

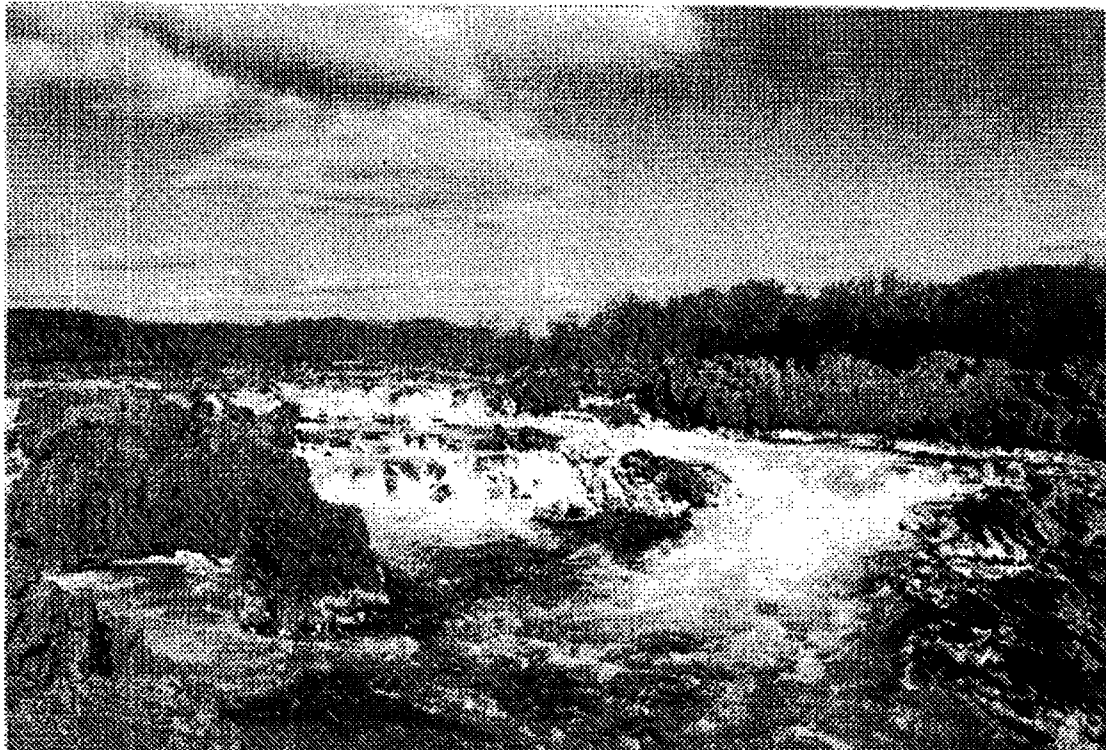
FEBRUARY 2004



OFFICE OF INSPECTOR GENERAL

Catalyst for Improving the Environment

Annual Plan



October 1, 2003 - September 30, 2004

OIG STRATEGIC PLAN, FISCAL 2004 - 2008

Vision

We are **catalysts** for improving the quality of the **Environment and Government** through problem prevention and identification, and cooperative solutions

Mission

Add Value by promoting economy, efficiency, and effectiveness within EPA and the delivery of environmental programs. **Inspire Public Confidence** by preventing and detecting fraud, waste, and abuse in agency operations and protecting the integrity of EPA programs.

Goals

1. Contribute to Improved Human Health and Environment

2. Contribute to Improved Agency Business Practices and Accountability

3. Continuously Improve OIG Products and Services
(internal, not addressed in this plan)

Objectives

☛ Influence programmatic and systemic changes and actions that contribute to improved human health and environmental quality.

☛ Add to and apply knowledge that contributes to reducing or eliminating environmental and infrastructure security risks and challenges.

☛ Identify recommendations, best practices, risks, and opportunities to leverage results in EPA programs and among its partners.

☛ Influence actions that improve, operational efficiency, accountability, resolve public concerns and management challenges, and achieve monetary savings.

☛ Improve operational integrity and reduce risk of loss by detecting and preventing vulnerabilities to fraud, abuse, or breach of security.

☛ Identify recommendations, best practices, risks, weaknesses, opportunities for savings, and operational improvements.

☛ Improve the timeliness, responsiveness, and value of our products and services, to our clients and stakeholders.

☛ Apply technology, innovation, leadership, skill proficiency for motivated staff and highly regarded products.

☛ Align organization plans, performance, measurement, processes, and followup for a cost accountable results culture.

☛ Maximize use and diversity of resources.

☛ Develop constructive relationships to effectively leverage resources and foster collaborative solutions.

OIG Product and Service Line Assignments Addressed in this Plan for FY 2004

Performance Audits and Evaluations Air Water Land Cross-Media	Financial/Systems Audits Business Systems Financial Statements Contracts Assistance Agreements	Investigations Assistance Agreement and Contracts Laboratory Fraud/Data Integrity Computer Crimes Superfund Contracts	Public Inquiry/Outreach Ombudsman Hotline
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Annual OIG Plan: Structure and Selection Criteria

The OIG planning process is continuously carried out at three levels. First, the 5-year **Strategic Plan**, which is based upon the OIG vision, mission, values, establishes the long-term goals, objectives and measures. This Strategic Plan is updated every 3 years as required by the Government Performance and Results Act. The Strategic Plan is implemented through the 3-year **Multi-Year Plan**. This Multi-Year Plan closely links OIG Product Line Tracks to EPA's Strategic Plan through interrelated Key Questions, whose answers are critical to the success of EPA's mission and goals. The OIG Multi-Year Plan is updated annually, in the form of this **Annual Plan**, identifying the highest priority assignments, based upon the following criteria.

To maximize the Value Added of our work, we considered the following factors in developing this plan:

- | | |
|---|---|
| ● Statutory and Regulatory Requirements | ● Opportunities to Leverage Results with Partners |
| ● Adequacy of Business Control Systems | ● Availability of OIG Resources |
| ● New Programs, Functions, or Technology | ● Customer/Management Needs and Interest |
| ● Environmental/Business Integrity Risk | ● Federal Investment or Regulatory Authority |
| ● Prior Audit History or Evaluation Results | ● Opportunity to Improve Process Efficiency |

We will work to identify emerging **Major Management Challenges**, provide advice, and recommend solutions for timely resolution of these issues. We will follow up on our recommendations to improve Agency accountability for corrective action, and report the value-added contribution of our work.

EPA'S TOP MANAGEMENT CHALLENGES

In support of Agency efforts to achieve its strategic goals, the OIG has identified the following top 10 priority management issues which must be addressed by EPA. We will review the Agency's progress in resolving these issues.

1. Linking Mission and Management
2. Information Resources Management and Data Quality
3. Human Capital Management (Formerly Employee Competencies)
4. EPA's Use of Assistance Agreements to Accomplish its Mission
5. Protecting Critical Infrastructure from Non-Traditional Attacks
6. Challenges in Addressing Air Toxics Program Phase 1 and Phase 2 Goals
7. EPA's Working Relationships with the States
8. EPA's Information Systems Security
9. Backlog of National Pollutant Discharge Elimination System Permits
10. Management of Biosolids

The text of the OIG Strategic Plan, Multi-Year Plan and EPA's Top Management Challenges are available at: www.epa.gov/oig EPA's Strategic Plan is available at: www.epa.gov/ocfopage/plan/plan.htm

Summary of the Consolidated Annual Plan for Fiscal 2004

Environmental Results Assignments/Projects

Air	<p>Assessment of the Fort Worth, Texas, Project XL Asbestos Demolition and Renovation Proposal</p> <p>Assessment of Air Toxics Reporting under the Government Performance and Results Act (GPRA)</p> <p>Evaluation of Clean Air Act, Title V Permit Quality</p> <p>Effectiveness of EPA and State/Local Agency Strategies for Reducing Ozone Precursors (NOx and VOCs) from Stationary Sources</p> <p>Assessment of EPA's Ambient Air Monitoring Program for Air Toxics</p> <p>Evaluation of EPA's PM-2.5 Network Design for Identifying Sources and Developing Control Strategies</p> <p>Evaluation of EPA's Mitigation, Response and Recovery Activities Related to the Collapse of the World Trade Center</p> <p>Evaluation of the Emission Impact of New Source Review Policy Changes</p> <p>Evaluation of EPA's Air Toxics Source Characterization and Control Strategies Development</p> <p>Evaluation of State and Local Ozone Permits</p> <p>Assessment of EPA's PM-2.5 Early Reductions Effort</p> <p>Evaluation of the Adequacy of Clean Air Act, Title V Fee Collections</p>
Water	<p>Assessment of the Safe Drinking Water Information System Data as a GPRA Measure</p> <p>Assessment of the Effectiveness of EPA's Effluent Guidelines Program</p> <p>Evaluation of the Effectiveness of EPA's Pretreatment Program</p> <p>Evaluation on the Impact of National Pollutant Discharge Elimination System Permit Backlog</p> <p>Evaluation of Source Water Assessments and Protection</p> <p>Assessment of Challenges and Opportunities to Implementing the Watershed Approach to Protecting Water Quality</p> <p>Assessment of Fraud Prone Profiling of Laboratories</p> <p>Evaluation of Clean Water Monitoring and Assessment</p> <p>Assessment of the Effectiveness of EPA's Total Maximum Daily Load (TMDL) Program</p> <p>Evaluation of the Clean Water State Revolving Fund Program</p> <p>Assessment of the Drinking Water Contaminant Candidate List</p> <p>Assessment of the Impact of Regulations on Small Drinking Water Systems</p> <p>Evaluation of the Alaska Department of Environmental Conservation-Village Safe Water Program</p> <p>Results of Audits from Clean Water State Revolving Fund Projects</p> <p>Financial Audits of Clean Water and Drinking Water State Revolving Funds</p>
Land	<p>Management Review of the Implementation of the National Brownfields Program</p> <p>Evaluation of the Effectiveness of State Hazardous Waste Cleanup Programs and the Role of the Superfund National Priorities List</p> <p>Evaluation of Superfund Issues in Indian Country</p> <p>Evaluation of the Financial Responsibilities at Mining Mega-Sites</p> <p>Special Review of the Petition of the Idaho National Engineering and Environmental Laboratory</p> <p>Congressional Request for Information on Sufficiency of Superfund Funding</p> <p>Audit of Awarding Brownfields Grants</p> <p>Congressional Requested Review of the Gloucester Environmental Management Services Trust</p> <p>Review of the Management and Recycling Programs for Electronic Waste</p> <p>Review of Superfund Mandate Relating to the Fiscal 2004 Appropriation</p> <p>Evaluation of the Role of the National Priority List as it Relates to the Mega-Superfund Sites</p> <p>Evaluation of the Role of the National Priority List as it Relates State Cleanup Program Assessments</p> <p>Review of Selected Superfund Claims</p> <p>Financial Audits of Selected Superfund Cooperative Agreements</p> <p>Financial Audits of Superfund Remedial Action Contracts</p> <p>Financial Audits of Emergency Response Contracts</p>
Cross-Media	<p>Evaluation of the Effectiveness of Compliance Assistance and Other Alternative Compliance Approaches</p> <p>Congressional Request and Review of EPA Enforcement, Resources, and Accomplishments</p> <p>Evaluation of Children's Health Initiative Coordination by the Office of Children's Health Protection</p> <p>Evaluation of the Impact of the Food Quality Protection Act in Reducing the Risks to Children's Health from Exposure to Pesticides</p> <p>Evaluation of the Domestic Working Group Water Security Assessment</p> <p>Assessment of the Environmental Justice Actions by EPA</p> <p>Evaluation of Environmental Justice Impacts Resulting from Air Emission Trading</p> <p>Evaluation of State's Environmental Stewardship</p> <p>Audit of Equipment Purchases for Counter-Terrorism Equipment Preparedness</p> <p>Evaluation of Water Vulnerability Assessments</p> <p>Evaluation of Ambient and Indoor Air Protection Efforts under the Safe Buildings Program-Biowatch-Homeland Security</p> <p>Evaluation of Water's Emergency Response Plan and Measures-Homeland Security</p> <p>Evaluation of the Validation of Results of State Stewardship</p> <p>Evaluation of Environmental Justice Impacts Resulting from Trading Water Credits</p> <p>Evaluation of Food Safety-Homeland Security</p>

Performance Management and Accountability Assignments/Projects

Financial Statements	FY 2003 Agency-wide Financial Statements FY 2003 Pesticide Reregistration and Expedited Processing Fund Financial Statements FY 2004 Agency-wide Financial Statements FY 2004 Pesticide Reregistration and Expedited Processing Fund Financial Statements Chemical Safety Board Financial Statements
Business Systems	Financial Application Development EPA's Implementation of Network Firewalls Validation of EPA's Quarterly Security Report Data EPA's Human Capital Strategy Federal Information Security Management Act (FISMA) Review Chemical Safety and Hazard Investigation Board FISMA Review Fiscal 2004 Application Controls for the Integrated Financial Management System Service Continuity Plans for the Financial Management Centers EPA's Managing for Results Followup Audit of Information Technology Project Management Remote Access Servers and Configuration Management EPA's Data Quality Strategic Plan EPA's Energy Efficiency and Conservation
Assistance Agreements	Audit of Competition in Grants Audit of EPA/Agency for International Development Interagency Domestic Working Group Project on Grants Reviews of Single Audit Act Reports; and Financial Audits of Specific Assistance Agreements
Contracts	Audit of the Office of Acquisition Management's Organizational Systems Audit of the Award of EPA's Management of Systems Development Grants Audit of EPA's Implementation of Competitive Sourcing Financial Audits of Contractors

OIG Performance Targets and Results for FY 2002/2003, With FY 2004 Targets

OIG Strategic Goals and Objectives = OIG Annual Performance Goals as presented in the EPA Budget Congressional Justification

OIG STRATEGIC GOALS/EPA OIG Annual Performance Goals	2002	2003	2004
FY 04 OIG GOAL 1: Improve human health and environmental quality and by identifying 90 recommendations, risks or best practices, contributing to reduction or elimination of 25 environmental risks, and 70 changes or actions for positive environmental or health impacts.			
Objectives, Measures and Targets:			
▶ Environmental Improvements /Changes/Actions (Legislative, regulatory, policy, directives, best practices, Environmental /health improvements): <i>Intermediate Outcome & Outcome Measures</i>	50 16 actual	60 48 actual	70
▶ Environmental Risks Reduced /Eliminated Certifications, Verifications, Validations: <i>Outcome Measures</i>	15 19 actual	20 9 actual	25
▶ Recommendations, Risks or Best Practices Identified: <i>Output Measures</i>	75 115 actual	80 52 actual	90
FY 04 OIG GOAL 2: Improve EPA's business and program operations by identifying 160 recommendations, potential savings & recoveries for 150% investment in OIG, 80 actions for better business operations, and 80 criminal, civil or admin actions reducing risk of loss/integrity			
Objectives, Measures and Targets:			
▶ Potential Dollar Return on Savings, Questioned Costs, Recoveries, Fines, Settlements: <i>Outcome Measures</i>	100%ROI 122% actual	150%ROI 856% actual	150%ROI \$72M
▶ Criminal, Civil Administrative Actions Reducing or Eliminating Risk of Loss & Operational/Data Integrity: <i>Intermediate Outcome Measures</i>	50 80 actual	50 83 actual	50
▶ Improvements in Business/Systems/Efficiency (Actions Taken on Management Challenges, Certifications, Best Practices, Policies, Regulations): <i>Outcome Measures</i>	70 97 actual	75 138 actual	80
▶ Recommendations Made or Weakness, Best Practices Identified: <i>Output Measures</i>	150 269 actual	264 74 actual	160

Planned Products and Services Relating to Environmental Results

The OIG will achieve its mission, annual goals and strategic objectives through a planned, balanced program of products and services in the EPA media and Cross-media areas listed below that will:

- ✓ provide useful information, analysis, and recommendations to Agency managers in promoting economy, efficiency, and effectiveness of programs and resources;
- ✓ determine whether intended environmental results are being achieved;
- ✓ determine whether EPA is coordinating its plans and operations with its partners, customers, and stakeholders; and
- ✓ detect, prevent, and avoid risks of loss in program integrity, resources, and human health.

Air

EPA's Clean Air goal is for every community in America to have safe and healthy air to breathe. EPA's most recent data shows that over 121 million Americans, or over 43 percent of the U.S. population, live in areas with unhealthy air. Additionally, air pollution results in billions of dollars in damages to agriculture, forests, buildings, monuments, and other structures annually.

Substantial progress has been made in cleaning up selected air pollutants, but tremendous challenges confront EPA in reducing air toxics, ozone, and particulate matter. These air pollution problems are among the most pervasive, difficult, and costly to remedy.

The multitude of issues impacting the achievement of EPA's clean air goal precludes the OIG from addressing each in this plan. Nonetheless, the OIG multi-year plan will address the clean air issues that present the greatest risks to human health and the environment, inspire the most stakeholder interest and concern, and involve the greatest portion of EPA's clean air resources. Our multi-year plan will address the following key questions.

EPA Strategic Goal	OIG Strategic Goal	Key Questions
Cleaner Air and Global Climate Changes	<i>Contribute to Improved Human Health and Environmental Quality</i>	<ul style="list-style-type: none"> ▶ Air Toxics: How can EPA improve the effectiveness of efforts to assess, monitor, control, and reduce the risks from toxics air pollutants to human health & environment? ▶ Particulate Matter: How can EPA maximize the effectiveness of its fine particulate matter (PM 2.5) ambient monitoring and emissions control strategies? ▶ Ozone: How can EPA better execute its ozone reduction strategies? ▶ Challenges to Progress: How can EPA maximize the contributions of State and local entities in continuing progress toward meeting clean air goals?

Implementation Plans

We plan to complete the following Air assignments in FY 2004:

- Assessment of the Fort Worth, Texas, Project XL Asbestos Demolition and Renovation Proposal;
- Assessment of Air Toxics Reporting under the Government Performance and Results Act (GPRA);
- Evaluation of Clean Air Act, Title V Permit Quality;
- Effectiveness of EPA and State/Local Agency Strategies for Reducing Ozone Precursors (NOx and VOCs) from Stationary Sources;
- Assessment of EPA's Ambient Air Monitoring Program for Air Toxics;
- Evaluation of EPA's PM-2.5 Network Design for Identifying Sources and Developing Control Strategies; and
- Evaluation of EPA's Mitigation, Response and Recovery Activities Related to the Collapse of the World Trade Center.

We also plan to start the following Air assignments in FY 2004:

- Evaluation of the Emission Impact of New Source Review Policy Changes;
- Evaluation of EPA's Air Toxics Source Characterization and Control Strategies Development;
- Evaluation of State and Local Ozone Permits;
- Assessment of EPA's PM-2.5 Early Reductions Effort; and
- Evaluation of the Adequacy of Clean Air Act, Title V Fee Collections.

Water

One of EPA's most important functions is to ensure that water from the tap is safe to drink, and that our nation's surface and ground water resources are protected for future generations. EPA's clean and safe drinking water programs face many problems, including that of fundamental performance measurement and assessment. There are many unanswered questions about the environmental and health status of the nation's water resources, as well as the management performance of EPA's programs and activities. Moreover, recent projections of needed spending for drinking water and wastewater infrastructure reaches into the hundreds of billions of dollars. At the same time State and Federal treasuries are feeling the pinch of lower revenue.

Our work plan addresses critical issues and challenges facing the nation's ability to maintain and improve the cleanliness and purity of its water resources. Our multi-year plan will address the following key questions.

EPA Strategic Goal OIG Strategic Goal Key Questions

Clean and Safe Water	<i>Contribute to Improved Human Health and Environmental Quality</i>	<ul style="list-style-type: none"> ▶ Safe Drinking Water: How effective has implementation of the Safe Drinking Water Amendments of 1996 been? ▶ Watershed Protection: How can EPA develop an effective program to monitor water quality and control point and non-point sources of water pollution? ▶ Reducing Pollutant Loadings: How effective has EPA's management of programs to control pollution sources been?
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Implementation Plans

We plan to complete to continue working on the following Water assignments in FY 2004:

- Assessment of the Safe Drinking Water Information System Data as a GPRA Measure;
- Assessment of the Effectiveness of EPA's Effluent Guidelines Program;
- Evaluation of the Effectiveness of EPA's Pretreatment Program;
- Evaluation on the Impact of National Pollutant Discharge Elimination System Permit Backlog; and
- Evaluation of Source Water Assessments and Protection.

We also plan to start the following Water assignments in FY 2004:

- Assessment of Challenges and Opportunities to Implementing the Watershed Approach to Protecting Water Quality;
- Assessment of Fraud Prone Profiling of Laboratories;
- Evaluation of Clean Water Monitoring and Assessment;
- Assessment of the Effectiveness of EPA's Total Maximum Daily Load (TMDL) Program;
- Evaluation of the Clean Water State Revolving Fund Program;
- Assessment of the Drinking Water Contaminant Candidate List;
- Assessment of the Impact of Regulations on Small Drinking Water Systems;
- Evaluation of the Alaska Department of Environmental Conservation-Village Safe Water Program;
- Results of Audits from Clean Water State Revolving Fund Projects; and
- Financial Audits of Clean Water and Drinking Water State Revolving Funds.

Land

There are approximately 1,234 hazardous waste sites throughout the United States and an estimated 60 million Americans live within four miles of one. There are an estimated 450,000-650,000 Brownfields properties across the nation where property use is complicated by the presence or potential presence of a hazardous substance or pollutant. In addition to potential environmental risks posed by substances on Brownfields properties, uncertainty about environmental contamination contributes to abandoned or underutilized properties that can create major obstacles to social or economic vitality and growth in communities.

In 2000, U.S. residents, businesses, and institutions produced nearly 232 million tons of municipal solid waste, or approximately 4.5 pounds of waste per person per day. Part of this waste is stored in one of approximately 3,500 municipal landfills located in the United States. In addition, industrial facilities generate about 7.6 billion tons of nonhazardous industrial waste per year.

Superfund: Despite clear success and progress, as the Superfund program has matured, developed, and been evaluated, challenges and questions have emerged. Most notably, recent in-depth studies of the Superfund program have identified major challenges EPA may face in paying for cleanups, based on current Trust Fund balances and expected cleanup needs in the future. This financial situation has generated suggestions for running the program more efficiently as well as legislation to reauthorize taxes on industry, which formed the original basis of the Superfund program.

Brownfields: Key challenges and questions in the Brownfields program are largely related to EPA's ability to implement the newly authorized nationwide Brownfields program. The new program provides funding opportunities for new entities and cleanup activities, introducing new challenges that EPA must manage.

Resource Conservation and Recovery Act (RCRA): RCRA program faces potential problems in meeting future environmental challenges. For example, changes will be necessary to accommodate and respond to continuing trends in the use of more chemicals and to improve methods for measuring and managing chemical risks to incorporate a more global and integrated world economy. Today, consumers acquire and dispose of large quantities of goods, such as computers, that were not widely available or purchased when RCRA was enacted.

Our multi-year plan will address the following key questions.

EPA Strategic Goal	OIG Strategic Goal	Key Questions
Land Preservation and Restoration	<i>Contribute to Improved Human Health and Environmental Quality</i>	<ul style="list-style-type: none">► Superfund: How can EPA ensure progress toward effective waste management, and risk reduction?► Brownfields: How can EPA ensure progress toward effective risk reduction, cleanup, and restoring previously polluted sites to appropriate uses?► RCRA: How can EPA ensure progress toward effective waste management, hazardous material management, and risk reduction?

Implementation Plans

We plan to complete the following Land assignments in FY 2004:

- Management Review of the Implementation of the National Brownfields Program;
- Evaluation of the Effectiveness of State Hazardous Waste Cleanup Programs and the Role of the Superfund National Priorities List;
- Evaluation of Superfund Issues in Indian Country;
- Evaluation of the Financial Responsibilities at Mining Mega-Sites;
- Special Review of the Petition of the Idaho National Engineering and Environmental Laboratory;
- Congressional Request for Information on Sufficiency of Superfund Funding; and
- Audit of Awarding Brownfields Grants.

We also plan to start the following Land assignments in FY 2004:

- Congressional Requested Review of the Gloucester Environmental Management Services Trust;
- Review of the Management and Recycling Programs for Electronic Waste;
- Review of Superfund Mandate Relating to the Fiscal 2004 Appropriation;
- Evaluation of the Role of the National Priority List as it Relates to the Mega-Superfund Sites;
- Evaluation of the Role of the National Priority List as it Relates State Cleanup Program Assessments;
- Review of Selected Superfund Claims;
- Financial Audits of Selected Superfund Cooperative Agreements;
- Financial Audits of Superfund Remedial Action Contracts; and
- Financial Audits of Emergency Response Contracts.

Cross-Media

Cross-media issues are comprised of initiatives, problems, and priorities that impact more than one media, thereby affecting multiple-media program offices. Issues include homeland security; compliance assurance and enforcement; research and development; technology assessment; environmental justice; environmental stewardship; community quality of life; cross-border transport; and the health of ecosystems. Any of these issues could be analyzed in the context of an individual media -- the creation of comprehensive and optimal EPA policies necessitates that the Agency understand the role and behavior of each issue across the range of applicable media and laws. Following is a brief discussion of the cross-media issues we plan to address in our work.

Implementation Plan

We plan to complete the following Cross-Media assignments in FY 2004:

- Evaluation of the Effectiveness of Compliance Assistance and Other Alternative Compliance Approaches;
- Congressional Request and Review of EPA Enforcement, Resources, and Accomplishments;
- Evaluation of Children's Health Initiative Coordination by the Office of Children's Health Protection;
- Evaluation of the Impact of the Food Quality Protection Act in Reducing the Risks to Children's Health from Exposure to Pesticides;
- Evaluation of the Domestic Working Group Water Security Assessment;
- Assessment of the Environmental Justice Actions by EPA;
- Evaluation of Environmental Justice Impacts Resulting from Air Emission Trading;
- Evaluation of State's Environmental Stewardship; and
- Audit of Equipment Purchases for Counter-Terrorism Equipment Preparedness.

We also plan to start the following Cross-Media assignments in FY 2004:

- Evaluation of Water Vulnerability Assessments;
- Evaluation of Ambient and Indoor Air Protection Efforts under the Safe Buildings Program-Biowatch-Homeland Security;
- Evaluation of Water's Emergency Response Plan and Measures-Homeland Security;
- Evaluation of the Validation of Results of State Stewardship;
- Evaluation of Environmental Justice Impacts Resulting from Trading Water Credits; and
- Evaluation of Food Safety-Homeland Security.

Improving EPA's Management and Program Operations

The OIG will achieve its mission, annual goals, and strategic objectives through a planned, balanced program of products and services in **EPA cross-cutting & management areas** listed below that will:

- ✓ provide useful information, analysis, and recommendations to Agency managers in promoting economy, efficiency, and accountability in EPA programs and operations;
- ✓ ensure that EPA Programs, operations, grants and contracts have financial, scientific, legal, performance, and informational integrity to detect or prevent vulnerabilities to fraud, risk, and loss of resources, public confidence, and human health; and
- ✓ help EPA resolve its "major management challenges."

EPA delivers its environmental programs through a number of interrelated organizational systems. Having the right people, processes, systems and information in place is essential to efficiently and effectively carrying out its mission and also provides a strong deterrent to fraud, waste, and abuse.

Areas presented in this section specifically address Goal 2 of the OIG's Strategic Plan, *Improving EPA's Management and Program Operations*. This plan has been designed to complement OIG program evaluations and help the Agency achieve its environmental goals in the most effective and efficient manner.

EPA Strategic Goal	OIG Strategic Goal	Key Questions
Supports All EPA Strategic Goals	<i>Contribute to Improved Agency Business Practices and Accountability</i>	<ul style="list-style-type: none"> ▶ Financial Statements: Does EPA have the people, processes, and systems needed to efficiently provide timely accurate, complete, and useful financial information for decision making and accountability? ▶ Business Systems: Does EPA have the business systems, processes, and controls in place to ensure timely, reliable, and complete information is available to manage EPA's programs and report on environmental results? ▶ Assistance Agreements: Is EPA using assistance agreements to efficiently and effectively accomplish its mission? ▶ Contracts: Is EPA using contracts to efficiently and effectively accomplish its mission?

Financial Statements

Improved Financial Performance is one of the major initiatives targeted in *The President's Management Agenda*. This reform area focuses on improving accountability to the American people. Each year, we conduct a financial statement audit in accordance with the Government Management Reform Act. This mandated audit is intended to help bring about improvements in financial management practices, systems, and controls so that timely, reliable information is available for managing Federal programs.

Implementation Plans

We plan to complete the following Financial Statement assignments in FY 2004:

- Audit of FY 2003 Agency-wide Financial Statements; and
- Audit of FY 2003 Pesticide Reregistration and Expedited Processing Fund Financial Statements.

We also plan to start the following Financial Statement assignments in FY 2004:

- Audit of FY 2004 Agency-wide Financial Statements;
- Audit of the Chemical Safety Board Financial Statements; and
- Audit of FY 2004 Pesticide Reregistration and Expedited Processing Fund Financial Statements.

Business Systems

EPA relies on its information systems to collect, process, store, and disseminate vast amounts of data used to assist in making sound regulatory and program decisions. The success of environmental programs and initiatives depends on the availability of reliable data and the integrity of EPA's fundamental information technology infrastructure. Consequently, data reliability and data gaps are two major aspects of data management that need attention. It is also essential that the Agency prevent intrusion and abuse of its information systems, protect the integrity of its data, and provide incident response capability. The dynamic nature of security requires continued emphasis and vigilance. As such, computer security continues to be a top management challenge.

OIG's Computer Crimes Directorate complements planned audit work, by focusing investigations on computer incidents which have a potentially significant adverse impact on EPA operations. The Computer Crimes Directorate will work, in a consultative role with Agency computer security personnel and others, to improve Agency security and computer incident awareness. We will maintain liaison and close working relationships with other law enforcement agencies and participate in efforts of mutual interest and national security.

Implementation Plans

We plan to complete the following Business Systems assignments in FY 2004:

- Audit of Financial Application Development;
- Audit of EPA's Implementation of Network Firewalls;
- Validation of EPA's Quarterly Security Report Data; and
- Audit of EPA's Human Capital Strategic Planning.

We plan to start the following Business Systems assignments in FY 2004:

- Federal Information Security Management Act Review (FISMA;)
- Chemical Safety and Hazard Investigation Board FISMA Review;
- Audit of the Fiscal 2004 Application Controls for the Integrated Financial Management System;

- Audit of the Service Continuity Plans for the Financial Management Centers;
- Audit of EPA's Managing for Results;
- Followup Audit of Information Technology Project Management;
- Audit of Remote Access Servers and Configuration Management;
- Audit of EPA's Data Quality Strategic Plan; and
- Audit of EPA's Energy Efficiency and Conservation.

Assistance Agreements ¹

EPA has identified management of assistance agreements as either a material or Agency-level weakness since 1996. With EPA providing more than \$4 billion per year in assistance agreements, it is important that EPA and the OIG ensure that the funds are used in accordance with laws and regulations, and are safeguarded from fraud, waste, and misuse. We will continue our audits of grantees' costs and our investigative work to uncover criminal and administrative misconduct in the assistance agreement area.

Implementation Plans

We plan to complete the following Assistance Agreements assignment in FY 2004:

- Audit of Competition in Grants.

We plan to start the following Assistance Agreements assignment in FY 2004:

- Audit of EPA/Agency for International Development Interagency Agreement Domestic Working Group Project on Grants.

We also plan to continue the following Assistance Agreements assignments in FY 2004:

- Reviews of Single Audit Act Reports; and
- Financial Audits of Specific Assistance Agreements.

Contracts ¹

Management of contracts is an important area as EPA spends about one fourth of its budget on contractor support. Our contract work will evaluate whether EPA's contracts are being awarded and administered in a manner that supports cost-effective accomplishment of EPA's mission. In addition, we will continue our audits of contractor costs and our investigative work to uncover criminal and administrative misconduct in the award and delivery of contract services.

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Audits related to specific media and cross-media goals are shown in those respective sections of this plan.

Implementation Plans

We plan to start the following Contracts assignments in FY 2004:

- Audit of the Office of Acquisition Management's Organizational Systems;
- Audit of the Award of EPA's Management of Systems Development Grants; and
- Audit of EPA's Implementation of Competitive Sourcing.

We also plan to continue the following Contracts assignments in FY 2004:

- Financial Audits of Contractors.

Investigations

OIG investigators are responsible for detecting, investigating, deterring, and referring cases for criminal prosecution, civil or administrative action. These cases involve possible fraud, abuse and other illegal acts by Agency employees, contractors and grantees. These cases are often performed by teaming with OIG auditors and/or evaluators, and other law enforcement officials.

We plan to expand our work to include: <ul style="list-style-type: none">•analysis of systemic deficiencies•identification of risks to the integrity of Agency programs and resources•resolution of individual cases•expanded coverage of fraud awareness briefings to help prevent fraud and better prepare Agency staff to recognize and refer possible fraud to the OIG•additional resources and expand the value of our results beyond EPA, by participating in partnering projects with both Federal and State members.	Complementing planned audit work, investigations will focus on: <ul style="list-style-type: none">•computer incidents which have a potential, significant adverse impact on EPA operations•consultative role with Agency computer security personnel and interested parties to improve Agency security, and improve computer incident awareness•maintaining liaison and close working relationships with other law enforcement agencies and participate in efforts of mutual interest and national security
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In FY 2004 we plan to investigate cases involving:

- **Assistance Agreements and Contracts:** We will focus investigative resources on allegations of criminal activity pertaining to high cost administrative assistance agreements and contracts across the Agency's programs that can undermine the public's trust in its ability to carry out its mission.
- **Laboratory Fraud and Data Integrity:** We will investigate indicators of laboratory fraud within the environmental community, involving commercial, contractual, and Agency laboratories; and the security of data relied upon to assess environmental threats, control hazardous wastes and other pollutants in determining regulatory and enforcement actions.
- **Computer Crimes:** We will investigate allegations of attempted intrusions and other crimes affecting EPA computer systems, provide advanced computer forensic support to OIG staff, and provide the Agency's various Information Security Officers with designated points of contact for investigative referrals.

- **Superfund Contracting:** Our investigations will focus on all stages of the Superfund program, with a special emphasis on Agency contracting processes and contracts for removals and remediation.

Public Inquiry/ Outreach

OIG is responsible for the **Ombudsman** function. That official receives and reviews complaints and allegations of inappropriate decisions, actions, or activities involving Agency programs, employees, contractors, or grantees. A major focus of the Ombudsman involves hazardous waste management and cleanup activities. The Ombudsman screens complaints and recommends work assignments, for staffing within OIG offices, monitors those work assignments, and reviews reports of findings and recommendations. The Ombudsman also informs external stakeholders of the results of reviews. The OIG Ombudsman will complete actions on about half of 28 active cases, and open new cases as needed.

The OIG, by statute, operates a **Hotline** as a direct opportunity for EPA employees, contractors, and the public to provide information about possible waste, fraud, or abuse. Upon review, this information is referred to the appropriate authorities, or investigated by the OIG for recommendations of possible actions.

