



At a Glance

Audit of the EPA's Water Infrastructure Set-Aside Grants to Tribes

Why We Did This Audit

The U.S. Environmental Protection Agency Office of Inspector General conducted this audit to determine the extent to which the EPA prioritizes and awards Infrastructure Investment and Jobs Act funds to tribes through the Clean Water Indian Set-Aside Grant Program and the Drinking Water Infrastructure Grants—Tribal Set-Aside Program, in accordance with applicable statutes, regulations, and EPA guidance.

According to the EPA, tribes have historically been underserved, overburdened communities. The two programs provide funding to tribes to address critical water infrastructure projects. The EPA Office of Water allocates funds to the EPA regional offices, which coordinate with the Indian Health Service to prioritize and award funds for tribal water infrastructure projects.

The Infrastructure Investment and Jobs Act provides an influx of \$868.5 million to these programs across five fiscal years to address water infrastructure needs and provide clean and safe water to tribes.

To support this EPA mission-related effort:

- *Ensuring clean and safe water.*

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What We Found

The EPA's Infrastructure Investment and Jobs Act, or IIJA, funds for the Clean Water Indian Set-Aside, or CWISA, Program and the Drinking Water Infrastructure Grants—Tribal Set-Aside, or DWIG-TSA, Program, collectively referred to as the tribal set-aside programs, were not awarded in a timely manner. About \$86.3 million, or roughly 57 percent, of the \$152.1 million allocated in fiscal year 2022 IIJA tribal set-aside funds were not awarded to tribes in a timely manner. At the time of our data collection, about \$125.3 million, or roughly 76 percent, of the \$164.1 million allocated in FY 2023 IIJA tribal set-aside funds had not been awarded to tribes. This situation resulted from multiple factors, including that the EPA Office of Water did not allocate DWIG-TSA IIJA funds to the EPA regional offices within 30 days of receiving its annual appropriations, in part because of steps added to the allocation process following enactment of the IIJA. Furthermore, these offices need additional guidance to identify and prioritize projects for the IIJA Emerging Contaminants and Lead Service Line Replacement funds. As of December 2023, about \$140.6 million, or roughly 93 percent, of \$152.0 million of the FYs 2022 and 2023 DWIG-TSA funds allocated for emerging contaminants and lead service line replacements had not been awarded to tribal projects. These factors hindered the regional offices' ability to award funds to tribes.

Seven of the regional offices could not provide documentation of their pre-award decision-making processes for FY 2022 CWISA or DWIG-TSA IIJA awards as required. These offices awarded a combined total of about \$31.9 million in FY 2022 IIJA tribal set-aside funds. Four of the ten regional offices have not developed a quantifiable method to prioritize projects according to severity of health risks per the DWIG-TSA program guide; however, they awarded DWIG-TSA IIJA funds of about \$19.2 million in FYs 2022 and 2023. These outcomes occurred because the Office of Water has not provided guidance for pre-award decision-making documentation in the CWISA and DWIG-TSA program guides or ensured that the regional offices have developed a quantifiable prioritization method for drinking water projects. Without documentation of the rationale and relevant supporting data used in pre-award decision-making and the required quantifiable prioritization method, projects that address less severe health risks could be funded at the expense of projects that address more severe health risks.

If the EPA does not properly oversee the tribal set-aside programs, IIJA funds may not reach tribes in a timely manner, and the Agency cannot ensure that the most critical water projects are funded.

Recommendations and Planned Agency Corrective Actions

We recommend that the assistant administrator for Water develop a process to ensure that IIJA tribal set-aside program funds are allocated to the regional offices in a timely manner; evaluate the new CWISA guidance; determine what additional guidance is needed for the DWIG-TSA IIJA Emerging Contaminants and Lead Service Line Replacement funds and develop needed guidance; provide guidance to regional offices regarding pre-award recordkeeping requirements; and ensure that EPA Regions 3, 5, 6, and 8 establish a quantifiable method to prioritize drinking water projects. Four of the recommendations are resolved with corrective actions pending. Two of the recommendations are unresolved, and resolution efforts are in progress.