



At a Glance

Why We Did This Review

We performed this audit to evaluate whether the U.S. Environmental Protection Agency (EPA) has implemented and complied with the *Management Plan for the Timely Award and Completion of Special Appropriations Act Project Grants* (policy), and determine whether the corrective actions have been effective in reducing the unobligated and unliquidated funds associated with Special Appropriations Act Project (SAAP) grants.

SAAP grants are funds directed by Congress to fund projects that are specifically identified in the EPA appropriation. Congress directs SAAP funds to specified recipients for defined water and wastewater facilities projects. Congress has not appropriated any funds for SAAP grants since fiscal year 2010.

This report addresses the following EPA goals or cross-agency strategies:

- *Protecting water: A precious, limited resource.*
- *Embracing EPA as a high-performing organization.*

Send all inquiries to our public affairs office at (202) 566-2391 or visit www.epa.gov/oig.

The full report is at: www.epa.gov/oig/reports/2015/20150930-15-P-0299.pdf

Unused Earmark Funds for Water Projects Totaling \$6.2 Million Could Be Put to Better Use

What We Found

EPA actions have successfully reduced both the number and dollar amount of grants with unobligated funds (funds available, grant not awarded) and unliquidated grants (grant awarded, funds not spent) in the SAAP grant program. However, we identified \$6.2 million of funds that could be put to better use:

SAAP grant funds should either be used for water and wastewater facilities as intended or, with congressional rescission, be returned to the U.S. Treasury.

- Grants totaling about \$2.8 million awarded and obligated more than 5 years ago have had no financial activity, such as payments to recipients.
- Appropriated funds for SAAP grants totaling about \$3.4 million that Congress directed to specified recipients for defined projects remain unobligated. All of the unobligated funds exceeded the programmatic goal to award grants within 3 years of appropriation.

Although SAAP grant funds are available indefinitely, the EPA has a responsibility to ensure timely use of federal funds. EPA staff gave several reasons for why funds remained unused, including recipients not being interested in the funds or issues with environmental reviews and applications.

Recommendations and Planned Corrective Actions

We recommend that the Assistant Administrator for Water develop and communicate guidance to the EPA regions aimed to further reduce SAAP grant unliquidated obligations where an awarded grant has no financial activity, and establish a method to identify grants with no financial activity. We also recommend that the office take action to help resolve the cause for delay or identify the grant as a no-progress grant. Additionally, the office should develop and implement a plan to expedite the reduction in unobligated funds. In its response, Office of Water agreed with all of the recommendations and provided corrective action plans to address all of the recommendations, but did not provide milestone dates. Therefore we consider the recommendations unresolved.

Noteworthy Achievements

Since the EPA issued the policy in October 2011, unobligated funds and unliquidated grants have significantly declined. Since September 30, 2010, the number of grants with unliquidated obligations has been reduced by approximately 76 percent based on our February 2015 grant reviews, and the number of unobligated grants has declined by approximately 91 percent.