual Methodology to Address Impact of Recovery Act Funds*, we found that EPA's grant accruals for the Fiscal Year 2009 financial statements may not include adjustments for additional funds received under the American Recovery and Reinvestment Act of 2009 (ARRA). EPA has historically computed grant accruals based on the results of a grantee billing practice survey. In February 2009, EPA was provided with \$7.2 billion under the ARRA for projects and programs administered by EPA. We recommended that the Chief Financial Officer modify the current grant accrual methodology to account for the increase in and nature of grant expenditures due to the ARRA. EPA agreed with our recommendations.

[http://www.epa.gov/oig/reports/2009/20090819-09-X-0217\\_cert.pdf](http://www.epa.gov/oig/reports/2009/20090819-09-X-0217_cert.pdf)

In the OIG report, *Pesticide Registration Fund Earns Unqualified Opinion*, we rendered an unqualified, or clean, opinion on EPA's Pesticide Registration Fund Financial Statements for FYs 2008 and 2007. The Pesticides Registration Improvement Act authorized EPA to assess and collect pesticide registration fees to expedite the registration of certain pesticides. The fees collected are deposited into the Pesticide Registration Fund. In our opinion, the financial statements, including the accompanying notes, present fairly, in all material respects, the assets, liabilities, net position, net cost, changes in net position, and budgetary resources of the fund. No instance of noncompliance was found during our audit.

<http://www.epa.gov/oig/reports/2009/20090303-09-1-0107.pdf>

In the OIG report, *Agency-wide Policy Would Improve Monitoring of Obligations under Superfund Cooperative Agreements*, we found that the regions audited (Regions 3, 5, and 8) have implemented effective procedures to adequately monitor the status of obligations under Superfund Cooperative Agreements. Those procedures should be used by all regions annually to identify funds available for deobligation. Also, the Agency has reduced the total amount of open obligations under Superfund Cooperative Agreements from December 4, 2006, to December 2, 2008. We also identified \$331,802 of open obligations in Region 3 that needed to be deobligated. During our audit, the Agency deobligated \$330,370 of that amount. The Agency deobligated \$1,432 less than the amount originally identified for one agreement because of a final drawdown; that agreement is now closed. We have identified several best practices used by Regions 3, 5 and 8, such as (1) requiring that States submit detailed reports on the status of each Superfund site twice a year, (2) requiring that budget officers solicit information from project officers and other staff twice a year to identify potential funds for deobligations, and (3) performing a deobligation exercise twice a year for Superfund Cooperative Agreements. We also recommended that the Director of Grants and Debarment incorporate these best practices into a uniform policy for reviewing unliquidated obligations under Superfund Cooperative Agreements in all regions. The Agency agreed with these recommendations.

<http://www.epa.gov/oig/reports/2009/20090922-09-P-0241.pdf>

## RISK ASSESSMENT AND PROGRAM PERFORMANCE

<b>Risk Assessment and Program Performance Results Summary – Reports Issued: 3</b>
<b>Environmental and Business Outcomes</b>
<ul style="list-style-type: none"> <li>• 1 EPA Policy, Directive, Practice/Process Change</li> <li>• 1 Action Taken or Resolved Prior to Report Issuance</li> <li>• 1 Environmental/Business Operational Control Risk or Challenge Eliminated</li> </ul>
<b>Environmental and Business Outputs</b>
<ul style="list-style-type: none"> <li>• 1 Critical Congressional/Public Management Concern Addressed Change</li> <li>• 17 Recommendations for Improvement</li> </ul>

### *Performance Highlights*

**EPA Staffing Levels and Facility Costs Determined:** In response to a request from the House Appropriations Subcommittee on Interior, Environment and Related Agencies, the OIG prepared several spreadsheets on the staffing levels, rental/lease fees, and utility and security costs for all of EPA's facilities and/or locations where EPA incurs costs associated with its employees. For those offices that house five or fewer employees, we provided the purpose of the facility, as requested. We determined that EPA had 18,054 employees working at about 140 facilities. The costs to operate those facilities totaled almost \$298.2 million a year, including \$235.1 million in rent/lease costs, \$41.8 million security costs, and \$21.3 million in utility costs. <http://www.epa.gov/oig/reports/2009/20090114-09-P-0080.pdf>

**Improvement Needed in Measuring and Reporting Pollution Prevention Program Results:** The OIG reviewed the Pollution Prevention Program's data provided in response to the OMB's Program Assessment Rating Tool (PART) assessment generally addressed the PART questions and supported the moderately effective rating received. We noted several weaknesses:

- The Pollution Prevention Program's FY 2006 PART performance measures were not designed to report on the program's impacts on human health and the environment. Pollution Prevention Program managers believed that reductions in discharges and emissions of pollutants represent the best measures that can be supported by data obtainable on a program-wide basis and acknowledge that additional outcome measures are needed to assess impacts on human health and the environment associated with hazardous materials reductions.
- The Pollution Prevention Program's verification and validation procedures did not ensure the accuracy of performance data. Pollution Prevention program managers had no assurance that performance results data obtained from voluntary partnerships with industry and other organizations were accurate. The Program's FY 2006 performance results were not reported consistently and contain inaccuracies. Strengthening data controls would provide Pollution Prevention managers with improved program performance data.
- While the Pollution Prevention Program has completed several interim PART follow-up actions, some of its actions to address its program improvement plan have been slow. In addition, the plan did not address all deficiencies identified in the PART assessment.

We recommended that EPA continue efforts to develop performance indicators that measure impacts on human health and the environment, require the development of a Pollution Prevention Division Quality Assurance Project Plan for data collection and reporting, and develop a program improvement plan to address all deficiencies identified in the PART assessment.

<http://www.epa.gov/oig/reports/2009/20090128-09-P-0088.pdf>

**EPA Should Use FMFIA to Improve Programmatic Operations:** EPA has not implemented and used the Federal Managers’ Financial Integrity Act (FMFIA) to improve program operations, as intended by federal and Agency guidance. Although EPA offices rely on annual guidance that the Office of the Chief Financial Officer (OCFO) issues:

- EPA offices have not developed internal control review strategies that include elements such as GRPA.
- OCFO’s guidance and training have not provided staff and managers with adequate awareness of the Government Accountability Office’s (GAO’s) internal control standards.
- OCFO’s guidance, until recently, has not required offices to report on compliance with all GAO standards.
- OCFO did not devote needed resources to validate assurance letters.

We recommended that the EPA Administrator support internal controls by announcing the FY 2010 FMFIA process and requiring that senior managers attend training. We also recommended that the Chief Financial Officer develop comprehensive, tiered FMFIA training for managers and staff, revise the internal checklist used as part of the strategy for validating Agency-wide FMFIA compliance, codify its validation strategy, and develop FY 2010 FMFIA guidance that contains OCFO FY 2009 supplemental guidance. The Agency agreed with our recommendations.

<http://www.epa.gov/oig/reports/2009/20090806-09-P-0203.pdf>

**EPA’s Office of Research and Development Could Better Use the Federal Managers’ Financial Integrity Act to Improve Operations:** The OIG found that the Office of Research and Development management integrity program is inconsistent with the Agency FMFIA guidance. The Office of Research and Development approaches FMFIA as an administrative reporting activity rather than an opportunity to evaluate and report on research program performance. As a result, the Office of Research and Development has not:

- Conducted a comprehensive risk assessment.
- Included National Program Directors in the FMFIA process.
- Developed and implemented a strategy to establish and evaluate the effectiveness of internal controls over research programs.
- Provided FMFIA training to managers and staff.
- Included relevant risk and program performance information in assurance letters.

We recommended that the Office of Research and Development (1) conduct a risk assessment using GAO standards and develop a comprehensive risk-based program review strategy, (2) develop comprehensive, tiered FMFIA training for managers and staff, and (3) revise its management integrity program to include programmatic operations. The Agency agreed with these recommendations.

<http://www.epa.gov/oig/reports/2009/20090915-09-P-0232.pdf>

## INFORMATION RESOURCES MANAGEMENT

<b>Information Resources Management Results Summary – Reports Issued: 6</b>
<b>Environmental and Business Results</b>
<ul style="list-style-type: none"> <li>• 11 Recommendations for Management Improvement</li> <li>• 17 Agency Management Actions Taken</li> <li>• 1 Management Challenges or Risks Identified</li> <li>• 2 New FMFIA Challenges Identified</li> </ul>

### *Performance Highlights*

The OIG contracted with a firm to conduct network vulnerability testing at various EPA locations to identify any local area network risk vulnerabilities and present the results to the appropriate EPA officials

so that the Agency could promptly remediate the vulnerability or document the planned actions to do so. Vulnerability testing at various locations, done per the Federal Information Security Management Act, disclosed the following at specific EPA locations:

- **EPA Headquarters, Washington, DC:** EPA could only identify 118 of the 391 Internet Protocol addresses identified by audit as containing vulnerabilities. This prevented EPA from taking immediate actions to address the identified vulnerabilities. Also, field work disclosed weaknesses in the quality of information EPA uses to track the ownership of Internet Protocol addresses. [http://www.epa.gov/oig/reports/2009/20090223-09-P-0097\\_glance.pdf](http://www.epa.gov/oig/reports/2009/20090223-09-P-0097_glance.pdf)
- **Research Triangle Park Campus, Research Triangle Park, North Carolina:** We originally issued this report to the National Computer Center at Research Triangle Park outlining several weaknesses that remained uncorrected since issuing the draft vulnerability assessment report. The National Computer Center provided an updated status to address the weaknesses under their control and, upon further discussion, we learned that several weaknesses must be corrected by other organizations within the Research Triangle Park Campus. [http://www.epa.gov/oig/reports/2009/20081209-09-P-0055\\_glance.pdf](http://www.epa.gov/oig/reports/2009/20081209-09-P-0055_glance.pdf)
- **Las Vegas Finance Center, Las Vegas, Nevada:** Internet Protocol addresses with medium-risk vulnerabilities were identified. Although Center personnel took actions to remediate the findings, supporting documentation is needed. [http://www.epa.gov/oig/reports/2009/20081209-09-P-0054\\_glance.pdf](http://www.epa.gov/oig/reports/2009/20081209-09-P-0054_glance.pdf)
- **Radiation and Indoor Environments National Laboratory, Las Vegas, Nevada:** Internet Protocol addresses with medium-risk vulnerabilities were identified. The Laboratory took appropriate actions to resolve the network vulnerabilities under their control. [http://www.epa.gov/oig/reports/2009/20081209-09-P-0053\\_glance.pdf](http://www.epa.gov/oig/reports/2009/20081209-09-P-0053_glance.pdf)
- **Region 9, San Francisco, California:** Internet Protocol addresses with high- and medium-risk vulnerabilities were identified. Although Region 9 took actions to remediate most of the documented findings, several vulnerabilities were identified. Although Region 9 took actions to remediate most of the documented findings, several vulnerabilities (both high and medium) remained unresolved. [http://www.epa.gov/oig/reports/2009/20081209-09-P-0052\\_glance.pdf](http://www.epa.gov/oig/reports/2009/20081209-09-P-0052_glance.pdf)

In the OIG report, *Project Delays Prevent EPA from Implementing an Agency-wide Information Security Vulnerability Management Program*, we found that EPA implemented 56 percent (15 of 27) of the information security audit recommendations we reviewed. EPA's lack of progress on four key audit recommendations we made in 2004 and 2005 inhibits EPA from providing an Agency-wide process for security monitoring of its computer network. We recommended that the Director of Technology Operations and Planning, within the Office of Environmental Information:

- Create Plans of Action and Milestones for each unimplemented audit recommendation listed in Appendix B.
- Update EPA's Management Audit Tracking System to show the status of each unimplemented audit recommendation listed in Appendix B of the OIG Semiannual Reports.
- Provide EPA program and regional offices with an alternative solution for vulnerability management, including establishing a centralized oversight process to ensure that EPA program and regional offices (a) regularly test their computer networks for vulnerabilities, and (b) maintain files documenting the mitigation of detected vulnerabilities.
- Establish a workgroup of program and regional EPA information technology staff to solicit input on training needs and facilitate rolling out the Agency-wide vulnerability management program.
- Issue an updated memorandum discussing guidance and requirements.

The Agency agreed with these recommendations.

<http://www.epa.gov/oig/reports/2009/20090921-09-P-0240.pdf>

In the OIG report, *Results of Technical Network Vulnerability Assessment: EPA's Potomac Yard Buildings*, we contracted with Williams, Adley & Company, LLP and found that vulnerability testing of EPA's Potomac Yard buildings network conducted during April 2009 indicated several *high-risk* vulnerabilities. If not resolved, these vulnerabilities could expose EPA's assets to unauthorized access and potential harm to the Agency's network. We recommended that the Director of Technology Operations and Planning and the Senior Information Officials:

- Implement actions to resolve all high-risk vulnerability findings.
- Update EPA's Automated Security Self Evaluation and Remediation Tracking system.
- Perform a technical vulnerability assessment within 30 days to demonstrate and document that corrective actions have resolved the vulnerabilities.

[http://www.epa.gov/oig/reports/2009/20090630-09-P-0188\\_glance.pdf](http://www.epa.gov/oig/reports/2009/20090630-09-P-0188_glance.pdf)

In the OIG report, *Lack of Project Plan Resulted in Transition and Contractor Performance Problems for the Institutional Controls Tracking System*, we found that the lack of compliance with established project management procedures resulted in transitional problems in 2005 that delayed Institutional Controls Tracking System development and negatively affected contractor performance. Although we could not substantiate the mismanagement claims alleged in the hotline complaint, the absence of key decision documents and significant turnover of key Institutional Controls Tracking System personnel could have contributed to the complainant's perception that Institutional Controls Tracking System project decisions were made in a haphazard manner. We recommended that the Director, Office of Superfund Remediation and Technology Innovation, Office of Solid Waste and Emergency Response:

- Document procedures for overseeing development activities for the Superfund Document Management System project as prescribed by EPA System Life Cycle Management guidance.
- Conduct and document a review of Superfund Document Management System documentation to ensure the document is current. If needed, direct the contractor to update the documentation.
- Create a Plan of Actions and Milestones in EPA's Automated Security Self Evaluation and Remediation Tracking system for the two recommendations.

The Agency agreed with these recommendations.

<http://www.epa.gov/oig/reports/2009/20090325-09-P-0128.pdf>

In the OIG report, *EPA Should Delay Deploying Its New Acquisition System until Testing Is Completed*, we found that OAM did not comply with EPA's System Life Cycle Management policy and procedure while developing the new EPA Acquisition System. OAM did not fully develop the system's requirements documents during the requirements phase, and requirements were incomplete. Test scripts were not developed to prove that the system fulfilled all requirements and ensure that the system would function as required. Although the EPA Acquisition System Project Manager developed a Draft Master Test Plan that contained testing procedures, OAM management never approved, implemented, and enforced this plan. We recommended that the Assistant Administrator for Administration and Resources Management:

- Identify and document all system requirements, including functional, technical, security, and EPA-specific requirements, in the EPA Acquisition System Requirements.
- Update, review, and implement formal testing policies and procedures.
- Delay implementing the EPA Acquisition System until OAM has successfully tested all system requirements.
- Update the EPA Acquisition System Project Schedule to communicate the current status of and future plans for EPA Acquisition System project activities.
- Develop and implement oversight procedures to ensure that further EPA Acquisition System development activities and future projects adhere to all requirements.

<http://www.epa.gov/oig/reports/2009/20090720-09-P-0197.pdf>



In the OIG report, *ECHO Data Quality Audit – Phase I Results: The Integrated Compliance Information System Needs Security Controls to Protect Significant Non-Compliance Data*, OIG contracted with a firm and found that end users of the Permit Compliance System and Integrated Compliance Information System National Pollutant Discharge Elimination System (ICIS-NPDES) can override the Significant Non-Compliance data field without additional access controls. This occurs because EPA has not implemented database security features to restrict access to this field. Further, the ICIS-NPDES database edit checks do not prevent access to the Significant Non-Compliance field. As a result, users can change original data without authorization, which could directly affect ICIS-NPDES data made available to the public via the Enforcement and Compliance History Online System. We recommended that the Director of Compliance, Office of Enforcement and Compliance Assurance, should implement database security features to limit the end users’ ability to change the Significant Non-Compliance code in ICIS-NPDES. The Agency agreed with these recommendations.

<http://www.epa.gov/oig/reports/2009/20090831-09-P-0226.pdf>

## INVESTIGATIONS

<b>Investigative Results Summary</b>
<ul style="list-style-type: none"> <li>• 61 Investigations Closed</li> <li>• 47 Investigations Opened</li> </ul>
<b>Environmental and Business Results</b>
<ul style="list-style-type: none"> <li>• \$6.2 M Fines, Settlements, Restitutions</li> <li>• \$0.3 M Cost Efficiencies</li> <li>• 12 Convictions of Persons or Firms</li> <li>• 14 Indictments/Informations of Persons or Firms</li> <li>• 55 Administrative Actions</li> <li>• 4 Referrals for Agency Actions</li> </ul>

### **Performance Highlights**

As a result of an OIG investigation, on December 15, 2008, in U.S. District Court for the District of New Jersey, Bennett Environmental, Inc. (BEI), a Canadian company, was sentenced to 5 years probation and ordered to pay a \$1,000,000 fine and \$1,662,000 in restitution to EPA. The restitution order applies jointly to BEI and several co-conspirators. This sentencing is a result of BEI’s guilty pleas in a bid-rigging scheme in connection with awarding subcontracts at the Federal Creosote Superfund site in Manville, New Jersey. In addition, to the criminal sentence, BEI entered into a compliance agreement with EPA. As part of this agreement, BEI will establish a corporate responsibility program, which includes establishing ethical standards and a business code of conduct, as well as training its employees in these areas. *This case is being conducted with the Internal Revenue Service Criminal Investigation Division.*

Moshe Rubaskin of Brooklyn, New York, was sentenced in U.S. District Court for the Eastern District of Pennsylvania on November 4, 2008, to 16 months in prison to be followed by 3 years of supervised release, and was ordered to pay \$450,000 in restitution and a \$7,500 fine. Rubaskin previously pled guilty to storing hazardous waste at a textile factory in Allentown, Pennsylvania. In addition, his son, Sholom Rubaskin, also pled guilty to making a materially false claim to EPA. On March 24, 2009, his son was sentenced to 4 months in prison to be followed by 3 years of supervised release, and was ordered to perform 250 hours of community service and pay a \$5,000 fine. In addition, the son will be held jointly liable, along with his father, for the \$450,000 in restitution. *This case is being conducted with the EPA Criminal Investigation Division.*

As a result of an OIG investigation, on April 15, 2009, Brent Anderson, of Oak Ridge, Tennessee, was convicted and sentenced in the U.S. District Court for the Eastern District of Tennessee for filing a false material statement in documents required to be maintained by the CAA. Anderson was sentenced to 12 months' probation, and ordered to perform 50 hours of community service and pay a \$100 assessment. Anderson, the Operations Manager for Heraeus Metal Processing, Inc., falsified baghouse pressure logs and scrubber logs that were required to be maintained at the Heraeus facility in Wartburg, Tennessee, pursuant to permits issued by the Tennessee Department of Environment and Conservation under delegations from EPA. After the falsification became known, Heraeus fully cooperated with the federal investigation. In January 2009, Heraeus was convicted and sentenced to 18 months' probation and ordered to pay a \$350,000 fine. Based upon the conviction, a CAA Listing was published whereby Anderson is prohibited from receiving any government contract, loan, or benefit at the violating facility until the conditions that gave rise to the CAA violation have been corrected. *This case is being conducted with the East Tennessee Environmental Crimes Task Force, which includes EPA Criminal Investigation Division and OIG, the Tennessee Department of Environment and Conservation, and the Tennessee Valley Authority OIG.*

As a result of an OIG investigation, on April 24, 2009, Robert Newell, the former governor of the Passamaquoddy Tribe Indian Township Reservation, and James Parisi, the former finance director under Newell, were found guilty after a 2-week jury trial in U.S. District Court for the District of Maine. Newell was convicted of conspiring to defraud the United States, intentionally misapplying tribal government funds, intentionally misapplying funds of a federal health care benefit program, making false statements to U.S. agencies, and submitting false claims to the government. The charges relate to the use of restricted funds awarded to the Tribe while Newell was the governor from 2002 to 2006. Parisi was convicted of conspiracy, intentionally misapplying tribal funds and health care benefit program funds, and submitting false claims. The investigation established that from 2003 to 2006, Newell and Parisi conspired to defraud the government by misapplying approximately \$1.7 million in restricted federal funds that had been awarded to the Tribe for the benefit of its tribal programs. *This investigation was conducted with the Offices of Inspector General of the U.S. Department of Interior, U.S. Department of Justice, U.S. Department of Health and Human Services, and U.S. Department of Housing and Urban Development; the U.S. Department of Labor's Employee Benefits Security Administration; and the U.S. Attorney's Office.*

Justin Vassas was sentenced on November 13, 2008, in U.S. District Court for the Middle District of Louisiana to 6 months of home detention and 5 years probation, and ordered to pay a \$2,000 fine. The sentence relates to Vassas's guilty plea to falsely impersonating an employee of the Federal Government. After Hurricane Katrina, Vassas sought to obtain monies from an individual by falsely representing that EPA would reimburse him for costs associated with the clean-up of debris from his property. Specifically, Vassas attempted to have the individual pay for a trash dumpster that was not needed. Vassas further attempted to execute his scheme by using information obtained from EPA's Website to create an employee identification number for a fictitious EPA employee.

As a result of an OIG investigation, on December 3, 2008, Stephanie Jackson, of Arlington, Texas, was sentenced in U.S. District Court for the District of Massachusetts to 3 years probation and ordered to pay \$23,712 in restitution to EPA. Jackson was previously charged in June 2008. Jackson was employed with The Environmental Careers Organization, Inc. (ECO). ECO placed Jackson in an internship position with EPA in March 2006; however, EPA contacted ECO within 2 weeks and requested that Jackson be replaced with another intern. After she left her internship at EPA, Jackson submitted forged timesheets to ECO, which subsequently continued to pay Jackson a salary for approximately 1 year after her internship had been terminated. Her salary was paid from funds provided to ECO through an EPA grant.



In March 2006, the OIG opened a preliminary investigation of EPA asbestos clean-up efforts at the Superfund site in Libby, Montana, based on allegations that EPA failed to fully address scientific standards for clean-up and possible contractor misconduct. The investigation determined that no criminal activity occurred but that further evaluation of potential risks to the public should be considered. Over the past several years, hundreds of cases of asbestos-related disease have been documented in the Libby area stemming from asbestos-contaminated vermiculite mined in the area. On April 21, 2009, Public Employees for Environmental Responsibility filed a lawsuit against the OIG seeking the release of the April 2006 memorandum. The OIG released this memorandum based on new FOIA guidelines issued by the President and the Attorney General. This information was released in Report No. 09-P-0146, *Public Release of "Rumple Report" on Preliminary Investigation of EPA Clean-up of Amphibole Asbestos in Libby Montana*, issued April 28, 2009.

## U.S. CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD

### ***Performance Highlights***

In the OIG report, *Risk Management Program for Airborne Chemical Releases Can Be Improved*, we found that EPA can improve management and oversight to better assure that facilities covered by the CAA's RMP submit a Risk Management Plan and comply with Program requirements. We recommended that EPA implement additional management controls to identify facilities with regulated chemicals that have not filed Risk Management Plans. We also recommended that EPA develop a risk-based inspection strategy to target higher-priority facilities for inspection and track progress in completing inspections. The Agency concurred with all of our recommendations.

<http://www.epa.gov/oig/reports/2009/20090210-09-P-0092.pdf>

## LEGAL REVIEWS

### ***Performance Highlights***

**No Violations Found in Removal of Comments from Peer Review Report:** In response to a request from the EPA Deputy Administrator, we conducted a review of whether EPA violated existing federal law, regulations, guidance, or other relevant requirements when it removed the peer review panel chair's comments from a peer review report on polybrominated diphenyl ethers (PBDEs). After the completion of the external peer review of PBDE, EPA received allegations of a lack of impartiality and objectivity by the chair, Dr. Deborah Rice. EPA examined the allegations, removed Dr. Rice's comments from the PBDE peer review report, and published an explanatory message in the report and on the associated Website. Although we did not make a recommendation, we suggested that EPA consider establishing a process for reviewing allegations of conflict of interest or lack of impartiality raised after a peer review panel has convened. (Report No. 09-P-0084, *No Violations Found Regarding Removal of Comments from an External Peer Review*, January 16, 2009)

**Actions to Deny California Emissions Waiver Did Not Deviate from Protocol:** In response to a congressional request from the Subcommittee on Interior, Environment, and Related Agencies of the U.S. Senate's Appropriations Committee, we reviewed whether then EPA Administrator Stephen Johnson's actions to deny California's request for a waiver to implement a law to reduce greenhouse gas emissions from automobiles satisfied the procedural statutory requirements. On December 19, 2007, the Administrator sent a letter to California's Governor informing him that EPA "will be denying" California's waiver request. The explanation for the Administrator's decision was set out in a lengthy Federal Register decision on March 6, 2008. We found that the Administrator conducted a notice and hearing phase and based his decision to deny the waiver on one of the three criteria set out in Section

209(b) of the CAA, which satisfied the procedural statutory requirements. (Report No. 09-P-0056, *EPA's California Waiver Decision on Greenhouse Gas Automobile Emissions Met Statutory Procedural Requirements*, December 9, 2008)

**Release of “Talking Points” to Former Administrator Not Found to Be a Violation:** In response to a request from a member of the Committee on Environment and Public Works, we reviewed the preparation and subsequent release in October 2007 of talking points related to the California waiver petition to former EPA Administrator William Reilly and determined that the preparation and release did not constitute a violation of law, regulation, or policy. We found that Anti-Lobbying Act provisions are not applicable to these events, and the activities did not violate the ethics regulations governing use of government equipment, resources, and position. We found that no “inside” or confidential information had been disclosed, and the preparing of the information was consistent with EPA’s unwritten practice of sharing information with stakeholders. (Report No. 09-P-0043, *Response to Congressional Inquiry Concerning EPA’s Preparation and Provision of Information Regarding California Waiver Decision*, November 26, 2008)

## BRIEFINGS

### *Performance Highlights*

**Acting Inspector General Briefs Key House Appropriators on Challenges Facing EPA:** On March 4, 2009, Acting Inspector General Bill Roderick briefed the Chairman and Ranking Member of the House Appropriations Subcommittee on Interior, Environment and Related Agencies, on financial and program management issues facing the EPA based on prior OIG work. Mr. Roderick identified three financial management issues warranting attention:

- Unliquidated grant obligations, which are funds awarded to recipients that have not been spent.
- Superfund special accounts.
- Special Appropriation Act Project grants.

**Testimony on the Clean Water Act after 37 Years:** On October 15, 2009, Wade Najjum, Assistant Inspector General for Program Evaluation, testified before the House Transportation and Infrastructure Committee during a hearing on the challenges facing EPA that bear on its ability to effectively manage, oversee, and enforce environmental laws, including the CWA. Over the years, the OIG has issued numerous reports that pertain to aspects of the CWA ranging from EPA’s oversight of major facilities in long-term significant noncompliance, efforts to clean up the Chesapeake Bay and the Great Lakes, and delays in establishing water quality standards for nutrients. On the 37<sup>th</sup> anniversary of the CWA, we believe that a recommitment to the protection of the nation’s waters can be achieved by an EPA that is strategically aligned to uniformly enforce environmental statutes and provide consistent oversight of its Regions and State delegations. This will require a comprehensive review of EPA’s current organization and a commitment to implement best practices.

**Testimony on the EPA Recovery Act Funding and Oversight Activities:** On April 29, 2009, Melissa Heist, Assistant Inspector General for Audit, testified before the House Transportation and Infrastructure Committee on the challenges EPA faces in implementing the ARRA and the OIG’s plans to oversee EPA Recovery Act activities. The ARRA provided EPA with \$7.2 billion, roughly equal to its FY 2009 appropriation, for six existing EPA programs. The purpose of the ARRA as it applies to EPA is to preserve and create jobs, promote economic recovery, and invest in environmental protection and other infrastructure that will provide long-term economic benefits. The OIG found that the EPA must manage ARRA funds to achieve these purposes while commencing expenditures and activities as quickly as possible, consistent with prudent management.

## OIG ENABLING SUPPORT PROGRAMS

### *Performance Highlights*

**OIG FY 2010 Annual Plan Designed to Address Agency Risks:** The OIG executed a planning process based upon the Enterprise Risk Management Integrated Framework Model developed by the Committee of Sponsoring Organizations of the Treadway Commission. This resulted in the development of an FY 2010 strategy and work plan that addresses EPA's most significant environmental and management risks, priorities, and challenges. The Plan is available at <http://www.epa.gov/oig/planning.htm>. The planning process included developing and updating a comprehensive compendium of risks, challenges, and opportunities for each Agency management and media area, as well as regional cross-goal and management issues. The plan lists assignments in progress from FY 2009 for completion in FY 2010, along with required assignments and those selected to start during the first half of FY 2010, by product line. This plan, which also provides a summary update on the OIG Strategic Plan, is designed to adjust for new priorities and conditions while pursuing a program of work that leverages the greatest return on investment in terms of Agency improvements, performance, and risk reduction.

**Legislation and Regulations Reviewed:** The OIG analyzed 79 proposed changes to legislation, regulations, policy, and procedures that could affect EPA and provided comments on 30 of those reviewed. Items on which the OIG made significant recommendations include the H.R. 1, American Recovery and Reinvestment Act of 2009, Proposed Resource Management Directive Chapter 2540-16, *Financial Emergency Management Policy Standard and Procedure*, Council of Inspectors General on Integrity and Efficiency Exposure Draft for the *Guide for Conducting External Peer Reviews of the Audit Operations of Offices of Inspector (the Guide)*, Proposed Revision to the Resource Management Directive Chapter 2550D-12, *Superfund Cost Documentation and Cost Recovery*, Interim Agency Guidance Regarding Communications with Federally Registered Lobbyists about Recovery Act Funds, Proposed Revision to EPA Order 3110.5A, and Clearance Procedures for Employees Separating or Transferring from EPA.

**OIG Audit Follow-up Strategy Demonstrating Results:** The OIG has been implementing a strong follow-up strategy for increasing both the OIG's and Agency's attention to the process for resolving (reaching agreement on actions to be taken) and completing agreed-to actions on OIG recommendations. Follow-up, which is a shared responsibility between the Agency and the OIG, is a process by which the Office of the Chief Financial Officer monitors and reports on Agency implementation of audit recommendations, and OIG auditors determine the adequacy, effectiveness, and timeliness of actions taken by management on all reported audit findings.

To comply with Inspector General Act reporting requirements and help EPA managers gain greater awareness of outstanding commitments for action, we are now issuing semiannually a "Compendium of Unimplemented Recommendations." The Compendium is produced as an appendix to each Semiannual Report to Congress and as well as a stand-alone report issued to Agency management. The identification of unimplemented recommendations through the Compendium has appeared to result in a significant increase in corrective actions being taken by the Agency. Additionally, at the OIG's behest, the Agency Annual Integrity Review Policy and Process now requires an examination of all outstanding audit recommendations. The OIG is also examining its own process for closing out recommendations leading to successful resolution, and has enhanced its management information system to provide accountability for each recommendation within the OIG and through its connection to the Agency's follow-up tracking system.

**OIG Quality Assurance Program:** The OIG operates a rigorous Quality Assurance Program to provide objective, timely, and comprehensive reviews to ensure that OIG work complies with pertinent laws, professional standards, regulations, and policies and procedures, and is carried out efficiently and

effectively. OIG offices, activities, processes, and products are subject to review. Our OIG Quality Assurance Program team conducts independent referencing reviews of all draft/final audit and evaluation reports and ensures conformance with the standards of the Comptroller General and Council of Inspectors General on Integrity and Efficiency. Our Quality Assurance Program involves:

- Report quality assurance.
- Quality assurance reviews of audit, evaluation, and investigative activities.
- Annual self-assessments of each OIG office.
- Administrative program reviews.
- Independent internal quality review of OIG performance by an outside firm.
- External peer reviews conducted by other OIGs.
- Use of a quality assurance checklist.

**OIG Internal Control Assessment Identifies Challenges, Areas for Improvement:** In accordance with FMFIA, Agency guidance, and the five GAO internal control standards, OIG has assessed the effectiveness of its internal controls and operations during this reporting period. In addition, the OIG assessed the progress to improve weaknesses identified in last year's review. This included a survey of all OIG employees. As a result, internal controls within the OIG are adequate to reasonably ensure the protection of programs, operations, functions, and resources against fraud, waste, abuse, and mismanagement, and the OIG is in compliance with all applicable laws and regulation.

We identified an internal management weakness related to staffing. The OIG has been directed by Congress to increase staffing. However, for the past 2 years the OIG has been frustrated at the lengthy process associated with depending upon EPA's Human Capital services. Also, the OIG legacy investigative case management system has been identified as a weakness, and the OIG is exploring several case management systems used by agencies within the Inspector General community that perform a similar investigative function or mission.

## OTHER ACTIVITIES

**OIG Issues 2008 Annual Performance Report and Statistical Abstract:** The OIG issued its Annual Performance Report for FY 2008, its seventh such annual report. This report has been enhanced with a statistical abstract. The report presents narrative and statistical summaries of OIG performance, and demonstrates the OIG's value added and return on investment to the public. The report includes historical financial and performance data tables that demonstrate time series trends and relationships. This Annual Performance Report, designed to provide full accountability for the operations of the OIG, supplements the OIG summary statistics in EPA's FY 2008 Performance Accountability Report. It includes a bulleted account of OIG performance highlights and operational improvement, financial summaries, management challenges, summaries of OIG operations and productivity, narrative highlights of how OIG work is improving EPA operations, and the costs and timeliness of all issued products. The report is available at <http://www.epa.gov/oig/reports/2009/AnnualPerformanceReport2008.pdf>.

**OIG Continues Integrating Technology for Greater Efficiency and Transparency:** The OIG expanded the development and application of its integrated management information system (Inspector General Enterprise Management System, or IGEMS) by creating a new module for the OIG Performance Measurement and Results System. This system captures, aggregates, sorts, and reports on the outputs and monetary and cumulative results of OIG work through a variety of measures. The Performance Measurement and Results System combines the costs of each assignment by type, timeliness, associated team members, and quality score for a balanced scorecard and return-on-investment approach to activity and performance accountability. This system, in conjunction with IGEMS, provides a means to track actions on individual recommendations to enhance follow-up and accrue continuing outcome results and benefits attributable to OIG recommendations. The Performance Measurement and Results System

provides real-time performance progress reporting against annual Government Performance and Results Act targets, and will be used to fulfill the OIG reporting requirements of the Recovery Act.

**EPA Needs to Strengthen Its Guidance for Reporting on Internal Control Assessments:** In a January 30, 2009, memorandum to the Acting Chief Financial Officer, we pointed out that EPA's FY 2009 guidance for implementing FMFIA, while citing all five elements only required program offices to report on the Control Environment. Reporting on all elements would enhance the effectiveness of the internal control assessment process and provide added support for the program offices' annual assurance letters. We suggested that the Office of the Chief Financial Officer revise its FY 2009 FMFIA guidance to require program offices to report on all five aspects of the internal control standards. In response to our memorandum, the Office of the Chief Financial Officer indicated it plans to revise the template for FY 2010. The Office of the Chief Financial Officer also agreed to strengthen the 2009 personal statements of assurance required of all Assistant and Regional Administrators in their assurance letters to the Administrator to specifically require that they assessed effectiveness of internal controls based on the Government Accountability Office's five standards.

**Costs of Financial Statement Audits Reduced 39 Percent:** A "Most Efficient Organization" independent validation report issued by a contractor on September 11, 2009, found that the EPA OIG's cost to conduct the FY 2008 financial statement audits in FY 2009 was 39 percent lower than the baseline figure used under the OMB Circular A-76 process. The study was conducted by a contractor selected by EPA. The OIG had won a sourcing competition under OMB Circular A-76, *Performance of Commercial Activities*, to conduct annual audits of EPA's Consolidated Financial Statements, the Pesticide Registration Fund, and the Pesticides Reregistration and Expedited Processing Fund for the 5-year period beginning March 1, 2008. The actual cost of the three audits was approximately \$1.2 million less than the amount the OIG incurred conducting these audits for FY 2006 – the baseline year. In addition to the cost findings, the independent review found that technical and cost performance was being adequately monitored, and that technical performance was of above-average acceptable quality. The review was not an audit, and there is no formal corrective action process connected to the review.

**OIG Reviews EPA's FY 2008 Draft Performance and Accountability Report:** Our review of EPA's FY 2008 draft Performance and Accountability Report found the report to, overall, be complete in its fulfillment of Government Performance and Results Act requirements. Congress directed OIGs to annually review and report on their agencies' general compliance with the Government Performance and Results Act. We fulfilled this direction by reviewing and reporting to the Agency on its draft annual Performance Accountability Report. We generally did not verify the accuracy of the data. EPA's draft had a number of improvements based on our suggestions in prior years, and continues the positive trend of being more specific. However, the report had areas that still needed to be structurally strengthened. For example:

- Better balance and perspective needed.
- Greater emphasis on collaboration and relative contribution needed.
- EPA results narrow (not recognizing the confluence of integrated program activity).

In response to our review comments, EPA's Office of the Chief Financial Officer made a number of improvements in the final version of the Agency's Performance and Accountability Report.

## OIG-Reported Key Agency Management Challenges

The Reports Consolidation Act of 2000 requires the OIG to report on the Agency's most serious management and performance challenges, known as the Key Management Challenges. Management Challenges represent vulnerabilities in program operations and their susceptibility to fraud, waste, abuse, or mismanagement. This fiscal year, the OIG identified three new challenges. The Agency took sufficient action on three previous challenges and they were removed from the list. The table below includes issues the OIG identified as Key Management Challenges facing EPA and the relationship of the issues to the Agency's Strategic Plan and the President's Management Agenda.

EPA's Top Major Management Challenges Reported by the Office of Inspector General	FY 2007	FY 2008	FY 2009	Link to EPA Strategic Goal
<b>Management of Stimulus Funds:</b> The American Recovery and Reinvestment Act of 2009 (ARRA) will provide EPA with \$7.2 billion through FY 2011. The Agency will face significant challenges in meeting ARRA requirements while carrying out its ongoing programs. Monitoring recipients' activities while commencing expenditures and activities as quickly as possible will present further challenges. The ARRA grants EPA awards require additional monitoring and oversight. EPA will need to rely heavily on State agencies, as the primary funding recipients, to properly monitor sub-recipients' use of funds. Superfund work will generally be awarded with contracts, and with the emphasis on starting work quickly, EPA needs to make sure contractors are ready and able to accept the additional work.			●	Cross-Goal
<b>EPA's Organization and Infrastructure:</b> EPA has about 140 offices and laboratories. Due to diminishing resources, the autonomous nature of regional and local offices and the growing pressure to expand its role globally, EPA will be challenged to assess the efficiency and effectiveness of its current structure.	●	●	●	Cross-Goal
<b>Performance Measurement:</b> EPA must focus on the logic and design of its measures for success and efficiency, along with data standards and consistent definitions, to ensure that adequate information is obtained and used to evaluate and manage EPA programs, operations, processes, and results.	●	●	●	Cross-Goal
<b>Threat and Risk Assessments:</b> EPA does not comprehensively assess threats to human health and the environment across the environmental media for which EPA is responsible (air, water, etc.) to ensure actions are planned, coordinated, and budgeted most efficiently and effectively. This fragmentary approach continues because environmental laws often focus on single media or threats.		●	●	Cross-Goal
<b>Water and Wastewater Infrastructure:</b> Drinking water and wastewater treatment systems are reaching the end of their life cycle, and huge investments will be needed to replace, repair, and construct facilities.	●	●	●	Goal 2 Goal 4
<b>Meeting Homeland Security Requirements:</b> EPA needs to implement a strategy to effectively coordinate and address threats, including developing a scenario to identify resource needs, internal and external coordination points, and responsible and accountable entities.		●	●	Cross-Goal
<b>Oversight of Delegations to States:</b> Many States and tribes are responsible for implementing EPA's programs, enforcing laws and regulations, and reporting on program performance, with EPA retaining oversight responsibility. Inconsistent capacity and interpretation among State and tribal entities limit accountability and compliance.	●	●	●	Goal 4 Goal 5
<b>Chesapeake Bay Program:</b> After more than 20 years of effort by federal, State, and local governments, Bay waters remain degraded; required nutrient and sediment reductions will not be met by the 2010 target. EPA needs to institute management controls ensuring that actions to manage land development, agricultural runoff, nutrient reduction technology, and air emissions are implemented, and that consistent sources of funding are identified by EPA partners.		●	● ●	Goal 2 Goal 4
<b>Voluntary Programs:</b> EPA must ensure that voluntary approaches and innovative or alternative practices are managed using standards, consistent processes, and verifiable data. This is needed to ensure that programs are efficiently and effectively providing intended and claimed environmental benefits.		●	●	Cross-Goal
<b>Safe Reuse of Contaminated Sites:</b> In the last decade, EPA has placed increasing emphasis on reusing contaminated or once-contaminated properties. However, EPA's managing of long-term oversight and monitoring for the safe use of these sites increasingly lagged as EPA continues to heavily promote reusing these sites without the investment needed to ensure safety.			●	Goal 3 Goal 4



## OIG Management Challenges

In FY 2009, for the 10<sup>th</sup> straight year, the OIG reported no material weaknesses under the Federal Managers' Financial Integrity Act. Further, the OIG continues to make progress in addressing reported OIG-level weaknesses. Several of the weaknesses identified in FY 2008 were not fully resolved in FY 2009 because of their complexity.

OIG - Level Weakness	2007	2008	2009
Information Technology	■		
Product Timeliness and Quality		■	
Office Security – Controls Over Equipment	■		
Communication Equipment/Accuracy of WCF Charges		■	
Freedom of Information Act Requests		■	
Staffing		■	
Organizational Structure		■	
Records Management			■
Follow-up on Corrective Actions – Data Quality			■
Policies and Procedures			■
Investigative Case Management			■

The OIG took the following steps during FY 2009 to assess and improve management controls:

- Continued to develop and transfer OIG applications into a common IT infrastructure, IGEMS, with the goal of achieving a fully-integrated system with single sign-on capabilities;
- Achieved 98% rating for processing system patches to address emerging security vulnerabilities;
- Implemented formal Data Dissemination Procedures to control and protect release of sensitive Personally Identifiable Information;
- Issued a Malicious Code Security Policy to implement controls to minimize the risk that malicious code may compromise the availability, integrity and/or confidentiality of OIG information on user computers, mobile devices, and network resources;
- Revised the OIG policy for protecting PII to incorporate new restrictions for transporting and storing sensitive PII;
- Received top security scores for implementing Federal Information Security Management Act requirements: 100% with respect to the maturity of our security program, and 99% and 96% for compliance with Windows and NetWare security requirements, respectively;
- Coordinated and implemented OIG responsibilities for planning, measuring, evaluating, and reporting under the Government Performance and Results Act, FMFIA, and the Inspector General Act as well as requirements of the Council of the Inspectors General on Integrity and Efficiency;
- Coordinated all budgeting, controllership, and financial management for the OIG including development of the Annual Performance Targets and Budget Submission to the Office of Management and Budget, Congressional Justification, Operating Plan, Working Capital Fund service agreements, accounting codes, and monthly Status of Resources reports;
- Reviewed and commented on regulatory and policy issues and Agency directives;
- Produced the OIG FY 2008 Annual Performance Report;
- Conducted an OIG FMFIA internal control review and reporting process;



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- Entered into an Interagency Agreement with OPM to improve the OIG hiring process;
- Prepared periodic vacancy and FTE reports to show status by office, of staffing levels and projections, including ARRA, linked to the budget;
- Prepared quarterly Congressional reports on OIG staffing and vacancy levels;
- Coordinated planning process by theme leading to the development of an Annual Work Plan with an updated revision of the strategic plan goals;
- Developed revised cost accounting process for individual office direct product rates and overhead allocation rates – fully transparent;
- Prepared semiannual compendiums of unimplemented recommendations;
- Performed organization-wide assessment of results and accomplishments;
- Participated in Agency, RAT Board and OIG level performance and activity measurement process for public reporting;
- Worked with the Agency on Recovery Act matters to provide for adequate controls and minimize fraud, waste, and abuse;
- Initiated Recovery Act audit assignments to provide independent assessments of selected Recovery Act matters;
- Established an Efficiency Audits Product Line to better support mission accomplishment;
- Attended specialized training courses and seminars offered by organizations such as the Association of Certified Fraud Examiners;
- Attended numerous job fairs to improve recruitment efforts;
- Identified a weakness in the Agency's approval process for GovTrip and initiated an evaluation of those controls.

## OIG FY 2009 Profile of Activities and Results

Audit/ Evaluation Activity and Agency Action		Investigative Activity		
<b>Reports Issued</b>				
▪ Reviews performed by OIG	66	▪ Investigations opened	61	
▪ Reviews performed by Independ. Public Accountants	12	▪ Investigations closed	47	
▪ Reviews by another Federal Agency	37	▪ Pending investigations as of 9/30/09	104	
▪ Single Audit Reviews	138	▪ Indictments persons/firms	14	
<b>TOTAL Reports</b>	<b>253</b>	▪ Convictions persons/firms	12	
<b>Monetary Results (in millions)</b>		▪ Administrative actions: EPA employees/firms	55	
▪ Questioned EPA costs - OIG performed	\$1.5	▪ Civil judgments	0	
▪ Questioned EPA costs from DCAA/OIG coordinated	\$13.3	▪ Fines and recoveries (in millions)	\$6.1	
▪ Cost efficiencies – OIG performed	\$62.3	▪ Cost Savings	\$0.3	
▪ Cost efficiencies from DCAA/OIG coordinated	\$0.0	▪ Prison time in months	162	
▪ Questioned EPA Costs sustained (from current and prior periods)	\$3.9	▪ Suspended time in months	6	
▪ Cost efficiencies sustained (from current and prior periods)	\$49.5	▪ Probation in months	626	
▪ Reports resolved (from current and prior periods)	178	▪ Community service in hours	340	
▪ Agency recoveries (from current and prior periods)	\$17.4			
Audit Resolution (Dollars in Millions)	Questioned	Efficiencies	Other	
<b>Recommendations as Costs</b>				
▪ With no management decision start FY 2009 (50)	\$21.9	\$60.6	▪ Hotline inquiries received	568
▪ Issued in FY 2009 (46)	<u>\$14.8</u>	<u>\$62.3</u>	▪ Hotline inquiries closed	561
▪ Total inventory –net (96)	\$36.6	\$122.9	▪ Hotline inquiries pending 9/30/09	7
▪ Agreed to/sustained by management or value of nonawards (not including prior to issuance) (45)	\$4.0	\$48.3	▪ Public inquiries addressed without opening complaint	32
▪ Not agreed/sustained to by management (21)	\$2.8	\$55.8	▪ Referrals to other offices	529
▪ With no management decision, end FY 2009 (41)	*\$29.6	*\$25.0	▪ Legislative/regulatory/policy items reviewed	79
<i>Percent of total costs agreed to by mgmt.</i>	11%	20%	▪ Legislative/regulatory/policy items upon which comments and suggestions were made	30
▪ Total audits with no final actions as of 9/30/09 which are over 365 days past acceptance of a management decision: 79 reports				
o Program	35			
o Assist Agreemt	25			
o Contract	0			
o Single Audits	19			
o Financial Statement	0			
▪ Reports with costs for which no management decision was made within 6 months of issuance at 9/30/09: 28 reports. All reports- 55.	\$16.4	\$1.5		
▪ Reports resolved: 178				

\* Any difference in number of reports and dollar amounts are from adjustments and corrections made in our tracking system between semiannual reporting periods.

# OIG FY 2009 Audit, Inspection, and Evaluation Report Resolution

In FY 2009, EPA was responsible for addressing OIG recommendations and tracking follow-up activities for 387 audits. The Agency achieved final action (completing all corrective actions associated with the audit) on 153 audits, which included program evaluation/program performance, assistance agreement, and single audits.

Category	Disallowed Costs (Financial Audits)		Funds Put to Better Use (Performance Audits)	
	Number	Value	Number	Value
A. Audits with management decisions but without final action at the beginning of the period	63	\$63,447,950	10	\$114,389,201
B. Audits for which management decisions were made during the period (i) Management decisions with disallowed costs (34) and with better use funds (7) (ii) Management decisions with no disallowed costs (90) and with no better use funds (38)	124	\$3,790,009	45	\$39,512,127
C. Total audits pending final action during the period (A+B)	187	\$67,237,959	55	\$153,901,328
D. Final action taken during the period: (i) Recoveries a) Offsets b) Collection c) Value of Property d) Other (ii) Write-Offs (iii) Reinstated Through Grantee Appeal (iv) Value of recommendations completed (v) Value of recommendations management decided should/could not be completed	122	\$1,776,103 \$148,187 \$589,969 \$ 0 \$1,037,947	31	\$50,151,122      \$50,097,923 \$53,199
E. Audits without final action at end of period (C-D)	65	\$65,461,856	24	\$103,750,206

- Final corrective action not taken.** Of the 387 audits that EPA tracked, a total of 204 audits—which include program evaluation/program performance, assistance agreement, contracts, and single audits—were without final action and not yet fully resolved at the end of FY 2009. (The 30 audits with management decisions under administrative appeal by the grantee are not included in the 204 total; see discussion below.)
- Final corrective action not taken beyond one year.** Of the 204 audits, EPA officials had not completed final action on 51 audits within one year after the management decision (the point at which OIG and the Action Official reach agreement on the corrective action plan). Because the issues to be addressed may be complex, Agency managers often require more than one year after management decisions are reached with OIG to complete the agreed-on corrective actions. These audits are listed below by category—audits of program performance and single audits—and identified by title and responsible office. Additional details are available on EPA’s Web site at [www.epa.gov/ocfo/par/2009par](http://www.epa.gov/ocfo/par/2009par).

*Audits of program performance.* Final action for program performance audits occurs when all corrective actions have been implemented, which may require more than one year when corrections are complex and lengthy. Some audits include recommendations requiring action by more than one office. EPA is tracking 35 audits in this category:

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Office of Administrator

2008-P00055 Emergency Response Business Plan

Office of Air

2005-P00010 Evaluation of CAA Title V Operating Permit Quality

2007-P00028 Effectiveness of Energy Star

2006-P00025 Mercury Hot Spots Analysis Under CAMR

Office of the Chief Financial Officer

2008-P00116 Superfund Expenditures at NPL TRA Sites

Office of Enforcement and Compliance Assurance

2001-P00013 State Enforcement Effectiveness—National Audit

2005-P00024 Priority Enforcement and Compliance Assurance Universe

2007-P00026 Status of Superfund Alternative Sites With No Signed Agreement

2007-P00027 Benchmarking Other Organizations Statistically Valid Compliance

2008-P00141 EPA Needs to Track Compliance w/SF Clean-up Requirements

Office of Environmental Information

2005-P00011 Remote Access Servers and Configurations Management

2007-P00007 Managing Contractor Systems and Reporting Incidents

2007-P00008 EPA Could Improve Controls Over Mainframe Software

2007-P00030 EPA's Implementation of Electronic Data Collection

2007-P00035 EPA's Protection of PII and Privacy Program Office of Prevention, Pesticides and

Toxic Substances

2006-P00009 Impact of Data Gaps on EPA's Implementation of FQPA

2003-P00012 EPA's Response to the World Trade Center Collapse

2006-P00013 SF Mandate: Program Efficiencies

2006-P00016 EPA's Management Strategy for Contaminated Sediments

2006-P00038 Hurricane Katrina

2006-P00007 More Information Is Needed on Toxaphene Degradation Products

2007-200003 Superfund Cooperative Agreement Obligations

2007-P00005 Review of RCRA Interim Status Permits

2007-P00002 Asbestos Cleanup in Libby Montana

2008-P00055 Emergency Response Business Plan

Office of Water

2002-P00012 Controlling and Abating Combined Sewer Overflows

2004-P00030 EPA's Pretreatment Program

2006-P00016 EPA's Management Strategy for Contaminated Sediments

2006-P00007 More Information Is Needed on Toxaphene Degradation Products

2007-P00036 Planning for Future TMDL Reviews

2008-P00083 AA—Tribal Grants Results

Region 2

2007-P00039 OIG Congressional Request-Ringwood Mines/Landfill Superfund

2007-P00016 Ringwood Mines/Landfill Superfund Site

Region 3

2007-P00031 Chesapeake Bay Land Use

2008-P00049 Chesapeake Bay Point Sources

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*Single audits.* Final action for single audits occurs when non-monetary compliance actions are completed. Achieving final action may require more than a year if the findings are complex or the grantee does not have the resources to take corrective action. Single audits are conducted of nonprofit organizations, universities, and state and local governments. EPA is tracking completion of corrective action on 11 single audits for the period beginning October 1, 2008.

### Region 9

2006-300185 Guam Waterworks Authority FY 2004

### Region 10

2002-300009 Iliama Village Council  
2002-300042 Iliama Village Council  
2003-300047 Stevens Village Council  
2003-300117 Stevens Village Council  
2003-300145 Circle Village Council  
2004-300011 Northway Village Council  
2005-300084 Hoonah Indian Association—FY 2002  
2006-300085 Stevens Village Council FY 2003  
2006-300167 State of Alaska—FY 2003  
2006-300168 State of Alaska—FY 2004

*Audits of assistance agreements.* Reaching final action for assistance agreement audits may require more than one year, as the grantee may appeal, refuse to repay, or be debarred.

### Office of Grants and Debarment

2004-400014 Consumer Federation of America Foundation—Costs Claimed

### Region 3

2001-100101 Center for Chesapeake Communities (CCC) Assist. Agreements

### Region 5

2008-200039 Village of Laurelville, Ohio

*Re-opened audits.* During a recent review, OIG identified two audits for which Final Action was taken although all corrective actions had not been completed. As a result, these audits have been reactivated:

### Office of the Chief Financial Officer

08-1-0032 Audit of EPA's Fiscal 2007 and 2006 (Restated) Consolidated Financial Statements

### Office of Environmental Information

2004-P-00013 EPA's Administration of Network Firewalls Needs Improvement

*Audits awaiting decision on appeal.* EPA regulations allow grantees to appeal management decisions on financial assistance audits that seek monetary reimbursement from the recipient. In the case of an appeal, EPA must not take action to collect the account receivable until the Agency issues a decision on the appeal. At the end of FY 2009, 30 audits were in administrative appeal.

## OIG Reports with Unimplemented Recommendations by Program Office (as of September 30, 2009)

### Office of Air and Radiation

- 2007-P-00028 ENERGY STAR Program Can Strengthen Controls Protecting the Integrity of the Label
- 2005-P-00010 Substantial Changes Needed in Implementation and Oversight of Title V Permits If Program Goals Are to Be Fully Realized

### Office of Administration and Resources Management

- 09-P-0055 Results of Technical Network Vulnerability Assessment: EPA's Research Triangle Park Campus

### Office of the Chief Financial Officer

- 09-1-0026 Audit of EPA's Fiscal 2008 and 2007 Consolidated Financial Statements
- 08-P-0116 EPA Can Recover More Federal Superfund Money
- 08-1-0032 Audit of EPA's Fiscal 2007 and 2006 (Restated) Consolidated Financial Statements

### Office of Enforcement and Compliance Assurance

- 08-P-0116 EPA Can Recover More Federal Superfund Money
- 2007-P-00027 Overcoming Obstacles to Measuring Compliance: Practices in Selected Federal Agencies

### Office of Environmental Information

- 09-P-0129 EPA Can Improve Managing of Working Capital Fund Overhead Costs
- 09-P-0097 Results of Technical Network Vulnerability Assessment: EPA Headquarters
- 09-P-0055 Results of Technical Network Vulnerability Assessment: EPA's Research Triangle Park Campus
- 2007-P-00008 EPA Could Improve Controls Over Mainframe System Software
- 2007-P-00007 EPA Could Improve Processes for Managing Contractor Systems and Reporting Incidents
- 2005-P-00011 Security Configuration and Monitoring of EPA's Remote Access Methods Need Improvement
- 2004-P-00013 EPA's Administration of Network Firewalls Needs Improvement

### Office of Prevention, Pesticides, and Toxic Substances

- 2006-P-00009 Opportunities to Improve Data Quality and Children's Health through the Food Quality Protection Act

### Office of Solid Waste and Emergency Response

- 08-P-0265 EPA Should Continue Efforts to Reduce Unliquidated Obligations in Brownfields Pilot Grants
- 2006-P-00038 Existing Contracts Enabled EPA to Quickly Respond to Hurricane Katrina: Future Improvement Opportunities Exist
- 2006-P-00013 EPA Can Better Manage Superfund Resources

### Office of Water

- 08-P-0266 EPA Assisting Tribal Water Systems but Needs to Improve Oversight
- 2006-P-00016 EPA Can Better Implement Its Strategy for Managing Contaminated Sediments
- 2006-P-00007 More Information Is Needed on Toxaphene Degradation Products
- 2004-P-00030 EPA Needs to Reinforce Its National Pretreatment Program



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Region 3

08-P-0235 EPA Decisions to Delete Superfund Sites Should Undergo Quality Assurance Review  
08-P-0199 EPA Needs to Better Report Chesapeake Bay Challenges – A Summary Report  
08-P-0049 Despite Progress, EPA Needs to Improve Oversight of Wastewater Upgrades in the Chesapeake Bay Watershed

Region 4

09-P-0119 Improved Management of Superfund Special Accounts Will Make More Funds Available for Clean-ups

Region 6

09-P-0029 EPA's Safety Determination for Delatte Metals Superfund Site Was Unsupported

## OIG FY 2009 Budget and Resource Analysis Use and Allocation

### OIG Budget Boost Initiates Staffing Increases – But Progress in Staffing is Slow

The Omnibus Appropriations Act of 2009 provided the EPA OIG with a FY 2009 budget funding level of \$54,766,000. Additionally, the American Recovery and Reinvestment Act (ARRA) provided the OIG with \$20,000,000 through FY 2013.

In accordance with a congressional directive to increase its staffing level to that of prior years, and at the same time recruit staff to fulfill the oversight requirements of ARRA, the OIG is continuing a hiring initiative consistent with available funds. Difficulties with the hiring process while relying on Agency services has hindered the OIG's efforts to increase its staffing level as quickly as anticipated. However, the OIG was able to hire 35 new employees during FY 2009, and an additional 41 staffing actions were in various stages of the recruitment and selection process at the end of the fiscal year.

The lag in the hiring process created a two year gap between funding and staffing levels. FY 2008 funds planned for the unfulfilled staffing level were carried over into 2009, and subsequently unused staffing funds from FY 2009 were then carried forward into FY 2010. The OIG will use these carryover funds, in addition to new FY 2010 funding, to support increased staffing levels as much as possible.

The OIG compensated for the gap in its ability to obtain specialized skills by using the statutory authority of the IG Act, as amended, to take several decisive actions ensuring both its independence and more efficient personnel staffing services. During FY 2009 the OIG entered an Interagency Agreement to use the services of the Office of Personnel Management to expedite staff recruitment and processing actions, obtained delegated examining authority from the Office of Personnel Management to make direct hiring decisions, and is seeking the services of a private contractor as its primary source for human resources functions.

Additionally, to ensure OIG independence and expedite the availability of contractual services consistent with the Inspector General Act, as amended, the OIG has established an independent contracting operation with unlimited contracting authority.

Below is chart of the OIG budget and staffing history, FY 2000 through FY2010.

<b>Historical Budget and Manpower Summary</b>			
<b>Fiscal Year</b>	<b>Enacted Budget (after rescissions where applicable)</b>	<b>On-Board Staff (as of October 1)</b>	<b>Expenditures (including carryover)</b>
2000	\$43,379,700	340	\$39,364,100
2001	\$45,493,700	351	\$41,050,807
2002	\$45,886,000	354	\$45,238,608
2003	\$48,425,200	348	\$46,023,048
2004	\$50,422,800	363	\$52,212,862
2005	\$50,542,400	365	\$61,733,781
2006	\$50,241,000	350	\$49,583,584
2007	\$50,459,000	326	\$48,658,217
2008	\$52,585,000	290	\$52,231,690
2009	\$54,800,000	304	\$52,272,812
2010	\$54,800,000	316	TBD

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**Resource Usage by Appropriation**  
**FY 2008 Appropriation - Final Utilization Rate**

<u>Account</u>	<u>\$ Appropriation Available</u>	<u>\$ Appropriation Used</u>	<u>% \$ Appropriation Used</u>
Management	\$41,035,000	\$41,016,824	100.0%
Superfund	11,485,979	11,455,812	99.7%
<b>TOTAL</b>	<b>\$52,520,979</b>	<b>\$52,472,636</b>	<b>99.9%</b>

**FY 2009 Appropriation Usage**

<u>Account</u>	<u>\$ Appropriation Available</u>	<u>\$ Appropriation Used</u>	<u>% \$ Appropriation Used</u>
Management	\$44,721,000	\$35,508,800	79.4%
Superfund	9,975,000	8,900,253	89.2%
<b>TOTAL</b>	<b>\$54,696,000</b>	<b>\$44,409,053</b>	<b>81.2%</b>

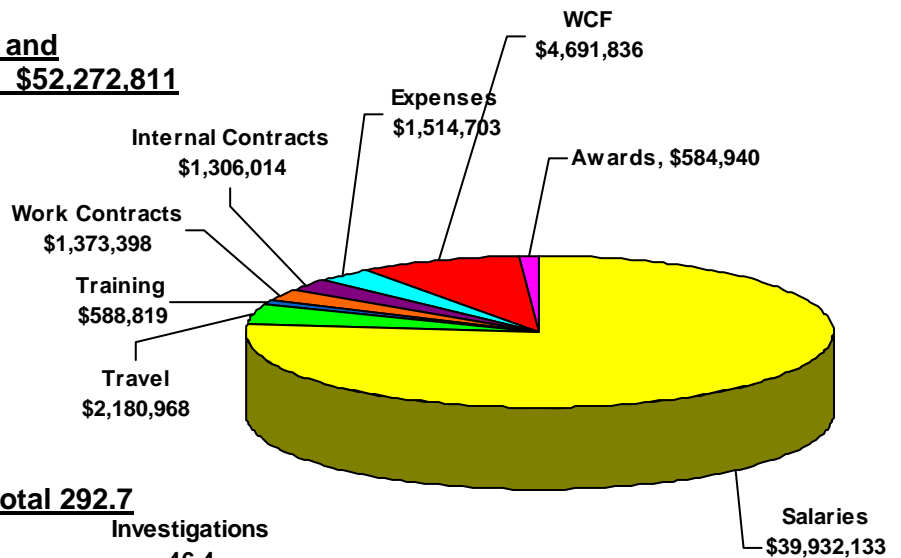
**FY 2009 FTE Usage**

<u>Account</u>	<u>FY 09 FTE Available</u>	<u>FY 09 FTE Used</u>	<u>% FTE Budget Used</u>
Management	270.0	232.6	86.1%
Superfund	61.8	60.1	97.2%
<b>TOTAL</b>	<b>331.8</b>	<b>292.7</b>	<b>88.2%</b>

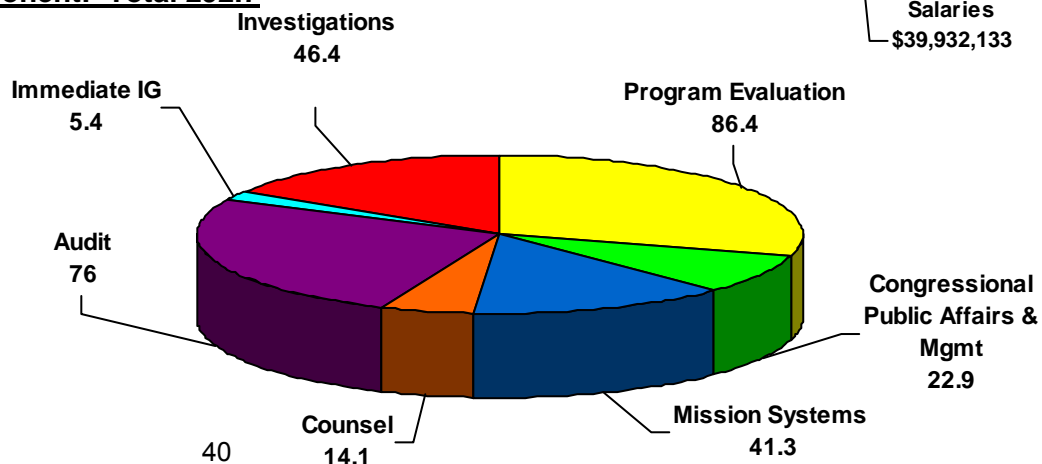
\*FY 2008 funds were available through FY 2009

\*\*Unused FY 2009 funds are available through FY 2010

**FY 2009 Funds Used (FY 08 Carryover and FY 09 Appropriation) By Object Class: \$52,272,811**



**FY 2009 FTEs Used By Component: Total 292.7**



# OIG Financial Statement: Analysis of FY 2009 Fund Use

## Analysis of FY 2009 Fund Use and Carryover Balances

MANAGEMENT	FY 08 Carryover Available in 09	FY 08 Carryover Used in 09	FY 08 Lapsed Funds	FY 2009 Approp.	FY 2009 Funds Used in 09	FY 2009 Carryover Available in 10	Total Cost of FY 09 Operations	Total Cost as % of 09 Approp
PC&B	\$4,562,842	\$4,557,393	\$5,449	\$35,369,000	\$27,586,115	\$7,782,885	\$32,143,508	91%
Travel	956,331	953,994	2,337	1,899,000	787,317	1,111,683	1,741,311	92%
Expenses	170,836	169,663	1,173	1,327,000	1,098,193	228,807	1,267,856	96%
Contracts	173,881	171,792	2,089	2,603,000	2,514,175	88,825	2,685,967	103%
WCF	390,000	383,632	6,368	3,438,000	3,438,000	0	3,821,632	111%
Grants	<u>760</u>	—	<u>760</u>	<u>85,000</u>	<u>85,000</u>	<u>0</u>	<u>85,000</u>	<u>100%</u>
<b>Total Mgmt</b>	\$6,254,650	\$6,236,474	\$18,176	\$44,721,000	\$35,508,800	\$9,212,200	\$41,745,274	93%
<b>SUPERFUND</b>	FY 08 <sup>0</sup> Carryover Available in 09	FY 08 Carryover Used in 09	FY 08 Lapsed Funds	FY 2009 Approp.	FY 09 Funds Used in 09	FY 2009 Carryover	Total Cost of FY 09 Operations	Total Cost as % of 09 Approp
PC&B	\$1,162,764	\$1,140,485	\$22,279	\$7,921,000	\$7,233,080	\$687,920	\$8,373,565	106%
Travel	289,655	287,674	1,981	422,000	151,983	270,017	439,657	104%
Expenses	47,437	45,893	1,544	272,000	200,954	71,046	246,847	91%
Contracts	47,326	45,028	2,298	582,000	537,236	44,764	582,264	100%
WCF	110,000	108,204	1,796	762,000	762,000	0	870,204	114%
Grants	<u>269</u>	—	<u>269</u>	<u>16,000</u>	<u>15,000</u>	<u>1,000</u>	<u>15,000</u>	<u>94%</u>
<b>Total SF</b>	\$1,657,451	\$1,627,284	\$30,167	\$9,975,000	\$8,900,253	\$1,074,747	\$10,527,537	106%
<b>Total Mgmt &amp; SF</b>	\$7,912,101 <sup>0</sup>	\$7,863,758	\$48,343	\$54,696,000	\$44,409,053	\$10,286,947	\$52,272,811	96%

## OIG Data Verification and Validation

**Performance Database:** The OIG Performance Measurement and Results System captures and aggregates information on an array of measures in a logic model format, linking immediate outputs with long-term intermediate outcomes and results. OIG performance measures are designed to demonstrate value added by promoting economy, efficiency, and effectiveness; and preventing and detecting fraud, waste, and abuse as described by the Inspector General Act of 1978 (as amended). Because intermediate and long-term results may not be realized for several years, only verifiable results are reported in the year completed.

**Data Source:** Designated OIG staff enters data into the systems. Data are from OIG performance evaluations, audits, research, court records, EPA documents, data systems, and reports that track environmental and management actions or improvements made and risks reduced or avoided. OIG also collects independent data from EPA's partners and stakeholders.

**Methods, Assumptions, and Suitability:** OIG performance results are a chain of linked events, starting with OIG outputs leading to subsequent actions taken by EPA or its stakeholders/partners reported as intermediate outcomes to improve operational efficiency and environmental program delivery. The resulting improvements in operational efficiency, risks reduced/eliminated, and conditions of environmental and human health are reported as outcomes. The OIG can only control its outputs, and has no authority, beyond its influence, to implement its recommendations that lead to environmental and management outcomes.

**Quality Assurance/Quality Control Procedures:** All performance data submitted to the database require at least one verifiable source assuring data accuracy and reliability. Data quality assurance and control are performed as an extension of OIG products and services, subject to rigorous compliance with the Government Auditing Standards of the Comptroller General Government Auditing Standards (2003 Revision), Government Accountability Office, *GAO-07-731G*, July 2007; available on the Internet at <http://www.gao.gov/govaud/ybk01.htm>, and regularly reviewed by an independent OIG Quality Assessment Review Team, and external independent peer reviews. Each Assistant Inspector General certifies the completeness and accuracy of his or her respective performance data. Additionally, the EPA OIG earned a "clean" or unmodified opinion in FY 2007 through a rigorous peer review performed the previous year.

**Data Limitations:** All OIG staff is responsible for data accuracy in their products and services. However, a possibility of incomplete, miscoded, or missing data in the system could exist due to human error or time lags. Data supporting achievement of results are often from indirect or external sources, with their own methods or standards for data verification/validation.

**Error Estimate:** The error rate for outputs is estimated at +/-2%, while the error rate for outcomes is presumably greater because of the longer period needed for realizing results and difficulty in verifying a nexus between our work and subsequent impacts beyond our control. Errors tend to be those of omission.

## Historic Planned versus Actual Resources and Results – FYs 2005 to 2010

		FY 2005		FY 2006		FY 2007		FY 2008		FY 2009*		FY 2010*
<b>OIG Appropriation:</b>												
<b>Enacted</b>		\$50,542,400		\$50,241,000		\$50,509,000		\$52,585,000		\$54,800,000		\$54,800,000
<b>Used</b>		\$61,733,781		\$49,583,584		\$48,752,387		\$51,628,082		\$52,272,811		TBD
<b>FTE:</b>												
<b>Authorized</b>		368.0		361.8		361.8		331.8		331		361.8
<b>Used</b>		358.0		337.1		308.1		287.8		292.7		TBD
<b>Annual Performance Measures</b>	<b>Supporting Indicators</b>	<b>Target</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>	<b>Targets</b>	<b>Actual</b>	<b>Targets</b>
Environmental and Business Actions Taken for Improved Performance from OIG Work (outcomes)	<ul style="list-style-type: none"> <li>o Policy, process, practice or control changes implemented</li> <li>o Environmental or operational risks reduced or eliminated</li> <li>o Critical congressional or public concerns resolved</li> <li>o Certifications, verification, or analysis for decision or assurance</li> </ul>	288	794	303	407	318	464	334	463	318	272	318
Environmental and Business Recommendations or Risks Identified for Corrective Action by OIG Work (outputs)	<ul style="list-style-type: none"> <li>o Recommendations or best practices identified for implementation</li> <li>o Risks or new management challenges identified for action</li> <li>o Critical congressional/public actions addressed or referred for action</li> </ul>	895	1231	925	1024	925	949	971	624	903	983	903
Potential Monetary Return on Investment in the OIG, as a Percentage of the OIG Budget (in millions)	<ul style="list-style-type: none"> <li>o Recommended questioned costs</li> <li>o Recommended cost efficiencies and savings</li> <li>o Fines, penalties, settlements, restitutions</li> </ul>	150%	285%	150%	1600%	150%	189%	150%	186%	120%	120%	120%
		\$75.8	\$144	\$73.5	\$809.6	75.7	\$95.2	\$78.5	\$97.3	\$65.7 (without DCAA work)	\$83.3 (without DCAA work)	\$65.7
Criminal, Civil, Administrative and Fraud Prevention Actions Taken from OIG Work	<ul style="list-style-type: none"> <li>o Criminal convictions</li> <li>o Indictments/Informations</li> <li>o Civil judgments</li> <li>o Administrative actions (staff actions and suspension or debarments)</li> </ul>	80	125	80	121	80	103	80	84	80	95	75
Activity	<ul style="list-style-type: none"> <li>o Audit/Evaluation Reports OIG Issued</li> </ul>		65		65		71		57		66	

- All targets are set, consistent with relative changes in funding. Outputs change in nearly direct proportion, while outcomes are further adjusted for growth because a lag generally occurs between all previous outputs (recommendations) before they come to fruition as outcomes (action on recommendations).
- \* Does not include Funds, FTE or performance results associated with the Recovery Act.



## OIG Recovery Act Resources, Performance, and Targets (FYs 2009-2012)

ARRA is an unprecedented effort to jumpstart our economy, create or save millions of jobs, and address long-neglected challenges emerging in the 21<sup>st</sup> century. The Recovery Act includes \$7.22 billion for programs administered by EPA to protect and promote both green jobs and a healthier environment.

The Recovery Act provides the EPA OIG with \$20 million through September 30, 2012 for oversight and review. The OIG will assess whether EPA uses its \$7.2 billion of Recovery Act funds in accordance with its requirements and meets the accountability objectives as defined by OMB. The OIG will utilize the funds to determine whether:

- funds are awarded and distributed in a prompt, fair, and reasonable manner;
- recipients and uses of funds are transparent to the public, and the public benefits of these funds are reported clearly, accurately, and in a timely manner;
- funds are used for authorized purposes and instances of fraud, waste, error, and abuse are mitigated;
- projects funded under the Recovery Act avoid unnecessary delays and cost overruns;
- program goals are achieved, including specific program outcomes and improved results on broader economic indicators.

For more information on the Office of the Inspector General and its implementation of Recovery Act activities, visit <http://www.epa.gov/oig/recovery.htm>.

### OIG Recovery Act Resource Use as of September 30, 2009:

- Total Obligations - \$1,522,881
- Total FTE – 9.4

### Program Accomplishments as of September 30, 2009

	FY09 Results 7 months	Cum. Long-term Target <sup>1</sup>
<b>American Recovery and Reinvestment Act Performance Measures</b>		
Number of environmental and business actions taken, improvements made or risks reduced in response to or influenced by OIG recommendations	2	222
Number of OIG recommendations or risks identified for action, correction or improvement	8	402
Number of convictions, indictments, civil and administrative actions as well as allegations disproved from OIG investigations	2	44
Number of awareness briefings, outreach briefings, and training sessions held <sup>2</sup>	63	N/A
Individuals trained	2247	N/A
Number of Recovery Act complaints received <sup>3</sup>	13	N/A
Completed final published work products	7	N/A
Investigations completed	2	N/A
Complaints received	13	N/A
Number of whistleblower reprisal allegations <sup>4</sup>	0	N/A

- All targets are set, consistent with relative changes in funding and staffing levels. Output targets change in nearly direct proportion to funding and staffing, while outcome targets are adjusted recognizing a time lag required for output products (recommendations) to be acted upon as intermediate outcomes, and have then to be recognized as having intended impact outcomes.

<sup>1</sup> The long-term targets set for OIG extend until 2014. The work of OIG will continue after all the Recovery Act funds are spent.

<sup>2</sup> No targets are set for this measure because the briefings and training sessions are voluntary and cannot be projected.

<sup>3</sup> No targets are set for this measure because complaints received cannot be projected.

<sup>4</sup> No targets are set for this measure because whistleblower reprisal allegations cannot be projected.