



**United States
Environmental Protection Agency**

FISCAL YEAR 2024

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

Tab 06: Inspector General

EPA-190-R-23-001

**March 2023
www.epa.gov/cj**

**Environmental Protection Agency
FY 2024 Annual Performance Plan and Congressional Justification**

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**Environmental Protection Agency
FY 2024 Annual Performance Plan and Congressional Justification**

APPROPRIATION: Inspector General

Resource Summary Table

(Dollars in Thousands)

	FY 2022 Final Actuals	FY 2023 Enacted Operating Plan	FY 2024 President's Budget	FY 2024 President's Budget v. FY 2023 Enacted Operating Plan
Inspector General				
Budget Authority	\$48,605	\$44,030	\$64,526	\$20,496
Total Work years	244.4	227.5	284.5	57.0

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

Bill Language: Office of Inspector General

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, \$64,526,000, to remain available until September 30, 2025.

Program Projects in IG

(Dollars in Thousands)

Program Project	FY 2022 Final Actuals	FY 2023 Enacted Operating Plan	FY 2024 President's Budget	FY 2024 President's Budget v. FY 2023 Enacted Operating Plan
Audits, Evaluations, and Investigations				
Audits, Evaluations, and Investigations	\$48,605	\$44,030	\$64,526	\$20,496
TOTAL IG	\$48,605	\$44,030	\$64,526	\$20,496

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

Audits, Evaluations, and Investigations

Audits, Evaluations, and Investigations

Program Area: Audits, Evaluations, and Investigations
Cross-Agency Mission and Science Support

(Dollars in Thousands)

	FY 2022 Final Actuals	FY 2023 Enacted Operating Plan	FY 2024 President's Budget	FY 2024 President's Budget v. FY 2023 Enacted Operating Plan
<i>Inspector General</i>	<i>\$48,605</i>	<i>\$44,030</i>	<i>\$64,526</i>	<i>\$20,496</i>
Hazardous Substance Superfund	\$8,706	\$11,800	\$13,847	\$2,047
Total Budget Authority	\$57,310	\$55,830	\$78,373	\$22,543
Total Work years	285.0	270.0	333.5	63.5

Program Project Description:

EPA's Office of Inspector General (OIG) is an independent office of the U.S. Environmental Protection Agency, created by the Inspector General Act of 1978, as amended. In support of that independence, Congress provides the OIG with a separate appropriation, within the Agency's budget. The vision of the OIG is to be a premier oversight organization trusted to speak the truth, promote good governance, and contribute to improved human health and the environment. This vision is pursued through the mission of the OIG.

The OIG conducts independent audits, evaluations, special reviews, and investigations. The OIG also makes evidence-based recommendations to promote economy, efficiency, and effectiveness. The OIG seeks to identify risks and vulnerabilities within the Agency to prevent and detect fraud, waste, abuse, mismanagement, and misconduct for EPA as well as the U.S. Chemical Safety and Hazard Investigation Board (CSB).

The OIG promotes public trust and safety by keeping the head of the Agency, Congress, and the CSB Chair fully and immediately informed of deficiencies, vulnerabilities, and other activities that indicate the presence of fraud, waste, and/or abuse, the necessity for and progress toward OIG recommended corrective actions, and for being responsive with a sense of urgency to hotline and whistleblower complaints submitted for immediate action. The OIG's activities assist in the prevention and detection of fraud in EPA's and CSB's programs and operations, including but not limited to financial, scientific, cyber, and other. The OIG consistently provides a significant positive return on investment to the public in the form of recommendations for improvements in the delivery of EPA's and CSB's mission, reduction in operational and environmental risks, costs savings and recoveries, and improvements in program efficiencies and integrity.¹ In FY 2021, the OIG's appropriation was \$55,086,000, with a return of investment of \$149,632,858. The results were a 272 percent return on investment from audits and investigations.

OIG's auditing arm resides within the Office of Audit (OA). The OA is comprised of five permanent directorates: Financial; Business Operations; Information Resources Management;

¹ For more information, please see: <https://www.epa.gov/office-inspector-general/epa-oig-organization-profile>.

Pollution Control and Cleanup; and Environmental Investment and Infrastructure. In addition to these five directorates, OA established another four directorates to provide oversight of the EPA's implementation of the Infrastructure Investment and Jobs Act: Drinking Water Investments; Special Drinking Water Projects; Clean Water Investments; and Recycling, Clean Up, and Pollution Prevention. Together, they are responsible for independent oversight of EPA and CSB programs and for recommending needed improvements to programs and operations. Specifically, OA conducts performance audits to assess the economy, efficiency, effectiveness, internal control, and compliance of EPA programs and EPA business operations. In addition, OA conducts up to 15 statutorily mandated audits each year, including financial audits of EPA and CSB financial statements as required by the Federal Managers' Financial Integrity Act and audits of the information security practices of EPA and CSB as required by the Federal Information Security Modernization Act.

OIG's evaluations arm resides with the Office of Special Review and Evaluation (OSRE). OSRE is comprised of four directorates. OSRE's three evaluation directorates are responsible for independent oversight of EPA programs and recommending needed improvements to programs and operations. The three evaluation directorates within OSRE are: 1) Programs, Offices, and Centers Oversight Directorate; 2) the Implementation, Execution, and Enforcement Directorate; and 3) the Environmental Infrastructure Oversight Directorate. OSRE's fourth directorate, the Administrative Investigations Directorate, conducts administrative investigations into allegations of misconduct by senior agency employees and complaints of whistleblower reprisal by agency employees, or employees of agency contractors, subcontractors, grantees, subgrantees or personal services contractors. The directorate also performs special reviews of significant events and emergent issues of concern that involve a suspected or alleged violation of law, regulation, or policy, or allegations of serious mismanagement.

OA conducts its mission in compliance with the Inspector General Act, as amended, and the Generally Accepted Government Accounting Standards. OSRE conducts its mission in compliance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation* and *Quality Standards for Federal Offices of Inspector General*, as applicable based upon the work performed. Work efforts focus on efficiency and program operations: program performance, including the award and administration of grants and contracts; statutorily mandated audits; financial reviews of grantees and contractors; and information resources management. In addition, performance audits, program reviews, evaluations, and inspections are conducted specifically to ensure targeted coverage of EPA programs and offices providing the greatest impact and receiving the greatest resources.

The investigative mission of the OIG is to conduct criminal, civil, and administrative investigations into fraud and serious misconduct within EPA that undermine the organization's integrity and public trust or creates an imminent risk or danger. OIG investigations are coordinated with the Department of Justice and other federal, state, and local law enforcement entities, as appropriate. These investigations may lead to prosecution and civil judgments wherein there is a recovery and repayment of financial losses. The major areas of investigative focus include fraudulent practices, program integrity, laboratory fraud, serious employee misconduct, and cyber-crimes.

The audit, special review and evaluations, and investigative core mission program offices are directly supported by the OIG's management and administrative functions of its Office of the Chief of Staff, and Office of Counsel and Congressional and Public Affairs.

FY 2024 Activities and Performance Plan:

Work in this program provides Cross-Agency Mission and Science Support and is allocated across strategic goals and objectives in the *FY 2022 – 2026 EPA Strategic Plan*.

The OIG is focused on assessing EPA and CSB programs and operations in order to improve upon human health and the environment through the conduct of audits, special reviews and evaluations, and investigations. The goal is to improve EPA and CSB business practices and accountability to meet stakeholders' needs. The OIG assists the Agency in its efforts to develop and enforce regulations that implement environmental laws by making recommendations to improve program operations; save taxpayer dollars; reduce the potential for fraud, waste, and abuse; and resolve identified top management challenges and internal control weaknesses. These efforts are designed to promote cleaner air, land, and water, and ensure chemical safety for America. During FY 2021, the Agency implemented 122 corrective actions in response to OIG's recommendations to improve EPA programs and/or processes. In FY 2024, the OIG will target initiatives supporting EPA's Top Management Challenges; EPA's stated priorities within its *FY 2022 – FY 2026 EPA Strategic Plan* and as they align with the Administration's priorities and targeted funding (i.e., climate change, environmental justice, infrastructure, etc.); Congressional interests; environmental issues with significant public interest; and invest \$1 million to provide oversight of EPA's execution of the \$41.5 billion received in the Inflation Reduction Act of 2022 (IRA), with a particular focus on its implementation of the Greenhouse Gas Reduction Fund. In order to carry out its foci, the OIG will seek to increase its agility to assess emerging environmental threats; increase its use of data analytics and business intelligence to increase its capability to strategically target resources to address high risk, high vulnerability areas of interest; commit \$5 million as an initial investment to begin expanding its IT capabilities to maintain autonomy from the EPA and anonymity for whistleblowers and hotline complaints; employ best practices in support of improving efficiency, effectiveness, accountability, and monetary benefits; focus on measurable impact; and increase its return on investment to the American public through substantive recommendations followed through to implementation. With the OIG's initial investment for IRA oversight, it will be able to identify initial lessons learned, perform site inspections, and oversight capacity to manage the rapid flow of funding to the Agency. Additionally, the OIG's expanded evaluation capacity enhances its ability for oversight in other emerging areas.

Based on prior work, cross-agency risk assessment, agency challenges, future priorities, and extensive stakeholder input, the OIG will focus its resources on efforts in the following areas of concentration during FY 2024:

Audits, Special Reviews, and Evaluations

Sound and Economical Management

- Annual mandated improper payments audits in EPA and CSB

- Annual mandated financial statement audits in EPA and CSB, including audits of toxic substances fees in accordance with the Pesticide Registration Improvement Act and Federal Insecticide, Fungicide, and Rodenticide Act
- Audits of costs claimed by selected grantees and contractors
- Grant, cooperative agreement, and contract administration, such as grantee management of funds
- Cost efficiencies maximization and process improvement, such as improved acquisition planning
- Mandated travel card program, including risk assessment in accordance with the Government Charge Card Abuse Prevention Act of 2012
- Mandated purchase card and convenience check program, including risk assessment
- Efficiency and effectiveness of collection and payment processes
- Single audit activity monitoring
- Internal controls

Efficient Processes and Use of Resources

- Partnerships and coordination with other federal, state, and local agencies to maximize efficiencies
- Opportunities to reduce duplication, overlap, and fragmentation within EPA
- Efficiency and effectiveness of human capital management programs/workforce analysis and management
- Assessment of high-risk contractors
- Continuity of Operations (COOP) readiness of delegated programs to continue their operations/business as usual during COOP event

Ensuring the Integrity of EPA Information

- Agency efforts to enhance its capability to respond to cyber-attacks
- Cybersecurity/infrastructure development; and assessment of processes to ensure protection and security of information systems from fraud, waste, and abuse
- Classification and security controls of EPA's high-value information technology assets
- Annual mandated audit of compliance with the Federal Information Security Modernization Act for EPA and CSB
- Oversight of Chief Information Officer's responsibilities under the Federal Information Technology Acquisition Reform Act
- IT support to the mandated financial statement audits

Assessing Risk Management and Performance Measurement

- Implementation of Federal Managers Financial Integrity Act, Federal Information Security Management Act, and Government Performance and Results Act
- Resilience of water infrastructure against climate change
- EPA's annual review of Clean Water State Revolving Funds
- Technical assistance to communities for Drinking Water State Revolving Fund resources for lead service lines and emerging contaminants
- Oversight of state drinking water system operator certification programs
- Adherence of Clean School Bus Program awards to prioritization and eligibility criteria

- Assistance agreements related to cleanup and Brownfields

Assessing Program Integrity, Results, Oversight, Enforcement

- Evaluation of EPA's programs, activities, requirements, and initiatives to address environmental justice
- Evaluations of EPA's programs and activities to protect human health and the environment through progress toward goals and compliance with requirements
- Evaluation of EPA's programs and adherence to requirements to protect and restore water that sustains human health and the environment
- Evaluation of controls and processes in EPA's research and development and enforcement programs
- Evaluation of the effectiveness of EPA's oversight and enforcement activities
- Evaluations on the EPA's adherence to scientific integrity policies and procedures, including frequent coordination with the Agency's Scientific Integrity Official on scientific misconduct concerns for the OIG's attention
- Oversight of clean and drinking water state revolving loan funds
- Assess EPA's policy, procedures, and internal controls to prevent or reduce improper computer use
- Oversight of grant, rebate, and loan programs in the Inflation Reduction Act of 2022, including programs for clean heavy-duty vehicles, reducing air pollution at ports, zero-emission technologies, diesel emissions reductions, air monitoring, testing of wood heater emissions, and methane reduction
- Oversight of EPA's use of funds from the Inflation Reduction Act of 2022 related to technical assistance, education, partnerships, testing, compliance monitoring, and permitting

Investigations

The Inspector General Act identifies the Assistant Inspector General for Investigations as responsible for developing and implementing an investigative program that furthers OIG objectives. The OIG's Office of Investigations (OI) conducts independent investigations to detect and prevent fraud, waste, and abuse, while protecting the integrity of EPA and CSB programs, operations, and resources. Investigations focus on allegations of criminal activity and serious misconduct in EPA and CSB programs and operations. The OIG performs its proactive work strategically as opportunities and resources allow. Investigations are opened in accordance with priorities set forth in the OIG Strategic Plan for FY 2019 – 2023 and in consideration of prosecutorial guidelines established by U.S. Attorneys. OI investigations are governed by the *Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority* and by the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Investigations*, as well as other federal statutes and regulations.

The investigative mission of the OIG continues to evolve in conducting criminal and civil investigations into fraud and serious misconduct within EPA programs and operations that undermine the organization's integrity and public trust or create an imminent risk or danger. Special Agents within the OI are duly appointed federal criminal investigators and have statutory authority to carry firearms, make arrests, execute search and seizure warrants, and perform other

law enforcement duties. To strengthen the organization's integrity and public trust, and in compliance with Executive Order 14074, *Advancing Effective, Accountable Policing and Criminal Justice Practices to Enhance Public Trust and Public Safety*, the OIG needs \$500 thousand to equip its law enforcement personnel with body worn cameras. The OI often collaborates with other law enforcement entities and external stakeholders to enhance the effectiveness of its work. The OIG investigations are coordinated with the Department of Justice and other federal, state, and local law enforcement entities for criminal and civil litigation or with EPA management for administrative action. Investigative efforts may lead to criminal convictions, administrative sanctions, civil monetary penalties, and judgments wherein there is a recovery and repayment of financial losses. Additionally, during and at the conclusion of investigations, the OI works with the Suspension and Debarment Office within the EPA "whose actions protect the government from doing business with entities that pose a business risk to the government." The OIG's measure to capture criminal, civil, and administrative actions showed a result of 58 OIG investigations on fraud, waste, and abuse in FY 2021.

The OIG plays a critical oversight role helping to ensure that EPA and CSB funds are properly expended and not subject to fraud, waste, or abuse. The recent COVID-19 pandemic and the resulting frauds have emphasized the nature of the OIG in protecting the integrity of the EPA's programs. Major areas of investigative focus in this oversight include: 1) financial fraud related to agency grants and contracts concerning State Revolving Funds, interagency and cooperative agreements, and fraud related to mischarging, defective pricing, defective products and collusion on contracts; 2) laboratory fraud, including that related to water quality data as well as payments made by EPA for erroneous environmental testing; 3) employee integrity and alleged criminal conduct or serious administrative misconduct focusing on activities that could undermine the integrity of agency programs involving safety and public health, and erode confidence in the Agency pursuing its mission; 4) program integrity focusing on serious misconduct or criminal activity that could undermine or erode the public trust and confidence in EPA, its programs, or its employees; and 5) cybercrime to identify and counter information technology security threats, illegal intrusions, and abuse of EPA computer systems, critical environmental infrastructure in the air and water sectors, as well as investigations and responses in support of EPA's Office of Homeland Security, to include possible cyber terrorist attacks on EPA's computer infrastructure. Over the last year, the OIG has seen an increase in ransomware attacks and business email compromises resulting in significant financial disruption to critical environmental infrastructure and operations. To combat the rapidly expanding cyberthreat landscape, the OIG continues to increase its participation and presence with law enforcement cyber investigations, task forces, critical infrastructure security partners, and agency directorates. Furthermore, together with its local, state and federal law enforcement partners, OIG will respond to growing threats against water utilities implicating public safety and the environment.

Finally, the OI often makes observations or "lessons learned" for EPA's management to reduce the Agency's vulnerability to criminal activity. The results of the OI's investigations are published in the OIG's semiannual reports and can serve as a deterrent to future misconduct. In addition, the OI's investigations provide measurable results wherein recovery and restitution of financial losses are achieved, and administrative actions are taken to prevent those involved from further participation in any of EPA's programs or operations which may lead to better accountability and deterrence.

The OI has organized its Field Operations Directorate into two regional offices – the Eastern Region Field Office and the Western Region Field Office, with five associated field offices – the Northeast, Washington Metropolitan, Southeast reporting to the Eastern region and Southwest and Western reporting to the Western region. The Eastern Region Field Office is responsible for matters within EPA Regions 1 through 5 while the Western Region Field Office is responsible for matters within EPA Regions 6 through 10. This realignment has improved the efficiency, effectiveness, and consistency of the OI’s operations by allowing the Field Operations Directorate to better oversee its field operations and investigations. In addition, the OI Headquarters hired an attorney-advisor to support its investigative operations.

Follow-up and Policy/Regulatory Analysis

To further promote economy, efficiency, and effectiveness, the OIG will publish compendiums of unimplemented recommendations, which report instances where agency corrective actions have not been planned or implemented for OIG recommendations or where intended improvements have not been achieved. This process will serve as a means for keeping Congress and EPA leadership apprised of accomplishments and opportunities for needed corrective actions and facilitate greater accountability for results from the OIG operations.

Additionally, as directed by the IG Act, as amended, the OIG’s audits and evaluations often cover assessment of proposed and existing policies, rules, regulations, and legislation to identify vulnerability to waste, fraud, and abuse. These assessments also consider possible duplication, gaps, or conflicts with existing authority, leading to recommendations for improvements in their structure, content, and application.

Performance Measure Targets:

EPA’s FY 2024 Annual Performance Plan does not include annual performance goals specific to this program.

FY 2024 Change from FY 2023 Enacted Budget (Dollars in Thousands):

- (+\$2,307.0) This net change to fixed and other costs is an increase due to the recalculation of base workforce costs for existing FTE due to annual payroll increases, adjustments to provide essential workforce support, and changes to benefits costs. It also includes support for critical agencywide infrastructure support for Executive Order 14028 cybersecurity requirements, electronic discovery for FOIA and litigation support, and implementation of Trusted Vetting 2.0.
- (+\$11,937.0 / +31.0 FTE) This investment will expand the oversight arm of audit, evaluations, investigation, and support offices within the OIG, to include administrative investigations into allegations of misconduct by senior agency employees and complaints of whistleblowers; data analytics and business intelligence tools to address high risk, high vulnerability areas of interest. This investment includes \$5.8 million for payroll.

- (+\$4,877.0 / + 24.0 FTE) This program change provides resources and FTE to oversee the creation of a standalone IT system. This investment change includes \$4.5 million for payroll.
- (+\$1,000.0) This program investment provides resources to oversee the Agency's spending under the Inflation Reduction Act of 2022 with a particular focus on EPA's implementation of the Greenhouse Gas Reduction Fund.
- (+\$375.0 / +2.0 FTE) This program change increases FTE to support agencywide implementation of EPA's Diversity, Equity, Inclusion, and Accessibility Strategic Plan and Evidence Act data stewardship and governance requirements.

Statutory Authority:

Inspector General Act of 1978.

Inspector General Reform Act:

The following information is provided pursuant to Section 6(g)(2) of the Inspector General Reform Act:

- The aggregate budget request from the Inspector General for the operations of the OIG is \$78.4 million (\$64.5 million Inspector General: \$13.8 million Superfund Transfer)
- The aggregate President's Budget for the operations of the OIG is \$78.4 million (\$64.5 million Inspector General: \$13.8 million Superfund Transfer)
- The portion of the aggregate President's Budget needed for training is \$1.1 million (\$864.0 thousand Inspector General: \$190.0 thousand Superfund Transfer)
- The portion of the aggregate President's Budget needed to support the Council of the Inspectors General on Integrity and Efficiency is \$282.4 thousand (\$231.6 thousand Inspector General: \$50.8 thousand Superfund Transfer)

"I certify as the Inspector General of the Environmental Protection Agency that the amount I have requested for training satisfies all OIG training needs for FY 2024".