



**OFFICE OF INSPECTOR GENERAL**  
U.S. ENVIRONMENTAL PROTECTION AGENCY



CUSTOMER SERVICE ★ INTEGRITY ★ ACCOUNTABILITY

**FISCAL YEAR 2022**

**INFRASTRUCTURE**

**INVESTMENT AND JOBS ACT**

**OVERSIGHT PLAN—INAUGURAL**

**EDITION**

U.S. Environmental Protection Agency

## INSPECTOR GENERAL

April 29, 2022

Today's world is rapidly changing, and with it so are the challenges we face in our environment and, relatedly, human health. The Infrastructure Investment and Jobs Act, signed by President Biden on November 15, 2021, is designed to make inroads into addressing some of the most critical of these challenges. The IJJA provides the U.S. Environmental Protection Agency with approximately \$60 billion, comprising 19 appropriations for infrastructure-related purposes, including geographic programs, state and tribal assistance grants targeting clean water initiatives, brownfields, Superfund, pollution, and recycling. The vast majority of the EPA's IJJA funding is available until it is expended, although the funds will be distributed to the EPA over five years (fiscal years 2022–2026).



Sean W. O'Donnell  
Inspector General

The EPA's Office of Inspector General received nearly \$270 million in IJJA funds to be distributed over the same five fiscal years. The vast majority of our IJJA funds are also available until expended. This money allows us to timely assess and follow up on the EPA's execution of the IJJA. Specifically, we will use these funds to oversee the EPA's execution of IJJA programming, as well as to perform our mission to detect and prevent fraud, waste, and abuse of the IJJA resources entrusted to the Agency.

To that end, I am pleased to present the inaugural edition of our *Infrastructure Investment and Jobs Act Oversight Plan*. Our *IJJA Oversight Plan* will guide our audits, evaluations, and oversight engagements to address the EPA programs receiving or impacted by IJJA funds. As the Agency refines its plans to execute the IJJA, we will refine our *IJJA Oversight Plan*. We intend to publish an iterative oversight plan each quarter, as appropriate, to ensure that the Agency, Congress, and the American public have an up-to-date, relevant guide regarding our oversight.

When determining which audits and evaluations to include in our *IJJA Oversight Plan*, we independently considered the purposes of the EPA's IJJA appropriations; work conducted by the OIG, both statutorily required and discretionary; remarks from Agency leadership, Congress, and the White House; and the EPA's strategic vision, which is outlined in the EPA's *FY 2022–2026 EPA Strategic Plan*.

We look forward to fulfilling our mission, both in general and specifically as it pertains to the IJJA. For those interested in our planning process, we welcome feedback on the quality and value of our products and services.

A handwritten signature in blue ink that reads "Sean W O'Donnell". The signature is written in a cursive, flowing style.

Sean W. O'Donnell

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# Infrastructure Investment and Jobs Act Oversight Plan

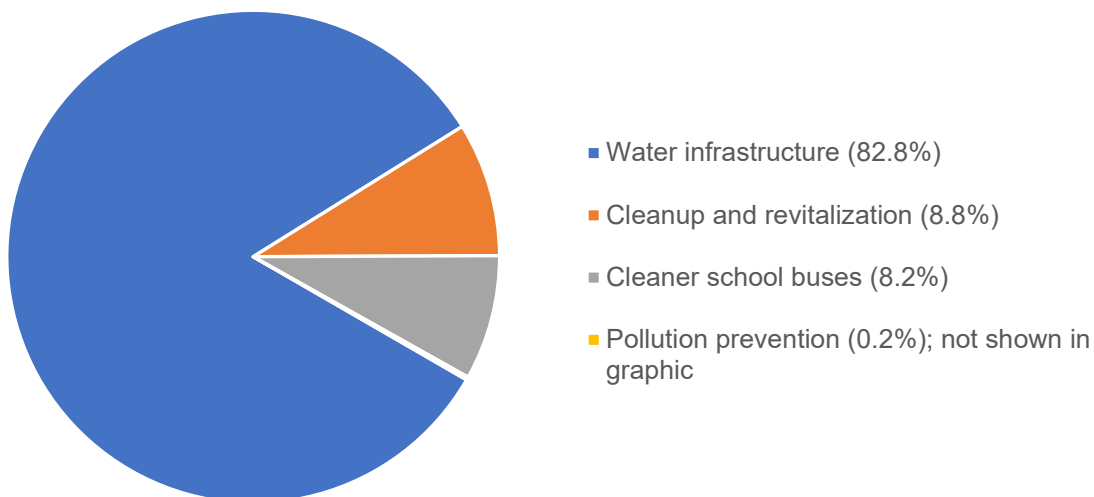


## Introduction

The U.S. Environmental Protection Agency’s Office of Inspector General, established by the Inspector General Act of 1978, as amended, is an independent office of the EPA, commissioned by statute to prevent and detect fraud, waste, abuse, mismanagement, and misconduct, as well as to promote economy and efficiency, in the EPA’s programs and operations. The OIG also executes the same responsibilities for the U.S. Chemical Safety and Hazard Investigation Board.

On November 15, 2021, President Biden signed the Infrastructure Investment and Jobs Act, or IIJA, Pub. L. 117-58, into law. This Act appropriated a total of approximately \$60 billion to the EPA for fiscal years 2022 through 2026; for most programs, these funds are available until expended, which is why they are referred to as “no-year funds.” This appropriation represents a significant increase in funding for the EPA, which has received annual appropriations ranging from approximately \$8 billion to \$9.4 billion over the past ten years. Under the IIJA, the EPA is required to make significant investments to advance public health and safety by improving the nation’s drinking water, wastewater, and stormwater infrastructure; cleaning up legacy pollution; investing in healthier air; increasing the Agency’s workforce; and enhancing the country’s climate resilience. Of this [funding](#), about 83 percent is allocated for water infrastructure projects; 9 percent for cleanup, revitalization, and recycling efforts; 8 percent for school buses with reduced diesel emissions; and less than 1 percent for pollution prevention (Figure 1).

**Figure 1: IIJA funding allocations**



Source: OIG analysis of IIJA funding. (EPA OIG graphic)

Under the IJA, the OIG will receive nearly \$270 million over the same five fiscal years (FYs 2022–2026) as the Agency. The OIG’s IJA funds represent approximately 0.45 percent of the EPA’s total IJA appropriations (\$60 billion). The majority of these are no-year funds, commensurate with the Agency’s funding. The OIG’s IJA funds will support audits, evaluations, and, as necessary, investigations of EPA programs receiving or affected by IJA funds. Requisite OIG oversight will focus on the spending of IJA funds, the efficiency and effectiveness of the EPA’s IJA programs, and follow-up reviews of those same programs.

Though funds will be received over a five-year period, the OIG will use the funds beyond FY 2026, as the actual life cycle of the OIG’s oversight work could extend over eight to ten years, or even more. Additionally, the necessity for criminal, civil, and administrative investigations of IJA fraud, waste, and abuse will likely not become apparent until after the EPA begins executing IJA programs in earnest—in other words, as early as the second or third fiscal years of IJA appropriations—and will require diligence and follow up well beyond FY 2026. As such, the OIG plans to use the no-year IJA funds to initiate the majority of our oversight work after the EPA initiates its IJA programming; in other words, the no-year funds allow us the flexibility not only to ramp up our resources to perform adequate oversight but also to observe the EPA’s IJA implementation and perform responsive, effective oversight.

When identifying infrastructure projects for OIG oversight, we took Congress’s budgetary priorities into account and focused on the EPA mission areas slated for increased funding. We also used findings and feedback from previous OIG and U.S. Government Accountability Office, or GAO, reports; key strategic documents, such as the EPA’s *Working Together: FY 2018–2022 U.S. EPA Strategic [Plan](#)* and the EPA’s *FY 2022–2026 EPA Strategic [Plan](#)*; congressional hearings; legislation; and feedback from members of Congress. These resources help ensure that our audits and evaluations address the EPA’s most pressing work. However, we cannot foresee all projects, such as those arising from work that the EPA has not yet started, congressional requests, EPA OIG Hotline tips, and emerging challenges or crises.

This *IJA Oversight Plan* describes our planned and ongoing oversight projects for IJA-related work and summarizes our planning efforts to date. The following chapters outline the objectives of each project. In addition, this plan sorts our projects according to their applicability over a ten-year performance period—specifically, those projects planned for Year 1 and Years 2–4, as well as our planned approach for Year 5 and beyond. Our planning efforts are not static, and we may modify the projects included in the *IJA Oversight Plan* in response to emerging challenges, crises, and priorities. This means we may identify additional projects to conduct in order to provide thorough oversight of the EPA.

# Year 1: Preparing for Infrastructure Work

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## Office of Audit

In Year 1, to help the EPA plan for the significant increase in IIJA funding, the Office of Audit, or OA, will identify lessons learned about grant funding and administration from prior OIG and GAO work, as well as from EPA OIG Hotline complaints and single audit reports. These lessons learned will help the Agency avoid historical pitfalls while implementing its responsibilities under the IIJA. The OA will also assess the risk of program areas for fraud, waste, or abuse in order to prioritize our oversight activity, as well as perform readiness audits to evaluate EPA and grantee preparedness to administer and manage increased grant awards. Finally, the OA will work with the Office of Investigations to issue fraud alerts to the EPA, as needed, to highlight any areas susceptible to fraud and abuse. Our audit oversight focus will be on EPA grants management, specifically:

- *Grant Audit Lessons Learned*, where we will summarize the findings and recommendations of prior OIG work related to EPA grant programs.
- *Single Audits Lessons Learned*, where we will summarize results of prior OIG work related to the single audit program.
- *Capacity and Readiness Audits of EPA and Grantees*, where we will evaluate EPA and grantee readiness to administer or manage grant funds and increased programmatic activity.

## Planned Projects

### ***Audit of the EPA's Awards to Replace School Buses Under the Diesel Emissions Reduction Act of 2010***

Determine whether competitive grants funded under the Diesel Emissions Reduction Act of 2010 for the Diesel Emissions Reduction Act Program were distributed properly based on the project terms and conditions, had supported claimed costs, and were selected to achieve the intended climate change and environmental outcomes.

### ***Audit of the EPA's and States' Identification and Replacement of Lead Service Lines in Environmental Justice Communities***

Determine the extent to which the EPA regions and states are identifying and directing resources to support public water systems in environmental justice communities with lead detection at or above the trigger level of 10 parts per billion; as outlined in the [Lead and Copper Rule](#), such a trigger would require strengthening of drinking water treatment.

## ***Audit of Water Infrastructure Resilience Against Climate Change***

Determine how the EPA has worked with the drinking water and wastewater industries and other stakeholders to ensure that new construction of and upgrades to water infrastructure meet the goal of Executive Order 14008, *Tackling the Climate Crisis at Home and Abroad*, dated January 27, 2021, to build resilience against climate change.

## ***Audits of the EPA's Effectiveness of Institutional Controls and Remediation at Superfund Sites***

The OIG intends to perform several audits involving Superfund site controls and remediation. For one, we will determine whether selected EPA Superfund institutional controls achieve their stated goal of helping minimize the potential for human exposure to contamination at Superfund sites. As eight of the 56 State Revolving Fund recipients are expected to receive 38 percent of Year 1 allotments under the IJJA, with some likely receiving a relatively large allotment for the first time, we will also identify the EPA's reporting requirements in the IJJA; assess the risk or need for review; identify the capacity and readiness of the EPA and its grantees, including evaluating the EPA system's readiness to handle grant administration; and monitor the Agency's readiness to manage the increased money and program activity.

## **Ongoing Projects**

### ***Audit of the EPA's Process for Awarding, Overseeing, and Monitoring Loans Made Under the Water Infrastructure Finance and Innovation Act***

Determine whether the EPA's process for awarding, overseeing, and monitoring loan awards made under the Water Infrastructure Finance and Innovation Act complies with the statute, regulations, and EPA policy.

### ***Audit of the EPA's Pollution Prevention Grants Reporting***

Determine whether (1) the EPA accurately reports the environmental results achieved from pollution prevention grants and (2) those results demonstrate alignment with the goals established for the pollution prevention grant program.

## **Projects Completed Since the IJJA Was Enacted**

### ***Follow-up Audit of EPA's Efforts to Improve Management of the Brownfields Revolving Loan Program to Maximize Cleanups***

We determined whether the corrective actions taken by the EPA effectively addressed the identified program deficiencies in OIG Report No. 17-P-0368, *Improved Management of the Brownfields Revolving Loan Program Is Required to Maximize Cleanups*, issued August 23, 2017. This follow-up report was [issued](#) on March 31, 2022.



## ***Evaluation of Northbridge Environmental Invoices and Work Assignments Performed Under EPA Contract No. EP-C-16-001***

We determined whether (1) the EPA properly approved, paid, and accounted for charges submitted by Northbridge for work in Region 9 for the states of Hawaii and California under Contract No. EP-C-16-001, and (2) Northbridge provided timely and acceptable deliverables, as specified in Contract No. EP-C-16-001 and associated work plans. This report was [issued](#) on March 31, 2022.

### **Office of Special Review and Evaluation**

In Year 1, the Office of Special Review and Evaluation, or OSRE, will identify lessons from previous OIG and GAO reports regarding geographic and national estuary water programs. OSRE will also conduct capacity reviews to examine the EPA's and grantees' capacities to manage and use infrastructure funds. Furthermore, OSRE will develop multiyear work and inspection plans. As part of its work, OSRE will use logic models, process flow diagrams, and other tools to examine the design and oversight of programs receiving the influx of funding. These efforts will establish a baseline of program capacity, determine whether programs are equipped to handle additional workload, and enable OSRE to perform effective inspections and evaluations of program performance and impact.

### **Planned Projects**

#### ***Evaluation of the Chesapeake Bay Water Quality Standards Attainment Progress and Challenges***

Determine (1) whether the EPA and its partners have made progress toward meeting water-quality standards for the Chesapeake Bay, (2) what challenges could prevent the EPA and its partners from meeting these standards by 2025, and (3) how challenges could be mitigated.

### **Ongoing Projects**

#### ***Infrastructure: Geographic and National Estuary Program Lessons***

Describe lessons learned from selected oversight reports to help inform the EPA's efforts in protecting regional waters that are funded under the IJJA.



# Years 2–4: Oversight of the EPA’s IJA Implementation

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## Office of Audit

In Years 2–4, the OA plans to review and analyze the EPA’s plans for spending IJA funds and to develop a risk-based approach to oversight, including the assessment of fraud risk. The OA will conduct audits of grantee capacity; the EPA grant process, including the awarding of grants; the use of assistance agreements; specific programs, such as geographic, State and Tribal Assistance Grants, Clean School Bus, and Superfund programs; and the EPA’s management of enterprise risk. The OA will address IJA disbursements and obligations as part of our annual, statutorily required financial statement audits.

## Planned Projects

### ***Audit of the EPA’s Oversight of the Public Water System Supervision Grant Program to Tribal Recipients***

Determine whether the (1) Public Water System Supervision Program grants to tribes were properly administered under the *Uniform Grant Guidance*, federal regulations, and the grant terms and conditions, (2) funding was awarded in accordance with the same, and (3) grants achieved their intended goals.

## Office of Special Review and Evaluation

In Years 2–4, OSRE will conduct risk assessments and identify challenges to program implementation, obligation, and spending. OSRE will also identify new or emerging work, address hotlines and congressional requests, and implement an inspection plan. OSRE’s Administrative Investigations Directorate will, as necessary, conduct investigations related to IJA projects, including those concerning allegations of senior EPA employee misconduct and whistleblower retaliation by EPA employees, grantee personnel, and contracting personnel.

# Year 5 and Beyond: Managing Infrastructure Funding and Business Operations

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## Office of Audit

In Year 5 and beyond, the OA will reassess financial statement audit needs to ensure adequate coverage of IIJA funding. Further, the OA will continue executing its work plan, providing necessary audit oversight of the EPA’s grants process, administration of assistance agreements, workforce planning, environmental justice, and more. In Years 8–10, the OA will initiate the wind down of resources related to IIJA oversight; perform grant and contract closeout audits, as well as other oversight activity as needed; and issue capstone reports that summarize lessons learned and best practices. The OA’s work will increase or decrease based on the EPA’s level of spending and programmatic activity under the IIJA.

## Office of Special Review and Evaluation

In Year 5 and beyond, OSRE will complete the execution of its infrastructure workplan, including evaluations of program performance and impact. OSRE will also complete its inspections plan, including reviews to assess site conditions and to verify IIJA-funded improvements. OSRE will complete a capstone review summarizing lessons learned and best practices.