

QUARTERLY UPDATE



U.S. Environmental Protection Agency Office of Inspector General



This update highlights oversight activities of the U.S. Environmental Protection Agency Office of Inspector General from April 1 to June 30, 2023. Below are some activities of note.

Agency Outreach. Inspector General Sean W. O'Donnell met separately with the EPA administrator and deputy administrator to raise concerns regarding access issues involving senior official misconduct and to obtain the Agency's commitment to improve its whistleblower policies and practices.

Congressional Engagement. In April, the IG testified before Congress on the OIG's efforts to protect taxpayer and touched on the OIG's commitment to whistleblowers and helping the EPA make improvements in grants management and scientific integrity. His opening statement is available on our [website](#). Additionally, the IG met with members of Congress to discuss oversight priorities and funding, and OIG personnel provided briefings to congressional staff on OIG work, including a [March report](#) on scientific integrity.

Whistleblowers. Recognizing the important role whistleblowers play in good governance and oversight, the EPA OIG announced a new [Cash Awards Program](#) in May to reward disclosures of fraud, waste, or mismanagement that result in a cost savings to the EPA or U.S. Chemical Safety and Hazard Investigation Board, or CSB.

New Task Force. In May, the EPA OIG joined the U.S. Department of Justice and 15 other federal law enforcement agencies and OIGs to form the Puerto Rico and U.S. Virgin Islands Environmental Crimes Task Force. The task force will investigate and prosecute federal environmental crimes in the region.

New Logo. The EPA OIG unveiled a new logo in June that symbolizes the OIG's independence, oversight mission, and organizational values. In addition, the OIG is updating the look of its reports and other communications.

IIJA. For a complete update on our oversight efforts related to the Infrastructure Investment and Jobs Act, or IIJA, see the dedicated IIJA section at the end of this newsletter.

By the Numbers

**PRODUCTS
ISSUED**
11

**PROJECTS
INITIATED**
9

**RECOMMENDATIONS
MADE**
6

**PROJECTS
ONGOING**
45

OVERSIGHT PROJECTS ISSUED

Click on the title to read the report.



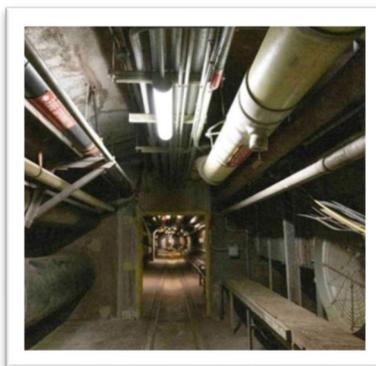
Management Implication Report: Disclosure of Foreign Support for EPA Research Grants **April 13, 2023**

The EPA OIG identified a concern regarding the lack of a requirement for EPA research grant recipients to report foreign support after receiving a grant award. As of March 22, 2023, the EPA only required grant applicants to disclose all active and pending research support before receiving a grant award.



Findings for Consideration in the Management of Congressional Earmarks **April 20, 2023**

From our review of prior OIG reports, we identified three areas for improvement that the EPA should consider as it administers and oversees congressional earmarks: (1) ensure grant work plans adhere to EPA policies and align with strategic goals; (2) ensure policies and procedures are in place to address the timely award and use of earmarked funds; and (3) ensure compliance with grant terms and conditions.



EPA Region 9 Must Continue Oversight Throughout the Decontamination and Closure of the Red Hill Facility **April 25, 2023**

The EPA's regulatory oversight of authorized state programs for underground tanks or drinking water quality would not reasonably have identified the sequence of events that led to the drinking water contamination incident. However, the planned defueling process and decontamination efforts will require significant coordination among Region 9, the Hawaii Department of Health, and the Navy to minimize potential contamination and clearly communicate health and environmental risks to the public.



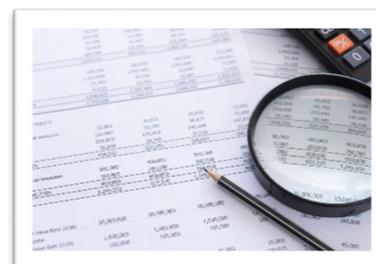
Infrastructure Investment and Jobs Act Oversight Plan – Year Two **April 27, 2023**

The IIJA Oversight Plan describes the OIG's planned and ongoing audit and evaluation projects for fiscal year 2023, or Year 2, and beyond. It also shows the distribution of our planned and ongoing work, which encompasses 26 projects related to programs expected to receive a combined \$58.4 billion, or 96 percent, of the \$60.9 billion in IIJA appropriations to the EPA.



The CSB Is at Increased Risk of Losing Significant Data as Vulnerabilities Are Not Identified and Remediated Timely **May 2, 2023**

The U.S. Chemical Safety and Hazard Investigation Board could improve and strengthen its cybersecurity program by resuming monthly vulnerability scanning. Vulnerability scanning will allow the CSB to identify and remediate vulnerabilities in a timely manner and decrease its risk of loss of data or disruption to agency operations.



The EPA Complied with the Payment Integrity Information Act for Fiscal Year 2022 **May 16, 2023**

Based on our audit, the EPA complied with the required elements of Appendix C of Office of Management and Budget Circular A-123 and the Payment Integrity Information Act of 2019 in fiscal year 2022. We will evaluate EPA's implementation of corrective actions in our fiscal years 2023 and 2024 compliance audits.

OVERSIGHT PROJECTS ISSUED

Click on the title to read the report.



[*The CSB Complied with Improper Payments Requirements in Fiscal Year 2022 but Should Improve Internal Controls for Improper Payments Reporting*](#) May 17, 2023

In fiscal year 2022, the CSB complied with the requirements of the Payment Integrity Information Act of 2019 and the applicable Office of Management and Budget guidance. Despite the CSB's overall compliance with the Act, we identified deficiencies in its processes for determining and recording improper payments.



[*Semiannual Report to Congress: October 1, 2022 – March 31, 2023*](#) May 2023

This Semiannual Report to Congress summarizes how the EPA OIG achieved its mission of preventing and detecting fraud, waste, abuse, mismanagement, and misconduct related to the programs and operations of the EPA and the CSB during the reporting period of October 1, 2022, through March 31, 2023.



[*Management Implication Report: Conflicts of Interest in Small Business Innovation Research Solicitations and Contracts*](#) June 15, 2023

The EPA OIG identified that the EPA's SBIR Phase I solicitation for fiscal year 2022–2023 did not include information on how applicants could avoid and mitigate conflicts of interest. Additionally, the solicitation did not include the contract clauses that would require award recipients to immediately notify the EPA of organizational or personal conflicts of interest that arise during the course of performance of the contract.



[*The EPA Could Not Readily Identify More Than \\$162 Million in Water Infrastructure Improvements for the Nation Act Grant Funds*](#) June 20, 2023

While conducting an audit to determine whether the EPA distributed Water Infrastructure Improvements for the Nation Act funds to replace lead service lines in disadvantaged communities in adherence with applicable guidance, the EPA OIG identified that the EPA had several discrepancies with its tracking and monitoring of the WIIN Act's grant funding for its Small, Underserved, and Disadvantaged Communities program.



[*Report of Investigation: Katherine A. Lemos, Former Chairperson and Chief Executive Officer, U.S. Chemical Safety and Hazard Board Investigation*](#) June 28, 2023

This EPA OIG investigation addressed allegations that Dr. Katherine A. Lemos improperly used CSB funds on travel, training, and office furniture and hired two senior aides on a noncompetitive basis while serving as the chairperson for the CSB.

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OVERSIGHT PROJECTS INITIATED

Click on the title to read the project notification.

Evaluation of the Effectiveness of the EPA's Community Engagement Regarding the Findett Corp. Superfund Site in St. Charles, Missouri

April 13, 2023

Our objective is to determine whether the EPA adhered to federal laws, regulations, and EPA guidance pertaining to community engagement standards and practices at the Findett Corp. Superfund Site.

Audit of the EPA's Guidance for the Use of Infrastructure Investment and Jobs Act Drinking Water State Revolving Fund Emerging Contaminants Funding

April 18, 2023

Our objective is to determine the extent to which the EPA provided state agency officials with guidance for the use of Drinking Water State Revolving Fund emerging contaminants funding, in accordance with the IJA requirements and related federal implementation guidance.

Audit of the EPA's Compliance with the Federal Information Security Modernization Act for FY 2023

April 21, 2023

Our objective is to assess the EPA's compliance with the Office of Management and Budget's Fiscal Year 2023 Inspector General FISMA Reporting Metrics.

Evaluation of the EPA's Trusted Workforce Enhanced Personnel Security Program Implementation

May 25, 2023

Our objective is to determine the EPA's progress in implementing a fair and effective enhanced personnel security program in accordance with the Director of National Intelligence's performance standards.

Audit of the CSB's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2023

June 13, 2023

The objective of the audit is to assess the CSB's compliance with the Office of Management and Budget's Fiscal Year 2023-2024 Inspector General Federal Information Security Modernization Act of 2014 (FISMA) Reporting Metrics.

Audit of the EPA's Fiscal Years 2023 and 2022 Consolidated Financial Statement

June 14, 2023

We are conducting this audit to express an opinion on the EPA's financial statements and notes. Additionally, our objectives are to determine whether the EPA's financial statements are fairly presented in all material respects in accordance with generally accepted accounting principles; internal controls over financial reporting are in place; and management has complied with applicable laws, regulations, contracts, and grant agreements.

The EPA's Unliquidated Obligations in Programs Receiving Infrastructure Investment and Jobs Act Funding

June 26, 2023

Our objective is to determine the amount of fiscal year 2018-2023 unliquidated obligations for programs receiving supplemental funding from the IJA.

The EPA's Build America, Buy America Act Waivers on Infrastructure Projects

June 27, 2023

Our objective is to quantify the extent to which the EPA is issuing Build America, Buy America Act waivers for infrastructure projects. We plan to conduct work at the EPA's Office of Water, Office of Air and Radiation, Office of Land and Emergency Management and the Office of Mission Support.

Audit of the EPA's Water Infrastructure Set-Aside Grants to Tribes

June 28, 2023

Our objective is to determine the extent to which the EPA prioritizes and awards Infrastructure Investment and Jobs Act funds to tribes through the Clean Water Indian Set-Aside Grant Program and the Drinking Water Infrastructure Grants Tribal Set-Aside Program, in accordance with applicable statutes, regulations, and EPA guidance.



IIJA OVERSIGHT ACTIVITIES

The EPA OIG continues its robust oversight of the more than \$60 billion the EPA will receive under the IIJA for water infrastructure improvements, environmental pollution cleanups, school bus emissions reductions, and more.

In April, the OIG issued the [IIJA Oversight Plan](#) for fiscal year 2023 and beyond that describes the OIG’s 18 planned and eight ongoing audit and evaluation projects related to IIJA programs and expenditures. The graphic to the right shows how the OIG is distributing oversight across the EPA’s IIJA-related programs. The OIG maintains an [IIJA Oversight page](#) on its public website to provide continuous updates as work is completed or announced. Also available on the public website is an interactive [IIJA spending dashboard](#) that shows how EPA funding offices and programs are disbursing IIJA funds and which states and territories are receiving them.

In addition, IG O’Donnell testified at an April [hearing](#) before the House Committee on Space, Science, and Technology. He outlined the OIG’s concerns and oversight efforts related to the EPA’s implementation of IIJA funding.

The OIG also continued proactive outreach to EPA staff and other stakeholders who will manage, receive, or oversee IIJA funds. For example, the IG spoke at separate events addressing leaders from the State Revolving Fund community and water industry professionals from around the country. Likewise, other OIG leaders and staff delivered briefings to educate key stakeholders on the OIG’s role in overseeing IIJA funds, raise awareness of fraud prevention and mitigation strategies, and highlight the OIG Hotline as a means for reporting suspected wrongdoing or mismanagement in the EPA’s IIJA programs.

EPA OIG investigators also participate in an IIJA Task Force with partner oversight and law enforcement agencies and Department of Justice prosecutors. The group coordinates oversight and collaborates to implement best practices for protecting taxpayer-funded projects receiving IIJA funds.

EPA IIJA Funding: \$60.9 Billion



- **DWSRF – Traditional, Lead Service Lines**
 \$26.7 B
 1 ongoing project, 3 planned projects
- **CWSRF – Traditional**
 \$11.7B
 3 ongoing projects, 5 planned projects
- **Emerging Contaminants**
 \$10B
 1 ongoing project, 1 planned project
- **Clean School Bus**
 \$5B
 1 ongoing project, 1 planned project
- **Superfund**
 \$3.5B
 1 ongoing project, 3 planned projects
- **Geographic & Estuary**
 \$1.9B
- **Brownfields**
 \$1.5B
 1 planned project
- **Other**
 \$0.6B

The OIG also has 1 ongoing and 4 planned projects that relate to IIJA funds but do not address a specific program.