



**United States  
Environmental Protection Agency**

**FISCAL YEAR 2019**

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

**Office of Inspector General**

EPA-190-R-18-001

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[www.epa.gov/ocfo](http://www.epa.gov/ocfo)

**Environmental Protection Agency  
2019 Annual Performance Plan and Congressional Justification**

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**Environmental Protection Agency  
FY 2019 Annual Performance Plan and Congressional Justification**

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

	<b>FY 2017 Actuals</b>	<b>FY 2018 Annualized CR</b>	<b>FY 2019 Pres Budget</b>	<b>FY 2019 Pres Budget v. FY 2018 Annualized CR</b>
<b>Inspector General</b>				
Budget Authority	\$41,053.7	\$41,207.0	\$37,475.0	-\$3,732.0
Total Workyears	219.0	268.0	201.4	-66.6

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

**Bill Language: Inspector General**

*For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, \$37,475,000, to remain available until September 30, 2020.*

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

<b>Program Project</b>	<b>FY 2017 Actuals</b>	<b>FY 2018 Annualized CR</b>	<b>FY 2019 Pres Budget</b>	<b>FY 2019 Pres Budget v. FY 2018 Annualized CR</b>
Audits, Evaluations, and Investigations				
Audits, Evaluations, and Investigations	\$41,053.7	\$41,207.0	\$37,475.0	-\$3,732.0
<b>TOTAL IG</b>	<b>\$41,053.7</b>	<b>\$41,207.0</b>	<b>\$37,475.0</b>	<b>-\$3,732.0</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

Goal: Rule of Law and Process

Objective(s): Improve Efficiency and Effectiveness

(Dollars in Thousands)

	<b>FY 2017 Actuals</b>	<b>FY 2018 Annualized CR</b>	<b>FY 2019 Pres Budget</b>	<b>FY 2019 Pres Budget v. FY 2018 Annualized CR</b>
<b><i>Inspector General</i></b>	<b><i>\$41,053.7</i></b>	<b><i>\$41,207.0</i></b>	<b><i>\$37,475.0</i></b>	<b><i>-\$3,732.0</i></b>
Hazardous Substance Superfund	\$9,156.4	\$8,718.0	\$8,718.0	\$0.0
Total Budget Authority	\$50,210.1	\$49,925.0	\$46,193.0	-\$3,732.0
Total Workyears	266.0	318.1	242.0	-76.1

#### **Program Project Description:**

EPA's Office of Inspector General (OIG) provides independent audit, program evaluation, inspection and investigative services and products that fulfill the requirements of the Inspector General Act, as amended, by identifying fraud, waste, and abuse in agency, grantee and contractor operations, and by promoting economy, efficiency, and effectiveness in the operations of the Agency's programs. Although the OIG is a part of EPA, to ensure its independence, as specified in the IG Act (as amended), the OIG is funded with a separate appropriation within the Agency. The OIG activities add value and enhance public trust and safety by providing the Agency, the public, and Congress with independent analyses and recommendations that help EPA management resolve risks and challenges, achieve opportunities for savings, and implement actions for safeguarding EPA resources and accomplishing EPA's environmental goals. The OIG activities also prevent and detect fraud in EPA's programs and operations, including financial fraud, laboratory fraud, and cybercrime. 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. The audit, program evaluation, inspection and investigative services programs are directly supported through the OIG's management and administrative functions of information technology, human resources, human capital, budget, planning and performance, legal advice and counseling, report publishing and communications, and congressional outreach.

In addition, EPA Inspector General was designated by Congress in 2004 to serve as the IG for the U.S. Chemical Safety and Hazard Investigation Board (CSB) and provides the full range of audit, evaluation and investigative services specified by the Inspector General Act, as amended. Specifically, the OIG conducts required audits of the CSB's financial statements and of CSB's compliance with the Federal Information Security Management Act. In addition, the OIG performs audits and evaluations of the CSB's programmatic and management activities and follow-up on prior audit recommendations.

## **FY 2019 Activities and Performance Plan:**

EPA OIG assists the Agency in its efforts to reduce environmental and human health risks by making recommendations to improve program operations; save taxpayer dollars; reduce the potential for fraud, waste and abuse; respond to cybercrimes; and resolve previously identified major management challenges and internal control weaknesses. In FY 2019, the OIG will continue recommending improvements to operating efficiency, transparency, secured and trustworthy systems, and the cost effective attainment of EPA's strategic goals and positive environmental impacts. These recommendations include focus on the core mission of delivering real results to provide Americans with clean air, land, and water.

OIG's plans are implemented through audits, evaluations, investigations, inspections, and follow-up reviews in compliance with the Inspector General Act (as amended), the Generally Accepted Government Accounting Standards, and the Quality Standards for Federal Offices of Inspector General of the Council of Inspectors General on Integrity and Efficiency.

OIG conducts the following types of assignments focused 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, program performance evaluations will be conducted in the areas of EPA's mission objectives for improving and protecting the environment and public health, including: air; water; land cleanup and waste management; toxics, chemical management and pollution prevention; and environmental research programs.

The investigative mission of the OIG continues to evolve in conducting criminal, civil, and administrative 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. The OIG investigations are coordinated with the Department of Justice and other federal, state, and local law enforcement entities. These investigations often lead to successful prosecution and civil judgments wherein there is a recovery and repayment of financial losses. Major areas of investigative focus include: financial fraud, program integrity, threats to the Agency's resources, employee integrity, cybercrimes, and theft of intellectual or sensitive data.

A significant portion of audit resources will be devoted to statutorily mandated work assessing the financial statements of EPA, as required by the Chief Financial Officers Act and the Accountability of Tax Dollars Act of 2002, respectively. The OIG work also will include assessing the information security practices of EPA as required by the Federal Information Security Management Act. The OIG will examine the delivery and performance of national programs, as well as specific cross-regional and single region or place based issues that represent a risk to public health and the environment in response to stakeholder concerns.

Based on prior work, cross-agency risk assessment, agency challenges, future priorities, and extensive stakeholder input, the OIG will concentrate its resources on efforts in the following strategic objectives and continuing or prospective assignment areas during FY 2019:

#### Sound and Economical Financial Management

- Annual mandated improper payments audit
- Internal controls, continuous assessment and risk management
- Annual mandated financial statements audits
- Audits of costs claimed by grantees and contractors
- Grant and contract administration
- Maximizing cost efficiencies and process improvement
- Capital investments in information technology, equipment, facilities and other items
- Technological changes create transformation opportunities
- Annual mandated travel card program, including risk assessment
- Annual mandated purchase card and convenience check program, including risk assessment
- Mandated Toxic Substances Control Act (TSCA) fees assessment in accordance with the Digital Accountability and Transparency (DATA) Act
- Efficiency and effectiveness of collection and payment processes

#### Efficient Processes and Use of Resources

- Management of Brownfields Program
- Partnering or 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

#### Ensuring the Integrity of EPA Information

- Protection from advanced persistent threats to steal/modify data
- 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
- File server security
- Processes for Managing Background Investigations and Plan of Action and Milestones
- Annual mandated audit of compliance with the Federal Information Security Modernization Act
- Oversight of Chief Information Officer's responsibilities under the Federal Information Technology Acquisition Reform Act
- Mandated readiness reviews of agency DATA act implementation efforts

#### 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

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

- Evaluation of the Management Audit Tracking System
- Evaluation of the Implementation of the Toxic Substances Control Act
- Oversight of Clean Water State Revolving Loan Funds
- Accessing EPA's policy, procedures, and internal controls to prevent or reduce improper computer use
- Evaluations of EPA's programs and activities to protect human health and the environment through progress toward air quality goals and compliance with requirements
- Evaluation of EPA's programs and adherence to requirements to protect and restore water that sustains human health and the environment
- Evaluation of EPA's programs, activities, requirements and initiatives to protect human health and the environment through hazardous waste cleanup, waste management, accident prevention and emergency response
- Evaluations of EPA's programs and requirements to protect human health and the environment from chemical risks, including implementation of the TSCA
- Evaluation of controls and processes in EPA's research and development programs that support EPA's core mission to protect human health and the environment

#### Investigations

The Office of Investigations' (OI) mission is to conduct criminal, civil, and administrative investigations of fraud, waste and abuse and serious misconduct within EPA's programs, projects, and resources. OI investigations are worked in conjunction with the U.S. Department of Justice, as well as state and local prosecutors, for criminal and civil litigation or with EPA management for administrative action. OI currently investigates the following: 1) fraudulent practices in awarding, performing, and paying EPA contracts, grants, or other assistance agreements; 2) program fraud or other acts that undermine the integrity of, or confidence in EPA programs, or create an imminent environmental risk; 3) laboratory fraud relating to data, and false claims for erroneous laboratory results that undermine the basis for decision-making, regulatory compliance, or enforcement actions; 4) violent or criminal threats directed against EPA employees or facilities; 5) criminal conduct or serious administrative misconduct by EPA employees; and 6) intrusions into and attacks against EPA's network supporting program data, as well as incidents of computer misuse and theft of intellectual property or sensitive/proprietary data. Special attention will be directed towards identifying the tactics, techniques, and procedures that are being utilized by cybercriminals to obtain EPA information.

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 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 operation.

### **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 also conducts reviews and analysis of proposed and existing policies, rules, regulations and legislation to identify vulnerability to waste, fraud and abuse. These reviews also consider possible duplication, gaps or conflicts with existing authority, leading to recommendations for improvements in their structure, content and application.

#### **Performance Measure Targets:**

(35C) Return on the annual dollar investment, as a percentage of the OIG budget, from audits and investigations.	<b>FY 2018 Target</b>	<b>FY 2019 Target</b>
	160	160
(35B) Environmental and business recommendations or risks identified for corrective action.	<b>FY 2018 Target</b>	<b>FY 2019 Target</b>
	460	460
(35A) Environmental and business actions taken for improved performance or risk reduction.	<b>FY 2018 Target</b>	<b>FY 2019 Target</b>
	196	196
(35D) Criminal, civil, administrative, and fraud prevention actions.	<b>FY 2018 Target</b>	<b>FY 2019 Target</b>
	87	75

#### **FY 2019 Change from FY 2018 Annualized Continuing Resolution (Dollars in Thousands):**

- (+\$5,542.0) This change to fixed and other costs is an increase due to the recalculation of base workforce costs for existing FTE due to adjustments in salary, essential workforce support and benefit costs.
- (-\$9,274.0/ -66.6 FTE) This program change is a reduction which will focus the amount of audits, program evaluations and investigative case work on the highest priority work to ensure the protection of critical environmental resources and the health and safety of the American people.

**Statutory Authority:**

Inspector General Act, as amended; Inspector General Reform Act.

**Inspector General Reform Act:**

The following information is provided pursuant to the requirements of the Inspector General Reform Act:

- the aggregate budget request from the Inspector General for the operations of the OIG is \$62 million (\$53 million Inspector General; \$9 million Superfund Transfer);
- the aggregate President's Budget for the operations of the OIG is \$46.2 million (\$37.5 million Inspector General; \$8.7 million Superfund Transfer);
- the portion of the aggregate President's Budget needed for training is \$700 thousand (\$574 thousand Inspector General; \$126 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 \$179 thousand (\$143.2 thousand Inspector General; \$35.8 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 2019".