



**United States  
Environmental Protection Agency**

**FISCAL YEAR 2023**

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

**Tab 06: Inspector General**

**EPA-190-R-22-001**

**April 2022  
[www.epa.gov/cj](http://www.epa.gov/cj)**

**Environmental Protection Agency  
FY 2023 Annual Performance Plan and Congressional Justification**

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**Environmental Protection Agency  
FY 2023 Annual Performance Plan and Congressional Justification**

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

	<b>FY 2021 Final Actuals</b>	<b>FY 2022 Annualized CR</b>	<b>FY 2023 President's Budget</b>	<b>FY 2023 President's Budget v. FY 2022 Annualized CR</b>
<b>Inspector General</b>				
Budget Authority	\$38,174	\$43,500	\$55,865	\$12,365
Total Workyears	211.1	227.5	258.5	31.0

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

**Bill Language: Office of the Inspector General**

*For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, 55,865,000, to remain available until September 30,2024.*

*Note — A full-year 2022 appropriation for this account was not enacted at the time the Budget was prepared; therefore, the Budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of Public Law 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.*

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

<b>Program Project</b>	<b>FY 2021 Final Actuals</b>	<b>FY 2022 Annualized CR</b>	<b>FY 2023 President's Budget</b>	<b>FY 2023 President's Budget v. FY 2022 Annualized CR</b>
Audits, Evaluations, and Investigations				
Audits, Evaluations, and Investigations	\$38,174	\$43,500	\$55,865	\$12,365
<b>TOTAL IG</b>	<b>\$38,174</b>	<b>\$43,500</b>	<b>\$55,865</b>	<b>\$12,365</b>

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

## **Audits, Evaluations, and Investigations**

**Audits, Evaluations, and Investigations**

Program Area: Audits, Evaluations, and Investigations  
Cross-Agency Mission and Science Support

(Dollars in Thousands)

	<b>FY 2021 Final Actuals</b>	<b>FY 2022 Annualized CR</b>	<b>FY 2023 President's Budget</b>	<b>FY 2023 President's Budget v. FY 2022 Annualized CR</b>
<b><i>Inspector General</i></b>	<b>\$38,174</b>	<b>\$43,500</b>	<b>\$55,865</b>	<b>\$12,365</b>
Hazardous Substance Superfund	\$11,634	\$11,586	\$12,062	\$476
Total Budget Authority	\$49,807	\$55,086	\$67,927	\$12,841
Total Workyears	266.6	270.0	301.0	31.0

**Program Project Description:**

EPA’s Office of Inspector General (OIG) is an independent office of the U.S. Environmental Protection Agency, created by the Inspector General Act of 1978, as amended. In support of that independence, Congress provides the OIG with a separate appropriation, within the Agency’s budget. The vision of the OIG is to be a premier oversight organization trusted to speak the truth, promote good governance, and contribute to improved human health and the environment. This vision is pursued through the mission of the OIG.

The OIG conducts independent audits, special reviews, evaluations, and investigations. The OIG also makes evidence-based recommendations to promote economy, efficiency, and effectiveness. The OIG seeks to identify risks and vulnerabilities within the Agency to prevent and detect fraud, waste, abuse, mismanagement, and misconduct for the U.S. Environmental Protection Agency as well as the U.S. Chemical Safety and Hazard Investigation Board (CSB).

The OIG promotes public trust and safety by keeping the head of the Agency, Congress, and the CSB Chair fully and immediately informed of deficiencies, vulnerabilities, and other agency activities that indicate the presence of fraud, waste and/or abuse, the necessity for and progress toward OIG recommended corrective actions and being responsive with a sense of urgency to hotline and whistleblower complaints submitted for immediate action. The OIG’s activities assist in the prevention and detection of fraud in EPA’s programs and operations, including but not limited to financial, scientific, cyber, and other. The OIG consistently provides a significant positive return on investment to the public in the form of recommendations for improvements in the delivery of EPA’s mission, reduction in operational and environmental risks, costs savings and recoveries, and improvements in program efficiencies and integrity.<sup>1</sup>

OIG’s auditing arm resides within the Office of Audit (OA). The OA is comprised of five directorates: Financial; Business Operations; Information Resources Management; Pollution Control and Cleanup; and Environmental Investment and Infrastructure. Together, they are responsible for independent oversight of EPA and CSB programs and for recommending needed

<sup>1</sup> For more information, please see: <https://www.epa.gov/office-inspector-general/epa-oig-organization-profile>.

improvements to programs and operations. Specifically, the Office of Audit conducts performance audits to assess the economy, efficiency, and effectiveness, internal control, and compliance of EPA programs and EPA business operations. In addition, the Office of Audit conducts 15 statutorily mandated audits, including financial audits of EPA and CSB financial statements as required by the Federal Managers' Financial Integrity Act and audits of the information security practices of EPA and CSB as required by the Federal Information Security Modernization Act.

OIG's evaluations arm resides with the Office of Special Review and Evaluation (OSRE). OSRE is comprised of three directorates. OSRE's two evaluation directorates are responsible for independent oversight of EPA programs and recommending needed improvements to programs and operations. The two evaluation directorates within OSRE are: (1) Programs, Offices, and Centers Oversight Directorate and (2) the Implementation, Execution, and Enforcement Directorate. OSRE's third directorate is the newly formed Administrative Investigations Directorate, which conducts administrative investigations into allegations of misconduct by senior agency employees and complaints of whistleblower reprisal by agency employees, or employees of agency contractors, subcontractors, grantees, subgrantees or personal services contractors. The directorate also performs special reviews of significant events and emergent issues of concern that involve a suspected or alleged violation of law, regulation, or policy, or allegations of serious mismanagement.

OA and OSRE conduct their mission in compliance with the Inspector General Act, as amended, the Generally Accepted Government Accounting Standards, and the Council of Inspectors General on Integrity and Efficiency's *Quality Standards for Federal Offices of Inspector General*, as applicable based upon the work performed. Work efforts focus on efficiency and program operations: program performance, including a focus on the award and administration of grants and contracts; statutorily mandated audits; financial reviews of grantees and contractors; and information resources management. In addition, performance audits, program reviews and evaluations, as well as inspections are conducted specifically to ensure targeted coverage of EPA programs and offices providing the greatest impact and receiving the greatest resources.

The investigative mission of the OIG is to conduct criminal, civil, and administrative investigations into fraud and serious misconduct within EPA that undermine the organization's integrity and public trust or creates an imminent risk or danger. OIG investigations are coordinated with the Department of Justice and other federal, state, and local law enforcement entities. These investigations may lead to prosecution and civil judgments wherein there is a recovery and repayment of financial losses. The major areas of investigative focus include fraudulent practices, program integrity, laboratory fraud, serious employee misconduct, and cyber-crimes.

The audit, special review and evaluations, and investigative core mission program offices are directly supported by the OIG's management and administrative functions of its Office of the Chief of Staff, Office of Management, Office of Counsel and Congressional and Public Affairs.

#### **FY 2023 Activities and Performance Plan:**

Work in this program provides Cross-Agency Mission and Science Support and is allocated across strategic goals and objectives in the *FY 2022 – 2026 EPA Strategic Plan*.

The OIG is focused on assessing EPA and CSB programs and operations in order to improve upon human health and the environment through the conduct of audits, special reviews and evaluations, and investigations. The goal is to improve EPA and CSB business practices and accountability to meet stakeholders' needs. The OIG assists the Agency in its efforts to develop and enforce regulations that implement environmental laws by making recommendations to improve program operations; save taxpayer dollars; reduce the potential for fraud, waste, and abuse; and resolve identified top management challenges and internal control weaknesses. These efforts are designed to promote cleaner air, land, and water, and ensure chemical safety for America. In FY 2023, the OIG will target initiatives supporting EPA's Top Management Challenges; EPA's stated priorities as they align with the Administration's priorities and targeted funding (i.e., climate change, environmental justice, infrastructure, etc.); Congressional interests; and environmental issues made significant due to intense public interest. In order to carry out its foci, the OIG will seek to increase its agility to assess emerging environmental threats; increase its use of data analytics and business intelligence to increase its capability to strategically target resources to address high risk, high vulnerability areas of interest; employ best practices in support of improving efficiency, effectiveness, accountability, and monetary benefits; focus on measurable impact; and increase its return on investment to the American public through substantive recommendations followed through to implementation.

Based on prior work, cross-agency risk assessment, agency challenges, future priorities, and extensive stakeholder input, the OIG will focus its resources on efforts in the following areas of concentration during FY 2023:

#### Audits, Special Reviews, and Evaluations

##### Sound and Economical Management

- Annual mandated improper payments audits in EPA and CSB
- Annual mandated financial statements audits in EPA and CSB
- Audits of costs claimed by selected grantees and contractors
- Grant, cooperative agreement, and contract administration, such as grantee management of funds
- Cost efficiencies maximization and process improvement, such as improved acquisition planning
- Technological changes that create transformation opportunities
- Annual mandated travel card program, including risk assessment in accordance with the Government Charge Card Abuse Prevention Act of 2012
- Annual mandated purchase card and convenience check program, including risk assessment
- Annual mandated toxic substances fees in accordance with the Pesticide Registration Improvement Act and Federal Insecticide, Fungicide, and Rodenticide Act
- Efficiency and effectiveness of collection and payment processes
- Single audit sub-recipients monitoring
- Internal controls

##### Efficient Processes and Use of Resources

- Partnerships and coordination with other agencies to maximize efficiencies

- Opportunities to reduce duplication, overlap, and fragmentation within EPA
- Grant, Interagency Agreement Grant, and Interagency Agreement Management
- Efficiency and effectiveness of human capital management programs/workforce analysis and management
- High-risk contractors
- Continuity of Operations (COOP) readiness of delegated programs to continue their operations/business as usual during COVID or another COOP event

#### Ensuring the Integrity of EPA Information

- Agency preparedness for providing remote access services
- Agency efforts to enhance its capability to respond to cyber-attacks
- Cybersecurity/infrastructure development; and assessment of processes to ensure protection and security of information systems from fraud, waste, and abuse
- Follow-up on prior OIG cybersecurity audit recommendations
- Compliance with policies for federal agency public websites and digital services Plan of Action & Milestones
- Annual mandated audit of compliance with the Federal Information Security Modernization Act for EPA and CSB
- Oversight of Chief Information Officer's responsibilities under the Federal Information Technology Acquisition Reform Act
- Mandated readiness reviews of Agency Digital Accountability and Transparency Act of 2014
- IT support to the mandated financial statement audits

#### Assessing Risk Management and Performance Measurement

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

#### Assessing Program Integrity, Results, Oversight, Enforcement

- Oversight of Infrastructure Investment and Jobs Act (P.L. 117-58) funding
- Follow-up on prior OIG work for continuity of operations such as the impact of the coronavirus pandemic on state hazardous waste programs
- Evaluation of EPA's programs, activities, requirements, and initiatives to address environmental justice
- Evaluations of EPA's programs and activities to protect human health and the environment through progress toward goals and compliance with requirements, such as chemical risk assessments conducted under the Toxic Substances Control Act (TSCA), Clean Air Act oversight, the pollution prevention program, and radiation policies and guidance
- Evaluation of EPA's programs and adherence to requirements to protect and restore water



that sustains human health and the environment, such as per- and polyfluoroalkyl substances (PFAS) in drinking water, tribal drinking water protection, and state implementation of Clean Water Act

- Evaluation of controls and processes in EPA’s research and development, scientific integrity, and enforcement programs, such as cancer assessment reviews and the effectiveness of enforcement self-audits and disclosures
- Oversight of clean water state revolving loan funds
- Assess EPA’s policy, procedures, and internal controls to prevent or reduce improper computer use

### Investigations

The Inspector General Act identifies the Assistant Inspector General for Investigations as responsible for developing and implementing an investigative program that furthers OIG objectives. The OIG’s Office of Investigations (OI) conducts independent investigations to detect and prevent fraud, waste, and abuse, while protecting the integrity of EPA and CSB programs, operations, and resources. Investigations focus on allegations of criminal activity and serious misconduct in EPA and CSB programs and operations. The OIG performs its proactive work strategically as opportunities and resources allow. Investigations are opened in accordance with priorities set forth in the OIG Strategic Plan for FY 2019 – 2023 and in consideration of prosecutorial guidelines established by U.S. Attorneys. OIG investigations are governed by the *Attorney General Guidelines for Offices of Inspector General with Statutory Law Enforcement Authority* and by the Council of the Inspectors General on Integrity and Efficiency’s *Quality Standards for Investigations*, as well as other federal statutes and regulations.

The investigative mission of the OIG continues to evolve in conducting criminal and civil investigations into fraud and serious misconduct within EPA programs and operations that undermine the organization’s integrity and public trust or create an imminent risk or danger. Special Agents within the OI are duly appointed federal criminal investigators and have statutory authority to carry firearms, make arrests, execute search and seizure warrants, and perform other law enforcement duties. The OI often collaborates with other law enforcement entities and external stakeholders to enhance the effectiveness of its work. The OIG investigations are coordinated with the Department of Justice and other federal, state, and local law enforcement entities for criminal and civil litigation or with EPA management for administrative action. Investigative efforts may lead to criminal convictions, administrative sanctions, civil monetary penalties, and judgments wherein there is a recovery and repayment of financial losses. Additionally, during and at the conclusion of investigations, the OI works with the Suspension and Debarment Office within EPA, “whose actions protect the government from doing business with entities that pose a business risk to the government.”

The OIG plays a critical oversight role helping to ensure that EPA and CSB funds are properly expended and not subject to fraud, waste, or abuse. The recent COVID-19 pandemic and the resulting frauds has emphasized the nature of the OIG in protecting the integrity of the EPA’s programs. Major areas of investigative focus in this oversight include: 1) financial fraud related to agency grants and contracts concerning State Revolving Funds, interagency and cooperative agreements, and fraud related to mischarging, defective pricing, defective products and collusion

on contracts; 2) laboratory fraud, including that related to water quality data as well as payments made by EPA for erroneous environmental testing; 3) employee integrity and alleged criminal conduct or serious administrative misconduct focusing on activities that could undermine the integrity of agency programs involving safety and public health, and erode confidence in the Agency pursuing its mission; 4) program integrity focusing on serious misconduct or criminal activity that could undermine or erode the public trust and confidence in EPA, its programs, or its employees; and 5) cybercrime to identify and counter information technology security threats, illegal intrusions, and abuse of EPA computer systems, critical environmental infrastructure in the air and water sectors, as well as investigations and responses in support of EPA's Office of Homeland Security, to include possible cyber terrorist attacks on EPA's computer infrastructure. Over the last year, the OIG has seen an increase in ransomware attacks, network intrusions, and an attempt to hack into and poison municipal drinking water. To combat the rapidly expanding cyberthreat landscape, the OIG will increase its participation and presence with law enforcement cyber investigations, task forces, critical infrastructure security partners, and agency directorates. Furthermore, OIG will respond to growing threats against water utilities implicating public safety and the environment.

Finally, the OI often makes observations or "lessons learned" for EPA's management to reduce the Agency's vulnerability to criminal activity. The results of OI's investigations are published in the OIG's semiannual reports and can serve as a deterrent to future misconduct. In addition, the OI's investigations provide measurable results wherein recovery and restitution of financial losses are achieved, and administrative actions are taken to prevent those involved from further participation in any of EPA's programs or operations which may lead to better accountability and deterrence.

The OI has reorganized its Field Operations Directorate by realigning the four field offices into two regional offices - the Eastern Region Field Office and the Western Region Field Office. The Eastern Region Field Office is responsible for matters within EPA Regions 1 through 5 while the Western Region Field Office is responsible for matters within EPA Regions 6 through 10. This realignment has improved the efficiency, effectiveness, and consistency of the OI's operations by allowing the Field Operations Directorate to better oversee its field operations and investigations. In addition, the OI Headquarters hired two attorney-advisors to support our investigative operations.

#### Follow-up and Policy/Regulatory Analysis

To further promote economy, efficiency, and effectiveness, the OIG will conduct follow-up reviews of agency responsiveness to the OIG's recommendations to determine if appropriate actions have been taken and intended improvements have been achieved. This process will serve as a means for keeping Congress and EPA leadership apprised of accomplishments and opportunities for needed corrective actions and facilitate greater accountability for results from the OIG operations.

Additionally, as directed by the IG Act, as amended, the OIG's audits and evaluations often cover assessment of proposed and existing policies, rules, regulations, and legislation to identify vulnerability to waste, fraud, and abuse. These assessments also consider possible duplication,

gaps, or conflicts with existing authority, leading to recommendations for improvements in their structure, content, and application.

**Performance Measure Targets:**

EPA's FY 2023 Annual Performance Plan does not include annual performance goals specific to this program.

**FY 2023 Change from FY 2022 Annualized Continuing Resolution (Dollars in Thousands):**

- (+\$1,678.0) This net change to fixed and other costs is an increase due to the recalculation of base workforce costs for existing FTE due to annual payroll increases, adjustments to provide essential workforce support, and changes to benefits costs.
- (+\$213.0) This change to fixed and other costs is an increase due to an adjustment for transit subsidy costs.
- (+\$10,474.0 / +31.0 FTE) This program change is an increase to ensure adequate resources in expanding the oversight arm of audit, evaluations, investigation, and support offices within the OIG, to include the newly formed Administrative Investigations directorate within the Office of Special Review and Evaluations, which conducts administrative investigations into allegations of misconduct by senior agency employees and complaints of whistleblowers. The OIG's expanded reach also includes increasing the use of data analytics and business intelligence in an effort to address high risk, high vulnerability areas of interest. This program change also includes \$5.59 million in payroll.

**Statutory Authority:**

Inspector General Act of 1978.

**Inspector General Reform Act:**

The following information is provided pursuant to Section 6(g)(2) of the Inspector General Reform Act:

- The aggregate budget request from the Inspector General for the operations of the OIG is \$67.9 million (\$55.8 million Inspector General: \$12.1 million Superfund Transfer)
- The aggregate President's Budget for the operations of the OIG is \$67.9 million (\$55.8 million Inspector General: \$12.1 million Superfund Transfer)
- The portion of the aggregate President's Budget needed for training is \$1.1 million (\$864 thousand Inspector General: \$190 thousand Superfund Transfer)
- The portion of the aggregate President's Budget needed to support the Council of the Inspectors General on Integrity and Efficiency is \$243 thousand (\$194.4 thousand Inspector General: \$48.6 thousand Superfund Transfer)

"I certify as the Inspector General of the Environmental Protection Agency that the amount I have requested for training satisfies all OIG training needs for FY 2023".