

EPA Inspector General Inez Smith Reid: "I'm Not a Super Cop"

Source: *Journal (Water Pollution Control Federation)*, Vol. 52, No. 8 (Aug., 1980), pp. 2069-2076

Published by: Water Environment Federation

Stable URL: <https://www.jstor.org/stable/25040846>

Accessed: 12-03-2026 16:40 UTC

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at <https://about.jstor.org/terms>



JSTOR

Water Environment Federation is collaborating with JSTOR to digitize, preserve and extend access to *Journal (Water Pollution Control Federation)*

EPA Inspector General Inez Smith Reid

“I’m not a super cop.”

After Congress passed the Inspector General Act of 1978 to provide federal agencies with a means of investigating fraud, increasing efficiency, and keeping the various agency heads informed, it was said that President Carter was looking for “young, sharp lawyers” to fill the 14-odd positions. For the Environmental Protection Agency (EPA), he may very well have found what he was looking for in Inez Smith Reid. Professor, lawyer, administrator, scholar, and writer with a host of degrees (B.A., LL.B., M.A., Ph.D.), Mrs. Reid discussed her views of her new responsibilities and her intentions for the water pollution control program, particularly the construction grants program, with Journal Associate Editor Donald Feliciano in May.

Journal: Although the Inspector General Act of 1978 reorganized the executive branch of the government to establish offices of the inspector general in some 14 agencies, the concept of an agency investigator is not new, having been used in the past by the military and some federal agencies. Can you provide some background on the auditing and investigative procedures at EPA?

I don't think that at EPA you had the remnants of what I would call the ideal inspector general approach, particularly along the lines of the Departments of HUD or Agriculture. At EPA prior to my coming on, there were two separate divisions, one dealing with investigations, which was called the Security and Inspection Division, and the other dealing with audits, which was called the Office of Audit. However, neither of these offices had the comprehensive approach to the questions of efficiency and economy and detection and prevention of fraud that one finds in the Inspector General Act right now. For example, on the investigator side, most of those investigations were geared toward things like time and attendance fraud or travel fraud and did not zero in on the basic programs like the construction grants program. So, there was not that kind of an inspector general concept at EPA prior to my coming on.

Has the reorganization at EPA consolidated those two branches?

That's right. In December 1979 I was confirmed as the inspector general, and after my confirmation EPA issued an executive order that created the Office of the Inspector General. This office has under its

umbrella the old office of Audit and part of the old Security and Inspection Division.

How do you perceive your duties at EPA, and how do you relate them to the goals of the agency?

Basically, I have the duty of carrying out the mandate of the Inspector General Act of 1978. In essence this means I have the responsibility for conducting audits and investigations of EPA's programs and activities. We have the responsibility for reviewing legislation and regulations and making recommendations for changing existing and proposed regulations and legislation with an eye toward trying to achieve the two major goals of the Inspector General Act, which are to promote efficiency and economy in government programs and operations and to prevent and detect fraud, waste, abuse, and mismanagement in those programs.

In addition, we have a responsibility for investigating a whole range of employee complaints ranging from violations and allegations of violations of laws, rules, and regulations down to allegations concerning the public health and safety. So, that's one phase—carrying out the mandate of the Inspector General Act.

Another phase of our work has to do with carrying out the mandates that are contained in various EPA orders. For example, the EPA order creating the Office of the Inspector General charged us with the responsibility of conducting standards-of-conduct briefings for EPA employees—that is, to inform employees about the kind of behavior that is acceptable as employees of EPA and the kind of behavior that is unacceptable.

August 1980 2069



In addition, there's another EPA order dealing with audit resolutions, and the Office of Inspector General plays a major role in seeing that audit report findings are resolved, so that some savings can accrue to the federal government. Broadly speaking, that's how I view my mandate.

Can you elaborate a little on what you mean by "acceptable" behavior of EPA employees?

In each federal government agency there are things that employees can do and things that employees cannot do. For example, in the construction grants program and other kinds of grant programs at EPA, one of the things that we say to our employees is that you cannot accept meals and gratuities from contractors. We have to tell employees that if you are having a meeting with a contractor and the contractor offers you a filet mignon, champagne, and all of that, you have to be careful. Under certain circumstances you cannot accept those kinds of gratuities.

And, there are all sorts of other kinds of behavior that we get into: how you fill out your timecard, conflicts of interest, staying in your office at EPA, and conducting real estate business—those things are not allowed, of course, but we have instances in the past where people have done those kinds of things—so they need a reminder that that is forbidden.

What is your operating budget, and how large is your staff?

We are operating this year on a budget that's about \$9.4 million. Our staff, how-

ever, is tiny compared with what we actually need to get the job done. There are something like 95 professional auditors and 16 professional investigators for the entire country. Now, needless to say, when you put that against, for example, a \$28 billion construction grants program, you really don't even have one tiny drop in the bucket in terms of the resources that you actually need.

We do have a substantial sum of money for what we call our "CPA firms." However, the problem with CPA firms is that they're not familiar with EPA programs. Therefore, it requires a lot of on-the-job training and a lot of reworking of their efforts. We use them extensively; so we do have a major problem in terms of resources to monitor their work. In short, our resources are inadequate in terms of the mandate that we have in the Inspector General Act.

We are working with a budget that was given to us for fiscal 1980, but the budget is insufficient in that there are a number of positions that are not covered in that particular budget even though the employees are actually on duty. But that's the budget we're working with now.

You've had some problems with the federal hiring freeze, have you not?

Yes, we're trying now to get an exemption from the Office of Management and Budget (OMB) with respect to the hiring freeze, but so far we haven't gotten word on it. So, with the combination of the freeze and inadequate resources to begin with, we are definitely hurting.



“Our resources are inadequate in terms of the mandate that we have in the Inspector General Act.”

What types of expertise are you looking for in your staff, and what have you been able to get based on your present limitations?

Ideally, we need someone who has a good, solid financial background, plus someone who has a good, solid investigative background, plus someone who has a technical knowledge, particularly in the field of engineering, and, finally someone who's got a legal background. Now, obviously, we're not going to find all of that in one person, but that's the ideal situation.

You've been on the job since December. Can you update the status of your activities at EPA thus far?

The first thing that we did was enter a 3-month planning phase, trying to figure out exactly what we would do with the limited resources that we have. That also meant staffing up—not staffing up in terms of getting new resources because we simply didn't get those—but staffing up in terms of figuring out who would take what position and what kind of organization we would have. Also, mapping out I guess what you'd call a grand strategy for approaching the construction grants program, because that's the biggest task that we have to tackle right now.

We've just finished our 3-month planning phase, and I think we have in mind exactly where we want to go and what we want to do. Our only limitation right now is in terms of the resources that are available to us.

Can I assume then that you're going to be concentrating your efforts in the water pollution control area?

Yes, as a matter of fact, we've launched what we call “Project Look,” which is an intensive review of the expenditures and operations under the construction grants program, and we will be devoting about 50% of our resources to that particular endeavor. What we want to do is to take a hard look at management controls within that program. We want to know whether costs charged to projects are allowable. We

want to take a hard look at whether or not the rules and regulations are being followed. Are there rules and regulations that really ought to be changed because they're outmoded? We want to look to see whether or not there are any possible indicators of fraud, waste, abuse, and mismanagement.

“We will be devoting about 50% of our resources to [the water pollution control area].”

Can you amplify on Project Look—this is a team process, is it not?

Yes, what we're doing is putting together the best of our audit and investigative people, and we send into the field a team of auditors, investigators, and an engineer. We have one lone engineer on our staff and are trying to get a second one. So, it's kind of a combination effort. As I said earlier, we really need certain kinds of skills, and what we're trying to do now is combine the skills that we have into one team so that you don't get auditors out there doing something and then 5 months later the auditors suddenly say, “Well, maybe I've got something I should have handed over to an investigator.” They can all get it at the same time.

You only have one engineer on your staff?

Yes, one extremely overworked engineer. We'll get another one in the next couple of weeks, but even two are not sufficient.

“We're about 5 or 6 months away from being about to say whether or not there's fraud [in the construction grants program].”

Do your initial investigations indicate that there is fraud in the construction grants program?

I think it's much too early to tell. We just completed our pilot project down in Jackson, Miss. and that was a project designed to test our research and project design. As a result of that project, we modified our design a little bit, but it's too early to tell whether or not there's fraud. We've got five other projects under way in different parts of the country, and those really just began this May. So I think we're about 5 or 6 months away from being able to say whether or not there's fraud.

August 1980 2071

Will your emphasis be on misuse of grants, or will it include such things as ambiguities in the interpretation of regulations?

We want to take a look at the total management structure and controls. We want to look at the rules and regulations and indicators of fraud, waste, and abuse. It's kind of a comprehensive umbrella approach to the whole thing.

"We want to take a look at the total management structure and controls."

Then you're going to be looking within EPA right down to the grantee level?

Yes, within and without.

Will you be investigating the need for advanced waste treatment (AWT)?

With our limited resources, I doubt we'll be able to get into AWT at least within the first year or so.

Outside of the construction grants program, are there any other problem areas in the water program that you'll be investigating, like hazardous wastes?

Again, we constantly come across the resource problem. We would like to take a hard look at some of the hazardous waste issues with respect to criminal activities or potential criminal activities as we are dealing with illegal disposal of hazardous waste. But, right now we have only 8% of our resources that we can devote to that endeavor. And, when I say 8%, that really boils down to about one investigator that we can put into the field on hazardous waste issues. So I doubt, unless we can get additional resources, that we'll be able to mount anything substantial in that area.

Hazardous waste investigations are very complex, and usually they involve not just one offense, but a number of allied offenses; so a number of federal criminal code provisions (Title 18 of the U.S. Code) may be involved when you're talking about criminal activity pertaining to hazardous wastes and their illegal disposal. The investigations will be extraordinarily complex, and you can't do it all across the country with one man.

Do you foresee any problems resolving conflicts that hinge on whether some aspect of a particular project is a misuse of funds or regulations, or a matter of applying

better administrative or engineering judgment?

I think that on a number of these projects and these reviews that we do there will be judgmental calls, and there will have to be a lot of discussion, negotiation, and understanding of the process. We may get down to the necessity of taking a strong look at whether or not there's an abuse or whether or not someone exercised the best of his professional judgment.

It seems to me there's going to be a point in an investigation for members of your staff when the problems or the issue may be of such a technical nature that they cannot immediately deal with it. How will you resolve that kind of problem when you will need more expertise?

It's a big problem for us right now, and frankly in the past, we've had to hold up the completion of some of our audit reports waiting for our engineer to free himself from one job to go flying off to another job to provide the advice that is needed. It's a real problem. We don't have the kind of technical expertise that we need on some of the more complex jobs, and we simply will have to keep asking for those resources.

In the water pollution area, do you have a timetable that you are working with or a particular plan of action for each particular case?

When you're doing something as difficult and as complicated as Project Look reviews, it's hard to tell what kind of timetable is appropriate. However, what we are estimating is that teams take anywhere from 2 to 5 months to complete a Project Look review. Now, when you consider that we've got \$28 billion out there already and that we have resources now to mount only five projects in each division and because of travel expense constraints now, we'll have to postpone one of those five until October. Then we've got a real problem in terms of making a dent in a short period of time.

Five projects for every EPA region?

No. Our office is divided into divisions. We do not have enough auditors and investigators to put in every single EPA region; so we have consolidated it to five divisions: Eastern, Mid-Atlantic, Northern, Southern, and Western. And, we have started one Project Look review in each of these divisions, but we are running out of



travel funds. Therefore, we've had to postpone one of those projects until we get new travel funds, which will be at the beginning of October 1980.

In addition to looking at problem projects, it's my understanding that you would also ideally like to "spot-check," that regular management is being performed for seemingly well-run projects. Is that true?

To the extent that we can, and particularly if we receive certain kinds of allegations, yes, we like to do spot checks. Sometimes we'll get in a request for an emergency interim audit for some of the projects, and we'd like to be as responsive as we possibly can.

On our Project Look reviews, we're also trying to combine the traditional interim audit. This means that we get a chance to see which costs are allowable or allocable to the project and whether or not those costs have been allowed and allocated properly.

Let us shift to the concept of the inspector general. A 1979 article in Washington Monthly was critical of the role played by inspectors general and raised some questions as to whether they can effectively uncover fraud in government. I'd like to get your opinion on some of these points. One of the problems stated in the article about inspectors general is that "they're on the other side." In other words, do you feel that you can effectively look at EPA's programs through the "jaundiced eye of an outsider" while you're working within the agency under the supervision of an administrator and a deputy administrator who control your budget?

Let me say first of all that in terms of the role of the inspector general, I do not view myself as a super cop. I think some people look at an inspector general as a police person, as a super cop, if you will, looking over everybody's shoulder to make sure nothing is going wrong. I simply don't have that concept of an inspector general.

Basically the inspector general is there to protect the public interest—protect the

"The inspector general is there to protect the public interest—protect the interests of citizens to make sure the federal dollar gets the sum of its value."



"I do not view myself as a super cop."

interests of citizens to make sure that the federal dollar gets the sum of its value—in other words, to make sure that people haven't wasted it, haven't spent it unwisely. And with that conception in mind, then I think it's hard to conclude that one is either an outsider or an insider. One is simply protecting the public interest.

There are some delicate situations needless to say in the life of an inspector general where if you uncover something that is, shall we say, embarrassing to the agency, people will be uncomfortable. But, that's the life of an inspector general and a life with which whoever agrees to be inspector general has to expect to live. It's kind of walking a tightrope between the need to protect the public interest and the need to get along with the colleagues inside the agency to protect that public interest. Often you end up not liked but that's part of the job.

Do you feel that there's a problem that the administrator has control of your budget?

I think that that is a major problem. I think I spend at least 25% of my time on budgetary matters, and that's too much. I

really cannot afford to spend that much time on budgetary matters, and if I had a budget coming directly from OMB, and if I had the authority to hire, then I could just put my own staff in place and take care of the budget, take care of the hiring, and not have to worry internally about convincing the agency that I need an additional investigator or auditor.

“If I had a budget coming directly from OMB, and if I had the authority to hire, then I could just put my own staff in place and take care of the budget, take care of the hiring, and not have to worry internally about convincing the agency that I need an additional investigator or auditor.”

Is there any kind of indication that Congress is going to be apt to amend the Inspector General Act to resolve the problem with the budget?

There has been some discussion of it. How it will come out in the final analysis I simply don't know.

Supposedly a common phenomenon in every job is the fear that if you do too good a job, you won't have one. Do you have any thoughts on this?

No, I never have the fear of working myself out of a job. There are certain goals that you have when you come into a job like this, and if I'm fortunate enough to do everything that needs to be done here and can affirmatively say there's no longer a need for an inspector general at EPA, then I'd be happy to leave.

One of the things that I've done in my career is to prepare myself so that if I can't find a job in one area, I'll be sure to find one in another. I can leave here and I can go back to the university level and teach or I can go back and practice law.

Would you say that it's a little premature for the public to really understand what an inspector general does? I imagine that half of the people who read the Journal will not have known what an inspector general is.

I think that if you throw out the concept “inspector general,” they wouldn't understand that, but if you say to people that the inspector general's role is to make sure that the public dollar is spent wisely, they will understand that very, very rapidly.

They always understand the dollar. That's right.

A good deal of success of the inspector general will depend on assistance from “whistleblowers”—those persons intimately familiar with fraudulent practices in their own departments. What plans do you have to encourage these people to come forward, and how will you protect them from recriminations?

We have what we call the hot line. Employees can call up a particular number and launch a complaint against anyone or any kind of a situation. In addition, we've got in the planning stage a brochure that we'll get out to all employees explaining the role of the inspector general and informing them that if they find something wrong within the agency and they want to report it, they can do so and feel free to do so without fear of retaliation.

Now the question of protection is a good one and a very difficult one. One of the things that we can do according to the act is to protect the identity of someone who complains as long as that identity can be protected while conducting the investigation—in other words, without hampering the investigation. So what we'll try to do whenever an employee says, “I'd like no one to know that I've come to you,” is to protect that identity.

As far as going beyond that, I think it depends on a case-by-case situation. If an employee comes up and says, “My identity leaked out and I just got downgraded,” then you've got to establish the causal connection between the complaint and the downgrading. That will require some extra work on our part, but I think that Congress has made it fairly clear that the protection of those employees who come forward is extremely important—so we have to take it as an important part of our mission.

Realistically, can you ensure protection of whistleblowers?

If it means sitting with an employee every day and watching how the supervisor reacts to that employee, to what that employee does or does not do, then obviously we can't do that. But we are on call to an employee who feels that a supervisor is really taking a number of reprisals against him or her because he or she filed a complaint with us. Then there's the Merit System's Protection Board and the Office



of the Special Counsel, which also can play a role in protecting those employees.

How much of your work do you expect will be responding to whistleblower complaints versus following up on your own leads?

I think no more than 20%. In terms of the number of complaints that we have been getting on the hot line, there are not that many. I think our own affirmative leads will bear much more fruit than the hot line does. Sometimes people call on the hot line and they remain anonymous—they give you half a piece of information, and it's very difficult to follow up on it, and you don't know who to call back to get additional information.

Whistleblowers have, in the past, often leaked information to Congress and the press rather than to authorities within their own agencies. How do you intend to respond to charges by congressional staffers and reporters? Seemingly just answering Congress' complaints could take a lot of time.

If Congress makes an inquiry, we have to investigate that complaint. Keep in mind that the inspector general's office was designed as an entity that would work fairly closely with Congress and would make periodic reports not only to the Congress but also to the head of the agency; so I don't think it would be an unusual thing to get a number of congressional inquiries. We haven't had that many thus far.

Knock on wood.

Yes, knock on wood. But, even if it boiled down to five or six a week, I think we'll just have to try to handle them because that's the nature of the job.

In the establishment of the Office of Inspector General, as you mentioned earlier, you inherited the Office of Audit and the Security and Inspection Division from the Office of Planning and Management. Attention to established ways of working has its importance, but how will you channel the efforts of these two groups to "seeing the whole picture" to help you accomplish the goals of your office? In other words, are you concerned that they may possibly "miss the forest for the trees?"

One of the things we've always made clear is that auditors and investigators are now part of the same house. Prior to my coming here, they were considered to be

separate houses, and often they did not talk.

They didn't interact?

No. Even if they were working on the same thing. When I first came, for example, I noted an audit report dealing with a matter recommending that we go in a certain direction. Then, I noticed an investigative report on the same subject that was ready to be sent to the Justice Department for proper action and the two recommendations were totally inconsistent. At that point, I said, "Listen, people, we're all in the same house now. We can't have one side of the house going with one recommendation and the other side of the house going with another recommendation."

"We can't have one side of the house going with one recommendation and the other side of the house going with another recommendation."

We've made it clear from the outset that auditors and investigators must work together and collaborate. I think that's working out very well. We've got some common training sessions planned, and in November we'll have our first annual Inspector General Training Conference in Chicago. Both auditors and investigators will attend and will have some kind of cross-training.

I don't want to give the impression that auditors and investigators now collaborate and are getting along beautifully and understand each other's language. We're just not at that stage yet, but I think we're at the beginning phase, and the prognosis, I think, is very good.

Seemingly, one of those difficult duties you have as inspector general is not only finding problem areas and fraud within EPA, but going that important one step further to analyze the reasons for the problems and recommending how they can be changed. Do you agree?

Yes. That's very difficult. We recently did a very complicated investigation dealing with chemical substances, and I think as a result of that investigation we understood what part of the problem was. Obviously we didn't have the insight or the length of experience that some of the administrators here at EPA do, but I think we saw part of the problem.

August 1980 2075

Analyzing the problem and trying to decide what to recommend as corrective action was not an easy chore, but through a number of discussions inside and outside the agency, we were able to determine what we should recommend as changes. But a lot of analysis will still have to be done. As you know, a number of the problems that EPA confronts are not easy problems when

you're dealing with hazardous wastes, Love Canals, and drinking water contamination. A number of these problems are very, very complex, so you have to think through analytically what you would recommend to address some of the problems or deficiencies that you might uncover. It's not just a haphazard thing off the top of your head.

Secondary Treatment Waivers

“And the winners are . . .”

Seventy coastal communities are anxiously awaiting a decision from the U.S. Environmental Protection Agency (EPA) on whether they will have to upgrade raw or primary wastewater effluent discharges into the ocean to full secondary treatment levels. Communities denied a waiver from secondary treatment will incur significant expenditures for new or upgraded plant construction and associated operation and maintenance. In this time of recession and budget cuts, concerned individuals are wondering whether we can afford not to grant waivers, seeing that priorities for construction grant funding are changing. The first group of decisions involving 20 communities (which represent 85% of the 70 applicants' total average flow) are expected in October. This article reveals some of the background and inner workings of the EPA decision-making process.

As a result of testimony from West Coast water pollution experts before Congress that ocean outfall discharges of less than secondary treatment levels do not damage the marine environment or harm humans, Congress, in amending the Federal Water Pollution Control Act to the Clean Water Act, added Section 301(h). This section permits a marine discharger to acquire a waiver from mandatory secondary treatment if it can be shown that the effluent will not harm the ocean environment.

According to many specialists, primary effluents do not harm the marine environment because of the great flushing, dilution, and depth characteristics of the sea. Although primary effluent has a significant immediate and long-term biochemical oxygen demand (BOD), it is rapidly oxygenated, diluted, and dispersed by ocean currents when discharged by properly designed outfalls and outfall diffuser ports. Jack Betz, director of the Los Angeles Bureau of San-

itation, states that southern California has a great deal of experience with data generated from studying ocean outfalls. Betz says that when foreign countries wish to learn how to design an outfall properly, they usually visit California because West Coast outfalls have consistently been shown to have no harmful effects on the ocean environment.

Possible marine effects that EPA will be looking for include destruction of coral reefs, fish nursery and spawning grounds, shellfish, and grass and kelp beds; production of disease epicenters, phytoplankton blooms, sludge blanket and turbidity effects; and fin rot in fish; creation of pollution-resistant species, and changes in species diversity. According to EPA spokesmen, 56 of the applications are based on proposed upgradings that are needed and 14 applications are based on existing discharges.

Requirements of applicants. On June 15, 1979, EPA issued final regulations (44 FR