



**United States
Environmental Protection Agency**

FISCAL YEAR 2020

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

Tab 05: Office of Inspector General

**Environmental Protection Agency
2020 Annual Performance Plan and Congressional Justification**

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**Environmental Protection Agency
FY 2020 Annual Performance Plan and Congressional Justification**

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

	FY 2018 Actuals	FY 2019 Annualized CR	FY 2020 Pres Budget	FY 2020 Pres Budget v. FY 2019 Annualized CR
Inspector General				
Budget Authority	\$40,328.4	\$41,489.0	\$38,893.0	-\$2,596.0
Total Workyears	209.4	215.8	201.4	-14.4

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

Bill Language: Inspector General

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, \$38,893,000, to remain available until September 30, 2021.

**Program Projects in IG
(Dollars in Thousands)**

Program Project	FY 2018 Actuals	FY 2019 Annualized CR	FY 2020 Pres Budget	FY 2020 Pres Budget v. FY 2019 Annualized CR
Audits, Evaluations, and Investigations				
Audits, Evaluations, and Investigations	\$40,328.4	\$41,489.0	\$38,893.0	-\$2,596.0
TOTAL IG	\$40,328.4	\$41,489.0	\$38,893.0	-\$2,596.0

*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: Rule of Law and Process

Objective(s): Improve Efficiency and Effectiveness

(Dollars in Thousands)

	FY 2018 Actuals	FY 2019 Annualized CR	FY 2020 Pres Budget	FY 2020 Pres Budget v. FY 2019 Annualized CR
<i>Inspector General</i>	<i>\$40,328.4</i>	<i>\$41,489.0</i>	<i>\$38,893.0</i>	<i>-\$2,596.0</i>
Hazardous Substance Superfund	\$9,159.7	\$8,778.0	\$9,586.0	\$808.0
Total Budget Authority	\$49,488.1	\$50,267.0	\$48,479.0	-\$1,788.0
Total Workyears	260.4	266.0	242.0	-24.0

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 OIG conducts and supervises audits and investigations while reviewing existing and proposed legislation and regulations relating to the Agency’s programs and operations; provides leadership and coordination, and recommend policies for activities designed to promote economy, efficiency and effectiveness, and to prevent and detect waste, fraud, and abuse in agency, grantee, and contractor operations. The OIG 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 activities also prevent and detect fraud in EPA’s programs and operations, including financial fraud, laboratory fraud, and cybercrime. 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. The audit, evaluations and inspection, and investigative services programs 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. EPA’s OIG plans its work with a focus on identifying and influencing resolution of the Agency’s major management challenges and in support of EPA’s goals and objectives.

In addition, EPA’s Inspector General was designated by Congress in Fiscal Year 2004 to serve as the Inspector General for the U.S. Chemical Safety and Hazard Investigation Board (CSB) and provides the full range of audit and investigative services specified by the Inspector General Act, as amended. Specifically, the OIG conducts required audits of the CSB’s financial statements and of CSB’s compliance with the Federal Information Security Management Act. In addition, the OIG performs audits and evaluations of the CSB’s programmatic and management activities and follow-up on prior audit recommendations.

FY 2020 Activities and Performance Plan:

Work in this program directly supports Goal 3/Objective 3.5, Improve Efficiency and Effectiveness in the *FY 2018 - 2022 EPA Strategic Plan*. 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; respond to cybercrimes; and resolve previously identified major management challenges and internal control weaknesses resulting in cleaner air, land, and water, and ensured chemical safety for America. In FY 2020, the OIG will continue to recommend improvements to operating efficiency, transparency, secured and trustworthy systems, and the cost-effective attainment of EPA's strategic goals and positive environmental impacts.

The OIG carries out its statutory mission by conducting many types of audits, evaluations, and investigations for both EPA and the CSB. Plans are implemented through audits, evaluations, investigations, inspections, and follow-up reviews in compliance with the Inspector General Act (as amended), the Generally Accepted Government Accounting Standards, and the Quality Standards for Federal Offices of Inspector General of the Council of Inspectors General on Integrity and Efficiency.

The OIG conducts the following types of assignments focused on efficiency and program operations: program performance, including a focus on the award and administration of grants and contracts; statutorily mandated audits; financial reviews of grantees and contractors; and information resources management. In addition, program performance audits, evaluations and inspections are conducted in the areas of EPA's mission objectives for improving and protecting the environment and public health, including: air; water; land cleanup and waste management; toxics, chemical management and pollution prevention; and environmental research programs.

The investigative mission of the OIG continues to evolve in conducting criminal, civil, and administrative 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. The OIG investigations are coordinated with the Department of Justice and other federal, state, and local law enforcement entities. These investigations often lead to successful prosecution and civil judgments wherein there is a recovery and repayment of financial losses. Major areas of investigative focus include: financial fraud, program integrity, threats to the Agency's resources, employee integrity, cyber-crimes, and theft of intellectual or sensitive data.

The ten directorates within the Office of Audit and Evaluation are responsible for independent oversight of EPA and CSB programs and recommending improvement to programs and operations. A significant portion of audit resources will be devoted to statutorily mandated work assessing the financial statements of EPA, as required by the Chief Financial Officers Act and the Accountability of Tax Dollars Act of 2002, respectively. The OIG work will also include assessing the information security practices of EPA as required by the Federal Information Security Management Act. The OIG will examine the delivery and performance of national programs, as well as specific cross-regional and single region or place based issues that represent a risk to public health and the environment in response to stakeholder concerns.

As noted above, EPA's OIG continues to balance its workload with the capacity of a reduced workforce, while meeting statutorily-mandated requirements and delivering a strong return on investment. Our average 6-year return on investment is 12.3:1. The Annual Performance Goals are being met or exceeded, however, goals were adjusted to align with available resources.

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 2020:

Sound and Economical Financial Management

- Annual mandated improper payments audit
- Internal controls
- Annual mandated financial statements audits
- Audits of costs claimed by grantees and contractors
- Grant and contract administration
- Maximizing cost efficiencies and process improvement
- Capital investments in information technology, equipment, facilities and other items
- Technological changes create transformation opportunities
- Annual mandated travel card program, including risk assessment in accordance with the Government Charge Card Abuse Prevention Act of 2012
- Annual mandated purchase card and convenience check program, including risk assessment
- Annual mandated toxic substances fees in accordance with the Pesticide Registration Improvement Act and Federal Insecticide, Fungicide, and Rodenticide Act
- Efficiency and effectiveness of collection and payment processes

Efficient Processes and Use of Resources

- Management of the Brownfields Program
- Partnering or coordination with other agencies to maximize efficiencies
- Opportunities to reduce duplication, overlap and fragmentation within EPA
- Grant, Interagency Agreement Grant, and Interagency Agreement Management
- Efficiency and Effectiveness of Human Capital Management programs

Ensuring the Integrity of EPA Information

- Protection from advanced persistent threats to steal/modify data
- 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
- File server security
- Processes for Managing Background Investigations and Plan of Action & Milestones (POA&Ms)
- Annual mandated audit of compliance with the Federal Information Security Modernization Act
- Oversight of Chief Information Officer's responsibilities under the Federal Information Technology Acquisition Reform Act
- Mandated readiness reviews of agency Digital Accountability and Transparency Act of 2014

Assessing Risk Management and Performance Measurement

- Implementation of Federal Managers Financial Integrity Act, Federal Information Security Management Act and Government Performance and Results Act
- Disaster response and homeland security and emergency preparedness and response
- Construction grants and revolving loan funds awarded to states and territories
- Review of contractor federal performance
- Assistance agreements related to cleanup and Brownfields

Assessing Program Integrity, Results, Oversight, Enforcement

- Evaluation of the Management Audit Tracking System
- Evaluation of the Implementation of the Toxic Substances Control Act
- Oversight of Clean Water State Revolving Loan Funds
- Assess EPA's policy, procedures, and internal controls to prevent or reduce improper computer use
- Evaluations of EPA's programs and activities to protect human health and the environment through progress toward air quality 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 EPA's programs, activities, requirements and initiatives to protect human health and the environment through hazardous waste cleanup, waste management, accident prevention and emergency response
- Evaluations of EPA's programs and requirements to protect human health and the environment from chemical risks, including implementation of the TSCA
- Evaluation of controls and processes in EPA's research and development programs that support EPA's core mission to protect human health and the environment

Investigations

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 alleged fraud, waste, abuse by EPA and CSB contractors and grantees and misconduct by EPA and CSB employees. The investigative mission of the OIG continues to evolve in conducting criminal, civil, and administrative 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. Special Agents have been trained as armed law enforcement first responders and are responders in the event of an active shooter or terrorist attack impacting EPA and CSB facilities. 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. These investigations often lead to successful prosecution and civil 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 EPA, "whose actions protect the government from doing business with entities that pose a business risk to the government."

Major areas of investigative focus include: 1) financial fraud relating 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) 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; 3) threats directed against EPA and CSB employees, facilities and assets involving threats to the physical assault upon such employees and contractors; 4) program integrity focusing; 5) EPA's OIG hotline, deterrence and oversight focusing on managing EPA's OIG hotline program, which receives complaints, referrals and allegation of fraud, waste, abuse, mismanagement and misconduct involving EPA and the CSB; 6) other investigative activity for which the focus is on providing support to the OIG program offices and participating in multiagency coordination on urgent matters facing EPA and the nation.

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 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 operation. Over the last two fiscal years, OI investigations have yielded over \$10 million in recoveries and restitutions and 479 administrative actions. Both represent contributions to the OIG's ability to exceed the performance targets in recoveries and restitutions by 2,820 percent and 229 percent for administrative actions respectively.

Follow-up and Policy/Regulatory Analysis

To further promote economy, efficiency and effectiveness, the OIG will conduct follow-up reviews of agency responsiveness to the OIG's recommendations to determine if appropriate actions have been taken and intended improvements have 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 also conducts reviews and analysis of proposed and existing policies, rules, regulations and legislation to identify vulnerability to waste, fraud and abuse. These reviews 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 2020 Annual Performance Plan does not include annual performance goals specific to this program.

FY 2020 Change from FY 2019 Annualized Continuing Resolution (Dollars in Thousands):

- (+\$976.0) This net change to fixed and other costs is an increase due to the recalculation of base workforce costs for existing FTE due to adjustments in salary, essential workforce support and benefit costs.
- (-\$3,572.0 / -14.4 FTE) This change is a reduction which will focus the amount of audits, program evaluations, and investigative case work on the highest priority work to ensure the protection of critical environmental resources and the health and safety of the American people.

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 \$58.0 million (\$47.6 million Inspector General; \$10.4 million Superfund Transfer)
- The aggregate President's Budget for the operations of the OIG is \$48.5 million (\$38.9 million Inspector General; \$9.6 million Superfund Transfer)
- The portion of the aggregate President's Budget needed for training is \$700 thousand (\$609 thousand Inspector General; \$91 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 \$126 thousand (\$110.5 thousand Inspector General; \$15.5 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 2020".