



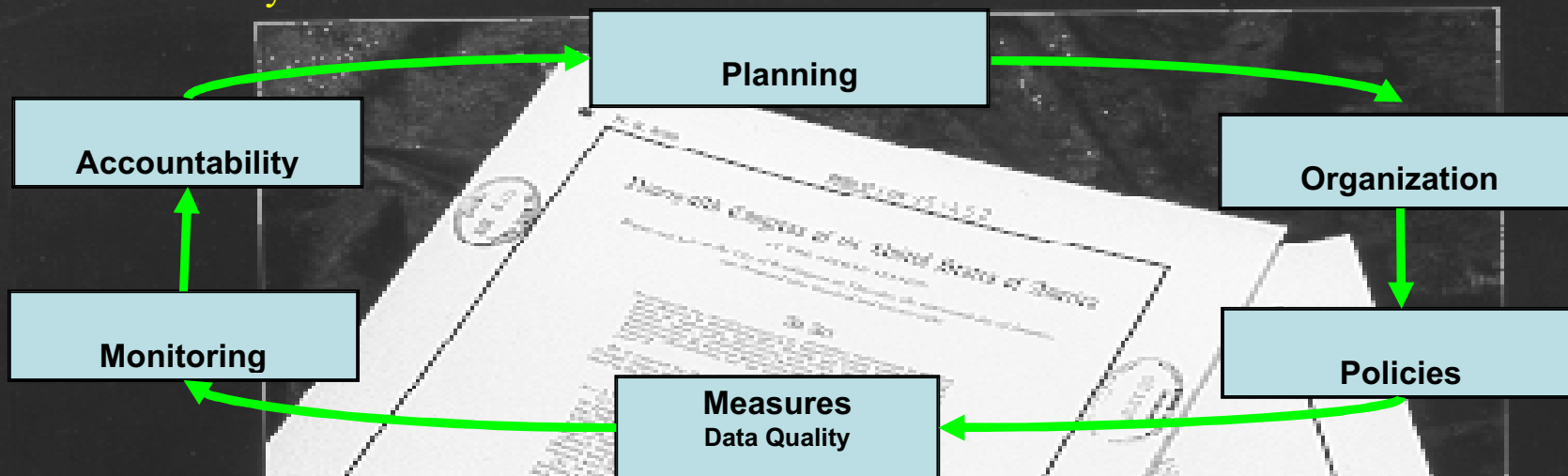
OFFICE OF INSPECTOR GENERAL

Catalyst for Improving the Environment

Office of Inspector General FY 2008 Annual Plan

INSPECTOR GENERAL ACT

OIG Review Cycle of Internal Control and Risk Assessment



The mission of the Office of Inspector General (OIG) based upon the Inspector General Act of 1978 (as amended) is to conduct and supervise audits, evaluations, inspections and investigations relating to the programs and operations of the Agency; provide leadership and coordination and recommend policies for activities designed to promote economy, efficiency, and effectiveness in the administration of Agency programs and operations, and to prevent and detect fraud and abuse in such programs and operations; and keep the Administrator and the Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress of corrective action.

This OIG Annual Plan identifies mandated and selected assignment topics continuing from FY 2007, and those scheduled to be started in FY 2008. This is a “living” document subject to change as a result of requests from Congress, OMB, the Agency, and unexpected events which may require more immediate attention. Therefore, the reader is encouraged to consult our Web page for the most current listing of projects.

Implementation of this Plan is carried out through audits, evaluations, inspections, investigations, and public liaison reviews in compliance with the Inspector General Act, the applicable Professional Standards of the US Comptroller General, and the Quality Standards for Federal Offices of Inspector General of the President’s Council on Integrity and Efficiency.

A primary source of input for the assignments in this plan came through a Risk Assessment across the Agency programs and operations based upon prior OIG work, GAO high risk assessments, congressional interest, OMB priorities, Agency PART reviews, and Agency vulnerability assessments under OMB Circular A-123 and the Federal Manager’s Financial Integrity Act. Our planning also reflects a direct outreach process with EPA’s leadership during the latter part of Fiscal 2006 and direct solicitation of topics and assignment suggestions during the latter part of FY 2007. As a result, approximately one-third of the new OIG assignments planned for FY 2008 are responsive to the immediate concerns or requests of our clients, while one-third are required by mandate or other provision, and one-third are self-initiated by the OIG. We want to thank each of the Assistant Administrators, Regional Administrators, and the Deputy Administrator for their participation in this process, and look forward to continuing an open dialogue for receiving their 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 through our Website: webcomments.oig@epa.gov.



Bill A. Roderick
Acting Inspector General

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The OIG Annual Plan is produced by the OIG Office Planning, Analysis, and Results in conjunction with each of the OIG Assistant Inspectors General; with the direct input of each of EPA's Assistant Administrators and Regional Administrators, the Deputy Administrator, the Administrator, congressional stakeholders, and the Office of Management and Budget (OMB)..

This Plan is available in hard copy from the Office of Inspector General (Room 2104 EPA West) US Environmental Protection Agency 1200 Pennsylvania Avenue, NW Washington, DC 20460

By calling (202) 566-0913, or on the Internet: www.epa.gov/oig

To report fraud, waste, or abuse, contact the OIG Public Liaison Hotline:

OIG_Hotline@epa.gov

EPA Office of Inspector General Annual Plan: Planning for FY 2008

The OIG reviewed the major risks across EPA and senior leaders of the Office of Inspector General solicited input from or met with each Program Office Assistant Administrator and the 10 Regional Administrators, or their designee(s), to obtain their first-hand input in helping us identify and select OIG products that would be of greatest benefit to them. This section summarizes and applies the key Agency-wide risks, issues, and management challenges, as the basis for the types of work assignments requested and selected for this FY 2008 plan.

Cross-Organization Issues*: The following were the most frequently expressed concerns by EPA leadership and its stakeholders as weaknesses or opportunities for OIG consideration and attention.

Collaboration—How can the regulatory requirements, planning processes, and implementation by the States and others be aligned for the most efficient and effective application of resources and actions?

Public/Private Partnerships—How can new and innovative financing approaches be used to leverage funds for pollution reduction and help sustain or enhance the aging infrastructure?

Measurement of Results—How can the efficient delivery, progress and results of programs be measured in a meaningful way?

Emergency Preparedness/Homeland Security—How can EPA prepare for its roles to respond to significant events and to support the Department of Homeland Security?

Voluntary Programs—How can EPA leverage compliance and reduce pollution through means other than enforcement?

Stove-Piped Organizational Planning – Inconsistent planning, budgeting, risk assessment, and operations

Data Quality and Systems/Security/Availability/Consistency of Reporting

Compliance, Enforcement, Permitting, and Monitoring – Federal/State/Tribal responsibilities, capacity, resources, and consistency

Contract Management Monitoring, Including Subcontracting

Human Capital Management – Skill gaps/alignment with functions

Policy and Regulation Setting, Review, and Implementation

Risk Measurement, Characterization, Innovation, and Communication

Environmental Risk Assessment and Communication—How can EPA characterize risk and best transfer risk information to the public?

Enhance Natural Resource Conservation—How can EPA motivate and move more toward sustainable practices?

Sustaining and Protecting Critical Water Infrastructure – How can EPA ensure quality drinking water in the future?

Grants Management Accountability by Grantees and Tribes –How can EPA better develop and execute grants for measurable success and how can grantees increase their capacity to manage grants for results and accountability?

Top EPA Management Challenges – Reported by the OIG* (as required by the Consolidated Reports Act of 2000)

A number of the management challenges reported by the OIG are closely related to the cross-organization issues described above.

Managing for Results: Focusing on the logic of design, measures of success (outputs and outcomes), and measures of efficiency, so that EPA programs and processes can be set up to evaluate results and make necessary changes.

Agency Efforts in Support of Homeland Security: Implementing a strategy to effectively coordinate and address threats.

Data Standards and Data Quality: Improving the quality of data used to make decisions and monitor progress, and data accessibility to EPA's partners.

Emissions Factors for Sources of Air Pollution: Reliable emission factors and data are needed to target the right control strategies, ensure permitting is done properly, and measure the effectiveness of programs in reducing air pollution.

Workforce Planning: Implementing a strategy that will result in a competent, well-trained, and motivated workforce.

Voluntary Programs: Applying voluntary approaches and innovative or alternative practices to provide flexible, collaborative, market-driven solutions for measurable results.

Efficiently Managing Water and Wastewater Resources and Infrastructure: Current drinking water treatment and supply, and wastewater treatment and disposal systems are wearing out and will take huge investments to replace, repair, and construct facilities.

Information Technology Systems Development and Implementation: Overseeing information technology projects to ensure they meet planned budgets and schedules.

Data Gaps: Deciding what environmental and other indicators will be measured, providing data standards and common definitions to ensure that sufficient, consistent and usable data are collected.

Privacy Program: Integrating policies and controls into EPA's E-Government and other systems infrastructure for protecting personal identifiable information.

OIG Risk Assessment Results* – EPA areas of high dollar value, risks, or limited prior audit coverage

- **Lack of Investment and Activity in Agency Program Evaluations**
- **PART Assessments**
- **Inconsistent Implementation of Internal FMFIA Vulnerability Assessments and Internal Control Reviews**
- **EPA Building and Leasing Costs**
- **Regional Program and Laboratory Operations**
- **Workforce Planning**
- **Project Management (OSC/RPM compliance with training requirements)**
- **Working Capital Fund**
- **OPPTS, ORD, OECA, LUST**

EPA Office of Inspector General Annual Plan: Strategy

Based on the information provided by the senior leadership of the Agency, we have chosen the following themes, based upon risk assessment and customer input, to guide and prioritize our FY 2008 work. These themes were chosen to address cross program weaknesses, vulnerabilities, and opportunities for significant Agency improvement through greater efficiency and risk reduction.

Results measurement has been expanded to include all aspects of measurements under the category of data, including availability, quality, accuracy, validity, and management. This has been considered a major management challenge by the OIG in past years and remains a concern. Overhead and manpower assessment are interrelated as factors of efficiency as EPA needs to consider how many people and fixed resources it needs to administer its programs. EPA needs to be better at recognizing and assessing its own program and operational strengths and weaknesses through evaluations and internal control reviews. Each theme is briefly described below.

Risk and Customer-Driven Themes for Greater Performance and Efficiency

Agency Research

EPA spends a significant amount of resources on, and depends on the work of, the Office of Research and Development (ORD) to provide the science and research that is the foundation of much of EPA's policy, regulations, and enforcement actions. The OIG has performed little prior review of ORD's costs, performance, and data quality.

Follow-up

The OIG issues hundreds of recommendations for Agency improvement each year; the Agency self-certifies that agreed-to actions are completed. Without verification, the OIG and Agency management cannot be sure that appropriate actions have in fact been taken.

Grants and Contracts

Half of the Agency's budget is dedicated to assistance agreements for States, Tribes, universities, and nonprofit organizations. The highest risk in the grants management process occurs at the point where the funds are spent, yet many grantees have limited capacity or incentives to account for funds or performance.

The Agency is highly dependent on contracts with about a fifth of its annual budget used to acquire contract goods and services. With dwindling resources, the Agency must manage these funds and contractor performance to optimize their value added.

Homeland Security

Within homeland security, EPA is responsible for, among other issues, protecting drinking water. As an organization with a unique human resource pool and contractual resources to handle wastes of all kinds that result from natural or manmade disasters, an expectation exists that the Agency is prepared to provide the expected support. However, such an expectation may require more than the Agency can currently provide.

Internal Controls

Managing the Agency's resources is of critical importance. Because each office and region is responsible for ensuring proper management, this delegation increases the chance of differential applications of internal controls over processes and assets.

Elements of Internal Control with Which to Assess Potential Program Impacts/Vulnerabilities/Risks

- **Planning:** Without system-wide goal setting based upon consistent criteria, operations and efforts are fragmented and competing..
- **Organization:** Without coordination and collaboration, the risk exists of duplication, conflicting forces, inconsistencies, and gaps across organizational units.
- **Policies & procedures:** Without effective policies or procedures, no basis exists for consistency, criteria, or control to guide actions within or across EPA.
- **Performance measurement:** Without clear and consistent measurement, priorities cannot be recognized, nor can progress or accountability be assessed.
- **Monitoring:** Without oversight, there is no way to identify and correct deviations from the plan.
- **Accountability:** Without accountability, no commitment, obligation, recourse, or enforceability exists.

Manpower Assessment

The nature of the work being done by the Agency continues to evolve as more of the Agency's programs are delegated. As the work changes and the roles of the Agency change in relation to its partners, EPA needs to accurately assess its workforce to determine the correct number of staff and skills necessary.

Enforcement/Regulation Review

The Agency's regulatory process is extremely complex, and opportunities may exist to streamline the effort without reducing its required integrity.

PART/Data Verification

Agency programs need to be able to determine relative risk and demonstrate outcome results in terms of environmental conditions and human health for the funds that are spent. This requires valid and reliable data linked to the resources applied, the processes used, and the actions taken within EPA and by its Federal, State and grantee partners. This is a difficult challenge, as no standards or universal agreements exist amongst the stakeholders upon which to base consistent measures of environmental risk and outcomes. Data are used without independent verification of their accuracy, making them vulnerable to manipulation or misuse to influence decisions.

Project Management

EPA spends significant amounts of funds either directly or through its delegated programs on highly complex projects without adequately applying tools of process planning and feedback to controls costs and performance.

Spending Effectively/Financial/Overhead

As budgets are reduced and environmental issues become more complex and costly, EPA will need to find ways of improving its operational efficiency by reducing the cost of operations, eliminating unnecessary spending, collecting receivables, and leveraging resources to apply a greater percentage of available funds to directly solving the greatest environmental problems.

Superfund

EPA needs to encourage the appropriate reuse and revitalization of Brownfields, USTfields, Superfund sites, RCRA sites, BRAC, and other Federal properties through voluntary action and economic incentives, as well as a variety of appropriate compliance and enforcement tools.

Making Choices – A Customer-Driven Process

Audits, evaluations, inspections, and investigations are chosen by the Inspector General based on several criteria, in order of priority. The objective is to develop a “portfolio” of OIG assignments that represents the best possible return on investment in both monetary value and responsiveness in addressing the needs, risks, challenges, priorities, and opportunities of OIG customers, clients, and stakeholders. To do this we 1) conducted considerable research on environmental and management risks, challenges and opportunities previously identified by EPA leaders, staff, independent interest organizations, Congress, OMB, States, tribes, and earlier OIG work to develop a comprehensive, indexed compendium of those items by topical area*, and 2) conducted direct outreach planning meetings individually with members of EPA’s headquarters and regional leadership to obtain their input and validate our research.

Criteria Considered in Identifying and Selecting Assignments

- Was it requested by senior leaders of the Agency or Members of Congress?
- Is it within the mission of the OIG?
- Does it have Agency cost implications?
- Can it be done in a timely and cost effective way?
- Does it have environmental risk or improvement implications?
- Does it improve public confidence and accountability in administering Agency operations?
- Are adequate business control systems in place?
- Is it a program, operation, expense, or technology that has not been previously reviewed?
- Are there indications of environmental/business integrity risk?
- Are there prior audit or evaluation results upon which to follow-up?
- Are there opportunities to leverage results with partners?
- What is the availability of OIG resources?
- What is the Federal investment or regulatory authority?
- Is there an opportunity to improve process or cost efficiency?

*Full versions of the Compendium of Environmental and EPA Management Priorities, Risks, Challenges, and Opportunities Identified by EPA Leadership and Stakeholders, OIG Risk Assessment, and Top Management Challenges are available from the OIG Office of Planning, Analysis, and Results (202)-566-2617.

THE PLAN: CONTINUING AND NEW ASSIGNMENTS

EPA Office of Inspector General Annual Plan: Audit Plan

The Office of Audit: Office of Inspector General audit work focuses on four areas: assistance agreements, contracts, financial audits, and risk assessment and program performance. Taken together, funds awarded for assistance agreements and contracts account for approximately two-thirds of EPA's budget. Producing timely financial statements remains a priority across the Federal Government. Equally important is the need to gather and use the financial and program performance information to improve EPA's programs by reducing risks and maximizing results.

Planned work will emphasize:

- direct testing for fraud in grants and contracts;
- cost savings resulting from audits of grantee and contractor claims;
- continued improvements in assistance agreement and contract administration;
- EPA's preparation of timely, informative financial statements;
- EPA's use of financial and program performance information, including efficiency measures, to identify cost savings, reduce risks, and maximize results achieved from its environmental programs; and
- reviewing EPA's risk assessment processes, application of the PART process, and the role of program evaluation.

Assistance Agreements: Is EPA using assistance agreements to efficiently and effectively accomplish its mission?

Contact: Janet Kasper 312-886-3059

OIG Themes Covered

- Grants and Contracts
- Spending Effectively
- Internal Controls
- Follow-up

Carryover Assignments from FY 2007

- Audit of Grant to Texas Water Quality Board
- Financial Audit of Canaan Valley Institute
- Grants for the US Mexico Border Program
- Management of and Results from Tribal Grants
- Review of Fraud, Waste, and Abuse in Special Appropriation Act Projects

New Assignments Planned for FY 2008

- 2008 Single Audit Program
- EPA's Management of Special Appropriation Action Projects
- Financial Audits of EPA Grants
- Follow-up Audit on Alaska Village Safe Water Program Reports
- Follow-up Review of 2005 Report on Grant Project Officer Accountability
- Review of Fraud, Waste, and Abuse at Nonprofit Grantees

Contracts: Is EPA effectively managing contracts to ensure services and products are received from qualified contractors at a reasonable price in a timely manner?

Contact: Carl Jannetti 215-814-5800

OIG Themes Covered

- Grants and Contracts
- Internal Controls
- Follow-up
- Homeland Security
- Spending Effectively

Carryover Assignments from FY 2007

- Audit of Fiscal 2007 Financial Statements for US Chemical Safety and Hazard Investigation Board (USB)
- Award of Noncompetitive Contracts
- Controls Over Labor Mischarging in EPA Contracts
- EPA's Management of Award Fees to Contractors
- Financial Audits of Superfund Claims
- Defense Contract Audit Agency Monitoring
- Review of Controls for Contractor Invoiced Costs
- Review of Management Consulting Contracts

New Assignments Planned for FY 2008

- Followup on 2006 Report on Protecting EPA's Critical Infrastructure
- Independent Government Cost Estimates for EPA
- US Chemical Safety and Hazard Investigations Board FY 2008 Financial Statements

Financial Audit: Does EPA have the people, processes, and systems needed to efficiently provide timely, accurate, complete, and useful financial information for decision making and accountability?

Contact: Paul Curtis 202-566-2523

OIG Themes Covered

- Spending Effectively
- Follow-up
- Superfund
- Grants and Contracts

Carryover Assignments from 2007

Audits of:

- FY 2007 EPA's Financial Statements
- Follow-up on Unliquidated Obligations for Superfund Cooperative Agreements Awarded to New York and New Jersey

New Assignments Planned for FY 2008

Audits of:

- Collection of Accounts Receivable
- Unliquidated Obligations - Interagency Agreements
- Audit of State Superfund Cooperative Agreements
- FY 2007 Financial Statements: Pesticides Registration Fund (PRIA)
- FY 2008 EPA Financial Statements
- FY 2007 Financial Statements: Pesticides Reregistration and Expedited Processing Fund (FIFRA)
- Follow-up Review of 2006 Report on Undistributed Superfund Site Costs

Risk Assessment and Program Performance: Does EPA have the control systems in place to identify and prevent the misuse of resources, and determine if its program processes are efficient and goals are being achieved?

303-312-6969

Contact: Patrick Gilbride

OIG Themes Covered

- Manpower Assessment
- Grants and Contracts
- Internal Controls
- PART/Data Verification

New Assignments Planned for FY 2008

- Federal Manager's Financial Integrity Act Implementation in Program Offices
- Manpower Analysis of Grants Management Review of the Program Assessment Rating Tool Process at EPA

Office of Mission Systems: With increasing visibility of data management, quality, and availability, information resource management has become an increasingly important area of work for the Agency. Over the years, the Office of Inspector General has reported management challenges in a number of key information resource management (IRM) areas.

Information Technology Investment Management: Is EPA's IT Capital Planning and Investment Control process well-structured and effectively applied to ensure the Agency can produce and manage an integrated and balanced investment portfolio that supports the Agency's mission and goals?

Information Access and Sharing: Has EPA developed and implemented a plan for improving data quality in its systems and in the data it provides to Congress and the public?

Information Security and Privacy: Are EPA's computer security and privacy programs comprehensive and actively implemented throughout the Agency to balance risk and mission requirements?

Contact: Rudy Brevard 202-566-0893

OIG Themes Covered

- Spending Effectively
- Internal Controls
- Follow-up
- Grants and Contracts
- Project Management
- Manpower Assessment
- Homeland Security
- Enforcement

Carryover Assignments from FY 2007

- EPA's Information Technology System Acquisition Processes
- IT Support to the Fiscal 2007 Financial Statement Audit

New Assignments Planned for FY 2008

- Follow-up of EPA's Efforts to Remediate Identified Information Security Weaknesses
- EPA's Use of the Exchange Network for Environmental Information Reporting Phase
- Audit of EPA's System Development Activities
- Audit of EPA's Technical Infrastructure
- EPA's Efforts to Implement Voluntary Guidance for Protecting the Nation's Wastewater IT Infrastructure
- FY 2008 Federal Information Security Management Act (FISMA) Audit
- IT Audit Support to the Fiscal 2008 Financial Statement Audit
- Quality of Self Reported Data in EPA's Information Security Weakness and Remediation System (ASSERT)
- US Chemical Safety and Hazard Investigation Board (CSB) - FY 2007 FISMA Audit (Contracted)
- US Chemical Safety and Hazard Investigation Board (CSB) – FY 2008 FISMA Audit (Contracted)

EPA Office of Inspector General Annual Plan: Evaluation, Special Review, and Inspection Plan

Program Evaluations Conducted by the Office of Program Evaluation

Program evaluations assess how well a program is working. Program evaluations are performed at EPA OIG by a staff with diverse backgrounds including accounting, economics, environmental management, and the sciences; and comply with the rigorous Government Auditing Standards. Program evaluations can assess 1) strategic planning and process implementation to determine if a program is designed and operating as intended, 2) the extent to which a program is achieving its outcome objectives, 3) the extent to which the program outcomes are affecting impacts and, 4) the benefits of program results compared to the costs. The objective of OIG program evaluations is to examine root causes, effects, and opportunities leading to conclusions and recommendations that influence systemic changes and promote improved delivery of the Agency's mission. In the past, program evaluations were known as program results audits or performance audits. Based on the Government Auditing Standards, these names can generally be used interchangeably.

Continuing work generally addresses Air, Land, Water, and Cross-Media programs and operations, while new assignments concentrate on themes of Research, Enforcement, Homeland Security, Superfund, and Special Projects to better reflect our attention to the Agency's operational and systemic risks. The evaluation staff is flexible, producing effective analyses in any assigned area. Evaluation topics and priorities in our FY 2008 Plan are driven by our assessment of organizational risks, requests from EPA's senior leadership, the Congress, and other stakeholders in relation to available resources and potential benefits.

Evaluations for Fiscal Year 2008

The Administrator's Action Plan begins by saying,

“President Bush has charged EPA with accelerating the pace of environmental protection while maintaining our nation's economic competitiveness, and I am committed to meeting this challenge.”— Administrator Stephen L. Johnson

EPA is facing greater-than-ever challenges of delivering a vital program of environmental protection on issues that are more complex and costly than ever at a time when Federal program budgets are diminishing as a matter of competing demands and the economic environment. For this reason, the OIG program evaluations will concentrate on reviewing the ways the program is using and controlling its physical, fiscal, human, and informational resources. They will also review the way programs are structured to carry out the regulatory process, and how EPA ensures the integrity of the data it uses to assess environmental performance, develop policies and regulations, and make significant enforcement and management decisions. Program evaluations will specifically attempt to identify ways that the Agency can best leverage its resources, reduce duplication and costly practices and processes, as well as improve the integrity and value of program results. OPE is also mandated to evaluate managing and administering the Superfund.

Air and Research

Research: Is EPA effectively and efficiently planning, managing, conducting, and overseeing research to address the Agency's current and future needs?

Air Data: Is EPA obtaining sufficient data that are both valid and reliable to measure performance, guide decision-making, and provide reasonable assurance of progress towards goals?

Multi-pollutants: Is EPA making progress in reducing the risks to human health and environment from its multi-pollutants approach to selected clean air issues?

Clean Air Partnerships: Are partnerships, voluntary programs, and other nonregulatory initiatives achieving clean air goals efficiently and effectively?

Contact: Rick Beusse 919-541-5747

OIG Themes Covered

- Project Management
- PART/Data Verification
- Internal Controls
- Follow-up
- Spending Effectively
- Research/Development

Carryover Assignments from FY 2007

- EPA Efforts to Address Indoor Risks from Radon
- Evaluation of CEMS Calibration Gases Used by Coal-fired Electric Utilities
- Follow-up Review of Selected OPE-Air Reports
- Ozone/Partnerships - Effectiveness of Clean Air Partnerships in Addressing Selected US Port Emissions

New Assignments Planned for FY 2008

- Emissions Reporting from Selected Point Sources
- Ozone Ambient Air Monitor Results in Selected Major Urban Areas
- ORD's Research and Development Planning Process to Achieve Program Office Needs
- Evaluation of Indoor Radon Sampling Protocols and Laboratory Test Data
- ORD's Training and Use of Project Management Tools to Achieve Research Goals.

Water and Enforcement

Protecting Human Health: How successfully have the Safe Drinking Water Act and other activities protected human health?

Protecting Water Quality: How well is EPA protecting water quality through core water programs?

Health of Aquatic Systems: How can EPA effectively protect and restore sustainable healthy aquatic communities and ensure waters that are protective of human health?

Enforcement: How well is EPA carrying out its enforcement program in terms of accuracy and consistency?

Quality of Laboratory Data: How does EPA assure that it gets acceptable quality laboratory data used for decisions about Superfund actions?

Contact: Dan Engelberg 202-566-0830

OIG Themes Covered

- Spending Effectively
- PART/Data Verification
- Project Management
- Internal Controls
- Enforcement, Regulation Review

Carryover Assignments from FY 2007

- Strategic Planning in Priority Enforcement
- Point Source Nutrient Discharges – Chesapeake Bay
- Community Water Systems on Tribal Lands
- Chesapeake Bay Summary Report
- Review of Drinking Water Program Implementation

New Assignments Planned for FY 2008

- OIG Review of EPA Regulations
- EPA's Role Protecting Wetlands
- Quality Assurance in EPA's Contract Laboratory Program (CLP)

Land

Hazardous Waste Clean up (Superfund): Is EPA ensuring that requirements are met and guidance is followed in conducting Superfund cleanups and recovering the government's costs to clean up Superfund sites?

Follow-up: Is EPA addressing prior OIG recommendations to improve management and utilization of Superfund Special Accounts, and other management control weaknesses in the Superfund program?

Contact: Carolyn Copper 202-566-0829 All Assignments Cover Superfund Program Activity

OIG Themes Covered

- Follow-up
- Superfund
- Enforcement,
- Regulation Review
- Internal Controls
- Spending Effectively
- Homeland Security

Carryover Assignments from FY 2007

- National Emergency Response Plans
- Enforcement of Superfund Settlement Agreements
- EPA's Management of National Priority List Sites
- Superfund Expenditures at NPL TRI Sites
- Superfund NPL Site Deletion Process
- Superfund Site Reviews
- Superfund Special Accounts Management

New Assignments Planned for FY 2008

- Construction Completion Certifications
- Delays in Superfund Document Review
- Efficiency of Superfund Cost Recovery
- EPA Cost Recovery at Superfund Federal Facilities
- Follow-up on Previous IG Land Evaluations

Multi-Media Special Projects and Homeland Security

Partnership/Voluntary Programs: Are EPA voluntary programs effectively achieving their environmental goals?

Management and Performance: How does the program management and organizational structure of EPA's community-based initiatives impact program outcomes?"

Science: How well do Agency policies, procedures, and plans ensure that its research fulfills EPA's external obligations and internal needs?

Homeland Security: How effectively can EPA perform its mission during a pandemic?

Contact: Jeffrey Harris 202-566-0831

OIG Themes Covered

- Spending Effectively
- Internal Controls
- Research/Development
- Project Management
- Follow-up
- Manpower Assessment
- PART/Data Verification
- Homeland Security Enforcement/Regulation Review

Carryover Assignments from FY 2007

- Evaluation of EPA's Climate Change Research
- Evaluation of the Relative Effectiveness of Voluntary Programs
- Evaluation of EPA's Border 2012 Program

New Assignments Planned for FY 2008

- Evaluation of Energy Star Program Benefits
- Testing of Energy Star Products
- Evaluation of EPA's Continuity of Operations Plan (COOP) and Pandemic Flu Plans
- Evaluation of the Office of Water's Emergency Preparedness.

OIG Special Reviews and Inspections Conducted by the Office of Congressional and Public Liaison

The Office of Congressional and Public Liaison (OCPL) serves as the bridge between the EPA Office of Inspector General and Congress, the public, and the media. Some staff provide liaison with Congressional and the media, and editorial support to the OIG. OCPL has two components that conduct evaluations. The Public Liaison unit assists stakeholders, normally members of the public, in addressing concerns related to EPA programs and operations. OCPL receives complaints through the OIG hotline and, if appropriate, the Public Liaison unit conducts reviews and publishes reports of findings and recommendations. The Special Review and Inspections unit addresses concerns raised by Congress or other stakeholders and also conducts reviews of areas the OIG identifies.

Congressional, public and EPA concerns about all environmental goal areas and management issues

Special Reviews and Inspections

Contact: Eric Lewis 202-566-2664

Public Liaison

Contact: Paul McKechnie 617-918-1471

OIG Themes Covered

- Internal Controls
- Superfund
- Follow-up
- Spending Effectively
- Project Management
- Enforcement, Regulation Review
- Manpower Assessment
- PART/Data Validation
- Research and Development

Carryover Assignments from FY 2007

- Effectiveness of Agency Freedom of Information Request Practices
- Follow up Review of Stauffer Chemical Company Superfund Site, Tarpon Springs, FL
- Lake Anna
- Review of Regional Counsel Settlement Actions
- Escambia Superfund Site Follow-Up Review
- Scientific Uncertainty about Perchlorate

New Assignments Planned for FY 2008

- Reactive Reviews Based Hotline Allegations
- Review of EPA's Discretion of State Enforcement Actions
- Use of Government Purchase Cards
- Effectiveness of Superfund Community Involvement Efforts
- Pesticide Registration Review
- Contracting Inherently Governmental Functions of the Performance Track Program
- EPA's Exposure Level for Phthalates
- Incidence of Asthma in Children in EJ Communities
- Reactive Reviews Based Upon Congressional and Agency Inquiries
- Review of EPA Policies and Procedures: A Mechanism for Ensuring Management's Responsibility for Internal Controls of Program Operations
- Superfund: Adequacy of Site Funding and Transparent Decision-Making
- Superfund: Repeated Removal Actions Versus the Remedial Pipeline
- Quality and Implementation of Controls over CID Inventory and Enforcement Equipment

OIG Follow-up and Regulation, Policy Review Conducted by the Office of Planning, Analysis, and Results

The Office of Planning, Analysis and Results (OPAR) fulfills the requirements the IG Act by coordinating the review of existing and proposed legislation (review of legislation is coordinated by the OIG Office of Congressional and Public Liaison), regulations and policy for making recommendations to Congress concerning their impact on the economy and efficiency on program administration, and/or the prevention and detection of fraud and abuse. The OPAR also implements requirements of the IG Act, OMB Circular A-50, and the Generally Accepted Government Auditing Standards by coordinating and reviewing Agency performance in taking agreed-to corrective actions on OIG recommendations. The OIG will report to EPA leadership on the status Agency corrective actions.

Follow-up Reviews, Coordination and Reporting: To what degree is the Agency taking the agreed-to actions on OIG recommendations?

Contact: Michael Binder 202-566-2617

Regulatory and Policy Analysis and Review: How can the OIG promote economy, efficiency and effectiveness through the review of existing and proposed legislation, regulations and policies?

Contact: Gary Greening 202-566- 1504

OIG Themes Covered

- Internal Controls
- Superfund
- Follow-up
- Spending Effectively
- Enforcement, Regulation Review
- Manpower Assessment
- PART/Data Validation
- Research/Development
- Grants and Contracts
- Homeland Security

Carryover Assignments from FY 2007

- Policy Coordination, External Policy, Exposure Draft, Regulation Review
- OIG Followup Coordination and proto-type Inventory Report on Status of Actions on OIG Recommendations Reported by the Agency as "Active" or "Inactive".

New Assignments Planned for FY 2008

- Policy Coordination, External Policy, Exposure Draft, Regulation Review
- OIG Followup Coordination and proto-type Inventory Report on Status of Actions on OIG Recommendations Reported by the Agency as "Active" or "Inactive".
- OIG Analysis of Recommendations, agreed-to Actions accepted by the OIG, and Agency Follow-up process for certification as Inactive.

EPA Office of Inspector General Annual Plan: Investigation Plan

The Office of Investigations (OI). OI primarily employs Special Agents, as well as computer specialists, chemists, and support staff. OI maintains a presence in each of the EPA regions as well as at selected EPA laboratories, other facilities, and in Headquarters.

The majority of investigative work is reactive in nature. We receive hundreds of allegations of criminal activity and serious misconduct in EPA programs and operations that may undermine the integrity of or confidence in programs and create imminent environmental risks. In prioritizing our work, we evaluate the allegations to determine which investigations may have the greatest impact on Agency funds, the integrity of EPA programs and operations, and produce the greatest deterrent effect. OI assists EPA in meeting its strategic goals by ensuring that the Agency's scarce resources are not pilfered by unscrupulous individuals or companies. This allows Agency resources to be properly used to protect the environment and human health. OI has identified the following major areas on which to focus: financial fraud (contracts, assistance agreements), computer crimes, laboratory fraud, infrastructure/terrorist threat, and theft of intellectual or sensitive data. Our primary emphases are illustrated in the chart below.

Investigations: OIG Investigations focus on the prevention, detection, and investigation of fraud, waste, and abuse in programs and operations administered or financed by the EPA. In this role, the OIG conducts criminal, civil, and administrative investigations into allegations of fraud and serious misconduct that could create imminent environmental risks or undermine the integrity of EPA or the public's confidence in its key environmental work.

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OIG Themes Covered

- PART/Data Verification
- Enforcement/Regulation Review
- Internal Controls
- Grants and Contracts
- Superfund
- Homeland Security
- Follow-up

Investigations begun prior to FY 2008 and new investigations will examine:

- Criminal activities in the awarding, performance, and payment of funds under EPA contracts, grants, and other assistance agreements to individuals, companies, and organizations.
- Criminal activity or serious misconduct affecting EPA programs or involving EPA personnel which could undermine or erode the public trust. Also reviews of administrative actions taken by EPA based upon misconduct.
- Laboratory fraud relating to water quality and Superfund data, and payments made by EPA for erroneous environmental testing data and results that could undermine the bases for EPA decision-making, regulatory compliance, and enforcement actions.
- Intrusions into and attacks against EPA’s network, as well as incidents of computer misuse and theft of intellectual property or other sensitive data and release of or unauthorized access to sensitive or proprietary information.

Investigative support to EPA and new initiatives:

- Continue providing key EPA officials training for increased awareness of contract and grant fraud to identify funds at risk, and cyber threat issues and indicators to identify conditions at risk and vulnerabilities.
- Examine to what extent States receiving SRF funds are in compliance with sub-recipient monitoring requirements and what, if any, tests for fraud are conducted and/or reported through inspections, audits, or reviews
- Examine to what extent EPA Prime contractors within the top 10 (by \$ obligations) review and verify subcontractor costs prior to incorporating those costs in public vouchers submitted to EPA and what, if any, tests for fraud are conducted and or reported through inspections, audits, or reviews.

EPA Office of Inspector General Annual Plan: Performance Measures

The Government Performance and Results Act (GPRA) 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 (APGs). The APGs, presented as quantifiable targets, are supported by measures and indicators that represent the expected results in terms of outputs and outcomes. Actual results, compared to targets, are reported through the Agency's annual Performance Accountability Report as a means of informing OMB, Congress and the public about what value they are receiving for funds invested and how well goals are being achieved.

This Annual Plan presents the means by which the OIG will convert its resources into results through required and priority assignments. Since outcome results from OIG work are a reflection of measurable actions and impacts, there is typically a time lag between the completion of OIG work and recognition of such results. Therefore, OIG results are recorded in the year recognized regardless of when the work was performed. OIG targets and measures represent the promotion of economy, efficiency and effectiveness; and prevention and detection of fraud, waste and abuse through both current year outputs and long term outcomes.

The FY 2008 President's Budget for the OIG is *\$45.2 Million, including Superfund work and work supporting the Chemical Safety Board. The following are the OIG Annual Performance Goals/Targets that this plan is designed to achieve, pending final budget agreements.

| Annual Performance Measures | Supporting Indicators | FY 08 Targets* |
|--|--|--------------------------|
| Environmental and Business Actions Taken for Improved Performance from OIG work | <ul style="list-style-type: none"> ○ Policy, process, practice or control changes implemented ○ Environmental or operational risks reduced or eliminated ○ Critical congressional or public concerns resolved ○ Certifications, verification or analysis for decision or assurance | 291 |
| Environmental and Business Recommendations or Risks Identified for Corrective Action by OIG work | <ul style="list-style-type: none"> ○ Recommendations or best practices identified for implementation ○ Risks or new management challenges identified for action ○ Critical congressional/public actions addressed or referred for action | 805 |
| Potential Monetary Return on the Investment in the OIG, as a Percentage of the OIG Budget | <ul style="list-style-type: none"> ○ Recommended questioned costs ○ Recommended cost efficiencies and savings ○ Fines, penalties, settlements, restitutions | 100% (\$45.2 million) |
| Criminal, Civil, Administrative and Fraud Prevention Actions Taken from OIG Work | <ul style="list-style-type: none"> ○ Criminal convictions ○ Indictments/Informations ○ Civil Judgments ○ Administrative actions (staff actions and suspension or debarments) | 70 |

*Final budget levels and targets are subject to change through Congressional and Administration action.

Appendix – 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 the IG's independence, the IG Act explicitly restricts the IG from making or deciding on Agency policies. The Generally Accepted Government Auditing Standards provide specific criteria limiting 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 limitations by the Standards are cited below and serve as an explanation of 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 two overarching principles apply to auditor independence when assessing the impact of performing a nonaudit service for audited entities:

- audit organizations must not provide nonaudit services that involve performing management functions or making management decisions and
- (2) audit organizations must not audit their own work or provide nonaudit services in situations where the nonaudit services are significant/material to the subject matter of audits.

In considering whether audits performed by the audit organization can be significantly or materially affected by the nonaudit service, audit organizations should evaluate (1) ongoing audits; (2) planned audits; (3) requirements and commitments for providing audits, which includes laws, regulations, rules, contracts, and other agreements; and (4) policies placing responsibilities on the audit organization for providing audit services. 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.

Nonaudit Services That Impair Independence

By their nature, certain nonaudit services directly support the entity's operations and impair the audit organization's ability to meet either or both of the overarching independence principles for certain types of audit work. Examples of the types of services under this category include the following:

- 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 or developing the internal control system.
- 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.
- Internal audit functions, when performed by external auditors.
- Serving as voting members of an entity's management committee or board of directors, making policy decisions that affect future direction and operation of an entity's programs, supervising entity employees, developing programmatic policy, authorizing an entity's transactions, or maintaining custody of an entity's assets.
- Planning, conducting, or reviewing audit work of the subject matter of the nonaudit by the same person providing the non-audit services under the overarching independence principle that auditors must not audit their own work.