26-P-0039
June 30, 2026

At a Glance

Audit of Infrastructure Investment and Jobs Act-Funded Indian River Lagoon National Estuary Program Grant Recipient IRL Council

Why We Did This Audit

To accomplish these objectives:

The U.S. Environmental Protection Agency Office of Inspector General conducted this audit to determine whether costs claimed by the Indian River Lagoon National Estuary Program grant recipient, the IRL Council, were allowable, reasonable, allocable, and in accordance with grant terms and conditions for Infrastructure Investment and Jobs Act funding in fiscal years 2022 and 2023 and to determine whether the grant recipient demonstrated progress toward achieving program goals and objectives.

The EPA operates the National Estuary Program, which was established in 1987 under section 320 of the Clean Water Act to protect and restore the water quality and ecological integrity of estuaries of national significance. In 2021, as part of the Infrastructure Investment and Jobs Act, Congress provided a supplemental $132 million for the program over five years, which the EPA is evenly distributing among the 28 estuaries of national significance. One of these estuaries is the Indian River Lagoon, which is located along the east central Florida coast. The host entity for the Indian River Lagoon is the IRL Council.

To support this EPA mission-related effort:

- *Ensuring clean and safe water.*

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

List of OIG reports.

What We Found

In fiscal years 2022 and 2023, the EPA awarded a total of $1,819,600 in Infrastructure Investment and Jobs Act, or IIJA, funds to the IRL Council through cooperative agreement 02D39922, which has a five-year period of performance from March 1, 2022, to September 30, 2027. As of November 2024, the IRL Council had expended a total of $832,199 of those IIJA funds. According to the IRL Council, it directed these funds to subrecipients to perform projects supporting the cooperative agreement's overarching goals of nutrient reduction and seagrass restoration in the Indian River Lagoon.

However, we identified that $293,315, or 35 percent, of the $832,199 spent is not allowable, contrary to the requirements outlined in 2 C.F.R. part 200 and the terms and conditions of the cooperative agreement. For the expenditures we reviewed, we found these were reasonable and allocable. Furthermore, we found that the IRL Council does not adequately monitor the activities of its subrecipients, nor do all its subrecipients have adequate financial management systems, to ensure compliance with all relevant requirements. Finally, we determined that the IRL Council did not submit all the reports mandated by regulations and the terms and conditions.

Despite these challenges, the IRL Council demonstrated progress implementing the goals stated in its IIJA work plans, including establishing a network of seagrass nurseries to help restore critical lagoon habitats and contributing to the construction of multiple septic-to-sewer conversion projects.

> **If the IRL Council does not adequately monitor its subrecipients, there is an increased risk that expenditures may not be allowable, reasonable, allocable, and in accordance with grant terms and conditions, which could lead to the misuse of federal funds.**

Recommendations and Planned Agency Corrective Actions

We make five recommendations to the EPA, including working with the IRL Council to resolve the $293,315 in unallowable and unsupported expenditures that we identified and verifying that the IRL Council develops and implements the appropriate processes, policies, and procedures to facilitate adequate subrecipient monitoring and the submission of required reports.

EPA Region 4 concurred with all recommendations. Recommendations 1, 2, 3, and 4 are resolved with corrective actions pending to be completed by the IRL Council and reviewed by EPA Region 4. Corrective action for Recommendation 5 has been completed by the IRL Council and verified by EPA Region 4. Appendix E includes EPA Region 4's response to the draft report, and Appendix F includes the IRL Council's response to the draft report.