



U.S. Environmental Protection Agency  
**OFFICE OF INSPECTOR GENERAL**



# ANNUAL PLAN

FISCAL YEAR 2016



*This Annual Plan is produced by the Office of Inspector General with input from the U.S. Environmental Protection Agency Administrator, Deputy Administrator, Assistant Administrators and Regional Administrators; the U.S. Chemical Safety and Hazard Investigation Board; congressional stakeholders; and the Office of Management and Budget.*

**This plan is available in hard copy from:**

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## **Abbreviations**

CSB	U.S. Chemical Safety and Hazard Investigation Board
EPA	U.S. Environmental Protection Agency
FY	Fiscal Year
OA	Office of Audit
OI	Office of Investigations
OIG	Office of Inspector General
OPE	Office of Program Evaluation

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# Message from the Inspector General

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I am pleased to present the U.S. Environmental Protection Agency (EPA) Office of Inspector General (OIG) Annual Plan for fiscal year (FY) 2016. This document describes how the OIG will achieve its statutory mission of promoting economy, efficiency, effectiveness and integrity relating to the programs and operations of the EPA and the U.S. Chemical Safety and Hazard Investigation Board (CSB). This plan reflects the priority work that the OIG believes is necessary to keep the EPA Administrator, the CSB Board, and Congress fully informed about problems and deficiencies relating to the administration of agency programs and operations.



Arthur A. Elkins Jr.

This OIG Annual Plan identifies mandated and selected assignment topics continuing from FY 2015 as well as assignments scheduled to start during FY 2016. Although this plan provides a framework for activities we intend to carry out in FY 2016, the OIG often performs unanticipated work based on legislative mandates, congressional inquiries, hotline requests or governmentwide reviews.

Our plan is implemented through audits, evaluations and investigations in compliance with the Inspector General Act, the applicable professional standards of the Comptroller General of the United States, and the Quality Standards for Federal Offices of Inspector General of the Council of the Inspectors General on Integrity and Efficiency. Readers are encouraged to consult our website, [www.epa.gov/oig](http://www.epa.gov/oig), for the most current listing of recently issued reports relating to our implementation of the plan.

Primary sources of input for the assignments listed in this plan included risk assessments across agency programs and operations based upon prior OIG work, U.S. Government Accountability Office high-risk assessments, congressional interest, Office of Management and Budget priorities, agency vulnerability/internal control assessments under Office of Management and Budget Circular A-123 and the Federal Managers' Financial Integrity Act, and identification of key agency challenges and strategic planning priorities. Our planning also reflects direct outreach and solicitation of topics and assignment suggestions from the EPA's leadership and external stakeholders (see Appendix B). Other assignments are required or are self-initiated based upon our strategic themes, which are focused on providing the greatest value and risk reduction to the EPA and CSB, and the greatest benefit to public health.

We want to thank each member of the agency leadership, as well as external stakeholders and our staff, for participation in this process. We look forward to continuing an open dialogue for receiving ideas, suggestions and feedback. We welcome input into our planning process and feedback on the quality and value of OIG products and services from all customers, clients, stakeholders and the public via [webcomments.oig@epa.gov](mailto:webcomments.oig@epa.gov).

A handwritten signature in blue ink that reads "Arthur A. Elkins Jr." in a cursive style.

Arthur A. Elkins Jr.  
Inspector General

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# About the EPA Office of Inspector General

## EPA Office of Inspector General

The Office of Inspector General (OIG) is an independent office of the U.S. Environmental Protection Agency (EPA) that detects and prevents fraud, waste and abuse to help the agency protect human health and the environment more efficiently and cost effectively.

The EPA OIG was created and is governed by the Inspector General Act of 1978, as amended (5 App. 3). The act established offices of Inspector General as independent and objective units to:

1. Conduct and supervise audits and investigations relating to the programs and operations of their agencies.
2. Review existing and proposed legislation and regulations relating to the programs and operations of their agencies.
3. Provide leadership and coordination, and recommend policies for activities designed to promote economy, efficiency and effectiveness, and to prevent and detect fraud, waste and abuse.
4. Provide a means for keeping the head of the establishment and Congress fully and currently informed about problems and deficiencies, and the necessity for any progress of corrective actions.

EPA OIG staff members are physically located at headquarters in Washington, D.C.; at regional headquarters offices for all 10 EPA regions; and at other EPA locations including Research Triangle Park, North Carolina, and Cincinnati, Ohio.

In fiscal year (FY) 2004, Congress designated the EPA Inspector General to also serve as the Inspector General for the U.S. Chemical Safety and Hazard Investigation Board (CSB).



## EPA's Mission

The EPA's mission is to protect human health and the environment. The OIG Strategic and Annual Plans are specifically designed to connect implementation of the Inspector General Act with the EPA's mission for the most economical, efficient and effective achievement of the EPA's performance goals. In Appendix A, we provide more details about our FY 2016 annual performance measures and targets. The list below identifies the EPA's strategic goals and cross-agency fundamental strategies that we take into account when planning audits, evaluations and investigations.

<b>EPA's FY 2014–2018 Strategic Goals and Cross-Agency Strategies</b>
<b>EPA's Strategic Goals</b>
<ul style="list-style-type: none"> <li> <b>Addressing Climate Change and Improving Air Quality</b>  <i>Reduce greenhouse gas emissions and develop adaptation strategies to address climate change, and protect and improve air quality.</i> </li> </ul>
<ul style="list-style-type: none"> <li> <b>Protecting America's Waters</b>  <i>Protect and restore waters to ensure that drinking water is safe and sustainably managed, and that aquatic ecosystems sustain fish, plants, wildlife, and other biota, as well as economic, recreational, and subsistence activities.</i> </li> </ul>
<ul style="list-style-type: none"> <li> <b>Cleaning Up Communities and Advancing Sustainable Development</b>  <i>Clean up communities, advance sustainable development, and protect disproportionately impacted low-income and minority communities. Prevent releases of harmful substances and clean up and restore contaminated areas.</i> </li> </ul>
<ul style="list-style-type: none"> <li> <b>Ensuring the Safety of Chemicals and Preventing Pollution</b>  <i>Reduce the risk and increase the safety of chemicals and prevent pollution at the source.</i> </li> </ul>
<ul style="list-style-type: none"> <li> <b>Protecting Human Health and the Environment by Enforcing Laws and Assuring Compliance</b>  <i>Protect human health and the environment through vigorous and targeted civil and criminal enforcement. Use Next Generation Compliance strategies and tools to improve compliance with environmental laws.</i> </li> </ul>
<b>EPA's Cross-Agency Fundamental Strategies</b>
<ul style="list-style-type: none"> <li><b>Working Toward a Sustainable Future.</b></li> </ul>
<ul style="list-style-type: none"> <li><b>Working to Make a Visible Difference in Communities.</b></li> </ul>
<ul style="list-style-type: none"> <li><b>Launching a New Era of State, Tribal, Local, and International Partnerships.</b></li> </ul>
<ul style="list-style-type: none"> <li><b>Embracing EPA as a High-Performing Organization.</b></li> </ul>

## CSB's Mission

The U.S. Chemical Safety and Hazard Investigation Board (CSB) was created by the Clean Air Act Amendments of 1990. The CSB's mission is to investigate accidental chemical releases at facilities, report to the public on the root causes, and recommend measures to prevent future occurrences.



In FY 2004, Congress designated the EPA Inspector General to serve as the Inspector General for CSB. The OIG has the responsibility to audit, evaluate, inspect and investigate the CSB's programs, and to review proposed laws and regulations to determine their potential impact on CSB programs and operations.

## Matrix of Agency Goals and Strategies OIG Plans to Address With Audits and Evaluations

When conducting our new discretionary and mandated audit and evaluation work during FY 2016, we take into account the EPA's five strategic goals and four cross-agency strategies in the agency's FYs 2014–2018 Strategic Plan. The table below shows how our audit and evaluation reports align with each of the agency's goals/strategies.

OIG Project	Climate Change/ Air Quality	Protecting America's Waters	Cleaning Communities/ Climate Change	Safe Chemicals Preventing Pollution	Enforcing Laws/ Ensuring Compliance	Working Toward Sustainable Future	Making a Difference in Communities	State, Tribal, Local, and International Partnerships	Embracing EPA as a High- Performing Organization
<b>Contract and Assistance Agreement Audits</b>									
San Francisco Bay Water Quality Improvement Fund		X				X			X
Contractor Support to Implement EPA's Alternative Dispute Resolution Policy, Contract # EP-W-14-020 Awarded to Systems Research and Application Corporation					X				
Acquisition Planning									X
EPA Monitoring of Performance-Based Contracts					X				X
Management of Brownfields Revolving Loan Funds after Grant Closeout			X		X				
EPA Improper Payments Reporting for FY 2015									X
Council of Inspectors General on Integrity and Efficiency Agency Crosscutting Initiative of the Disaster Relief Appropriations Act, 2013		X	X						X
Risk Assessment of Purchase Cards and Travel Cards									X
<b>Efficiency Audits</b>									
EPA's Lean Government Initiative			X		X	X			
Management Controls for Leave Bank Program									X
<b>Forensic Audits</b>									
Water Security Training and Technical Assistance Grants (CFDA 66.478)		X				X	X		
Northwest Indian Fisheries Commission - Puget Sound Protections and Restoration, Tribal Implementation Program		X	X		X			X	
Capping Report on Internal Control Audits as a Result of John Beale Investigation					X				
Hotline Complaint on Hawaii Drinking Water State Revolving Fund		X			X				X
FY 2016 Single Audit Program	X	X	X	X	X		X	X	
FY 2016 Hotline Program	X	X	X	X	X			X	
<b>Financial Audits</b>									
FY 2015 Financial Statements: Pesticides Reregistration and Expedited Processing Fund				X					X
FY 2015 Financial Statements: Pesticides Registration Fund				X					X
FY 2015 Financial Statements: Hazardous Waste Electronic Manifest System Fund			X						X
FY 2016 EPA Financial Statements									X
Agency DATA Act Implementation Efforts									X
<b>Information Resources Management Audits</b>									
Controls Over the Direct Modifications to EPA's Financial Data in Compass					X				X
EPA's Compliance With Federal Information Security Modernization Act for FY 2016									X

OIG Project	Climate Change/ Air Quality	Protecting America's Waters	Cleaning Communities/ Climate Change	Safe Chemicals Preventing Pollution	Enforcing Laws/ Ensuring Compliance	Working Toward Sustainable Future	Making a Difference in Communities	State, Tribal, Local, and International Partnerships	Embracing EPA as a High- Performing Organization
<b>Air</b>									
Ambient Monitoring Data Changes and Gaps	X				X	X	X		
EPA Efforts to Evaluate and Reduce Air Emissions from Concentrated Animal Feeding Operations	X	X	X				X	X	X
<b>Water</b>									
Retrospective Review of Clean Water State Revolving Fund Projects		X				X	X	X	X
Improving Compliance with Water Quality Monitoring Requirements		X			X		X	X	
<b>Land Cleanup and Waste Management</b>									
EPA Efforts to Protect Tribal Communities from Risks Related to Underground Storage Tanks		X	X		X	X	X	X	X
EPA Oversight of Delegated State Resource Conservation and Recovery Act Programs			X		X	X	X	X	X
Hotline Case Study: EPA's Oversight of Liability Transfer at Contaminated Sites			X		X	X	X	X	X
Optimization of Superfund-Financed Pump and Treat Systems			X		X	X	X	X	
<b>Toxics, Chemical Management and Pollution Prevention</b>									
Effectiveness and Integrity of Antimicrobial Testing Program				X	X				X
Structural Fumigation Treatment Incidents				X	X			X	
Effectiveness of EPA's Pesticide Import Inspections				X	X	X	X	X	X
EPA's Utilization of Chemical Safety for Sustainability Strategic Research Action Plan Products				X					X
<b>Science, Research and Management Integrity</b>									
Use of Results from Science Advisory Board, Board of Scientific Counselors and National Academy of Sciences studies for Improving Office of Research and Development Performance	X	X	X	X					X
Lifecycle Environmental Impacts of EPA's Renewable Fuel Standard	X					X	X		
EPA's Controls for Early Detection of Fraudulent Research by EPA Contract Laboratories					X				X
EPA Management Challenges and Internal Control Weaknesses for FY 2016	X	X	X	X	X	X	X	X	X
<b>Special Program Review</b>									
Follow-Up Report (13-P-0167): Efficiency of EPA's Rule Development Process Can Be Better Measured Through Improved Management and Information	X	X	X	X	X		X		X
Follow-Up Report (13-P-0356): Public May Be Making Indoor Mold Cleanup Decisions Based on EPA Tool Developed Only for Research Applications	X							X	X
<b>OPE Immediate Office</b>									
Year-End Summary Report on EPA's Measurement of Program Performance and Outcomes					X				X



## Matrix of CSB Goals and Strategies OIG Plans to Address With Audits and Evaluations

When conducting our new discretionary and mandated audit and evaluation work during FY 2016, we take into account the CSB’s three strategic goals in the agency’s FYs 2012–2016 Strategic Plan. The table below shows how our audit and evaluation reports align with each of the CSB’s goals/strategies.

OIG Project	Conduct Incident Investigations and Safety Studies Concerning Releases of Hazardous Chemical Substances	Improve Safety and Environmental Protection by Ensuring That CSB Recommendations Are Implemented and by Broadly Disseminating CSB Findings Through Advocacy and Research	Preserve the Public Trust by Maintaining and Improving Organizational Excellence
<b>Efficiency Audits</b>			
CSB Purchase and Travel Cards			X
CSB Compliance with the Improper Payments Acts			X
CSB FY 2016 Proposed Management Challenges and Internal Control Weaknesses	X	X	X
<b>Financial Audits</b>			
FY 2016 CSB Financial Statements (Contracted)			X
<b>Information Resources Management Audits</b>			
CSB’s Compliance with Federal Information Security Modernization Act for FY 2016	X	X	X
Baseline Assessment of CSB’s Compliance with U.S. Department of Homeland Security’s Information Security Reporting Metrics			X

# OIG's Strategic Plan Outline

## Vision

Be the best in public service and oversight for a better environment tomorrow.

## Mission

Promote economy, efficiency, effectiveness, and prevent and detect fraud, waste, and abuse through independent oversight of the programs and operations of the EPA and CSB.

## Goals

1

Contribute to improved human health, safety and the environment.

2

Contribute to improved EPA and CSB business practices and accountability.

3

Be responsible stewards of taxpayer dollars.

4

Be the best in public service.

## Objectives

- Influence programmatic and systemic changes and actions that contribute to improved human health, safety and environmental quality.
- Add to and apply knowledge that contributes to reducing or eliminating environmental and infrastructure security risks and challenges.
- Make recommendations to improve EPA and CSB programs.

- Influence actions that improve operational efficiency and accountability, and achieve monetary savings.
- Improve operational integrity and reduce risk of loss by detecting and preventing fraud, waste, abuse or breach of security.
- Identify best practices, risks, weaknesses and monetary benefits to make recommendations for operational improvements.

- Promote and maintain an accountable, results-oriented culture.
- Ensure our products and services are timely, responsive, relevant, and provide value to our customers and stakeholders.
- Align and apply our resources to maximize return on investment.
- Ensure our processes and actions are cost effective and transparent.

- Maintain the highest ethical standards.
- Promote and maintain a diverse workforce that is valued, appreciated and respected.
- Enhance constructive relationships and foster collaborative solutions.
- Provide leadership, training and technology to develop an innovative and accomplished workforce.

# Identifying the Risks at EPA

As required by the Reports Consolidation Act of 2000, the OIG reviewed the major risks, challenges and planning priorities across the EPA and solicited first-hand input from agency leadership to identify and select OIG products and topics that would be of greatest benefit to the agency and the American public it serves. This section summarizes and applies the key FY 2015 agencywide risks, issues and management challenges that help guide the general direction and focus of OIG audits, evaluations and investigative work.

## Top EPA Management Challenges Reported by OIG for FY 2015

- 1. The EPA Needs to Improve Oversight of States Authorized to Accomplish Environmental Goals:** In recent years, OIG work has identified the absence of robust oversight by the EPA of states authorized to implement environmental programs under several statutes. The EPA has made important progress, but recent and ongoing EPA OIG and U.S. Government Accountability Office work continues to support this as an agency management challenge.
- 2. Limited Controls Hamper the Safe Reuse of Contaminated Sites:** The EPA's duty is to ensure that reused contaminated sites are safe for humans and the environment. The EPA must strengthen oversight of the long-term safety of sites, particularly within a regulatory structure in which non-EPA parties have key responsibilities, site risks change over time, and all sources of contamination may not be removed.
- 3. The EPA Faces Challenges in Managing Chemical Risks:** Its authority to regulate chemicals under the Toxic Substances Control Act limits the EPA's effectiveness in assessing and managing chemical risks. Chemicals manufactured before 1976 were not required to develop and produce data on toxicity and exposure, which are needed to properly and fully assess potential risks.
- 4. The EPA Needs to Improve Its Workload Analysis to Accomplish Its Mission Efficiently and Effectively:** The EPA's human capital is an internal control weakness in part due to requirements released under the President's Management Agenda. The EPA has not developed analytical methods, and does not collect data needed to measure its workload and the corresponding workforce levels necessary to carry out that workload.
- 5. The EPA Needs to Enhance Information Technology Security to Combat Cyber Threats:** The EPA's information security challenges stem from four key areas: (1) risk management planning, (2) security information and event management tool implementation, (3) computer security incident response capability and network operation integration, and (4) computer security incident response capability relationship building.
- 6. The EPA Continues to Need Improved Management Oversight to Combat Fraud and Abuse and Take Prompt Action Against Employees Found to be Culpable:** Recent events and activities indicate a possible "culture of complacency" among some supervisors at the EPA regarding time and attendance controls, employee computer usage, and real property management. EPA managers must emphasize and reemphasize the importance of

compliance and ethical conduct throughout the agency and ensure it is embraced at every level.

## **Risks, Priorities and Issues Identified by EPA Through OIG Stakeholder Outreach Interviews**

The following information identifies cross-cutting risks, priorities and issues identified through previous outreach solicitations and meetings with EPA leadership. In Appendix B, we provide further details.

- Emergency Preparedness/Homeland Security.
- Better Collaboration/Coordination with States and Other Federal Agencies With Environmental Mission and Authority.
- Limitations of EPA Authority.
- Consistent and Reliable Data and Performance Measurement.
- Improving EPA Organizational Design, Coordination of Resources to Eliminate Duplication and Modernization of EPA.
- Monitoring of States, Grants Management, Compliance and Enforcement (How Much Delegation? Federal vs. State Roles?).
- Human Capital Management—Skill Gaps/Alignment With Functions and Workforce Restructuring.
- Better Use of Technology, Information and Research.
- EPA’s Regulatory Process (Better and Faster Analysis of Costs, Science and Benefits).
- Planning and Priority Setting for Better Application of Resources.
- Hydraulic Fracturing, Water Infrastructure, Financing and Water Availability.
- Climate Change and Air Quality.
- Brownfields/Environmental Justice, Tribal Capacity.

# Identifying the Risks at CSB

As required by the Reports Consolidation Act of 2000, the OIG reviewed the major risks, challenges and planning priorities across the CSB and solicited first-hand input from agency leadership to identify and select OIG products and topics that would be of greatest benefit to the agency and the American public it serves. This section summarizes and applies the key FY 2015 agencywide risks, issues and management challenges that help guide the general direction and focus of OIG audits, evaluations and investigative work.

## Top CSB Management Challenges Reported by OIG for FY 2015

1. **CSB Should Address Employee Morale:** CSB’s management must address its employee morale to improve accomplishment of its investigative mission. The House Oversight and Government Reform Committee held a hearing on CSB in June 2014 and found “...a toxic work environment” at CSB, “...retaliation against whistleblowers,” and the former Chairperson’s “...disregard for proper board governance.
2. **CSB Should Increase Its Investigations and Improve Investigative Management Controls:** CSB is not investigating all accidents that fall within its legal jurisdiction and should increase the number of investigations it conducts. CSB has a “gap” between the number of accidents that it investigates and the number of accidents that fall under its statutory responsibility to investigate. Also, CSB needs to improve controls over investigations that it does conduct.
3. **CSB Should Determine the Need for a Chemical Reporting Regulation:** CSB has not published a chemical incident reporting regulation as envisioned in the Clean Air Act Amendments of 1990.

## CSB Internal Control Weakness Identified by OIG for FY 2015

We identified the following CSB internal control weakness.

- Address Operational Controls to Ensure Administrative Operations are Working in Concert with its Mission.

These controls relate to purchase cards, program operation, the information security program, and electronic records management.

# Annual Plan Strategy

Annual planning is a dynamic process and requires adjustments throughout the year to meet priorities and to anticipate and respond to emerging issues with the resources available. The OIG examines the cross-agency risk assessment, agency challenges, prior work, future priorities and customer input to develop and prioritize its FY 2016 work.

## Making Choices A Customer Driven Process

OIG work that is not otherwise mandated is proposed, considered and selected through a rigorous process using the criteria listed below to develop a portfolio of assignments that represent the best possible return on investment in terms of monetary or public value and responsiveness in addressing the needs, risks, challenges, priorities and opportunities of OIG customers, clients and stakeholders. We conducted considerable outreach to agency leaders and stakeholders on environmental and management risks, challenges and opportunities. We conducted a risk assessment based upon previously identified risks and challenges. We invited our entire staff to formulate assignment suggestions from their immediate knowledge of EPA and CSB operations and the consideration of stakeholder input and risks.

## Criteria Considered in Identifying and Selecting Audit and Evaluation Assignments for FY 2016

### Importance of Idea:

- What is the known extent of the issue (i.e., sensitive or other populations impacted, area involved, and environmental justice)?
- Is the topic of the project generating interest from Congress, the public and news organizations? What is the interest and why?

### Estimated Return on Investment:

- What is the potential environmental or human health benefit (return on investment) to be derived and the reduction or prevention of environmental, human health or business risks?
- What is the expected return on investment (for example, potential questioned costs, funds put to better use or other potential monetary benefits, improved decision-making, improved data quality/reliability, reduced vulnerabilities, and strengthened internal controls)?
- Are CSB programs and operations performing with the greatest efficiency and effectiveness in regard to allocation and application of resources?

### Potential Risk of Fraud, Waste or Abuse:

- What resources and data, physical or cyber security equipment, and program integrity and violations of laws/regulations are involved?

### Impact on Current Management Challenges or Internal Control Weaknesses, Including:

- How does the project align with EPA OIG current management challenges or internal control weaknesses identified at EPA?



- Does CSB provide timely, accurate, complete and useful information for decision making?
- Are the CSB's computer security and privacy programs comprehensive and actively implemented throughout the organization to balance risk and mission requirements?

**Prior Audit/Evaluation Results:**

- What are the conditions or changes since prior review by the EPA OIG, U.S. Government Accountability Office or other auditing body?
- What new information or indications of auditable issues are available?

**Stakeholder/Public Interest:**

- Is the topic of the project generating interest from Congress, the public and news organizations? What is the interest and why?
- Who are the expected users of the project's product? How would it be used?

# The Plan: Carryover and New Assignments for FY 2016

## Office of Audit

OIG audit work focuses on five areas, with emphasis on identifying opportunities for cost savings and reducing risk of resource loss. Funds awarded for assistance agreements and contracts account for approximately two-thirds of the EPA's budget. Producing timely and reliable financial statements remains a priority across the federal government. Equally important is the need to gather, protect and use financial and program performance information to improve the EPA's accountability and program operations. The OIG has the responsibility to audit, evaluate, inspect and investigate the CSB's programs, to determine their potential impact on CSB programs and operations. The Office of Audit's (OA's) five product lines are:

- Contract and Assistance Agreement Audits.
- Efficiency Audits.
- Forensic Audits.
- Financial Audits.
- Information Resources Management Audits.

Specific assignments are listed on the following pages and will emphasize:

- Direct testing for fraud in grants, contracts and operational activities.
- Cost savings resulting from audits of grantee and contractor claims.
- Continued improvements in assistance agreements and contract administration.
- The EPA's preparation of timely, informative financial statements.
- The EPA's use of financial and program performance information, including efficiency measures, to identify cost savings and potential cost recoveries, reduce risks, and maximize results achieved from its environmental programs.
- The CSB's programs and operations, to identify and reduce risks and maximize results.
- Reviews of the EPA's internal controls, including its risk assessment processes and allocation/application of human resources.
- The EPA's integrity of data and system controls, as well as compliance with a variety of federal information security laws and requirements, to ensure system and data integrity.

Following are definitions of OIG carryover, discretionary and mandated assignments:

- **Carryover Assignments:** Assignments still in progress that started in a prior fiscal year.
- **Discretionary Assignments:** Assignments that the OIG is not required to conduct by law or regulation, but considered of high risk.
- **Mandated Assignments:** Assignments that the OIG is required to conduct by law or regulation.

## Contract and Assistance Agreement Audits

The Contract and Assistance Agreement Audits product line is responsible for conducting performance audits of the EPA's management of contracts, grants, cooperative agreements and interagency agreements.

*Point of Contact:* Michael Petscavage (202) 566-0897

Title	Primary Objectives	Estimated/Actual Start Date
<b>Carryover</b>		
EPA Conferences: Maximizing Cost Efficiencies	To determine whether the EPA has internal controls over conferences to ensure expenses are appropriate, necessary, and managed in a manner that minimizes expenses to taxpayers.	February 2015
EPA's Simplified Acquisitions Using Purchase Orders	To determine whether the EPA has sufficient controls over purchase orders to identify potentially illegal, improper and erroneous use of purchase orders; and purchase orders are used in accordance with applicable regulations and guidance, and were for allowable and necessary goods and services.	April 2015
EPA's Working Capital Fund Background Investigations Services	To determine whether the contractor is correctly charging the agency for background investigations in accordance with the contract terms and conditions, and the EPA has adequate oversight controls in place to ensure that its contractor is meeting the contract requirements for background investigations.	April 2015
Travel Card Review	To conduct periodic audits of travel card programs to analyze the risks of illegal, improper or erroneous use to travel purchases and payments.	April 2015
Oversight of Clean Water State Revolving Loan Funds	To determine whether EPA regions provide sufficient oversight of state Clean Water State Revolving Loan Fund programs and regions follow EPA guidance when providing oversight.	June 2015
Periodic Assessment of Purchase Card and Convenience Check Program	To conduct an annual assessment of the EPA's purchase card and convenience check programs.	July 2015

Title	Primary Objectives	Estimated/Actual Start Date
<b>Discretionary</b>		
San Francisco Bay Water Quality Improvement Fund Grants	Better acquisition planning leads to better contracts with better prices to the government. When proper acquisition planning does not take place, the result may be poorly defined requirements, lack of competition, and ultimately, a detrimental effect on the agency's ability to receive mission-critical goods and services in support of human health and the environment. This assignment also addresses the agency internal control weakness on contract management. The objective of the audit will be to answer whether the EPA is doing adequate contract planning to allow the agency to fulfill its needs in a timely manner and at a reasonable cost, and complying with specific Federal Acquisition Regulation requirements for cost reimbursement and high-risk acquisitions.	October 2015
Contractor Support to Implement EPA's Alternative Dispute Resolution Policy, Contract # EP-W-14-020 Awarded to Systems Research and Application Corporation	As of June 2015, the contract value was \$51 million, with obligations of \$9 million and expenditures of \$3.9 million. We expect to identify potential unallowable costs paid by the EPA; assess the effectiveness of the agency's management of the contract, task orders, and technical direction; and determine contractor compliance with the contract terms.	March 2016
Acquisition Planning	Better acquisition planning leads to better contracts with better prices to the government. When proper acquisition planning does not take place, the result may be poorly defined requirements, lack of competition, and ultimately, a detrimental effect on the agency's ability to receive mission-critical goods and services in support of human health and the environment. This assignment also addresses the agency internal control weakness on contract management. The objective of the audit will be to answer whether the EPA is doing adequate contract planning to allow the agency to fulfill its needs in a timely manner and at a reasonable cost and is complying with specific Federal Acquisition Regulation requirements for cost reimbursement and high-risk acquisitions.	June 2016

Title	Primary Objectives	Estimated/Actual Start Date
EPA Monitoring of Performance-Based Contracts	The EPA obligated \$622 million through performance-based contracts, which provide incentives for the contractor to provide quality service. If the EPA is not establishing good performance standards or not monitoring the standards, the contractor is receiving the incentive fee without having to provide the high-quality performance the EPA desired when it awarded the contracts. Our objectives are to determine: do quality assurance surveillance plans in performance-based contracts contain adequate performance measures, indicators and surveillance methods; is EPA staff evaluating and assessing contractor performance prescribed in the quality assurance surveillance plans; and is the EPA accurately calculating and justifying incentive fees to contractors under performance-based contracts.	June 2016
Management of Brownfields Revolving Loan funds After Grant Closeout	The EPA has closed about 60 brownfields revolving loan fund grants with an original award value of \$65 million. Decreased cleanups and assessments of brownfield sites will result if recipients are not properly using the millions of dollars of funds available after closeout. Our objective is to determine if Brownfields Revolving Loan Fund recipients use program income to fund other brownfield activities even after a grant is closed.	June 2016
<b>Mandated</b>		
EPA Improper Payments Reporting for FY 2015	To assess compliance with the Improper Payments Elimination Act of 2002, as amended.	October 2015
Council of Inspectors General on Integrity and Efficiency Agency Crosscutting Initiative of the Disaster Relief Appropriations Act, 2013	To obtain documentation that supports the agency's use of the disaster funds; specifically, financial, project and oversight information.	October 2015
Risk Assessment of Purchase Cards and Travel Cards	To identify and analyze risks of illegal, improper or erroneous payments; and to develop a plan for using the risk assessments to determine the scope, frequency, and number of periodic audits of purchase cards.	July 2016

## Efficiency Audits

The Efficiency Audits product line is responsible for identifying ways for EPA programs and operations to improve processes and realize cost savings, thus freeing resources for high-priority environmental projects.

*Point of Contact:* Mike Davis (513) 487-2363

Title	Primary Objectives	Estimated/Actual Start Date
<b>Carryover</b>		
Oversight of Guam Consolidated Cooperative Agreements	To examine whether the EPA has controls and processes in place to ensure proper oversight of Guam consolidated cooperative agreements.	January 2014
Oversight of American Samoa Consolidated Cooperative Agreements	To examine whether the EPA has controls and processes in place to ensure proper oversight of American Samoa consolidated cooperative agreements.	January 2014
Oversight of Commonwealth of the Northern Mariana Islands Consolidated Cooperative Agreements	To examine whether the EPA has controls and processes in place to ensure proper oversight of Commonwealth of the Northern Mariana Islands consolidated cooperative agreements.	January 2014
CSB's Governance	To determine if CSB is following its internal controls through board actions, and has governance over the use of nongovernment email accounts.	October 2014
EPA Transit Subsidy Program	To evaluate the EPA's compliance with procedures for compensating employees with transit subsidy benefits.	October 2014
Positioning EPA for the Digital Age: Technological Changes Create Transformation Opportunities	To review the agency's current printing practices to determine whether the EPA is using its publication dollars in the most effective way.	October 2014
<b>Discretionary</b>		
EPA's Lean Government Initiative	The agency is claiming that Lean methods have shortened process timeframes by as much as 82 percent and reduced the number of process steps by more than 63 percent. The assignment is expected to identify any duplicative processes or methodologies either at headquarters and/or at the regional level where the EPA could achieve cost savings or avoidance by eliminating unnecessary expenses to the agency or by being able to repeat such savings agencywide. The agency also seeks to determine if the agency's current use of "Lean" methodologies operate as indicated by eliminating waste and achieving savings with funds put to better use.	October 2015



Title	Primary Objectives	Estimated/Actual Start Date
Management Controls for Leave Bank Program	The EPA's leave bank as of July 30, 2015, had a cumulative balance of 233,334 hours, or over 112 work years of leave. This assignment is expected to result in restitution and funds put to better use, and question some of the cost for the millions of dollars in potential paid leave. The objective of the audit is to determine whether the EPA established and implemented internal controls for the leave bank to prevent and detect abuse of the program.	October 2015
<b>Mandated</b>		
CSB Compliance with the Improper Payments Act	To determine if CSB was compliant with the policies and procedures governing the Improper Payment Act.	October 2015
CSB FY 2016 Proposed Management Challenges and Internal Control Weaknesses	To develop and issue the mandatory document on management challenges and internal control weaknesses.	March 2016
CSB Purchase and Travel Cards	To determine if CSB personnel are compliant with CSB and all applicable federal regulations governing use of purchase and travel credit cards.	June 2016

## Forensic Audits

The Forensic Audits product line is responsible for conducting financial audits of EPA assistance agreements and contracts to identify potentially fraudulent actions and determine the acceptability of costs claimed under specific financial instruments.

*Point of Contact:* John Trefry (202) 566-2474

Title	Primary Objectives	Estimated/Actual Start Date
<b>Carryover</b>		
Region 9 Request – Manchester Band of Pomo Indians	To determine the propriety of recent drawdowns made by the Manchester Band of Pomo Indians under EPA grants; whether the historical costs incurred are reasonable, allocable and allowable under federal regulations and the grant terms and conditions; and whether the Manchester Band of Pomo Indians meet the management and financial requirements to qualify as a responsible grantee.	April 2014
Construction Grants Awarded to the District of Columbia Water and Sewer Authority	To determine whether the costs claimed under the grants are reasonable, allocable and allowable.	June 2014
Brownfields Revolving Loan Fund Assistance Agreement Audits	To perform assistance agreement audits of selected Brownfields Revolving Loan Fund recipients to determine whether funds were expended in accordance with federal regulations and environmental results were achieved in accordance with recipients' grant requirements.	January 2015
Oregon Health Authority – Labor Charging	To examine Oregon Health Authority's labor charging practice.	February 2015
Religious Compensatory Time	To determine whether the EPA has sufficient policies and procedures to govern the use of religious compensatory time.	April 2015
Administrative Leave Policies	To determine whether the EPA has policies in place in connection with the use of administrative leave.	April 2015
Hotline Complaint on Time and Attendance for EPA's Office of Air and Radiation	The EPA OIG received a hotline complaint that alleged possible time and attendance irregularities related to overtime pay and administrative leave for an employee within the Office of Air and Radiation's Immediate Office. The objective is to determine whether the allegations were valid.	July 2015

Title	Primary Objectives	Estimated/Actual Start Date
Hotline Complaint on Awards Made by EPA's Office of the Chief Financial Officer	The EPA OIG received a hotline complaint alleging that the EPA's Office of the Chief Financial Officer intended to pay a \$250,000 bonus to a newly hired employee because the office was unable to provide relocation expenses for the employee. The new hire was for the position of Director, Research Triangle Park Finance Center. Our objective was to determine the validity of the allegation and identify the basis for any bonus payments made to the employee.	July 2015
Hotline Complaint on Hawaii Drinking Water State Revolving Fund Grant	To determine whether Region 9 should proceed with the FY 2015 grant award relating to the Hawaii Department of Health's Drinking Water State Revolving Fund.	August 2015
<b>Discretionary</b>		
Water Security Training and Technical Assistance Grants (CFDA 66.478)	The assignment could result in potential return on investment of \$17.6 million. More importantly, the assignment will determine whether the grant objectives were met and fulfilled EPA's goal in response to Homeland Security Presidential Directive 9, under which the agency must "develop robust, comprehensive, and fully coordinated surveillance and monitoring systems, including international information, for...water quality that provides early detection and awareness of disease, pest, or poisonous agents."	March 2016
Northwest Indian Fisheries Commission – Puget Sound Protections and Restoration, Tribal Implementation Program	The Northwest Indian Fisheries Commission is the lead tribal organization for the Puget Sound and has three grants totaling \$20.5 million. The assignment could result in questioning all or a portion of the grants awarded to the commission. Also, any failures to meet grant objectives could result in the agency's reduced ability to manage the environmental quality of the Puget Sound. We seek to determine whether the costs claimed under the grants are reasonable, allowable and allocable in accordance with the applicable laws, regulations and grant terms and conditions; and the objectives of the grant were met.	March 2016

Title	Primary Objectives	Estimated/Actual Start Date
Capping Report on Internal Control Audits as a Result of John Beale Investigation	Since the Beale investigation went public in August 2013, we have or will have issued 10 reports in connection with internal controls within the EPA. The capping report will summarize the internal control issues that the EPA needed to address, along with the status of the EPA's implementation of the recommendations made in the 10 audit reports. The assignment will also address the following 2015 Management Challenge: "The EPA Continues to Need Improved Management Oversight to Combat Fraud and Abuse and Take Prompt Action Against Employees Found to Be Culpable."	December 2015
Hotline Complaint on Hawaii Drinking Water State Revolving Fund	To determine whether the allegations in the hotline complaint are valid and recommend corrective actions to address the allegations, as appropriate.	October 2015
<b>Mandated</b>		
FY 2016 Single Audit Program	To review and process Single Audit reports that are prepared by Certified Public Accountant firms under the Single Audit Act.	October 2015
FY 2016 Hotline Program	To screen and make further determinations, through preliminary work, on complaints assigned to the Office of Audit from the OIG Hotline Program.	October 2015

## Financial Audits

The Financial Audits product line is responsible for rendering opinions on financial statements produced by the EPA, and also conducts performance audits of EPA financial matters for efficiency and effectiveness.

*Point of Contact:* Paul Curtis (202) 566-2523

Title	Primary Objectives	Estimated/Actual Start Date
<b>Carryover</b>		
Review of Unliquidated Obligations at Research Triangle Park Finance Center	To determine whether the EPA has adequate controls in place to identify and deobligate unneeded contract and miscellaneous obligations at the Research Triangle Park Finance Center, and amount of obligations under miscellaneous and contracts at the center that could potentially be deobligated.	October 2014
Oversight of Superfund State Contract for Remedial Activities	To evaluate the control the agency exerts over the Superfund State Contract process and whether the agency is recovering its lawful costs from the states.	November 2014
Working Capital Fund Cost Rates	To determine whether the Working Capital Fund is operating as intended and is helping to reduce the EPA's cost of doing business.	November 2014
OIG's Accountable Property	To determine whether OIG promotes sound fiduciary responsibilities by providing timely and accurate inventory information.	January 2015
FY 2014 Financial Statements: Pesticides Reregistration and Expedited Processing Fund	To render an opinion on the agency's statements, and determine compliance with laws and regulations.	January 2015
FY 2014 Financial Statements: Pesticide Registration Fund	To render an opinion on the agency's statements, and determine compliance with laws and regulations.	January 2015
FY 2014 Financial Statements: Hazardous Waste Electronic Manifest System Fund	To determine whether the financial statements were fairly presented in all material respects, the EPA's internal controls over financial reporting were in place, and EPA management complied with applicable laws and regulations.	January 2015
FY 2015 EPA Financial Statements	To determine whether the EPA's consolidated financial statements were fairly stated in all material respects.	April 2015
FY 2015 CSB Financial Statements (Contracted)	To determine if CSB financial statements were fairly stated in all material respects, internal controls over financial reporting in CSB were in place, and CSB management complied with applicable laws and regulations.	May 2015
<b>Mandated</b>		
FY 2015 Financial Statements: Pesticides Reregistration and Expedited Processing Fund	To render an opinion on the agency's statements, and determine compliance with laws and regulations.	March 2016
FY 2015 Financial Statements: Pesticide Registration Fund	To render an opinion on the agency's statements, and determine compliance with laws and regulations.	March 2016

Title	Primary Objectives	Estimated/Actual Start Date
FY 2015 Financial Statements: Hazardous Waste Electronic Manifest System Fund	To determine whether the financial statements were fairly presented in all material respects, EPA's internal controls over financial reporting were in place, and EPA management complied with applicable laws and regulations.	March 2016
FY 2016 EPA Financial Statements	To determine whether EPA's consolidated financial statements were fairly stated in all material respects.	April 2016
Agency Data Act Implementation Efforts	To complete an assessment of the EPA implementation efforts to comply with the DATA Act. This will be the first time we have audited EPA's implementation of the DATA Act.	June 2016
FY 2016 CSB Financial Statements (Contracted)	To determine if CSB financial statements were fairly stated in all material respects, internal controls over financial reporting in CSB were in place, and CSB management complied with applicable laws and regulations.	June 2016



## Information Resources Management Audits

The Information Resources Management Audits product line reviews the economy, efficiency and effectiveness of the agency's investments in systems for achieving environmental goals and ensuring integrity of data used for decision making; and reviews strategies for setting priorities, developing plans to accomplish the priorities, and measuring performance.

*Point of Contact:* Rudolph Brevard (202) 566-0893

Title	Primary Objectives	Estimated/Actual Start Date
<b>Carryover</b>		
Follow-Up on Significant Information Technology Security Findings	Determine whether the EPA has implemented corrective actions to address significant information technology security findings and recommendations issued during FYs 2010–2012.	November 2013
Data Quality Review of Self-Reported Information in EPA's XACTA System	To determine whether the EPA implemented management control processes for maintaining the quality of data in the EPA's Xacta system, which is used for Federal Information Security Management Act activities such as assessing system security controls, documenting and monitoring plans of action and milestones, and importing system security documentation.	December 2013
EPA Processes for Preserving Text Messages	To determine whether the EPA has established and implemented policies and procedures to preserve text messages in accordance with federal and agency requirements.	December 2014
FY 2015 EPA Federal Information Security Management Act Audit	To conduct the annual review of the EPA information security program as required by the Federal Information Security Management Act.	May 2015
FY 2015 CSB Federal Information Security Management Act Audit	To conduct an independent audit of the CSB's compliance with the Federal Information Security Management Act.	May 2015
<b>Mandated</b>		
Controls Over the Direct Modifications to EPA's Financial Data in Compass	To determine if the Office of the Chief Financial Officer has established controls to: review authorized changes prior to modifying Compass production data, and obtain report of changes made by direct access to Compass data (not using the application) to review if the changes were authorized.	November 2015
Baseline Assessment of CSB's Compliance with U.S. Department of Homeland Security's Information Security Reporting Metrics	To determine to what extent the CSB's implemented internal controls and business practices to meet selected information security performance measures as prescribed by the U.S. Department of Homeland Security.	November 2015

Title	Primary Objectives	Estimated/Actual Start Date
EPA's Compliance with the Federal Information Security Modernization Act for FY 2016	To determine whether the EPA implemented an information systems security program that is compliant with the requirements outlined in the Federal Information Security Modernization Act of 2014.	January 2016
CSB's Compliance with the Federal Information Security Modernization Act for FY 2016	To determine whether CSB implemented an information systems security program that is compliant with the requirements outlined in the Federal Information Security Modernization Act of 2014.	March 2016

## Office of Program Evaluation

The Office of Program Evaluation (OPE) examines root causes, effects and opportunities leading to conclusions and recommendations that influence program change and contribute to the accomplishment of the agency's mission. Program evaluations answer questions about how well a program or activity is designed, implemented or operating in achieving EPA goals. Program evaluations may produce conclusions about the value, merits or worth of programs or activities. The results of program evaluations can be used to improve the operations of EPA programs and activities, sustain best practices and effective operations, and facilitate the accomplishment of EPA goals. The OIG has the responsibility to audit, evaluate, inspect and investigate the CSB's programs, to determine their potential impact on CSB programs and operations. Evaluations are performed by staff in OPE with diverse backgrounds, including accounting, economics, environmental management and the sciences, and compliance with Government Auditing Standards.

Evaluation topics and priorities in our plan are driven by our assessment of organizational risk in relation to available resources and are based on input from the EPA's leadership, Congress and stakeholders. Program evaluations are conducted by the following six product lines and include other reviews conducted by OPE's Immediate Office:

- Air.
- Water.
- Land Cleanup and Waste Management.
- Toxics, Chemical Management and Pollution Prevention.
- Science, Research and Management and Integrity.
- Special Program Reviews.
- OPE Immediate Office.

Assignments concentrate on all of the OIG themes, reflecting our attention to the agency's mission as well as the agency's operational and systemic risks. Specific assignment titles are listed on the following pages.

# Air

The Air product line is responsible for conducting evaluations to assess the EPA’s programs and activities to protect human health and the environment through progress toward air quality and climate change goals.

*Point of Contact:* Jim Hatfield (919) 541-1030

Title	Primary Objectives	Estimated/Actual Start Date
<b>Carryover</b>		
Selected Ambient Air Quality Monitoring Networks	To assess whether the EPA effectively used annual network reviews to determine how well the monitoring network is achieving its objectives.	July 2014
Implementation of Benzene Fuel Content Standards	To determine whether gasoline refiners and importers are meeting EPA standards for benzene content in gasoline.	February 2015
Effectiveness of Compliance Assurance Activities for Major and Synthetic Minor Clean Air Act Sources	To determine the effectiveness of the EPA's compliance assurance activities for major and synthetic minor Clean Air Act sources not inspected as called for in the EPA's Clean Air Act Compliance Monitoring Strategy.	July 2015
EPA's Estimate of the Costs to Refineries to Implement the Tier 3 Fuel Sulfur Rule	To determine whether the EPA adhered to relevant statutes, regulations, policies, procedures and guidance in estimating and reporting expected costs to refineries to comply with the new gasoline sulfur content requirements under the Tier 3 rule.	February 2015
<b>Discretionary</b>		
Ambient Monitoring Data Changes and Gaps	Air monitoring networks operated by state and local agencies provide the data that the EPA uses to determine whether an area's air quality meets national standards set by the EPA. This assignment could identify deficiencies in that data and recommend improvements resulting in more reliable data to better ensure that (1) EPA funds are better spent and (2) and proper decisions are made to protect public health.	October 2015
EPA Efforts to Evaluate and Reduce Air Emissions from Concentrated Animal Feeding Operations	The EPA estimates that livestock in the United States produce between 3 and 20 times more manure than people each year, or as much as 1.2 to 1.37 billion tons of waste annually (EPA, 2005). This evaluation could allow the EPA to better assess the impact from animal feeding operations and develop more reliable methods for estimating emissions from different types and sizes of feeding operations.	March 2016

# Water

The Water product line is responsible for conducting evaluations to assess the EPA’s protection and restoration of healthy aquatic communities and waters that sustain human health.

*Point of Contact:* Kathleen Butler (404) 562-9736

Title	Primary Objectives	Estimated/Actual Start Date
<b>Carryover</b>		
Clean Water State Revolving Fund Green Project Reserve Program	To examine the benefits of green projects funded by the Clean Water State Revolving Fund.	October 2014
How Does EPA Help Ensure Safe Drinking Water in Small Systems with Serious Violations?	To determine how the EPA helps states and territories ensure that small water utilities with serious violations come into compliance with health-based standards and treatment requirements.	November 2014
BEACH Act: Review of the Effectiveness of Identifying Contaminated Recreational Waters and Communicating Health Risks	To evaluate whether states, territories and tribes have effective beach monitoring programs.	April 2015
EPA Programs to Protect the Public from Mercury Contamination in Fish	To examine how effectively the EPA and states are protecting the public from the threats of mercury contamination in fish.	August 2015
<b>Discretionary</b>		
Retrospective Review of Clean Water State Revolving Fund Projects	This project stems from ongoing OA work evaluating whether the Clean Water State Revolving Fund achieved the goals of states’ Intended Use Plans, and met other fund objectives. The proposed OPE project will follow OA’s work by asking whether the EPA can demonstrate Clean Water Act-related environmental and human health outcomes associated with fund expenditures; and determine how Clean Water State Revolving Fund projects achieve the intent, overall goals and objectives of the Clean Water Act.	March 2016
Improving Compliance with Water Quality Monitoring Requirements	While evaluating EPA’s enforcement efforts at small drinking water systems, the Water product line identified lack of drinking water monitoring data as a key issue affecting the identification of drinking water violations. This project is designed to address this key barrier to effective enforcement of the Safe Drinking Water Act. We seek to determine how Safe Drinking Water Act primacy states ensure that monitoring and reporting occur at public drinking water systems and whether the EPA should enhance its role to be a catalyst for robust drinking water sampling programs.	March 2016

## Land Cleanup and Waste Management

The Land Cleanup and Waste Management product line is responsible for conducting evaluations to assess EPA programs, activities and initiatives to protect human health and the environment through cleanup and waste management, accident prevention and emergency response.

*Point of Contact:* Tina Lovingood (202) 566-2906

Title	Primary Objectives	Estimated/Actual Start Date
<b>Carryover</b>		
CTS Update: Sampling, Monitoring, Communication and Opportunities for Cleanup Efficiencies	To determine if the sampling and monitoring activities at the CTS site meeting established requirements and procedures.	July 2014
EPA Progress on Meeting Resource Conservation and Recovery Act Statutory Mandate for Minimum Frequency of Inspections at Hazardous Waste Disposal Facilities	To examine whether the EPA ensures that Resource Conservation and Recovery Act inspections are performed at the required frequency for high-impact treatment, storage and disposal facilities.	October 2014
EPA Progress on Reducing Taxpayer Environmental Liabilities	To examine whether the EPA reviews nationwide Superfund and Resource Conservation and Recovery Act financial liabilities for companies with multiple facilities/sites to verify financial assurance mechanisms are valid.	April 2015
Long-Term Risks from Short-Term Disposal of Debris From Natural Disasters	To evaluate whether the EPA has controls in place to ensure the long-term safety of landfills used to dispose of disaster debris.	April 2015
Confirmation of EPA Time-Critical Removal Actions	To examine whether the EPA can provide documentation that imminent and substantial endangerment threats to public health at time-critical removal sites have been addressed.	July 2015
Optimization of Superfund-Financed Pump and Treat Systems	If the EPA is not effectively optimizing pump and treat remediation remedies at Superfund sites, human health is jeopardized by potential exposure to ground water contamination and EPA may not be saving an estimated \$4.9 million per year. Our objective is to identify whether the EPA implemented the recommendations from the 2000–2002 EPA Nationwide Fund-Lead Pump and Treat Optimization Project at the 20 Superfund pump and treat sites.	July 2015
Gold King Mine	This is a joint project with the OIG's Office of Investigations and OA to respond to a request from the House Oversight and Government Reform Committee on the cause of, and the EPA's response to, the Gold King Mine release into the Animas River.	August 2015

Title	Primary Objectives	Estimated/Actual Start Date
<b>Discretionary</b>		
Superfund Workload Allocation	To determine if EPA's distribution of Superfund resources among EPA regions supports the current regional workload.	June 2016
EPA Efforts to Protect Tribal Communities from Risks Related to Underground Storage Tanks	<p>The EPA is responsible for directly implementing Underground Storage Tank and Leaking Underground Storage Tank programs in Indian Country across the United States. Since 2005, there have been about 1,375 releases confirmed in Indian Country. Over the last decade, the cleanup rate of Leaking Underground Storage Tanks in Indian Country has lagged behind the national rate by about 10 percent.</p> <p>Our objectives are to determine if EPA's 2006 Tribal Strategy and 2015 revised underground storage tank regulations prioritize and address releases from underground storage tanks that present the greatest threat to human health or the environment and if the EPA reduced the overall backlog of underground standard tank cleanups in Indian Country.</p>	June 2016
EPA Oversight of Delegated State Resource Conservation and Recovery Act Programs	States are required to have regulations that are at least as stringent as federal standards. As EPA develops new Resource Conservation and Recovery Act regulations, states must ensure they also incorporate the changes into their own regulations. For states that fall behind in adopting the more stringent and updated standards of the act, citizens may be exposed to inequitable health risks, and receive less public information compared to those states that have taken timely and appropriate action in updating their Resource Conservation and Recovery Act standards. Our objective is to examine if EPA provides oversight to ensure states implement new Resource Conservation and Recovery Act regulations.	June 2016

Title	Primary Objectives	Estimated/Actual Start Date
Hotline Case Study: EPA's Oversight of Liability Transfer at Contaminated Sites	<p>Potential recommendations could lead to a more efficient process for handling transfer of permits from parent companies to spinoffs, provide additional assurances that (1) the financial liabilities are addressed without a financial impact on taxpayers; and (2) contaminated sites are cleaned up as agreed to, without additional delays. The OIG's evaluation will have an impact on future liability transfers and could result in additional protections for the financial assurance and human health concerns at sites.</p> <p>We seek to determine if the EPA has a standard process for approving the transfer of cleanup responsibility and liability from a parent company to a spinoff, and what protections are in place to ensure cost recovery agreements are fulfilled without additional costs to taxpayers. In the case of DuPont's transfer of liability at an estimated 170 sites to a spinoff company—Chemours—we will seek to determine whether the EPA followed proper regulatory procedures and exercise due diligence; and was aggregate liability, including liability for sites in different EPA regions, considered in determining the adequacy of the financial assurance instruments.</p>	July 2016
Optimization of Superfund-Financed Pump and Treat Systems	To determine if EPA implemented the recommendations from the 2000-2002 EPA Nationwide Fund-Lead Pump and Treat Optimization Project at the 20 Superfund pump and treat sites (with an estimated one-time implementation cost of \$5.9 million in 2002).	September 2016



# Toxics, Chemical Management and Pollution Prevention

The Toxics, Chemical Management and Pollution Prevention product line is responsible for conducting evaluations to assess the EPA’s management of chemical risks and programs to prevent pollution.

*Point of Contact:* Jeffrey Harris (202) 566-0831

Title	Primary Objectives	Estimated/Actual Start Date
<b>Carryover</b>		
EPA Policies and Responsiveness to Public Petitions on Pesticide Issues	To determine if there is an effective process to track the receipt, disposition and resolution of public petitions.	October 2014
EPA’s Regional Negotiated Commitments with States for Federal Insecticide, Fungicide and Rodenticide Act Compliance Inspections	To determine what the EPA’s procedures are for determining and periodically reviewing state commitments for Federal Insecticide, Fungicide and Rodenticide Act compliance inspections; how does the EPA ensure these commitments are appropriate; and does the EPA have current opportunities to modify state commitments and better use resources dedicated for these efforts.	April 2015
Office of Pesticide Programs’ Genetically Engineered Corn Insect Resistance Management	To determine the extent to which the Office of Pesticide Program collects and reviews industry Compliance Assurance Program reports submitted by genetically engineered corn seed registrants and actions taken by the Office of Pesticide Programs when registrants report increased insect resistance.	August 2015
Effectiveness and Integrity of the Antimicrobial Testing Program	Hospital-acquired infections continue to increase due in part to a stronger germ strain, and have now reached 14 thousand deaths per year. The EPA registers antimicrobials and has tested their efficacy for years with the Antimicrobial Testing Program. During our 2010 evaluation, we found that the design and implementation of the Antimicrobial Testing Program cannot provide assurance to the public that the product label claims are valid. Our objective is to determine whether the Antimicrobial Testing Program ensures the efficacy of EPA-registered hospital sterilants, disinfectants and tuberculocides.	September 2015

Title	Primary Objectives	Estimated/Actual Start Date
<b>Discretionary</b>		
Structural Fumigation Treatment Incidents	There have recently been two high profile incidents of serious injury to families in the United States due to improper structural fumigation activities. This project will evaluate this issue from a policy and regulatory perspective. We will seek to determine the extent and nature of adverse impacts caused by structural fumigants; and what are the regulatory, program execution (e.g., training, funding, inspections, enforcement) or other factors associated with adverse impacts.	October 2015
Effectiveness of EPA's Pesticide Import Inspections	The EPA's enforcement program addresses the illegal importation of unregistered or otherwise noncompliant pesticide products into the United States. This project could result in reduced risks to human health and the environment due to Federal Insecticide, Fungicide and Rodenticide Act imports noncompliance, while assuring effective deterrence through inspections and enforcement actions. We will seek to determine whether the Federal Insecticide, Fungicide and Rodenticide Act Import Inspection program effectively deters or identifies and confiscates illegal pesticide imports to protect human health and the environment.	June 2016
EPA's Utilization of the Chemical Safety for Sustainability Strategic Research Action Plan Products	Ensuring chemical safety is a top priority for the EPA. More than 80,000 chemicals are currently listed or registered for use under EPA authorities, and at least a thousand more are introduced every year. This review will assess critical questions regarding the EPA's investment to address this management challenge. We will seek to evaluate the EPA's effectiveness in incorporating the products (e.g., Dashboards, enhanced ToxCast™) developed by the Chemical Safety for Sustainability Strategic Research Action Plan in meeting its priority setting, toxicity testing and risk assessment needs.	June 2016

## Science, Research and Management Integrity

The Science, Research and Management Integrity product line conducts independent evaluations of EPA’s research and development programs and operations managed and directed by the Office of Research and Development. Particular focus is given to those areas that support human health and environmental protection. The product line also develops, coordinates and reports on OIG-identified agency management challenges and internal control weaknesses.

*Point of Contact:* Patrick Gilbride (303) 312-6969

Title	Primary Objectives	Estimated/Actual Start Date
<b>Carryover</b>		
EPA’s Assessment of Potential Mining Impacts in Bristol Bay, Alaska	To determine whether the EPA adhered to laws, regulations, policies and procedures in developing its assessment of potential mining impacts on ecosystems in Bristol Bay.	May 2014
EPA Benefits from Science to Achieve Results (STAR) Grant Results	To determine the extent to which STAR research results are used to benefit EPA program offices’ performance goals and objectives.	January 2015
Benefits to EPA Research Goals from Reimbursable Funds Research	To determine the benefits the EPA derived from conducting the research.	April 2015
<b>Discretionary</b>		
Use of Results from Science Advisory Board, Board of Scientific Counselors and National Academy of Sciences studies for Improving Office of Research and Development Performance	One way the EPA can effectively develop its cross-cutting strategic goal of advancing science and research is to implement recommendations for improvement made by the EPA funded research studies. Our review will focus on how the Office of Research and Development has used these studies and resulting recommendations to improve performance. We will seek to determine the extent to which the Office of Research and Development uses the results of external reviews—funded by the EPA—to improve program performance.	October 2015
Lifecycle Environmental Impacts of EPA’s Renewable Fuel Standard	This review will determine if the EPA is following statutory reporting mandates for the Renewable Fuel Standard program. The review will also determine if the EPA is using the most current science in its life cycle analysis for setting renewable fuel standards.	October 2015
EPA’s Controls for Early Detection of Fraudulent Research by EPA Contract Laboratories	To determine whether the EPA has controls in place to prevent or help uncover fraudulent research and/or data produced by the Superfund Contract Laboratory Program and whether those controls are effective.	March 2016

Title	Primary Objectives	Estimated/Actual Start Date
<b>Mandated</b>		
2016 Management Challenges and Internal Controls Weaknesses	To report on the top management challenges and internal control weaknesses facing the EPA, and provide the Administrator and Congress those issues that present the greatest challenge to the EPA.	March 2016

## Special Program Reviews

The Special Program Reviews product line is responsible for conducting evaluations and follow-ups to assess agency programs and functions to determine whether sufficient controls are in place to reduce the agency's risk of fraud, waste and abuse in its operations.

*Point of Contact:* Eric Lewis (202) 566-2664

Title	Primary Objectives	Estimated/Actual Start Date
<b>Carryover</b>		
Follow-Up Review: Improvements Needed in EPA Training and Oversight for Risk Management Program Inspections	To verify corrective actions completed and Management Audit Tracking System data quality to determine whether the EPA strengthened its management controls to ensure that Risk Management Program inspectors and supervisors meet their minimum training requirements.	October 2014
Effectiveness of EPA's Environmental Education Activities	To determine whether the EPA has established a framework to assess its environmental education programs.	October 2014
Workforce Restructuring Under Voluntary Early Retirement Authority/Voluntary Separation Incentive Payment	To evaluate the workforce restructuring goals by program and regional office for consistency of practices.	September 2014
Follow-Up Review: EPA's Classification of National Security Information	To review agency implementation of previous recommendations as required by the Reducing Over-Classification Act.	June 2015
<b>Discretionary</b>		
Follow-Up Review: Efficiency of EPA's Rule Development Process Can Be Better Measured through Improved Management and Information	Self-initiated follow-up evaluation of 2013 OIG report, <i>Efficiency of EPA's Rule Development Process Can Be Better Measured through Improved Management and Information</i> (13-P-0167). We will seek to determine if the Office of Policy implemented corrective actions reported in Management Audit Tracking System to improve the efficiency of the EPA's Action Development Process.	June 2016
Follow-Up Review: Public May Be Making Indoor Mold Cleanup Decisions Based on EPA Tool Developed Only for Research Applications	Self-initiated follow-up evaluation of 2013 OIG report, <i>Public May Be Making Indoor Mold Cleanup Decisions Based on EPA Tool Developed Only for Research Applications</i> (13-P-0356). We will seek to verify that the Office of Research and Development implemented the corrective actions reported in the Management Audit Tracking System to address previous OIG recommendations.	June 2016

## OPE Immediate Office

The OPE Immediate Office examines root causes, effects and opportunities leading to conclusions and recommendations that influence program change and contribute to the accomplishment of the agency’s mission. Program evaluations answer questions about how well a program or activity is designed, implemented or operating in achieving EPA goals.

*Point of Contact:* Carolyn J. Hicks (202) 566-1238

Title	Primary Objectives	Estimated/Actual Start Date
<b>Discretionary</b>		
Year-End Summary Report on EPA's Measurement of Program Performance and Outcomes	This report will highlight trends or systemic weaknesses associated with the programs identified in five EPA OIG OPE reports published during FY 2015, and publish a roll- up (capping) report that discusses those trends.	September 2015

## Office of Investigations

The EPA OIG Office of Investigations (OI) fulfills the specific Inspector General Act authority and duties by conducting independent investigations to detect and prevent fraud, waste and abuse in protecting the integrity of EPA and CSB programs, operations and resources. Investigations focus on alleged fraud, waste, abuse and other illegal activities by EPA and CSB employees, contractors, grantees and the public, including foreign entities, who attempt to seek improper personal gain at the taxpayers' expense. Investigations, often done in collaboration with OIG auditors and/or other law enforcement authorities may result in referrals for criminal prosecution and civil actions, indictments, suspensions, debarments and other administrative actions. Investigations also result in improvements in program operations, savings, recoveries, and penalties; and in identifying high-risk vulnerabilities. Emphasis will continue in areas of known risk and materiality to uncover criminal activity in the award and delivery of EPA and CSB assistance agreements and contracts. We will also continue to perform investigations of intrusive activities affecting the EPA's computer systems and data. Because the reach of EPA and CSB authorities, programs and resources creates risks of fraud and abuse well beyond our staff capabilities, we constantly triage to address what is within our reach.

We will use advanced forensic analytic methods to perform trend analysis, cross-tabulations, correlations and social media scanning to identify hot-spot risk areas, potential schemes, devices and associated perpetrators. Our investigations develop evidence to identify, prove or disprove wrongdoing in the agency's programs and operations – more complex than ever through electronic data and fund transmission in a highly decentralized agency and delegated authority.

OI receives hundreds of allegations of criminal activity and serious misconduct in EPA and CSB programs and operations that may undermine the integrity of, or confidence in, programs, and create imminent public health and environmental risks. To prioritize its work, OI evaluates allegations to determine which investigations may have the greatest impact on agency resources and the integrity of an EPA or CSB program and operation, and produce the greatest deterrent effect. OI primarily employs criminal investigators (Special Agents), as well as computer specialists and support staff. OI maintains a presence in most EPA regions and at selected EPA laboratories, other facilities and headquarters. The majority of investigative work is reactive in nature.

OI has identified the following major areas on which to focus its investigative activity:

- **Financial fraud (contracts and assistance agreements).** These investigations, which may involve multiple agencies, focus on criminal activities related to agency grants, State Revolving Funds, interagency agreements and cooperative agreements that provide assistance to state, local and tribal governments, universities and nonprofit recipients. Collectively, these program account for about half of the EPA's budget. These investigations also focus on acquisition management, contracts and procurements. We specifically focus on mischarging, defective pricing, defective products and collusion.
- **Employee Integrity and alleged criminal conduct or serious administrative misconduct.** These investigations involve allegations against EPA and CSB employees that could threaten the credibility of the agency and integrity of its resources.

- **Threats directed against EPA and CSB employees, facilities and assets.** These investigations involve the physical safety of EPA and CSB employees, its contractors, all property and data. These investigations include the identification of attacks against the EPA's computer and network systems to protect resources, infrastructure and intellectual property. We will coordinate these efforts with the Federal Bureau of Investigation and the U.S. Department of Homeland Security.
- **Program Integrity.** These investigations focus on activities that could undermine the integrity of agency programs concerning safety and public health, and erode confidence in the agency in the pursuit of its mission. These cases are initiated in response to allegations or referrals from audits or evaluations, or may be self-initiated in high-risk areas where there is reasonable suspicion of fraud, violations of laws or public risk.
- **EPA OIG Hotline, Deterrence, and Oversight.** OI supports the agency and conducts OIG oversight and assistance, as directed by statute and the Office of Management and Budget, by providing fraud awareness, detection and prevention training to federal, state, tribal and local officials. OI manages the EPA OIG Hotline Program, which receives hundreds of complaints, referrals and allegations of abuse and misconduct. OI will also provide investigative support to the OIG's OA and OPE offices, as well as participate as needed in multi-agency criminal task forces on urgent nation scope issues. This hotline is also available for CSB intake to receive complaints, referrals and allegations of abuse and misconduct.
- **Workforce continuing professional development.** In conjunction with the OIG's Office of the Chief of Staff, OI plans to recruit, develop and retain a dedicated workforce to fulfill critical mission requirements. OI will work to identify new real world criminal schemes facing the agency and provide training opportunities to our staff so they can properly respond to these new challenges. Additionally, OI must continue to undergo mandatory firearms/marksmanship, use of force, and legal and financial crimes related training. This will ensure our workforce will continue to work in more effective and efficient manner. Along those lines and based on lessons learned, OI will work to ensure that all members of its staff know and understand all our policies and procedures.

*Point of Contact:* Patrick Sullivan (202) 566-0308

**Investigations begun prior to FY 2016 and new investigations will examine:**

- Criminal activities in the award, performance and payment of funds under EPA and CSB contracts, grants and other assistance agreements to individuals, companies and organizations.
- Fraud and threats against EPA and CSB employees, facilities and resources.
- Contract laboratory fraud relating to water quality and Superfund data, as well as payments made by the EPA for erroneous environmental testing data and results that could undermine the bases for EPA decision making, regulatory compliance and enforcement actions.



- Alleged criminal conduct or serious administrative misconduct by EPA and CSB employees.
- Criminal activity or serious misconduct affecting the integrity of EPA and CSB programs that could erode the public trust.
- Intrusions into and attacks against the EPA's network, as well as incidents of hijacking EPA computers and/or systems in furtherance of criminal activities, and use of outside computers to commit fraud against the EPA.
- Disaster relief spending, including participating with other federal OIGs and the EPA OIG's OA on the Hurricane Sandy Fraud Taskforce.

## Appendix A—Performance Measures and Targets

The Government Performance and Results Act requires federal agencies to develop goal-based budgets supported by annual performance plans that link the organization’s mission and strategic goals to its annual performance goals. The annual performance goals are quantifiable targets supported by measures and indicators representing the expected outputs and outcomes. The agency’s annual Performance Accountability Report includes actual results compared to targets to inform the Office of Management and Budget, Congress, and the public about the value they are receiving for funds invested and how well the OIG is achieving its goals.

This annual plan explains how the OIG will achieve its mission through required and priority assignments. Outcome results and benefits from OIG work reflect measurable actions and impacts, but there is typically a time lag between the completion of OIG work and recognition of such results and benefits. Therefore, results and benefits from OIG audits, evaluations, investigations and reviews are recorded in the year they are recognized regardless of when the work was performed. Through current-year outputs and long-term outcomes, OIG targets and seeks to measure and demonstrate the many ways the OIG promotes economy, efficiency and effectiveness; and prevents and detects fraud, waste and abuse. The following are the OIG annual performance goals that this plan is designed to achieve, pending final budget agreements:

Annual performance measures	Supporting indicators	FY 2016 targets (based upon President's Budget funding level)
Environmental and business actions taken for improved performance and reduction of risk from or influenced by OIG work	<ul style="list-style-type: none"> <li>○ Policy, process, practice, or control changes implemented.</li> <li>○ Environmental or operational risks reduced or eliminated.</li> <li>○ Critical congressional or public concerns resolved.</li> </ul>	274 total
Environmental and business recommendations or risks identified for corrective action by OIG work	<ul style="list-style-type: none"> <li>○ Recommendations or best practices identified for implementation.</li> <li>○ Risks or new management challenges identified for action.</li> <li>○ Certifications, verifications or analysis for decision or assurance.</li> <li>○ Outreach/technical advisory briefings.</li> </ul>	1,094 total
Return on the annual dollar investment, as a percentage of the OIG budget, from audits and investigations	<ul style="list-style-type: none"> <li>○ Recommended questioned costs.</li> <li>○ Recommended cost efficiencies and savings.</li> <li>○ Fines, penalties, settlements, restitutions.</li> </ul>	220% return on investment of budget
Criminal, civil, administrative and fraud prevention actions taken from OIG work	<ul style="list-style-type: none"> <li>○ Criminal convictions/civil judgments.</li> <li>○ Indictments/informations.</li> <li>○ Administrative actions (staff actions and suspension or debarments).</li> </ul>	210 total

## Appendix B—Risks, Priorities and Issues Identified by OIG During Previous EPA Outreach Interviews With Agency Management

The OIG is highly committed to being a customer-driven organization that provides products and services that address the needs and concerns of agency management. Our planning processes are highly dependent upon, and reflective of, the input received through our outreach to the agency. A summary of current identified areas of concern from the agency is provided below. This information is used by staff as a foundation to lead to the selection of well-supported assignments that answer compelling needs with measurable results.

EPA Cross Cutting Risks	EPA Outreach Interviews Areas of Concern
<b>Emergency Preparedness/ Homeland Security</b>	<ul style="list-style-type: none"> <li>• Preparedness for emergencies (natural or manmade disasters) is an unknown risk and needs greater attention. In addition, EPA needs to continue to mitigate the past and future impacts of disasters.</li> <li>• Protection of drinking water from emerging contaminants (Water Sentry program) requires a coordinated effort.</li> <li>• Waste management under possible disaster conditions presents a secondary risk that needs attention.</li> <li>• Data security and protection controls may be vulnerable and should be tested to guard against cyber attack.</li> <li>• Clarification of roles and responsibilities (within the EPA, and between federal agencies and states) needs to be determined and articulated for better collaboration.</li> <li>• The need for a statute on how we deal with imports (with possible health impacts on citizens) is needed to ensure emergency preparedness/homeland security.</li> </ul>
<b>Better Collaboration/Coordination With States and Other Federal Agencies</b>	<ul style="list-style-type: none"> <li>• The 30 federal agencies with an environmental mission need better coordination in planning and implementation.</li> <li>• There is a lack of direct lines of authority (coordination) among and between Assistant Administrators and regions.</li> <li>• Plans, resources, data, authority and measures are not aligned with risks and priorities across the EPA.</li> <li>• Better collaboration internally and with stakeholders is needed to align processes, leverage resources, implement controls, reduce duplication, examine best practices and align resources with priorities.</li> <li>• The EPA needs to coordinate with the Department of Homeland Security for streamlined efforts on the new Presidential Directive on Cyber Security for Water Security.</li> <li>• Oil and gas issues on tribal land complicate environmental issues and require better collaboration.</li> <li>• Gulf Coast restoration requires collaboration and coordination with states and other federal agencies.</li> </ul>

<b>EPA Cross Cutting Risks</b>	<b>EPA Outreach Interviews Areas of Concern</b>
<p><b>Consistent and Reliable Data and Performance Measurement</b></p>	<ul style="list-style-type: none"> <li>• There are gaps and inconsistencies in the information that drives the decisionmaking process.</li> <li>• Questions exist as to whether the EPA is collecting the right data, of sufficient quality, and is making that data available. The agency needs to examine the quality of performance measures to ensure activities are properly compiled.</li> <li>• The EPA’s information systems are not aligned for efficiency, consistency, accessibility and security.</li> <li>• Control of laboratory data, personally identifiable information and confidential business information outside of the EPA, especially related to registration and reregistration of pesticides and other formulas regulated by the Toxic Substances Control Act, all present significant risks. Improvements to data quality from contract laboratories are needed.</li> <li>• Clean Water Act standards are measured differently in each state so information collected is not consistent.</li> <li>• Better quality data is needed from multiple data points to ensure consistent and reliable information.</li> </ul>
<p><b>Improving EPA Organizational Design and Coordination of Resources to Eliminate Duplication</b></p>	<ul style="list-style-type: none"> <li>• The EPA and its partners need a clear linkage among goals, resources, processes, actions taken and outcomes.</li> <li>• There are no standards or agreements among stakeholders on which to base measures of environmental risks and outcomes (states vs. national).</li> <li>• Program efficiency, progress and results are not measured meaningfully.</li> <li>• The EPA does not know what activities cost and what efficiency measures are needed. The agency lacks information needed to assist with determining when investments need to be made in relation to other priorities.</li> <li>• Existing statutes are very prescriptive and allow limited flexibility in managing compliance. Many statutes may not be relevant today and revision may be needed to comply with existing high-risk areas.</li> <li>• Differences exist in the ways environmental laws are monitored and enforced between the EPA and states/tribes. Monitoring requirements for grants are underfunded.</li> <li>• The EPA must streamline administrative functions to eliminate unnecessary redundancy.</li> </ul>

<b>EPA Cross Cutting Risks</b>	<b>EPA Outreach Interviews Areas of Concern</b>
<b>Monitoring of States, Grants Management, Compliance and Enforcement (How Much Delegation? Federal vs. State Roles?)</b>	<ul style="list-style-type: none"> <li>• The EPA lacks control of fund management and accountability once the funds for assistance agreements to grantees are distributed; half of the agency’s budget is allocated to these agreements.</li> <li>• The highest risk in the grants management process is at the point that funds are spent by grantees and are sometimes commingled with other sources of grant funds.</li> <li>• Grantees have limited capacity or incentive to account for funds or performance.</li> <li>• The EPA lacks resources to adequately monitor grants and lacks uniform reporting and accountability conditions.</li> <li>• The EPA should execute and manage grants for measurable success vis-à-vis their intended goals.</li> <li>• The EPA needs to determine how to get the best balance for return on investment between mandatory and voluntary actions.</li> </ul>
<b>Human Capital Management – Skill Gaps/Alignment With Functions</b>	<ul style="list-style-type: none"> <li>• The EPA should analyze its workforce to identify and fill skill gaps and to implement its Human Capital Strategy.</li> <li>• The EPA needs to determine programs and areas that can be done locally versus nationally to decrease overhead.</li> <li>• The EPA must determine whether employees in its workforce are aligned in the right places.</li> </ul>
<b>Better Use of Technology, Information and Research</b>	<ul style="list-style-type: none"> <li>• The EPA should manage its resources and the performance of contractors to optimize their value added.</li> <li>• The EPA needs operational controls to protect and account for costs, assets, information and performance.</li> <li>• The EPA should more strongly implement the Federal Managers’ Financial Integrity Act and Office of Management and Budget Circular A-123 process.</li> <li>• The Working Capital Fund lacks the transparency or accountability necessary to prove its efficiency.</li> <li>• Agency management should better understand and be accountable for taking agreed-to actions on OIG recommendations.</li> </ul>
<b>EPA’s Regulatory Process (Better and Faster Analysis of Costs, Science and Benefits)</b>	<ul style="list-style-type: none"> <li>• The EPA’s extremely complex regulatory process should be streamlined without compromising its required integrity.</li> <li>• Competing interests of stakeholders and the regulated community may lead to overlaps, gaps and conflicts.</li> <li>• Many policies are out of date or are based on outdated science and technology.</li> <li>• EPA should evaluate how to use voluntary incentives for compliance.</li> </ul>

<p><b>Cross-Media Risk Assessment, Planning and Priority Setting for Better Application of Resources</b></p>	<ul style="list-style-type: none"> <li>• The EPA should use a consistent approach to evaluate actual and relative environmental and operational risk and program effectiveness, assign resource priorities, make regulatory decisions, take enforcement actions, and inform its stakeholders.</li> <li>• The EPA should ensure the integrity of laboratory data, results and scientific research; knowledge and innovative technology should be transferred in a timely manner in the regulatory and policy process.</li> <li>• Agency programs need a consistent approach for determining relative risk and demonstrating outcome results.</li> </ul>
<p><b>Water Infrastructure, Financing and Water Availability</b></p>	<ul style="list-style-type: none"> <li>• The EPA needs to address failing infrastructure for drinking and storm water systems. Approximately \$20 billion will be needed to stabilize infrastructure across states.</li> <li>• It is unclear who will pay for needed infrastructure investment.</li> <li>• Hydro fracking in New York needs a before-and-after study.</li> <li>• EPA should examine how natural gas should be regulated under the Clean Water Act.</li> </ul>
<p><b>Land and Superfund</b></p>	<ul style="list-style-type: none"> <li>• It appears that Superfund sites are taking an extraordinarily long time to address. The agency needs to address this issue and determine whether management issues are preventing sites from doing cleanups.</li> <li>• The EPA needs to examine chemical safety and ensure that states are monitoring this problem to ensure safety of communities.</li> </ul>
<p><b>Climate Change and Air</b></p>	<ul style="list-style-type: none"> <li>• The EPA should determine how to use creative financing and leverage funding through public/private partnerships.</li> <li>• The EPA should utilize a better method for understanding air toxics and their monitoring.</li> <li>• The EPA needs a clear and unified strategy, including participation of other federal agencies and other national governments.</li> <li>• Climate change in the northeast needs to be analyzed and determine why rebuilding always focuses on the same places.</li> </ul>

## Appendix C—Limitations on Advisory Services

The OIG provides certain advisory services to the agency as part of the value it adds in promoting economy, efficiency and effectiveness. However, to protect Inspector General independence, the Inspector General Act explicitly restricts the Inspector General from making or deciding on agency policies. The generally accepted government auditing standards provide specific criteria delineating what advisory services, defined as nonaudit services, OIG staff can perform, and what constitutes a personal or organizational impairment of independence in fact or appearance. Several of the standards limitations are cited below and explain why the OIG may not be able to assist the agency in ways that may be requested.

### Overarching Independence Principles When Performing Nonaudit Services

The following overarching principle applies to auditor independence when assessing the impact of performing a nonaudit service for audited entities:

Auditors may be able to provide nonaudit services without impairing independence if (1) the nonaudit services are not expressly prohibited, (2) the auditor has determined that the requirements for performing nonaudit services have been met, and (3) any significant threats to independence have been eliminated or reduced to an acceptable level through the application of safeguards.

If requested to perform nonaudit services that would impair the audit organization's ability to meet either or both of the overarching independence principles for certain types of audit work, the audit organization should inform the requestor and the audited entity that performing the nonaudit service would impair the auditor's independence with regard to subsequent audit or attestation engagements. Explicit examples of nonaudit services that directly support the entity's operations and impair the audit organization's ability to meet the overarching independence principles for certain types of audit work include:

- Maintaining or preparing the audited entity's basic accounting records or maintaining or taking responsibility for basic financial or other records that the audit organization will audit.
- Designing, developing, installing or operating the entity's accounting system or other information system that is material or significant to the subject matter of the audit.
- Recommending a single individual for a specific position that is key to the entity or program under audit, or otherwise ranking or influencing management's selection of the candidate; or conducting an executive search or a recruiting program for the audited entity.
- Developing an entity's performance measurement system when that system is material or significant to the subject matter of the audit.
- Performing the entity's internal control self-assessment process.
- Developing an entity's policies, procedures and internal controls.
- Providing services used as management's primary basis for making decisions that are significant to the subject matter under audit.
- Providing internal audit functions, when performed by external auditors.
- Planning, conducting or reviewing audit work of the subject matter of the nonaudit by the same person providing the nonaudit services as auditors must not audit their own work.