




OFFICE OF INSPECTOR GENERAL
U.S. ENVIRONMENTAL PROTECTION AGENCY

March 5, 2024

MEMORANDUM

SUBJECT: Notification:
Audit of the EPA's Oversight of State Subrecipient Monitoring in the Clean Water State Revolving Fund Program
Project No. OA-FY24-0057

FROM: Kevin N. King, Director 
Clean Water Investments Directorate
Office of Audit

TO: Bruno Pigott, Acting Assistant Administrator
Office of Water

The U.S. Environmental Protection Agency Office of Inspector General plans to begin an audit of the EPA's oversight of how states monitor Clean Water State Revolving Fund subrecipients. This audit is part of the OIG's IJA [oversight plan](#) for fiscal year 2024. This audit also addresses the following fiscal year 2024 top [management challenge](#) for the Agency: managing grants, contracts, and data systems.

Our objective is to determine whether the EPA's guidance and oversight practices ensure that states are adequately monitoring the subrecipients of Infrastructure Investment and Jobs Act funds distributed via the Clean Water State Revolving Fund Program. We plan to conduct work within the Office of Water, EPA regional offices, and various state clean water agencies. We will use applicable generally accepted government auditing standards to conduct our audit. The anticipated benefits of this audit are to identify business-process best practices and enhance the EPA's oversight of the Clean Water State Revolving Fund Program.

We will contact you to arrange a mutually agreeable time to discuss our objective. At that time, we can discuss any concerns that you may have and answer any questions about the audit process, reporting procedures, methods used to gather and analyze data, and what we should expect of each other during the audit. Throughout the audit, we will provide updates on a regular basis.

We respectfully note that the Inspector General Act of 1978, as amended, authorizes the OIG to have timely access to personnel and all materials necessary to complete our objectives. Similarly, EPA Manual 6500, *Functions and Activities of the Office of Inspector General* (1994), requires that each EPA employee cooperate with and fully disclose information to the OIG. Also, Administrator Michael S. Regan, in a May 16, 2023 email to EPA employees, stated that the "agency and its employees have a

duty to cooperate with OIG” and observed that “full engagement and collaboration between the OIG and EPA provides our agency with the opportunity to improve program performance and efficiency.” If an Agency employee or contractor refuses to provide requested materials to the OIG or otherwise fails to cooperate with the OIG, we will request that you immediately resolve the situation. Consistent with the Inspector General Act, we may report unresolved access matters to the administrator and to Congress.

We will post this memorandum on our public website at www.epaoig.gov. Anyone with knowledge of potential fraud, waste, abuse, misconduct, or mismanagement related to this audit should contact the OIG Hotline at (888) 546-8740 or via an electronic form on the “OIG Hotline” [webpage](#).

cc: Janet McCabe, Deputy Administrator
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