



OFFICE OF INSPECTOR GENERAL
U.S. ENVIRONMENTAL PROTECTION AGENCY

May 12, 2025

MEMORANDUM

SUBJECT: Response to Planned Corrective Actions for Office of Inspector General
Report No. [25-E-0016](#), *Evaluation of the EPA Office of Water's Guidance to State
Revolving Fund Programs for Implementing the Build America, Buy America Act
Requirements*, issued February 19, 2025

FROM: Nicole N. Murley, Acting Inspector General *Nicole N. Murley*

TO: Peggy S. Browne, Acting Assistant Administrator
Office of Water

Thank you for your April 18, 2025 memorandum, which outlines the U.S. Environmental Protection Agency's planned corrective actions and estimated completion dates for the two unresolved recommendations, Recommendations 2 and 3, issued in the subject Office of Inspector General report. The other two recommendations, Recommendations 1 and 4, were previously resolved. Based on the information provided in your memorandum, we agree that the planned corrective actions meet the intent of Recommendations 2 and 3. We describe our basis for resolution below.

In Recommendation 2, we recommended that the assistant administrator for Water develop and issue guidance for documenting compliance with the Build America, Buy America, or BABA, Act requirements. This guidance should provide more detail on the potential consequences for noncompliance and include real-world scenarios and other job aids or resources. In response, the Office of Water proposed updating its *Implementation Procedures* memorandums to include recently developed resources and examples of consequences for noncompliance. In its advisory capacity, the Office of Water also proposed meeting with states via the Council of Infrastructure Financing Authorities to discuss their challenges with compliance determinations and outcomes. The Office of Water plans to complete these actions by December 31, 2025. Recommendation 2 is resolved with corrective actions pending.

In Recommendation 3, we recommended that the assistant administrator for Water develop and issue guidance that explains how the adjustment period waiver impacts multiyear projects. In response, the Office of Water proposed providing additional supplemental "Q&As" on its website to further clarify multiyear projects. In its advisory capacity, the Office of Water also proposed meeting with states via the Council for Infrastructure Financing Agencies to discuss their concerns about multiyear projects and eligibility for the amended adjustment period waiver. The Office of Water plans to complete these actions by December 31, 2025. If the Office of Water identifies concerns about multiyear projects and

eligibility with the amended adjustment period waiver during the Council for Infrastructure Financing Agencies meeting, we encourage the Office of Water to issue additional guidance or resources to state revolving fund programs. The example in our report about challenges with obtaining an American Iron and Steel waiver and similar challenges with BABA waivers illustrates the risk at hand when processes remain unclear. Any challenges with receiving an American Iron and Steel waiver, an established program, raise concerns for new programs, such as BABA, when stakeholders do not have sufficient guidance. Recommendation 3 is resolved with corrective actions pending.

All recommendations for the subject report are now resolved. You should track implementation of the corrective actions in the Agency's audit tracking system until all are completed.

We will post this memorandum on our public website at www.epaoig.gov.

cc: Carla Hagerman, Audit Follow-Up Coordinator, Office of Water

Karen Wirth, Audit Follow-Up Coordinator, Office of Water

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