



## ASSISTANT ADMINISTRATOR FOR WATER

WASHINGTON, D.C. 20460

### **MEMORANDUM**

**SUBJECT:** Response to the Office of Inspector General *Audit Follow-up: Missing Federal Financial Reports for IJJA-Funded Awards in the EPA's Grant Files System* Report No. 26-N-0011, January 21, 2026

**FROM:** Jessica L. Kramer

**TO:** Nicole N. Murley, Deputy Inspector General performing the duties of the Inspector General  
Office of the Inspector General

Thank you for the opportunity to respond to the U.S. Environmental Protection Agency Office of Inspector General's report titled *Audit Follow-up: Missing Federal Financial Reports for IJJA-Funded Awards in the EPA's Grant Files System*, 26-N-0011, dated January 21, 2026.

The Office of Water agrees that National Estuary Program grant recipients must adhere to 2 CFR 200.328 as identified in the report, along with 2 CFR 200.344, by submitting the Federal Financial Report (SF-425) at least annually and no more frequently than quarterly.

Additionally, it is important to note that FFRs are submitted to the EPA Research Triangle Park Finance Division. The EPA regional NEP project officers use several other measures to ensure the grants are adequately monitored, including but not limited to, reviewing funding through progress reports, grant baseline monitoring, advanced monitoring and unliquidated obligation reviews, and reviewing funding in COMPASS to determine if the recipient is making draw-downs in accordance with the workplan. Therefore, it is not fully accurate to state that the EPA may not be able to adequately monitor the awards to ensure proper use of funds if the FFRs are not collected in a timely manner.

In response to the OIG's draft findings in September 2025, the Office of Water, as the national program manager for the NEP, took the following measures to improve coordination by reminding all of the EPA NEP regional coordinators and project officers, as well as all of the designated NEPs that receive Clean Water Act Section 320 funding, of the FFR requirement. Specific Office of Water actions include:

- On July 31, 2025, the Office of Water emailed all NEP regional coordinators and managers to

have them remind their local NEPs of the grant requirement.

- On October 6, 2025, the Office of Water emailed the NEP regional coordinators to notify those local NEPs of their missing information and NEP regional coordinators worked with the other local NEPs to get reports submitted within one week.
- On October 8, 2025, at the quarterly EPA NEP All Hands virtual meeting attended by Office of Water coordinators and NEP regional managers/coordinators, the Office of Water reminded regional coordinators of this continued FFR reporting and tracking need.
- On October 9, 2025, at the monthly EPA virtual meeting with the officers of the Association of National Estuary Programs, the EPA reminded NEP officers of this requirement.
- On January 8, 2026, at the monthly EPA virtual meeting with officers of the Association of National Estuary Programs, the officers confirmed they emailed the NEP Directors with a reminder about FFR reporting and had also provided time at the November ANEP technical transfer meeting for Indian River Lagoon NEP to share lessons learned from the OIG audit with all 28 NEPs. The officers also requested a webinar on lessons learned from recent OIG and regional audits to educate existing and new staff.
- In FY26, the Office of Water will develop a webinar for local NEP Directors and staff, EPA regional coordinators and project offices on lessons learned from recent OIG and regional audit to ensure other NEPs are meeting requirements and maintaining good records.
- In FY26, the Office of Water will work with the Regions and RTP Finance Division to improve coordination and tracking of the FFR requirement, including reviewing templates and tools to ensure that the grantees keep their project officers informed of FFR requirement.

### **CONTACT INFORMATION**

If you have any questions regarding this response, please contact the Office of Water Audit Follow-up Coordinator, Carla Hagerman, at [Hagerman.Carla@epa.gov](mailto:Hagerman.Carla@epa.gov).

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