



At a Glance

Why We Did This Audit

The Office of Inspector General (OIG) conducted this audit to determine (1) whether the U.S. Environmental Protection Agency's (EPA's) non-competitive awards to nonprofit organizations for fellowships are in the public's best interest and an effective use of taxpayer dollars, (2) whether the EPA's execution of the fellowship program maximizes the environmental research results and meets the EPA's mission, and (3) the accuracy and allowability of costs reported by nonprofit organizations from fellowship cooperative agreements.

The EPA provides financial support for research fellowships and professional development opportunities to encourage students to obtain advanced degrees in the environmental sciences, and to pursue science, technology, engineering and math-related careers, to bolster the workforce needed to generate solutions to environmental issues.

This report addresses the following:

- *Improving EPA research programs.*

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EPA Paid \$14.5 Million to Foreign Fellows that Could Have Funded Research by U.S. Citizens or Permanent Residents

What We Found

Of the 166 fellows hosted at EPA laboratories over an 11-year period under EPA cooperative agreements awarded to the National Academy of Sciences (NAS), 107 of those fellows were foreign nationals or persons who were not citizens or permanent residents of the United States. When the EPA directly awards fellowships, it requires U.S. citizenship or permanent residency. However, the EPA does not specify citizenship requirements for fellowships awarded through cooperative agreements.

We found that 64 percent of EPA fellowships awarded to NAS were to foreign nationals.

Although two of the three cooperative agreement recipients audited require citizenship eligibility similar to the EPA's requirements, the third—NAS—did not. NAS awarded \$14.5 million to foreign nationals over the past 11 years. EPA officials said they did not believe the EPA can establish criteria for spending federal funds for fellowships awarded through cooperative agreements. We believe the taxpayer dollars will be put to better use if the EPA's cooperative agreements included the same citizenship requirements for fellowships.

Reported expenses to the EPA from the other two nonprofit organizations audited were sometimes inaccurate. In the drawdown requests audited, two fellows were overpaid \$11,965. Neither the applicable EPA grant specialists nor project officers received any financial documentation to explain why additional funds were requested. Consequently, the EPA was not aware of potential unallowable costs.

Recommendations and Planned Agency Corrective Actions

We recommend that the EPA stipulate in future applicable grants and cooperative agreements that fellowships can only be awarded to U.S. citizens or those holding a visa permitting permanent residence in the United States. We also recommend that the EPA develop a policy for fellowships awarded under cooperative agreements. Further, we recommend that the EPA perform advanced administrative monitoring reviews for the two audited cooperative agreement recipients that reported inaccurate expenses to ensure the recipients comply with cooperative agreement terms and conditions.

The EPA agreed with the recommendations and provided planned corrective actions and completion dates that are acceptable and meet the intent of the recommendations.