



OFFICE OF INSPECTOR GENERAL U.S. ENVIRONMENTAL PROTECTION AGENCY

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Operating efficiently and effectively

Infrastructure Investment and Jobs Act Progress Report— Year One

March 29, 2023



To find out more about the U.S. Environmental Protection Agency Office of Inspector General activities related to the Infrastructure Investment and Jobs Act, visit our [website](#).

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Abbreviations:

EPA	U.S. Environmental Protection Agency
IJA	Infrastructure Investment and Jobs Act
OIG	Office of Inspector General
Pub. L.	Public Law

Cover Image: The Infrastructure Investment and Jobs Act will help fund water infrastructure projects, cleanup and recycling efforts, and school buses with reduced diesel emissions. (EPA OIG image)

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Foreword

On November 15, 2021, President Joseph R. Biden Jr. signed the Infrastructure Investment and Jobs Act into law. The IIJA appropriates over \$60 billion to the U.S. Environmental Protection Agency for fiscal years 2022 through 2026, representing the largest appropriation that the Agency has ever received. This report summarizes the efforts of the EPA's Office of Inspector General to provide oversight over the execution of IIJA funding to date.

Supplemental appropriations to the EPA under the IIJA more than double the Agency's typical annual appropriations for each year of the five-year period from FY 2022 through 2026. The Act provides no-year funding for significant investments in drinking water, wastewater, and stormwater infrastructure projects; environmental cleanups; clean school buses; and increases in the EPA workforce. It also appropriates funds to the OIG, most of which are available until expended, which is consistent with the actual life cycle of oversight work. Accordingly, we plan to use the funds for at least six years beyond FY 2026. The Agency has described this as a "moment for the Agency to expand from its historic role as a regulatory and scientific agency to be a large-scale funder of critical infrastructure."¹

Shortly after the Act's passage, the OIG began preparing and executing on several oversight fronts. An internal working group was established to help the mission and support offices hire additional staff to meet the increased oversight workload. In April 2022, the OIG released its inaugural [Infrastructure Investment and Jobs Act Oversight Plan](#) that identified planned and ongoing oversight projects. It identified planned and ongoing lessons-learned reports meant to help the EPA administer IIJA funding for its various programs. As the EPA refines its plan to execute the Act, we expect to also adapt our oversight plan, with the goal that the Agency, Congress, and the American public have a timely guide to our oversight.

In October 2022, we issued [The EPA's Fiscal Year 2023 Top Management Challenges](#), adding a new challenge, *Managing Increased Investment in Infrastructure*, that is focused on providing oversight for EPA programs receiving IIJA funds and on detecting and preventing fraud, waste, and abuse. In March 2023, we issued our [Compendium of Open and Unresolved Recommendations Related to Infrastructure and Investment Jobs Act-Funded Programs](#), identifying open and unresolved recommendations issued in previous OIG reporting related to EPA programs receiving IIJA funds. The OIG has also been leveraging its data analytics team 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 EPA IIJA funded programs.

Outreach has also been an important part of our efforts since the Act was signed into law. As of February 28, 2023, our investigators and auditors have conducted 168 joint IIJA fraud briefings, reaching more than 3,700 attendees, including EPA staff members, potential grant recipients, and state environmental agencies, among other stakeholders. We have also conducted several other outreach activities across offices, such as meeting with the Agency, other OIGs, state officials, the U.S. Government Accountability Office, and Congress. The Agency faces several challenges related to the IIJA, and we will continue to dedicate significant effort in the future to ensuring that the EPA uses its IIJA funds efficiently and effectively.



Sean W. O'Donnell
Inspector General

¹ U.S. Evtl. Protection Agency, 190R22005, Year One Anniversary [Report](#), Bipartisan Infrastructure Law (2022).

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The IIJA Provides the EPA with \$60 Billion

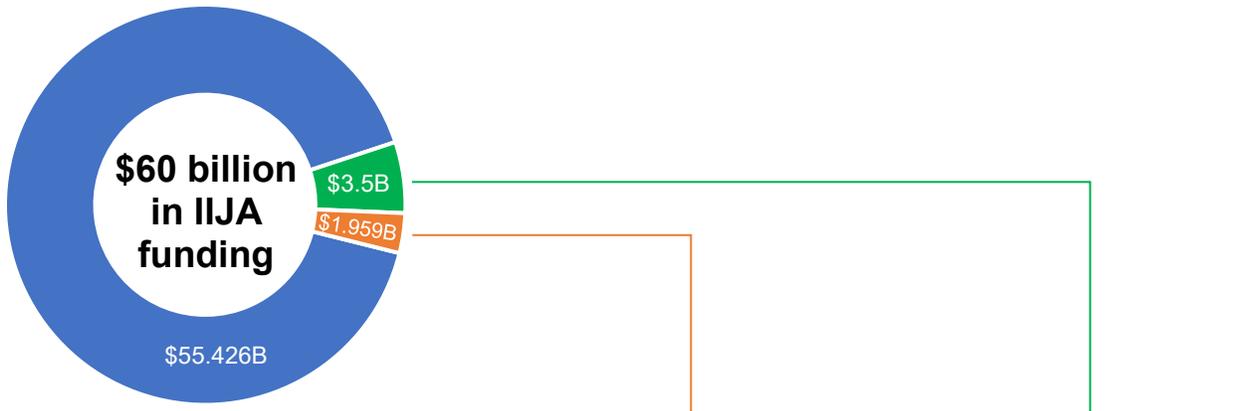
The purpose of the Infrastructure Investment and Jobs Act, as it applies to the U.S. Environmental Protection Agency, is to advance public health and safety by improving the nation's drinking water, wastewater, and stormwater infrastructure; cleaning up legacy pollution; investing in healthier air; increasing the Agency's workforce; and enhancing the country's climate resilience. To achieve this purpose, the Act appropriates over \$60 billion to the EPA from fiscal year 2022 through 2026, comprising 19 appropriations, largely to existing programs, such as the state revolving funds and Superfund. For most programs, these funds are available until expended. The IIJA's appropriations represent a significant increase in funding for the EPA, whose annual appropriations ranged from about \$7.9 billion to \$9.6 billion from FY 2013 through 2022.² Of the \$60 billion IIJA appropriation, about 91 percent is allocated for state and tribal grants; 3 percent for environmental programs and management; and 6 percent for Superfund sites. Table 1 shows the EPA's expected IIJA appropriations by program.



From top to bottom: Superfund site, people walking in a neighborhood, and EPA workforce. (EPA photos)

² This excludes FY 2022 funding appropriated to the EPA through the Inflation Reduction Act of 2022, Pub. L. No. 117-169 (2022).

Table 1: IIJA funding by program



State and tribal grants	
Clean Water State Revolving Fund Traditional	\$11.713B
Drinking Water State Revolving Fund Traditional	\$11.713B
Lead Service Lines Drinking Water State Revolving Fund	\$15B
PFAS Clean Water State Revolving Fund	\$1B
PFAS Drinking Water State Revolving Fund	\$4B
PFAS Small & Disadvantaged	\$5B
Underground Injection Control Grants	\$50M
Brownfields	\$1.5B
Save Our Seas 2.0	\$275M
Pollution Prevention	\$100M
RECYCLE Act	\$75M
Clean School Buses	\$5B

Total: \$55.426B

Environmental programs and management	
Geographic programs	\$1.717B
National Estuary program	\$132M
Gulf of Mexico and Mississippi and Ohio Rivers Hypoxia	\$60M
Class VI Wells/Underground Injection Control	\$25M
Battery Recycling Labeling	\$15M
Battery Recycling Best Practices	\$10M

Total: \$1.959B

Superfund	
Remedial cleanups	\$3.5B

Total: \$3.5B

Notes: B = Billion; M = Million; PFAS = Per- and Polyfluoroalkyl Substances.

Source: EPA, [FACT SHEET: EPA & The Bipartisan Infrastructure Law](#), November 6, 2021. (EPA OIG table)

As of February 28, 2023, the EPA has obligated approximately 12 percent of its IIJA funds; however, less than 1 percent of the \$60 billion in IIJA funds had been expended. Table 2 shows the EPA’s obligations and outlays as of February 28, 2023.

Table 2: EPA IIJA obligations and outlays from inception through February 28, 2023

Description	Amount
EPA obligations	\$7.5 billion
Percent of obligations to appropriations	12%
EPA outlays	\$555 million
Percent of outlays to appropriations	<1%

Source: OIG analysis of EPA financial data. (EPA OIG table)

The EPA expects to see an increase in IIJA activity at year 2 of the IIJA. Specifically, the EPA’s *Year One Anniversary Report, Bipartisan Infrastructure Law*, dated November 2022, states that in year 2, the EPA expects:

- To provide \$1 billion for the Clean School Bus program.
- All states and territories to have received state revolving fund IIJA capitalization grants and for construction to have begun on many projects.
- The EPA’s geographic and estuary programs to deploy nearly all FY 2022 and FY 2023 resources to support state and local projects and initiatives.
- Superfund construction projects to be funded and National Priorities List sites to have new construction projects ready to be started in FY 2023, which were announced in February 2023.
- To award \$240 million in Brownfields revolving loan fund, cleanup assessment, and technical assistance grants and approximately \$60 million in state tribal and response program grants.
- To announce the availability of \$140 million in funding the solid waste infrastructure and recycling education and outreach grant programs to states, tribes, territories, and local governments.
- The pollution prevention program to announce two new competitive grant opportunities that will focus intensively on advancing environmental justice and addressing climate impacts.

The IIJA Supports the OIG’s Mission to Conduct Oversight and Review

The Office of Inspector General is an independent office of the EPA charged with promoting efficiency and economy in Agency operations and detecting and preventing fraud, waste, abuse, mismanagement, or misconduct related to the EPA’s programs and operations. For FYs 2022 through 2026, the IIJA provides the OIG with 0.44 percent of the EPA’s total supplemental appropriation, most of which is available until expended—commonly referred to as “no-year” funds—for oversight of the Agency’s IIJA-funded programs and operations.

As part of its IIJA oversight role, the OIG will assess whether the EPA is using its roughly \$60 billion in IIJA funds in accordance with congressionally designated purposes. OIG oversight will focus on the execution of IIJA funds, the efficiency and effectiveness of the programs receiving IIJA funds, and the detection and prevention of fraud, waste, and abuse. We will do this by leveraging data analytics to develop proactive

fraud detection methodologies, allowing us to target our audits, evaluations, and investigation on high-risk programs and recipients.

The OIG Notes Its IIJA-Related Spending and Hiring Efforts to Date

As of February 28, 2023, the OIG obligated approximately \$5.5 million and expended approximately \$5.3 million, less than 2 percent of its total appropriated IIJA funds. The no-year IIJA funds allow us the flexibility to ramp up our resources to perform adequate oversight and to observe the EPA’s IIJA implementation across several years to perform responsive, effective oversight.



Image depicting IIJA full-time equivalent hiring. (USAJOBS.gov and EPA OIG images)

The OIG resource plan is based on planned EPA IIJA activity. Strategic hiring of specific foundational positions was the focus of year 1. The plan allows for a ramp-up/ramp-down approach following the audit and evaluation life cycle expanding ten to 13 years. In years 1 and 2, we will prepare, research, and publish initial capping reports and lessons learned. In years 3 through 11, we will assess the EPA’s IIJA execution. In years 12 and 13, we will ramp down by performing lessons learned, archiving, and reporting, with temporary staff departing. While we originally envisioned continuing to ramp up hiring of IIJA-specific personnel over the next several years, we currently plan to track the size of our IIJA-specific work force with the timing and amount of IIJA oversight needs we observe from Agency activity. At present, this means hiring fewer IIJA-specific personnel than we previously anticipated during FYs 2023 and 2024. Table 3 provides an overview of the EPA OIG’s full-time equivalents charging to IIJA funds as of February 28, 2023.

Table 3: EPA OIG’s IIJA full-time equivalents as of February 28, 2023

Office	IIJA FTEs*
Office of Audit	9.3
Office of Special Review and Evaluation	10.7
Office of Investigations	8.6
Support Office Activities**	13.2
Total	41.8

Note: FTE = Full-Time Equivalent.

Source: EPA OIG data as of February 28, 2023. (EPA OIG table)

*IIJA FTE numbers reflect the total number of FY 2023 hours charged to IIJA funds by all OIG personnel for each activity, divided by the number of compensable hours corresponding to an FTE in a pay period (80), divided by the number of completed FY 2023 pay periods as of February 28, 2023 (10).

**Support Office Activities include the OIG Immediate Office, Office of Mission Support, Office of Strategic Analysis and Results, Office of Information Technology, Office of Counsel, and Office of Congressional and Public Affairs.

The OIG's Infrastructure Oversight Work

The OIG's oversight work in the first year of the IIJA focused on planning and preparing for audit and evaluation work regarding the execution of IIJA funds; the efficiency and effectiveness of the programs receiving IIJA funds; and the detection and prevention of fraud, waste, and abuse. It also focused on leveraging data analytics to develop proactive fraud detection methodologies, allowing us to target our audits, evaluations, and investigation on high-risk programs and recipients. Beginning in early 2022, the OIG created an internal biweekly workforce enhancement working group that was initially focused on strategies for increasing

staff and IIJA oversight planning for the next five and ten years. The working group has transitioned to focus on project coordination, overall IIJA program management, outreach strategies, reporting, and tracking IIJA appropriations to determine how to best allocate the OIG's audit and investigative resources. Additionally, the OIG created subject matter work groups at the executive, director, and staff levels that are charged with sharing insights into program development and ensuring that infrastructure oversight is relevant. Infrastructure challenges are developed at the staff level and defined and approved at the director and executive levels to produce infrastructure oversight projects.

The OIG's initial IIJA oversight work began with lessons-learned reports. These are agile reports that summarize previous OIG report findings that are applicable to current IIJA-funded programs. As part of the OIG's IIJA annual planning, five projects are in the planning phase and four are ongoing. Since the passage of the IIJA, we have identified two issued reports, three ongoing projects, and one planned project related to IIJA-funded programs. Although those reports and projects are not planned as part of the OIG's IIJA oversight and are not fully funded by IIJA appropriations, they are relevant to IIJA-funded programs. Our planning efforts are not static, and we may modify or identify additional planned projects in response to emerging challenges, crises, and priorities.



Great Lakes sunset on an EPA research vessel. This image represents the OIG follow-up review, *Lessons Identified from Prior Oversight of the EPA's Geographic and National Estuary Programs*. (EPA image)

✓ *IIJA-Funded Projects Completed Since the IIJA Was Enacted*

American Recovery and Reinvestment Act Findings for Consideration in the Implementation of the Infrastructure Investment and Jobs Act

We issued this report, Report No. [23-N-0004](#), on December 7, 2022. In November 2021, the IIJA provided funding for many EPA programs. Many of these same programs received funds in 2009 under the American Recovery and Reinvestment Act. The OIG issued various reports on EPA programs that received funds under the Act. The OIG initiated this review to identify findings from those reports and develop lessons that may help the Agency



Images from OIG reports on American Recovery and Reinvestment Act funds. (EPA OIG images)

prepare, implement, and oversee programs receiving IIJA appropriations. Through our analysis, we developed three lessons that the EPA should consider to mitigate risks and reduce the likelihood of fraud, waste, and abuse of IIJA funds: (1) ensure that federal requirements are met; (2) provide clear and comprehensive guidance; and (3) improve project management, monitoring, and data verification.

Considerations from Single Audit Reports for the EPA's Administration of Infrastructure Investment and Jobs Act Funds

We issued this report, Report No. [22-N-0057](#), on September 14, 2022. We identified seven areas where noncompliance with applicable federal laws, regulations, and program requirements were most frequent: (1) procurement and suspension and debarment, (2) reporting, (3) allowable costs/cost principles, (4) cash management, (5) activities allowable or unallowable, (6) special tests and provisions, and (7) subrecipient monitoring. We found that most instances of noncompliance were associated with two programs: the Clean Water State Revolving Fund program and the Drinking Water State Revolving Fund program. As the EPA awards IIJA funds to state revolving fund and other programs, the Agency should consider how it can address or prevent future instances of noncompliance within these programs. Consideration of these past findings could help the EPA decrease the risk of fraud, waste, and abuse as it implements the IIJA.

Considerations for the EPA's Implementation of Grants Awarded Pursuant to the Infrastructure Investment and Jobs Act

We issued this report, Report No. [22-N-0055](#), on August 11, 2022. We initiated this review to highlight findings from prior OIG and U.S. Government Accountability Office audit reports that are relevant to the EPA's administration and oversight of grants awarded pursuant to the IIJA. We found three areas for improvement for the EPA to consider as it prepares to administer and oversee IIJA grants: (1) enhance the grants oversight workforce and strengthen monitoring and reporting; (2) establish and implement comprehensive guidance and detailed work plans, as well as improve communications; and (3) require adequate documentation to support grant payments. This report highlights grants administration and oversight deficiencies that the Agency should consider to mitigate risks and reduce the likelihood of fraud, waste, and abuse.

Lessons Identified from Prior Oversight of the EPA's Geographic and National Estuary Programs

We issued this report, Report No. [22-E-0054](#), on August 8, 2022. We reviewed prior oversight reports and identified lessons to help the EPA administer \$1.85 billion in IJA funds for its 12 geographic programs and National Estuary Program. We observed seven programmatic themes: (1) measurement of progress, (2) communication, (3) grant management, (4) strategic planning, (5) leadership, (6) program execution, and (7) resources. As the EPA begins to distribute IJA funds to geographic programs and the National Estuary Program, the Agency can use this information to address historical challenges and better position itself to achieve its programmatic goals and improve its environmental outcomes.

Projects Completed Related to IJA-Funded Programs

Brownfields Program-Income Monitoring Deficiencies Persist Because the EPA Did Not Complete All Certified Corrective Actions

We issued this follow-up report, Report No. [22-P-0033](#), on March 31, 2022. 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. We found that the EPA continues to lack current, accurate, and complete data necessary for effective post-closeout reporting of the Brownfields Revolving Loan Program. The OIG made six new recommendations, for which the Agency provided acceptable corrective actions. This audit was not funded using the OIG's IJA appropriations, but the Brownfields Revolving Loan Program is receiving \$1.5 billion in IJA appropriations.

The EPA Did Not Follow Agency Policies in Managing the Northbridge Contract and Potentially Violated Appropriations Law

We issued this report, Report No. [22-E-0027](#), on March 31, 2022. 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, and (2) Northbridge provided timely and acceptable deliverables, as specified in the contract and associated work plans. This contract provided support services to states for their municipal drinking water and wastewater programs. While this evaluation was not funded using the OIG's IJA appropriations, the Drinking Water State Revolving Fund and Clean Water State Revolving Fund programs are receiving a cumulative \$43.4 billion in IJA appropriations.

While we confirmed that Northbridge provided acceptable deliverables in Region 9, EPA contracting officers did not follow established acquisition guidance to review and track the completion of these deliverables. Therefore, prior to our assessment, the EPA had no reasonable assurance that Northbridge met performance expectations. The EPA agreed with our three recommendations.

Ongoing IJA-Funded Projects

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 IJA.

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 Clean Water State Revolving Funds 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 FY 2022 IIJA obligations and outlays in USAspending.gov is complete and accurate.

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 that Drinking Water State Revolving Fund agencies' administrators believe limit their capacity to manage IIJA funds.

Ongoing Projects Related to IIJA-Funded Programs

Audit of the EPA's Identification and Replacement of Lead Service Lines in Disadvantaged Communities

We issued the project notification, Project No. [OA-FY23-0037](#), on November 17, 2022. Our objective is to determine whether the EPA distributed Water Infrastructure Improvements for the Nation Act funds to replace lead service lines in disadvantaged communities in adherence with applicable guidance. This audit is not funded using the OIG's IIJA appropriations but may impact the EPA's IIJA implementation because the EPA is receiving \$15 billion in IIJA appropriations for Drinking Water State Revolving Fund lead service lines.

Evaluation of EPA Oversight of State Progress to Meet Chesapeake Bay Nutrient- and Sediment-Reduction Goals

We issued the project notification, Project No. [OSRE-FY22-0139](#), on June 22, 2022. Our objective is to determine whether the EPA effectively uses the Accountability Framework for overseeing Chesapeake Bay Total Maximum Daily Load pollution reduction goals. This evaluation is not IIJA-funded but may impact the EPA's IIJA implementation because the EPA is receiving \$1.717 billion in IIJA appropriations for geographic programs, including \$238 million for Chesapeake Bay.

Audit of the EPA's Pollution Prevention Grants Reporting

We issued the project notification, Project No. [OA-FY21-0225](#), on July 15, 2021. Our objectives are to 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. This audit is not funded using the OIG's IIJA appropriations but may impact the EPA's IIJA implementation because the EPA is receiving \$100 million in IIJA appropriations for the pollution prevention program.

Planned IIJA-Funded 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, as required by the Act.

EPA Guidance for IIJA Drinking Water State Revolving Fund Emerging Contaminants

We intend to assess the EPA's collaboration with state officials to provide clear, comprehensive guidance for the Drinking Water State Revolving Fund that helps ensure states deploy emerging contaminants funding in accordance with the IIJA and related federal implementation guidance.

Capacity Reviews of Clean Water State Revolving Funds

We plan to initiate a series of capacity reviews on a state-by-state basis. The objective of these reviews will be to determine high-risk states' capacity to manage IIJA funding.

Inspections of Superfund Sites

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

Planned Projects Related to IIJA-Funded Programs

Audit of Use of the Clean Water State Revolving Fund to Build Resilience Against Impacts of Climate Change

Our objective is to determine to what extent (1) the EPA is providing guidance and reviewing state Clean Water State Revolving Fund intended use plans, as related to climate change resiliency, to meet the intent of the presidential policy directive to strengthen and maintain secure, functioning, and resilient critical infrastructure and (2) the states, in their Clean Water State Revolving Fund planning, are considering climate change resiliency to safeguard federal investment, including the IIJA and annual appropriation funding. This audit may be partially funded using the OIG's IIJA appropriations because the EPA is receiving \$11.7 billion in IIJA appropriations for the Clean Water State Revolving Fund program.

The OIG Conducts Outreach to Help Deter Fraud and Improve Efficiency

We published our inaugural [IIJA Oversight Plan](#) in April 2022 and have since conducted outreach efforts that have spanned several external stakeholders. The Office of Audit and the Office of Special Review and Evaluation have engaged in more than 20 outreach activities with the Agency, other OIGs, the Council of the Inspectors General on Integrity and Efficiency, the Government Accountability Office, and the public. Outreach activities include involvement in IIJA working groups, briefings, interviews, Gold Standard meetings,³ and conferences. We have also had three congressional briefings on the *IIJA Oversight Plan*.



Cover image from the *IIJA Oversight Plan*, April 22. (EPA image)

As of February 28, 2023, the Office of Investigations has hosted 168 IIJA-related fraud briefings reaching more than 3,700 attendees. The Office of Investigations has also coordinated with several grant fund recipients and law enforcement partners. Recipient coordination includes engaging with multiple state environmental agencies and programmatic departments, including Brownfields programs, State Revolving Funds, State Water Development Boards, State Offices of Attorney General, and State OIGs. For partner coordination, the Office of Investigations has engaged with several task forces and working groups, including the U.S. Department of Justice’s Procurement Collusion Strike Force, a multiagency task force dedicated to identifying, deterring, investigating, and prosecuting antitrust crimes related procurement and grant fraud.

When allegations of criminal, civil, and administrative acts related to fraud, waste, and abuse under the IIJA are reported, the OIG will investigate. We will also proactively initiate investigations to determine whether the EPA is spending its IIJA funds properly and to deter fraud, waste, and abuse. As of February 28, 2023, we have opened two preliminary inquiries, two proactive initiatives, and three cases involving IIJA-related issues.

³ [Gold Standard Meetings](#) are joint program review meetings requiring agencies to engage with the Office of Management and Budget and the agency’s inspector general to discuss program design, risk mitigation, financial controls, data, tracking, and reporting for implementing the IIJA.

The OIG Leverages Data Analysis to Detect Grant and Contract Fraud

Conducting outreach has been an important proactive effort that we use to help inform the EPA, and those receiving EPA funds, about ways to identify and deter potential fraud, waste, and abuse in IIJA-funded programs. In addition to our external outreach efforts, we are internally leveraging our data analytics capabilities to develop methodologies that will assist in proactively detecting potential grant and contract fraud.

The OIG's Data Analytics Directorate works closely with the Office of Audit, the Office of Special Review and Evaluation, and the Office of Investigations to support their audits, evaluations, and investigations. The Data Analytics Directorate has been working to identify and collect grant and contract information from the EPA and external databases. The Data Analytics Directorate team is beginning to develop procurement collusion methodologies using, in part, red flags identified from previous fraud investigations and audits. The Data Analytics Directorate will be creating dashboards and spatial maps that will allow auditors and investigators to proactively monitor grant and contract spending. For example, if potential fraud is detected in a procurement program, an investigator will receive an alert to review the data in a dashboard for further analysis. The Data Analytics Directorate is also developing proactive hotline monitoring to reveal potential patterns of fraud, waste, and abuse in IIJA-funded programs.

To date, IIJA expenditures for EPA grants and contracts remain small. These expenditures are expected to increase significantly over the next few years as the EPA hires additional staff who will be responsible for implementing the distribution of IIJA funds. The Data Analytics Directorate's proactive analytical approach to detecting grant and contract fraud will be an important component of the OIG's oversight as IIJA expenditures increase.



The EPA OIG leverages data analytics to develop proactive fraud detection methodologies. (EPA OIG photo)

The OIG Identifies Continuing Challenges for the Agency

In our annual summary of the most serious management and performance challenges facing the EPA for fiscal year 2023, known as the [Top Management Challenges](#), we identified concerns related to the EPA's ability to manage and implement the approximate \$60 billion in IIJA funding. These concerns included the EPA needing to improve its distribution and administration of infrastructure funds; improving and expanding its available workforce; and working with its program partners to minimize the risk of waste, fraud, and abuse.

The IIJA allocates most of its EPA funding to existing partner programs with the states, such as the Clean Water and Drinking Water State Revolving Funds. When the EPA delegates authority for federal environmental programs, the Agency maintains oversight to ensure that its partners carry out their responsibilities, as well as expend the funds appropriately. Prior to the passage of the IIJA in November 2021, the EPA was working to close open recommendations identified by the OIG related to



Infrastructure pipes for water. (EPA photo)

state revolving fund programs. To date, some of the recommendations remain open as the Agency works to complete the corrective actions that would improve program management and implementation.

Staffing continues to be a significant challenge for the Agency and its implementation of IJIA-funded programs. One of the EPA's largest unions noted that noncompetitive salaries and a lack of career development opportunities are fueling attrition and overburdening staff.⁴ In addition to these challenges, the EPA has estimated that it will need to hire 50 percent more grant specialists to its workforce in 2022 to ease the burden on senior staff so they can focus on IJIA-related issues.⁵ These are significant challenges for the Agency and are further compounded by the tight labor market that exists. The IJIA's environmental project funds give the EPA a unique opportunity to advance its goal of protecting human health and the environment. As with other comprehensive spending legislation—such as the American Recovery and Reinvestment Act and the Inflation Reduction Act—there is a risk that the EPA may mismanage the influx of infrastructure funds, not comply with funding requirements, and fail to meet programmatic goals.

EPA leadership needs to commit the Agency to proactively address problem areas by effectively overseeing its program partners. Most of the infrastructure funding will flow through these partner programs. The Agency should, therefore, commit to improving its capacity to oversee these partner programs and develop a framework for addressing identified oversight issues.

⁴ Lylla Younes, *At EPA, staffing crisis clashes with expanded mission*, Grist (Feb. 14, 2023), <https://grist.org/regulation/at-epa-staffing-crisis-clashes-with-expanded-mission/>.

⁵ Stephen Lee, *EPA Hiring More Grant Specialists to Manage Infrastructure Money*, Bloomberg Law (Jan. 28, 2022, 10:24 AM), <https://news.bloomberglaw.com/environment-and-energy/epa-hiring-more-grant-specialists-to-manage-infrastructure-money>.