



QUARTERLY UPDATE | July 2024

This update highlights oversight activities of the U.S. Environmental Protection Agency Office of Inspector General from April 1 to June 30, 2024. Below are some activities of note.

External Peer Review

In April, the EPA OIG received the results of its [external peer review](#), which was conducted by the Special Inspector General for Afghanistan Reconstruction, or SIGAR. The review assessed our compliance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. SIGAR determined that our policies and procedures generally were consistent with those standards.

Semiannual Report to Congress

In May, we published our [Semiannual Report to Congress](#), which summarizes our work and accomplishments from October 1, 2023, through March 31, 2024. During that reporting period, we identified \$120.1 million in total monetary benefits and provided the EPA and U.S. Chemical Safety and Hazard Investigation Board with 55 recommendations for improvement.

New Fraud Alert

In June, we issued a [fraud alert](#) and "fraudcast" to highlight new regulatory requirements for EPA grant recipients and subrecipients to disclose both civil and criminal violations of federal law to the EPA OIG. The alert outlined changes to mandatory grant disclosure language in the Office of Management and Budget's Uniform Guidance. We coordinated with the Agency to distribute the alert to EPA grant recipients and subrecipients to ensure their awareness of the changes, which go into effect in October 2024. The alert also included information regarding whistleblower protections available to those who report suspected wrongdoing.

Educational Outreach to the EPA

In June, staff from our Office of Audit and Office of Investigations presented at the EPA Office of the Chief Financial Officer's Technical Training Conference. OIG auditors shared an overview of the OIG's grants oversight, as well as a presentation on single audits during a Grants Management Office workshop. In addition, an OIG Special Agent in Charge delivered fraud awareness training to educate Agency employees about fraud indicators, mitigation of fraud risks, and mandatory disclosure requirements related to fraud.

Ongoing Work

In addition to the newly issued products and project notifications detailed on the following pages, we continued work on several important oversight projects. A list of reports we expect to issue in the next quarter is available in the ["Expected Issuances"](#) section.

Infrastructure Investment and Jobs Act Oversight

For an update on our oversight efforts related to the Infrastructure Investment and Jobs Act, or IIJA, see the dedicated ["IIJA Oversight Activities"](#) section.

By the Numbers

PRODUCTS
ISSUED

17

PROJECTS
INITIATED

4

RECOMMENDATIONS
MADE

37

PROJECTS
ONGOING

41

CUSTOMER SERVICE

INTEGRITY

ACCOUNTABILITY

OVERSIGHT PRODUCTS ISSUED

Click on the title to read the report.



[*Half the States Did Not Include Climate Adaptation or Related Resilience Efforts in Their Clean Water State Revolving Fund Intended Use Plans*](#)

April 8, 2024

We determined that the EPA prioritized climate adaptation and provided guidance to states during the development of their annual Clean Water State Revolving Fund, or CWSRF, intended use plans, but had limited success in getting states to include climate adaptation or related resilience efforts in their plans.



[*The EPA Needs to Improve Institutional Controls at the American Creosote Works Superfund Site in Pensacola, Florida, to Protect Public Health and IJA-Funded Remediation*](#)

April 15, 2024

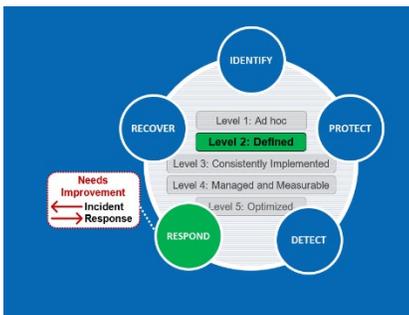
We found that the institutional controls that the EPA has established at the American Creosote Works Superfund site related to contaminated groundwater and soil are not sufficient to prevent potential exposure to contamination or the potential waste of millions of IJA dollars provided for remediation.



[*EPA Region 7 Did Not Effectively Engage with the Community Surrounding the Findett Corp. Superfund Site*](#)

April 17, 2024

We determined that Region 7 did not effectively engage with the St. Charles community or facilitate community involvement by providing timely technical assistance or other tools. Region 7 also did not use available mediation services in a timely manner to mitigate the contentious relationships among the Superfund site stakeholders.



[*The CSB Has Improved Its Information Security Program but Needs to Document Recovery Testing Results, Consistent with National Institute of Standards and Technology Guidelines*](#)

April 29, 2024

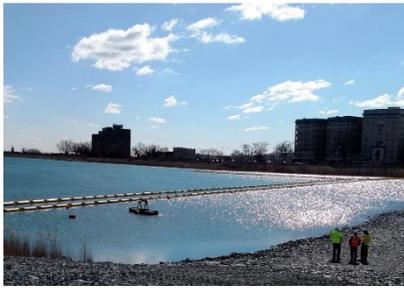
EPA OIG contractor SB & Company concluded that the CSB achieved an overall maturity of Level 2, Defined, in fiscal year 2023. While the CSB has improved its overall maturity, SB & Company identified that improvements are still needed in the Incident Response domain within the Respond Function Area.



[*Infrastructure Investment and Jobs Act Oversight Plan—Year Three*](#)

May 6, 2024

We described planned and ongoing IJA-related audit and evaluation projects for fiscal year 2024 and beyond. Specifically, the plan outlines planned and ongoing projects for Year 3 of our IJA oversight, details planned projects for Years 4 and 5, and summarizes our planned approach for oversight work expected in Year 6 and subsequent years.



[The EPA Does Not Always Track the Use of Build America, Buy America Act Waivers for Infrastructure Projects](#)

May 8, 2024

We found that the EPA only tracked the use of one Build America, Buy America Act waiver. The Agency was unable to provide the number of award recipients that fall under the two types of waivers available under the Act, and it did not have a method in place to track this information.



[Lack of State Financial Support and Local Capacity Prolonged Jackson, Mississippi Drinking Water Issues](#)

May 13, 2024

We determined that the City of Jackson’s funding for its water system did not address the capacity issues at the O.B. Curtis Water Treatment Plant, leading to chronic problems with operations and maintenance. Jackson may have addressed its drinking water issues better and in a timely manner if it had sufficient technical, managerial, and financial capacity and received more funding options and assistance from Mississippi.



[Data Reliability Issues Impede the EPA’s Ability to Ensure Its Allotment of Infrastructure Investment and Jobs Act Funding for Lead Service Line Replacements Reflects Needs](#)

May 15, 2024

During an ongoing [evaluation](#), we saw indications that a lack of internal controls may have caused the EPA to base its fiscal year 2023 allotment of \$3 billion in IIJA funds for lead service line replacements on inaccurate data. As such, there is a risk that the EPA did not allot these funds, and will not allot future IIJA funds, according to states’ lead service line replacement needs.



[Management Implication Report: The EPA’s Wood Heater Program](#)

May 22, 2024

We found that the EPA lacked robust oversight mechanisms to ensure that the Wood Heater Program facilitates compliance with the Clean Air Act. We also identified concerns regarding impartiality, conflicts of interest, and enforcement of program violations.

PAYMENT STREAM DESCRIPTION	TOTAL
Commodities	\$191,484,1
Contracts	\$1,254,895,
CWSRF	\$2,308,914,
DWSRF	\$1,378,109,
Grants	\$1,895,957
Payroll	\$2,795,720
Purchase Card	\$29,261
Travel	\$41,503
WIFIA	\$299,420
Grand Total	\$10,195,266,97

[The EPA Complied with the Payment Integrity Information Act for Fiscal Year 2023 but Needs to Improve Its Oversight Efforts for Improper and Unknown Payment Activities](#)

May 29, 2024

We found that the EPA complied with the requirements of the Payment Integrity Information Act of 2019 and the applicable guidance for its fiscal year 2023 reporting. While the EPA has made progress in its efforts to prevent and reduce improper payments, the Agency needs to improve its internal controls to provide better oversight of its payment integrity activities.



[***Semiannual Report to Congress: October 1, 2023–March 31, 2024***](#)

May 29, 2024

This report summarizes EPA OIG work and accomplishments from October 1, 2023, through March 31, 2024.



[***Great Lakes Restoration Initiative Grants Documented Most Achievements, but the EPA Could Improve Monitoring and Reporting***](#)

June 3, 2024

We identified that the Great Lakes Restoration Initiative grants we reviewed documented contributions to EPA program goals for the Great Lakes, including protection of habitats, reduction of discharges of untreated stormwater, and management of invasive species. However, grant recipients did not always include environmental justice outputs and outcomes in their final reports.



[***Management Implication Report: The EPA Failed to Comply with the OIG's Preservation Requests for Access to Mobile Device Information***](#)

June 4, 2024

We alerted the EPA that it needs to ensure that the mobile devices of separating employees are properly preserved and timely accessible to the OIG to prevent the loss of evidence and other relevant records. We identified two incidents in which the EPA failed to preserve the mobile devices of senior officials separating from the Agency while being investigated for alleged ethics violations.



[***New Mexico's Capacity to Effectively Manage Clean Water Infrastructure Faces Challenges***](#)

June 5, 2024

We determined that the New Mexico Environment Department is sufficiently meeting the financial and organizational dimensions of capacity to manage and use its CWSRF IIIA funding. However, the department faces stakeholder- and human-capital-related challenges that limit its capacity.



[***The EPA Should Better Prepare to Implement Public Notification Requirements When Lead in Drinking Water Poses Serious Risks to Human Health***](#)

June 10, 2024

We found that, at the time of our audit, the EPA was not ready to comply with the public notification requirements under the Water Infrastructure Improvements for the Nation Act. Although the Agency reported that it was in the process of developing a strategy, it had not developed a plan or milestones or provided guidance to help EPA regions, the states, and U.S. water systems be ready to comply by the deadline of October 16, 2024.



[**The EPA Should Improve Oversight of Physical Access and Institutional Controls at the Escambia Wood Superfund Site**](#)

June 12, 2024

We identified that the EPA is not providing sufficient oversight of the maintenance of engineering controls, specifically physical access controls, and institutional controls to protect human health and the remedy addressing soil contamination at the Escambia Wood Superfund site.



[**Management Implication Report: Clean Water State Revolving Fund American Iron and Steel Requirement**](#)

June 26, 2024

We identified a concern regarding the CWSRF American Iron and Steel requirement for funding recipients. CWSRF fund recipients and American manufacturers need clear and precise guidance for defining applicable products for projects that require adherence to American Iron and Steel requirements.

OVERSIGHT PROJECTS INITIATED

Click on the title to read the project notification.

[**Audit of the EPA's Post Award Oversight of Grants Awarded Under the Infrastructure Investment and Jobs Act**](#)

April 18, 2024

Our objective is to determine whether the EPA has sufficient controls over its grant management processes to monitor post award performance of grants awarded with IJA funding in accordance with federal grant requirements and other related EPA policies.

[**Audit of the EPA's Fiscal Years 2024 and 2023 Consolidated Financial Statements**](#)

May 10, 2024

Our objective is to determine whether the financial statements are fairly presented in all material respects in accordance with generally accepted accounting principles; the EPA's internal controls over financial reporting are in place; and the EPA's management has complied with applicable laws, regulations, contracts, and grant agreements that have a direct and material effect on the financial statements.

[**Evaluation of the EPA's Oversight of Authorized State Lead-Based Paint Programs**](#)

May 31, 2024

Our objective is to determine whether the EPA verifies that EPA-authorized state lead-based paint programs continue to meet regulatory requirements after initial authorization.

[**Audit of the Chemical Safety and Hazard Investigation Board's Compliance with the Federal Information Security Modernization Act of 2014**](#)

June 18, 2024

The objective is to assess the CSB's compliance with the Office of Management and Budget's *FY 2023–2024 Inspector General Federal Information Security Modernization Act of 2014 (FISMA) Reporting Metrics*.

EXPECTED ISSUANCES

Click on the title to read the project notification for reports we expect to issue in the fourth quarter of fiscal year 2024.

[***Audit of the EPA's Oversight of State and Local Air Agencies Identification of SM-80 Facilities***](#)

Our objective is to determine whether EPA oversight has ensured that state and local agencies with large compliance-monitoring programs identify high-emitting synthetic minor facilities, known as SM-80s, in accordance with the EPA's Clean Air Act Compliance Monitoring Strategy.

[***Audit of the EPA's Clean School Bus Program Rebate Recipient's Use of Funds***](#)

Our objective is to determine the extent to which the EPA ensures that the recipients of the 2022 EPA Clean School Bus Program rebates manage funding in accordance with federal requirements.

[***Audit of the Brownfields Program Implementation of Justice40 Initiative Goals and Related Requirements for Infrastructure Investment and Jobs Act-Funded Projects***](#)

Our objective is to determine whether the EPA Brownfields Program implemented Justice40 Initiative goals and related requirements for IIJA-funded projects.

[***Audit of the EPA's Fiscal Years 2022 and 2021 Toxic Substances Control Act Service Fee Fund Financial Statements***](#)

Our objectives are to determine whether the financial statements are fairly presented in all material respects in accordance with generally accepted accounting principles; the EPA's internal controls over financial reporting are in place; and the EPA's management has complied with applicable laws, regulations, contracts, and grant agreements that have a direct and material effect on the financial statements.

[***Audit of the EPA's Fiscal Years 2023 and 2022 Hazardous Waste Electronic Manifest System Fund Financial Statements***](#)

Our objectives are to determine whether the financial statements are fairly presented in all material respects in accordance with generally accepted accounting principles; the EPA's internal controls over financial reporting are in place; and the EPA's management has complied with applicable laws, regulations, contracts, and grant agreements that have a direct and material effect on the financial statements.

[***Audit of the EPA's Fiscal Years 2023 and 2022 Pesticide Reregistration and Expedited Processing Fund Financial Statements and Audit of the EPA's Fiscal Years 2023 and 2022 Pesticide Registration Fund Financial Statements***](#)

Our objectives are to determine whether the financial statements are fairly presented in all material respects in accordance with generally accepted accounting principles; the EPA's internal controls over financial reporting are in place; and the EPA's management has complied with applicable laws, regulations, contracts, and grant agreements that have a direct and material effect on the financial statements.

[***Audit of the EPA's Identification and Replacement of Lead Service Lines in Disadvantaged Communities***](#)

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.

[***Audit of the EPA's Compliance with the Federal Information Security Modernization Act for Fiscal Year 2023***](#)

Our objective is to assess the EPA's compliance with the Office of Management and Budget's FY 2023–2024 Inspector General Federal Information Security Modernization Act of 2014 (FISMA) Reporting Metrics.

[Audit of the EPA's Guidance for the Use of Infrastructure Investment and Jobs Act Drinking Water State Revolving Fund Emerging Contaminants Funding](#)

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 IIJA requirements and related federal implementation guidance.

[Audit of the States' and the Commonwealth of Puerto Rico's Compliance with the Clean Water and Drinking Water State Revolving Fund Annual Financial Statement Audit Requirements](#)

Our objective is to determine whether the states and the Commonwealth of Puerto Rico complied with Clean Water and Drinking Water State Revolving Fund annual financial statement audit requirements for 2022.

[Evaluation of EPA Response and Oversight Related to Drinking Water Contamination in Jackson, Mississippi](#)

Our objective is to determine the circumstances of, and the EPA's response to, noncompliance with the Safe Drinking Water Act at the City of Jackson's community water system.

[Evaluation of the EPA's Selection of Recipients of the Infrastructure Investment and Jobs Act Funding for Clean School Buses](#)

Our objective is to determine whether the EPA followed requirements for selecting recipients for the IIJA's Clean School Bus Program funds.

[Evaluation of Land-Use Controls at Resource Conservation and Recovery Act Corrective Action Sites](#)

Our objective is to determine the extent to which the EPA verifies that Resource Conservation and Recovery Act corrective action land-use controls remain in place to prevent human exposure and groundwater contamination at sites where contamination remains in place.





IIJA OVERSIGHT ACTIVITIES

The EPA OIG continues robust efforts to oversee the more than \$60 billion that the IIJA provides the EPA to invest in the nation's water infrastructure, environmental cleanups, clean school buses and other clean air projects, and an expanded EPA workforce.

IIJA Oversight Plan

In May, the EPA OIG issued the [Infrastructure Investment and Jobs Act Oversight Plan—Year Three](#), which summarizes our ongoing and planned audits, evaluations, and other engagements concerning the EPA's implementation of the IIJA. As the Agency develops its plans for executing the IIJA, we continue to refine the oversight plan we first issued in April 2022. We publish annual updates to provide the Agency, Congress, and the public with a timely guide to our IIJA-related activities. When deciding which audits and evaluations to include in our IIJA oversight plan, we take care to independently consider the purposes of the EPA's IIJA appropriations; the statutorily required and discretionary work of the OIG; the remarks of Agency leadership, Congress, and the White House; and the Agency's vision depicted in its *FY 2022–2026 EPA Strategic Plan*.

Oversight Products Issued

During the past quarter, the OIG issued six oversight products related to the EPA's IIJA spending, including the [first](#) in a series of reviews of the CWSRF capacity of U.S. states and territories to administer and manage the influx of funds they will receive under the IIJA. The series will identify both state-specific and overarching risks and challenges. We also issued a [memorandum](#) to alert the EPA that we identified data reliability concerns during our ongoing [evaluation](#) of the EPA's IIJA allotments for lead service line replacements. In addition, we released one [report](#) that found that the EPA is not tracking the use of Build America, Buy America Act waivers for infrastructure projects and [another](#) identifying that half the states are not considering climate change resiliency in their CWSRF intended use plans to safeguard federal investments, including IIJA funds. We also issued two evaluation reports outlining needed improvements to institutional controls at the [American Creosote Works](#) and [Escambia Wood](#) Superfund sites in Pensacola, Florida. Both sites will receive IIJA funding for additional remediation.

IIJA Oversight Information

The [IIJA Oversight](#) page of our website provides an up-to-date accounting of our ongoing and completed IIJA work as well as an IIJA Spending Dashboard that is updated daily. The dashboard informs the public of current EPA obligations and outlays for IIJA projects, providing a visual and interactive tool to see where and how IIJA funds are being used across the country.