United States Environmental Protection Agency

FISCAL YEAR 2027

Justification of Appropriation Estimates for the Committee on Appropriations

Tab 05: Office of Inspector General

EPA-190R26002

April 2026
www.epa.gov/cj

Environmental Protection Agency
FY 2027 Annual Performance Plan and Congressional Justification

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FY 2027 Annual Performance Plan and Congressional Justification

APPROPRIATION: Inspector General
Resource Summary Table
(Dollars in Thousands)

	FY 2025 Final Actuals	FY 2026 Enacted Operating Plan	FY 2027 President's Budget	FY 2027 President's Budget v. FY 2026 Enacted Operating Plan
Inspector General				
Budget Authority	$42,721	$43,250	$37,768	-$5,482
Total Workyears	181.7	227.5	217.4	-10.1

*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, $37,768,000, to remain available until September 30, 2028.

Program Projects in IG
(Dollars in Thousands)

Program Project	FY 2025 Final Actuals	FY 2026 Enacted Operating Plan	FY 2027 President's Budget	FY 2027 President's Budget v. FY 2026 Enacted Operating Plan
Audits, Evaluations, and Investigations				
Audits, Evaluations, and Investigations	$42,721	$43,250	$37,768	-$5,482
TOTAL IG	**$42,721**	**$43,250**	**$37,768**	**-$5,482**

*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
Goal: Advance Permitting Reform, Cooperative Federalism, and Cross-Agency Partnership
Objective(s): Organizational Excellence

(Dollars in Thousands)

	FY 2025 Final Actuals	FY 2026 Enacted Operating Plan	FY 2027 President's Budget	FY 2027 President's Budget v. FY 2026 Enacted Operating Plan
Inspector General	***$42,721***	***$43,250***	***$37,768***	***-$5,482***
Hazardous Substance Superfund	$10,038	$11,328	$11,328	$0
Total Budget Authority	$52,759	$54,578	$49,096	-$5,482
Total Workyears	222.7	270.0	259.9	-10.1

The Agency notes that FY 2026 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, 5 U.S.C. §§ 401–424,[1] the U.S. Environmental Protection Agency Office of Inspector General, or OIG, is an independent office that receives a separate appropriation within the EPA's budget. The mission of the OIG is to drive change by fighting fraud, promoting ethical conduct, and recommending improvement in the environmental space. To this end, the OIG conducts and supervises independent audits, evaluations, inspections, and investigations while reviewing existing and proposed legislation and regulations relating to the programs and operations of EPA and the U.S. Chemical Safety and Hazard Investigation Board, or CSB, as applicable. The OIG further provides leadership and coordination related to oversight functions, including the OIG Hotline and whistleblower resources; makes evidence-based policy recommendations; and works to prevent and detect waste, fraud, and abuse in Agency, grantee, and contractor operations of the Agency's programs.

Audits: The OIG Office of Audit, or OA, is responsible for conducting financial and performance audits of EPA's and the CSB's programs and operations. The OA complies 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 business operations and programs. In addition, the OA conducts a minimum of ten statutorily mandated[2] audits each year, including financial audits of EPA's and the CSB's financial statements as required by the Chief Financial Officers Act of 1990, as well as audits of EPA's and the CSB's information security practices as required by the Federal Information Security Modernization Act of 2014.

[1] For additional information, please refer to: 5 U.S.C. §§ 401–424.
[2] Statue citations for mandated audits include: Chief Financial Officers Act of 1990, 31 U.S.C. § 3521(e); Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. § 136a-1(k)(10); Pesticide Registration Improvement Act, 7 U.S.C. § 136w–8(i)(3); Frank R. Lautenberg Chemical Safety for the 21st Century Act, 15 U.S.C. § 2625(b)(3)(D)(iii); Hazardous Waste Electronic Manifest Establishment Act, 42 U.S.C. § 6939g(d)(3)(B); 31 U.S.C. § 3353(a); 31 U.S.C. § 3353(a); U.S.C. § 3555(b)(1); Charge Card Abuse Prevention Act of 2012, 41 U.S.C. 1909(c)-(d); 44 U.S.C. § 3555(b)(1).

Investigation: The OIG Office of Investigations, or OI, is the oversight component responsible for investigating allegations of fraud, waste, and abuse related to EPA and CSB programs and operations, including those funded by the American Rescue Plan Act and the Infrastructure Investment and Jobs Act. Pursuant to the Inspector General Act, 5 U.S.C. § 406(f), OI special agents have statutory law enforcement authority to conduct criminal investigations, including carrying a firearm; making an arrest without a warrant while engaged in official duties or as expressly authorized by the attorney general for any offense against the United States committed in the presence of the agent, as well as for any felony cognizable under the laws of the United States; and seeking and executing warrants for arrest, search of premises, or seizure of evidence upon probable cause to believe a violation has been committed. OI special agents are authorized to conduct civil and administrative investigations often done in coordination with the U.S. Department of Justice and other federal and state law enforcement organizations. With a geographical area of responsibility spanning from the Northern Mariana Islands to Maine and Alaska to the U.S. Virgin Islands, the OI leverages a data- and intelligence-driven framework to identify high-impact investigations.

Evaluations and Inspections: The OIG Office of Special Review and Evaluation, or OSRE, is responsible for evaluating and inspecting the effectiveness of EPA's and the CSB's programs. Its oversight projects focus on the efficiency and effectiveness of program operations; promote economy, efficiency, and effectiveness in the administration of EPA's programs; and result in waste avoidance, improvements to Agency procedures and guidance documents, and increased transparency into regulatory, decision-making, and policymaking information. Oversight activities are conducted in compliance with the Council of the Inspectors General on Integrity and Efficiency's, or CIGIE, *Quality Standards for Inspection and Evaluation*.

Administrative Investigations: The OIG Administrative Investigations Directorate, or AID, located within OSRE, conducts statutorily mandated civil and administrative investigations, including whistleblower reprisal investigations that are statutorily required under 41 U.S.C. § 4712, as well as allegations of misconduct by senior Agency and CSB employees, contractors, subcontractors, grantees, subgrantees, or personal services contractors. The AID performs special reviews that involve a suspected or alleged violation of law, regulation, or policy, as well as allegations of serious mismanagement. The AID also manages the OIG Hotline, which is statutorily required under the Inspector General Act of 1978, as amended, and is the OIG's primary method of receiving complaints of fraud, waste, and abuse. Along with select evaluation staff, the AID regularly meets with EPA's scientific integrity personnel, updates coordination procedures between the OIG and EPA's Scientific Integrity Officials, and reviews documents to make EPA aware of all identified allegations of violations of its *Scientific Integrity Policy*.

Data Analytics: The Data Analytics Directorate, or DAD, located within the Office of Data, Analysis, and Technology, or ODAT, leverages advanced analytics to identify key risk areas to EPA or CSB program integrity. DAD automates the acquisition, transformation, and analysis of large and disparate datasets to support audits, evaluations, and investigations. It also provides support for statistical sampling and survey creation for audits and evaluations. DAD's oversight products visualize[3] the extent of EPA programs and operations. DAD further supports the OIG's proactive oversight efforts with its data analytical capabilities to generate investigative leads for

[3] For additional information, please refer to: https://www.epa.gov/office-inspector-general.

agents, AI platforms for machine learning programs to detect potential fraud, and penetration and vulnerability testing for cybersecurity oversight of EPA systems.

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 Data, Analysis, and Technology; and the Office of Mission Support. These offices provide legal, professional, and technical support; support the recruitment, retention, and training of the OIG's employees; manage public outreach efforts and congressional and public engagements; and inform the public about OIG activities.

FY 2027 Activities and Performance Plan:

The OIG is statutorily mandated 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. The OIG also maintains responsibility for 19 significant required recurring reports, audits, and evaluations, including annual financial statement, improper payment, and FISMA audits, and for work requested by Congress or resulting from an OIG Hotline contact.

In FY 2027, the OIG will continue addressing EPA's and the CSB's top management challenges and stated priorities as well as its oversight of EPA's implementation of the Infrastructure Investment and Jobs Act. FY 2027 resources and activities will focus on implementing cost-saving strategies, such as AI and other business automation tools, to create process improvements. Critical staffing and FTE allocation remain a priority for the OIG to meet its statutory requirements and mission operations. Given the anticipated agencywide reduction in EPA personnel and programs, FY 2027 activities support efficiencies to deliver measurable outcomes.

Audits: The OA's recommendations often address the efficiency and effectiveness of EPA programs that manage and award significant dollar amounts. In FY 2025, the OA issued 27 audit products. This includes 24 reports and three memos to OMB on the EPA's and the CSB's implementation of recommendations related to purchase card and travel card programs and EPA's purchase charge card violations.

FY 2027 resources would support the OA's report production, training for staff to enhance audit skills as well as building cybersecurity and AI audit capabilities, contract management and incurred cost audits, and work at EPA regional and delegated state and local levels. Unlike most other OIGs, most of the OA's statutory work is conducted in-house and now comprises almost half of the audit staff's direct time. In FY 2027 and beyond, the OA will look at cost-savings strategies such as contracting certain statutorily mandated work. The OA will continue to conduct discretionary oversight of EPA and CSB spending in FY 2027 as well as oversight work in response to congressional requests or hotline contacts, which have historically comprised approximately 10 to 15 percent of the OA's work. The OA is developing a procedure to systematically analyze EPA and CSB budgets and spending data to identify high-risk programs for audit. Additionally, the OA will continue to streamline audit processes with the use of AI tools.

Investigations: The OI continues to have notable performance results and success. In FY 2025, the OI's investigations led to criminal charges against 28 subjects and $3.4 million in criminal fines and recoveries and $4 million in civil recoveries.[4] In FY 2025, the OI initiated 187 investigations into fraud, waste, and abuse based on investigative priorities, including grant and contract fraud, laboratory fraud, and employee and program integrity. The OI issued six reports of investigation to the Agency concerning allegations of employee misconduct, published five management implication reports[5] highlighting weaknesses and deficiencies in EPA programs and operations, and published a "fraud alert" highlighting a scheme involving the impersonation of EPA employees.[6]

FY 2027 resources would allow OI special agents to attend required law enforcement training to comply with attorney general guidelines and CIGIE's *Quality Standards of Investigations*. FY 2027 resources also would support business automation tools and systems. The OI requires continued use of a secure cloud-based case management system for specialized devices, which allows for forensic capturing, processing, and review of electronic media. The OI also requires access to law enforcement datasets as well as financial forensic software for complex analysis of financial records and the creation of work products.

In FY 2027, the OI will continue to prioritize its investigations based on their anticipated returns on investment and the impact of the alleged fraud or misconduct on EPA and CSB programs and operations. The OI also must consider the Department of Justice's prosecutorial priorities and the U.S. Attorneys' Offices prosecutorial guidelines. An enduring OI priority is the prevention and detection of fraud and public corruption of EPA funding, including cybercrime investigations. The OI seeks to build a cadre of certified Cyber Crime Investigators to address this ever-increasing trend. FY 2027 resources would support investigators acquiring advanced level training in cybersecurity concepts and technologies.

Evaluations and Inspections: FY 2027 resources for evaluations and inspections would allow for continued OSRE reviews of EPA's program operations and for the issuance of OIG recommendations to improve EPA program effectiveness and efficiency. FY 2027 resources also would support travel for in-person interviews and site visits for evaluations and inspections to enhance the quality of evidence collection and credibility determinations. In FY 2027, OSRE will continue to conduct oversight projects in response to congressionally requested work, emerging environmental emergencies, and hotline contacts. Discretionary oversight will continue to focus on promoting economy and efficiency in the administration of EPA's programs.

Administrative Investigations: The AID consistently carries a large docket of complex and highly sensitive civil and administrative investigations. These often involve allegations of ethical misconduct and financial conflicts of interest and require rigorous and highly technical investigations. 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. As of February 18, 2026, 33 percent of the AID's investigative docket comprised of Agency contractor and grantee reprisal investigations under 41 U.S.C. § 4712. Under this statute, the AID

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[4] Press Release, DOJ, Stantec. Inc. Agrees to Pay $4M to Resolve Allegations That It Violated the False Claims Act by Submitting False Certifications to the EPA in Grant Applications (July 7, 2025).
[5] EPA Off. of Inspector Gen., 25-N-0021, Management Implication Report: Office of Research and Development Scientific Integrity and Ethics Concerns (2025) and EPA Off. of Inspector Gen., 25-N-0026, Management Implication Report: Terms and Conditions Listed Within the EPA's Subaward Policy (2025).
[6] EPA Off. of Inspector Gen., Fraud Alert: Asphalt Sealer Scam (2025).

must conduct mandatory investigations of these reprisal complaints within 180 days after receipt. FY 2027 resources would support the AID consistently meeting the statutory deadline.

The OIG Hotline also continues to experience year-over-year increases in contacts. In FY 2025, the OIG Hotline received 14,504 contacts far surpassing the total contacts received in FY 2024.[7] The AID expects that hotline contacts will continue to increase through FY 2027, resulting in increased allegations of fraud, ethical misconduct, and whistleblower retaliation. FY 2027 resources would support mission-critical OIG Hotline operations and staffing to meet increased demand, as well as allow for proactive outreach efforts to stakeholders.

Data Analytics: FY 2027 resources would allow DAD to continue to automate data analytical processes. Recently, DAD automated a process to collect, transform, and load the data for a statutory audit, reducing the manual effort by 90 percent. Resources would further support data visualizations and real-time dashboards. DAD created a dashboard that tracks the speed of funding for Inflation Reduction Act programs and alerts auditors and evaluators to potentially unusual spending patterns. Additionally, DAD created a dashboard for the audit team to review key sentences from EPA assessment report, instead of having to review every page for over 1,200 reports and focus on relevant information needed to plan its audit. These dashboards require resources and skilled staff in programming languages to analyze data and create visualizations to display their analysis.

FY 2027 resources would support DAD's proactive oversight initiative and link analysis projects to generate leads to detect fraudulent patterns and behavior in contracting and grant programs. Link analysis software also has the potential to increase the amount of civil and criminal penalties that could be recovered by the OI. The DAD only recently acquired link analysis software and is training staff on how to use it, as it is highly specialized. Resources in FY 2027 also would help create low-code/no-code AI applications and AI retrieval augmented generation applications to make the project planning process more efficient. In FY 2027, DAD will continue oversight support of proactive cybersecurity penetration and vulnerability testing of EPA systems. Access to additional proprietary cloud software, such as software as a service, will allow DAD to run testing models and analyze data.

Performance Measure Targets:

FY 2027 performance goals and targets are located in the FY 2027 Performance Goals tab.

FY 2027 Change from FY 2026 Enacted Budget (Dollars in Thousands):

- (-$3,049.0) This change to fixed and other costs is a decrease due to the estimated calculation of base payroll costs for existing FTE, adjustments to provide essential workforce support, and estimated changes to benefits costs.

- (-$2,433.0 / -10.1 FTE) This program change is a decrease to reflect an overall expected workload decrease due to an agencywide reduction in EPA personnel and programs.

[7] For additional information, please refer to: https://www.epa.gov/system/files/documents/2025-11/fall-2025-semiannual-report-to-congress_final_cert.pdf.

Statutory Authority:

The 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 $49.1 million ($37.8 million OIG; $11.3 million Superfund Transfer).
- The portion of the aggregate President's Budget needed for training is $750 thousand ($615 thousand OIG; $135 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 estimated at $173 thousand, or 0.40 percent of the FY 2027 budget request.

"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 2027."