



At a Glance

Audit of EPA Water Earmark Grants for Fiscal Years 2022 and 2023

Why We Did This Audit

To accomplish this objective:

The U.S. Environmental Protection Agency Office of Inspector General conducted this audit to determine whether the EPA is awarding fiscal years 2022 and 2023 water infrastructure earmark grants expeditiously and in accordance with federal and EPA requirements.

“Earmark” is the term commonly used to refer to funding that is identified as “Congressionally Directed Spending” in the U.S. Senate and “Community Project Funding” in the U.S. House of Representatives. Earmarks are identified in explanatory statements to the appropriations acts and are the mechanism for members of Congress to request funding for specific projects. In the fiscal years 2022 and 2023 appropriations acts, Congress earmarked 1,198 projects totaling approximately \$2.3 billion for the construction of drinking water, wastewater, and stormwater infrastructure and for water quality protection.

To support this EPA mission-related effort:

- *Ensure clean and safe water.*

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What We Found

As of September 2025, approximately 44 percent of the fiscal years 2022 and 2023 water earmark funds had not been awarded. According to the EPA, progress is slow due to challenges the Agency faces, such as initially not having an earmark program, significant personnel shortages, and many recipients without federal grant experience. We found that the Agency’s lack of goals for timely awards, central tracking of pre-award documents, and clear guidance for tribal consultations also hindered the timely award of earmarks. As a result, over \$1 billion of the \$2.3 billion, or 510 of the 1,198 projects, had not been awarded and used to achieve the intended purpose of improving public health and environmental protections.

Our review of the grants the Agency awarded found that the regions did not save required documents in the Agency’s grants file system consistent with Agency policy. We also found that Region 5 did not identify cost-share funding sources in one of the work plans we reviewed and omitted the special payment clause from some of the grants. These issues result from a lack of clear policy, guidance, training, and compliance reviews. Additionally, inexperienced personnel overlooked information missing from work plans and grant awards. When grant records necessary to support pertinent Agency decisions related to the award are incomplete, transparency, as well as efficiency in grant award and Agency responses to stakeholder requests, can be impaired. Likewise, noncompliance with Agency pre-award procedures can hamper the Agency’s ability to safeguard earmark funds and ensure that funds are used for their intended purpose.

The EPA’s fiscal year 2022 and 2023 water earmark funds totaling over \$1 billion had not been awarded as of September 2025 to protect public health and the environment.

Recommendations and Planned Agency Corrective Actions

We make five recommendations to the EPA: (1) The assistant administrator for Water develop and implement strategies to facilitate timely awards, document expectations for expeditiousness, and identify recourse steps for when those expectations are not met; (2) The assistant administrator for Water provide clarification to the EPA regions on the application of the Agency’s tribal consultation policy for individual grant awards; (3) The chief financial officer and chief administrative officer update the Office of the Chief Grant Officer’s policy on grant records management to provide clarification regarding the types of documentation that should be stored in the EPA Grant File; (4) The chief financial officer and chief administrative officer implement training to ensure that personnel comply with grant records management policy; and (5) Region 5’s regional administrator implement controls to ensure compliance with pre-award requirements. The Agency agreed to implement corrective actions that meet the intent of Recommendations 3 and 4. These recommendations are resolved with corrective actions pending. Corrective actions for Recommendations 1, 2, and 5 have been completed.