



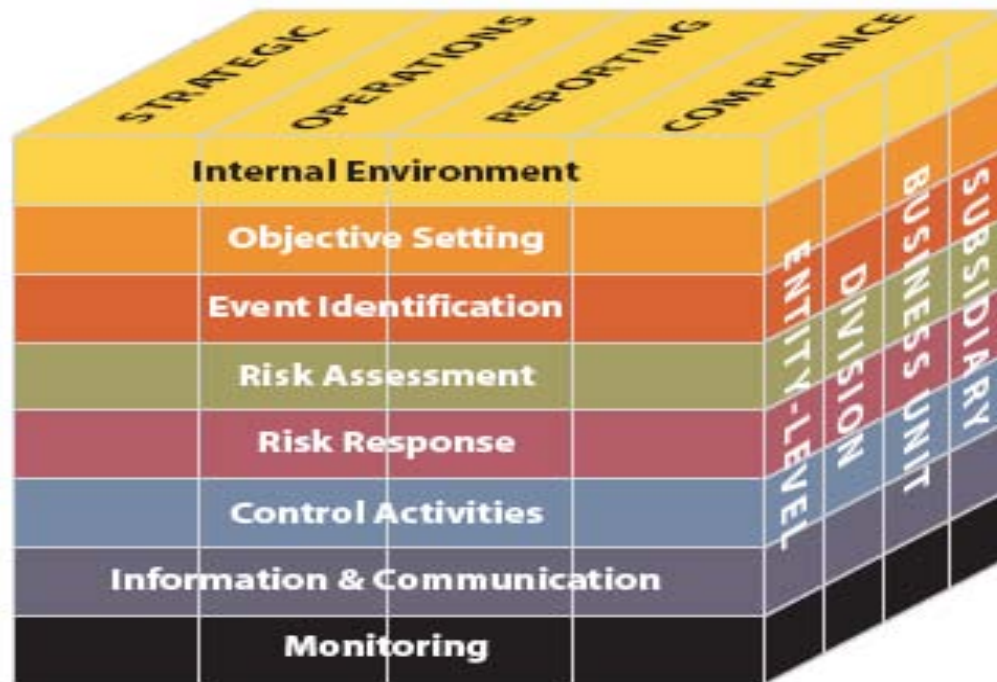
U.S. ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL

Catalyst for Improving the Environment

FY 2009 Annual Plan *with Strategic Plan Up-date*

Based Upon the Enterprise Risk Management Integrated Framework Model

Developed by the Committee of Sponsoring Organizations of the Treadway Commission



Environmental Protection Agency Office of Inspector General Strategic Plan FY 2009 Update

Goals:

1. Contribute to Improved Human Health and Environmental Quality
2. Contribute to Improved Business Practices and Accountability
3. Continuously Improve Office of Inspector General (OIG) Products and Services

Objectives: *(linked to OIG's Government Performance and Results Act/Budget Measures and Targets on Page 22)*

- Influence Programmatic and Business Actions, Savings and Risk Reduction for Improved Operational Efficiency, Accountability, Environmental Quality, and Public Health.
- Identify Recommendations, Risks, Weaknesses, Best Practices, and Opportunities for Operational and Environmental Improvements and Resource Savings.
- Leverage a Positive Dollar Return in Savings and Recoveries from Funds Invested in the OIG.
- Improve Operational and Program Integrity, Reduce Loss of Resources, and Promote Public Confidence in EPA through Detection and Prevention of Fraud, Waste, and Abuse.

Strategy: *(linked to the assignments listed in this plan)*

- Create an organizational structure and culture which maximizes the application of resources, information, measurement, technology, empowerment, teamwork, creativity, and communication for mutual accountability and efficient productivity.
- Plan assignments that fulfill all statutory and regulatory requirements, meet the needs of EPA's stakeholders, address EPA's most significant risks, and are outcome oriented to influence actable changes, savings, and long-term improvements.
- Implemented through Offices of Audit, Program Evaluation, Mission Systems and Investigations, based upon the Enterprise Risk Management Integrated Framework Model *(shown on the cover)* and focusing on the following **Themes**:
 - *Agency Research*
 - *Follow-up*
 - *Grants and Contracts*
 - *Homeland Security*
 - *Internal Controls/Risk Assessment*
 - *Manpower Assessment*
 - *Enforcement/Regulation Review*
 - *Program Management/Data Verification*
 - *Project Management*
 - *Effective Resource Management/Accountability*
 - *Superfund*

Mission of the Office of Inspector General (OIG) based upon the Inspector General Act of 1978 *(as amended)*

The OIG mission 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 Fiscal Year (FY) 2008, and those scheduled to be started in the first half of FY 2009, providing for unforeseen work in the latter part of the year which may be directed by a new Inspector General, and requests from new Agency leadership and Congress. Because this is a “living,” flexible document subject to change, the reader is encouraged to consult our Web page for the most current listing of recently issued reports at www.epa.gov/oig.

Implementation of this Plan is carried out through audits, evaluations, 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.

Primary sources of input for the assignments listed in this plan included a Risk Assessment across the Agency programs and operations based upon prior OIG work, Government Accountability Office (GAO) high risk assessments, congressional interest, Office of Management and Budget (OMB) priorities, Agency Program Assessment Rating Tool reviews, Agency vulnerability assessments under OMB Circular A-123 and the Federal Managers’ Financial Integrity Act (FMFIA), and identification of key Agency challenges and strategic planning priorities. Our current planning also reflects a direct outreach and solicitation of topics and assignment suggestions with EPA’s leadership during FYs 2006, 2007, and 2008. ***As a result, a significant number of new assignments listed in this Plan are responsive to the immediate concerns or requests of our clients. Other assignments are required or are self-initiated based upon our Themes of where we believe we can provide the greatest value and risk reduction to the Agency and the public interest.*** 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
Deputy Inspector General

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The OIG Annual Plan is produced by the OIG Office of Congressional, Public Affairs, and Management in conjunction with the OIG Deputy Inspector General and Assistant Inspectors General, with input from the EPA Administrator, Deputy Administrator, Assistant Administrators, and Regional Administrators, as well as congressional stakeholders and OMB.

This Plan is available in hard copy from the:

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Washington, DC 20460**

by calling (202) 566-2391, or

via the Internet at: www.epa.gov/oig

**To report fraud, waste, or abuse,
contact the OIG Hotline at:**

OIG_Hotline@epa.gov

or

1-888-546-8740

EPA Office of Inspector General Annual Plan: Identifying the Risks *The Criteria for Developing and Selecting Assignments*

The OIG reviewed the major risks, challenges, and planning priorities across EPA as well as those solicited from Agency Leadership to obtain their first-hand input in helping us identify and select OIG products and topics that would be of greatest benefit to them and the American public that they serve. This section summarizes and applies the key Agency-wide risks, issues, and management challenges, as the basis for the types of work assignments requested, developed, and selected for this FY 2009 plan.

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

Threat and Risk Assessments: The Agency does not comprehensively assess threats to human health and the environment across media to ensure EPA's actions are planned, coordinated, designed, and budgeted to most efficiently and effectively address environmental risks. The fragmentary nature of EPA's approach continues because environmental laws often focus on single media or threats. As a result, Agency goals and units are designed to implement separate legislative mandates and available solutions to address specific pollutant sources.

EPA's Organization and Infrastructure: EPA maintains 204 offices and laboratories in 144 locations with over 18,000 staff members. With diminishing resources, the autonomous nature of regional and local offices, and the growing pressure to expand its role globally, EPA will be challenged to assess the efficiency and effectiveness of its current structure to identify opportunities for consolidating and reducing operating costs.

Performance Measurement: EPA must focus on the logic and design of its measures for success and efficiency, along with data standards and consistent definitions, to ensure that accurate, timely, and meaningful information is used to evaluate and manage EPA programs, operations, processes, and results.

Water and Wastewater Infrastructure: Drinking water and wastewater treatment systems are wearing out, and it will take huge investments to replace, repair, and construct facilities.

Meeting Homeland Security Requirements: EPA needs to implement a strategy to effectively coordinate and address threats, including developing a scenario to identify resource needs, internal and external coordination points, and responsible and accountable entities.

Oversight of Delegations to States: Implementing EPA's programs, enforcement of laws and regulations, and reporting on program performance has largely been delegated to States and tribes, with EPA retaining oversight responsibility. However, inconsistent capacity and interpretation of responsibility among State, local, and tribal entities limit accountability for and compliance with environmental programs and laws.

Chesapeake Bay Program: After 20 years of effort by federal, State, and local governments, Bay waters remain degraded and required nutrient and sediment reductions will not be met by the 2010 target. EPA needs to institute management controls ensuring that actions to manage land development, agricultural runoff, nutrient reduction technology, and air emissions are implemented, and that consistent sources of funding are identified by EPA partners.

Voluntary Programs – Update: EPA must ensure that applying voluntary approaches and innovative or alternative practices to provide flexible, collaborative, and market-driven solutions for measurable results are managed using standards, consistent processes, and verifiable data, to ensure that programs are efficiently and effectively providing intended and claimed environmental benefits.

OIG Identified - EPA Internal Control Risks and Deficiencies

- Information Technology Systems Development and Implementation
- Program Evaluation
- Superfund Cost Recovery
- Superfund Site Deletions
- Efficient Use of Available Funds
- Audit Follow-up
- Tribal Environmental Capacity Building
- Data Quality and Standards
- Privacy Program
- Workforce Planning

GAO Identified - EPA High Risk Areas

- Environmental Information
- Human Capital Management
- Chemical Regulation
- Risk Assessment
- Financial Management Practices
- Management of Leaking Underground Storage Tanks
- Enforcement and Compliance Activities
- Strategies for Managing Watersheds

EPA Identified Management Challenges, Risks, Priorities, Issues

The following information identifies cross-cutting risks that the OIG identified through outreach solicitations and meetings with EPA Leadership.

1. Emergency Preparedness/Homeland Security

- Preparedness for emergencies (natural or manmade disasters).
- Protection of drinking water (Water SENTRY program).
- Waste Management.
- Data Security and Protection Controls.
- Clarification of roles and responsibilities (within EPA, between federal agencies and States).

2. Stove-Piped Organizational Planning

- EPA operates by implementing original authorizing legislation of specific media – instead of holistically
- 30 federal agencies with an environmental mission need better coordination in planning and implementation.
- Lack of direct lines of authority (coordination) among and between Assistant Administrators and Regions.
- Plans, resources, data, authority, and measures are not aligned with risks and priorities across EPA.
- Better collaboration internally and with stakeholders needed to align processes, leverage resources, implement controls, reduce duplication, and align resources with priorities.

3. Data Quality & Systems/Security/Availability/Consistency of Reporting

- Information drives the decision making process, but there are gaps and inconsistencies.
- Questions exist as to whether EPA is collecting the right data, of sufficient quality, and making that data available.
- EPA's information systems are not aligned for efficiency, consistency, accessibility, and security.
- Control of laboratory data, personally identifiable information, and confidential business information outside of EPA, especially related to registration and re-registration of pesticides and other formulas regulated by the Toxic Substances Control Act.
- Agency programs need a consistent approach for determining relative risk and demonstrating outcome results.

4. Performance Measurement/Funding

- Agency programs need a consistent approach for determining relative risk and demonstrating outcome results.
- Need a clear linkage between goals, resources, processes, actions taken, and outcomes within EPA and by its partners.
- No standards or agreement among stakeholders upon which to base measures of environmental risk and outcomes (States vs. national).
- Program efficiency, progress, and results are not measured meaningfully.
- EPA does not know what things cost and what efficiency measures are needed.
- Who will pay for needed infrastructure investment?
- How can EPA use creative financing and leverage funding through public-private partnerships?
- What role can the OIG perform to help with Agency program assessments?

5. Compliance/Enforcement – Federal/State/Tribal Responsibilities/Capacity

- Differences exist in the ways environmental laws are monitored and enforced within EPA and between States/tribes.
- Federal vs. State roles and economic compliance incentives vs. enforcement.
- Monitoring requirements are under funded.

6. Grant Management/Monitoring/Grantee Capacity

- Half of the Agency's budget is for assistance agreements to grantees – fund management and accountability is generally beyond EPA's control once the funds are distributed.
- Highest risk in the grants management process is at the point that funds are spent – by grantees – sometimes commingled with a variety of other sources of grant funds.
- Grantees have limited capacity or incentives to account for funds or performance.
- EPA lacks resources to adequately monitor grants, and lack uniform reporting and accountability conditions.
- EPA needs to execute and manage grants for measurable success with their intended goals.

7. Human Capital Management – Skill gaps/alignment with functions

- EPA needs workforce analysis and to implement its Human Capital Strategy to identify and fill skill gaps.
- Redirect recruitment approach and development to close identified competency gaps.

8. Financial Management/Contracting (accounting for cost of performance)

- Agency needs to manage its resources and the performance of contractors to optimize their value added.
- Operational controls are needed to protect and account for costs, assets, information and performance.
- EPA's FMFIA and OMB Circular A-123 process needs stronger implementation.
- Working Capital Fund does not have the transparency or accountability to prove its efficiency.
- Agency management needs a greater understanding of, and accountability for, taking agreed-to actions on OIG recommendations. OIG recommendations need to be specific, and OIG should only accept specific, responsive, and measurable proposed Agency actions.

9. Policy and Regulation Setting, Review, and Implementation

- The Agency's regulatory process is extremely complex and needs streamlining without reducing its required integrity.
- There may be risks of overlap gaps and conflicts from competing interests of stakeholders and regulated community.
- Many policies are out of date or based upon outdated science and technology.

10. Risk Measurement, Characterization, Innovation, and Communication

- EPA needs to use a consistent approach to evaluate actual and relative environmental and operational risk and program effectiveness, assign resource priorities, make regulatory decisions, take enforcement actions, and inform its stakeholders.
- Ensure the integrity of laboratory data, results, and scientific research; and that the timely transfer of knowledge and innovative technology is applied in the regulatory and policy process.

EPA Office of Inspector General Annual Plan: The Strategy

Based on prior work, cross Agency risk assessment, Agency challenges, future priorities, and customer input, we have chosen the following themes to develop and prioritize our FY 2009 work. These themes were chosen to address cross Agency weaknesses, vulnerabilities, and opportunities for significant Agency improvement through opportunities for greater savings, efficiency, and risk reduction.

Results measurement has been expanded to include all aspects of measurements under the category of Program Management and Data Verification, including availability, quality, accuracy, validity, and management. This has been a major management challenge in EPA in past years. 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 and the Agency self-certifies that agreed-to actions are completed. Without verification and reporting of recommendations that remain outstanding, the OIG and Agency management cannot be sure that appropriate actions have been taken to resolve problems or improve conditions.

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 challenges for national 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/Risk Assessment

Managing and ensuring the integrity of 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. The risk of resource waste or loss, environmental danger to the public, or failure to accomplish mission objectives due to a lack of controls or fraud is increased as monitoring and accountability is diminished internally as well as by contractors and grantees.

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 and 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 programs are delegated and have integrated relationships. As the work changes and the roles of the Agency change in relation to its partners, laws, and goals, EPA needs to accurately assess workforce allocation within its organizational structure to determine the correct number and location 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. Enforcement of environmental laws and regulation is often fragmented and inconsistent as it is carried out differently among the various federal, State, tribal, and local government entities. Jurisdictional, interpretation, and coordination questions can undermine program effectiveness.

Program Management/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 control costs and performance.

Spending Effectively/Financial/Overhead/Effective Resource Management

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, underground storage tank fields, Superfund sites, Resource Conservation and Recovery Act sites, Base Realignment and Closure sites, 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 OIG 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 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 by contacting (202)-566-2617.

THE PLAN: CONTINUING AND NEW ASSIGNMENTS

EPA Office of Inspector General FY 2009 Annual Plan: Audit Plan

The Office of Audit: Office of Inspector General audit work focuses on four areas: assistance agreements and contracts; financial audits, risk assessment and program performance, and forensic audits. 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, contracts, and operational activities;
- 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
- review of EPA's risk assessment processes, and allocation/application of human resources.

Audits are conducted through four Product-lines. Specific assignment titles are listed on the following pages under each Product-Line.

- **Assistance Agreements and Contracts**
- **Forensic Audits**
- **Financial Audits**
- **Risk Assessment and Program Performance**

Assistance Agreements and Contracts:

Is EPA using assistance agreements and contracts to efficiently and effectively accomplish its mission?

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

Contact: Janet Kasper (312) 886-3059

OIG Themes Covered

- Grants and Contracts
- Spending Effectively
- Internal Controls/Risk Assessment
- Follow-up

Carryover Assignments from FY 2008

- Desk Review of the FY 2004 Single Audit for Worthington, WV
- Consulting Contracts - Outreach and Voluntary Programs
- Follow-up Audit on Alaska Village Safe Water Program Single Audits
- Independent Government Cost Estimates for EPA Contracts
- Financial Audits of Grants to the National Tribal Environmental Council
- Review of Contractor Invoices
- State Revolving Fund Reserves
- Follow-up on the 2006 Audit of EPA's Critical Infrastructure and Key Resources Protection Plan

New Assignments Planned for FY 2009

- Financial audits of EPA's assistance agreement recipients
- EPA Management of Special Appropriation Act Project (SAAP) grants
- EPA Planning for Acquisitions Needed During National Emergencies
- Follow-up on Defense Contract Audit Agency Reports
- Management of Work Assignment Costs
- Office of Acquisition Management Quality Assurance Plans
- Single Audit Program

Forensic Audits:

Is EPA sufficiently protected against the risk of fraud, waste, and abuse in its grants, contacts, and internal operations?

Robert Adachi (415) 947-4537

Contact:

OIG Themes Covered

- Grants and Contracts
- Internal Controls/
Risk Assessment
- Superfund

Carryover Assignments from FY 2008

- SAAP Grant Awarded to the Mille Lacs Band of Chippewa Indians
- Alaska Native Tribal Health Consortium
- SAAP Grant Awarded to Blackfoot, ID
- SAAP Grant Awarded to Miami-Dade Water and Sewer Department
- SAAP Grant Awarded to Rupert, ID
- SAAP Grant Awarded to Thomas, WV
- SAAP Grant Awarded to Wheeling, WV
- SAAP Grant Awarded to Washoe County, NV
- Fraud, waste, and abuse at contractors

New Assignments Planned for FY 2009

- Fraud, waste, and abuse at SAAP grantees
- Fraud, waste, and abuse at not-for-profit grantees
- Fraud, waste, and abuse at contractors
- Controls over Purchase Card transactions
- Superfund Claims

Financial Audits:

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

Paul Curtis (202) 566-2523

Contact:

OIG Themes Covered

- Resource Management
- Follow-up
- Superfund
- Grants and Contracts
- Internal Controls/
Risk Assessment

Carryover Assignments from FY 2008

Audits of:

- FY 2008 EPA's Financial Statements
- US Chemical Safety and Hazard Investigation Board FY 2008 Financial Statements

New Assignments Planned for FY 2009

Audits of:

- Agreed Upon Procedures – EPA's First Quarter FY 2009 Financial Statements
- Unliquidated Obligations in Federal Special Accounts
- Unliquidated Obligations in Superfund Cooperative Agreements (selected States)
- Billing and Collection of Fines and Penalties
- FY 2009 EPA Financial Statements
- FY 2008 Financial Statements: Pesticides Reregistration and Expedited Processing Fund (FIFRA)
- FY 2008 Financial Statements: Pesticides Registration Fund (PRIA)
- US Chemical Safety and Hazard Investigation Board FY 2009 Financial Statements

Risk Assessment and Program Performance:

Does EPA have the control systems in place to identify and prevent the misuse of resources, assess its human capital needs, and determine if its program processes are efficient and goals are being achieved?

Patrick Gilbride (303) 312-6969

Contact:

OIG Themes Covered

- Manpower Assessment
- Grants and Contracts
- Internal Controls/
Risk Assessment
- Program Management/
Data Verification

New Assignments Planned for FY 2009

- Controls over EPA's Manpower Activities
- EPA's Management of the Underground Storage Tank Program
- 2009 Internal Control Weaknesses and Management Challenges
- FMFIA Review of ORD Labs/Centers/Offices

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 OIG has reported management challenges in a number of key information resource management areas.

Information Collection and Quality: Do EPA's data collection methods ensure the appropriate type, quantity, and quality of data is collected for the intended purpose?

Information Technology Investment Management: Has EPA implemented well-structured and effective processes to ensure investments in information technology recourses achieve the desired result?

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?

Rudy Brevard (202) 566-0893

Contact:

OIG Themes Covered

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

Carryover Assignments from FY 2008

- Data Quality Audit of Enforcement and Compliance History Online (ECHO) System (Contracted)
- Data Quality Audit of Integrated Contracts Management System (ICMS) (Contracted)
- FY 2008 Federal Information Security Management Act (FISMA) Audit (Contracted)
- IT Audit Support to the Fiscal 2008 Financial Statement Audit
- Management Oversight Review of Institutional Controls Tracking System (ICTS) Project
- Quality of Self Reported Data in EPA's Information Security Weakness and Remediation System
- EPA's Efforts to Remediate Identified Information Security Weaknesses (Follow-up)
- Quality of Data in EPA's Air Quality System (AQS) (Contracted)
- Quality of Data in EPA's Resource Conservation and Recovery Act Information (RCRA Info) System (Contracted)

New Assignments Planned for FY 2009

- EPA's Use of the Exchange Network for Environmental Information Reporting Phase II
- Follow-up on EPA's Use of the Exchange Network for Environmental Information Reporting Phase I
- Audit of EPA's System Development Activities
- FY 2009 FISMA Audit
- IT Audit Support to the Fiscal 2009 Financial Statement Audit
- US Chemical Safety and Hazard Investigation Board - FY 2009 FISMA Audit (Contracted)
- Assessment of EPA's Internal and External Network Traffic Management Practices

EPA Office of Inspector General Annual Plan: Evaluations and Special Reviews Plan

Program Evaluations and Special Reviews Conducted by the Office of Program Evaluation

Program evaluations and special reviews assess and answer specific questions about how well a program is working. They 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. They 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.

Evaluations for FY 2009

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. The Office of Program Evaluation is also mandated to evaluate how well EPA is managing and administering the Superfund.

Assignments concentrate on themes of Research, Enforcement, Homeland Security, Superfund, Data Verification, and Internal Controls, reflecting our attention to the Agency's mission, operational, and systemic risks. The evaluation staff is flexible, producing effective analyses in any assigned area. Evaluation topics and priorities in our FY 2009 Plan are driven by our assessment of organizational risk input from EPA's leadership, the Congress, and stakeholders in relation to available resources. Program evaluations are conducted through five product lines. Specific assignment titles are listed on the following pages under each product line.

- **Air and Research**
- **Land and Superfund**
- **Water and Enforcement**
- **Cross Media**
- **Special Reviews**

Air and Research

Research: Is EPA effectively and efficiently planning, managing, conducting, and overseeing research and its by-products to address the Agency's current and future needs and safeguarding the public from hazardous risks?

Air Toxics: Is EPA obtaining sufficient data that are both valid and reliable to measure performance, guide decision-making, and assessing and managing risks provide reasonable assurance of progress towards goals and provide adequate protection to the public?

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

Rick Beusse (919) 541-5747

Contact:

OIG Themes Covered

- Project Management
- Data Verification
- Internal Controls
- Follow-up
- Resource Management
- Research & Development (R&D)

Carryover Assignments from FY 2008

- Effectiveness of Efforts to Address Air Emissions at Selected U.S. Ports
- Independent Evaluation of Continuous Emissions Monitoring System Calibration
- Evaluation of EPA's Clean Air Act Section 112(r) Risk Management Program
- Evaluation of the use of remote sensing data to assess environmental contamination at selected Superfund sites
- Assessment of EPA's Certification Program to Certify Radon Test
- EPA Peer Review Panels

New Assignments Planned for FY 2009

- R&D – Assessment of ORD's Research to Meet the Needs of Selected EPA Program Offices
- R&D – Assessment of EPA Efforts to Monitor, Evaluate, and Act on Threats from the Production, Use and Disposal of Nanotechnology Products/ Nanomaterials
- Air Toxics – EPA Awareness and Tracking of Selected Toxic Materials Shipments

Water and Enforcement

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?

Dan Engelberg (202) 566-0830

Contact:

OIG Themes Covered

- Resource Management
- Data Verification
- Project Management
- Internal Controls
Enforcement, Regulation
Review

Carryover Assignment from FY 2008

- EPA's Role Ensuring Compliance with Wetlands Requirements

New Assignments Planned for FY 2009

- High Priority Violations
- EPA's Efforts to Ensure States Set Water Quality Standards to Protect the Nations Waters from Excess Nutrients
- Resource Conservation and Recovery Act Corrective Action Universe

Land and Superfund

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?

Carolyn Copper (202) 566-0829 *All Assignments Cover Superfund Program Activity*

Contact:

OIG Themes Covered

- Follow-up
- Superfund
- Enforcement
- Regulation Review
- Internal Controls
- Resource Management
- Homeland Security

Carryover Assignments from FY 2008

- Efficiency of Superfund Cost Recovery
- Superfund Site Sampling
- Utilization of Superfund Special Accounts

New Assignments Planned for FY 2009

- EPA Efforts to Address Vapor Intrusion at Superfund and Brownfield Sites
- Ensuring Long-Term Safety at Federal Facility Superfund Sites
- Independent Site Sampling

Cross Media

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?"

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

Jeffrey Harris (202) 566-0831

Contact:

OIG Themes Covered

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

Carryover Assignments from FY 2008

- Evaluation of EPA's Climate Change Research
- Validity of the Energy Star Partnership Program's Reported Savings
- Testing of Energy Star Products
- Evaluation of EPA's Continuity of Operations Plan

New Assignments Planned for FY 2009

- Evaluation of U.S. Great Lakes Areas of Concern
- Evaluation of EPA's process for detecting and preventing un-registered pesticides from re-entering the U.S. food supply on imported foods
- Evaluation of EPA procedures to review and oversee chemicals regulated under the Toxic Substances Control Act
- Follow-up on the 2004 Evaluation of the Office of Children's Health Protection

Special Reviews

Special Reviews – Evaluation of Hotline Complaints

Contact: Eric Lewis (202) 566-2664

OIG Themes Covered

- Internal Controls
- Resource Management
- Enforcement, Regulation Review

New Assignments Planned for FY 2009

- Hotline Reviews
- Congressional or Management Requests and Inquiries

Office of Congressional, Public Affairs, and Management

The Office of Congressional, Public Affairs, and Management (OCPM) serves as the bridge between the EPA OIG and Congress, the public, and the media. Some staff provide liaison with Congress and the media, and editorial support to the OIG. OCPM receives complaints through the OIG hotline and, if appropriate, the OIG conducts reviews and publishes reports of findings and recommendations. OCPM fulfills the requirements of the Inspector General Act by coordinating the review of existing and proposed legislation, regulations, and policy. OCPM also implements requirements of the Inspector General 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, and coordinates OIG's internal FMFIA program. Additionally, OCPM coordinates OIG annual and strategic planning as well as human resources, budgeting, financial management, controllership, and contracting functions.

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

Special Reviews (New Special Review Assignments in FY 2009 will be performed by the Office of Program Evaluation)

Contact: Eric Lewis (202) 566-2664

OIG Themes Covered

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

Carryover Assignments from FY 2008

- Perchlorate Technical Review
- Review of Applications of Science in a Sample EPA Regulation
- Review of Office of Administration and Resources Management Reorganization – Information Technology issues
- Scientific Uncertainty about Perchlorate
- Unaccredited Colleges and Universities
- Office of Solid Waste and Eme
- Agency Response Regional Public Liaison

Follow-up Reviews, Coordination, and Reporting:

To what degree is the Agency taking the agreed-to actions on OIG recommendations?

Michael Binder (202) 566-2617

Contact:

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?

Gary Greening (202) 566-1504

Contact:

OIG Themes Covered

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

Carryover Assignment from FY 2008

- OIG Followup Coordination and Semiannual Compendium Report on Unimplemented Actions on OIG Recommendations

New Assignments Planned for FY 2009

- Policy Coordination, External Policy, Exposure Draft, Regulation Review
- Revision of EPA Manual 2750
- OIG Follow-up Coordination and Semiannual Compendium Report on Unimplemented Actions on OIG Recommendations
- Analysis of OIG Close-out and Agency Follow-up Management Processes
- OIG Annual Performance Report
- OIG Annual Internal FMFIA Report

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. OI receives 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. OI has identified the following major areas on which to focus: financial fraud (contracts, assistance agreements), computer crimes, infrastructure/terrorist threat, program integrity, and theft of intellectual or sensitive data.

Investigations:

OIG focuses 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.

Stephen J. Nesbitt (202) 566-0819

Contact:

OIG Themes Covered

- Data Verification
- Enforcement/Regulation

Review

- Internal Controls
- Grants and Contracts
- Superfund
- Homeland Security
- Follow-up

Investigations begun prior to FY 2009 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 which could undermine or erode the public trust.
- Contract 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.
- Form an Emergency Response Team (ERT) to respond to national or regional disasters. The ERT will proactively address high-risk financial resources and provide generalized law enforcement support to critical EPA assets and activities. This proactive approach will ensure a quick assessment of the possible threat that might impair EPA's ability to execute its critical safety response mission.
- Further enhance our knowledge, skills, and abilities to ferret out financial crimes targeting EPA financial resources.

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 2009 President's Budget for the OIG is \$46.5 million*, including Superfund work and work supporting the Chemical Safety and Hazard Investigation 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 09 Targets*
Environmental and Business Actions Taken for Improved Performance and Reduction of Risk from or influenced by 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 	318
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 	903
Potential Monetary Return on 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 	(\$55.8 million) 120% ROI
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) 	80

**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 Inspector General independence, the Inspector General Act explicitly restricts the Inspector General from making or deciding on Agency policies. The Generally Accepted Government Auditing Standards provide specific criteria limiting what Advisory Services, defined as non-audit 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 Non-audit Services

The following two overarching principles apply to auditor independence when assessing the impact of performing a non-audit service for audited entities:

- audit organizations must not provide non-audit services that involve performing management functions or making management decisions, and
- audit organizations must not audit their own work or provide non-audit services in situations where the non-audit 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 non-audit service, audit organizations should evaluate (1) ongoing audits; (2) planned audits; (3) requirements and commitments for providing audits, which include laws, regulations, rules, contracts, and other agreements; and (4) policies placing responsibilities on the audit organization for providing audit services. If requested to perform non-audit 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 non-audit service would impair the auditor's independence with regard to subsequent audit or attestation engagements.

Non-audit Services That Impair Independence

By their nature, certain non-audit 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 non-audit by the same person providing the non-audit services under the overarching independence principle that auditors must not audit their own work.