



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

OFFICE OF  
INSPECTOR GENERAL

September 17, 2021

**MEMORANDUM**

**SUBJECT:** Notification of Audit:  
EPA Oversight of the Renewable Fuel Standards Renewable Identification Number  
Market  
Project No. OA-FY21-0293

**FROM:** Mike Davis, Director  
Environmental Investment and Infrastructure  
Office of Audit

A handwritten signature in blue ink that reads "Michael J. Davis".

**TO:** Joseph Goffman, Acting Assistant Administrator  
Office of Air and Radiation

The Office of Inspector General for the U.S. Environmental Protection Agency plans to begin fieldwork on an audit of the EPA's oversight of the Renewable Fuel Standards Renewable Identification Number, known as RINs, market. This audit is included in the OIG's [Fiscal Year 2021 Oversight Plan](#). This audit also addresses the following top management challenge for the Agency, as identified in our [EPA's FYs 2020-2021 Top Management Challenges](#) report, issued July 21, 2020: complying with key internal control requirements (data quality).

The OIG's objective is to determine whether the EPA's Moderated Transaction System and Quality Assurance Program include controls to identify and reduce the generation and trading of invalid RINs that are used to demonstrate compliance with renewable fuel standards as overseen by the EPA's Office of Transportation and Air Quality. The OIG plans to conduct work with staff from EPA headquarters and Ann Arbor, Michigan. Applicable generally accepted government auditing standards will be used in conducting our audit. The anticipated benefits of this audit are identifying and correcting procedural or automated systems problems that increase fraud risks and reduce the positive environmental impacts of the Renewable Fuel Standards program.

We will contact you to arrange a mutually agreeable time to discuss our objective. We would also be particularly interested in any areas of concern that you may have. We will answer any of your questions about the audit process, reporting procedures, methods used to gather and analyze data, and what we should expect of each other during the audit. Throughout the audit, we will provide updates on a regular basis.

To expedite our audit, please be ready to provide the following information at the entrance conference:

- Laws, regulations, policies, and guidance applicable to the Moderated Transaction System and Quality Assurance Program.
- Access to the EPA's Moderated Transaction System to pull RIN data.
- Access to demonstrate and test the Moderated Transaction System's automated controls.
- Access to Quality Assurance Program records.

We respectfully note that the OIG is authorized by the Inspector General Act of 1978, as amended, to have timely access to personnel and all materials necessary to complete its objectives. Similarly, EPA Manual 6500, *Functions and Activities of the Office of Inspector General* (1994), requires that each EPA employee cooperate with and fully disclose information to the OIG. Also, Administrator Michael S. Regan, in an April 28, 2021 email message to EPA employees, conveyed his "expectation that EPA personnel provide OIG timely access to records or other information" and observed that "full cooperation with the OIG is in the best interest of the public we serve." We will request that you immediately resolve the situation if an Agency employee or contractor refuses to provide requested materials to the OIG or otherwise fails to cooperate with the OIG. We may report unresolved access matters to the administrator and include the incident in the *Semiannual Report to Congress*.

We will post this memorandum on our public website at [www.epa.gov/oig](http://www.epa.gov/oig).

cc: Janet McCabe, Deputy Administrator  
Dan Utech, Chief of Staff, Office of the Administrator  
Wesley J. Carpenter, Deputy Chief of Staff, Office of the Administrator  
Elizabeth Shaw, Deputy Assistant Administrator for Air and Radiation  
Sarah Dunham, Director, Office of Transportation and Air Quality, Office of Air and Radiation  
Andrew LeBlanc, Agency Follow-Up Coordinator  
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Lindsay Hamilton, Associate Administrator for Public Affairs  
Lance McCluney, Director, Office of Administrative and Executive Services, Office of the Administrator  
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