



# Infrastructure Investment and Jobs Act Oversight Plan—Year Two

I am pleased to present the second annual edition of the U.S. Environmental Protection Agency Office of Inspector General's *Infrastructure Investment and Jobs Act Oversight Plan*. This oversight plan guides our audits, evaluations, and other engagements concerning EPA programs and operations that receive funds appropriated under the Infrastructure Investment and Jobs Act, Pub. L. 117-58, which President Joseph R. Biden Jr. signed into law on November 15, 2021. We issued our [inaugural](#) oversight plan in April 2022, and we continue to refine our plan as the Agency hones its plan for executing the IIJA. We expect to regularly publish updates to our oversight plan to provide the Agency, Congress, and the American public with a timely guide to our IIJA-related activities.



Sean W. O'Donnell  
Inspector General

The IIJA provides the EPA with about \$60 billion to address challenges to human health and the environment through water infrastructure improvements, environmental pollution cleanups, school bus emissions reductions, recycling program enhancements, and more. The EPA's supplemental funding under the Act comprises 19 appropriations to be distributed from fiscal year 2022 through fiscal year 2026, with most funds available until they are expended. As of March 31, 2023, the EPA had expended about 1 percent of its \$60 billion in IIJA funds.

The EPA OIG, an independent office charged with overseeing the Agency's programs and operations, received funds for dedicated IIJA oversight. We are receiving IIJA funding over the same five fiscal years as the EPA, and the vast majority of the allocations will also be available until expended. This flexibility allows us to assess and follow up on the EPA's execution of its IIJA work as we perform our mission to detect and prevent fraud, waste, abuse, or mismanagement of resources entrusted to the Agency under the Act.

Given the specific nature of the IIJA resources we have received, we take care in deciding which audits and evaluations to include in our IIJA oversight plan by independently considering the purposes of the EPA's IIJA appropriations; the work of the OIG, both statutorily required and discretionary; the remarks of Agency leadership, Congress, and the White House; and the strategic vision of the EPA as outlined in the *FY 2022–2026 EPA [Strategic Plan](#)*.

We are proud of our ongoing and planned work to fulfill our mission, both regarding the IIJA specifically and the EPA's programs and operations more broadly. We welcome feedback on this plan and all 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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# Introduction

This document updates the U.S. Environmental Protection Agency Office of Inspector General’s *Fiscal Year 2022 Infrastructure Investment and Jobs Act Oversight Plan—Inaugural Edition*, which was published in April 2022 and which outlined our expected IJJA oversight activities. Pursuant to that oversight plan, in fiscal year 2022, which is Year 1, we prepared and executed several efforts to fulfill our statutory duties of promoting efficiency and effectiveness in, and preventing and detecting fraud, waste, or abuse related to, the programs and operations of the EPA, as detailed in our *IJJA Progress Report—[Year One](#)*, published in March 2023.

More specifically, our Year 1 activities included planning and executing administrative policies; establishing an internal IJJA oversight workgroup, which helped our offices hire staff to meet the increased oversight workload; producing IJJA oversight reports; and laying the groundwork for future audits, evaluations, and investigations. We conducted outreach to EPA staff, potential grant recipients, state officials, other OIGs, the U.S. Government Accountability Office, the Office of Management and Budget, and Congress. We engaged in joint program review meetings with the Agency to discuss program design, risk mitigation, financial controls, data, tracking, and reporting for implementing IJJA. We published lessons-learned reports meant to raise awareness of historic pitfalls and help guide the EPA to more effectively administer its IJJA funding. And in our annual [report](#) on the EPA’s top management challenges, published in October 2022, we underscored the Agency’s need to effectively manage the increased investment in infrastructure.

As we also highlight in our *IJJA Progress Report*, our Year 2 initiatives are well underway. For example, we are continuing our IJJA-focused audits and evaluations. In March 2023, we published a [Compendium of Open and Unresolved Recommendations Related to Infrastructure and Investment Jobs Act-Funded Programs](#), highlighting past recommendations that could improve the effectiveness or efficiency of EPA programs conducting IJJA work. And our data analytics team continues to collect and analyze large and disparate data sets to support ongoing audits, evaluations, and investigations meant to detect and prevent fraud, waste, abuse, or mismanagement of the EPA’s IJJA-funded programs.

Attendees reached through 168 EPA OIG Office of Investigations-hosted fraud briefings related to the IJJA in Year 1:



Potential monetary benefits of 25 open or unresolved recommendations regarding IJJA-funded programs exceed:

\$73 million

This oversight plan describes our planned and ongoing audit and evaluation projects for fiscal year 2023, or Year 2, and beyond. We sort our projects by chapters according to their applicability over a performance period that could exceed a decade—that is, planned and ongoing projects for Year 2, planned projects for Years 3–4, and planned approaches for Year 5 and beyond. [Appendix A](#) shows the distribution of our planned and ongoing work, which encompasses 26 projects related to programs expected to receive a combined \$58.4 billion, or 96 percent, of the \$60.9 billion in IJJA appropriations to the EPA. The OIG used its work plans to assess risk when deciding which projects to initiate. The OIG work plans will address projects addressing the EPA programs that were appropriated the remaining \$2.5 billion in IJJA funding in the future.

We will continue to revise our plan and may modify the projects included in future iterations of our IJJA oversight plan in response to emerging challenges, crises, and priorities. This means we may identify other projects needed to provide thorough oversight of the EPA’s IJJA-related work. For example, this plan does not address investigations or other work that we cannot plan for, including projects initiated in response to OIG Hotline complaints or congressional requests that we may receive. We have, however, considered these unplanned projects in our workload and work management planning, such as by increasing our investigative personnel to ensure our IJJA oversight includes identification of civil and criminal violations related to IJJA funding.

# Year 2: Oversight of the EPA's IIJA Implementation

## Office of Audit

Thus far in Year 2, the Office of Audit began five IIJA audits, including projects related to the EPA's guidance for the use of emerging contaminants funding; climate change resiliency; the impact of potential supply chain or production delays on the EPA's Clean School Bus program; the EPA's oversight of the Clean Water State Revolving Funds, or CWSRFs; and the completeness and accuracy of the EPA's reporting of IIJA obligations and outlays. The Office of Audit plans to begin five more IIJA-related projects before the end of the fiscal year, including projects related to unliquidated obligations; the Superfund program; investments in tribal nations and disadvantaged communities; and the status of Build America, Buy America Act waivers in IIJA programs.

## Planned Projects

### **Audit of Unliquidated Obligations in Programs Receiving IIJA Funding**

Our objective is to determine the amount of existing unliquidated obligations from annual appropriations for programs that are expected to receive supplemental funding from the IIJA.

### **Audit of IIJA Funds Used for Superfund Sites Awaiting Funding**

Our objective is to determine whether the EPA is using funds from the IIJA to begin construction projects at Superfund sites awaiting funding.

### **Audit of the EPA's Grants to Tribal Nations Through the State Revolving Funds**

Our objective is to determine the extent to which the EPA awards and oversees grants to tribal nations through the CWSRF and Drinking Water State Revolving Fund programs, in accordance with IIJA requirements and related federal implementation guidance.

### **Audit of State Revolving Fund Programs' Progress to Increase Investment in Disadvantaged Communities**

Our objective is to determine whether state revolving fund programs have appropriately evaluated and revised their "disadvantaged community" definition, affordability criteria, and point system, per EPA IIJA implementation guidance. Additionally, we seek to determine whether state revolving fund programs have begun efforts to use available IIJA technical assistance funding or to engage residents and community stakeholders in disadvantaged communities.

### **Audit of Build America, Buy America Act Waivers**

Our objective is to determine the status of the EPA's Build America, Buy America waivers.

## Ongoing Projects

### ***Audit of EPA Guidance for IIJA Drinking Water State Revolving Fund Emerging Contaminants***

We issued the project notification, Project No. [OA-FY23-0072](#), on April 18, 2023. Our objective is to determine the extent to which the EPA provided state agency officials with guidance for the use of Drinking Water State Revolving Fund emerging contaminants funding, in accordance with the IIJA requirements and related federal implementation guidance.



### ***Audit of Climate Change Resiliency in Clean Water State Revolving Fund Intended Use Plans***

We issued the project notification, Project No. [OA-FY23-0055](#), on March 15, 2023. Our objectives are to determine to what extent (1) the EPA is providing guidance and reviewing states' CWSRF intended use plans to ensure that the plans, as they relate to climate change resiliency, meet the intent of the presidential policy directive to strengthen and maintain secure, functioning, and resilient critical infrastructure, and (2) the states, in their CWSRF planning, are considering climate change resiliency to safeguard federal investment, including the IIJA and annual appropriation funding. *Note: We are partially funding this audit with the OIG's IIJA appropriations because the EPA is receiving \$11.7 billion in IIJA appropriations for the CWSRF program.*



### ***Audit of the EPA's Clean School Bus Program***

We issued the project notification, Project No. [OA-FY23-0051](#), on February 27, 2023. Our objective is to determine whether potential supply chain or production delays could impact the EPA's efforts to disburse and manage Clean School Bus program funds pursuant to the IIJA.



### ***Audit of the EPA's Oversight of the Clean Water State Revolving Fund***

We issued the project notification, Project No. [OA-FY23-0047](#), on February 23, 2023. Our objective is to determine whether the EPA is prepared to oversee IIJA funds invested in the CWSRF through the EPA's annual review process.



## **Audit of the EPA's Fiscal Year 2022 Public Reporting of IIJA Financial and Award Data**

We issued the project notification, Project No. [OA-FY23-0046](#), on February 21, 2023. Our objective is to determine whether the EPA's reporting of fiscal year 2022 IIJA obligations and outlays in USAspending.gov is complete and accurate.



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

Thus far in Year 2, the Office of Special Review and Evaluation, or OSRE, began three IIJA evaluations: one on the financial capacity of New Mexico's CWSRF program to manage IIJA funding; one on the effectiveness of IIJA funding at the American Creosote Works, Inc. Superfund site in Pensacola, Florida; and one on the Drinking Water State Revolving Fund agencies' perspectives on their capacity to manage IIJA funds. OSRE plans to begin one more IIJA-related evaluation before the end of the fiscal year, relating to Build America, Buy America Act waivers for IIJA projects.

OSRE will use logic models, process flow diagrams, and other tools to examine the design and oversight of programs receiving the influx of IIJA funding. These efforts will establish a baseline of program capacity. OSRE will also continue to develop and update risk assessments for identifying high-risk programs and grantees where future evaluations and inspections can be most impactful. Risk assessments may consider programs' or grantees' total funding, populations served, remedial actions taken, or single audit findings, among other factors.

After completing its initial risk assessments, OSRE will conduct pulse surveys and capacity reviews to examine the capacity of those grantees determined to be high risk to manage and use IIJA funds. Initial surveys and capacity reviews will target CWSRF and Drinking Water State Revolving Fund agencies, as the vast majority of the EPA's IIJA funding is allocated for improving water infrastructure. OSRE will also perform inspections of institutional controls designed to ensure human safety at Superfund sites receiving IIJA funding. Initial inspections will target Superfund sites with the greatest potential impact on human health.

OSRE will also develop a project selection tool to inform its multiyear work and inspection plans. The tool will enable OSRE to prioritize its workload objectively and ensure that OSRE is completing the right work at the right time. The tool will account for each project's overall urgency, likelihood of identifying negative conditions, and alignment with EPA strategic goals, as well as the potential impacts of negative conditions that the project may identify.

## **Planned Projects**

### ***Evaluation of Waivers for IIJA-Funded Projects Subject to Build America, Buy America Requirements***

Our objective is to examine the EPA's waivers for projects receiving IIJA funding that are subject to Build America, Buy America Act requirements

## Ongoing Projects

### **Evaluation of *Financial Capacity of New Mexico's Clean Water State Revolving Fund Program to Manage Infrastructure Investment and Jobs Act Funding***

We issued the project notification, Project No. [OSRE-FY23-0059](#), on March 30, 2023. Our objective is to determine the financial capacity of the New Mexico Environment Department to manage its IIJA funding for the CWSRF program.



### **Evaluation of *Effectiveness of IIJA Funding at American Creosote Works, Inc. Superfund Site in Pensacola, Florida***

We issued the project notification, Project No. [OSRE-FY23-0054](#), on March 15, 2023. Our objective is to determine whether the EPA's oversight and implementation of institutional controls will support effective use of IIJA funding at the American Creosote Works, Inc. Superfund site in Pensacola, Florida.



### **Evaluation of *Drinking Water State Revolving Fund Agencies' Perspectives on Their Capacity to Manage Infrastructure Investment and Jobs Act Funds***

We issued the project notification, Project No. [OSRE-FY23-0043](#), on February 2, 2023. Our objectives are to identify Drinking Water State Revolving Fund agencies' perspectives on their capacity to manage IIJA funds and obstacles the agencies' administrators believe limit their capacity.



# Years 3–4: Continued Oversight of the EPA’s IIJA Implementation

## Office of Audit

In Years 3–4, the Office of Audit plans to continue to review and analyze the EPA’s plans for spending IIJA funds and to develop a risk-based approach to oversight, including the assessment of fraud risk. The Office of Audit plans to conduct audits of the grant process, including oversight of grant recipients and subrecipients; lead service line replacement; specific programs, such as Clean School Bus, Superfund, and Brownfields; the EPA’s progress in implementing environmental justice initiatives; and the EPA’s public reporting of IIJA financial and award data. The Office of Audit will continue to include IIJA obligations and disbursements as part of our annual, statutorily required financial statement audits.

## Planned Projects

### ***Audit of the EPA’s Resolution of Improper Transactions Identified Through Its State Revolving Fund Annual Review Process***

Our objective is to determine whether the EPA adequately addresses improper payments, false claims, and the possibility of fraud identified through its state revolving fund annual review process.

### ***Audit of the EPA’s IIJA Lead Service Line Capability Oversight***

Our objective is to determine whether the EPA and state grantees conduct subgrantee system capability oversight, prior to awarding subgrantee IIJA lead service line funds.

### ***Audit of Emerging Contaminants Grants in Small and Disadvantaged Communities***

Our objective is to determine the risks and challenges of implementing the Emerging Contaminants in Small or Disadvantaged Communities grant program.

### ***Audit of States’ Monitoring of Clean Water State Revolving Fund State Subrecipients***

Our objectives are to determine (1) how the states are performing CWSRF subrecipient monitoring in light of the increase in funding through IIJA and (2) what enforcement actions the EPA can take if state subrecipient monitoring is deficient or identifies significant issues.

### ***Audit of Clean Water State Revolving Funds Awarded to Disadvantaged Communities***

Our objective is to determine how the EPA ensures disadvantaged communities receive IIJA funds through the CWSRF.

### ***Audit of Clean School Bus Program Financial Management***

Our objective is to determine whether the recipients of the fiscal years 2022 and 2023 awards for the Clean School Bus program used approved funding as part of their bus replacement projects and managed received funds appropriately.

### ***Audit of Justice40 Implementation at EPA IIJA Priority Funded Superfund Sites***

Our objective is to determine how the EPA has implemented the Justice40 requirements at Superfund sites that have received priority funds from the IIJA.

### ***Audit of Justice40 Implementation in the Brownfields Program***

Our objective is to determine how the Brownfields program has planned and is managing program compliance with Justice40 requirements.

### ***Audit of the EPA's Fiscal Year 2023 Public Reporting of IIJA Financial and Award Data***

Our objective is to determine whether the EPA's reporting of fiscal year 2023 IIJA obligations and outlays in USApending.gov is complete and accurate.

## Office of Special Review and Evaluation

In Years 3–4, OSRE will update its risk assessments and project selection tool to continue targeting high-risk programs and grantees for evaluation and identifying challenges to program implementation, obligation, and spending.

OSRE will use its updated risk assessments to identify the state revolving fund grantees with the highest risk of having limited capacity to manage IIJA funds. After identifying the highest-risk state revolving fund grantees, OSRE will focus its resources on evaluating those grantees' capacity to manage IIJA funding. OSRE will also use its updated risk assessments to account for each Superfund site's risk to or impact on human health, Hazard Ranking System score, status of remedial actions, and work that remains to be completed, among other factors. After identifying the highest risk Superfund sites, OSRE will execute its inspection plan by examining conditions at those sites.

OSRE will also identify new or emerging work and address OIG Hotline complaints and congressional requests. OSRE's Administrative Investigations Directorate will, as necessary, conduct investigations related to IIJA projects, including those concerning allegations of misconduct by senior EPA employees or whistleblower retaliation by EPA employees, grantee personnel, or contracting personnel.

## Planned Projects

### ***Additional Capacity Reviews of State Revolving Fund Agencies***

We plan to initiate a series of capacity reviews on a state-by-state basis. Our objective is to determine high-risk states' capacity to manage IIJA state revolving fund money.

### ***Additional Inspections of Superfund Sites***

We plan to initiate a series of site inspections at Superfund sites designated to receive IIJA funding. Our objective is to determine the effectiveness of institutional controls to ensure public safety at Superfund sites.

### ***Evaluation of Clean Water State Revolving Fund Agencies' Perspectives on Their Capacity to Manage Infrastructure Investment and Jobs Act Funds***

Our objective is to identify CWSRF agencies' perspectives on their capacity to manage IIJA funds, as well as the obstacles that CWSRF agencies' administrators believe limit their capacity to manage IIJA funds

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

## Office of Audit

In Year 5 and beyond, the Office of Audit will reassess financial statement audit needs to ensure adequate coverage of IIJA funding. Further, the Office of Audit will continue executing its work plan, providing necessary audit oversight of the EPA's grants process; workforce planning; environmental justice; public reporting of financial and award data; Clean School Bus, Superfund, and Brownfields programs; and Geographic and National Estuary programs oversight. The Office of Audit 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 Office of Audit'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 work plan, including evaluations of program performance and impact. OSRE will also complete its inspections plan, including reviews to assess site conditions and verify IIJA-funded improvements. OSRE will complete a capstone review summarizing lessons learned and best practices.



# Appendix A: Distribution of the OIG's oversight projects across the EPA's IJA-related programs

## EPA IJA Funding: \$60.9 Billion

● 8 ongoing OIG projects      ● 18 planned OIG projects

Note: Individual projects may address multiple programs. For example, four projects relate to both the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund programs. The interrelationship of program areas may change as projects progress.

**\$26.7 Billion**



Drinking Water State Revolving Fund – Traditional, Lead Service Lines

● 1 ongoing project  
● 3 planned projects

**\$11.7 Billion**



Clean Water State Revolving Fund – Traditional

● 3 ongoing projects  
● 5 planned projects

**\$10 Billion**



Emerging Contaminants – CWSRF, DWSRF, and Small & Disadvantaged

● 1 ongoing project  
● 1 planned project

**\$5 Billion**



Clean School Bus

● 1 ongoing project  
● 1 planned project

**\$3.5 Billion**



Superfund

● 1 ongoing project  
● 3 planned projects

**\$1.9 Billion**



Geographic and Estuary Programs

**\$1.5 Billion**



Brownfields

● 1 planned project

**\$0.6 Billion**



Other\*

**General Oversight\*\***



● 1 ongoing project  
● 4 planned projects

\* "Other" includes Underground Injection Control Grants, Save Our Seas 2.0, Pollution Prevention, RECYCLE Act, Gulf of Mexico and Mississippi and Ohio Rivers Hypoxia, Class VI Wells/Underground Injection Control, Battery Recycling Labeling, and Battery Recycling Best Practices programs.  
 \*\* OIG projects that do not address a specific program.

Source: EPA, [FACT SHEET](#): EPA & The Bipartisan Infrastructure Law, November 6, 2021. (EPA OIG graphic. EPA and National Oceanic and Atmospheric Administration photos.)