

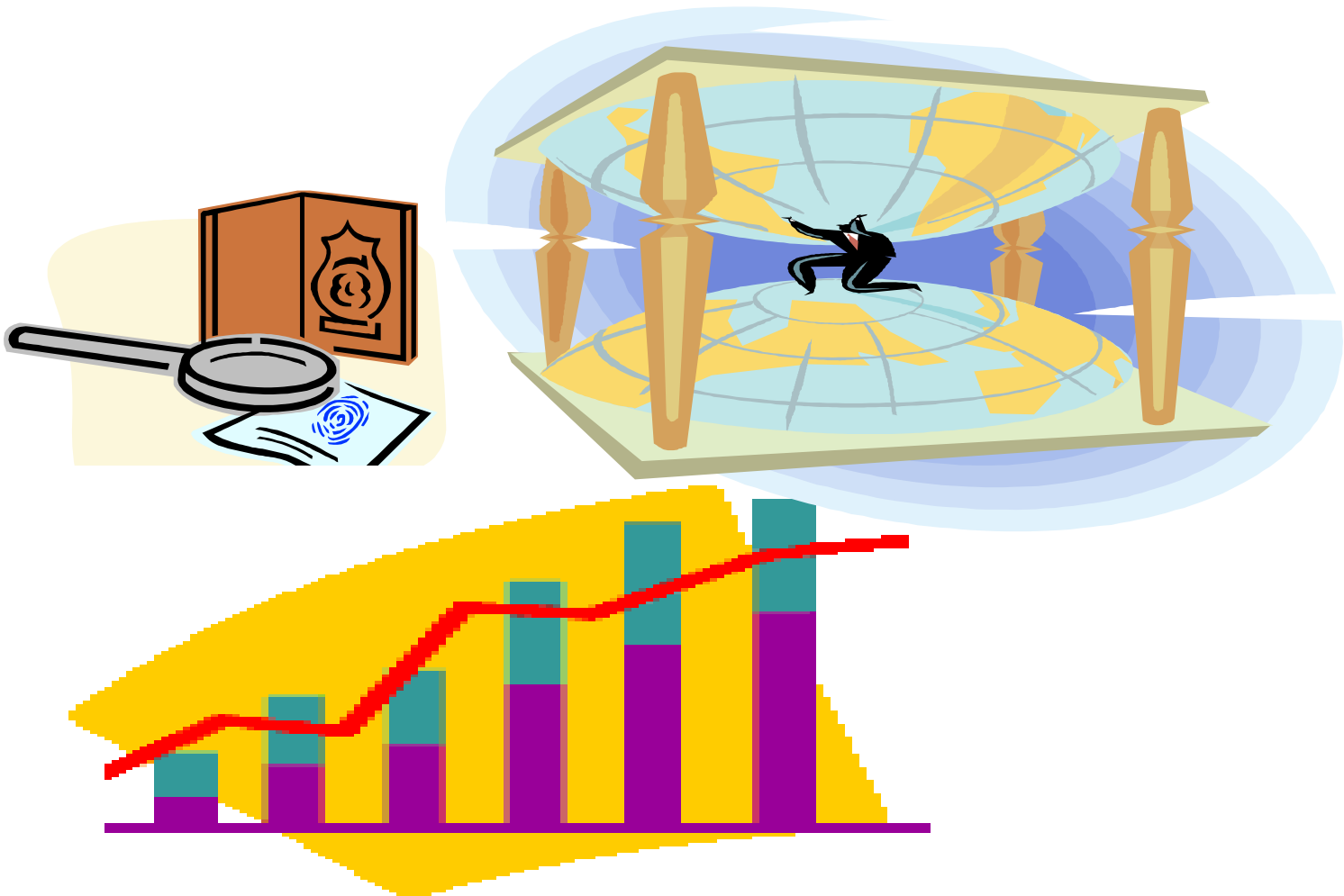


OFFICE OF INSPECTOR GENERAL

Catalyst for Improving the Environment

Annual Performance Report Fiscal Year 2004

A Statistical Summary and Compendium of OIG
Performance Results and Accountability Information



Summary of OIG Results for FY 2004 - Highlights

Performance Results <i>(highlights)</i>	<u>Goal 1. Contribute to Improved Human Health and Environmental Quality</u> < 49 Agency/delegated entity actions/decisions/changes/improvements/best practices implemented or certified/validated influencing environmental impacts < 45 Environmental risks reduced or eliminated, or certification of integrity < 116 Environmental recommendations, risks, best practices identified <u>Goal 2. Improve EPA's Management and Program Operations</u> < \$24 million in potential costs, savings, fines and recoveries < 108 Criminal, civil, or administrative actions < 133 Management practice/policy changes/best practices implemented or certification for action < 390 Management recommendations, best practices, challenges or weaknesses identified <u>Goal 3. Produce Timely, Cost Effective Products & Services</u> < 36 Products with collaborative partners < 73% OIG work is required or requested < 34 Requests to testify/formal external presentations	
Operational Activity	< 57 Reviews performed by the OIG < 159 Audits performed by another Federal Agency (e.g. DCAA of EPA contracts) < 181 Single Audit Act Reviews < 142 Reports resolved < 125 Audits with no final action by EPA, over 365 days past due < 39 Reports for which no management decision was made within 6 months (as of 9/30) < 166 Investigations opened/ 134 Investigations closed < 56 Legislative/regulatory/policy items reviewed for comment & recommendations	
Customer Service	< 79% Combined OIG customer service/quality rating (excluding investigations) < 75% OIG products/services rating < 86% OIG staff service rating < <u>Highest and lowest rated areas</u> <ul style="list-style-type: none"> 84% Professional Courteous 87% Encouraging Constructive Relationships 68% Timeliness 71% Recommendations are practical/Contributes to Agency Goals 	
Use of Resources	< \$37,758,134 Total IG Appropriation Expenditures < \$14,754,728 Superfund Expenditures < 259.5 IG Appropriation FTE used < 101 Superfund Transfer Appropriation FTE used	
EPA Management Challenges Reported by OIG	<ul style="list-style-type: none"> • Linking mission and management (incl working relations with partners & outcome based measures) • Information resource management & data quality • Employee competencies • Oversight/use of assistance agreements • Protecting critical infrastructure from attacks 	<ul style="list-style-type: none"> • Air toxics program phase I & II • Information systems security • Backlog of NPDES permits • Management of biosolids • Superfund Evaluation and Policy Identification
OIG FMFIA Management Challenges	<ul style="list-style-type: none"> • Follow-up (<i>new</i>) • Information technology (IT) strategy (<i>updated</i>) 	<ul style="list-style-type: none"> • Product Timeliness and Quality (<i>updated</i>) • Data Quality (<i>updated</i>)



FOREWORD

I am pleased to present the EPA-OIG's fourth Annual Performance Report. This Report presents summaries of statistical, financial, activity and performance results compared to our FY 2004 Performance Targets. It compares FY 2004 results with those of FY 2001 through FY 2003, and presents cumulative progress as of FY 2004 toward our FY 2005 Strategic Performance Targets.

The net result of this report is to present an Executive Summary Analysis and "Balanced Scorecard" of performance and investment, progress, results, activities, investments and challenges that tell a complete story of OIG performance, accountability and opportunities for improvement. The Balanced Scorecard approach demonstrates a combination of measures, including outputs, activities, outcomes, financial, resource use and customer service arrayed for comparison of relative return on investment.

Based on the performance measures and results from this and prior OIG Annual Performance Reports, we made significant improvements in the definitions and application performance measurements for FY 2005. In addition to the accountability and performance measures presented in this Report, the OIG is aggressively developing internal measures of activities and efficiency.

We continue to apply a logic model approach to planning and measuring our return on our investment of resources in attaining our goals. We recognize that there is a significant time lag in recognizing our influence on most environmental and human health impacts and behaviors, and accounting for these results will require a dedicated follow-up effort.

We are continuing to research better ways to measure, collect, and report data on the results of our operations. The information in this report will be used to help direct and plan future applications of resources for greater results. We are currently working to better integrate our resource, activity and performance information through technology as a model of performance accountability.

A handwritten signature in black ink, appearing to read "Nikki L. Tinsley".

Nikki L. Tinsley

EPA OIG STRATEGIC PLAN FISCAL 2004 - 2008

Vision

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

Mission

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

Goals

1. Contribute to improved Human Health and Environmental Quality

2. Contribute to improved Business Practices and Accountability

3. Continuously Improve OIG Products and Services

Objectives

- ✓ Influence programmatic and systemic changes and actions that improve environmental quality and human health.
- ✓ Add to and apply knowledge that contributes to reducing or eliminating environmental and infrastructure security risks.
- ✓ Identify recommendations, best practices, risks, and opportunities to leverage results in EPA, and amongst its partners.

- 🔍 Influence actions that improve business systems, process changes, operational efficiency, accountability, resolve public concerns & management challenges.
- 🔍 Improve operational integrity and reduce risk of loss by detecting and preventing vulnerabilities for fraud, abuse, or breach of security.
- 🔍 Identify recommendations, best practices, risks, weaknesses, opportunities for savings, and operational improvements.

- @Improve timely delivery of products and services, responsive and valuable to our clients and stakeholders.
- @Apply technology, innovation, leadership, skill proficiency and diversity for highly regarded products and motivated staff.
- @Align organization plans, performance, measurement, processes and followup for a cost accountable results culture.
- @Maximize use of available resources
- @Develop constructive relationships to effectively leverage resources and foster collaborative solutions.

OIG Product and Service Lines for Strategic Areas of Performance

<i>Performance Audits and Evaluations</i> Air Water Land Cross Media	<i>Financial/Systems Audits</i> Business Systems Financial Statements Contracts Assistance Agreements Computer Security	<i>Investigations</i> Financial Fraud Program Integrity Employee Integrity Laboratory Fraud Computer Crimes	<i>Public Liaison/ Advisory/Analysis</i> Legislation/Regulation Review Control Assessments Public Inquiry/Outreach President's Council on Integrity and Efficiency
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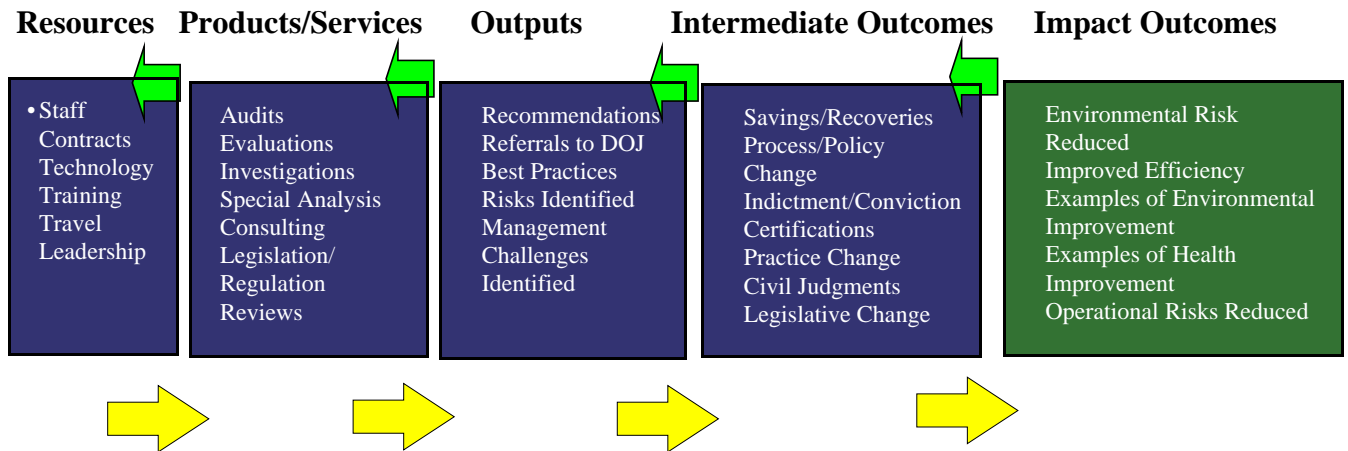
EPA Office of Inspector General Annual Performance Report, Fiscal 2004

Table of Contents	Page
Linking Our Work to Outcomes and Impacts	1
Results Compared to Annual Performance Goal Targets	2
Balanced Scorecard “Dashboard” of OIG Results for FY 2004	3
Goal 1 FY 2004 and Cumulative Results Compared to Targets by Objective	4
Examples of Results by Objective	5
Goal 2 FY 2004 and Cumulative Results Compared to Targets by Objective	7
Examples of Results by Objective	8
Goal 3 FY 2004 and Cumulative Results Compared to Targets by Objective	11
Examples of Results by Objective	12
OIG Operational Activity and Audit Resolution	13
Customer Value Survey Results	14
Financial and Resource Management	15
Distribution of OIG Staff Time	16
OIG Skill Gap Progress and Plans for FY 2005	17
OIG Staff Diversity Parity with the Civilian Labor Force	17
Appendix 1 - FY 2004 Report on Management Controls Summary	18
Appendix 2 - Historical Perspective & Summary of FY 2004 EPA Management Challenges	19
Appendix 3 - Looking to the Future: New FY 2004 -2008 Annual Targets	20

Linking Our Work to Outcomes and Impacts

All of our work is planned based on the anticipated value toward influencing resolution of the Agency's major management challenges, reducing risk, improving practices, program operations and saving taxpayer dollars, leading to positive environmental impacts and the attainment of EPA's Strategic Goals.

Planning Starts With the End In Mind



We Measure the Return on our Investment by How Efficiently our Resources are Converted into Products, and How Effectively our Products Drive Outcomes

Performance Presented In A Hierarchy of Related Measures

The Performance Results in this report are presented in a **hierarchy**, starting with several summaries and a **Balanced Scorecard**, followed by detailed measures and examples of results by Goal for fiscal 2004, and as cumulative totals fiscal 2001- 2004, toward the accomplishment of the OIG Strategic Goals. The **Balanced Scorecard** displays results by Goal as leading, current and lagging indicators or measures. It also presents related performance information on customer survey results, financial accountability, human capital, product timeliness, innovation and other OIG operational activity, together providing a balanced picture of OIG investments, performance and results.

The information presented in this report was collected from the OIG's Performance Measurement and Results System (PMRS), and the Inspector General Operational Reporting System (IGOR) both dependent upon input by OIG staff; and from EPA's Financial Management System, EPA's Reports Resolution System. Customer survey results came directly from OIG customer input.

Scoreboard of Results Compared to Fiscal 2004 Annual Performance Goal (APG) Targets

All results reported in Fiscal 2004, from current and prior year's work, in OIG Performance Measurement and Results System. (Except where noted, information verified and subject to OIG Data Quality Policy.)

Strategic Goal; With Government Performance and Results Act Annual Performance Goals Compared to Fiscal 2004 Results Reported	Supporting Measures
Goal 1. Contribute to Human Health and Environmental Quality	
Environmental Improvements/Actions/Changes <i>Target: 42; Reported: 49 (117%)</i>	0 Legislative changes/decisions 3 Regulatory changes/decisions 46 EPA policy, process, practices changes 0 Examples of environmental improvement 0 Best environmental practices implemented
Environmental Risks Reduced or Eliminated <i>Target: 18; Reported: 45 (250%)</i>	25 Environmental risks reduced/eliminated 11 Certifications/validations/verifications 9 Critical Congressional/public issues addressed
Environmental Recommendations, Best Practices Risks Identified <i>Target: 80; Reported: 116 (145%)</i>	70 Environmental recommendations 1 Environmental best practice identified 45 Environmental risks identified
Goal 2. Improve EPA's Management, Accountability, and Program Operations	
Return on Investment: Potential dollar return as percentage of OIG budget (\$48 million) <i>Target: \$72 million (150%); Reported: \$24 million (33%)</i>	<i>(Dollars in Millions)</i> \$ 22.0 Questioned costs \$ 0.6 Recommended efficiencies, costs saved \$ 1.3 Fines, recoveries, settlements
Criminal, Civil, and Administrative Actions Reducing Risk of Loss/Operational Integrity <i>Target: 80; Reported: 108; (135%)</i>	30 Criminal convictions 13 Indictments/informations/complaints 4 Civil judgments/settlements/filings 61 Administrative actions
Improvements in Business/Systems/Efficiency <i>Target: 100; Reported: 133 (133%)</i>	55 Policy process, practice, control changes 2 Corrective actions on FMFIA/mgt. challenge 17 Best practices implemented 49 Certifications/validations/verifications/allegations disproved 10 Critical Congressional or public mgt. concerns addressed
Recommendations, Best Practices, Challenges Identified <i>Target: 240; Reported: 390 (162%)</i>	358 Recommendations 17 Best practices identified 10 FMFIA/management challenges identified 5 Referrals for OIG or Agency Action
Goal 3. Continuously Improve OIG Products and Services (Internally Reported – Not Audited)	
<ul style="list-style-type: none"> • Product/services in collaboration with partners 36 • Requests to testify at hearings/presentations 34 • Management innovations implemented 30 • Assignments performed by request/mandate 73% • Peer review opinion on OIG quality Unqualified • Overall Customer Value Rating 79% 	<ul style="list-style-type: none"> • Savings from mgt. improvements \$100,000 • Products electronically accessible * 75+% • PCIE projects/activities led 15 • Legs/regs/policies reviewed/timely 56/ 100% • Expiring funds used 99.9% • OIG Staff Parity with Civilian Labor Force 92%

* For issued products not containing confidential or restricted information.

OIG BALANCED SCORECARD “Dashboard” OF FY 2004 PERFORMANCE AND OPERATIONS

GOAL 1: Contribute To Human Health and Improved Environmental Quality

Leading Measures/Indicators: <i>Outputs</i>	Current Measures: Intermediate <i>Outcomes</i>	
70 Recommendations for Environmental Improvement 1 Environmental Best Practice Identified 45 Environmental Risks Identified 9 Critical Congressional/Public Issues Addressed	3 Legislative/Regulatory Environmental Changes 46 EPA Environmental Policy, Directive, Practice/ Process Change or Action Implemented	0 Examples of Environmental or Health Improvements or Behavior Changes 25 Environmental Risks Reduced or Eliminated 11 Certifications, Verifications, Validations

GOAL 2: Improve EPA’s Management, Accountability and Program Operations

Leading Measures/Indicators: <i>Outputs</i>	Current Measures: Intermediate <i>Outcomes</i>	Lagging Measures: <i>Outcomes</i>
358 Recommendations for Management Improvement 17 Best Management Practices Identified 10 Management Challenges/FMFIA Weaknesses Identified 5 Referrals for OIG or Agency Action 10 Critical Congressional/Public Mgmt. Concerns Addressed	\$ 22.0M Questioned Costs \$ 0.6M Cost Efficiencies/Savings \$ 1.3M Fines, Penalties, Recoveries, Settlements 108 Criminal, Civil, Admin Actions 27% Questioned costs/Savings Acted on by EPA 17 Best Management Practices Implemented	50% \$ Return on FY04 Investment in OIG 2 Actions Taken (by EPA) Correcting Management Challenges/ FMFIA Weaknesses 55 Practice, Process, Policy Actions Implemented Improving Economy, Efficiency or Reducing Risks of Loss or Vulnerability 49 Certifications, Verifications, Validations/ Allegations Disproved

GOAL 3: Continuously Improve OIG Products and Services

Customer, Partner, Stakeholder	Timeliness	Financial/Resources
75% Customer Value/Quality Rating of Products 86% Customer Value/Quality Rating of Service 36 Products/Assignments done with partners 34 Requests to Testify/External Presentations 73% Work Requested/Required 15 PCIE/Other Collaborative Projects/Events Led	340 Average Staff Days per Completed Audit 11.8 Average Months per Completed Audit/Eval 76% Total Time on Applied to Product Lines 24% Total Time General and Administrative 100% Milestones Met in Responses to External Requests for Review; Policy, Legislation, Regs	\$46 M Total Funds Used 2003& 2004 Appropriations 99.9% 03 Funds Used 76 % 04 Funds Used
Staffing and Development	Innovation	Operational Activity
92% IG Staff in Parity with Civilian Labor Force 100% Staff Meeting Professional CPE Standard 360.4 FTE Used/ 97% FTE Used	30 Innovations Implemented by/within OIG 67% Work Electronically Accessible 15 PCIE Projects Led/Developed	57 Reviews Performed by EPA OIG 159 Audits Performed by DCAA / 181 Single Audits 142 Reports Resolved 166 Investigation Cases Opened 147 Investigation Cases Closed 927 Hotline Complaints Received/26 Closed 56 Legislative/regulatory/policy items reviewed

FY 2004 Results By OIG Strategic Goals and Objectives

GOAL 1: Contribute to improved human health and environmental quality

This section displays the results for Goal 1 against the OIG fiscal 2004 and cumulative performance targets. On the following pages are selected examples of OIG performance results under Goal 1.

Objectives, Annual Results, and Four Year (FY 2001 - 2004) Cumulative Results

- Influence significant programmatic changes to legislation, regulations, policy, processes and practices that have a positive impact on human health and the environment.**

Measures: # Environmental program policy, process, practices, changes/actions impacts

FY 2004 Target = 42	FY 2004 Results = 49	FY 2004 % Target Met = 117%
<i>Cumulative Target = 177</i>	<i>Cumulative Results = 171</i>	<i>% Cumulative Target Met = 97%</i>

- Identify and recommend solutions for reducing the highest environmental risks.**

Measures: # Environmental risks reduced, eliminated, certification/validation of or for action

FY 2004 Target = 18	FY 2004 Results = 45	FY 2004 % Target Met = 250%
<i>Cumulative Target = 68</i>	<i>Cumulative Results = 97</i>	<i>% Cumulative Target Met = 143%</i>

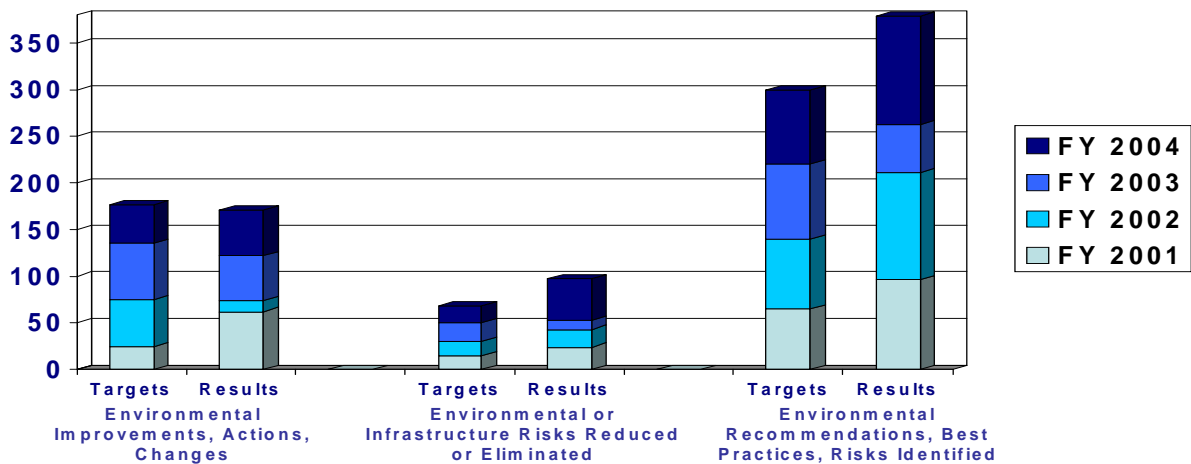
- Identify recommendations, best practices and risks (including outside EPA) that can directly contribute to improved environmental quality and human health.**

Measures: # Recommendations, best practices, risks identified

FY 2004 Target = 80	FY 2004 Results = 116	FY 2004 % Target Met = 145%
<i>Cumulative Target = 300</i>	<i>Cumulative Results = 379</i>	<i>% Cumulative Target Met = 126 %</i>

OIG Goal 1: Contribute to Improved Human Health and Environmental Quality

Cumulative Results 2001- 2004



Examples of Selected Results Demonstrating Progress On Goal 1

Objective: Influence significant programmatic changes to legislation, regulations, policy, processes and practices that have a positive impact on human health and the environment

- T** An OIG report described the serious environmental effects on ground and surface waters, soils, and air from hardrock mining and the billions in potential clean-up costs to EPA and States. The Agency will implement OIG recommendations to enhance the effectiveness of its decision-making at hardrock mining sites. EPA will analyze remediation technologies and capture the capital and long-term costs and period required to meet cleanup standards at these sites. EPA will work to identify innovative or new remediation technologies for addressing these sites and assess technical or other guidance needs on hardrock mining management issues. *(Land)*
- T** As a result of the OIG evaluation of the Fort Worth asbestos demolition method, EPA and Fort Worth agreed not to pursue this project as a Project XL method. This decision effectively nullified any precedent-setting for the proposed method. Instead, Fort Worth must perform a full asbestos NESHAP demolition in accordance with EPA regulations. EPA agreed that the demolition project for the old hotel in Fort Worth must address “each of the recommendations made by the OIG.” *(Air)*
- T** The OIG made several important contributions to improving environmental data, which are crucial for EPA’s progress in protecting human health and the environment and achieving public confidence in the Agency’s programs. OIG investigations resulted in significant improvements in the integrity of laboratory data used for EPA and State program management and decision making. *(Laboratory Fraud)*
- T** Along with quality environmental data, EPA must have meaningful performance measures to gauge environmental progress. The OIG reported that, despite working with the states since 1998, EPA had not established measures to assess the environmental impact of the billions in Clean Water State Revolving Funds nor did EPA have a comprehensive plan for measuring program results. In response, EPA plans to have a suite of indicators by February 2005 and will develop a comprehensive measurement plan with milestones. *(Assistance Agreements)*
- T** The OIG evaluated an October 2003 EPA rule regarding Clean Air Act New Source Review (NSR) applications to existing facilities that contribute to air pollution. The OIG raised significant concerns about the rule’s impact on EPA’s enforcement policies and procedures and recommended that NSR enforcement against coal-fired electric utilities continue in the same manner and to the same extent as before the 2003 rule was issued. *(Air)*
- T** In response to citizen’s concerns, the OIG reviewed EPA’s actions at the Marjol Battery Site, a former battery processing facility, in Throop, Pennsylvania. The site was also a former coal mine. We recommended that additional precautionary measures be taken at the site. EPA agreed to calculate the surface strains to improve the final remedy at the site and work with the Borough of Throop to evaluate the potential for mine fires and method for addressing this hazard. *(Ombudsman)*
- T** An OIG review of EPA Region 10’s response to a petition seeking withdrawal of authorization for Idaho’s Hazardous Waste Program determined that the Region supported its positions on most of the allegations. The Region did not withdraw authorization from Idaho. However, there were areas of concern resulting in less assurance that hazardous waste was being managed in an environmentally safe manner. We made recommendations for Region 10 to require Idaho to timely address and resolve hazardous waste permit application deficiencies and evaluate compliance with emission standards. In its response, the Region stated it had implemented the recommendations. *(Land)*

Objective: Identify and recommend solutions for reducing the highest environmental risks

- T** An OIG review found that a toxic release at a refinery in Newcastle, Wyoming may have caused adverse health effects, such as asthma, chronic bronchitis, and lung fibrosis. As a result of the OIG's finding, the Agency for Toxic Substances and Disease Registry will perform a follow-up review. (*Air*)
- T** The Source Water Assessment Program was established under the Safe Drinking Water Act amendments of 1996 to have States analyze existing and potential threats to public drinking water quality. As of September 2003, only 40 percent of the States had fully completed their community water system assessments and made them publicly available. EPA agreed to take actions recommended by the OIG to improve program measures and develop and issue guidance to States. (*Water*)
- T** The impact of EPA's effluent guidelines program in reducing pollutant discharges and meeting Clean Water Act goals remains uncertain. In a report on the program, the OIG recommended that EPA collect and monitor effluent guidelines data more systematically and develop performance measures based on the data. EPA agreed with our recommendations and is planning to perform retrospective analyses and develop better performance measures. (*Water*)
- T** The OIG reviewed hazardous waste site cleanup programs in five States and found that States' abilities to meet current and/or future responsibilities for the Superfund program as well as their own cleanup programs are limited. EPA and the States reviewed generally agreed with OIG recommendations to help EPA enhance the role of States as co-implementers of the Superfund program. (*Land*)
- T** EPA's projects to address the growing problem of electronic waste (E-waste) have not been implemented or coordinated in support of a clear set of goals and measures. Disposal of E-waste raises environmental concerns due to its high volume and the quantity of hazardous chemicals associated with this waste stream. We recommended that EPA define the E-waste program, goals, performance measures, and data requirements; ensure that future E-waste projects are linked to those goals and are coordinated; and take action to collect needed data. (*Land*)
- T** The OIG found that EPA needs to fully develop its tribal strategy in relation to Superfund. The OIG report made numerous recommendations for improving the tribal Superfund program through developing and implementing a thorough strategy; completing important actions (such as modifying risk assessment tools to account for unique tribal environmental risks); making policy, procedural and process changes; and improving tribal relationships. The Agency concurred with our recommendations. (*Land*)
- T** Despite national and regional progress, some major metropolitan areas have not achieved the ozone precursor reductions required by the 1990 Clean Air Act Amendments. Ground level ozone has been linked to serious health problems such as asthma and heart disease. The OIG report made multiple recommendations to help EPA in its efforts to ensure that the most polluted metropolitan areas expeditiously attain ozone standards. (*Air*)
- T** The OIG found that EPA, in each of the past 4 years, has incorrectly reported meeting its drinking water goal under the Government Performance and Results Act (GPRA), because it had concurrently reported that the data used to draw those conclusions were flawed and incomplete. While this inaccuracy in reporting does not necessarily indicate a direct or immediate threat to human health, it is important to provide Congress and the public with accurate information. We have made suggestions to EPA that it change how it reports under GPRA to compensate for known concerns over the reliability of this measure. (*Water*)

GOAL 2: Improving EPA's Management and Program Operations

This section displays the results for Goal 2 against the OIG fiscal 2004 and cumulative performance targets. On the following pages are selected examples of OIG performance results under Goal 2.

Objectives, Annual Results, and Four Year (FY 2001 - 2004) Cumulative Results

- Identify opportunities for improved economy, efficiency, and accountability in EPA programs and operations.

Measures: Questioned Costs, Efficiencies, Savings, Fines, Recoveries, Settlements (\$ are in millions)

FY 2004 Target = \$72	FY 2004 Results = \$24	FY 2004 % Target Met = 33%
<i>Cumulative Target = \$206</i>	<i>Cumulative Results = \$563</i>	<i>% Cumulative Target Met = 273%</i>

- Improve efficiency and integrity of EPA business and program operations by reducing vulnerabilities for fraud and risk and by influencing better business actions or changes.

Measures: Criminal, civil, admin actions; policy, practice, process actions taken, certifications

FY 2004 Target = 180	FY 2004 Results = 241	FY 2004 % Target Met = 134%
<i>Cumulative Target = 540</i>	<i>Cumulative Results = 813</i>	<i>% Cumulative Target Met = 151%</i>

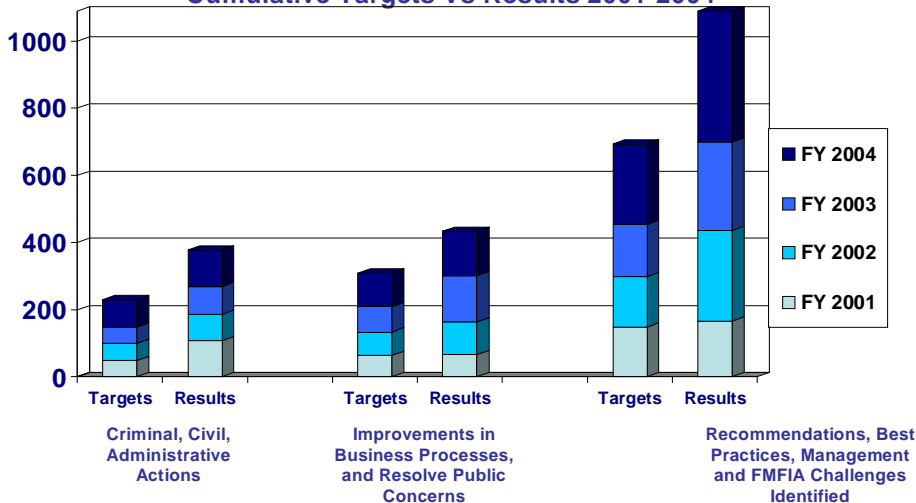
- Identify recommendations, best practices, and management challenges that can directly influence and promote actions for improved business operations

Measures: Recommendations, best practices, management and FMFIA challenges identified

FY 2004 Target = 240	FY 2004 Results = 390	FY 2004 % Target Met = 163%
<i>Cumulative Target = 545</i>	<i>Cumulative Results = 1090</i>	<i>% Cumulative Target Met = 200%</i>

OIG Goal 2: Improve EPA's Management, Accountability, and Program Operations

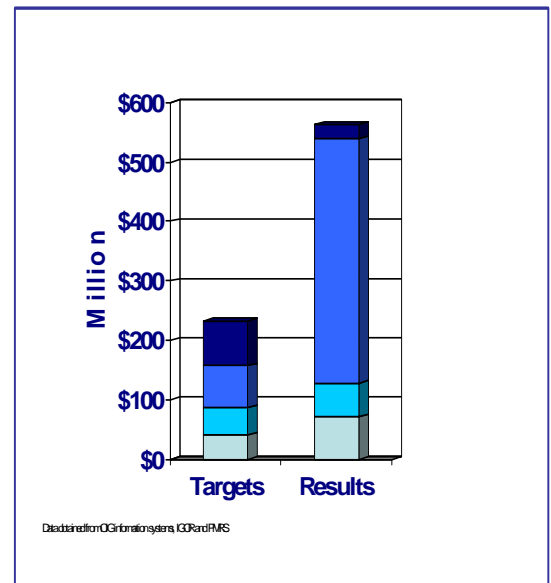
Cumulative Targets Vs Results 2001-2004



Data obtained from OIG information systems, IGOR and PMRS.

OIG Goal 2 Questioned Costs, Efficiencies, Savings, Fines, Recoveries

Cumulative Results FY 2001-2004



Data obtained from OIG information systems, IGOR and PMRS.

Objective: Return on investment from prospective improved business processes, practices, savings

- T** The OIG questioned \$4.7 million in funds provided to the Consumer Federation of America. The Washington-based lobbying group received Federal funds under EPA cooperative agreements in violation of the Lobbying Disclosure Act of 1995. The OIG recommended that EPA annul the five subject cooperative agreements and recover all funds paid to the recipient. (*Assistance Agreements*)
- T** The government, through its prime contractor, entered into a contractual settlement with Environmental Chemical Corporation (ECC), Cincinnati, Ohio, resulting in a savings to the government of \$260,605. ECC was a subcontractor that provided laboratory testing services for an EPA-funded U.S. Army Corps of Engineers contract to perform cleanup work at the Drake Chemical Superfund Site in Lock Haven, Pennsylvania. It was determined that ECC was involved in laboratory testing improprieties. The government and ECC, through the prime contractor, agreed that if ECC would close out its subcontract and not seek payment of \$260,605 of previously billed but unpaid costs, the government would consider that just compensation for the potential ECC fraud. (*Laboratory Fraud*)
- T** The OIG questioned unallowable outlays of \$681,413 made to the Association of Metropolitan Sewerage Agencies. The Association's price analysis for a sole source contract was not sufficient to show that the contract costs paid were reasonable and allowable in accordance with Federal regulations. We also reported on several instances of noncompliance with Federal regulations. The OIG recommended that EPA recover the \$681,413 and ensure corrective actions are implemented. (*Assistance Agreements*)
- T** On February 13, 2004, Richard B. Schlesinger, professor of environmental medicine, New York University School of Medicine, entered into a civil settlement to settle a false claims case. Schlesinger submitted numerous fraudulent reimbursement requests to New York University, which were paid from monies provided by Federal grants funded by the EPA. In the settlement, Schlesinger agreed to pay the United States \$17,500. (*Financial Fraud*)
- T** The OIG noted \$11,558 in questioned costs in an examination of total outlays reported by the New Mexico Environment Department under an EPA cooperative agreement related to Superfund efforts. The State did not fully match its 10 percent cost sharing requirements for its core program activities under the agreement, resulting in an \$11,558 overdraw in Federal funds. The State agreed with the OIG recommendation that EPA recover that amount. (*Assistance Agreements*)
- T** An OIG review of a technical assistance grant resulted in \$50,000 in Federal funds being put to better use and the resolution of an improper award. The grant was inappropriately awarded to the Basin Cleanup Coalition in Coeur d'Alene, Idaho. The OIG found that the Coalition was not a qualified grant recipient because of conflicts of interest and because it did not meet administrative and management capability requirements. As a result of the OIG review, Region 10 notified the Coalition that the grant was terminated. (*Assistance Agreements*)
- T** The OIG questioned \$649,362 of outlays that Idaho made to meet cost sharing requirements for Federally funded remedial actions at the Bunker Hill Superfund site. The \$649,362 consisted of costs incurred before award of the cooperative agreement, unsupported payroll costs, unallowable pre-remedial action costs, duplicate costs, and excess costs reported for institutional controls program. The OIG recommended that EPA disallow these questioned costs. (*Assistance Agreements*)
- T** The OIG found that the Missouri Department of Natural Resources (MDNR) had overcharged the Clean Water State Revolving Fund \$111,717 for lease expenses. MDNR agreed to repay the overcharges. (*Assistance Agreements*)

Objective: Improve efficiency and integrity of EPA business and program operations by reducing vulnerabilities for fraud and risk and by influencing better business actions or changes.

- T** Steven L. Nagy, owner and operator of Earth Source Environmental Management, admitted to using forged credentials to write, sell, and distribute fraudulent Spill Prevention Control and Countermeasure Plans for more than 100 customers since 1991. He was sentenced to 46 months in prison, followed by 3 years of supervised release, and ordered to pay \$218,656 in restitution. (*Financial Fraud*)
- T** Over 10 years, EPA awarded Alaska \$232 million in grants to construct water and sewer systems in rural Alaskan villages. The OIG found that EPA grant oversight was insufficient to safeguard the funds and ensure effective results. In response to the audit, Region 10 has improved the grant award process, updated performance standards for Project Officers and Unit Managers, and changed the State's procedures for drawing on cash to be in line with Department of Treasury requirements. Region 10 has committed to implementing additional grant management improvements in 2005. (*Assistance Agreements*)
- T** EPA continues to improve its financial management consistent with OIG recommendations. EPA was, for the second year, one of the few federal agencies to achieve a green light for financial management under the President's Management Agenda. (*Business Systems*)
- T** The OIG issued an unqualified opinion on the financial statements of the State of Missouri Department of Natural Resources Clean Water State Revolving Fund for the year ended June 30, 2003, but issued a qualified opinion on the compliance requirements. Missouri recognized the accounting system shortcomings and was in the process of developing and implementing a new system. Missouri also agreed to correct the other deficiencies noted. (*Assistance Agreements*)
- T** The OIG Computer Crimes Directorate (CCD) has partnered with the Office of Environmental Information (OEI) to identify and investigate instances of computer misuse by EPA network users. The CCD assessed incidents involving unauthorized software installations, access to inappropriate internet sites, and other actions that exposed the Agency to such dangers as viruses, worms, trojans, and theft of information. The CCD Penetration Laboratory, with the assistance of OEI, also provides support to EPA in its efforts to secure Agency computer networks by performing penetration testing of the systems to identify and reduce system weaknesses and vulnerabilities. (*Computer Crimes*)
- T** An EPA Environmental Scientist pled guilty to charges of accepting a bribe, conspiracy, and making a false statement. In his position as the Federal Technology Transfer Coordinator at the Andrew W. Breidenbach Environmental Research Center in Cincinnati, Ohio, Lawrence M. Fradkin oversaw multi-year, multi-million dollar cooperative agreements between EPA and outside parties. Fradkin used his position to defraud the government. (*Financial Fraud*)
- T** William C. Murphy, President of Sierra Chemical Corporation, used counterfeit EPA certified labels and sold counterfeit insecticides. He was sentenced to 41 months in prison, followed by 3 years probation, and ordered to pay \$45,305 in restitution and a \$1,525 special assessment. (*Financial Fraud*)
- T** In a joint proactive effort, the OIG Office of Audit and Office of Investigations assessed various cooperative agreements for vulnerabilities. During one of the assessments, it was discovered that Sherman Titens, the former President of the Coordinating Committee for Automotive Repair, had submitted approximately 40 questionable claims for travel reimbursement. In a settlement agreement, Sherman Titens and Titens Consulting Group agreed to pay \$30,000 to the government and be disbarred for a period of 3 years. (*Financial Fraud*)
- T** The OIG noted several impediments to the effectiveness of EPA's Office of Children's Health Protection. In response to the OIG children's health evaluation, EPA implemented several corrective actions including establishing Children's Health Advocacy Management Partners. (*Cross Media*)

Objective: Identify recommendations, best practices, and management challenges that can directly influence and promote actions for improved business operations

- T** In a review of EPA’s strategic human capital management activities, the OIG recommended that EPA more thoroughly integrate human capital management activities and measures into its core business processes to strengthen accountability and to ensure alignment and achievement of strategic human capital and environmental goals. The Agency concurred with our recommendations. (*Business Systems*)
- T** The OIG found a general breakdown in security controls for EPA’s Integrated Financial Management System (IFMS) that could undermine the integrity of the system’s software libraries and financial systems data. The potential for unauthorized or unapproved changes places the Agency at risk that the availability, confidentiality, and integrity of EPA’s accounting and financial reporting functions could be compromised. Also, EPA was not properly managing the contract for IFMS software modifications involving the Change Management System. We made recommendations for improving IFMS controls including performing a risk assessment of IFMS’s off-the-shelf general support system used to develop, test, and maintain IFMS libraries and software. (*Business Systems*)
- T** As a result of an OIG review and recommendations, EPA plans to improve its administration of network firewall security to provide greater assurance that the Agency’s information resources can remain adequately secured. (*Business Systems*)
- T** An OIG review disclosed that EPA leadership did not move expeditiously to develop sufficient EPA capability and capacity to respond to the consequences of multiple major terrorist attacks or events that may exceed the resources of a single EPA Region. The OIG recommended that EPA develop a plan with aggressive milestones and points of accountability for identifying, obtaining, maintaining, and tracking counter terrorism/emergency response equipment. (*Contracts*)
- T** EPA awarded \$51 million in grants to help large utilities prepare vulnerability assessments. The OIG found that EPA’s Office of Research and Development had not requested access from the Office of Water to these assessments, which may contain valuable information for EPA’s research staff in making EPA’s Water Security Research Action Plan more effective against potential terrorist attacks. The OIG recommended that the Office of Research and Development seek, and the Office of Water grant, access to the water utilities’ vulnerability assessments. EPA agreed with our recommendation. (*Cross Media*)
- T** In response to the OIG’s review of EPA’s National Toxics Inventory (NTI), EPA agreed to implement the OIG’s recommendation to add a toxicity-weighted component to the NTI, and the Agency is developing an action plan to improve the quality of NTI air toxics data. OIG recommendations regarding EPA’s method for calculating air toxics emissions for reporting results should significantly improve the methods and data that EPA uses to determine if the program is achieving its goals. (*Air*)
- T** In a review of EPA’s national refinery compliance program, the OIG found that EPA’s performance measurement and reporting approach for the program has not provided useful and reliable information necessary to effectively implement, manage, evaluate, and continuously improve program results. The OIG made recommendations to EPA regarding improving goals and improving consent decree implementation and tracking. (*Cross Media*)

GOAL 3: Continuously Improve OIG Products and Services

This section displays the results for Goal 3 against the OIG fiscal 2004 and cumulative performance targets. On the following page are selected examples of OIG performance results for Goal 3.

Objectives

' Timely Delivery, Responsive and Valuable Products to our Customers and Stakeholders

Measures: Customer value/quality survey ratings for OIG products

FY 2004 Target=78% (revised)	FY 2004 Results = 79%	FY 2004 % Target Met = 101%
<i>Cumulative Avg Target = 81%</i>	<i>Cumulative Avg Results=78%</i>	<i>% Cumulative Target Met = 96%</i>

' Develop Constructive Relationships, and partnerships to leverage change

Measures: Collaborative efforts with federal/state partners

FY 2004 Target = 40	FY 2003 Results =36	FY 2003 % Target Met =90%
<i>Cumulative Avg. Target = 160</i>	<i>Cumulative Results =220</i>	<i>% Cumulative Target Met = 138%</i>

' Maximize Use of Resources & Apply Technology, Innovation, Leadership, Skills and Diversity for a Highly Regarded Products and Motivated Staff

Measures: Use of Technology for Better Information Access, Resources Management and Diversity

FY 2004 Target = 80% Work Elect Accessible	FY 2004 Results=75% Work Elect. Access.	FY 2004 % Target Met = 94%
<i>FY 2004 Target=95% FTE used/98% bud used</i>	<i>FY 2004 Results=97% FTE & 99% bud used</i>	<i>% Target Met 102% & 101% used</i>
FY 2004 Target = 95% Parity with Civilian LF	2004 Results = 92% Parity with Civilian LF	FY 2004 % Target Met = 97%

Goal 3 Results By Measure

Measures of Results and Progress	FY2004	FY 2001 - 2004 Total or Avg %
% Customer Value/Quality Satisfaction Ratings Overall	79%	78%
# Requests to Testify* (Congress/judicial)/Presentations	34	95
# Collaborative Efforts, States/Feds (number of projects)	36	220
% OIG Work Requested/Required	73%	51%
% Engagement Letter/Project/Budget Milestones Met	N/A	66%
% Work Electronically Accessible	75%	66%
% Expiring Funds Used	99.9%	99.5%
# Management Innovations Implemented	30	134
\$ Savings from Internal Management Improvements (est)	\$100,000	\$100,000
# Legislative/Regulations/Policies Reviewed -	56	172
% of Available FTE Used	97%	93.2%
# Inter-Agency or PCIE projects Led	15	41
% Staff Time on Direct Products (only assignment time)	76%	51%
% Staff In Parity with Civilian Work Force	92%	94%

Examples of Selected Results Demonstrating Progress On Goal 3

Objectives: Customer satisfaction with OIG products, services and attitudes. Build collaborative relationships to leverage change with federal and state partners. Develop professional image, quality and demand for OIG products and services, maximize, link and align resources and skills and apply innovation and technology for accountable results

- T** The OIG Issued its Strategic Plan for FY 2004 - 2008, and it received many accolades as a “best practice” example with the IG community.
- T** The OIG designed a new two-year assignment plan and planning process using a benefit/risk assessment scoring system compared to estimated costs for a proposed cost/benefit rating and comparative ranking method. This process creates a transparent and consist approach which also is being emulated by other members of the IG community
- T** The OIG implemented a new “Help Desk” to resolves technology related issues, including training and arrangements for new staff in a highly cost efficient manor.
- T** The OIG performed a reorganization and restructuring within a very limited period of time to improve assignment supervisory relationships and delegation of authority, communications, realignment of staff and policies and procedures to better integrate Human Capital planning with the OIG Strategic Plan. Also, Realigned the OIG Budget and Operating Plan to account for resources by AIG/Product Line, and created the First OIG Staffing/Position report tracking all positions and vacancies by number.
- T** The OIG instituted a new four tier Employee Performance and Evaluation system to clearly differentiate levels of performance, motivate and recognize higher degrees of staff performance.
- T** The OIG initiated several in-house classes to guide higher and more consistent performance: *Project Management*, based upon the development of an OIG Project Management Handbook and new policies, procedures and definitions for product quality; and, *Write to the Point*, a class on writing fundamentals for all OIG for clearer and more efficient written products.
- T** The OIG, across all offices, developed its first set of operational and efficiency measures and metrics addressing the quality, quantity and timeliness of activities by major office component.
- T** The OIG led or coordinated a number of projects and events through the President’s Council on Integrity and Efficiency. We presided as Chair of the PCIE Government Performance and Results Roundtable.
- T** Provided external advise and presentations directly to a number other Federal Offices of Inspector General, at national and regional training conferences. EPA OIG staff were the featured speakers at numerous events for the Performance Institute, Intergovernmental Audit Forums, the Institute of Internal Auditing and the Association of Government Accountants, as well as professional environmental associations.
- T** The OIG received an Unqualified Opinion from the U.S. Department of Agriculture, OIG on it external peer review of quality and compliance with the Government Professional Auditing Standards. The EPA also rendered an Unqualified Opinion to the U.S. Department of Transportation Office of Inspector General, along with a management letter containing recommendation for quality improvement.
- T** Created and improved several OIG Databases to improve operational efficiency, quality and timeliness of data, including a new Contract Management Database for creation, tracking and management of contracts.
- T** The OIG was Recognized by EPA for Exemplary Performance in promoting and using contracts for Small and Disadvantages Businesses.

OIG FY 2004 Program Activity

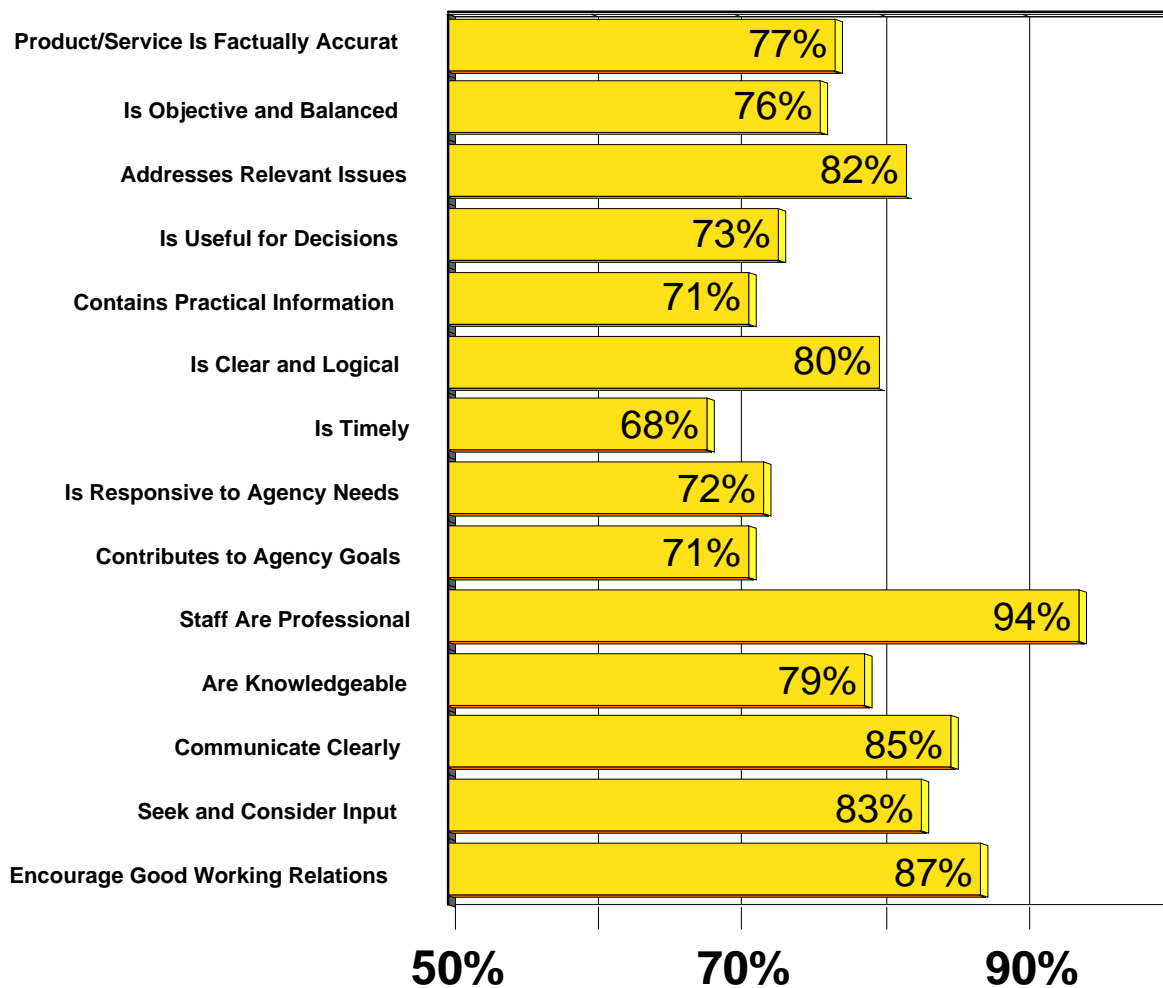
Audit/Evaluation Activity and Agency Action	Investigative																																							
<p><u>Reports Issued</u></p> <ul style="list-style-type: none"> < Reviews Performed by OIG 57 < Reviews by Another Federal Agency 159 < <u>Single Act Audit Reviews</u> 181 <li style="border-top: 1px solid black;">TOTAL Reports 397 < Questioned Costs \$ 22.0 M < Cost Efficiencies \$.6 M < Reports Resolved (<i>from current & prior years</i>) 142 < Agency Recoveries (<i>from current & prior years</i>) \$ 3.7 M 	<ul style="list-style-type: none"> • Investigations Opened 166 • Investigations Closed 147 • Pending Investigations as of 9/30 183 • Indictments of Persons/Firms + (arrests) 13 • Conviction of Persons/Firms 30 • Administrative Action EPA Employees/Firms 61 • Civil Judgments 4 • Allegations Disproved 32 • Fines and Recoveries (<i>including civil & savings</i>) \$ 1.3 M 																																							
Audit Resolution (Dollars in Millions)	Other																																							
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Recommendations as Costs</u></th> <th style="text-align: left;"><u>Quest'd.</u></th> <th style="text-align: left;"><u>Efficys</u></th> </tr> </thead> <tbody> <tr> <td>< With no management decision start 04</td> <td>\$51.7</td> <td>3.62 M</td> </tr> <tr> <td>< Issued in FY 2004</td> <td>\$12.4</td> <td>.6 M</td> </tr> <tr> <td>< Agreed to by management</td> <td>\$ 2.5</td> <td>.32 M</td> </tr> <tr> <td>< Not agreed to by management</td> <td>\$ 8.66</td> <td>.31 M</td> </tr> <tr> <td>< With no management decision, end 03</td> <td>\$52.9</td> <td>3.6 M</td> </tr> <tr> <td><i>Percent of total agreed to by management</i></td> <td>3.9%</td> <td>7.6%</td> </tr> <tr> <td>< Audits with no Federal action as of 9/30/04 which are over 365 days past issuance date</td> <td></td> <td>125</td> </tr> <tr> <td>< Reports for which no management decision was made within six months of issuance at 9/30/04</td> <td></td> <td>39</td> </tr> </tbody> </table> <p><u>Audit Resolution Reported by EPA</u></p> <p>Audits with management decisions but without final action beginning FY 04 (83) \$106.6 M</p> <p>Audits for which management decision were reached in FY04 (113) \$ 3.0 M</p> <p>Total audits pending final action during FY 04 (196) \$109.6 M</p> <p>Final Action taken during FY04 (121) <u>\$ 35.2 M</u></p> <p>Audits without final action end of FY 04 (75) \$ 74.4 M (Carried as opening balance in FY 05)</p> <p><i>Percent Audit \$ Value Final Action Taken FY 04</i> 32.1%</p>	<u>Recommendations as Costs</u>	<u>Quest'd.</u>	<u>Efficys</u>	< With no management decision start 04	\$51.7	3.62 M	< Issued in FY 2004	\$12.4	.6 M	< Agreed to by management	\$ 2.5	.32 M	< Not agreed to by management	\$ 8.66	.31 M	< With no management decision, end 03	\$52.9	3.6 M	<i>Percent of total agreed to by management</i>	3.9%	7.6%	< Audits with no Federal action as of 9/30/04 which are over 365 days past issuance date		125	< Reports for which no management decision was made within six months of issuance at 9/30/04		39	<ul style="list-style-type: none"> • Hotline Complaints Received 927 • Hotline Complaints Opened 37 • Hotline Complaints Closed 26 • Public Inquiries Addressed 182 • Legislative/Regulatory Items Reviewed 56 • President's Council on Integrity and Efficiency (PCIE) Projects Led/Developed 15 <p><u>Timeliness of OIG Report Completion</u> - Average</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Months</u></th> <th style="text-align: center;"><u>Staff Days</u></th> </tr> </thead> <tbody> <tr> <td>Performance Audits/Evaluations - for 27 reports</td> <td style="text-align: center;">15.6</td> <td style="text-align: center;">608</td> </tr> <tr> <td>Financial Related Audits for 13 reports</td> <td style="text-align: center;">10.5</td> <td style="text-align: center;">124</td> </tr> <tr> <td>Special Audits for 26 reports</td> <td></td> <td style="text-align: center;">184</td> </tr> </tbody> </table>		<u>Months</u>	<u>Staff Days</u>	Performance Audits/Evaluations - for 27 reports	15.6	608	Financial Related Audits for 13 reports	10.5	124	Special Audits for 26 reports		184
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OIG FY 2004 Customer Service/Value Ratings From OIG Clients and Stakeholders from Surveys

This is a summary of statistical results of the OIG Customer Surveys. The chart below is a summary of the overall rating results by question, based on a scale of 100. The results for FY 2004 are improved over those for FY 2003, and continue to show a long-term trend of improvement from the base-line in 1998/99 when we identified customer service and product value as one of our strategy objectives. The survey questions are based on objective attributes of OIG Products, and Staff Service.

FY 2004	Target	Actual
Summary Score for all OIG Products and Services	77%	75%
Summary Score for OIG Staff Service	84%	86%
Combined Score for OIG	80%	79%

Overall Customer Survey Results for FY 2004



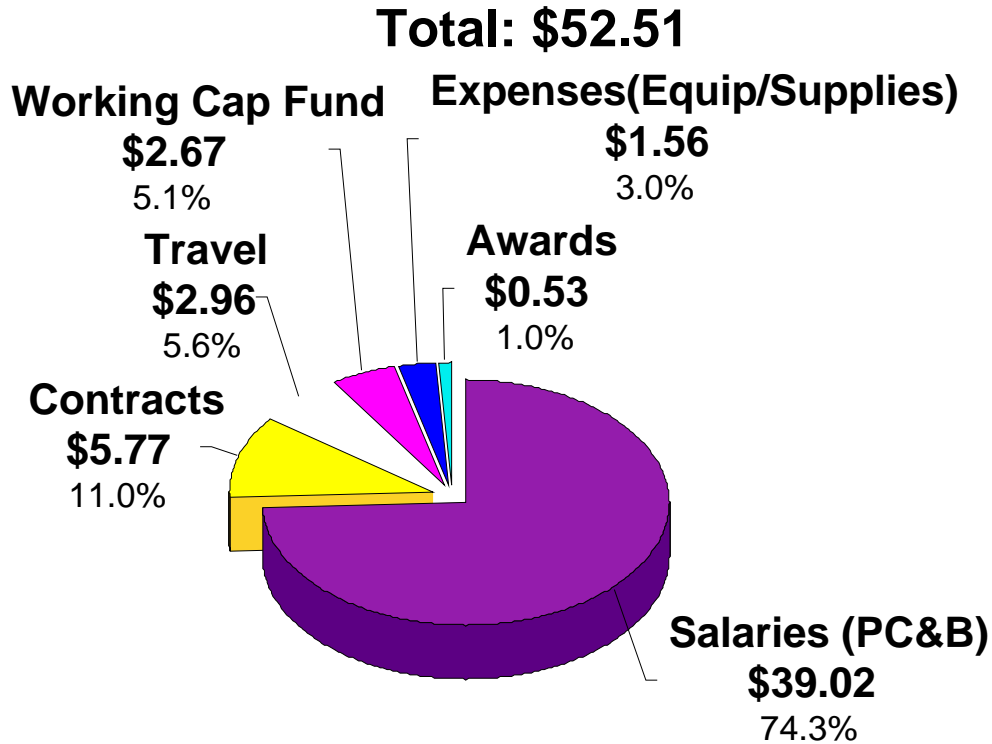
FY 2004 FINANCIAL SUMMARIES FOR OIG, (Figures From IFMS - Unaudited)

The following is an analysis of the OIG’s use of available financial and staff resources by object class, source and OIG Office/function.

FY 2003 APPROPRIATION - FINAL UTILIZATION RATE

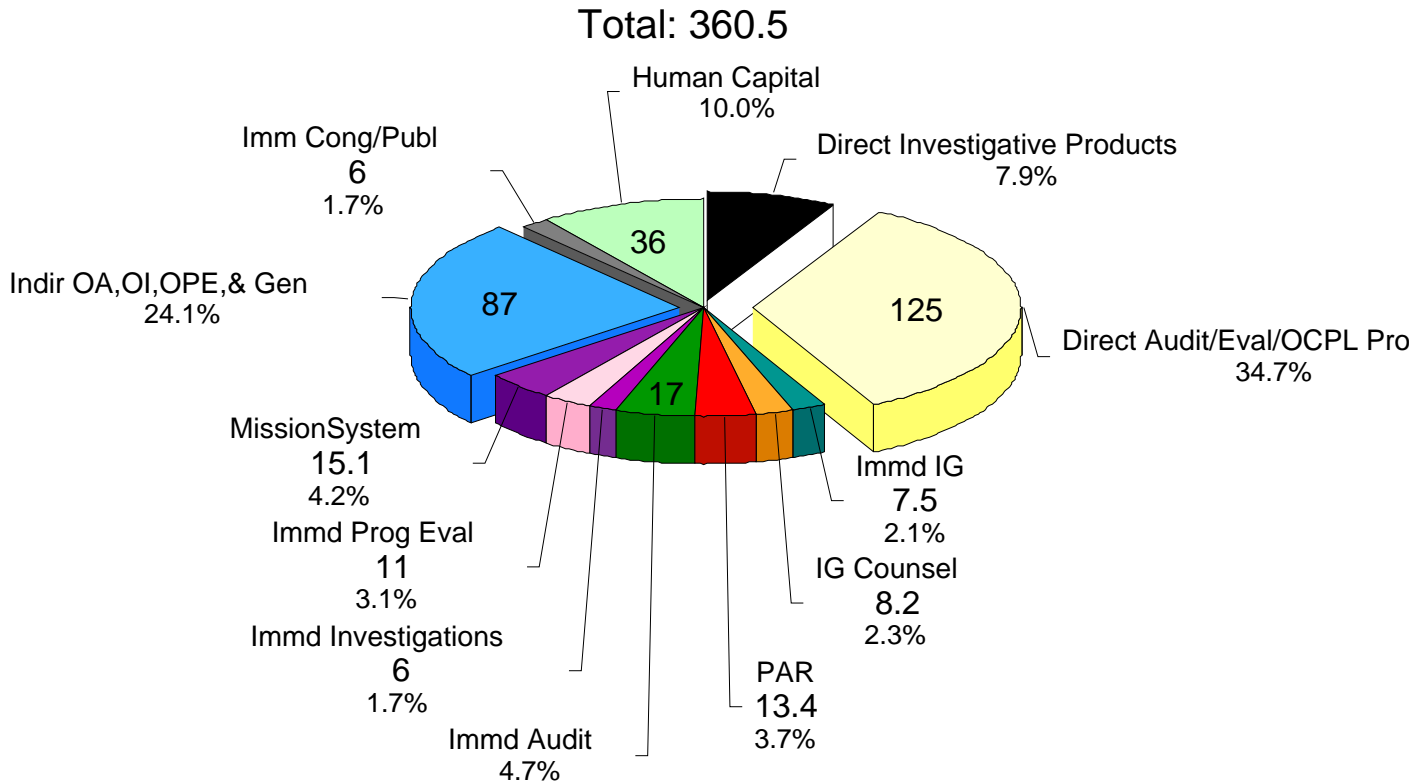
Appropriation Account	FY 2004 \$Funds Available	FY 2004 \$ Funds Used
Management	\$46,739,267	\$37,758,134
Superfund	\$17,883,933	\$14,754,728
TOTAL	\$64,623,200	\$52,512,862

**FY 2004 Funds Used by Object Class
Dollars in Millions**



FY 2004 FTE (Staff) USAGE by APPROPRIATION and by OFFICE

Approp Account	FY 04 FTE Available	FY 04 FTE USED	% FTE Budget USED
Management	277.0	259.5	93.7%
Superfund	94.0	100.9	107.3%
TOTAL	371.0	360.4	97.1%



The OIG used **76%** of reported staff time on direct business-line assignments, indirect, management and technical support (including leave, required training, general administration, and special projects by product-line staff). The OIG used 24% of staff time on leadership, administrative functions and management support in compliance with statutory accountability requirements, including: Yellow-book quality reviews, FMFIA, GPRA, IG Act, Consolidated Reports Act, GMRA, FISMA, and the President's Management Agenda. This staff time also entails leading or participating in projects of the President's Council on Integrity and Efficiency, developing and managing OIG information systems, organizational human capital, IG Counsel and all Headquarters program supervision. (Source IGOR)

OIG Skill Gap Progress and Plans for FY 2005

*A reassessment of the disciplines and skills was performed between 2004 and 2005 (Source OHC)

Skill Specialty/Series Title	FY 03 Gap	FY 04 Gap	FY 03-04 Prog.	FY05 Gap*
Environmental Scientist	9	8	1	5
Social Scientist	10	17	-7	7
Operations Research Analyst	3	3	0	2
Program Analyst	50	47	3	4
Financial Auditor	-12	-13	1	-2
IT Auditor	6	9	-3	6
Computer Specialist	3	3	0	1
Criminal Investigator	18	16	2	3
Total	87	90		26

FY 2004 (9/30/04) OIG Parity With the Civilian Labor Force

The OIG is 92.2 Percent in Parity with the Civilian Labor Force

Categories at or Above Parity with the Civilian Labor Force	Categories with Minor Imbalance with the Civilian Labor force	Categories with Significant Imbalance with the Civilian Labor Force (OIG % of CLF Target Level)
<ul style="list-style-type: none"> < White Males < Black Males < Black Females < Asian Males < Asian Females < American Indian Males 	<ul style="list-style-type: none"> < American Indian Females 	<ul style="list-style-type: none"> ■ White Females (79%) ■ Hispanic Males (23%) ■ Hispanic Females (24%)

Summary of the OIG FY 2004 Report on Management Controls

In compliance with the requirements of OMB Circular A-123, Management and Accountability Control, the Federal Managers' Financial Integrity Act (FMFIA) and the internal control requirements of OMB Circular A-130, Management of Federal Information Resources, we identified and reported on the following office-level weaknesses in FY 2004.

- Information Technology (*updated*)
- Data Quality (*formerly Inspector General Operations Reporting System - updated*)
- Product Timeliness and Quality (*updated*)
- Product Follow-up (*new*)

During FY 2004, the OIG took the following actions to improve management controls

- T** Reviewed administrative and operational issues to clarify and reinforce policies, procedures, and management control requirements; and revised policies and procedures, including the OIG Procurement Policy; Career Ladder Promotions, Rotational Assignments, Employees Reward Program and procedural guidance on Procurement, Data Quality, Strategic Planning, and Student Loan Repayment.
- T** Issued a revision to the Project Management Handbook considering staff feedback regarding the prior version of the Handbook, Peer Reviews, and Management Accountability Reviews, as well as project management, organizational, and other changes in the way we do work.
- T** Integrated OIG budgeting, analysis and reporting requirements under the Government Performance and Results Act, FMFIA, and the Inspector General Act.
- T** Developed the OIG Strategic Plan for Fiscal 2004-2008.
- T** Issued the third annual OIG Annual Performance Report to measure progress in reaching our Strategic Goals including a balanced scorecard of financial, customer service, timeliness, and effectiveness measures.
- T** Conducted nationwide briefings on OIG Performance Measurement and Annual Performance Report.
- T** Provided advice, presentation and instruction for improving planning, measurement and accountability to OIG, EPA and 12 external Government- wide audiences or agency.
- T** Revised position descriptions for the Special Agents in Charge (SAC) and the Directors.
- T** Completed a detailed evaluation and analysis of the daily operations of the Office of Investigations (OI) administrative support functions in conjunction with the Office of Human Capital (OHC).
- T** Reviewed and revised OI processes and business rules for case management oversight.
- T** Completed quality assessment reviews of three Resource Centers under the OI Inspection Program.
- T** Developed and refined metrics for various aspects of the investigative process and production. This information tool facilitates management analysis in areas such as case trends, vulnerability assessments, and workforce utilization.
- T** Held meetings attended by the Assistant Inspector General for Investigations (AIGI), the Deputy AIGI, the PLDs, OI Headquarters Desk Officers and staff, and the SACs to discuss administrative and operational issues; to clarify and reinforce policies, procedures, and management control requirements; and to discuss the ongoing implementation of the OIG reorganization plan.
- T** Implemented a reorganization of the OHC.
- T** Conducted an internal review of expectations agreements.
- T** Completed the self-study "Annual Ethics Training- Hatch Act " by staff.
- T** Developed transparent assignment scoring process to prioritize work based on cost to benefit ratio.

EPA's Top Management Challenges as Reported by OIG (*Historical Perspective*)

Below is the list of Top Management Challenges that the OIG has reported to EPA each year since 1997. While EPA is making progress in resolving its Major Management Challenges, several have been longstanding problems. The following table shows which challenges have been listed from 1997 through 2004 and their relationship the President's Management Agenda (as numbered).

Management Challenge	1997	1998	1999	2000	2001	2002	2003	2004
Emission Factor Development								
Year 2000 Modification on Information Systems								
Closeout of Construction Grant Program								
Inconsistent/Oversight Enforcement Activities								
Quality Assurance/Plans								
Use of Inefficient Contract Types								
Automated Information System Security Plans/Security (2)								
Oversight/Use of Assistance Agreements (4)								
Agency Relationship with Contractors								
Accountability/Managerial Cost Accounting/ Linking Mission and Management (1 & 4)								A
Backlog; Nation'l Pollutant Discharge Elimin. System Permits								
Enhance Employee Competencies/Human Capital (3)								
Process for Preparing Financial Statements								
Superfund Five-Year Reviews								
Great Lakes Program								
Environmental Data Information Systems/Information Resources Management/ Quality of Laboratory Data /Environmental Data Quality(2)								
Working Relationships with States & Other Partners (1)								A
Results-Based Information Technology Project Management								
Protecting Critical Infrastructure from NonTraditional Attacks								
Biosolids								
Air Toxics Program								
Superfund Evaluation and Policy Identification								

A= Combined

President's Management Agenda

1. Budget and Performance Integration
2. Expanded Electronic Government
3. Strategic Management of Human Capital
4. Improving Financial Performance

Looking to the Future

FY 2004 OIG PERFORMANCE TARGETS (with targets FY 2004 - 2008)

Crosswalk between OIG Strategic Plan Objectives/Measures & EPA Annual Performance Plan Goals

OIG STRATEGIC GOALS / EPA OIG APG	2004	2005	2006	2007	2008
FY 04 OIG GOAL 1: EPA APG 1: Improve human health and environmental quality by identifying 80 recommendations, risks or best practices; contributing to reduction or elimination of 18 environmental risks; and 42 changes or actions influencing positive environmental or health impacts.					
Objective Measures and Targets:					
T Environmental Improvements/Changes/ Actions (Legislative, regulatory, policy, directives, best practices, Environmental or health improvements): <i>Intermediate Outcome & Outcome Measures</i>	42	45	50	55	58
T Environmental Risks Reduced /Eliminated Certifications, Verifications, Validations: <i>Outcome Measures</i>	18	23	28	33	38
T Recommendations, Risks or Best Practices Identified: <i>Output Measures</i>	80	95	105	115	120
FY 04 OIG GOAL 2: EPA APG 2: Improve EPA's business and program operations by identifying 240 recommendations, potential savings & recoveries for 150% annual investment in OIG, 100 actions for better business operations, and 80 criminal, civil or admin actions reducing risk of loss/integrity.					
Objective Measures and Targets:					
T Potential Dollar Return on Savings, Questioned Costs, Improved Business Practices, Recoveries, Fines, Settlements: <i>Outcome Measures</i>	150% ROI	150% ROI	150% ROI	150% ROI	150% ROI
T Criminal, Civil Administrative Actions Reducing or Eliminating Risk of Loss & Operational/Data Integrity: <i>Intermediate Outcome Measures</i>	80	80	80	80	80
T Improvements in Business/Systems/Efficiency (Actions Taken on Mgt Challenges, Certifications, Best Practices, Policies, Regs): <i>Outcome Measures</i>	100	220*	225*	230*	240*
< Recommendations Made or Weakness, Best Practices Identified: <i>Output Measures</i>	240	800*	820*	840*	860*
* Revised to account for inclusion of Single Audits					

04 OIG GOAL 3: Internal Corporate Continuously Improve OIG Products and Services	2004	2005	2006	2007	2008
Objectives Measures and Targets < Improve timely delivery of products and services which are responsive and valuable to our customers needs: < Maintain average external customer value rating of 80% < Maintain average internal customer rating of 90% < Assignments in response to request/required 65% < Assignment average milestones met 80% < Cumulative reduction in process cycle time 25%	78%	79%	80%	81%	82%
88%	89%	90%	91%	92%	
63%	64%	65%	66%	67%	
70%	75%	80%	85%	90%	
5%	10%	15%	29%	25%	
< Apply technology, innovation, leadership and skill proficiency for highly regarded products and motivated staff: < Amount of products available electronically, average 90% < Staff meeting training standards 100% < Reduction in “skill gap”, cumulatively 75% < Internal product/process innovations implemented, total 50 < Congressional or public testimony, total 15	80%	85%	90%	95%	100%
100%	100%	100%	100%	100%	
55%	60%	65%	70%	75%	
10	10	10	10	10	
3	3	3	3	3	
< Align OIG performance, measurement, processes and followup for a cost accountable results culture: • Activities covered with cost accounting measures 90% • Available staff time used on direct assignments 75% • Direct time on followup of prior OIG recommendations 15% • OIG Recommendations acted on within four years 75%	70%	75%	80%	85%	90%
55%	60%	65%	70%	75%	
10%	12%	14%	15%	15%	
60%	65%	70%	75%	75%	
< Maximize use of available resources, staff diversity and savings opportunities: • Authorized FTE used 95% • Current year budget used 98% • Workforce in 100% parity with civilian labor force • Implement average costs savings 10% of expenditures	95%	95%	95%	95%	95%
80%	85%	90%	95%	98%	
95%	96%	97%	98%	100%	
5%	10%	10%	10%	15%	
< Develop constructive relationships to leverage resources & influence collaborative solutions: • Products done in collaboration with external partner(s) 200 • Lead Partnering/PCIE projects, total 15	40	40	40	40	40
3	3	3	3	3	

For questions, comments or to obtain copies of this report, please contact any of the following:

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Office of Planning, Analysis and Results**