



## OFFICE OF INSPECTOR GENERAL

U.S. ENVIRONMENTAL PROTECTION AGENCY

## About the EPA Office of Inspector General

### What Is an Inspector General?

The Inspector General Act of 1978 established independent and objective units to be led by an inspector general within each federal agency, in part, to prevent and detect waste, fraud, and abuse and to promote economy, efficiency, and effectiveness in agency programs and operations. An Office of Inspector General performs audits, evaluations, and investigations related to the programs and operations of an agency. There are 75 statutory IGs in the federal government. Although the U.S. Environmental Protection Agency OIG is part of the EPA, Congress provides it with funding that is separate from the Agency's to ensure independence. The EPA IG also serves as the IG for the U.S. Chemical Safety and Hazard Investigation Board, known as the CSB.

### How Is an IG Appointed and for What Term?

Pursuant to the IG Act, the EPA IG is appointed by the president of the United States and confirmed by the U.S. Senate. The EPA IG must be selected "without regard to political affiliation and solely based on integrity and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations." Unlike most presidential appointees, an IG does not leave the position when a new president takes office. Although an IG may be removed from office or transferred to another position in the organization by the president, the president must communicate in writing the reasons for any such removal or transfer to both houses of Congress at least 30 days before the removal or transfer.

### What Are the IG's Access Rights and Reporting Responsibilities?

The IG Act states that neither the head of an agency nor the agency's staff "shall prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation, or from issuing any subpoena during the course of any audit or investigation." The IG is required to have direct and prompt access to the agency head. In addition, the IG is authorized to unqualified, timely access to all records and information of the agency to conduct such investigations and issue such reports as the IG deems appropriate (with limited national security and law enforcement exceptions), to issue subpoenas for information and documents outside the agency (with the same limited exceptions), to administer oaths for taking testimony, and to hire and control the OIG's staff and contract resources. However, the agency provides physical support to the OIG, such as space and resources.

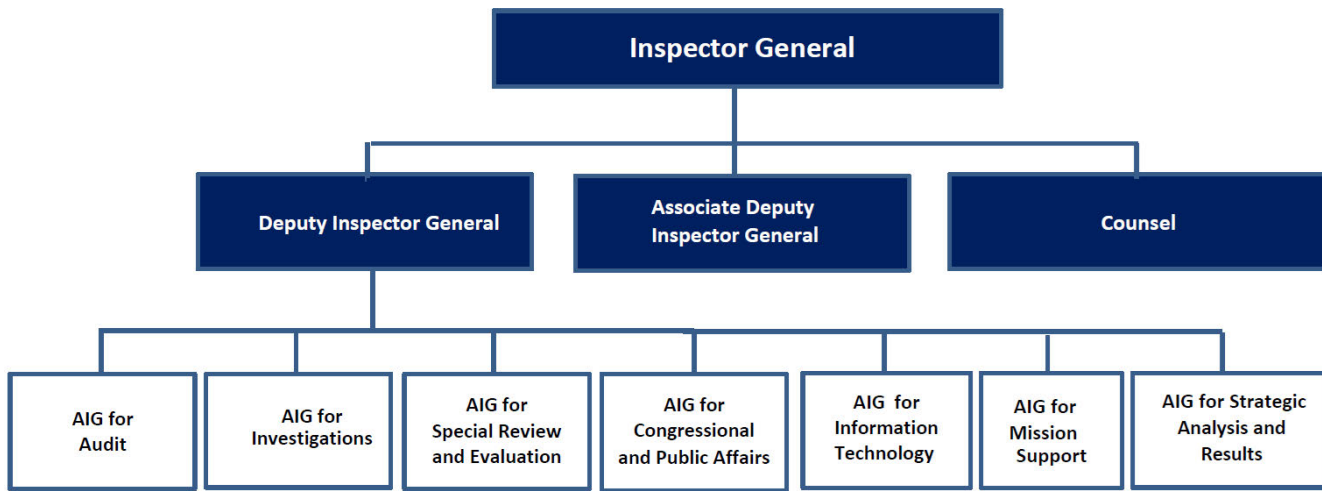
The IG Act requires IGs to keep both the head of the agency and the Congress "fully and currently informed" about any "particularly serious or flagrant problems, abuses, or deficiencies." The EPA OIG conducts a number of audits mandated by Congress, as well as discretionary work as resources allow. IGs also are required to annually identify major management challenges for the agencies they oversee and to prepare Semiannual Reports to Congress summarizing the activities of the OIG during the preceding six months. In turn, the agency head must transmit the Semiannual Report to Congress—together with a related report by the agency—to congressional committees or subcommittees of jurisdiction within thirty days.

In the event that an agency does not cooperate with an OIG, the IG has a number of statutory options and requirements, including reporting the denial of access to all documents in the OIG's Semiannual Report to Congress.

## How is the EPA OIG Organized?

The OIG comprises six offices. Figure 1 details the organizational structure of the OIG.

**Figure 1. Organization Structure of the OIG**



The **Office of Audit** conducts financial and performance audits to determine the efficiency, effectiveness, and compliance of Agency business operations and financial management. Audits assess the:

- potential for fraud, waste, and abuse;
- award and management of grants and contracts;
- management of information technology; and
- ways to realize cost savings and other efficiencies.

The **Office of Special Review and Evaluation**, or OSRE, conducts evaluations that assess programs, offices, and centers to determine whether and how they are effectively and efficiently meeting legal, regulatory, congressional, and public requirements and expectation. OSRE conducts:

- evaluations of how the EPA implements, executes, and enforces new and existing requirements;
- evaluations of the extent to which stakeholders can rely on those requirements;
- 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; and
- administrative investigations of allegations of misconduct by senior agency employees and complaints of whistleblower reprisal by EPA employees, or employees of EPA contractors, subcontractors, grantees, subgrantees or personal services contractors.

In addition, OSRE is responsible for the OIG Hotline, which encourages suggestions for assessing the efficiency and effectiveness of agency programs, and receives complaints of fraud, waste, abuse and mismanagement in EPA programs and operations, as well as violations of law, regulations and policies by EPA and CSB employees, grantees, contractors and program participants.

The **Office of Investigations** conducts criminal, civil, and administrative investigations into fraud, waste, abuse, and misconduct that undermine the integrity of or public trust in the EPA's programs and operations or create an imminent risk or danger. Investigations involve such areas as grant, contract, and laboratory fraud; employee misconduct; and cybercrime.

The **Office of Strategic Analysis and Results** encompasses the Strategic Planning and Initiatives and Data Analytics directorates. SPI oversees the OIG's strategic and annual plans, leads the development of top management challenges for the EPA and the CSB, and initiates projects to identify best OIG practices. DAD leverages advanced analytics that highlight key risk areas to program integrity within EPA programs and operations.

The **Office of Mission Support** provides a broad range of enterprise mission support functions and infrastructure necessary for EPA OIG to complete its mission, including:

- continuity of operations and management of facilities, space, property, and records;
- human resources, employee training, performance management, employee relations, and workforce planning;
- budget formulation and execution and resource strategy; and
- planning, awarding, and administering contracts.

The **Office of Information Technology** provides the OIG with a wide range of products and services in the areas of software development, network and infrastructure services, technical support, and information security. OIT also performs all information management officer functions, including but not limited to overseeing information technology purchases and acquisitions, as well as providing mobile device support.

The **Office of Counsel** provides independent legal and policy advice to all components of the OIG on a variety of substantive and procedural matters relating to the OIG's audit, evaluation, investigation, and other activities.

The **Office of Congressional and Public Affairs** communicates with Congress, the news media, and the public about the OIG's work, including responding to inquiries and requests and disseminating OIG reports and correspondence. OCPA also manages the OIG's internal and external communications and social media platforms, creates multimedia products, and operates the OIG's main phone line and email inbox.

In addition to its headquarters, the OIG has offices in all ten of the EPA regions, as well as at Research Triangle Park, North Carolina, and in Cincinnati, Ohio.

## Top Management Challenges for the EPA

The OIG is required by the IG Act to prepare an annual report summarizing what the OIG considers the "most serious management and performance challenges facing the agency." The EPA's most recent [Top Management Challenges](#) report identifies eight priorities facing EPA leadership through FY 2024. The OIG regards resolving these as essential to the EPA's protection of human health and the environment. The challenges, which serve as a framework for the rest of the OIG's portfolio, are as follows:

1. **Mitigating the causes and adapting to the impacts of climate change.** The EPA has prioritized addressing climate change as a core aspect of its mission to protect human health and the environment. To do this, the EPA should understand and address the threats posed by climate change.
2. **Integrating and implementing environmental justice.** Achieving environmental justice, which remains a

whole-of-government focus, will require the EPA to harness agencywide coordination and change its culture to make cross-program decisions that weigh cumulative risks and impacts to the communities that the EPA serves.

3. **Safeguarding the use and disposal of chemicals.** The public must be able to depend on the EPA's ability to identify the risks of using chemicals, including pesticides, and to provide safeguards for and verification of proper disposal, management, or remediation of toxic substances.
4. **Promoting ethical conduct and protecting scientific integrity.** The public entrusts the EPA to implement its programs in a fair and impartial manner and to base its decision-making on sound science that is free of inappropriate influence. Failure to adhere to ethical and scientific integrity principles jeopardizes program integrity and could undermine public trust in the EPA.
5. **Managing grants, contracts, and data systems.** The influx of \$100 billion in supplemental appropriations to fund EPA programs under the Infrastructure Investment and Jobs Act and Inflation Reduction Act increases the risk of fraud, waste, abuse, and noncompliance with funding requirements. Effective management of grants, contracts, and related data is critical to reducing these risks.
6. **Maximizing compliance with environmental laws and regulations.** The EPA's enforcement resources have declined 23 percent from fiscal year 2006 through 2023. This, along with variability in permitting, management of delegated state programs, and incorporation of environmental justice concerns, presents challenges to maximizing compliance and enforcement actions.
7. **Overseeing, protecting, and investing in water and wastewater systems.** The EPA has oversight responsibility for strengthening and securing the cyber and physical infrastructure at tens of thousands of public drinking water systems and publicly owned wastewater treatment systems. This critical infrastructure faces various threats from cyberattack, theft, vandalism, and other risks that can affect public health and leave communities vulnerable to the loss of clean water.

In addition, the OIG's Office of Investigations has outlined the following [Investigative Priorities](#):

- **Environmental Infrastructure.** One of the EPA's most important functions is strengthening and maintaining secure, functioning, and resilient drinking water and wastewater sectors. The OI prioritizes investigations into criminal and civil allegations of fraud or public corruption related to water systems, as well as subrecipients and contractors who may engage in bid rigging, substitute building materials, misrepresent the quality of building materials, or obscure the country of origin for the materials.
- **Grant Fraud.** The EPA oversees billions of dollars in grants to fund environmental research, cleanup technologies, land remediation, and climate change mitigation. Under the Infrastructure Investment and Jobs Act and the Inflation Reduction Act, the EPA received approximately \$100 billion. The OI investigates allegations of fraud related to these programs and their recipients and subrecipients, and works proactively to prevent fraud through fraud awareness and education briefings to EPA employees, grant recipients, tribal leaders, and contractors.
- **Program Fraud.** The OI investigates allegations of fraud that put the integrity of the EPA, the CSB, and their programs and policies at risk. The OI investigates allegations of fraud involving the billing of unnecessary labor and materials, as well as those involving falsely certifying Superfund site remediation. The OI also investigates allegations that potentially responsible parties concealed, avoided, or decreased their obligation to conduct needed cleanup activities under the EPA's oversight.
- **Laboratory Fraud.** Laboratory fraud investigations address laboratory-related misconduct, including fraud related to water and air quality, Superfund remediation measurements, payments made by the EPA for erroneous environmental testing data, and falsification of testing results. Investigations also include fraud

involving quality control testing when a contractor or laboratory misrepresents the results of testing to earn contract incentives, falsely or to avoid operations shutdown, or to increase profits or limit costs.

## Infrastructure Investment and Jobs Act Oversight

The Infrastructure Investment and Jobs Act, or IIJA, appropriates over \$60 billion to the EPA for a wide range of environmental programs, such as water sector infrastructure, land clean up, and electric school buses. The IIJA also provides for OIG oversight of these funds. The OIG maintains a dedicated [IIJA Oversight page](#) on its website as a comprehensive resource for its IIJA-related oversight strategy, completed and ongoing work, and annual progress reports. This page also includes an IIJA Spending Dashboard built and updated daily by the OIG's Data Analytics directorate. The dashboard informs the public of current EPA obligations and outlays for IIJA projects.

Below are some examples of the OIG's IIJA oversight work.

- **Evaluation of the EPA's 7th Drinking Water Infrastructure Needs Survey an Assessment and the Resulting Fiscal Year 2023 IIJA Allocation for Lead Service Line Replacements.** The OIG is evaluating whether the design and execution of the 7th Drinking Water Infrastructure Needs Survey and Assessment were appropriate to create accurate allocations of infrastructure funds based on the lead-service-line-replacement needs in each state. In May 2024, the OIG issued a management alert ([Report No. 24-N-0039](#)) to notify the Agency that a lack of internal controls may have caused the EPA to base its fiscal year 2023 allotment of \$3 billion in IIJA funds for lead service line replacements on inaccurate data. As such, there is a risk that the EPA did not allot the fiscal year 2023 IIJA funds, and will not allot future IIJA funds, according to states' lead-service-line-replacement needs.
- **The EPA Does Not Always Track the Use of Build America, Buy America Act Waivers for Infrastructure Projects.** This audit found that the EPA did not track the use of 10 of 11 Build America, Buy America waivers issued as of December 2023. The Agency was unable to provide the number of award recipients that fall under either type of waiver and does not have a method in place to track this information. With over \$60 billion in IIJA projects potentially subject to Build America, Buy America Act requirements, the EPA needs to develop and implement a method to track all waiver use. Without tracking the use of such waivers, the EPA may not be able to maximize use of U.S. goods, products, and materials in EPA-funded infrastructure projects. ([24-N-0037](#), May 8, 2024)
- **Half the States Did Not Include Climate Adaptation or Related Resilience Efforts in Their Clean Water State Revolving Fund Intended Use Plans.** This audit found that, despite the EPA's efforts to prioritize climate adaptation and provided guidance to states during the development of their annual clean water state revolving fund intended use plans, or IUPs, half the states did not include climate adaptation or related resilience efforts in their plans. The Agency awarded \$1.2 billion out of the available \$3 billion in fiscal year 2022 CWSRF funds to states that had not discussed climate adaptation or related resilience efforts in their intended use plans. Not prioritizing the effects of climate change may lead some projects that receive state-awarded federal funds to have limited long-term sustainability. ([24-P-0031](#), April 8, 2024)
- **Management Implication Report: Preventing Fraud, Waste, and Abuse Within the EPA's Clean School Bus Program.** The OIG Office of Investigations identified concerns regarding the EPA's lack of robust verification mechanisms within the Clean School Bus rebate and grant application process, which led to third parties submitting applications on behalf of unwitting school districts, applicants not being forthright or transparent, entities self-certifying applications without having corroborating supporting documentation, and entities being awarded funds and violating program requirements. ([24-N-0013](#), December 27, 2023)

## Other OIG Work Underway

The summaries below provide details on significant audit and evaluation work underway. While we have major investigations underway, none are in the public domain and thus cannot be reported in this document.

- [\*\*Audit of the EPA's Grants Workforce Planning\*\*](#). The OIG's objective is to determine whether the EPA's grants workforce planning efforts are in accordance with federal requirements and address the workload for grants administered under annual and supplemental appropriations. Managing grants continues to be one of the Agency's top management challenges.
- [\*\*Evaluation of the EPA's Implementation of the Underground Injection Control Class VI Well Program\*\*](#). The OIG's objective is to determine whether the EPA has used available resources, including funding appropriated by the Infrastructure Investment and Jobs Act, to improve permitting of Class VI wells under its Underground Injection Control Program.
- [\*\*Evaluation of the EPA's Oversight of Authorized State Lead-Based Paint Programs\*\*](#). The OIG's objective is to determine whether the EPA verifies that EPA-authorized state lead-based paint programs continue to meet regulatory requirements after initial authorization.

## How Does the OIG Conduct Its Audit and Evaluation Work?

The OIG maintains a planning process to assess the nature, scope, and inherent risks of EPA programs and operations. A key part of identifying risks is through the annual update to management challenges facing the Agency. The annual plan includes discretionary work that the OIG deems potentially beneficial, as well as work conducted based on mandates from legislation, congressional inquiries, and hotline requests. Adjustments are made throughout the year to respond to emerging issues. OIG work not mandated is selected based on the best possible return on investment—both monetarily and environmentally.

Before starting a project, the OIG issues a notification memo to the Agency. The OIG then collects enough evidence for analysis and uses that evidence to provide a reasonable basis for findings and conclusions. The OIG affords the Agency multiple opportunities at various phases during the report development process—including responding to a draft report that may include recommendations—to provide input and feedback. The OIG only has the authority to recommend; it cannot force the Agency to take any action. After the period allotted for the Agency to respond, the OIG issues a final report to the Agency, shares it with congressional committees of jurisdiction, and makes that report available to the public on the OIG's website.

## What Is the EPA OIG's Investigative Function?

The EPA OIG's Office of Investigations conducts criminal, civil, and administrative investigations related to the programs and operations of the EPA and CSB. These investigations may involve allegations of financial fraud, laboratory fraud, and cybercrime. The Office of Investigations refers its findings to the U.S. Department of Justice and other federal, state, and local law enforcement entities for criminal and civil litigation or to EPA, CSB, or EPA OIG management for administrative action. Investigative efforts may lead to criminal convictions, civil monetary penalties, restitution orders, or administrative sanctions. Agents within the Office of Investigations are duly appointed federal criminal investigators and are authorized to carry firearms, make arrests, execute search and seizure warrants, and perform other law enforcement duties.

## What Is the EPA OIG Hotline?

The EPA OIG operates a hotline—managed by the Office of Special Review and Evaluation—that receives complaints of fraud, waste, and abuse in EPA and CSB programs and operations, including mismanagement and violations of law, rules, and regulations by Agency employees, grantees, and contractors. The hotline also encourages suggestions for assessing efficiency and effectiveness. Complaints and requests may be submitted by anyone, including EPA and CSB employees, participants in Agency programs, members of Congress, organizations, and members of the public. In addition, contractors, subcontractors, and grantees are required in certain instances to make mandatory disclosures as set forth in the Federal Acquisition Regulation and the Code of Federal Regulations; such disclosures may be made through the OIG Hotline. Tips can be submitted by mail, telephone, email, or fax and can be anonymous. A hotline submission might result in an audit, evaluation, or investigation. Complainants have certain protections as provided under the IG Act, the Whistleblower Protection Enhancement Act, and other laws.

## Who Is in Charge at the EPA OIG?

Sean W. O'Donnell was sworn in as inspector general on January 27, 2020. Previously, he spent 15 years at the U.S. Department of Justice, most recently as a prosecutor in the Criminal Division's Money Laundering and Asset Recovery Section. Over his career at the DOJ, he handled a wide range of criminal and civil matters, such as commercial and governmental fraud, corruption, and national security matters. Early in his career, Mr. O'Donnell clerked for U.S. Circuit Judge Raymond Gruender on the U.S. Court of Appeals for the Eighth Circuit and U.S. District Judge Harry Lee Hudspeth on the U.S. District Court for the Western District of Texas. He also spent time in private practice, working on intellectual property and antitrust litigation, among other matters. Mr. O'Donnell has a bachelor's degree in economics from Texas A&M University, a bachelor's degree in mathematics from the University of Washington, a master's degree in economics from the University of Texas at Austin, and a law degree from the University of Texas School of Law.

Nicole Murley became the deputy inspector general in January 2024. Ms. Murley joined the EPA OIG in May 2021, first serving as senior counsel to the inspector general before her successful tenure as acting DIG. She previously served at the U.S. Department of Justice for 15 years, most recently as senior litigation counsel, in various offices, including the Office of Immigration Litigation in the Civil Division and in the Federal Programs Branch. Ms. Murley holds a juris doctorate from The Catholic University of America, Columbus School of Law, and a Bachelor of Arts from Colgate University.

Erica Kavanagh became the associate deputy inspector general in June 2024. Ms. Kavanagh has 26 years in public service, more than a decade of which has been in the oversight community. She previously served at the Office of the Special Inspector General for Pandemic Recovery, where she was the Assistant Inspector General for Administration and led the effort to stand up the organization from legislation to full-board operations across the agency. Prior to that, Ms. Kavanagh served at the EPA OIG, as the HR Director and then as the Deputy Assistant Inspector General for Administration. Before that, she spent several years in similar roles at the General Services Administration OIG. In these roles, she has been responsible for myriad mission support services in the areas of HR, IT, budget, contracting and procurement, and facilities and space management. In addition to a law degree from the University of Mississippi School of Law, Ms. Kavanagh has a BA in Political Science and an MPA in Public Administration from Southern University.



# Key OIG Audit and Evaluation Results in Recent Years

The OIG's Semiannual Reports to Congress summarize OIG accomplishments, including audits and evaluations. The next report, covering April–September 2024, will be transmitted by the OIG to the Agency no later than October 31, 2024, and by the Agency to Congress no later than November 29, 2024. Previous reports covering the periods ending [March 31, 2024](#); [September 30, 2023](#); and earlier are available in the [semiannual report section](#) of the OIG's website. Below are some examples of findings and conclusions.

- The EPA was not ready to comply with the public notification requirements for lead-action-level exceedances under section 2106 of the Water Infrastructure Improvements for the Nation Act. Although the Office of Water reported that it was in the process of developing a strategy, it had not developed a plan or milestones or provided guidance to help EPA regions, states, and water systems to be ready to comply with the notification requirements by the compliance date of October 16, 2024. The Office of Water also does not receive data in a timely manner to monitor lead-action-level exceedances, oversee water systems' compliance with the notification requirements, and provide the notices if water systems and states have not done so. ([24-P-0044](#), June 2024)
- The EPA failed to comply with the OIG's preservation requests for access to mobile device information needed for two investigations of senior officials for alleged ethical misconduct. The Agency needs to ensure that mobile devices for separating employees are properly preserved and timely accessible to the OIG to prevent the loss of evidence and other relevant records. ([24-N-0045](#), June 2024)
- The EPA's response to reported pesticide incidents involving Seresto pet collars has not provided assurance that they can be used without posing unreasonable adverse effects to the environment, including pets. ([24-E-0023](#), February 2024)
- Construction of the two combined sewer overflow tanks for the Gowanus Canal Superfund site in New York City is approximately six-and-a-half years behind Region 2's original schedule and is estimated to cost more than \$1 billion—a more than 1,300-percent increase from Region 2's original estimate. ([24-P-0029](#), March 2024)
- The EPA lacked robust oversight mechanisms to ensure that the Wood Heater Program facilitates compliance with the Clean Air Act. We also identified concerns regarding impartiality, conflicts of interest, and enforcement of program violations, especially in cases where the EPA is allowing known noncompliance to go unaddressed. ([24-N-0040](#), May 2024)
- EPA Region 7 did not effectively engage with the community affected by the Findett Corp. Superfund Site. Further, after the discovery of an additional source of contamination, Region 7 did not promptly develop a new or updated community involvement plan for St. Charles. In addition, Region 7 did not effectively facilitate community involvement by providing timely technical assistance or other tools to the St. Charles community, and did not use available mediation services in a timely manner to mitigate the contentious relationships among the Findett Corp. Superfund Site stakeholders, resulting in cleanup delays and community mistrust in the EPA. ([24-E-0033](#), April 2024)
- Significant unresolved vulnerabilities in the EPA's Central Data Exchange System increase the risk of threat actors gaining unauthorized access to CDX and other connected program services. ([24-N-0024](#), March 2024)



## Recent OIG Investigative Results

- Ten defendants were arrested at locations throughout Maryland and three search warrants were executed related to an alleged money laundering conspiracy involving more than \$9.5 million in proceeds from fraud schemes. The defendants allegedly created and used limited liability companies and other shell businesses to open bank accounts for the purpose of receiving money that they fraudulently obtained from government agencies, organizations, and companies, including an environmental trust overseen by the EPA. The defendants deceived the victims into sending money to them by, for example, providing the victims with false bank account information for legitimate vendor payments or with false wire transfer information for legitimate transactions. In addition, some coconspirators obtained and used forged and counterfeited identification documents, including some with the names of individual identity-theft victims.
- Seven individuals were indicted in the U.S. District Court, Northern District of Texas, on one count of conspiracy to commit wire fraud, 18 U.S.C. § 1349, and six counts of wire fraud, 18 U.S.C. § 1343, for alleged fraudulent participation in the Paycheck Protection Loan Program. One of the individuals indicted is a General Schedule 12, or GS-12, EPA employee. According to the indictment, the individuals conspired to unlawfully enrich themselves by submitting and causing the submission of false and fraudulent applications for Paycheck Protection Program loans and to use and share in the proceeds of the fraud for the personal use of the defendants and their co-conspirators.
- A resident of New Jersey and a resident of Pennsylvania pleaded guilty in the U.S. District Court, District of New Jersey, to participating in a conspiracy to obtain overtime payments from the City of Trenton, New Jersey, for work they did not perform. They did this by fraudulently inflating the overtime hours they claimed to have worked in Trenton conducting residential lead inspections in homes of children affected by lead poisoning. New Jersey receives EPA grants to help fund the state's lead remediation efforts, lead accreditation training, and the New Jersey Department of Health Lead Program.
- The president of an environmental services company based in Lansing, Illinois, was indicted in the U.S. District Court, Northern District of Illinois, for allegedly obstructing a federal investigation into a hotel demolition project in Harvey, Illinois. The company was hired in 2017 to conduct an asbestos survey of the hotel, which was to be demolished and repurposed. The president allegedly intended to impede, obstruct, and influence an investigation into whether the company accurately described the amount of asbestos present at the hotel site by providing asbestos waste manifests that were altered to falsely reflect the amount of asbestos removed from the hotel site and delivered to the landfill. Before the company president was indicted, another individual involved in the case pleaded guilty to wire fraud and was sentenced to 12 months' imprisonment and ordered to pay \$172,706.81. Pursuant to another aspect of the overall case, an Illinois mayor was indicted on one count of obstruction and one count of perjury after being deposed in a civil lawsuit filed by a waste management company based in Riverdale, Illinois.
- Two individuals were indicted in the U.S. District Court, District of New Mexico, for conspiracy to commit wire fraud and money laundering. One individual was a program director for a 501(c)(3) nonprofit organization headquartered in Santa Fe, New Mexico, while the other was a Colorado-based environmental contractor for the nonprofit organization. The contractor pleaded guilty to one count of conspiracy to commit wire fraud. The former program director pleaded guilty to conspiracy to commit wire fraud and money laundering. Both individuals face up to 20 years in prison. The nonprofit organization received federal funding from the EPA and the Department of the Interior for projects to restore wildlife, natural resources, and ecosystems in the American West. From February 2015 through April 2019, the former program director and the contractor conspired to inflate hours billed to the nonprofit organization and diverted more than \$240,000 from the organization.

## Systemic Changes and Continuing Impacts Resulting from OIG Work

Our work has a lasting impact and contributes to a cleaner and healthier America. While it often takes time to see the broad implications of our work, below are just a few examples of how our findings and recommendations continue to have an impact.

- Management of Fraud Potential in the Renewable Fuel Standard Program.** The EPA can further strengthen program controls to better ensure the integrity of the Renewable Identification Numbers market and meet goals for increased use of renewable fuels. We made eight recommendations to improve the EPA's controls for this program, which had nearly 339 million Renewable Identification Numbers and fraudulent sales of about \$87 million at the time of our audit.
- Clarification of Audit Requirements for State Revolving Fund Programs.** EPA guidance removed states' responsibilities for monitoring state revolving fund borrowers' single audit reports. These reports are a valuable tool for ensuring that subrecipients comply with federal requirements and for protecting federal funds from fraud, waste, and abuse. In response to our management alert, the EPA issued a memorandum clarifying the requirement for single audits, federal funds, and the responsibilities of recipients of state revolving fund assistance and state programs.
- Action to Improve the Residential Wood Heater Program.** The program did not provide reasonable assurance that residential wood heaters are properly tested and certified before reaching consumers. We identified more than \$80 million in potential waste and increased potential health risks. After our report's issuance, a bipartisan coalition of state attorneys general sued the EPA, alleging that it failed to revise standards for air pollution from wood heaters. And in Senate Report 118-83, the Senate specifically cited our report in directing the EPA to increase its staffing and other required efforts to support the wood stove certification and testing program.
- Improved Chesapeake Bay Restoration Efforts.** The EPA needs to update its strategy, goals, deadlines, and accountability framework to better lead Chesapeake Bay restoration efforts. The EPA agreed to work with Chesapeake Bay Program partners to set new goals and a deadline to have pollution controls and practices in place to meet pollution reduction goals. In addition, following our evaluation, the governor of Maryland announced that the state would shift focus in its restoration efforts to focus on smaller sources of pollution and strategies that rehabilitate specific habitats.
- Improved Guidance and Data for National Compliance Initiative.** The was not on track to reach its National Compliance Initiative Goals to stop aftermarket defeat devices and tampered vehicles. Adequate training, quantifiable metrics, and effective communication are needed to track and promote Initiative success. The EPA agreed to develop guidance for its regions and release enforcement data to states. In addition, the EPA's regulatory partners cited our report to urge the EPA to retain its enforcement initiative, which the EPA did not do.
- Enhanced Protection of Scientific Integrity.** The EPA did not follow the typical intra-agency review and clearance process during the development and publication of its January 2021 perfluorobutane sulfonic acid toxicity assessment. The EPA's actions left the public vulnerable to potential negative impacts on human health. While the recommendations in our report remain unresolved, the EPA acknowledged that EPA appointee interference in this toxicity assessment was wrong, and that the EPA should take steps to prevent similar actions in the future. The EPA also agreed that restoring and adhering to scientific integrity principles are important priorities and has since released draft updates to its scientific integrity policy. We continue to work with the Agency to protect scientific integrity.

## Unimplemented Recommendations

Over the years, Congress has shown concern about many OIG recommendations that agencies have not implemented. Congress enacted The Good Accounting Obligation in Government Act, [Public Law 115-414](#), on January 3, 2019, which requires agencies to submit reports on outstanding IG unimplemented recommendations in their annual congressional budget justifications. Our books reflect 52 OIG audit and evaluation reports issued between 2008 and May 31, 2024, encompassing a total of 122 unimplemented recommendations for the EPA with total potential monetary benefits of \$192.1 million. Examples of unimplemented recommendations are shown in Table 1.

**Table 1: Unimplemented recommendations.**

| Report   | Recommendation   |
|--|--|
| <b>Management and Operations</b>   |  |
| Internal Controls Needed to Control Costs of Emergency and Rapid Response Services Contracts, as Exemplified in Region 6, <a href="#">14-P-0109</a> , dated February 4, 2014.  | 3. Direct contracting officers to require that the contractor adjust all its billings to reflect the application of the correct rate to team subcontract Other Direct Costs. (Estimated completion 9/30/24.)   |
| <b>Water Issues</b>  |  |
| EPA Needs an Agencywide Strategic Action Plan to Address Harmful Algal Blooms, <a href="#">21-E-0264</a> , September 29, 2021.   | 4. Assess and evaluate the available information on human health risks from exposure to cyanotoxins in drinking water and recreational waters to determine whether actions under the Safe Drinking Water Act are warranted. (Estimated completion 12/31/25.)   |
| <b>Environmental Contamination and Cleanup</b>   |  |
| Region 2's Hurricanes Irma and Maria Response Efforts in Puerto Rico and U.S. Virgin Islands Show the Need for Improved Planning, Communications, and Assistance for Small Drinking Water Systems, <a href="#">21-P-0032</a> , December 3, 2020. | 4. Develop and implement a plan to obtain the additional data needed to complete risk assessments and finalize safety determinations on the 352 identified pollutants in biosolids and promulgate regulations, as needed. (Estimated completion 6/30/24.)  |
| <b>Toxics, Chemical Safety, and Pesticides</b>   |  |
| The EPA Needs to Determine Whether Seresto Pet Collars Pose an Unreasonable Risk to Pet Health, <a href="#">24-E-0023</a> , February 29, 2024.   | <p>2. Implement standard operating procedures on how to conduct domestic animal risk assessments for the active ingredients in pet products to support pesticide registration review decisions. (Estimated completion 12/12/25.)</p> <p>3. Implement a measurable standard to determine when a pet product poses unreasonable adverse effects in pets to support the pesticide registration review decision. (Estimated completion 12/12/25.)</p> <p>5. Establish and implement an additional data requirement for the premarket clinical testing of pet products that is consistent with the Veterinary International Conference on Harmonization Guideline GL9, Good Clinical Practice. (Estimated completion 12/12/25.)</p> <p>6. Assess what incident information is needed from registrants of pet products to determine when the EPA should take mitigation measures or other actions. Require pet product registrants to report that information to the EPA. (Estimated completion 12/12/25.)</p> <p>7. Establish policies and procedures that result in consistent implementation of mitigation measures to address unreasonable adverse effects or conduct additional analysis to determine whether</p> |

|   |   |
|---|---|
|   | <p>a pet product is causing unreasonable adverse effects. (Estimated completion 12/12/25.)</p> <p>8. Update the EPA's Incident Data System to capture the additional data that the EPA identifies from the recommendations above to allow the EPA to adequately assess incident reports and make timely decisions on when to take action. ((Estimated completion 6/28/24.)</p>  |
| <b>Air Quality</b>  |   |
| <p>The EPA Should Enhance Oversight to Ensure that All Refineries Comply with the Benzene Fenceline Monitoring Regulations, <a href="#">23-P-0030</a> September 6, 2023</p>               | <p>1. Provide guidance to delegated authorities on what constitutes a violation of the benzene fenceline monitoring regulations to assist the delegated authorities in taking action when a violation may have occurred. (Estimated completion 10/1/24.)</p> <p>2. Develop an internal strategy to address refineries that fail to reduce their benzene concentrations to 9 micrograms per cubic meter or below after initially exceeding the action level. The strategy should include best practices for: a. Monitoring benzene concentrations to determine whether a refinery has exceeded the action level and continues to exceed 9 micrograms per cubic meter in subsequent two-week sampling periods. b. Verifying that the refinery submits an appropriate corrective action plan that addresses the root cause and actions. c. Taking action at refineries that fail to undertake root cause analyses or implement appropriate corrective actions—such as Clean Air Act section 114 information requests, inspections, and enforcement actions—to reduce benzene concentrations to 9 micrograms per cubic meter. d. Coordinating between the Office of Enforcement and Compliance Assurance, the EPA regions, and the delegated authorities.(Estimated completion 10/1/24.)</p> <p>4. Provide guidance to the EPA regions to periodically review all reported benzene monitoring data to identify any gaps in data for refineries. (Estimated completion 10/1/24.)</p> <p>6. Provide guidance in the form of best practices to the EPA regions for investigating missing benzene monitoring data, securing the submission of the data if the data are available, and evaluating enforcement options. (Estimated completion 10/1/24.)</p> |
| <p>The EPA Needs to Address Increasing Air Pollution at Ports, <a href="#">23-E-0033</a>, September 21, 2023.</p>   | <p>1. Assess the air-monitoring network around ports and in near-port communities and create a plan to enhance the air-monitoring network where any gaps are identified. (Estimated completion date 9/30/25.)</p> <p>2. Set quantifiable performance measures for the Ports Initiative, including a plan for identifying the measures' baselines. (Estimated completion date 9/30/25.)</p>  |
| <b>Research and Laboratories</b>  |   |
| <p>The EPA's January 2021 PFBS Toxicity Assessment Did Not Uphold the Agency's Commitments to Scientific Integrity and Information Quality, <a href="#">23-E-0013</a>, March 7, 2023.</p> | <p>1. Develop or update existing policies, procedures, or guidance to specify whether and under which applicable circumstances comments expressing scientific disagreement can be provided for a scientific product that has undergone all peer reviews and required developmental steps set forth in applicable actions or project plans. (Estimated completion date 12/31/24.)</p> <p>3. Update EPA policies and procedures on environmental information quality to require additional quality assurance reviews</p>  |

|   |   |
|---|---|
|   | <p>for EPA products that undergo major changes to scientific results or conclusions after quality assurance reviews have been completed. (Estimated completion date: 9/30/24.)</p> <p>4. Develop or update existing policies, procedures, or guidance to require policy-makers and decision officials to uphold transparency through timely, formal communication of decisions and the scientific bases to change results or conclusions of a scientific product to originating authors in the absence of peer review. (Estimated completion date 7/31/24.)</p>   |
| <b><i>Compliance with the Law</i></b><br><b><i>Operating Efficiently and Effectively</i></b>  |   |
| <p>Improved EPA Oversight of Funding Recipients' Title VI Programs Could Prevent Discrimination, <a href="#">20-E-0333</a>, dated September 28, 2020.</p> | <p>1. Develop and implement a plan to coordinate relevant Agency program, regional, and administrative offices with the External Civil Rights Compliance Office to develop guidance on permitting and cumulative impacts. (Estimated completion date 9/30/24.)</p> <p>5. Determine how to use existing or new data to identify and target funding recipients for proactive compliance reviews, and develop or update policy, guidance, and standard operating procedures for collecting and using those data. (Estimated completion date 9/30/24.)</p> <p>6. Develop and deliver training for the deputy civil rights officials and EPA regional staff that focuses on their respective roles and responsibilities within the EPA's Title VI program. (Estimated completion date 9/30/24.)</p> <p>These recommendations remain unresolved pending a formal response from the EPA to this report, which will be posted on the OIG's website.</p> |

