

## FY 2011 OIG Recovery Act Plan Overview

<b>OIG Name:</b>	U.S. Environmental Protection Agency
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<b>OIG Broad Recovery Act Goals:</b>	<p>After EPA awards Recovery Act funds, the OIG will audit and investigate EPA's management of the Recovery Act programs, how the funds are being used, and the accuracy of the information being reported. The OIG will proactively prevent fraud, waste, abuse, and mismanagement of funds. Listed below are some of the areas we plan to audit and investigate.</p> <p><b>Financial Audits</b></p> <ul style="list-style-type: none"> <li>• Conduct interim and final financial audits of Recovery Act fund recipients to determine whether: costs incurred met federal requirements; funds were used as intended; and the use of funds was free of fraud, waste, abuse, and mismanagement.</li> <li>• Work with EPA to update the Single Audit Compliance Supplements for the Clean Water and Drinking Water State Revolving Funds.</li> <li>• Review Single Audit reports on Recovery Act funds and ensure that corrective action is taken.</li> <li>• As part of the annual audit of EPA's overall consolidated financial statements, assess: internal controls over the financial reporting of Recovery Act funds; transactions to determine whether they are properly authorized, recorded, and reported; compliance with Recovery Act provisions that could have a material or direct effect on the financial statements; and the ability or effectiveness of capturing data for external reporting.</li> </ul> <p><b>Investigations</b></p> <ul style="list-style-type: none"> <li>• Investigate allegations raised by the public and others of fraud, waste, and abuse committed against EPA involving Recovery Act funds.</li> <li>• Contact State recipients to facilitate ongoing communications regarding EPA Recovery Act funds distributed to local authorities.</li> <li>• Through the review of EPA and State audits and evaluations, identify fraud indicators, program weaknesses, and potential problems.</li> <li>• Gather information on potential instances of fraud being perpetrated with EPA Recovery Act funds from law enforcement officials, auditors, contractors, suppliers, and vendors at the federal, State, and local levels.</li> </ul>
<b>OIG Broad Training and Outreach Recovery Act Goals:</b>	Contact State recipients to facilitate ongoing communications regarding EPA Recovery Act funds distributed to local authorities.
<b>OIG Recovery Act Risk Assessment Process:</b>	Evaluate the process for awarding funds, particularly competitive awards: Determine whether funds are being awarded and spent in a timely manner; Determine whether the Agency has sufficient staff with the skills and knowledge needed to manage Recovery Act grants and contracts; Evaluate how the Agency is monitoring the use of the funds; Assess how performance is being measured and the process for computing jobs saved and created; Review the quality of data systems and information EPA uses for reporting to meet Recovery Act requirements.

<b>OIG Recovery Act Funds:</b>	\$20 Million
<b>Expiration Date of OIG Recovery Act Funds:</b>	30-Sep-12

***EPA OIG Fiscal Year 2011 Recovery Act Work Plan (as of May 2011)***

<b>Project Title</b>	<b>Program Area</b>	<b>Recovery Act Funds Associated With Program</b>	<b>Background</b>	<b>Objective</b>
Audit of EPA's FY 2010 Financial Statements	Clean and Drinking Water State Revolving Funds, Diesel Emission Reduction Act, Superfund, Brownfields	\$7,200,000,000		To determine whether Recovery Act obligations, disbursements, and payroll are fairly presented in EPA's financial statements.
OIG Work in Response to Hotline Calls and Whistleblower Complaints	Clean and Drinking Water State Revolving Funds, Diesel Emission Reduction Act, Superfund, Brownfields	\$7,200,000,000	The Recovery Act requires the OIG to audit and investigate concerns from three outside sources. Section 1514 requires the OIG to review any concerns raised by the public about specific investments using stimulus funds. Section 1527 provides that the Recovery Accountability and Transparency Board may request the OIG conduct (or refrain from conducting) an audit or investigation (the OIG has final say). Section 1553 requires the OIG to investigate complaints of reprisal against employees who disclose information related to mismanagement, waste, abuse, substantial and specific endangerment of public health or safety, or a violation of law, rule, or regulation related to stimulus funds.	Objectives of this work will be determined as the complaints are received.

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Site Reviews of Grant/Loan Recipients	Clean and Drinking Water State Revolving Funds	\$6,000,000,000	The Recovery Act provided \$4 billion for the Clean Water State Revolving Fund Program and \$2 billion for the Drinking Water State Revolving Fund Program. The Act also provided specific guidelines for this funding, including: each State using at least 50 percent of the amount awarded for the forgiveness of principal, negative interest loans, or grants (or a combination); requiring that at least 20 percent of the funds awarded be used for green infrastructure or other environmentally innovative activities; and waiving state matching requirements.	To determine whether the recipient of Recovery Act funds complied with the requirements of the Act, the State Revolving Fund grant/loan agreement, and federal requirements.
Site Reviews of Grant Recipients	Diesel Emission Reduction Act	\$300,000,000	The Recovery Act provided \$300 million to support Clean Diesel program activities. These funds are about six times the program's annual appropriation. EPA will award \$156 million of the funds through national competitions and \$88 million to states to support clean diesel grant and loan programs.	To determine whether the recipient of Recovery Act funds complied with the requirements of the Act and federal requirements.
Review of EPA's Contract Stewardship Plan	Superfund	\$600,000,000	EPA established a Recovery Act Steering Committee to monitor Recovery Act planning/implementation. The committee established an internal controls workgroup that created the Recovery Act Stewardship Plan to monitor and mitigate risk in implementing the Recovery Act. Using Office of Management and Budget guidance, the contracts subcommittee identified control objectives, with corresponding risk assessments, control activities, and monitoring functions designed to ensure that the objectives are achieved.	To determine whether EPA is implementing its Recovery Act Stewardship Plan for Superfund contracts as it relates to cost controls, and is using the results of financial monitoring reviews as a project management tool for Recovery Act funded Superfund contracts.

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Review of EPA and State Oversight of Recovery Act Clean Water State Revolving Fund Projects	Clean Water State Revolving Fund		The Clean Water Act, as amended in 1987, established a water pollution revolving fund that has evolved into today's Clean Water State Revolving Fund Program. Through this fund, EPA provides states with annual capitalization grants to fund water quality protection projects for wastewater treatment, non-point source pollution control, and watershed and estuary management.	Are EPA and states sufficiently overseeing Recovery Act State Revolving Fund projects to ensure that project goals and Recovery Act requirements are met.
Review of Progress on Recovery Act Diesel Emissions Reduction Act Projects	Diesel Emission Reduction Act	\$300,000,000	Congress appropriated funding for the Diesel Emission Reduction Act program under the Energy Policy Act of 2005 to reduce emissions from heavy-duty diesel engines in the existing fleet. The Act provided EPA new grant authority to promote diesel-emission reductions. Under the Recovery Act, the National Clean Diesel Funding Assistance program competitively awarded a total of \$156 million to 89 grants recipients to support implementation of diesel reduction programs. The State Clean Diesel Program awarded a total of \$88 million via formula, which amounted to \$1.73 million per state. The states can use the funds to award additional grants and loans.	Our objective was to determine whether EPA successfully used its grants management tools to identify and mitigate project delays in Recovery Act Diesel Emission Reduction Act grants.
Peer Review of Single Audits	Clean and Drinking Water State Revolving Funds, Diesel Emission Reduction Act, Superfund, Brownfields	\$7,200,000,000	As a result of the Recovery Act, the Office of Management and Budget issued Single Audit supplements to ensure compliance with the Recovery Act. For those recipients for which EPA is the cognizant or oversight agency, peer reviews may be required.	To ensure that Single Audit were adequate and complied with Office of Management and Budget guidelines

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Site Visits to Recovery Act Contractors, Grantees, and Subrecipients	Clean and Drinking Water State Revolving Funds, Diesel Emission Reduction Act, Superfund, Brownfields	\$7,200,000,000	Through the Recovery Act, EPA provided funds through the use of various instruments (e.g., contracts, cooperative agreements, grants, and sub-grants).	To ensure that costs claimed were in accordance with the terms of the funding agreement and applicable laws and regulations
Oversight of EPA's Leaking Underground Storage Tank Program	EPA Leaking Underground Storage Tank Program	\$190,700,000		Determine whether Agency oversight ensures that ARRA-funded LUST cleanups comply with applicable law, guidance, and regulation
Effectiveness of EPA's Recovery Act funding criteria in targeting job creation and retention and meeting infrastructure needs	Multiple	\$7,200,000,000		How effective were EPA's existing funding processes and organizational structures in meeting Recovery Act goals?
EPA's Diesel Emission Reduction Act Grants awarded under 2009 Recovery Act	EPA Air Program	\$300,000,000		Our objective is to determine whether Recovery Act grants were effective in obtaining diesel retrofits and associated emissions reductions.

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Brownfields Program	EPA Solid Waste Program	\$25,800,000		Our preliminary objectives are to determine EPA's effectiveness in ensuring adherence to the quality standards and requirements associated with the activities completed under Recovery Act Brownfields.