



At a Glance

Audit of Environmental Finance Centers Providing Water Infrastructure Technical Assistance in EPA Region 4

Why We Did This Audit

The U.S. Environmental Protection Agency Office of Inspector General conducted this audit to determine whether the Environmental Finance Centers, which are funded by annual and Infrastructure Investment and Jobs Act appropriations and perform work in EPA Region 4 states, are accomplishing the outputs and outcomes established in their cooperative agreements.

Water infrastructure is critical to providing Americans safe drinking water and treating wastewater to protect our waterways. National surveys report that communities will need \$1.26 trillion over 20 years to address water infrastructure needs. The EPA, through the state revolving funds and other opportunities, offers states funding; the states then award grants and loans to communities to address infrastructure needs.

In November 2022, the EPA announced that it would award over five years up to \$150 million to 29 Environmental Finance Centers to provide communities technical assistance to address water infrastructure needs. For our review, we selected the eight centers that perform work in Region 4. Of those, four are managed by the region and four by the EPA Office of Water.

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- *Ensuring Clean and Safe Water*

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What We Found

We found that six out of the eight Environmental Finance Centers, or EFCs, that provided technical assistance, or TA, in EPA Region 4 exceeded their target output for the number of communities receiving TA over the first year of performance under their cooperative agreements. This TA was the primary way that the EFCs expanded access to water infrastructure funding for communities that had not previously benefited from TA or federal funding. However, several factors, related to capacity, community awareness, and management and support of the EFC program, adversely affected the performance of the EFCs. By addressing these factors, the EPA could further achieve the EFC program's goal to provide technical assistance that expands community access to water infrastructure funding, leading to improvements in protecting human health and the environment.

We also found that the TA provided by two categories of EFCs—regional and national—was distributed among the eight states in EPA Region 4 in a manner not aligned with one of the EPA's stated priorities for the EFC program: to increase access to funding across geographically diverse communities. While the program in general increased access, the misaligned distribution occurred because the EPA did not specify how the regional EFCs should achieve geographic coverage and how the national EFCs should identify and fill TA gaps. As a result, only one out of the eight EFC work plans we reviewed specified how TA would be distributed. The misaligned distribution may have prevented some Region 4 communities from accessing TA that could have helped them apply for water infrastructure funding.

In addition, we found two issues with how EPA Region 4 managed four EFC cooperative agreements: It did not sufficiently document its evaluations and incorrectly obligated EFC funding. These issues were partly caused by the region's decisions to reassign the administrative project officer and divide project officer administrative and technical responsibilities between the region's Water and Mission Support divisions without ensuring that the decisions would not impair the region's ability to fulfill its oversight responsibilities. Such actions adversely affected communication about EFC progress and reduced the EPA's awareness of problems affecting the performance of the EFCs.

Effective use of technical assistance can enable communities to better access federal funding for needed water infrastructure improvements.

Recommendations and Planned Agency Corrective Actions

We recommend that the EPA implement solutions addressing challenges that limit community access to EFC TA and work with EFCs to improve the geographic distribution of TA. We also recommend that EPA Region 4 adopt documentation standards to better evaluate and document cooperative agreement progress and consider options to better manage EFC cooperative agreements, including consolidation of EFC management.

The Office of Water and the regional administrator for Region 4 proposed acceptable corrective actions and estimated completion dates for the four recommendations. These recommendations are resolved pending completion of corrective actions.