



**United States
Environmental Protection Agency
Fiscal Year 2026**

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

Tab 04: Inspector General

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Environmental Protection Agency
FY 2026 Annual Performance Plan and Congressional Justification

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**Environmental Protection Agency
FY 2026 Annual Performance Plan and Congressional Justification**

**APPROPRIATION: Inspector General
Resource Summary Table**

(Dollars in Thousands)

	FY 2024 Final Actuals	FY 2025 Enacted Operating Plan	FY 2026 President's Budget	FY 2026 President's Budget v. FY 2025 Enacted Operating Plan
Inspector General				
Budget Authority	\$40,042	\$43,250	\$43,250	\$0
Total Workyears	178.8	227.5	227.5	0.0

The Agency notes that FY 2025 levels are estimates and subject to refinement based on Administration priorities.

*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, \$43,250,000, to remain available until September 30, 2027.

Program Projects in IG

(Dollars in Thousands)

Program Project	FY 2024 Final Actuals	FY 2025 Enacted Operating Plan	FY 2026 President's Budget	FY 2026 President's Budget v. FY 2025 Enacted Operating Plan
Audits, Evaluations, and Investigations				
Audits, Evaluations, and Investigations	\$40,042	\$43,250	\$43,250	\$0
TOTAL IG	\$40,042	\$43,250	\$43,250	\$0

The Agency notes that FY 2025 levels are estimates and subject to refinement based on Administration priorities.

*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

(Dollars in Thousands)

	FY 2024 Final Actuals	FY 2025 Enacted Operating Plan	FY 2026 President's Budget	FY 2026 President's Budget v. FY 2025 Enacted Operating Plan
<i>Inspector General</i>	<i>\$40,042</i>	<i>\$43,250</i>	<i>\$43,250</i>	<i>\$0</i>
Hazardous Substance Superfund	\$12,470	\$11,328	\$11,328	\$0
Total Budget Authority	\$52,513	\$54,578	\$54,578	\$0
Total Workyears	224.8	270.0	270.0	0.0

The Agency notes that FY 2025 levels are estimates and subject to refinement based on Administration priorities.

Program Project Description:

Created pursuant to the Inspector General Act of 1978, as amended, the U.S. Environmental Protection Agency Office of Inspector General (OIG) is an independent office within the Agency receiving a separate appropriation within the Agency's budget. The mission of the OIG is to promote economy and efficiency in, and detect fraud, waste, and abuse related to programs and operations of EPA and the U.S. Chemical Safety and Hazard Investigation Board (CSB), as well as to help ensure ethical conduct and program integrity. To this end, the OIG conducts, supervises, and coordinates audits, evaluations, and investigations relating to EPA's and CSB's programs. These services are directly supported through the OIG's management and administrative functions of information technology, human resources, human capital, budget, planning and performance, legal advice and counseling, report publishing and communications, and congressional outreach.

The OIG's activities add value and enhance public trust and safety by keeping the head of the Agency and Congress fully and immediately informed of problems and deficiencies, and the necessity for and progress of corrective actions. 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 mission, reduction in operational and environmental risks, costs savings and recoveries, and improvements in program efficiencies and integrity.

Audits

The OIG Office of Audit (OA) is responsible for conducting financial and performance audits of EPA's and CSB's programs and operations. Utilizing a cadre of auditors with specialized training and experience in environmental, financial, and information technology programs, the OA conducts its projects in compliance with generally accepted government auditing standards, as applicable based upon the work performed. The OA conducts performance audits to assess the economy, efficiency, internal control, and compliance of EPA programs and EPA business operations. In addition, the OA conducts ten or more mandated audits each year, including financial audits of EPA's and CSB's financial statements as required by the Chief Financial Officers Act of 1990 and audits of EPA's and the CSB's information security practices as required by the Federal Information Security Modernization Act of 2014.

Impact is measured both in terms of recommendations and in potential monetary benefits. In the first half of FY 2025, the OA issued nine reports and two letters to the Office of Management and Budget with over 30 recommendations for operations and program improvements. For example, in a February 2025 report, the OA found that EPA did not consistently manage its Sewer Overflow and Stormwater Reuse Municipal Grants, or OSG Program, in accordance with some applicable laws, regulations, policies, and guidance. As a result, EPA had not awarded approximately \$20 million, or about 18 percent, of the approximately \$110 million allocated to states within the OSG Program for FYs 2020 through 2022. This led the OA to conclude that needed infrastructure projects may have gone unfunded and that these funds potentially could have been put to better use. The OA also has identified over \$1 billion in potential monetary benefits and impacts. For example, in the OA's independent audit of EPA's FYs 2024 and 2023 (restated) consolidated financial statements, it found that EPA failed to implement internal controls to make sure funding was properly allocated in the 2022 Clean School Bus Rebates Program. Specifically, the EPA awarded over \$836 million in rebates benefitting 360 schools to purchase 2,243 buses under the 2022 CSB Rebates Program. However, the Agency did not monitor deployment status of the buses and recipient use of the funds. As a result, the Agency was not aware of whether recipients had the new buses in operation by the program closeout date or whether recipients were mixing funds with other accounts and, in some cases, earning interest. The Agency's lack of oversight of this rebate program puts the funds at increased risk of fraud, waste, and abuse. With an additional \$1 billion of funds planned to be issued via rebates, the EPA needs to conduct reviews to confirm the deployment status of the buses and develop funds management guidance for recipients to properly safeguard these taxpayer dollars.

Investigations

The OIG Office of Investigations (OI) is the oversight component responsible for investigating allegations of fraud, waste, and abuse related to EPA and CSB programs and operations including the American Rescue Plan Act, the Infrastructure Investment and Jobs Act, and the Inflation Reduction Act. Consisting of Special Agents with statutory authority under the IG Act to carry firearms, make arrests, execute search and seizure warrants, and perform other law enforcement duties, the OI's Special Agents are authorized to conduct criminal, civil, and administrative investigations. With a geographical area of responsibility spanning from Saipan to Maine and Alaska to the U.S. Virgin Islands, the OI prioritizes work based on return on investment, as well as the impact of the alleged fraud or misconduct on EPA's programs and operations. The OI leverages a data- and intelligence-driven framework to identify high-impact investigations.

The OI's criminal and civil investigations are often done in coordination with the U.S. Department of Justice and with various other federal and state law enforcement organizations. In FY 2024, the OI's investigations led to criminal charges against 29 subjects, representing a 383 percent increase over FY 2023 and a 190 percent increase over FY 2022. Additional investigative results included \$1,361,041 in criminal fines/recoveries and \$508,429 in civil recoveries. The OI works with EPA's Suspension and Debarment Program, "whose actions protect the government from doing business with entities that pose a business risk to the government." In FY 2024, the OI initiated 138 OIG investigations on fraud, waste, and abuse within the OI's investigative priorities to include grant and contract fraud, laboratory fraud, and employee and program integrity. The OI published five

Management Implication Reports, highlighting weaknesses and deficiencies in EPA programs, including EPA's failure to implement laws designed to protect federally funded research and EPA's failure to report fraud. The OI published "Fraud Alerts" and participated in "Fraud casts," highlighting fraud schemes and changes to the Uniform Guidance for Federal Awards.

Evaluations

The OIG Office of Special Review and Evaluation (OSRE) is responsible for evaluating the effectiveness of EPA's and the CSB's programs. Its oversight projects focus on the efficiency and effectiveness of program operations, such as program performance from implementation to outcome. A cadre of engineers, scientists, social scientists, and other environmental and public health professionals conduct projects in compliance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. Evaluations span every EPA program office and EPA's ten regional offices, EPA's state, local, and tribal partners, as well as activities that support clean air, clean water, safer chemicals, cleaner communities, scientific research and integrity, and effective oversight and enforcement.

The OIG's evaluations identify waste and areas for improvements in EPA programs and operations. These result in waste avoidance, policy changes, improvements to agency guidance documents and other written materials, increased transparency on regulatory and other decision-making, and process changes to eliminate barriers and improve program outcomes. These evaluations also provide EPA and Congress with information that is useful in policymaking. For example, in FY 2025, OSRE found that the design and execution of the 7th Drinking Water Infrastructure Needs Survey and Assessment did not result in allotments of lead service line, or LSL, funds that accurately reflected the needs in each state. It also identified \$943.8 million in funds that could be put to better use based on significant flaws in the data submitted by the states of Texas and Florida. As a result of this report, the Agency sent deobligation notices for FY 2023 to Texas in the amount of \$88 million and to Florida in the amount of \$226 million. In both instances, the EPA cited the reporting of unreliable data as the reason for the deobligation of funds. The Agency also determined that Florida may only apply for and receive \$28.6 million for FY 2024, which is \$200 million less than originally allotted. EPA decided to use more reliable data for FYs 2025 and 2026, so the \$400 million OSRE identified in recommendations will be more appropriately allotted. In another example, in FY 2024, OSRE completed a comprehensive evaluation on the drinking water crisis in Jackson, Mississippi. This five-chapter report highlighted the sequence of events and programmatic failures of a drinking water system that serves over 160,000 residents. EPA, as a result, is taking steps to strengthen Mississippi's drinking water program and holding Mississippi accountable for its responsibilities required under the Safe Drinking Water Act.

Administrative Investigations

The OIG Administrative Investigations Directorate (AID), located in OSRE, conducts statutorily mandated civil and administrative investigations into allegations of misconduct by senior employees and complaints of whistleblower reprisal by Agency or Board employees, contractors, subcontractors, grantees, subgrantees, or personal services contractors. The AID performs special reviews of significant events and emergent issues of concern that involve a suspected or alleged

violation of law, regulation, or policy, as well as allegations of serious mismanagement. Along with select evaluation staff, this directorate regularly meets with EPA's scientific integrity official, updates coordination procedures between the OIG and EPA's Scientific Integrity Office, and reviews documents to make EPA aware of all identified allegations of violations of its Scientific Integrity Policy.

Since its creation in 2021, the AID has made an immediate impact in helping promote ethical conduct in EPA and the CSB, particularly in the areas of senior employee misconduct and scientific misconduct. The AID consistently carries a large docket of complex and highly sensitive civil and administrative investigations. It also has issued significant reports related to ethical misconduct and whistleblower protection, among other matters. In August 2024, the AID issued a report of investigation that found multiple ethics lapses concerning financial conflicts of interest by the Assistant Administrator of EPA's Office of Air and Radiation. In September 2024, the AID issued a series of reports of investigation addressing allegations from five Agency scientists who reported retaliation for expressing differing scientific opinions in chemical assessments.

The AID also manages the OIG Hotline, which is statutorily required under the Inspector General Act of 1978, as amended, and the OIG's primary method of receiving complaints of fraud, waste, and abuse in EPA and the CSB. Hotline operations include triaging each complaint, tracking referrals, monitoring the progress of referrals, and communicating with complainants. In FY 2024, the OIG Hotline received over 9,500 contacts through the OIG website, email account, and telephone number, a 54 percent increase from FY 2023. The number of hotline referrals increased in FY 2024 by 101 percent. Furthermore, the OIG employs authorities under 5 U.S.C. § 4512 to incentivize the disclosure of fraud, waste, or mismanagement through cash awards.

Data Analytics

The Data Analytics Directorate (DAD) supports OIG wide oversight planning and execution by leveraging advance analytics to identify and highlight key risk areas to EPA or CSB program integrity. Specifically, the DAD uses programming languages and database software to automate the acquisition, transformation, and analysis of large and disparate data sets that support audits, evaluations, and investigations. It also provides statistical sampling and survey creation support for audits and evaluations. The DAD's oversight products, created by a team of data analysts and data scientists, allow the OIG and the public to visualize the extent of EPA programs and operations.

The DAD has been leading the OIG's efforts to use data analytics for proactive oversight. In March 2024, the DAD published a report highlighting EPA's insufficient internal controls to detect and prevent procurement fraud within its multibillion-dollar transactional procurement database. Another report in October 2024 focused on the states' poor data management of clean and drinking water state revolving funds documentation and how that hindered the OIG's ability to provide effective oversight of those multibillion-dollar programs. In November 2024, the DAD coauthored a report with the OIG's OI addressing potential critical and high cybersecurity vulnerabilities within the U.S. drinking water systems potentially disrupting water access for millions.

In FY 2024, the DAD created an Artificial Intelligence Working Group for the purpose of developing and adopting artificial intelligence solutions to increase efficiencies across the OIG. The DAD is in the process of developing machine learning applications to improve its data analytical detection and prevention capabilities in areas such as purchase card fraud.

OIG Support

The OIG and its oversight programs are supported by the Office of Counsel, the Office of Congressional and Public Affairs, the Office of Information Technology, the Office of Mission Support, and the Office of Strategic Analysis and Results. These offices provide legal, professional, and technical support to the oversight programs, as well as support the recruitment, retention, and training of the OIG's employees, manage public outreach efforts and congressional and public engagements, and engage traditional and social media and the internet.

FY 2026 Activities and Performance Plan:

The OIG takes a rigorous approach to the planning and execution of its oversight work, starting with the statutory mandate to prepare an annual statement summarizing "the most serious management and performance challenges facing the agency" and to assess the Agency's progress in addressing those challenges. To identify these top management challenges, the OIG reviews the work and recommendations of the OIG and the U.S. Government Accountability Office, solicits input from senior EPA leadership and program offices, and considers the public statements of EPA, administration, and congressional leaders, as well as EPA planning documents. The OIG also maintains its responsibility to statutory or regulatory mandates, such as the oversight of the financial and operation audits of the over 100 state revolving funds, as well as work requested by Congress or resulting from an OIG Hotline contact. In FY 2026, the OIG will continue to target initiatives addressing EPA's and the CSB's top management challenges and stated priorities. The OIG also will continue to expand upon its oversight of EPA's implementation of the IIJA and IRA to assess whether the approximately \$60 billion in IIJA funding and the approximately \$41 billion in IRA funding provided to EPA is effectively and properly spent.

Audits

The Office of Audit (OA) is responsible for nearly all the OIG's mandates, which routinely comprise over a third of the office's oversight work. However, the OIG will need to continue its oversight of EPA spending, to include funding received through the IIJA and IRA. To support this need in a constrained budget environment, the OA is developing a process to enhance its utilization of EPA spending data related to programs under review and to support audit planning. The OA will continue to conduct oversight work in response to congressional requests or hotline contacts, which routinely comprise 10-15 percent of the OA's work. Based on OIG funding trends, the OIG estimates that by FY 2026 more than half of the OA's work will be non-discretionary work.

Additional resources to complete mandatory, requested, and discretionary oversight projects in FY 2026 will greatly support the OA's ability to conduct oversight work.

Investigations

The Office of Investigations (OI) will prioritize its investigations based on the impact of the fraud or misconduct on EPA's programs and operations. The OI continually seeks to demonstrate return on investment while creating value for agency leadership and fulfilling congressional expectations. The OI assists EPA with maintaining a culture of integrity within its employees, programs, and operations. The OI also must consider the U.S. Department of Justice's prosecutorial priorities and the U.S. Attorney Offices' prosecutorial guidelines. The OI uses technology, engages stakeholders, and shares information with and works alongside other federal, state, local, and tribal governments, and law enforcement agencies. An enduring priority will be the prevention and detection of fraud and public corruption of EPA funding, including cybercrime investigations.

Evaluations

The Office of Special Review and Evaluation (OSRE) will continue to conduct oversight projects in response to congressionally requested work, emerging environmental emergencies, and hotline contacts. Its discretionary oversight will continue to focus on promoting economy and efficiency in the administration of EPA's programs. For example, planning a series of efficient, repeatable site inspections to assess compliance with domestic preference and signage requirements for State Revolving Fund projects and with institutional controls for Superfund projects. OSRE also will have, into FY 2026, ongoing evaluations of one or more IRA programs.

Administrative Investigations

The Administrative Investigations Directorate (AID) generally initiates investigations in response to allegations of misconduct and special reviews in reaction to unique circumstances. However, over the last two years, the number of investigations on the AID's docket has significantly outnumbered the AID's ability to complete those investigations in a timely fashion. Many of these matters, particularly those involving allegations of ethical misconduct and financial conflicts of interest, are particularly complex, requiring rigorous and highly technical investigations. The AID saw a 200 percent increase in the number of agency contractor and grantee reprisal complaints under 41 U.S.C. § 4712 in FY 2024. Under this statute, the AID must conduct mandatory investigations of these reprisal complaints within 180 days after receipt. Recent staff departures will constrain the AID's abilities to consistently meet the statutory deadline for these investigations in FY 2026.

The OIG Hotline continues to experience a notable increase in contacts. As of March 31, 2025, the FY 2025 midpoint, the hotline received 8,062 contacts, a 48 percent increase over the FY 2024 midpoint. The AID expects hotline contacts will continue to increase for the remainder of FY 2025 and into FY 2026 resulting in increased allegations of fraud, ethical misconduct, and whistleblower retaliation that will need to be investigated.

Data Analytics

The Data Analytics Directorate (DAD) supports the OIG’s oversight by obtaining agency data and conducting data or statistical analysis. The result is often a dashboard or other visualization of data, providing easy identification of complex problems or otherwise hidden relationships. The DAD’s efforts to automate data acquisition and analysis processes creates time and cost efficiencies for audits, investigations, and evaluations. The DAD also provides oversight products to the public through the OIG website, including a geographical dashboard showing EPA IJA spending by program, region, and district. Sustaining this work will require continued investment in both personnel and analytic tools, such as computer hardware and database software. In FY 2026, the DAD will continue to develop and provide better analytic support for our audits, investigations, and evaluations and oversight products for the public.

Performance Measure Targets:

A list of FY 2026 performance measures and targets is located in the FY 2026 Performance Measures tab.

FY 2026 Change from FY 2025 Enacted Budget (Dollars in Thousands):

- There is no change in program funding.

Statutory Authority:

Inspector General Act of 1978, as amended, 5 U.S.C. §§ 401–424.

Budget Requests:

The OIG requests the following, provided pursuant to 5 U.S.C. § 406(g):

- The aggregate President’s Budget request from the Inspector General for the operations of the OIG is \$54.6 million (\$43.3 million OIG; \$11.3 million Superfund Transfer)
- The portion of the aggregate President’s Budget needed to support the Council of the Inspectors General on Integrity and Efficiency is estimated at \$218 thousand (\$173 thousand OIG; \$45 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 2026.”