



# At a Glance

## Why We Did This Project

The Office of Inspector General (OIG) conducted an audit of the U.S. Environmental Protection Agency's (EPA's) Water Infrastructure Finance and Innovation Act (WIFIA) program. The objective of this audit was to determine whether the EPA has established effective internal controls for the WIFIA program.

Congress enacted the WIFIA program as part of the Water Resources Reform and Development Act of 2014. A federal credit program administered by the EPA, the WIFIA program accelerates investment in water and wastewater infrastructure of national and regional significance by offering creditworthy borrowers secured (direct) loans and loan guarantees for up to 49 percent of eligible project costs.

### This report addresses the following:

- *Operating efficiently and effectively.*

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## EPA's Water Infrastructure Finance and Innovation Act Program Needs Additional Internal Controls

### What We Found

The EPA did not prepare a comprehensive program risk assessment prior to establishing the WIFIA program. Further, the EPA did not develop program performance measures to fully identify and capture financial data and public health benefits to affected communities. Lastly, we found that the EPA needs to strengthen its SharePoint access controls for the WIFIA program.

**WIFIA managers need to identify possible risks to the program and develop internal controls to minimize these risks.**

The EPA did not follow the guidance set forth in Office of Management and Budget Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, and the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*. These documents state that a comprehensive program risk assessment should be done when initially establishing a program to examine all possible risks to program success. By not performing a formal risk assessment at the outset, Office of Water management cannot be assured that it has identified the overall risks to the program. Consequently, the necessary internal controls to address such risks may not be in place, and unnecessary procedures might be implemented for risks that do not exist, resulting in an ineffective and inefficient program.

By only identifying performance measures for specific projects, the EPA may not be fully identifying and capturing programmatic financial and public health data. These data may, in turn, support continuing or expanding the WIFIA program. In addition, not having a formal process to monitor user accounts puts the WIFIA SharePoint—as well as other EPA information technology systems that are also hosted on the EPA intranet—at increased risk for unauthorized access and disclosure, loss of data, and other hacking activities.

### Recommendations and Planned Agency Corrective Actions

We recommend that the Assistant Administrator for Water (1) finalize a comprehensive program risk assessment that addresses all areas of risk, (2) develop program performance measures to identify and capture financial data and public health benefits to affected communities, and (3) develop SharePoint access controls. We also recommend that the Assistant Administrator for Mission Support test and assess the WIFIA SharePoint system access controls to determine whether they function as intended. The EPA provided acceptable planned corrective actions and estimated completion dates. All recommendations are resolved with corrective actions pending.

### Noteworthy Achievements

We found no issues with three of the five internal control components we examined: control environment, information and communications, and monitoring.