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At a Glance

The EPA Needs to Improve Internal Controls for Selecting Recipients of Clean School Bus Program Funds

Why We Did This Evaluation

To accomplish this objective:

The U.S. Environmental Protection Agency Office of Inspector General conducted this evaluation to determine whether the EPA followed requirements when selecting recipients for the Infrastructure Investment and Jobs Act's Clean School Bus Program funds. The Act provides $5 billion for the EPA to issue grants and rebates for the purchase of clean or zero-emission school buses, which are operated using either an alternative fuel or electricity.

Pursuant to the Act, an executive order, and EPA guidance, the EPA must select Clean School Bus Program award recipients based on seven requirements. For example, recipients must have existing operational school buses and must use the replacement buses to provide a school district with bus service for at least five years. The EPA must also select recipients in a manner that achieves the president's Justice40 goal to distribute 40 percent of the overall benefits of federal investments to disadvantaged communities.

To support this EPA mission-related effort:

- *Improving air quality.*

To address this top EPA management challenge:

- *Managing grants, contracts, and data systems.*

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What We Found

While the EPA followed six of the seven requirements to select recipients of Clean School Bus Program funds, the Agency did not have sufficient internal controls in place to ensure that it selected recipients with eligible school buses. Internal controls include plans, methods, policies, and procedures that help an organization achieve its objectives. The EPA did not require sufficient documentation to demonstrate that recipients' existing school buses met the fuel, weight, and operational status requirements or that the replacement buses would provide a school district with bus service for at least five years. By requiring and then verifying such documentation before awarding Clean School Bus Program funds, the Agency would mitigate the potential for fraud, waste, and abuse.

Additionally, the EPA did not provide oversight to verify that applicants requesting funds specifically for zero-emission school buses have school districts with suitable local conditions for these types of buses. The EPA did not require these applicants to conduct a suitability analysis or submit one as part of their applications. Without such information, the EPA cannot provide assurance that the zero-emission school buses funded by the Clean School Bus Program would suitably and effectively operate in the recipient school districts.

If the EPA does not follow all requirements for selecting recipients of the Clean School Bus Program funds, there is an increased risk of potential fraud, waste, and abuse. Taxpayer dollars could also be wasted if the Agency does not establish procedures to verify that zero-emission school bus replacements are suitable for the applicant's school district.

Recommendations and Planned Agency Corrective Actions

We made four recommendations to the assistant administrator for Air and Radiation to issue guidance to Clean School Bus Program applicants on the types of documentation needed to support that their existing school buses are eligible for replacement and that replacement school buses will provide a school district with bus service for five years; require Clean School Bus Program applicants to submit sufficient documentation to support their applications; update the standard operating procedures and trainings to address verifying the eligibility of applicants and their school buses; and establish procedures to verify that any requested zero-emission school bus replacements are suitable for the applicant's school district.

The Agency agreed with Recommendations 1, 2, and 3 but disagreed with Recommendation 4. Recommendation 1 is resolved with corrective action pending. Recommendations 2 and 3 are unresolved because the planned or completed corrective actions do not fully meet the intent of the recommendations. Recommendation 4 is also unresolved, and resolution efforts are underway on Recommendations 2, 3, and 4.