

# 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, or EPA OIG, from October 1 to December 31, 2023. Below are some activities of note.

**Audit Summit.** On October 17, the Acting Deputy Inspector General, or IG; Assistant IG for Audit; and Assistant IG for Special Review and Evaluation participated in a panel at the EPA's first-ever Audit Summit. The EPA Office of the Chief Financial Officer hosted the event to provide an opportunity for career EPA leaders to engage with the OIG and increase positive communication between the organizations.

**Management Challenges.** This quarter, the OIG identified the top management challenges facing the EPA and the U.S. Chemical Safety and Hazard Investigation Board, or CSB, in fiscal year 2024. These challenges represent the organizations' greatest vulnerabilities to fraud, waste, and abuse and the most significant barriers to accomplishing their respective missions.

**Semiannual Report to Congress.** On November 20, the OIG issued its *Semiannual Report to Congress*, summarizing the OIG's work and accomplishments from April 1 through September 30, 2023.

**Symposium.** In December, the OIG hosted its annual Winter Symposium, an officewide professional development event. This year, the OIG invited multiple senior EPA officials to share overviews and insights regarding their offices' programs and operations and to participate in breakout sessions focused on key oversight areas.

**Ongoing Work.** In addition to newly issued products and project notifications detailed on the following pages, we continued work on several important oversight projects. A list of reports we expect to issue in the next quarter is available in the [Expected Issuances section](#).

**IIJA.** For an update on our oversight efforts related to the Infrastructure Investment and Jobs Act, or IIJA, see the dedicated [IIJA section](#).

## *By the Numbers*

**PRODUCTS  
ISSUED**  
12

**PROJECTS  
INITIATED**  
6

**RECOMMENDATIONS  
MADE**  
25

**PROJECTS  
ONGOING**  
33

# OVERSIGHT PROJECTS ISSUED

Click on the title to read the report.



## ***The CSB Needs to Improve Controls over Its Charge Card Program and Comply with Federal Requirements***

October 4, 2023

While we determined that the CSB's risk for illegal, improper, or erroneous purchases and payments is low, we identified deficiencies the CSB needs to address to ensure that it meets Office of Management and Budget requirements.



## ***Audit of the EPA's Fiscal Years 2021 and 2020 Toxic Substances Control Act Service Fee Fund Financial Statements***

October 12, 2023

We rendered a qualified opinion on the EPA's fiscal years 2021 and 2020 Toxic Substances Control Act Service Fee Fund financial statements, meaning that, except for material errors in expenses and income from other appropriations, the statements were fairly presented. However, we noted a material weakness and a significant deficiency.



## ***Audit of the EPA's Fiscal Years 2022 and 2021 (Restated) Pesticides Reregistration and Expedited Processing Fund Financial Statements***

October 17, 2023

We found the EPA's fiscal years 2022 and 2021 (restated) Pesticides Reregistration and Expedited Processing Fund, also known as the Federal Insecticide, Fungicide, and Rodenticide Act Fund financial statements to be fairly presented and free of material misstatement. However, we noted a material weakness and a significant deficiency.



## ***The EPA's Pollution Prevention Grant Results Aligned with Program Goals, but a Supervisory Verification Process Is Needed***

October 19, 2023

We determined that the EPA environmental results and monetary benefits of all 20 grants we reviewed aligned with the goals of the pollution prevention program. While the EPA accurately reported results for 18 of these 20 grants, the EPA did not include the results or inaccurately reported the results in its documentation for the remaining two grants. Without a supervisory verification process, the program may report inaccurate grant results to the public.



## ***The EPA Needs to Better Implement Internal Access Control Procedures for Its Integrated Risk Information System Database***

October 31, 2023

We found that information technology access management for the EPA's Integrated Risk Information System database did not adhere to federal and Agency information technology access control requirements.

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# OVERSIGHT PROJECTS ISSUED CONTINUED

Click on the title to read the report.



## ***The EPA's Fiscal Year 2024 Top Management Challenges***

November 15, 2023

We identified seven top management challenges for the EPA for fiscal year 2024: (1) Mitigating the causes and adapting to the impact of climate change; (2) Integrating and implementing environmental justice; (3) Safeguarding the use and disposal of chemicals; (4) Promoting ethical conduct and protecting scientific integrity; (5) Managing grants, contracts, and data systems; (6) Maximizing compliance with environmental laws and regulations; and (7) Overseeing protecting, and investing in water and wastewater systems.



## ***Audit of the EPA's Fiscal Years 2023 and 2022 (Restated) Consolidated Financial Statements***

November 15, 2023

We rendered an unmodified opinion on the EPA's consolidated financial statements for fiscal years 2023 and 2022 (restated), meaning that they were fairly presented and free of material misstatement. However, we noted four significant deficiencies.



## ***Semiannual Report to Congress: April 1–September 30, 2023***

November 20, 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 April 30 through September 30, 2023.



## ***The CSB's Fiscal Year 2024 Top Management Challenges***

December 6, 2023

We identified four top management challenges for the CSB for fiscal year 2024: (1) Operating effectively without a full board; (2) Minimizing mission-critical staff vacancies and attrition rates; (3) Improving cybersecurity; and (4) Promoting ethical conduct.



## ***The EPA Took Additional Actions to Strengthen Controls to Account for and Secure Laptops***

December 14, 2023

We determined the EPA had sufficient controls to account for and secure laptops within their possession to prevent theft and misplacement. However, we identified a deficiency in its business practices to sufficiently account for new laptops received. In addition, the EPA did not have fully developed and Agency-approved operating procedures for personal property management.

***To see more of our reports, visit [www.EPAOIG.gov](http://www.EPAOIG.gov).***

# OVERSIGHT PROJECTS ISSUED CONTINUED

Click on the title to read the report.



## [The EPA Clean School Bus Program Could Be Impacted by Utility Delays](#)

December 27, 2023

We concluded that there were no significant supply chain issues or production delays that impacted the EPA's efforts to disburse funds through the first round of the Clean School Bus Program's funding. However, the Agency may be unable to effectively manage and achieve the program mission unless local utility companies can meet increasing power supply demands for electric school buses.



## [Management Implication Report: Preventing Fraud, Waste, and Abuse Within the EPA's Clean School Bus Program](#)

December 27, 2023

We identified concerns regarding the EPA's lack of robust verification mechanisms within the Clean School Bus rebate and grant application process, which led to third parties submitting applications on behalf of unwitting school districts, applicants not being forthright or transparent, entities self-certifying applications without having corroborating supporting documentation, and entities being awarded funds and violating program requirements.

## INVESTIGATIONS

Click on the title to read the Department of Justice press release.

### [Company President Indicted for Allegedly Obstructing Federal Probe](#)

On October 19, 2023, Carl Fioravanti was indicted by a federal grand jury for allegedly obstructing an investigation into the grant funding of a hotel demolition project. According to the indictment, Fioravanti was the president of Alliance Environmental Control, Inc., a company hired by the Cook County Land Bank Authority in 2017 to conduct an asbestos survey in advance of the demolition of the Chicago Park Hotel. Fioravanti submitted the asbestos survey in the fall of 2017, stating that asbestos was present on the hotel site, the indictment states. Alliance was later hired as a subcontractor on the project by a Chicago-area demolition company that was chosen by the Land Bank Authority to demolish the hotel. In September 2018, investigation probed whether Alliance accurately described the amount of asbestos on the property in its survey to the Land Bank Authority and the amount of asbestos removed from the property in an asbestos waste manifest that Alliance provided to a landfill operator, as well as whether Alliance and the demolition company had received Community Development Block Grant funds to which they were not entitled in connection with the hotel demolition. The indictment alleges that Fioravanti intended to impede, obstruct, and influence the investigation when he responded to a subpoena by providing asbestos waste manifests that had been altered to reflect that a different quantity of asbestos was removed from the hotel site and delivered to the landfill. The EPA OIG investigated this matter jointly with the EPA Criminal Investigation Division, the U.S. Department of Housing and Urban Development OIG, and the Federal Bureau of Investigation.



**EPA OIG Hotline.** Anyone can file a complaint with the OIG Hotline regarding suspected fraud, waste, abuse, mismanagement, or misconduct involving EPA or CSB programs and operations.



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# OVERSIGHT PROJECTS INITIATED

Click on the title to read the project notification.

## ***Audit of the EPA's Use of Superfund Special Account Funds***

*November 14, 2023*

Our objective is to determine whether the EPA is managing its Superfund special accounts properly and timely in accordance with applicable laws, policies, and guidance.

## ***Evaluation of the EPA's 7th Drinking Water Infrastructure Needs Survey and Assessment and the Resulting Fiscal Year 2023 IJJA Allocation for Lead Service Line Replacements***

*November 15, 2023*

Our objective is to determine whether the design and execution of the 7th Drinking Water Infrastructure Needs Survey and Assessment were appropriate to create accurate allocations of infrastructure funds based on the lead-service-line-replacement needs in each state.

## ***Evaluation of the EPA's Implementation of the Underground Injection Control Class VI Well Program***

*November 15, 2023*

Our objective is to determine whether the EPA has used available resources, including funding appropriated by the IJJA, to improve permitting of Class VI wells under its Underground Injection Control Program. We intend to identify how the EPA either has used or plans to use \$5 million in annual IJJA funding from fiscal years 2022 through 2026 to improve Class VI well permitting. We will review the EPA's role as the primary enforcement authority for states that do not have primacy for the Underground Injection Control Class VI Well Program, and we will assess how the program is being directly implemented by the Office of Ground Water and Drinking Water and the EPA regions.

## ***Audit of U.S. Chemical Safety Board Improper Payments***

*November 16, 2023*

Our objective is to determine whether the CSB complied with the Payment Integrity Information Act in fiscal year 2023.

## ***Audit of the EPA's Payment Integrity Information Act for Fiscal Year 2023 Reporting***

*November 16, 2023*

Our objectives are to determine whether the EPA complies with the Payment Integrity Information Act of 2019 for fiscal year 2023 reporting and to evaluate the EPA's corrective action plans and efforts to prevent and reduce improper payments from prior audit recommendations. We plan to conduct work on this audit with headquarters staff.

## ***Evaluation of Institutional Control Documentation in the Superfund Enterprise Management System on IJJA-Funded Sites***

*December 7, 2023*

Our objective is to determine whether the upgrade to the Superfund Enterprise Management System is likely to facilitate improved documentation of institutional controls in the institutional control module.

# EXPECTED ISSUANCES

*We expect to issue reports for the following projects in the second quarter of fiscal year 2024. Click on the title to read the project notification.*

***Audit of the EPA's Fiscal Year 2022 Public Reporting of Infrastructure Investment and Jobs Act Financial and Award Data.*** Our objective is to determine whether the EPA's reporting of fiscal year 2022 IJJA obligations and outlays in USAspending.gov is complete and accurate.

***Audit of the EPA's Oversight of the Clean Water State Revolving Fund.*** Our objective is to determine whether the EPA is prepared to oversee IJJA funds invested in the Clean Water State Revolving Funds through the EPA's annual review process.

***Audit of the EPA's Guidance for the Use of Infrastructure Investment and Jobs Act Drinking Water State Revolving Fund Emerging Contaminants Funding.*** 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, or DWSRF, emerging contaminants funding, in accordance with the IJJA requirements and related federal implementation guidance.

***Audit of the EPA's Issuance of Build America Buy America Act Waivers on Infrastructure Projects.*** Our objective is to quantify the extent to which the EPA is issuing Build America, Buy America Act waivers for infrastructure projects.

# EXPECTED ISSUANCES CONTINUED

*Click on the title to read the project notification.*

**Audit of the CSB's Fiscal Years 2023 and 2022 Financial Statements (Contracted).** Our objective is to determine whether: (1) the financial statements are fairly presented in all material respects in accordance with generally accepted accounting principles; (2) the CSB's internal control over financial reporting is in place; and (3) the CSB's management has complied with applicable laws, regulations, contracts, and grant agreements.

**Audit of Great Lakes Restoration Initiative Grants Review.** Our objective is to determine the extent to which EPA Great Lakes Restoration Initiatives grants support the Agency's program goals for the Great Lakes.

**Audit of the EPA's Pesticides Registration Fund Fiscal Years 2022 and 2021 Financial Statement Audit Pursuant to the Pesticide Registration Improvement Act.** Our objective is to determine whether: (1) the financial statements are fairly presented in all material respects in accordance with generally accepted accounting principles; (2) the EPA's internal controls over financial reporting are in place; and (3) the EPA's management complied with applicable laws, regulations, contracts, and grant agreements.

**Audit of Jackson, Mississippi, Drinking Water Funding and Spending Decisions.** Our objective is to identify award and expenditure decisions at the state and local level related to the community water system in Jackson.

**Audit of Climate Change Resiliency in Clean Water State Revolving Fund Intended Use Plans.** Our objective is to determine to what extent (1) the EPA is providing guidance and reviewing states' Clean Water State Revolving Fund, or CWSRF, intended use plans to ensure that the plans, as they relate to climate change resiliency, meet the intent of the presidential policy directive to strengthen and maintain secure, functioning, and resilient critical infrastructure; and (2) the states, in their CWSRF planning, are considering climate change resiliency to safeguard federal investment, including the IJA and annual appropriation funding.

**Audit of CSB's Compliance with the Federal Information Security Modernization Act for FY 2023 (Contracted).** Our objective is to assess the CSB's compliance with Office of Management and Budget's Fiscal Year 2023 reporting metrics.

**Audit of the Combined Sewage Overflow Tanks at Gowanus Canal Superfund Site.** Our objective is to determine the status of combined sewer overflow tank(s) construction at the Gowanus Canal Superfund site.

**Evaluation of the EPA's Response to Reported Incidents of Unintended Effects from Pet Collar Pesticides.** Our objective is to determine whether (1) the EPA's response to reported pesticide incidents involving Seresto pet collars provides assurance that the collars can still be used without posing unreasonable adverse effects to human health and the environment and (2) the EPA adhered to pesticide registration requirements in its approval of Seresto pet collars.

**Evaluation of the EPA's Handling of Criminal Discovery.** Our objective is to determine whether the EPA's collection, retention, and production of mandatory criminal discovery material adhered to requirements.

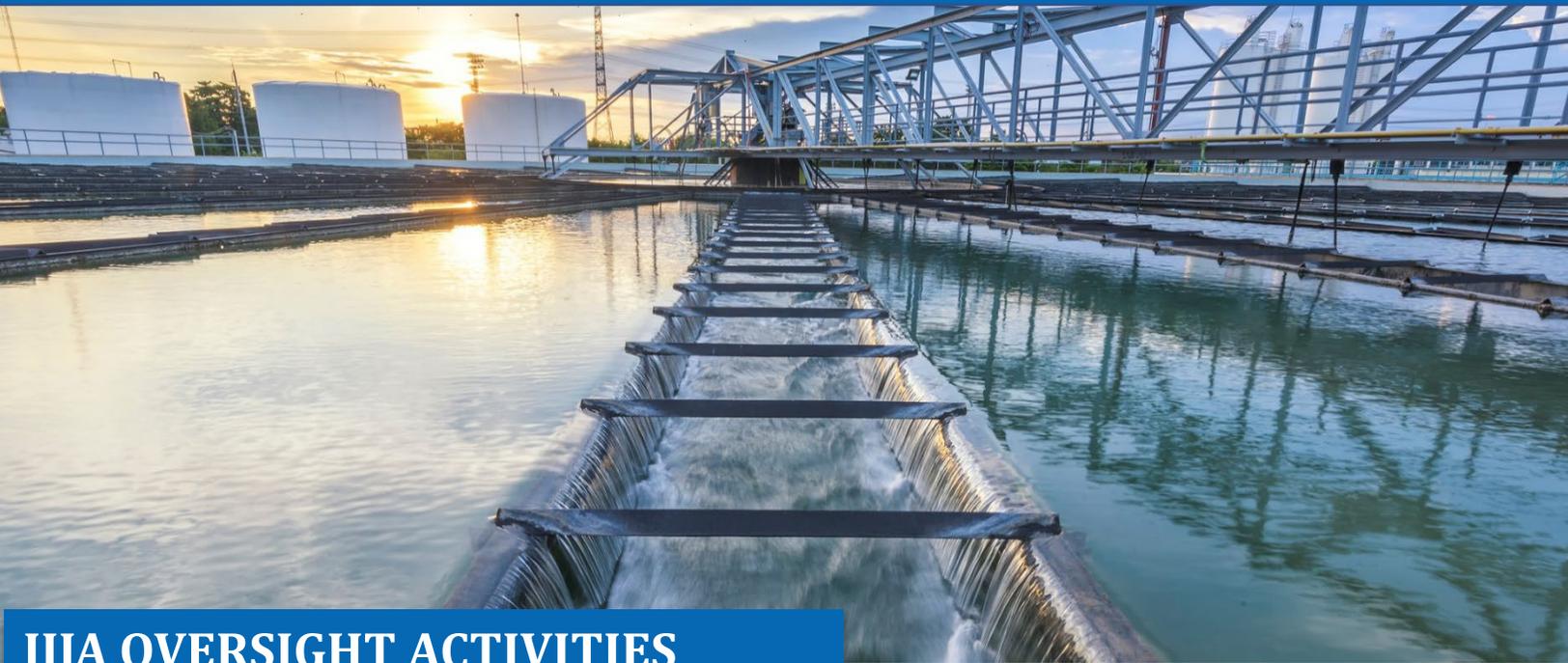
**Evaluation of the DWSRF Agencies' Perspectives on Their Capacity to Manage IJA Funds.** Our objective is to identify (1) DWSRF agencies' perspectives on their capacity to manage IJA funds and (2) obstacles that DWSRF agencies' administrators believe limit their capacity to manage IJA funds.

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

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

**Evaluation of the Financial Capacity of New Mexico's CWSRF Program to Manage IJA Funding.** Our objective is to determine the financial capacity of the New Mexico Environment Department to manage its IJA funding for the CWSRF program.

**Evaluation of the Effectiveness of IJA Funding at American Creosote Works, Inc. Superfund Site in Pensacola, Florida.** Our objective is to determine whether the EPA's oversight and implementation of institutional controls will support effective use of IJA funding at the American Creosote Works, Inc. Superfund site in Pensacola, Florida.



## IIJA OVERSIGHT ACTIVITIES

The EPA OIG continues robust efforts to oversee the more than \$60 billion the IIJA provides the EPA for significant investments in the nation’s drinking water and wastewater infrastructure projects, environmental cleanups, clean school buses and other clean air projects, and an expanded EPA workforce.

In December, the OIG published the findings of its audit to determine whether potential supply chain or production delays could impact the EPA’s efforts to disburse and manage IIJA funding allocated for the EPA’s Clean School Bus Program. Under the IIJA, this program will provide \$5 billion to replace existing school buses with zero- or low-emissions school buses. The audit determined that, while there were no significant supply chain issues or production delays that impacted the EPA’s efforts to disburse funds through the first round of funding for the Clean School Bus rebate program, there could be delays in utilities constructing the needed charging stations to make the buses fully operational in a timely manner. The EPA may be unable to effectively achieve program goals unless it can ensure that school districts will be able to establish the infrastructure necessary to support clean bus and charging purchases.



Meanwhile, a management implication report issued in December outlined the OIG’s concerns that the EPA’s lack of verification mechanisms within the Clean School Bus Program’s rebate and grant application process increases risk for fraud, waste, and abuse. The OIG reviewed the 2022 Clean School Bus rebate program and found that the program is rife with potentially inaccurate information. The OIG also identified instances in which entities lacking student enrollments applied for and received funding, imperiling the program’s principle of equitable resource distribution. The failure to require a truthfulness attestation and no verification process is placing funds at risk. The OIG provided several possible measures the EPA could take to help prevent possible fraud and establish a process for assessing application disclosures relevant to their applications.

The OIG continued work on other important IIJA oversight projects, including an upcoming audit of the EPA’s reporting of fiscal year 2022 IIJA obligations and outlays in USAspending.gov and evaluations regarding State Revolving Fund agencies’ capacity to manage IIJA funds. The [IIJA Oversight](#) page of the OIG’s website provides a current list of planned, ongoing, and completed work.

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In addition, the OIG continued proactive outreach efforts, providing 21 fraud awareness briefings to more than 2,000 attendees who will receive, manage, or oversee IIJA funding.