



CONSIDERATIONS FOR THE EPA'S IMPLEMENTATION OF GRANTS AWARDED PURSUANT TO THE INFRASTRUCTURE INVESTMENT AND JOBS ACT



Images from EPA OIG reports on grant administration and oversight. (EPA OIG images)

Purpose:

We performed this review to highlight findings from prior U.S. Environmental Protection Agency Office of Inspector General and U.S. Government Accountability Office audit reports that are relevant to the EPA's administration and oversight of grant awards pursuant to the Infrastructure Investment and Jobs Act. The project number for this review was [OA-FY22-0080](#).

This review supports the following EPA mission-related effort:

- *Operating efficiently and effectively.*

This review addresses a top EPA management challenge:

- *Managing infrastructure funding and business operations.*

Report Contributors:

Sabrina Berry
Benjamin Nate
Gloria Taylor-Upshaw
Khadija Walker

Address inquiries to our public affairs office at (202) 566-2391 or OIG_WEBCOMMENTS@epa.gov.

Full list of [EPA OIG reports](#).

Overview

The U.S. Environmental Protection Agency Office of Inspector General [initiated](#) this review to highlight findings from prior OIG and U.S. Government Accountability Office audit reports that are relevant to the EPA's administration and oversight of grant awards awarded pursuant to the Infrastructure Investment and Jobs Act, or IIJA.

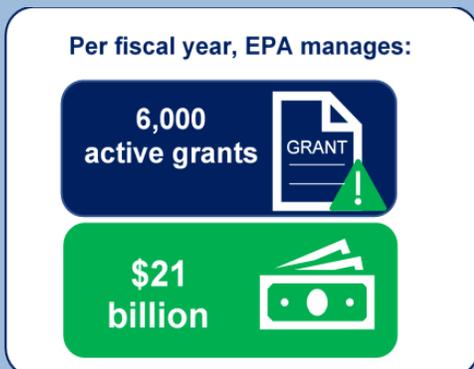
Background

According to the EPA's *Grants Management Plan 2021–2025*, which was issued prior to enactment of the IIJA, the EPA awards approximately half of its annual budget in grants to states, local governments, federally recognized tribes, nonprofit organizations, educational institutions, and other eligible entities to help the Agency achieve its mission of protecting human health and the environment. IIJA appropriations, however, will increase the EPA's implementation and oversight of grant programs significantly.

The EPA's *Assistance Agreement Almanac* notes that the Agency governs its grants management process in accordance with applicable statutes, federal regulations, and Agency policies and guidance to ensure effective stewardship of funds, adequate internal controls, fairness, and equity in the EPA's award and administration of grants. Per EPA policy, grants fall under the broader category of assistance agreements, which also includes cooperative agreements.

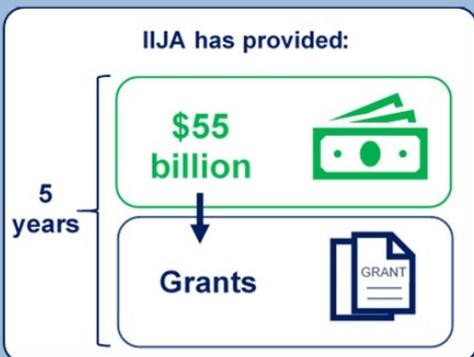
According to EPA Order 5700.1, *Policy for Distinguishing Between Assistance and Acquisition*, the Agency uses grants and cooperative agreements, among other tools, to transfer money, property, services, or anything of value to a recipient to accomplish the EPA's mission or program goals authorized by statute. Specifically, the EPA uses grants when it anticipates minimal involvement with the recipient. In contrast, the EPA uses cooperative agreements when it anticipates it will be substantially involved in carrying out various responsibilities and actions related to these funds. Generally, "substantial involvement" exists when there is expected to be joint operational involvement, participation, or collaboration between the EPA and the

Figure 1: EPA grants (annual budget):



Source: OIG summary of EPA grant activity. (EPA OIG image)

Figure 2: Anticipated amount of EPA grants funded by the IIJA



Source: OIG summary of IIJA appropriations. (EPA OIG image)

recipient. Examples would include participating in project staff selections or collaborating regarding the scope of work.

Hereafter, for the purposes of this report, we use the term “grants” to refer to both cooperative agreements and grants. EPA project officers and grant specialists are required to use various tools to administer, perform oversight of, and manage awarded grants. This includes managing grant funds in accordance with federal statutes and regulations as well as with Agency policies and procedures. Administration and oversight also include the methods that the EPA’s Office of Grants and Debarment, or OGD, are required to use in coordination with program offices and regions to measure and report the success of the Agency’s grant program and the grant recipients’ performance.

According to the EPA’s *Grants Management Plan 2021–2025*, the Agency manages in any given fiscal year approximately 6,000 active grants totaling approximately \$21 billion, as shown in Figure 1. With the IIJA appropriations, the EPA will receive approximately \$55 billion in additional funding for state and tribal grants over a five-year period through fiscal year 2026, as shown in Figure 2.

Office of Management and Budget, or OMB, Memorandum M-22-12, *Advancing Effective Stewardship of Taxpayer Resources and Outcomes in the Implementation of the Infrastructure Investment and Jobs Act*, dated April 29, 2022, requires federal agencies to implement IIJA-funded programs efficiently and effectively by developing program implementation plans that, among other things, confirm a program-level approach to financial management controls and risk mitigation strategies. The OMB memorandum also states that agencies should work with their respective inspectors general to identify risks and that agencies can reduce the need for costly after-the-fact enforcement by adopting a risk-based approach, which should include procedures to mitigate risks to achieve program goals and objectives. As such, we undertook this review to highlight previously reported grant administration and oversight deficiencies from OIG and GAO audit reports issued from fiscal years 2017 through 2021. We have summarized these deficiencies to assist the EPA in its administration and oversight of IIJA grants.

The EPA has or is in the process of implementing the OIG and GAO recommendations issued in the audit reports identified in Appendix A. OMB Circular No. A-123, *Management’s Responsibility for Enterprise Risk Management and Internal Control*, dated July 15, 2016, states that managers are responsible for establishing and achieving goals and objectives, seizing opportunities to improve effectiveness and efficiency of operations, providing reliable reporting, and maintaining compliance with relevant laws and regulations. Managers are also responsible for implementing management practices that effectively identify, assess, respond, and report on risks.

Scope and Methodology

We reviewed OIG and GAO audit reports issued from fiscal years 2017 through 2021 to identify reports that addressed deficiencies related to the EPA's grant administration and oversight. A more detailed description of our scope and methodology is in Appendix B.

Responsible Offices

The EPA's website states that the Office of Mission Support is responsible for leading the Agency's core mission support functions to improve efficiency, coordination, and customer service for internal customers, stakeholders, and the public, including protection of the EPA's facilities and other critical assets nationwide. These stated responsibilities also include overseeing acquisition activities (contracts), grants management, human capital, information technology, and information management activities.

The OGD is located within the Office of Mission Support and oversees management of the Agency's grants and cooperative agreements. The OGD is responsible for developing national policies, guidance, and training; provides national compliance support to grant management offices; administers grants and cooperative agreements for programs in headquarters; and oversees and manages the Agency's Suspension and Debarment program.

Results

Prior OIG and GAO findings of deficiencies in the EPA's grant administration and oversight can be grouped into three broad areas for improvement for the EPA to consider as it prepares to administer and oversee IIJA grants. These areas are listed in Figure 3 and below:

- Enhancing the grants oversight workforce and strengthening monitoring and reporting.
- Establishing and implementing comprehensive guidance and detailed work plans, as well as improving communications.
- Requiring adequate documentation to support grant payments.

This report emphasizes the importance of addressing internal control weaknesses related to these previously identified deficiencies in advance of administering and overseeing more than \$55 billion in funding from IIJA appropriations for state and tribal grants that will strengthen and rebuild the nation's infrastructure programs. The following sections describe prior audit findings for the three broad areas of grant administration and oversight.

Enhancing the Grants Oversight Workforce and Strengthening Monitoring and Reporting

Nine prior audit reports found that the EPA needed to enhance workforce planning for grants management staff and address staffing challenges related to tribal grants. In addition, these reports concluded that the EPA needed to strengthen controls over grants in

Figure 3: Number of OIG and GAO reports addressing each area of improvement*



Source: OIG review of 22 OIG and GAO audit reports. (EPA OIG image)

* One report is applicable to two categories.



Enhancing the grants oversight workforce and strengthening monitoring and reporting

Of the nine prior audit reports that address this consideration, **seven identified needed improvements related to grants workforce planning, monitoring, and reporting:**

- GAO Report No. [GAO-17-144](#), *Grants Management: EPA Partially Follows Leading Practices of Strategic Workforce Planning and Could Take Additional Steps*, dated January 2017.
- GAO Report No. [GAO-21-150](#), *EPA Grants to Tribes: Additional Actions Needed to Effectively Address Tribal Environmental Concerns*, dated October 2020.
- OIG Report No. [17-P-0402](#), *Region 2 Needs to Improve Its Internal Processes Over Puerto Rico's Assistance Agreements*, dated September 25, 2017.
- OIG Report No. [19-P-0198](#), *EPA Needs to Improve Oversight of the Senior Environmental Employment Program*, dated June 24, 2019.
- OIG Report No. [20-P-0204](#), *EPA Needs to Improve Oversight of Research Assistance Agreements*, dated June 30, 2020.
- OIG Report No. [20-P-0126](#), *EPA Did Not Accurately Report Under the Grants Oversight and New Efficiency Act and Needs to Improve Timeliness of Expired Grant Closeouts*, dated March 31, 2020.
- OIG Report No. [20-P-0026](#), *EPA's FY 2019 First Quarter Compliance with the Digital Accountability and Transparency Act of 2014*, dated November 8, 2019.

areas such as monitoring of recipients and accurate reporting of grant data. For example, as detailed in the below subsection, two GAO and five OIG audit reports identified needed improvements related to:

- Addressing strategic workforce planning for grants management staff.
- Monitoring controls, documentation, and grant progress.
- Closing out expired grants and recording attributes for financial assistance transactions in the Agency's reporting of data from its grants management system.

Needed Improvements Related to Grants Workforce Planning, Monitoring, and Reporting

GAO Report No. [GAO-17-144](#), *Grants Management: EPA Partially Follows Leading Practices of Strategic Workforce Planning and Could Take Additional Steps*, dated January 2017, examined how staffing levels and workloads changed over a ten-year period for EPA grants management personnel, as well as the extent to which the EPA followed leading practices for strategic workforce planning in managing its grants workforce. The GAO found that the EPA's regional and national program offices had not consistently tracked key aspects of grants management workload over time, as the EPA did not have a documented process that the Agency could apply consistently to obtain workload data. Also, the GAO concluded that the Agency did not identify skill and competency gaps for project officers or monitor and evaluate recruitment and retention efforts for its grant specialists.

GAO Report No. [GAO-21-150](#), *EPA Grants to Tribes: Additional Actions Needed to Effectively Address Tribal Environmental Concerns*, dated October 2020, found that the EPA and tribal grant recipients identified staffing and other challenges related to addressing tribal environmental concerns through EPA grants. Challenges included high turnover and heavy workloads for EPA staff, which created additional work for already overworked tribal staff working on the grants. For example, tribal grant recipients stated that EPA staff changes resulted in lost grant documents, requiring grant recipients to resubmit the documents. The GAO also found that, according to 2019 EPA workforce data, the EPA was understaffing grant specialists across the Agency by approximately 15 percent.

OIG Report No. [17-P-0402](#), *Region 2 Needs to Improve Its Internal Processes Over Puerto Rico's Assistance Agreements*, dated September 25, 2017, found that Region 2 project officers did not properly oversee grant equipment, such as computers, printers and vehicles, totaling more than \$207,000 in grant funding. Project officers did not document their justifications explaining the need for or use of equipment in the approved work plan, nor did they confirm the use of equipment in accordance with grant policy. Project officers also limited their reviews to the preaward phase and could not confirm whether recipients purchased the equipment in accordance with the approved budget and grant guidelines.

What Is the DATA Act?

Signed on May 9, 2014, the DATA Act (Pub. L. 113-101) requires federal agencies to report financial and award data in accordance with governmentwide financial data standards.

OIG Report No. [19-P-0198](#), *EPA Needs to Improve Oversight of the Senior Environmental Employment Program*, dated June 24, 2019, found that EPA program staff overseeing the EPA's Senior Environmental Employment program cooperative agreements were not in compliance with monitoring and documentation requirements for Senior Environmental Employment grant recipient reporting and communications. For example, program management did not verify project officers monitoring activities and document oversight of recipient quarterly reports.

OIG Report No. [20-P-0204](#), *EPA Needs to Improve Oversight of Research Assistance Agreements*, dated June 30, 2020, noted that project officers did not always enforce recipient compliance with progress reporting requirements, and the program office did not always document the review of recipient progress reports. With late or missing progress reports, recipients may not have informed the EPA project officers in a timely manner of any potential delays or obstacles in completing grant objectives or work. Further, although the EPA policy and award agreements required recipient reporting and review of progress reports, the Agency did not have adequate controls to verify that those steps had taken place.

OIG Report No. [20-P-0126](#), *EPA Did Not Accurately Report Under the Grants Oversight and New Efficiency Act and Needs to Improve Timeliness of Expired Grant Closeouts*, dated March 31, 2020, found that the EPA did not close out expired grant awards a timely manner. According to policy, the EPA should close out a grant award as soon as possible before the end of the fiscal year following its project end date. The Agency did not close expired grants because the OGD did not require grant management offices to submit strategies to improve grant closeout performance, as mandated by Agency policy. Also, according to the OGD, expired grant closeout delays occurred due to workload and staffing issues.

OIG Report No. [20-P-0026](#), *EPA's FY 2019 First Quarter Compliance with the Digital Accountability and Transparency Act of 2014*, dated November 8, 2019, found a lack of documented policies and procedures that resulted in errors in the data files included in its Digital Accountability and Transparency Act, or DATA Act, submission for the first quarter of fiscal year 2019. Specifically, the EPA did not record all award and awardee attributes for financial assistance transactions in the Agency's grants management system. For example, the report identified transaction exceptions, totaling \$6.6 million, that were not recorded in the EPA's grants management system and not included in its DATA Act submission.

Considerations for the Agency

As the EPA increases its grant award workload and staffing under the IJA, implementation of program controls over grants and planning for adequate resources could help to identify and address associated risks with the requirements under the IJA, so that the Agency achieves intended program results.



Establishing and implementing comprehensive guidance and detailed work plans, as well as improving communications

Of the nine prior audit reports that address this consideration, **six identified needed improvements related to guidance, terms and conditions, work plans, and communications:**

- [OIG Report No. 17-P-0053, *Additional Measures Can Be Taken to Prevent Deaths and Serious Injuries From Residential Fumigation*](#), dated December 12, 2016.
- [OIG Report No. 17-P-0368, *Improved Management of the Brownfields Revolving Loan Fund Program Is Required to Maximize Cleanups*](#), dated August 23, 2017.
- [OIG Report No. 18-P-0079, *EPA Can Better Manage State Pesticide Cooperative Agreements to More Effectively Use Funds and Reduce Risk of Pesticide Misuse*](#), dated February 13, 2018
- [OIG Report No. 20-P-0012, *Tribal Pesticide Enforcement Comes Close to Achieving EPA Goals, but “Circuit Rider” Inspector Guidance Needed*](#), dated October 29, 2019.
- [OIG Report No. 20-P-0335, *Regions 1 and 5 Need to Require Tribes to Submit More Detailed Work Plans for Grants*](#), dated September 29, 2020.
- [GAO Report No. GAO-21-150, *EPA Grants to Tribes: Additional Actions Needed to Effectively Address Tribal Environmental Concerns*](#), dated October 2020.

Establishing and Implementing Comprehensive Guidance and Detailed Work Plans, As Well As Improving Communications

Nine previous OIG and GAO audit reports found that the Agency needed to establish clear guidance to monitor grants or cooperative agreements appropriately. Also, these reports identified that the EPA needs to develop detailed work plans to identify how and when the recipient will use program funds to produce specific outputs. Lastly, these reports showed how the Agency needed to effectively communicate with Indian tribe grant recipients to address tribal-specific issues.

Considering the more substantial involvement required to oversee cooperative agreements, the EPA should have clear oversight requirements. For example, as detailed in the subsection below, six of these prior audit reports identified deficiencies related to:

- Lack of comprehensive cooperative agreement guidance.
- Inconsistent cooperative agreement terms and conditions.
- The need for improved EPA oversight and development of work plans.
- The need for addressing communication challenges of tribal recipients.

Needed Improvements Related to Guidance, Terms and Conditions, Work Plans, and Communications

OIG Report No. [17-P-0053](#), *Additional Measures Can Be Taken to Prevent Deaths and Serious Injuries From Residential Fumigation*, dated December 12, 2016, found that, because residential fumigation was not part of the Federal Insecticide, Fungicide, and Rodenticide Act, or FIFRA, program’s cooperative agreement guidance, it was not viewed as an enforcement priority. Also, the report found that most fatal incidents occurred because fumigators did not protect the homes from premature entry and recommended several actions that the EPA should take to improve safeguards surrounding residential fumigation.

OIG Report No. [17-P-0368](#), *Improved Management of the Brownfields Revolving Loan Fund Program Is Required to Maximize Cleanups*, dated August 23, 2017, found that approximately \$10.9 million in program income funds went unused in about half of the Brownfields Revolving Loan Fund cooperative agreements reviewed. The EPA did not issue policy guidance that stated its intended use of the program funds, which was for award recipients to reloan the funds for additional brownfields remediation and cleanup after the recipient paid back the initial loan. In addition, cooperative agreement terms and conditions regarding how to handle program income were inconsistent depending on when the agreements were issued, resulting in some recipients not following the proper measures for treatment of program funding.

What Is a Circuit Rider?

FIFRA authorizes the EPA to enter into cooperative agreements with states, territories, and Indian tribes to conduct pesticide enforcement programs. Under certain circumstances, tribes that may not have enough inspection targets to justify having their own inspectors may instead use a “circuit rider,” which is a tribal inspector shared among two or more tribes.



Farm workers on Navajo Nation land.
(EPA photo)

OIG Report No. [18-P-0079](#), *EPA Can Better Manage State Pesticide Cooperative Agreements to More Effectively Use Funds and Reduce Risk of Pesticide Misuse*, dated February 13, 2018, identified weaknesses in the processes underlying the development and monitoring of FIFRA cooperative agreement work plans. The EPA routinely approved and funded state work plans when it should have adjusted the goals within these plans. Also, the project officers overseeing the work plans did not always assess the reasonableness of funding related to state-led inspections. The report also found that the EPA guidance for assessing the reasonableness of requested funding was not well-defined.

OIG Report No. [20-P-0012](#), *Tribal Pesticide Enforcement Comes Close to Achieving EPA Goals, but “Circuit Rider” Inspector Guidance Needed*, dated October 29, 2019, noted that the tribal grant work plans for cooperative agreements needed to include priority-setting plans for tribes using circuit riders to perform FIFRA inspections. The report also found that the EPA lacked tribal inspection guidance and that better communication with tribes relating to work plans and inspections was necessary.

OIG Report No. [20-P-0335](#), *Regions 1 and 5 Need to Require Tribes to Submit More Detailed Work Plans for Grants*, dated September 29, 2020, found that regional review of tribal work plans was needed for adequate detail, such as funding amounts. The report noted that inadequate work plans could put tribal grants at risk for unsupported costs.

Finally, GAO Report No. [GAO-21-150](#), which was previously discussed, concluded that the EPA and tribal grant recipients had communication challenges identified by tribal officials relating to both technology issues and grant deadlines. For example, the officials whom the GAO interviewed said that a tribe’s connectivity, such as a lack of sufficient internet and phone access due to the tribe’s remoteness, can create communication challenges. Further, ongoing communication challenges related to outdated and unclear guidance created inconsistencies in the EPA grant requirements and eligibility determinations.

Considerations for the Agency

These reports demonstrate the need for the EPA to clearly communicate to Agency staff and grant recipients their role in overseeing grant activities through established guidance documents and developed work plans. In particular, according to the EPA’s *Bipartisan Infrastructure Law Fact Sheet: Investment in Tribal Nations and their Communities*, dated December 2021, the EPA’s top priority is to uplift underserved communities and tribal nations across the country that have endured deeply rooted public health and environmental challenges. Because grants to tribal communities will increase with IJA appropriations, the EPA needs to ensure that it establishes effective communication methods and is able to address



Requiring adequate documentation to support grant payments

Of the five prior audit reports that address this consideration, **three identified that the EPA did not have sufficient documentation to fully support grant transactions:**

- *OIG Report No. 19-P-0163, EPA Complied with Improper Payments Legislation but Stronger Internal Controls Are Needed*, dated May 31, 2019.
- *OIG Report No. 20-P-0167, EPA Complied with Improper Payments Legislation, but Internal Controls Need Substantial Improvement to Ensure More Accurate Reporting*, dated May 13, 2020.
- *OIG Report No. 21-P-0135, EPA Complies with Payment Integrity Information Act but Needs to Determine Cost Allowability When Testing for Improper Grant Payments*, dated May 14, 2021.

The OIG continues to identify needed improvements:

In its *Fiscal Year 2021 Agency Financial Report*, the EPA concluded and subsequently reported that none of its payment streams were susceptible to significant improper payments. However, in Report No. [22-P-0050](#), *The EPA Was Not Compliant with the Payment Integrity Information Act for Fiscal Year 2021*—which was issued June 27, 2022, and was thus outside the scope of our review—the OIG concluded that the EPA potentially failed to report approximately \$10.3 million in improper grant payments for the fiscal year 2021 reporting period. The report recommended that the Agency conduct an off-cycle risk assessment for grants improper payments and train Agency staff on procedures to identify improper payments.

tribal-specific issues, such as providing sufficient detail within project work plans.

Consideration of the previously identified deficiencies will help the Agency operate grant programs as intended and provide grant recipients with the level of assistance needed to achieve appropriate and desired environmental outcomes from grants awarded pursuant to the IJA. In addition, more effective tribal collaborations would assist tribes with open channels of communication and obtaining clear guidance when implementing grant requirements.

Requiring Adequate Documentation to Support Grant Payments

The EPA has historically faced challenges in enforcing the requirement for grant recipients to submit adequate documentation to support costs incurred under their grants. In three prior reports issued from fiscal years 2019 through 2021, the OIG concluded that the Agency's processes for reviewing grant payments were not always effective in detecting disallowed or improper costs.

For example, the OIG issued three improper payment audit reports—Report Nos. [19-P-0163](#), [20-P-0167](#), and [21-P-0135](#)—that identified that the EPA did not have sufficient documentation to fully support grant transactions. From fiscal years 2017 through 2020, the Agency reported a total of approximately \$52.3 million in improper payments for the grant payment stream. For the fiscal year 2018 reporting period, the OIG identified approximately \$1.9 million in additional grant improper payments. For the fiscal years 2019 and 2020 reporting periods, the OIG identified approximately \$610,000 in additional improper payments related to the Agency's review process for grants.¹ In all instances, the OIG noted the reason for identifying these additional transactions as improper was the lack of or insufficient documentation to support these grant payment transactions.

Considerations for the Agency

OMB Memorandum M-22-12 emphasizes that payment integrity is a critical responsibility of the federal government. Accordingly, the memorandum provides that agencies need to make payments correctly and take appropriate actions in the beginning stages of program implementation to prevent improper payments.

As the office responsible for overseeing the EPA's grant program, the OGD may need to consider additional safeguards for monitoring grant payments. The Agency should consider implementing additional or clarified controls for regions and program offices to enforce grant administration requirements, to request support for incurred costs on grants, and to instruct recipients regarding the importance of proper documentation and record keeping. This may mitigate the EPA's risk of increased improper payments in its IJA grant awards.

¹ Based on an examination of grant payments, the OIG found additional improper payments of \$571,000 in fiscal year 2020 and of \$38,000 in fiscal year 2021 issued reports.

Conclusions and Prospective Considerations

The EPA's *Grants Management Plan 2021–2025* states that the EPA awards approximately half of its annual budget through grants to states, local governments, federally recognized tribes, nonprofit organizations, educational institutions, and other eligible entities to help the EPA achieve its mission of protecting human health and the environment. Further, pursuant to the IIJA, the Agency will greatly expand the number of grants awarded in support of key environmental infrastructure investments. According to the OMB, IIJA implementation needs to be efficient and effective to deliver the best results, protect taxpayer dollars, and ensure public trust.

This report highlights grants administration and oversight deficiencies the Agency should consider to mitigate risks and reduce the likelihood of fraud, waste, and abuse of IIJA funds. The considerations include enhancing the grant workforce and monitoring; establishing and implementing comprehensive guidance and work plans, as well as improving communications; and requiring adequate documentation to support grant payments.

EPA OIG and GAO Reports Reviewed

Report no.	Report title
EPA OIG reports	
17-P-0053	<i>Additional Measures Can Be Taken to Prevent Deaths and Serious Injuries from Residential Fumigation</i>
17-P-0184	<i>Northwest Indian Fisheries Commission Complied with Most Federal Requirements but Claimed Some Unallowable Costs</i>
17-P-0204	<i>Downriver Community Conference Achieved Results and Expended Funds Under Brownfields Agreement, but Unallowable Costs Were Claimed</i>
17-P-0212	<i>EPA Complied with Improper Payment Legislation, but Testing Can Be Improved</i>
17-P-0368	<i>Improved Management of the Brownfields Revolving Loan Fund Program Is Required to Maximize Cleanups</i>
17-P-0402	<i>Region 2 Needs to Improve Its Internal Processes Over Puerto Rico's Assistance Agreements</i>
18-P-0079	<i>EPA Can Better Manage State Pesticide Cooperative Agreements to More Effectively Use Funds and Reduce Risk of Pesticide Misuse</i>
18-P-0153	<i>EPA Complied with Improper Payments Elimination and Recovery Act Requirements</i>
18-P-0288	<i>EPA Paid \$14.5 Million to Foreign Fellows that Could Have Funded Research by U.S. Citizens or Permanent Residents</i>
19-P-0163	<i>EPA Complied with Improper Payments Legislation but Stronger Internal Controls Are Needed</i>
19-P-0198	<i>EPA Needs to Improve Oversight of the Senior Environmental Employment Program</i>
20-P-0012	<i>Tribal Pesticide Enforcement Comes Close to Achieving EPA Goals, but "Circuit Rider" Inspector Guidance Needed</i>
20-P-0026	<i>EPA's FY 2019 First Quarter Compliance with the Digital Accountability and Transparency Act of 2014</i>
20-P-0126	<i>EPA Did Not Accurately Report Under the Grants Oversight and New Efficiency Act and Needs to Improve Timeliness of Expired Grant Closeouts</i>
20-P-0167	<i>EPA Complied with Improper Payments Legislation, but Internal Controls Need Substantial Improvement to Ensure More Accurate Reporting</i>
20-P-0204	<i>EPA Needs to Improve Oversight of Research Assistance Agreements</i>
20-P-0335	<i>Regions 1 and 5 Need to Require Tribes to Submit More Detailed Work Plans for Grants</i>
21-P-0135	<i>EPA Complies with Payment Integrity Information Act but Needs to Determine Cost Allowability When Testing for Improper Grant Payments</i>
GAO reports	
GAO-17-144	<i>EPA Partially Follows Leading Practices of Strategic Workforce Planning and Could Take Additional Steps</i>
GAO-17-161	<i>EPA Has Taken Steps to Improve Competition for Discretionary Grants but Could Make Information More Readily Available</i>
GAO-17-208	<i>Agencies Need to Better Identify Resource Contributions to Sustain Disconnected Youth Pilot Programs and Data to Assess Pilot Results</i>
GAO-21-150	<i>EPA Grants to Tribes: Additional Actions Needed to Effectively Address Tribal Environmental Concerns</i>

Source: OIG compilation of EPA OIG and GAO reports. (EPA OIG table)

Scope and Methodology

We conducted this project from March to August 2022. We did not follow generally accepted government auditing standards or the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. However, we did follow the OIG's quality control procedures for ensuring that the information in this report is accurate and supported. Additionally, the *Quality Standards for Federal Offices of Inspector General* require that our work adheres to the highest ethical principles of integrity, objectivity, confidentiality, independence, and professional judgement, and we adhered to these principles in performing our work.

To answer our objective, we reviewed OIG audit reports and GAO audit reports issued from fiscal years 2017 through 2021. Specifically, we reviewed 282 OIG reports and 109 GAO reports issued during that five-year period, and we concluded whether those reports addressed deficiencies related to grant administration and oversight. We then selected those audit reports that related to grant administration and oversight for further review. Specifically, we reviewed 18 OIG and four GAO audit reports, which we list in Appendix A. We reviewed the findings and recommendations of those 22 reports. We also reviewed the Agency's audit tracking system and the GAO's website for the status of the issued recommendations, and we followed up on any open or updated recommendations. We analyzed the findings of these reports and identified 11 general deficiency areas and three broad categories for consideration, as depicted in Appendix C. Finally, we summarized the reported deficiencies of each category based on their relevance to the EPA's administration and oversight of grants awarded pursuant to the IIJA.

To obtain an understanding of the applicable criteria for grant administration and oversight, we reviewed EPA policies and procedures, as well as the following laws, regulations, and guidance:

- Pub. L. 117-58, *Infrastructure Investment and Jobs Act*, dated November 15, 2021.
- OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, dated July 15, 2016.
- OMB Memorandum M-22-12, *Advancing Effective Stewardship of Taxpayer Resources and Outcomes in the Implementation of the Infrastructure Investment and Jobs Act*, dated April 29, 2022.
- GAO, *Standards for Internal Control in the Federal Government*, dated September 2014.
- 2 C.F.R. subtitle A, part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
- 2 C.F.R. subtitle B, part 1500, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
- EPA Order 5700.1, *Policy for Distinguishing Between Assistance and Acquisition*, dated March 22, 1994 (with administrative change dated July 21, 2021).
- EPA Order 5700.6 A2 CHG2, *Policy on Compliance, Review and Monitoring*, dated September 24, 2007.
- EPA Order 5700.7A1, *Environmental Results under EPA Assistance Agreements*, dated January 1, 2005 (with administrative change dated October 27, 2021).

Summary of Reported OIG and GAO Grant Deficiencies

Report no.	Category for consideration	General grant deficiency identified										
		Guidance documents	Grant indirect costs	Grant terms and conditions	Project officer and grant specialist monitoring	Documentation requirements	Work plans	Planning and communication	Grant closeout requirements	Grant transactions susceptible to significant improper payments	Workload and grant staffing	Informational reporting about grants
17-P-0402	Enhancing the grants oversight workforce and strengthening monitoring and reporting				X	X						
19-P-0198					X	X						
GAO-17-144											X	X
GAO-17-161		X										X
GAO-17-208												X
20-P-0026						X						
20-P-0126									X			
20-P-0204					X	X						
GAO-21-150*								X				
17-P-0053	Establishing and implementing comprehensive guidance and detailed work plans, as well as improving communications	X										
17-P-0204			X									
17-P-0368		X		X								
18-P-0079					X		X					
18-P-0288					X							
17-P-0184			X									
20-P-0012		X					X	X				
20-P-0335							X					
GAO-21-150*											X	
17-P-0212	Requiring adequate documentation to support grant payments									X		
18-P-0153										X		
19-P-0163						X				X		
20-P-0167						X				X		
21-P-0135						X				X		
Total number of reports with identified deficiency		4	2	1	5	7	3	2	1	5	2	3

Source: OIG analysis of EPA OIG and GAO reports. (EPA OIG table)

* Report is applicable to two categories.

Distribution

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Chief of Staff, Office of the Administrator
Deputy Chief of Staff, Office of the Administrator
Assistant Administrator for Mission Support
Principal Deputy Assistant Administrator for Mission Support
Deputy Assistant Administrator for Mission Support
Agency Follow-Up Official (the CFO)
Agency Follow-Up Coordinator
General Counsel
Associate Administrator for Congressional and Intergovernmental Relations
Associate Administrator for Public Affairs
Director, Office of Resources and Business Operations, Office of Mission Support
Director, Office of Continuous Improvement, Office of the Chief Financial Officer
Audit Follow-Up Coordinator, Office of the Administrator
Audit Follow-Up Coordinator, Office of Mission Support