

Audit of the EPA's Post-Award Oversight of Grants Awarded Under the Infrastructure Investment and Jobs Act

December 16, 2025 | Report No. 26-P-0005



Abbreviations

C.F.R.	Code of Federal Regulations
EPA	U.S. Environmental Protection Agency
GRIP	Grants Research Information Portal
IIJA	Infrastructure Investment and Jobs Act
NGGS	Next Generation Grants System
OIG	Office of Inspector General
Pub. L.	Public Law
U.S.C.	United States Code

Key Definitions

Advanced Monitoring	Typically linked to the results of the baseline monitoring, an in-depth assessment of a grant recipient's administrative, financial, programmatic, and technical progress toward meeting the grant's expectations.
Baseline Monitoring	The periodic review of a grant recipient's progress and compliance with the scope of work, terms and conditions, and regulatory requirements. <i>Administrative baseline monitoring</i> is completed by grant specialists to help ensure that grant recipients comply with financial and administrative requirements and terms and conditions. <i>Programmatic baseline monitoring</i> is performed by project officers to help ensure that progress reports from the grant recipients adequately address the progress of specific projects under the grant in achieving the agreed-upon outputs and outcomes.
Post-Award Monitoring Plan	A document prepared by the EPA regional offices each calendar year for submission to EPA headquarters that lists which grants they propose to conduct programmatic advanced monitoring on in the upcoming year and that reports the previous year's monitoring activities.

Cover Image

Dredging at the IIJA-funded New Bedford Harbor, Massachusetts, Superfund cleanup site. (EPA image)

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At a Glance

Audit of the EPA's Post-Award Oversight of Grants Awarded Under the Infrastructure Investment and Jobs Act

Why We Did This Audit

To accomplish this objective:

The U.S. Environmental Protection Agency Office of Inspector General conducted this audit to determine whether the EPA has sufficient controls over its grants management processes to monitor post-award performance of grants awarded with Infrastructure Investment and Jobs Act funding in accordance with federal grant requirements and other related EPA policies.

According to the EPA, it awards about half its annual budget as grants. The Infrastructure Investment and Jobs Act provides the EPA with supplemental funds, most of which are being awarded as grants for environmental infrastructure projects. Regulations at 2 C.F.R. part 200 require federal agencies to monitor the performance of grant recipients after grants are awarded. To this end, EPA policy requires the Agency's regional offices to annually submit post-award monitoring plans to headquarters and to regularly conduct baseline and advanced monitoring reviews. The regional offices then submit reports summarizing the results of these monitoring reviews as part of the upcoming year's post-award monitoring plan.

To support this EPA mission-related effort:

- *Operating efficiently and effectively.*

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What We Found

The EPA did not have controls in place to ensure that its regional offices are monitoring post-award performance of grants through required post-award monitoring plans and regular monitoring reviews. Specifically, the ten regional offices did not submit eight of their 40 annual post-award monitoring plans that are required by EPA policy for calendar years 2021 through 2024. Furthermore, the post-award monitoring plans that were submitted did not always include all the required elements. These deficiencies occurred because the EPA consistently did not issue its annual guidance in a timely manner and did not have controls to track, evaluate, or provide feedback on submitted post-award monitoring plans.

In addition, the regional offices did not always complete their baseline monitoring reports. Specifically, none of the ten regional offices completed 100 percent of their baseline monitoring reports during the periods in calendar years 2024 and 2025 we reviewed. Furthermore, the baseline monitoring reports that were submitted may not accurately reflect the performance of grant recipients. Of the 80 baseline monitoring reports we selected for review, 35 did not provide sufficient documentation of post-award status or progress. We were unable to review 18 since they were not completed.

Finally, of the 40 grant files we reviewed, 39 were not maintained in accordance with regional policy. These deficiencies occurred because the EPA did not have controls in place to ensure that its regional offices sufficiently completed the baseline monitoring reports, that supervisors reviewed those reports, or that regional offices' grant files were properly maintained.

As of September 30, 2024, the regional offices had a total of 7,877 active grants with a total value of about \$38.1 billion; 1,669 of these were Infrastructure Investment and Jobs Act-funded grants, with a total value of about \$22.6 billion, which represents almost 60 percent of the value of all active grants. Because of the deficiencies we identified, these grant funds are at a greater risk of fraud, waste, and abuse since the EPA cannot ensure that grants are consistently monitored, which means that it cannot provide assurance that grant recipients are complying with federal regulations, EPA policy, and grant requirements.

If the EPA does not properly oversee and manage grants during the post-award phase, these taxpayer dollars, including \$22.6 billion in Infrastructure Investment and Jobs Act funds, are more susceptible to fraud, waste, and abuse.

Recommendations and Planned Agency Corrective Actions

We recommend that the EPA chief administrative officer implement a process to track, review, and provide feedback on post-award monitoring plans; verify that monitoring reports are completed and submitted as required by EPA policy; and require supervisory review.

We also recommend that annual guidance for post-award monitoring plans be issued in a timely manner and that grant documentation be properly maintained in the EPA Grant File. Six of the eight recommendations are resolved with corrective actions pending, and one recommendation has been completed. One recommendation is unresolved.



OFFICE OF INSPECTOR GENERAL
U.S. ENVIRONMENTAL PROTECTION AGENCY

December 16, 2025

MEMORANDUM

SUBJECT: Audit of the EPA's Post-Award Oversight of Grants Awarded Under the Infrastructure Investment and Jobs Act
Report No. 26-P-0005

FROM: Nicole N. Murley, Deputy Inspector General performing the duties of the Inspector General *Nicole N. Murley*

TO: Paige Hanson, Chief Financial Officer and Chief Administrative Officer
Office of Finance and Administration

This is our report on the subject audit conducted by the U.S. Environmental Protection Agency Office of Inspector General. The project number for this audit was OA-FY24-0077. This report contains findings that describe the problems the OIG has identified and corrective actions the OIG recommends. Final determinations on matters in this report will be made by EPA managers in accordance with established audit resolution procedures.

In accordance with EPA Manual 2750, your office completed acceptable corrective action for Recommendation 3 and provided acceptable corrective actions and estimated milestone dates for Recommendations 1, 2, 4, 5, 6, and 8. These recommendations are resolved. A final response pertaining to these recommendations is not required; however, if your office submits a response, it will be posted on the OIG's website, along with our memorandum commenting on the response.

Action Required

Recommendation 7 is unresolved. EPA Manual 2750 requires that recommendations be resolved promptly. Therefore, we request that the EPA provide us within 60 days its response concerning specific actions in process or alternative corrective actions proposed on the recommendation. This response will be posted on the OIG's website, along with our memorandum commenting on the response. The response should be provided as an Adobe PDF file that complies with the requirements of section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that your office does not want released to the public; if the response contains such data, your office should identify the data for redaction or removal along with corresponding justification.

We will post this report to our website at www.epa.gov/oig.

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Chapter 1

Introduction

Purpose

The U.S. Environmental Protection Agency Office of Inspector General initiated this audit to determine whether the EPA has sufficient controls over its grants management processes to monitor post-award performance of grants awarded with Infrastructure Investment and Jobs Act, or IIJA, funding in accordance with federal grant requirements and other related EPA policies.

Background

According to the EPA, it has historically awarded more than \$4 billion of its annual appropriations in the form of assistance agreements, such as grants or cooperative agreements, to states, local governments, federally recognized tribes, nonprofit organizations, educational institutions, and other eligible entities to achieve its mission of protecting human health and the environment.¹ In fact, the Agency has typically awarded about half of its annual budget in grants through over 100 programs, and it manages approximately 6,000 active grants in any given fiscal year.² The EPA's process of awarding federal grants helps it leverage local expertise that is critical to achieving its mission.

Signed into law on November 15, 2021, the IIJA provides the EPA with over \$60 billion in supplemental funds to invest in environmental infrastructure.³ The EPA's IIJA funds are intended to improve the nation's drinking water, wastewater, stormwater infrastructure, and Superfund and brownfield cleanup. The IIJA funds are made available over five fiscal years, from 2022 through 2026, with most funds being available until expended. The IIJA dollars fund mostly existing programs.

The value of EPA grants awarded since 2021 has increased due to the supplemental IIJA appropriations. Since the passage of the IIJA through March 31, 2025, the EPA has awarded a total of about \$45.2 billion in the form of 9,637 grant awards.⁴ Table 1 lists the EPA's grant awards for fiscal year 2021 through the second quarter of fiscal year 2025.

¹ The EPA issues assistance agreements in the form of grants and cooperative agreements to transfer funds for a public purpose. These assistance relationships are established if the EPA's principal purpose is to transfer funding, property, services, or anything of value to a recipient to accomplish a public purpose or to stimulate a particular area of interest authorized by law. According to the EPA, the word *grant* is commonly used to refer to both types of assistance agreements.

² EPA, Grants Management Plan 2021-2025.

³ IIJA, Pub. L. No. 117-58 (2021).

⁴ These numbers include grants awarded with annual, IIJA, Inflation Reduction Act, and American Rescue Plan appropriations.

Table 1: EPA grant awards for fiscal years 2021 through second quarter of 2025 (March 31, 2025)

Fiscal year	Number of non-IIJA grants	Value of non-IIJA grant awards (\$)	Number of IIJA grants	Value of IIJA grant awards (\$)	Total value of grant awards (\$)
2021	1,694	2.1 billion	0	0.0 billion	2.1 billion
2022	1,823	2.2 billion	178	0.3 billion	2.5 billion
2023	2,080	3.0 billion	492	1.4 billion	4.4 billion
2024	2,338	30.6 billion	452	2.6 billion	33.2 billion
2025	529	2.7 billion	51	0.3 billion	3.0 billion
Total	8,464	40.6 billion	1,173	4.6 billion	45.2 billion

Source: OIG summary of grant data provided by the EPA. (EPA OIG table)

Notes: Totals are rounded. The numbers of non-IIJA and IIJA grants represent new projects funded that fiscal year. The values of non-IIJA and IIJA grant awards include newly funded projects and actions throughout the fiscal year that may reflect increases or decreases in the initial funding amount. The table does not include grants to state revolving funds.

The EPA also provides grants to the Clean Water and Drinking Water State Revolving Funds in all 50 states and Puerto Rico.⁵ These state revolving funds function like infrastructure banks by providing eligible recipients with low-interest loans for infrastructure projects. States—not the EPA—are responsible for the operation of their state revolving funds and have the sole authority to determine the funding priorities for eligible projects. Projects funded by state revolving funds include constructing municipal wastewater facilities, protecting estuaries, improving drinking water treatment, and replacing or constructing finished water storage tanks. Under the state revolving funds, states may provide various types of assistance, such as loans, refinancing, purchasing, or guaranteeing local debt. The EPA has reported that, since the passage of the IIJA through March 31, 2025, states have awarded a total of about \$28.3 billion in the form of 1,142 assistance agreements. Table 2 lists the assistance agreements that the states have awarded through state revolving funds for fiscal year 2021 through the second quarter of fiscal year 2025.

⁵ The EPA also provides direct grant funding for drinking water and wastewater infrastructure to the District of Columbia, the U.S. Virgin Islands, American Samoa, Guam, and the Commonwealth of Northern Marianas.

Table 2: State revolving fund assistance agreements for fiscal years 2021 through second quarter of 2025 (March 31, 2025)

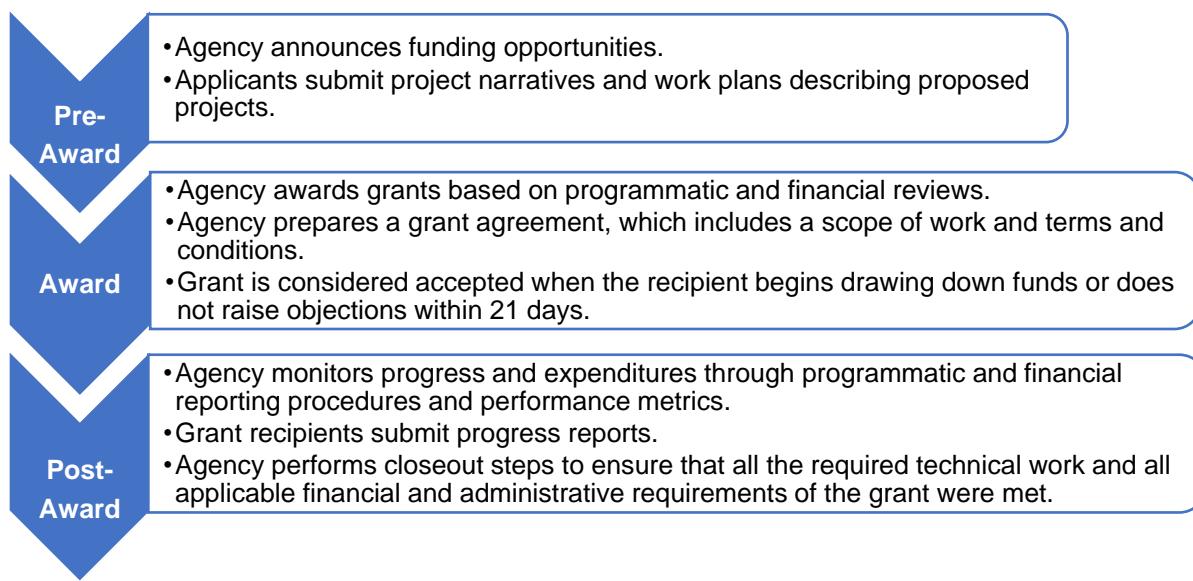
Fiscal year	Number of non-IIJA assistance agreements	Value of non-IIJA assistance (\$)	Number of IIJA assistance agreements	Value of IIJA assistance (\$)	Total value of assistance (\$)
2021	112	2.8 billion	0	0.0 billion	2.8 billion
2022	92	1.6 billion	133	3.9 billion	5.5 billion
2023	90	1.6 billion	258	6.7 billion	8.3 billion
2024	105	2.2 billion	270	8.1 billion	10.3 billion
2025	82	1.4 billion	0	0.0 billion	1.4 billion
Total	481	9.6 billion	661	18.7 billion	28.3 billion

Source: OIG summary of grant data provided by the EPA. (EPA OIG table)

Notes: Totals are rounded. The numbers of non-IIJA and IIJA assistance agreements represent new eligible projects funded that fiscal year. The values of non-IIJA and IIJA assistance agreements include newly funded projects and actions throughout the fiscal year that may reflect increases or decreases in the initial funding amount.

The EPA is accountable to its stakeholders and the public for effectively managing grant funds to advance its mission to protect human health and the environment. This accountability includes oversight over all phases of activity during a grant's life cycle, which includes the pre-award, award, and post-award phases. While each phase of the grant life cycle is important, the post-award phase comprises the most work, as it requires grant recipients to implement the project, report progress, and complete grant closeout requirements. Post-award reporting shows the progress and expenditures of grant recipients to maintain transparency and to help prevent fraud and abuse. To support post-award reporting, federal agencies are required, pursuant to 2 C.F.R. part 200, subpart D, "Post Federal Award Requirements," to monitor the programmatic and financial progress of grant recipients by, for example, implementing performance goals and metrics and reviewing progress reports submitted by grant recipients. Federal agencies may also conduct in-person or virtual site visits as needed to monitor program performance of grant recipients. Figure 1 is an overview of the grant management life cycle.

Figure 1: The grant management life cycle



Source: OIG depiction of the grant life cycle based on 2 C.F.R. part 200, EPA's grants management training, and [grants.gov](https://www.grants.gov). (EPA OIG image)

In April 2022, the Office of Management and Budget issued a memorandum stressing that agencies should, at each planning, implementation, and oversight step, consistent with statutory requirements, leverage existing agency processes with respect to IIJA-funded activities.⁶ The Office of Management and Budget directed departments and agencies to devise implementation plans for IIJA-funded programs that define performance metrics, confirm approaches for program financial management controls and risk mitigation, and identify program milestones. Further, the memorandum said that departments and agencies should document desired outcomes and include “evidence building” capabilities when designing IIJA programs. In particular, the memorandum explained, IIJA “[p]rograms should be designed to collect and use data ... that is needed for measuring progress and building evidence on program effectiveness,” including in performance reporting and program evaluation. The Office of Management and Budget specifically directed departments and agencies to collect and report post-award status information on the individual goals and objectives of their IIJA grants to utilize existing data collections and identify opportunities to improve and streamline current data collection, tracking, and reporting processes. According to the memorandum, “post-award reporting that shows progress toward achieving outcomes is also critical to maintaining accountability to taxpayers.”

⁶ OMB [M-22-12](#), Advancing Effective Stewardship of Taxpayer Resources and Outcomes in the Implementation of the Infrastructure Investment and Jobs Act (2022).

Overview of the EPA's Post-Award Monitoring of Grants

The Office of the Chief Grants Officer, within the EPA Office of Finance and Administration, oversees and manages the Agency's portfolio of grants.⁷ This oversight includes developing and implementing internal control standards for post-award grant monitoring through issuing national policies, guidance, and training; providing national compliance support; administering grant agreements for Agency headquarters offices and programs; and developing and maintaining grants management information technology systems.⁸ The EPA regional offices provide direct oversight of the grants awarded in their borders, with regional project officers and grant specialists implementing the internal controls, policy, and guidance prescribed by EPA headquarters.

What are internal controls?

According to the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*, GAO-14-704G, issued September 10, 2014, internal controls are "plans, methods, policies, and procedures used to fulfill" the goals of an organization, and an internal control system serves to provide "reasonable assurance" that these goals will be achieved. The *Standards for Internal Control in the Federal Government* outlines 17 principles that "support the effective design, implementation, and operation of" an organization's internal control system.

Internal controls assist federal agencies in achieving desired results through effective oversight of taxpayer funds and resources. Agencies design, implement, and operate internal controls that are typically categorized as addressing the effectiveness and efficiency of operations, reliability of reporting for internal and external use, and compliance with applicable laws and regulations. For the EPA's post-award monitoring of grants, some of its internal controls include documenting in policies and procedures the monitoring activities that regional office personnel are required to conduct, evaluating the region's progress in performing those monitoring activities, and recording reviews of the reasonableness and appropriateness of grantee expenditure requests and progress reports.

To establish these internal control standards for the oversight, monitoring, and closeout of EPA grants, the EPA published Order 5700.6 A2 CHG 2, *Policy on Compliance, Review and Monitoring*, dated September 24, 2007, which outlines how the EPA's grants workforce, such as grant specialists and project officers, should review grants for compliance with applicable grants management policy and

⁷ Effective November 16, 2025, the EPA merged its Office of Mission Support and its Office of the Chief Financial Officer to establish the Office of Finance and Administration. The former Office of Grants and Debarment, within the Office of Mission Support, was previously responsible for the topics discussed in this report. For simplicity and for the purposes of this report, we refer generally to EPA headquarters as responsible for providing oversight and guidance about grants management to the regional offices.

⁸ The U.S. Government Accountability Office sets internal control standards for federal entities in [GAO-14-704G, Standards for Internal Control in the Federal Government](#), issued September 10, 2014. The Government Accountability Office issued an update in May 2025 titled *Standards for Internal Control in the Federal Government*, [GAO-25-107721](#), with an effective starting date of October 1, 2025. The internal control standards referenced throughout this report are nearly identical, with the intent remaining the same. Therefore, all references made to the September 2014 internal control principles are applicable to the updated May 2025 guidance.

regulations. The policy establishes requirements for baseline monitoring, advanced monitoring, the annual post-award monitoring plan, and the appropriate retention of grant documents. We define these and other monitoring requirements in the subsections below.

Baseline Monitoring

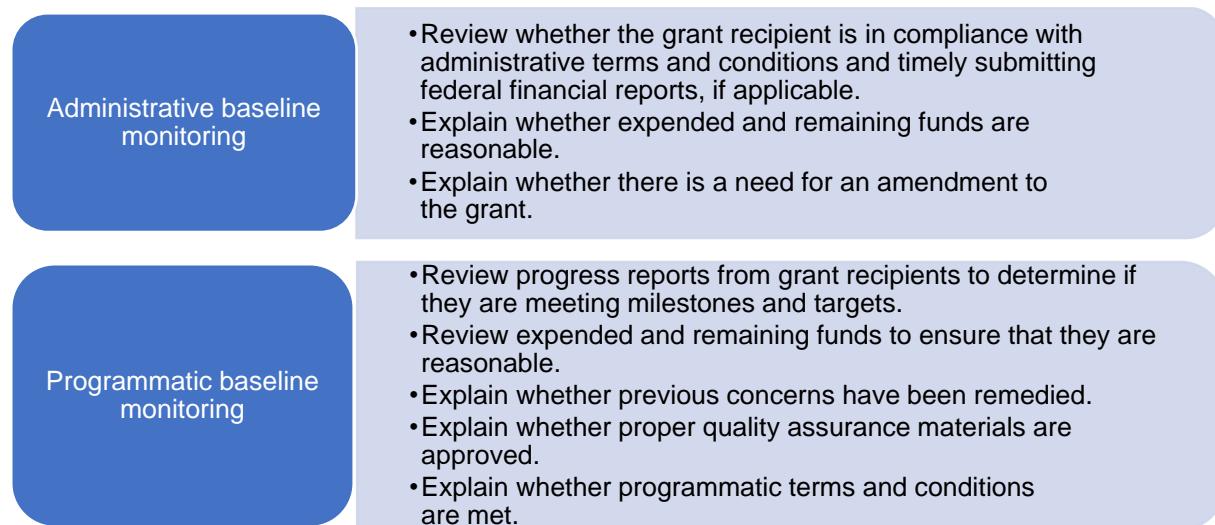
Baseline monitoring is the periodic review of a grant recipient's progress and compliance with the scope of work, terms and conditions, and regulatory requirements. According to the EPA, baseline monitoring of grants satisfies the monitoring and reporting of grant performance that is mandated by 2 C.F.R. § 200.329. Furthermore, the EPA's *Policy on Compliance, Review and Monitoring* requires documented administrative and programmatic baseline monitoring for all active grants.

Administrative baseline monitoring is completed by grant specialists to help ensure that grant recipients comply with financial and administrative requirements and terms and conditions. The questionnaires completed by the grant specialist for this type of review look at whether expended and remaining funds are reasonable and if the grant recipient is submitting single audit reports in a timely manner.⁹ **Programmatic baseline monitoring** is performed by project officers to help ensure that progress reports from the grant recipients adequately address the progress of specific projects under the grant in achieving the agreed-upon outputs and outcomes. In this type of review, project officers complete questionnaires that monitor grant recipients' progress in meeting milestones described in the award and scope of work and making agreed-upon progress in meeting environmental results and outcomes, verify that drawdowns are reasonable based on the project duration and work plan, and review the remaining funding on the grant to determine whether it is necessary to complete the project.¹⁰ Figure 2 describes the scope of the administrative and programmatic baseline monitoring reviews.

⁹ Effective October 1, 2024, any nonfederal entity that expends \$1 million or more in federal awards during a fiscal year must undergo a single audit. Prior to that time, the threshold was \$750,000 annually. A single audit is typically conducted by an independent certified public accountant and examines a grantee's entire operations, including ensuring that financial statements are presented in accordance with generally accepted accounting principles; assessing internal controls to confirm they are sufficient to minimize risk of noncompliance; and ensuring adherence to federal statutes, regulations, and terms and conditions of federal awards. Single audit requirements are described in 2 C.F.R. part 200, subpart F, "Audit Requirements."

¹⁰ According to the EPA's "Information on Receiving Grant/Cooperative Agreement Payments" [web page](#), a **drawdown** is appropriate only when a grant recipient needs the funds "for actual and immediate cash requirements to pay employees, contractors, subrecipients or to satisfy other obligations for allowable costs under the assistance agreement."

Figure 2: Administrative and programmatic baseline monitoring reviews



Source: OIG summary of the EPA's *Policy on Compliance, Review and Monitoring* and *Administrative Baseline Report* and *Programmatic Baseline Report* questionnaires. (EPA OIG image)

The EPA requires one programmatic baseline monitoring review and one administrative baseline monitoring review for each active grant per year. As shown in Table 3, the due dates for initial and subsequent baseline monitoring reviews are dependent upon the length of the original project period. The annual programmatic and administrative baseline monitoring reviews ensure that every active grant is monitored for recipient performance, drawdown history, and adherence to financial reporting requirements at least once a year. In addition, project officers can conduct additional programmatic baseline monitoring at any time based on amendments to the grant, receipt of progress reports, notice of completed administrative baseline monitoring, or a change in project officer. Grant specialists can also conduct additional administrative baseline monitoring at any time based on amendments to the grant, notice of completed programmatic baseline monitoring, or a change in grant specialist.

Table 3: Baseline monitoring review due dates

Project period	Initial baseline monitoring reviews*	Ongoing baseline monitoring reviews*
18 months or less	Due within six months of award date.	Due within 12 months after most recent monitoring.
Over 18 months	Due within 12 months of award date.	Due within 12 months after most recent monitoring.

Source: OIG analysis of the EPA's *Policy on Compliance, Review and Monitoring*. (EPA OIG table)

Note: The EPA monitors state revolving funds through various means, such as the annual review process, which is a review of each state's intended use plan, annual report, and any other materials that are necessary and appropriate to oversee the funds. The annual review process for state revolving fund grants may serve as a substitute for the programmatic baseline monitoring review.

* These due dates are for both the administrative review conducted by the grant specialist and the programmatic review conducted by the project officer.

The EPA's *Policy on Compliance, Review and Monitoring* requires that administrative and programmatic baseline monitoring reviews for all grants be documented in the Agency's Integrated Grants Management System, which was replaced by the Next Generation Grants System, or NGGS, for post-award grant monitoring. To document a review, project officers and grant specialists complete a questionnaire in the NGGS. For programmatic baseline monitoring reviews, project officers answer questions regarding areas of concern noted on progress reports, whether expended and remaining funds are reasonable, and whether all programmatic terms and conditions are met. For administrative baseline monitoring reviews, grant specialists answer questions about whether the expended funds are reasonable for the project duration and anticipated progress to date, whether the grant recipient has open administrative findings, and whether there is a need to amend the grant agreement. The completed questionnaires become the documented baseline monitoring reports in the NGGS.

Once the grant specialist or project officer completes a baseline monitoring report in the NGGS, the EPA's Grants Research Information Portal, or GRIP, which is linked to the NGGS, tracks when the next baseline monitoring report is due, in accordance with the timeline depicted in Table 3. All baseline monitoring reports should be completed and recorded within 45 calendar days of their anticipated due dates. GRIP also tracks the completion of baseline reports by region and grant award, as well as the date of each region's last report and any overdue reports. GRIP updates daily and can be monitored by the regional offices and EPA headquarters. In addition, as required by the annual post-award monitoring plan guidance, the regional offices certify that all baseline monitoring reports due for the prior year were completed, and the reports available in GRIP can help track whether the reviews were last performed by the grant specialists and project officers as well as the upcoming due date. As a result, GRIP can produce metrics regarding overall EPA compliance rates for administrative and programmatic baseline reports, due dates for baseline monitoring of active grants, and region-specific compliance data.

Advanced Monitoring

In addition to baseline monitoring, the EPA performs **advanced monitoring** of a grant recipient's administrative, financial, programmatic, and technical progress toward meeting the grant's expectations. These advanced monitoring activities are typically linked to the results of the baseline monitoring reports and may be conducted on- or off-site of the grant recipient's location.

EPA headquarters oversees **administrative advanced monitoring** of grants to provide an in-depth assessment of a grant recipient's written policies and procedures, as well as transaction testing of a sample of drawdowns, to ensure that the recipient has the proper administrative and financial management systems in place to administer federal funds. These assessments, or reviews, are performed by grant specialists, but EPA headquarters personnel told us that these reviews are now performed by contractors. According to the EPA's *Policy on Compliance, Review and Monitoring*, a random statistical sample of grant recipients is selected each year for administrative advanced monitoring using active grants. However, according to EPA personnel, due to a lack of funding, administrative advanced monitoring was not performed in 2021 and 2022. While for 2023 and 2024, the

Agency combined its review for those two years and conducted administrative advanced monitoring for 34 of 3,675 grant recipients, EPA personnel told us that they no longer select a random statistical sample of recipients as stated in Agency policy. Instead, the EPA performs a “targeted” review of grant recipients based on recommendations from the regional offices where there are administrative or financial management concerns.

Programmatic advanced monitoring is performed by the regional offices and is composed of detailed assessments of a grant recipient’s programmatic and technical progress, management, and expectations. Per the EPA’s *Policy on Compliance, Review and Monitoring*, each region should annually complete programmatic advanced monitoring for at least 10 percent of its active grant recipients. Regions should include the list of the selected grant recipients, along with the selection criteria for the programmatic advanced monitoring, in their annual post-award monitoring plans.

Annual Post-Award Monitoring Plan

As specified in the EPA’s *Policy on Compliance, Review and Monitoring*, regional offices must submit a **post-award monitoring plan** each calendar year to EPA headquarters that (1) lists which grants they propose to conduct programmatic advanced monitoring for in the upcoming year and (2) reports the previous year’s monitoring activities. Specifically, the post-award monitoring plan must include:

- A review and summary of the previous year’s advanced and baseline monitoring activities, including trends, significant findings, and progress made in implementing corrective actions for any key internal control targets not being met.¹¹
- A list of grants proposed for on- and off-site programmatic advanced monitoring reviews. Each regional office must review at least 10 percent of its active grant recipients as of October 1 of the preceding year.
- A list and explanation of why the selected grants were chosen, including a detailed discussion of how the previous year’s baseline monitoring findings contributed to the selection criteria.

Pursuant to the EPA’s *Policy on Compliance, Review and Monitoring*, EPA headquarters issues guidance each year that reiterates the post-award monitoring plan requirements. Additionally, the Agency’s 2017 policy notice requires regional offices to certify that all programmatic baseline and advanced monitoring takes place, at a minimum, annually; and its annual guidance outlines how many programmatic advanced monitoring reviews each regional office must complete. The policy provides that this post-award monitoring plan guidance will be issued to the regional offices by November of

¹¹ The EPA issued a policy notice, PN-2017-G01, *Post-Award Monitoring Plan (PAMP) Guidance for FY17 and Beyond*, dated December 19, 2017, that requires Agency personnel to certify compliance with key internal controls related to compliance with the required training for project officers and grant specialists, completion of baseline and advanced monitoring activities, and meeting closeout metrics. According to the policy notice, Agency personnel certify compliance in the Agency’s annual post-award monitoring plan. If internal control targets and goals have not been met, the post-award monitoring plan should include corrective actions that will be undertaken to ensure future compliance.

each year and that the regional office's post-award monitoring plan must be submitted no later than February 1. Once the post-award monitoring plans are submitted by the regional offices, the policy requires EPA headquarters to evaluate the post-award monitoring plans and provide feedback within 45 days.

Retention of Grant Documents

The Federal Records Act, 44 U.S.C. § 3101, states that agencies must "preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency." Further, the EPA's *Records Management Policy*, CIO 2155.5, dated July 7, 2005, directs each program and regional office within the EPA to establish and maintain a records management program that addresses creating, receiving, and maintaining records to provide adequate and proper documentation and evidence of the EPA's activities and decisions.

The EPA's Grants Policy Issuance 22-01, *Electronic Records Management for Official Assistance Agreement Documents*, which became effective on March 1, 2023, requires the Agency to upload all electronic grant documents, except some pre- and post-award files that are maintained in the NGGS, to the EPA Grant File, which is maintained on an agencywide intranet. This same policy also covers document storage requirements for the Agency's grants management information technology systems, including the NGGS and the EPA Grant File. According to the policy, post-award documentation that must be maintained in the NGGS includes administrative and programmatic baseline monitoring reports, change requests such as post-award amendments, official notices of award, and grant terms and conditions.

Additionally, some regional offices developed their own guidance to document how to maintain grant files. For example, Region 2 developed a grant file contents guide, Region 5 developed supplemental electronic grant file guidance, and Region 10 developed an e-grant file records policy and document spreadsheet.

Responsible Offices

According to the EPA's website, the Office of Finance and Administration leads the EPA's:

core mission support functions to improve efficiency, coordination, and customer experience for internal customers, stakeholders, and the public, including protection of EPA's facilities and other critical assets nationwide, acquisition activities (contracts), grants management, human capital, information technology, and information management activities.

Within the Office of Finance and Administration, the Office of the Chief Grants Officer oversees how the Agency's grants are managed. This EPA headquarters office develops policies, guidance, and training; provides compliance support; administers grants for the EPA's headquarters programs and offices; and develops and maintains information technology systems for grants management.

The regional offices are responsible for executing the regional programs of the Agency and serve as the administrator's principal representatives for contacts and relationships with federal, state, and local agencies; industry; academic institutions; and other public and private groups. They are responsible for submitting the annual post-award monitoring plans, completing administrative and programmatic baseline monitoring, and conducting programmatic advanced monitoring.

Scope and Methodology

We conducted this performance audit from April 2024 to July 2025 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We assessed the internal controls necessary to satisfy our audit objective. In particular, we assessed the internal control components—as outlined in the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*—significant to our audit objective. Any internal control deficiencies we found are discussed in this report. Because our audit was limited to the internal control components deemed significant to our audit objective, it may not have disclosed all internal control deficiencies that may have existed at the time of the audit.

We judgmentally selected three regions—2, 5, and 10—based on their compliance rates for completing the administrative and programmatic baseline monitoring reports from our review of data in the EPA's GRIP. We examined their respective processes and procedures for post-award monitoring activities conducted for grants awarded under the IIJA. To obtain an understanding of these processes and procedures, we visited the regional offices and interviewed their personnel, including grant specialists, project officers, and grants management staff.

To answer our audit objective, we also obtained and reviewed information from the NGGS and the grant documentation contained within the EPA Grant File. From the three regions we selected for our audit, we reviewed a judgmental sample of 40 grants that had a total value of about \$70 million funded under the IIJA from November 15, 2021, through April 30, 2024. The IIJA grants we selected included EPA programs such as brownfields, national estuary, and state and tribal response awards in all three regional offices. For these 40 grants, we reviewed administrative and programmatic baseline monitoring reports and the EPA grant files for progress reports, work plans, and other supporting grant documentation. We also selected a judgmental sample of 70 advanced programmatic monitoring reports that were completed from the same three regions for calendar years 2022 to 2024 for both annual appropriations and IIJA grant awards.

We reviewed the post-award monitoring plans from each of the EPA's ten regions for calendar years 2021 through 2024. We collected the annual post-award monitoring plans from EPA headquarters and the regional offices to determine whether required information was included in those plans and the criteria used to select grants for advanced monitoring activities. We also reviewed information from

GRIP for the ten EPA regions to determine the compliance rates for completing their administrative and programmatic baseline monitoring reports of all active grants awarded by each region. We judgmentally selected July 1, 2024; August 1, 2024; September 30, 2024; and April 1, 2025, to assess compliance with completing the required baseline monitoring reports.

Prior Reports

In EPA OIG Report No. 23-P-0034, *The EPA Should Improve Management of Great Lakes Restoration Initiative Grants*, issued September 26, 2023, we detailed that the EPA did not award and monitor Great Lakes Restoration Initiative grants in accordance with federal and Agency grants management requirements. Specifically, we reported that budget narratives lacked the required cost information; grant agreements did not include all applicable terms and conditions; personnel did not conduct required monitoring in a timely, accurate, or complete manner; staff did not maintain required documentation in the official grant files, which resulted in missing grant records; the Agency did not provide regular training on the processes that EPA management implemented to manage grants and mitigate operational challenges; and Agency guidance did not include key procedures to monitor personnel compliance with grants management and recordkeeping requirements. We identified questionable project costs totaling \$611,756. The EPA completed all corrective actions for the recommendations issued in the report.

EPA OIG Report No. 22-N-0055, *Considerations for the EPA's Implementation of Grants Awarded Pursuant to the Infrastructure Investment and Jobs Act*, issued August 11, 2022, summarized deficiencies in the EPA's grant administration and oversight identified in prior oversight reports. Deficiencies outlined in the report include grant terms and conditions, project officer and grant specialist monitoring, and documentation requirements. Based on these deficiencies, we identified how the Agency could mitigate risks and reduce the likelihood of fraud, waste, and abuse of IIJA funds, such as enhancing the grant workforce and monitoring; establishing and implementing comprehensive guidance and work plans; improving communications; and requiring adequate documentation to support grant payments. We did not make any recommendations in this report.

In EPA OIG Report No. 20-P-0204, *EPA Needs to Improve Oversight of Research Assistance Agreements*, issued June 30, 2020, we described how project officers did not always complete baseline monitoring accurately or in a timely manner, enforce recipient compliance with progress reporting requirements, or document the review of recipient progress reports. We reported that, if progress reports are missing or late, recipients may not be informing EPA project officers in a timely manner of any potential delays or obstacles in completing grant objectives or work. Further, the report said that even though EPA policy and award agreements require recipient reporting and Agency review of progress reports, the EPA did not have adequate controls to verify that those steps had taken place. The EPA completed all corrective actions for the recommendations issued in the report.

Chapter 2

The EPA Did Not Have Controls to Ensure that Post-Award Monitoring Plans Were Submitted or Reviewed

The EPA regional offices did not always prepare and submit their annual post-award monitoring plans in the time frame required by the EPA's *Policy on Compliance, Review and Monitoring*. For the four-year period from calendar year 2021 through 2024, the EPA's ten regions should have submitted a total of 40 post-award monitoring plans; however, we found no evidence that eight of these post-award monitoring plans were completed or submitted. In addition, of the 32 post-award monitoring plans we were able to review, 28 did not include some required information. These deficiencies occurred because EPA headquarters was consistently late in issuing its annual post-award monitoring plan guidance to the regional offices and did not have controls in place to track, evaluate, and provide feedback on submitted post-award monitoring plans. As a result, the regional offices were unable to provide us with any evaluation or feedback they received from EPA headquarters for any of the 32 plans. The EPA, therefore, cannot provide assurance that the regional offices are performing post-award monitoring of grants or completing the required monitoring reviews of the Agency's 7,877 active grants that totaled about \$38.1 billion as of September 30, 2024. This situation may increase the risk of fraud, waste, and abuse of grant funds and taxpayer dollars—particularly the 1,669 active IIJA grants totaling about \$22.6 billion as of September 30, 2024, because they are more frequently awarded to entities that may be less familiar with federal grants management requirements.

The Regional Offices Did Not Always Submit Post-Award Monitoring Plans as Required

The regional offices did not always submit post-award monitoring plans to EPA headquarters, contrary to the EPA's *Policy on Compliance, Review and Monitoring* requirement that they submit one each year. As mentioned previously, from calendar year 2021 through 2024, the ten regional offices should have submitted a total of 40 post-award monitoring plans: one per year per region. Table 4 shows that 20 percent, or eight, of these post-award monitoring plans were missing. The regional offices provided various reasons that these post-award monitoring plans were not submitted to EPA headquarters as required. For example, one regional office told us that it did not submit a post-award monitoring plan because of late annual guidance from EPA headquarters during a busy grant awarding period, while another told us that it could not locate its post-award monitoring plan because the grants management officer separated from the Agency. Further, two of the regional offices provided us with draft copies of their plans that were not finalized and submitted.

Table 4: Missing post-award monitoring plans, calendar years 2021–2024

Calendar year	Number of missing post-award monitoring plans
2021	2
2022	1
2023	3
2024	2
Total	8

Source: OIG summary of post-award monitoring plan submissions received from the EPA regional offices and EPA headquarters. (EPA OIG table)

Note: For calendar years 2023 and 2024, we received three draft post-award monitoring plans from two regional offices. We considered these missing since they were drafts and were not submitted to EPA headquarters.

In addition, some regional offices did not submit their post-award monitoring plans to EPA headquarters on time. Of the 32 post-award monitoring plans we were able to review, 50 percent, or 16, were submitted after the due date specified in the annual post-award monitoring plan guidance. For example, while one regional office submitted one of its four post-award monitoring plans by the due date, it submitted the other three late by seven, 51, and 301 days. Another regional office submitted two of its post-award monitoring plans late by eight and 128 days. This regional office also submitted one post-award monitoring plan on time, while the fourth was missing.

Most Post-Award Monitoring Plans Lacked All Required Elements

The regional offices did not always include all required elements in their annual post-award monitoring plans for calendar years 2021 through 2024. Every calendar year, the regional offices certify that they are complying with key internal control targets and goals by including certain required elements (criteria) in their post-award monitoring plans so that EPA headquarters can track their compliance. If the regional offices did not meet the internal control targets and goals for those required elements in the prior year, they are required to provide corrective actions that are planned in the current year to ensure future compliance. Of the 32 post-award monitoring plans we were able to review, 28, or about 88 percent, were missing the criteria the regional offices use to select grants for programmatic advanced monitoring, the discussion of how the previous year's baseline monitoring findings contributed to the criteria used, or both. Only one regional office included the required discussion related to its previous year's baseline monitoring findings in all four of its post-award monitoring plans; the other 28 post-award monitoring plans we reviewed did not include this discussion. Furthermore, ten of the 32 post-award monitoring plans did not sufficiently address the criteria the regional offices used to select grants for programmatic advanced monitoring. In other words, the three regional offices that submitted these ten post-award monitoring plans did not clearly explain the criteria they used to select grants for programmatic advanced monitoring. For example, one regional office wrote “workplan commitments” or “substantial allocations” as the criteria or bases for its selections, without any further explanation.

During our site visits to Regions 2, 5, and 10, we asked for documentation to support the selection criteria in their post-award monitoring plans for programmatic advanced monitoring. None of the regional offices could provide us with any further documentation; they instead referred us to the information included with the submitted post-award monitoring plans. Some of the personnel for the regional offices also told us that they rely on different program offices within their region, such as the Offices of Water, Air and Radiation, and Brownfields, to identify grants for programmatic advanced monitoring, but these program offices did not document their selection criteria either. Personnel also provided varying explanations for how they selected grants for programmatic advanced monitoring, such as grantees who have not made drawdowns or delayed completion of work, suggestions made by grant specialists or project officers, and availability and workload of personnel in their regional offices.

In addition, not all regional offices are following policy to select grants for programmatic advanced monitoring. According to the EPA's *Policy on Compliance, Review and Monitoring*, the programmatic advanced monitoring should focus on 10 percent of a region's active **grant recipients**, not active grants. Of the 22 grants that Region 2 selected for programmatic advanced monitoring in calendar years 2022 and 2023, five, or about 23 percent, were awarded to the same grant recipient.¹² This same region also selected multiple grant awards for five other grant recipients during this period. When we inquired about why the same grant recipients were selected multiple times in the same year, regional office personnel told us that it was the **grant program** that was being evaluated, not the grant recipient. As of August 2024, this regional office had a total of 481 active grants with a total value of about \$334 million awarded to 193 different grant recipients.

EPA Headquarters Did Not Issue Its Annual Post-Award Monitoring Plan Guidance on Time

EPA headquarters was consistently late in issuing its annual post-award monitoring plan guidance to the regional offices. The regions use these annual guidance documents to assist them in planning their post-award monitoring oversight activities for the upcoming calendar year, report on the prior year's monitoring activities, and draft their post-award monitoring plans. Based on our analysis of the issuance dates of the annual post-award monitoring plan guidance, we determined that EPA headquarters issued it much later than the November date noted in the EPA's *Policy on Compliance, Review and Monitoring*. Table 5 shows that the annual post-award monitoring plan guidance was consistently issued, on average, five months late for calendar years 2021 through 2024, which potentially hinders the regional offices' planning efforts for the year. By midway through the calendar year, oversight activities are already occurring.

¹² According to the region's post-award monitoring plan for calendar year 2023, the region was going to perform its programmatic advanced monitoring for calendar year 2022 by February 2023 as a result of EPA headquarters issuing its annual post-award monitoring plan guidance late. The region made its programmatic advanced monitoring selection from active grants as of November 2022.

Table 5: Post-award monitoring plan guidance issuance dates

Calendar year	Date of guidance issuance	Delay in guidance issuance*
2021	March 9, 2021	~3 months
2022	August 5, 2022	~8 months
2023	May 26, 2023	~5 months
2024	March 25, 2024	~3 months

Source: OIG review of annual post-award monitoring plan guidance issued by EPA headquarters. (EPA OIG table)

* The delay quantified is approximate. Per the EPA's *Policy on Compliance, Review and Monitoring*, the post-award monitoring plan guidance will be issued in November, but the policy does not specify an exact date.

Although the delayed guidance from EPA headquarters extended the due date for the regions to submit their post-award monitoring plans, some of the revised due dates did not allow as much time between the guidance issuance and the post-award monitoring plan submission deadline as is provided for in the EPA's *Policy on Compliance, Review and Monitoring*. In other words, the policy provides for at least two months from the issuance of the guidance by November to the post-award monitoring plan submission deadline on February 1, but half of the revised deadlines from calendar year 2021 through 2024 afforded less time than that, as shown in Table 6. The delay in issuing the annual post-award monitoring plan guidance, and a shortened deadline period for calendar years 2021 and 2023, may have caused some regional offices to not submit their post-award monitoring plans by the due date or at all, which may in turn have delayed their post-award monitoring activities. For calendar year 2023, only one of the regional offices submitted its post-award monitoring plan by the revised due date; six were submitted late, with one being 301 days late; and three were not submitted. In some cases, as we described earlier, the regional offices did not submit a post-award monitoring plan at all for other calendar years.

Table 6: Revised post-award monitoring plan due dates

Calendar year	Date guidance was issued	Revised due date for submissions	Time from guidance issuance to post-award monitoring plan deadline*
2021	March 9, 2021	May 9, 2021	61 days
2022	August 5, 2022	October 30, 2022	86 days
2023	May 26, 2023	July 14, 2023	49 days
2024	March 25, 2024	May 31, 2024	67 days

Source: OIG review of annual post-award monitoring plan guidance issued by EPA headquarters. (EPA OIG table)

* The time quantified is approximate. According to the EPA's *Policy on Compliance, Review and Monitoring*, EPA headquarters issues its annual guidance in November and the due date for the regional offices to submit their post-award monitoring plans is February 1. Depending on when in November the annual guidance is issued, the regional offices have between 63 and 92 days to submit their annual post-award monitoring plan.

According to EPA headquarters personnel, the delays in issuing the annual post-award monitoring plan guidance were caused by the coronavirus pandemic and shifting office priorities to adapt to passage of the Inflation Reduction Act and the IIJA. These personnel also told us that the supplemental

appropriations increased their workload because of the newly created grant programs and the many new grant recipients receiving funds; they explained that new recipients raised the overall level of oversight required since new recipients may have little experience in managing grants. While we understand that the changed landscape may have increased the workload, we determined that the annual post-award monitoring plan guidance generally remained unchanged in format and requirements for calendar years 2021 through 2024 and would likely not add considerable time to the workload.

Regardless of the reason for the delays, EPA headquarters did not meet the stated issuance date as provided in the EPA's *Policy on Compliance, Review and Monitoring*. Moreover, Principle 12 of the Government Accountability Office's *Standards for Internal Control in the Federal Government* states that management should communicate "policies and procedures so that personnel can implement the control activities for their assigned responsibilities." The delayed annual guidance adversely affected the regions' ability to implement the annual post-award monitoring plan, which is a critical internal control for grants management, and to conduct the necessary programmatic advanced monitoring to help ensure that federal funds are being properly utilized.

Principle 12: Implement Control Activities

"Management should implement control activities through policies," including "communicat[ing] to personnel the policies and procedures so that personnel can implement the control activities for their assigned responsibilities."

Government Accountability Office's
Standards for Internal Control in the Federal Government

The post-award monitoring plans are an important oversight tool for the EPA, as they provide insight into the regional offices' grants management efforts, including the prior-year baseline monitoring activities, trends, significant findings, and corrective actions. The plans also detail the regional offices' efforts for the upcoming calendar year, including the criteria they use to select grant awards for advanced monitoring. If EPA headquarters does not issue its annual guidance in a timely manner, then the regional offices are not able to adequately prepare and plan for the upcoming year's post-award monitoring activities, and EPA headquarters' oversight of the regional offices may be limited.

EPA Headquarters Did Not Track, Evaluate, or Provide Feedback on Post-Award Monitoring Plans

EPA headquarters did not have controls to track, evaluate, or provide feedback on post-award monitoring plans submitted by the regional offices. At the beginning of our audit, we requested that EPA headquarters provide us with the 30 post-award monitoring plans that should have been submitted by the ten EPA regions for calendar years 2021 through 2023. EPA headquarters could provide us with only 19, or about 63 percent, of the plans. We then contacted each regional office to obtain the 11 missing post-award monitoring plans and calendar year 2024 submissions that they submitted to EPA headquarters. The regional offices provided us with 13 additional plans, which included five for calendar

years 2021 through 2023 and eight for calendar year 2024. As previously detailed in Table 4, we could not locate a total of eight post-award monitoring plans from the regional offices for calendar years 2021 through 2024.

Prior to calendar year 2022, EPA headquarters tracked post-award monitoring plans from the regional offices using a spreadsheet to document receipt of the plans, the dates the plans were submitted, and whether the plans included an explanation of the criteria used to select grants for programmatic advanced monitoring. However, EPA headquarters personnel told us that they stopped using the spreadsheet because of staffing shortages and did not implement any other similar tracking methods. We also did not find any evidence that EPA headquarters was evaluating or providing feedback to the regions regarding their post-award monitoring plans within 45 days, as required by the EPA's *Policy on Compliance, Review and Monitoring*. When we asked the regional offices to provide us with the feedback they had received from EPA headquarters for their post-award monitoring plan submissions for calendar years 2021 through 2024, none were able to do so. Furthermore, only three of the regional offices informed us that EPA headquarters acknowledged receipt of their post-award monitoring plan submissions.

We also asked personnel in EPA headquarters whether they provided feedback on the grants the regions selected for programmatic advanced reviews. These personnel told us that they leave those decisions up to the regions, as EPA headquarters does not have the expertise to critique the regions' selection process. While we agree with that statement to some extent, EPA headquarters should ensure that the regions' programmatic advanced monitoring selection decisions are supported and conform to the requirements of the EPA's *Policy on Compliance, Review and Monitoring*. Since programmatic advanced monitoring is supposed to be performed on at least 10 percent of a regional office's active grant recipients each calendar year, EPA headquarters should verify that the criteria each region uses to select grants for programmatic advanced reviews are documented and address programmatic risks.

In addition, EPA headquarters told us that it does not track the progress of the programmatic advanced monitoring reviews conducted throughout the year, instead only validating the reviews once they are marked as completed in the COMPLY Grants Compliance Database.¹³ However, when we reviewed a judgmental sample of 70 programmatic advanced monitoring reviews in the COMPLY Grants Compliance Database for calendar years 2021 through 2024 for Regions 2, 5, and 10, we determined that nine, or about 13 percent, were not validated by EPA headquarters personnel.

Principle 13 of the Government Accountability Office's *Standards for Internal Control in the Federal Government* informs management that it should make informed decisions and evaluate performance to ensure that it meets objectives and addresses risk.

¹³ The EPA developed the COMPLY Grants Compliance Database as a central repository for information related to EPA grant recipients. Information maintained by the EPA in this database includes post-award monitoring activities such as advanced monitoring reviews, improper payment reviews, and on-site technical assistance reports provided by the regional offices.

Principle 13: Use Quality Information

"Management uses the quality information to make informed decisions and evaluate the entity's performance in achieving key objectives and addressing risks."

Government Accountability Office's
Standards for Internal Control in the Federal Government

In keeping with this internal control standard, EPA headquarters should review all post-award monitoring plans submitted by the regional offices to ensure compliance with annual post-award monitoring plan guidance and EPA policy and to communicate feedback within the required time frame. It should also evaluate, not just validate, the data from the post-award monitoring reviews. If it does not, EPA headquarters may be unable to accurately assess whether each regional office is performing post-award grants oversight in accordance with its annual post-award monitoring plan guidance and the EPA's *Policy on Compliance, Review and Monitoring*. Further, if EPA headquarters is not tracking the regional offices' compliance with baseline and advanced monitoring activities for the calendar year and results of the prior year, then it cannot verify that the regional offices are adequately monitoring grant recipients' performance and compliance with the scope of work, terms and conditions, and regulatory requirements of the grant. These monitoring activities assist EPA headquarters and the regional offices with opportunities to address performance issues early and throughout the life of the award. Most importantly, without effective post-award monitoring, the EPA is not taking an important and proactive step to identify and deter potential fraud, waste, and abuse associated with its grants.

Conclusion

The post-award monitoring plans submitted by the regional offices are an important oversight tool for EPA headquarters to verify that the regional offices are appropriately selecting awards for advanced monitoring activities in the upcoming year and to report on the previous year's activities. EPA headquarters should improve its controls over the post-award monitoring plan submission and evaluation process to ensure that annual guidance is issued in a timely manner, that all required elements are included in the plans, and that all regions submit a post-award monitoring plan each year. Without these controls in place, the EPA cannot provide assurance that regional offices are complying with its policies and that advanced monitoring reviews are performed on all grants, especially higher-risk grants, which increases the risk of fraud, waste, and abuse of grant funds and taxpayer dollars.

Recommendations

To promote effective EPA oversight of regional offices' post-award monitoring activities during the calendar year, we recommend that the chief administrative officer:

1. Develop and implement a process for the Office of Finance and Administration to evaluate and provide feedback on post-award monitoring plans submitted by the EPA regional offices within 45 days of receipt, as required by the EPA's *Policy on Compliance, Review and Monitoring*. Evaluating and providing timely feedback on the regional offices' post-award monitoring plans will help the Office of Finance and Administration ensure that the regions include all required

elements in their plans and that they are prepared to oversee their grants for each calendar year.

2. Develop and implement procedures for the Office of Finance and Administration to track progress of post-award monitoring activities to ensure that regional offices are implementing their post-award monitoring plans throughout the calendar year. Ensuring that the Office of Finance and Administration is tracking progress of regional offices' post-award monitoring plans will help verify that required baseline monitoring activities and advanced monitoring reviews are occurring during the calendar year.
3. Develop and implement a process to ensure that the annual guidance for the development of the post-award monitoring plans is sent to the regional offices and that the regional offices submit post-award monitoring plans to the Office of Finance and Administration within the time frame identified in the EPA's *Policy on Compliance, Review and Monitoring*. Providing annual guidance to the regional offices and ensuring that they submit their annual post-award monitoring plans timely will help the Office of Finance and Administration verify that each region is preparing a plan for the calendar year and that all required elements of the plan are included.
4. Develop and implement a process to ensure that programmatic advanced monitoring selections by the regional offices are based on the EPA's *Policy on Compliance, Review and Monitoring* and the criteria outlined in the annual post-award monitoring plan guidance for advanced monitoring. Verifying that the programmatic advanced monitoring reviews are documented and based on the criteria outlined in the annual post-award monitoring plan guidance will help the Office of Finance and Administration ensure that the grants selected address programmatic risks.

Agency Response and OIG Assessment

The EPA agreed with the four recommendations and provided acceptable planned corrective actions and estimated milestone dates for Recommendations 1, 2, and 4. We consider these recommendations resolved with corrective action pending. The Agency also provided acceptable corrective action for Recommendation 3, and we consider the corrective action completed. Appendix C contains the Agency's response to our draft report.¹⁴ The EPA also provided technical comments, which we considered and incorporated as necessary.

¹⁴ The Agency's response was written before the former Office of Mission Support was restructured as part of the new Office of Finance and Administration. Any mentions of the Office of Mission Support and the Office of Grants and Debarment in the Agency's response should be understood to be referencing their respective successors.

Chapter 3

Regional Offices Did Not Ensure that Their Baseline Reports Were Completed

The regional offices did not complete their annual baseline monitoring reporting requirements in accordance with the EPA's *Policy on Compliance, Review and Monitoring*. Specifically, none of the ten regional offices completed 100 percent of their required baseline monitoring reports during the calendar years 2024 and 2025 review periods we analyzed. This deficiency occurred because EPA headquarters did not have controls in place to monitor the completion of the baseline reports, instead relying on the regional offices to ensure that all reports were completed by the due dates. As a result, the EPA cannot provide assurance that its \$38.1 billion in grants awarded by the regional offices, including \$22.6 billion funded under the IIJA as of September 30, 2024, are reviewed and monitored to verify that grant recipients comply with the scope of work, terms and conditions, and regulatory requirements related to their grants. Furthermore, if the programmatic and financial performance of grant recipients is not being monitored as required by 2 C.F.R. part 200 and the EPA's *Policy on Compliance, Review and Monitoring*, the EPA cannot ensure that grant recipients are making progress in implementing the work being funded by the grants or that they are preventing and mitigating any issues that arise when performing their work.

The Regional Offices Did Not Complete the Required Baseline Monitoring Reports for Grants

Although the EPA's *Policy on Compliance, Review and Monitoring* requires annual programmatic and administrative baseline monitoring on 100 percent of the Agency's active grants, the regional offices did not always complete their annual programmatic and administrative baseline monitoring reports. According to EPA headquarters, baseline monitoring of grants satisfies the monitoring and reporting of grant performance that is mandated by 2 C.F.R. § 200.329. When we reviewed the completion dates of baseline monitoring reports in GRIP to determine whether they were completed on time, we found that as of September 30, 2024, none of the ten regional offices had met the 100 percent requirement for both their administrative and programmatic baseline monitoring reports. EPA headquarters told us that it established a separate 95 percent completion target for baseline monitoring reviews, which is consistent with a note in GRIP that shows a “[t]arget 95%” for compliance percentage.” However, the data we reviewed as of September 30, 2024, showed that none of the regions had met this lower target of 95 percent completion either.

Table 7 summarizes our analysis of the compliance rates for the completion of administrative and programmatic baseline monitoring reports for grants awarded with IIJA funds as of September 30, 2024. Appendix A contains our analysis of compliance rates for administrative and programmatic baseline reports for IIJA grant awards over a period of months in 2024 and 2025. Appendix B contains the same analysis for all grant awards.

Table 7: Compliance rates for active IIJA grants as of September 30, 2024

Regional office	Number of IIJA grants	Administrative baseline reports completed	Programmatic baseline reports completed
1	235	235 (100%)	215 (91%)
2	87	69 (79%)	79 (91%)
3	219	184 (84%)	152 (69%)
4	217	174 (80%)	146 (67%)
5	222	157 (71%)	180 (81%)
6	136	101 (74%)	101 (74%)
7	95	70 (74%)	73 (77%)
8	146	139 (95%)	135 (92%)
9	169	162 (96%)	141 (83%)
10	143	66 (46%)	88 (62%)
Total	1,669	1,357 (81%)	1,310 (78%)

Source: OIG review of data obtained from the EPA's GRIP. (EPA OIG table)

Note: All percentages have been rounded. These numbers include assistance agreements awarded by the states through the state revolving funds. We counted these assistance agreements as compliant if GRIP identified them as having a completed baseline monitoring report in accordance with the time frame established in the EPA's *Policy on Compliance, Review and Monitoring*.

As shown in Table 7, as of September 30, 2024, the regional offices had 1,669 active IIJA grants. These grant awards totaled about \$22.6 billion in IIJA funds. The regional offices completed 1,357, or about 81 percent, of the required administrative baseline monitoring reports and 1,310, or about 78 percent, of the required programmatic baseline monitoring reports for these IIJA grants. Conversely, the regional offices had not completed 312, or about 19 percent, of the required administrative baseline monitoring reports and 359, or about 22 percent, of the required programmatic baseline monitoring reports for these IIJA grants. Based on our analysis, we estimated that the 312 grants that did not receive an administrative baseline monitoring review totaled about \$4 billion in IIJA funds. Similarly, the 359 grants that did not receive a programmatic baseline monitoring review totaled about \$5.5 billion in IIJA funds.

When we looked at regional grants funded by both annual and supplemental IIJA appropriations, we found similar rates of compliance for the completion of administrative and programmatic baseline monitoring reports. Table 8 summarizes our analysis of the compliance rates for all grants.

Table 8: Compliance rates for all active EPA grants as of September 30, 2024

Regional office	Number of grants	Administrative baseline reports completed	Programmatic baseline reports completed
1	901	901 (100%)	847 (94%)
2	408	335 (82%)	369 (90%)
3	815	676 (83%)	620 (76%)
4	951	811 (85%)	733 (77%)
5	1,165	901 (77%)	968 (83%)
6	721	532 (74%)	556 (77%)
7	371	291 (78%)	299 (81%)
8	601	574 (96%)	562 (94%)
9	1,055	978 (93%)	886 (84%)
10	889	465 (52%)	522 (59%)
Total	7,877	6,464 (82%)	6,362 (81%)

Source: OIG review of data obtained from the EPA's GRIP. (EPA OIG table)

Note: All percentages have been rounded. These numbers include assistance agreements awarded by the states through the state revolving funds. We counted these assistance agreements as compliant if GRIP identified them as having a completed baseline monitoring report in accordance with the time frame established in the EPA's *Policy on Compliance, Review and Monitoring*.

As shown in Table 8, as of September 30, 2024, the regional offices had 7,877 active grants. These grant awards totaled about \$38.1 billion. The regional offices completed 6,464, or about 82 percent, of the required administrative baseline monitoring reports and 6,362, or about 81 percent, of the required programmatic baseline monitoring reports for these grants. Conversely, the regional offices did not complete 1,413, or about 18 percent, of the required administrative baseline monitoring reports and 1,515, or about 19 percent, of the required programmatic baseline monitoring reports. Based on our analysis, we estimated that the 1,413 grants that did not receive an administrative baseline monitoring review totaled about \$6.8 billion in grant funds. Similarly, the 1,515 grants that did not receive a programmatic baseline monitoring review totaled about \$9.8 billion in grant funds.

EPA Headquarters Did Not Have Controls to Ensure that Baseline Monitoring Activities Are Completed

EPA headquarters did not ensure that the regional offices completed the required baseline monitoring reports for active grants, including those funded by the supplemental IIJA appropriations, which means it cannot ensure that grant recipients are complying with the scope of work, terms and conditions, or regulatory requirements for their grants. EPA headquarters personnel stated that they rely on the regional offices to monitor the completion due dates in GRIP but that they will review GRIP and notify the regional offices to seek resolution if there are issues with compliance. Personnel in the EPA regional offices we visited told us that they faced challenges in meeting the baseline monitoring requirements due to staffing shortages, NGGS system limitations, and new grant programs and funding priorities.

Some regional offices also included similar statements in their annual post-award monitoring plans, explaining that they did not meet the target compliance percentages because of issues with the NGGS due date notifications, workforce turnover, and project officer and grant specialist workload.

Other federal policies and standards emphasize the necessity of performing administrative and programmatic baseline monitoring. Office of Management and Budget Memorandum M-22-12, *Advancing Effective Stewardship of Taxpayer Resources and Outcomes in the Implementation of the Infrastructure Investment and Jobs Act*, requires agencies to collect and report on post-award information for IIJA grants, including the status of award-specific goals and objectives. This requirement also includes project-level location data and the phase of project-level implementation. Without consistent baseline monitoring, such reporting would likely be inaccurate, if possible at all. Further, Principle 5 of the Government Accountability Office's *Standards for Internal Control in the Federal Government* states that management should evaluate performance and hold individuals accountable for their internal control responsibilities.

Principle 5: Enforce Accountability

“Management holds entity personnel accountable for performing their assigned internal control responsibilities. The oversight body, in turn, holds management accountable as well as the organization as a whole for its internal control responsibilities.”

Government Accountability Office's
Standards for Internal Control in the Federal Government

Without completing all required baseline monitoring reviews, the EPA may not be able to ensure that the \$38.1 billion in grants awarded by the regional offices, including \$22.6 billion funded under the IIJA as of September 30, 2024, are in compliance with grant agreements and regulatory requirements. Such compliance is critical to safeguarding taxpayer dollars; delivering the best, most effective results; and earning and maintaining public trust.

Conclusion

Despite the EPA requiring annual programmatic and administrative baseline monitoring reports for all active grants, none of its regional offices achieved 100 percent completion of both administrative and programmatic baseline monitoring activities during the periods we reviewed.¹⁵ Similarly, only Region 1 achieved the lower 95 percent target established by EPA headquarters one time, which occurred on August 1, 2024, for baseline monitoring reports during the periods we reviewed. Baseline monitoring is a valuable tool that allows the EPA to review every active grant at least once a year. Failure to conduct and report on the results of baseline monitoring reviews represents missed opportunities to evaluate a grant's performance. Absent an evaluation, the EPA may not detect issues with performance, violations of grant terms and conditions, or violations of regulations that alert the EPA to take appropriate corrective action.

¹⁵ The periods we reviewed in GRIP are specified in Appendixes A and B.

Recommendation

To promote effective EPA oversight of grantees' financial and programmatic performance in implementing grant awards, we recommend that the chief administrative officer:

5. Develop and implement a process to monitor whether regional offices are completing all baseline monitoring reviews, as required by the EPA's *Policy on Compliance, Review and Monitoring*. Ensuring that baseline monitoring reports are completed can help the EPA more effectively identify and take corrective action over grantees who are not meeting the grant terms and conditions.

Agency Response and OIG Assessment

The EPA agreed with Recommendation 5 and provided acceptable planned corrective action and an estimated milestone date. We consider this recommendation resolved with corrective action pending. Appendix C contains the Agency's response to our draft report.

Chapter 4

The EPA's Baseline Monitoring Reports May Not Accurately Reflect Grant Recipient Performance and Grant Files Were Not Properly Maintained

The regional project officers and grant specialists did not always complete the administrative and programmatic baseline monitoring reports in a manner that accurately reflected the financial or project performance of the grant recipients. As required by the EPA's *Policy on Compliance, Review and Monitoring*, baseline monitoring reports must be completed for every active grant. However, of the 80 baseline monitoring reports we selected for review, 35 were not sufficiently completed, while 18 were overdue and not completed. Furthermore, of the 40 grant files we reviewed, 39 were not properly maintained in accordance with recordkeeping policies. These deficiencies occurred because EPA headquarters did not have controls in place to ensure that the EPA's regional offices fully completed their baseline monitoring reports, conducted supervisory reviews of their monitoring reports, and properly maintained their grant files. As a result, the EPA cannot ensure that a grant recipient's progress complies with the grant's scope of work, terms and conditions, and regulatory requirements for the 7,877 active grants, totaling about \$38.1 billion as of September 30, 2024, awarded by the regional offices.

Not All Baseline Monitoring Reports Contained Sufficient Responses to Questionnaires

The regional offices did not always ensure that the programmatic and administrative baseline monitoring reports contained sufficient responses to questionnaires in the NGGS or that the documentation necessary to support them was contained in the grant file. When completing the questionnaires, regional office personnel initially answer each question by selecting a "yes" or "no." For most questions, there is also a text field for personnel to provide additional notes. We selected a judgmental sample of 80 baseline monitoring reports that should have been completed by the project officers and grant specialists from Regions 2, 5, and 10 in calendar years 2023 and 2024 to determine whether the responses and notes sufficiently answered each question. The 80 baseline monitoring reports we selected included 40 administrative and 40 programmatic reports. We also reviewed supporting documentation provided, if any, for each question, as well as documentation available in the grant file. However, of the 80 baseline monitoring reports we attempted to review, 18 were overdue and not completed by the grant specialist or the project officer by an average of 265 days, with one overdue by 486 days. Of the 62 baseline monitoring reports we were able to review, we found that 28, or about 90 percent, of the programmatic baseline reports and seven, or about 23 percent, of the administrative baseline reports contained answers that were not sufficient to address the questions based on our review of the responses and available grant file documentation. Table 9 summarizes our analysis of the 62 baseline monitoring reports we were able to review in the NGGS for Regions 2, 5, and 10.

Table 9: Insufficient baseline monitoring responses in the NGGS

Regional office	Number of programmatic baseline reports reviewed	Number of programmatic baseline reports with insufficient responses	Number of administrative baseline reports reviewed	Number of administrative baseline reports with insufficient responses
2	8	7 (88%)	10	4 (40%)
5	10	9 (90%)	15	3 (20%)
10	13	12 (92%)	6	0 (0%)
Total	31	28 (90%)	31	7 (23%)

Source: OIG analysis of 80 baseline monitoring reports in the NGGS completed by Regions 2, 5, and 10 in calendar years 2023 and 2024. (EPA OIG table)

Notes: All percentages have been rounded. Nine of the administrative and nine of the programmatic baseline monitoring reports were overdue at the time of our review when they should have been completed. We did not include these overdue reports in our analysis since there is no record of them.

For the programmatic baseline monitoring reports, most insufficient answers involved the project officers selecting either “yes” or “no” but not providing additional notes. This meant that information regarding a grant recipient’s progress reports, project milestones, and compliance with grant terms and conditions lacked necessary context. For example, only providing a “yes” or “no” to the following questions would not produce a full picture of the grant recipient’s performance without further supporting documentation, such as the work plans and progress reports, in the file:

- Based upon evaluating progress reports and your review, is the recipient submitting progress reports as required in the award?
- Based upon evaluating progress reports and your review, is the recipient meeting milestones and/or targets described in the award and/or scope of work?
- Is the recipient making any drawdowns on this award in accordance with the work plan?
- Is the recipient complying with the award’s applicable programmatic terms and conditions?

In one instance, we reviewed a brownfield grant that was awarded by the EPA on September 30, 2022, for \$500,000 where the project officer answered “no” as to whether the grant recipient was submitting progress reports as required in the award. According to the explanation in the programmatic baseline monitoring report, the project officer wrote that an email was sent notifying the recipient that it was “behind on reporting requirements.” The project officer answered the next question as “yes” for whether the grantee was meeting milestones and/or targets described in the award. However, we were unable to locate any correspondence in the EPA Grant File, and the project officer did not indicate that there should be follow-up such as supervisory review or more frequent monitoring in the NGGS baseline monitoring report “Recommendations” section. Figure 3 contains a section of the programmatic baseline monitoring report where the project officer evaluated the progress reports submitted by the grantee. We reviewed the subsequent baseline monitoring report that was completed eight months later where the project officer answered the same question as “yes” without any explanation. We were unable to locate the grantee progress reports in the EPA Grant File during our review.

Figure 3: Programmatic baseline monitoring report dated June 7, 2023

Section 3 - Progress Reports
3. Based upon evaluating progress reports and your review, is the Recipient:
3A. Submitting progress reports as required in the award?: No
Enter an explanation: Sent email to awardee notifying them they are behind on reporting requirements.
3B. Meeting milestones and/or targets described in the award and/or scope of work?: Yes
3C. Making agreed-upon progress in meeting environmental results and/or environmental outcomes (to the max extent practicable)?: Yes
3D. Other:
Additional Notes:
3E. Are there delays which impact the completion of milestones or the project, which need to be reported? (If so, milestones may need to be revised to either get project back on track with the original project period, or be revised to accommodate any time extensions): No
Additional Notes:

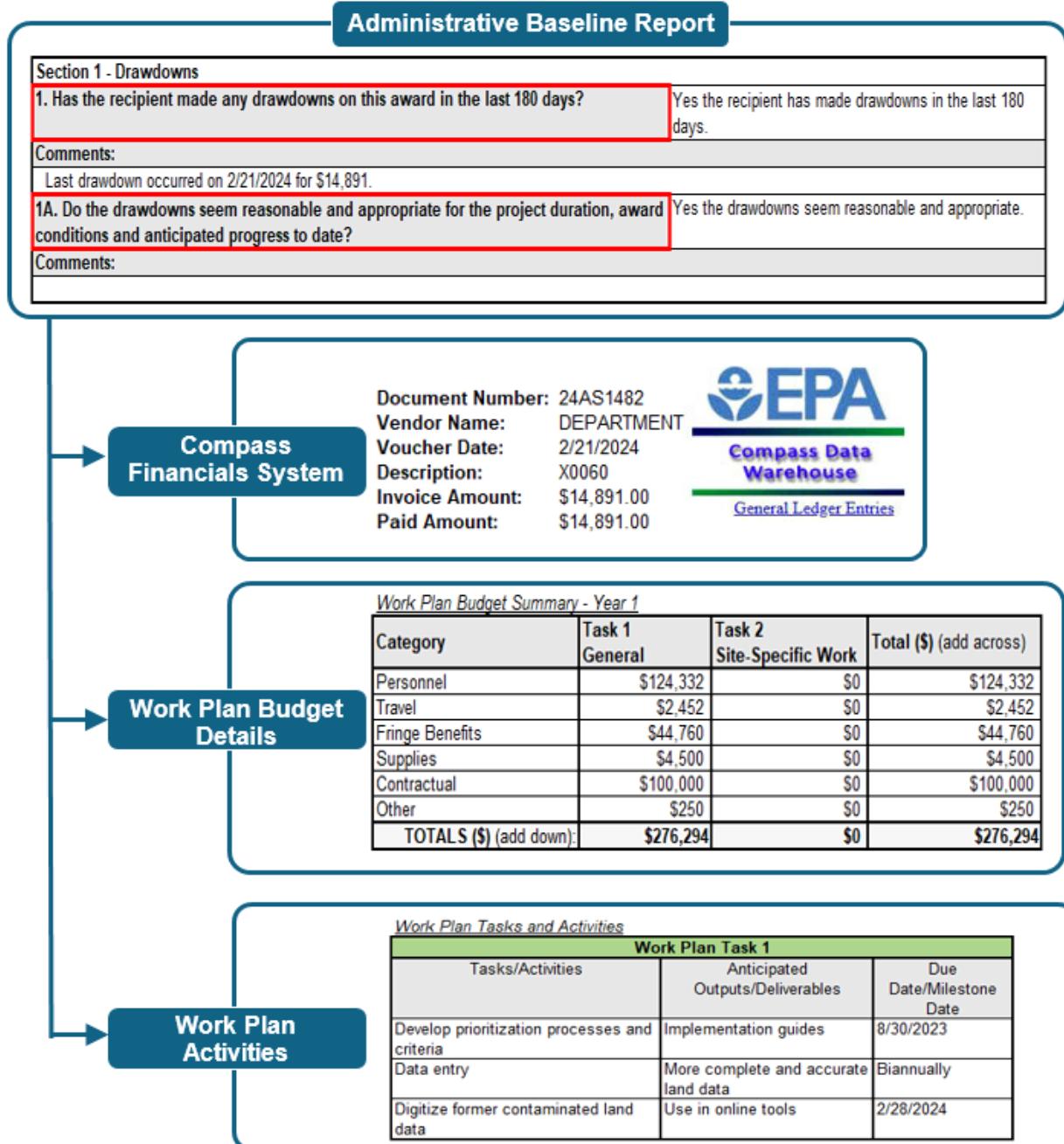
Source: Programmatic baseline monitoring report completed by the regional project officer and obtained from the NGGS. (EPA image)

According to the project officers we spoke with, they do not usually provide additional notes unless there was an adverse response to a question. However, without additional notes, there are no historical records detailing a grant recipient's performance. Such records are critical, for example, if baseline monitoring results uncover waste, fraud, and abuse and prompt a referral for additional monitoring or to the OIG. Also, as we detail in the next section, we could not find the grant recipients' progress reports in the majority of grant files we reviewed, which means that supporting documentation was not available for the questions referencing progress reports, such as the first two in the list above. While the project officers were able to answer our questions and demonstrated familiarity with the grants they were overseeing, any other person who may review the baseline monitoring reports would be unable to determine how the project officers formed their conclusions, what documentation they reviewed, and what concerns they had about the grant recipients' performance.

For the administrative baseline monitoring reports, most insufficient answers involved the grant specialists not providing support for their answers. For example, one of the NGGS questions for administrative baseline monitoring requires the grant specialist to determine whether the recipient has made any drawdowns in the last 180 days and, if so, to determine the reasonableness and appropriateness of the drawdown based on the project duration, award conditions, and anticipated progress to date. During our site visits to Regions 2, 5, and 10, we asked the grant specialists how they answered this question. They explained that the drawdown data they review from Compass Financials Systems, which is used by the EPA to record financial transactions, only include the dates and dollar amounts of the withdrawals. As such, they said that they review the data to identify whether a drawdown is reasonable based on the work plan or whether an expected drawdown has occurred. One grant specialist said that there is no comparison from the data to the work plan but instead this person relies on the project officer to perform that review. The grant specialists also said that they look for common risk indicators, such as large drawdowns, drawing down all the funds at once instead of for immediate needs, or grant fund withdrawals rounded to the nearest hundred, thousand, or other

increment—which may indicate that funds are not being drawn down for actual reimbursement. Figure 4 provides an overview of how the grant specialist performs this review.

Figure 4: Grant specialist review of grantee drawdown documentation to determine reasonable and appropriate



Source: OIG depiction of grant specialist training for determining whether grantee drawdowns appear reasonable and appropriate based on images from the administrative baseline monitoring report, Compass Financials System document details, and grantee work plan. (EPA OIG alteration of administrative baseline monitoring report, Compass Financials System, and grantee work plan images)

Note: In the Compass Financials System, the vendor's name is the same as the grant recipient's name in all the administrative baseline monitoring reports we reviewed.

For all 26 administrative baseline monitoring reports we reviewed from Regions 2, 5, and 10, we were unable to determine how the grant specialists supported this question of whether a drawdown appeared reasonable and appropriate—a 100 percent insufficiency rate. We were unable to review the nine additional administrative baseline monitoring reports since they were overdue and not completed by the grant specialist, and five did not have any drawdowns at the time the baseline report was completed. When we reviewed the data from the Compass Financials System used to support this question, as shown in Figure 4, we could find only information about the drawdown, such as the grant recipient’s name, expenditure dates, expenditure amounts, and funds available for use. While this information supported answers to the first part of the question as to whether the grant recipient made any drawdowns, it did not support answers to the second part of the question regarding the reasonableness and appropriateness of the drawdowns. For example, we were unable to obtain information about the payees or the description of the expenditures from the Compass Financials System. Also, grant specialists told us that they answer “yes” to the overall question as long as one drawdown is completed, and they use their best judgment about the drawdown if there are no transaction data available from information in the grantee’s work plan. Similar to the insufficient programmatic baseline monitoring responses, because grant specialists did not provide additional notes, any other person who reviewed the administrative baseline monitoring reports would be unable to understand the basis for their conclusions or how a drawdown matches a grantee’s budget details in the work plan.

A lack of sufficient responses and grant documentation is contrary to the EPA’s *Policy on Compliance, Review and Monitoring* requirement that administrative and programmatic baseline monitoring reviews for all grants be documented. Additionally, for IJIA grants, Office of Management and Budget Memorandum M-22-12 emphasizes the importance of collecting and reporting on post-award information for the status of award-specific goals and objectives and of identifying opportunities to improve and streamline current data collection, tracking, and reporting processes. The vagueness and inadequacy of responses to the programmatic and administrative baseline questionnaires hinder the overall purpose of performing a periodic review of a grant recipient’s project progress and compliance with the scope of work, terms and conditions, and regulatory requirements. Furthermore, EPA headquarters and regional office personnel stated that they consider baseline monitoring to be a valuable tool in evaluating the progress of grant recipients. According to EPA headquarters, programmatic and administrative baseline monitoring “is important as it is the only oversight mechanism [the office] uses that examines recipient performance, drawdown history and adherence to financial reporting requirements for every active assistance agreement annually.” Without fully documenting responses to the baseline monitoring questionnaires, the EPA cannot provide assurance that grant recipients are complying with the terms and conditions of their grants or that projects are meeting expectations.

Grant Files Maintained by the Regional Offices Were Missing Required Documentation

The regional offices did not always ensure that required grant records were stored in the EPA Grant File, which, according to EPA headquarters personnel, is the Agency's official grant file system for managing documents and which is maintained on the agencywide intranet. The EPA's Grants Policy Issuance 22-01, *Electronic Records Management for Official Assistance Agreement Documents*, requires that personnel store "all electronic assistance agreements" in the EPA Grant File but does not specify what documents are required except what should be in the NGGS. Of the 40 grant files we reviewed from Regions 2, 5, and 10, 39, or about 98 percent, were incomplete and lacked the documentation required by the policy guides issued by those regional offices. Table 10 is a summary of the recordkeeping policies for maintaining grant documentation in the EPA Grant File for Regions 2, 5, and 10, while Table 11 presents our analysis of which grant files we reviewed that were missing that documentation.

Table 10: Policies for required grant documentation in the EPA Grant File for Regions 2, 5, and 10

Regional office	Recordkeeping policy title	Required post-award documents
2	<i>Grant File Contents Guide</i>	work plan, technical and progress reports, programmatic and administrative baseline monitoring reports, site visit reports, and correspondence regarding work projects and deliverables
5	<i>EPA Grant File Solution Region 5 Supplemental Guidance</i>	work plan, technical and progress reports, programmatic and administrative baseline monitoring reports, and site visit and desk review reports
10	<i>Region 10 EPA Grant Records Policy and R10 e-Grant Filing Document Spreadsheet</i>	work plan, progress reports, correspondence for programmatic baseline reporting, email correspondence between the project officer and grant recipient, and review notes and evaluations of reports and deliverables

Source: OIG summary of recordkeeping policies for grant documentation in the EPA Grant File for Regions 2, 5, and 10. (EPA OIG table)

Notes: The table contains some of the required grant documents that should be in the EPA Grant File for Regions 2, 5, and 10. There are additional recordkeeping requirements for pre-award, post-award, and closeout in these regional policy guides.

Table 11: Documentation missing from the grant files we reviewed

Documentation	Number of grant files requiring documentation	Number of grant files missing documentation
Administrative baseline monitoring reports	25	14 (56%)
Programmatic baseline monitoring reports	18	12 (67%)
Progress reports	40	37 (93%)
Work plans	40	8 (20%)

Source: OIG analysis of Regions 2, 5, and 10 grant files in the EPA Grant File. (EPA OIG table)

Notes: All percentages have been rounded. Regions 2 and 5 did not complete seven of the programmatic baseline monitoring reports, as these were overdue at the time of our review. We did not include these overdue reports in our analysis since there is no record that should have been in the EPA Grant File. Region 10 did not have a requirement to maintain the administrative and programmatic baseline monitoring reports in the EPA Grant File; therefore, the number of grant files reviewed only includes Regions 2 and 5.

Having the complete portfolio of required documentation in a grant file is critical to measuring performance of grant recipients. As outlined in the grant terms and conditions and pursuant to 2 C.F.R. § 200.329, grant recipients must submit periodic progress reports to their respective project offices that summarize technical progress and activities completed under the grant, identify activities planned for the upcoming reporting period, and document expenditures. Grant recipients can also use these progress reports to document any problems, actual or potential, that may interfere with achieving project goals. However, as previously indicated, of the 40 grant files we reviewed, we were unable to locate the required progress reports in 37.

Missing progress reports carry two immediate implications for sufficient programmatic oversight. First, to adequately complete their programmatic baseline monitoring questionnaire, project officers rely on progress reports to assess a grant recipient's progress in meeting milestones and achieving progress in meeting environmental results and outcomes. Second, progress reports are a key part of the historical record of a grant because they alert the project officer to any potential problems that may interfere with the grantee's ability to achieve the project's goals. If project progress reports and other required documentation are missing from grant files, the EPA cannot ensure that the regional offices are conducting proper oversight, that proper records are being maintained, or, ultimately, that program goals are being met.

During our site visits to Regions 2, 5, and 10, we asked grant specialists and project officers how they store grant documentation. Some stated that they update the EPA Grant File prior to closeout, some said that they keep documentation on their computer or in emails, others reported using a different EPA data system, and some said there are no requirements for when to upload the documents to the EPA Grant File.

We also asked how they maintained communication with the grantees and whether site visit details were documented, since we were unable to locate these records in the EPA Grant File. We were told that some maintain records of discussions in email correspondence, while others kept notes offline on their computer hard drives or other places, such as a regional office intranet that was dedicated to a specific grant program. When we asked the regional offices for their records related to site visits or meetings with the grant recipients, however, we were provided with incomplete records, such as calendar invites or limited notes, that did not substantially detail the discussions or meetings held. Without properly maintained records of site visits and grant recipient progress reports, the EPA may be unable to ensure that project goals and objectives are being met.

Baseline Monitoring Reports Lack Supervisory Review or Approval

The EPA does not require supervisory review of baseline monitoring reports, and the NGGS is not designed to facilitate such a review, which we consider an important control to help ensure that grant funds are used as intended. Based on the same judgmental sample of 40 programmatic and 40 administrative baseline monitoring reports we reviewed from Regions 2, 5, and 10, none had documentation of supervisory review. We were unable to review 18 of the baseline monitoring reports, which consisted of nine programmatic baseline and nine administrative baseline reports, because they

were overdue and outstanding at the time of our review. During our interviews with the regional offices, we confirmed that supervisors are not required to review or approve the baseline monitoring reports in the NGGS. Regional personnel told us that they cannot recall being questioned by a supervisor about a baseline monitoring report they completed. Similarly, EPA headquarters personnel confirmed that a supervisor is not required to review or approve the baseline reports completed by the project officers and grant specialists. These same personnel told us that they do not perform quality reviews of the baseline monitoring reports from the regional offices because that is the regions' performance function.

Within the NGGS, there are opportunities for the grant specialists and project officers to recommend the baseline monitoring report for additional review: if they request more frequent or advanced monitoring or if they refer the report to the OIG. Of the 31 programmatic and 31 administrative baseline monitoring reports we reviewed for supervisory review, eight were recommended for an additional review. Even with a recommendation for additional review in the baseline monitoring report, none of the baseline monitoring reports were marked as reviewed in the NGGS by another user or supervisor.

In one example, a project officer recommended that a grantee be selected for “Advanced Programmatic Monitoring” in March 2024. However, we confirmed that this grantee has not been selected for an advanced programmatic monitoring review, and there was no documentation about this recommendation in the EPA Grant File as of May 2025.

In another instance, a grant specialist recommended a grantee for an “Award Amendment” in July 2023 without providing any explanation for why an award amendment was needed or any evidence that the recommendation was discussed with the project officer, as indicated on the completed baseline report. From our review of the administrative baseline report, we could not identify why the grantee was recommended for an amendment because no drawdowns had occurred and no other adverse finding was identified by the grant specialist. When we reviewed the EPA Grant File, we were unable to find any record of discussion with the project officer but did locate an amendment dated November 2024 for a \$1 million increase in supplemental funding.

While there is no requirement for supervisory review of the baseline monitoring reports in the EPA’s *Policy on Compliance, Review and Monitoring*, this lack of supervisory review and approval runs contrary to federal internal control standards. Principle 10 of the Government Accountability Office’s *Standards for Internal Control in the Federal Government* states that management should design, establish, and operate control and monitoring activities for “appropriate coverage of objectives and risks in the operations.” These should include “transaction control activities,” such as supervisory control activities.¹⁶ Further, Principle 16 provides that management should perform ongoing monitoring that includes regular management and supervisory activities of its internal control systems.

¹⁶ Per the Government Accountability Office’s *Standards for Internal Control in the Federal Government*, the term “transaction control activities” not only refers to financial processes but also is “more generally applied to operational or compliance processes.”

Principle 10: Design Control Activities

“Management should design control activities to achieve objectives and respond to risks.”

Principle 16: Perform Monitoring Activities

“Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.”

Government Accountability Office’s
Standards for Internal Control in the Federal Government

Without requiring supervisory review and approval and without having controls in place to verify that such reviews and approvals are occurring, the EPA cannot ensure that baseline monitoring reports are accurate or identify critical information about a grant.

EPA Headquarters Did Not Have Controls to Ensure that Grant Files Were Properly Maintained

The EPA’s *Records Management Policy* directs each program and regional office within the EPA to establish and maintain a records management program, including creating, receiving, and maintaining records that provide “adequate and proper documentation and evidence of EPA’s activities and decisions.” However, the EPA did not have controls in place to ensure that its project officers and grant specialists at the regional offices maintain grant files in accordance with its *Records Management Policy*. According to the EPA’s *Policy on Compliance, Review and Monitoring*, which was approved in 2007, grant file documentation is required to be stored in the Integrated Grants Management System, the Post-Award and Grantee Compliance Databases, and the official grant and project file. Also, pursuant to the EPA’s Grants Policy Issuance 22-01, *Electronic Records Management for Official Assistance Agreement Documents*, which became effective on March 1, 2023, the EPA moved from paper to electronic records in the EPA Grant File with some documentation maintained in the NGGS. According to this policy, regional office personnel are required to ensure that all grant documents are stored in the EPA Grant File and the NGGS. Because of the conflicting requirements as to where to store grant files, grants management personnel do not always have consistent guidance, and the EPA’s *Policy on Compliance, Review and Monitoring* may not provide insight as to which recordkeeping systems they should be using.

As previously mentioned, only one of the 40 grant files, or about 3 percent of those we reviewed from Regions 2, 5, and 10, contained all of the required documents, such as work plans, grantee progress reports, or baseline monitoring reports. The Regions 2, 5, and 10 personnel with whom we spoke during our site visits told us that they do not review the grant files to ensure that post-award documentation is properly maintained or that they rely on the grant specialists and project officers to maintain the EPA grant files. The grant specialists and project officers at these regional offices also told us that they maintain documentation in different data systems, such as on their computer or in emails, in legacy EPA systems, or in the EPA Grant File. We were also told that there is conflicting guidance for where documents should be stored. Further, although EPA headquarters personnel informed us that the

regions are responsible for making sure that grant files contain all required documentation, we continue to identify instances where grant files are missing critical information, as noted in the “Grant Files Maintained by the Regional Offices Were Missing Required Documentation” section of this chapter and in the “Prior Reports” section in Chapter 1.

Principle 10 of the Government Accountability Office’s *Standards for Internal Control in the Federal Government* states that management should design control activities to ensure that appropriate documentation and records are maintained.

Principle 10: Design Control Activities

“Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.”

Government Accountability Office’s
Standards for Internal Control in the Federal Government

Without verification that all grant files contain the required post-award monitoring documentation, the EPA cannot ensure that records are preserved or that grant recipients are meeting grant requirements. This situation increases the risk that documentation about key decisions is not being maintained and that the documentation necessary to track grant recipients’ performance is not available. Further, the EPA should ensure that grant files are properly maintained and documented in the EPA Grant File.

Conclusion

Programmatic and administrative baseline monitoring are critical parts of the EPA’s grant post-award oversight responsibilities. However, the EPA’s baseline monitoring reports may not accurately reflect grant recipient performance. Further, the regional offices have not ensured that their baseline monitoring reports are fully completed and that all grant documentation is maintained in accordance with EPA policy. EPA headquarters and the regional offices should also ensure that some form of supervisory review and approval of the baseline monitoring reports and grant file documentation occurs, in accordance with federal internal control principles.

Without processes in place to verify effective baseline monitoring and properly maintained grant files, the EPA cannot ensure that its grant recipients are complying with the scope of work, terms and conditions, and regulatory requirements related to their grants. Without adequate monitoring, grants are at risk of fraud, waste, and abuse.

Recommendations

To promote effective EPA oversight of administrative and programmatic baseline monitoring for grantee post-award performance, we recommend that the chief administrative officer:

6. Develop and implement procedures to ensure that responses to the baseline monitoring questionnaires in the Next Generation Grants System are sufficiently documented and supported to verify the administrative and programmatic progress of a grant recipient toward the scope of work, terms and conditions, and regulatory requirements for each grant award. Ensuring that the baseline monitoring questionnaires are sufficiently documented and supported will help the Office of Finance and Administration verify that records related to grantee administrative and programmatic performance are maintained.
7. Develop and implement a process for supervisory review of baseline monitoring reports, including whether the documentation used to complete a baseline monitoring report supports the conclusions and recommendations made for award amendment, advanced monitoring, or other higher-level reviews. Requiring supervisory review of baseline monitoring reports will help the Office of Finance and Administration ensure that documentation used to support grantee performance is maintained and recommendations for additional review receive the proper oversight by regional office or OIG personnel.
8. Develop and implement a process for the regional offices to ensure that grant documentation is properly maintained and stored in the EPA Grant File. Ensuring that grant specialists and project officers properly maintain grant documentation will help the EPA ensure that historical records and key decisions related to grantee performance are documented and addressed as needed.

Agency Response and OIG Assessment

The EPA partially agreed with Recommendation 6, disagreed with Recommendation 7, and agreed with Recommendation 8. Appendix C contains the Agency's response to our draft report.

For Recommendation 6, the EPA partially agreed with the recommendation and agreed to review the baseline monitoring report questionnaires for efficacy. Based on that review, it will provide guidance "on appropriate documentation for existing questions and make recommendations on questionnaire updates." However, due to a lack of funds, the Agency stated that it is unable to make system changes to the NGGS. The proposed corrective action is responsive to our recommendation, and we consider this recommendation resolved with corrective action pending based on the Agency performing a review of the baseline monitoring report questionnaires and providing guidance to the regional offices. This guidance should ensure that grant specialists and project officers sufficiently document and support administrative and programmatic progress of the grant recipient toward the scope of work, terms and conditions, and regulatory requirements for each grant award.

For Recommendation 7, the EPA stated that “[s]upervisory review of baseline monitoring, including the underlying documentation to support the conclusions, will not help [the EPA] ensure that documentation to support grantee performance is maintained and that recommendations for additional review receive the proper oversight.” The Agency also contends that, due to the volume of baseline monitoring reports it completes annually and staffing losses, the “result will be an untenable workload for supervisors that cannot be viably implemented.” In its response, the Agency proposed alternative corrective action for updating the baseline questions in coordination with Recommendation 6 and making system changes to the NGGS subject to availability of funds. However, this proposed corrective action does not meet the intent of the recommendation for verifying that baseline monitoring reports are completed; documentation is maintained and supports the conclusions made; and recommendations for award amendment, advanced monitoring, or other higher-level reviews are completed. While we agree that the Agency processes a high volume of baseline monitoring reports annually, there should be, at a minimum, supervisory review of some completed reports, such as a sample-based approach, to include those with recommendations for award amendment, advanced monitoring, or other higher-level reviews like an OIG referral. Additionally, as we identified in the Chapter 1 “Prior Reports” section, the EPA continued to lack controls for maintaining grant documentation, and personnel did not conduct required monitoring in a timely, accurate, or complete manner, which is similar to the findings in this audit report. We consider this recommendation unresolved and open.

We consider Recommendation 8 resolved, as the Agency provided acceptable planned corrective action and an estimated milestone date.

Status of Recommendations

Rec. No.	Page No.	Recommendation	Status*	Action Official	Planned Completion Date
1	21	Develop and implement a process for the Office of Finance and Administration to evaluate and provide feedback on post-award monitoring plans submitted by the EPA regional offices within 45 days of receipt, as required by the EPA's <i>Policy on Compliance, Review and Monitoring</i> . Evaluating and providing timely feedback on the regional offices' post-award monitoring plans will help the Office of Finance and Administration ensure that the regions include all required elements in their plans and that they are prepared to oversee their grants for each calendar year.	R	Chief Administrative Officer	7/1/26
2	21	Develop and implement procedures for the Office of Finance and Administration to track progress of post-award monitoring activities to ensure that regional offices are implementing their post-award monitoring plans throughout the calendar year. Ensuring that the Office of Finance and Administration is tracking progress of regional offices' post-award monitoring plans will help verify that required baseline monitoring activities and advanced monitoring reviews are occurring during the calendar year.	R	Chief Administrative Officer	1/1/27
3	21	Develop and implement a process to ensure that the annual guidance for the development of the post-award monitoring plans is sent to the regional offices and that the regional offices submit post-award monitoring plans to the Office of Finance and Administration within the time frame identified in the EPA's <i>Policy on Compliance, Review and Monitoring</i> . Providing annual guidance to the regional offices and ensuring that they submit their annual post-award monitoring plans timely will help the Office of Finance and Administration verify that each region is preparing a plan for the calendar year and that all required elements of the plan are included.	C	Chief Administrative Officer	9/2/25
4	22	Develop and implement a process to ensure that programmatic advanced monitoring selections by the regional offices are based on the EPA's <i>Policy on Compliance, Review and Monitoring</i> and the criteria outlined in the annual post-award monitoring plan guidance for advanced monitoring. Verifying that the programmatic advanced monitoring reviews are documented and based on the criteria outlined in the annual post-award monitoring plan guidance will help the Office of Finance and Administration ensure that the grants selected address programmatic risks.	R	Chief Administrative Officer	1/1/27
5	27	Develop and implement a process to monitor whether regional offices are completing all baseline monitoring reviews, as required by the EPA's <i>Policy on Compliance, Review and Monitoring</i> . Ensuring that baseline monitoring reports are completed can help the EPA more effectively identify and take corrective action over grantees who are not meeting the grant terms and conditions.	R	Chief Administrative Officer	1/1/26
6	38	Develop and implement procedures to ensure that responses to the baseline monitoring questionnaires in the Next Generation Grants System are sufficiently documented and supported to verify the administrative and programmatic progress of a grant recipient toward the scope of work, terms and conditions, and regulatory requirements for each grant award. Ensuring that the baseline monitoring questionnaires are sufficiently documented and supported will help the Office of Finance and Administration verify that records related to grantee administrative and programmatic performance are maintained.	R	Chief Administrative Officer	1/1/27
7	38	Develop and implement a process for supervisory review of baseline monitoring reports, including whether the documentation used to complete a baseline monitoring report supports the conclusions and recommendations made for award amendment, advanced monitoring, or other higher-level reviews. Requiring supervisory review of baseline monitoring reports will help the Office of Finance and Administration ensure that documentation used to support grantee performance is maintained and recommendations for additional review receive the proper oversight by regional office or OIG personnel.	U	Chief Administrative Officer	—
8	38	Develop and implement a process for the regional offices to ensure that grant documentation is properly maintained and stored in the EPA Grant File. Ensuring that grant specialists and project officers properly maintain grant documentation will help the EPA ensure that historical records and key decisions related to grantee performance are documented and addressed as needed.	R	Chief Administrative Officer	10/1/26

* C = Corrective action completed.

R = Recommendation resolved with corrective action pending.

U = Recommendation unresolved.

Appendix A

Programmatic and Administrative Baseline Compliance by Regional Office for IIJA Grants

We analyzed the status of baseline monitoring reports for the active IIJA grants by region during 2024 and 2025. We picked four days to run data from GRIP: July 1, 2024; August 1, 2024; September 30, 2024; and April 1, 2025. Although there were slight variations in the percentages of missing reports from month to month and region to region, the overall percentages of missing reports remained fairly consistent, indicating that this is a systemic issue across the regions.

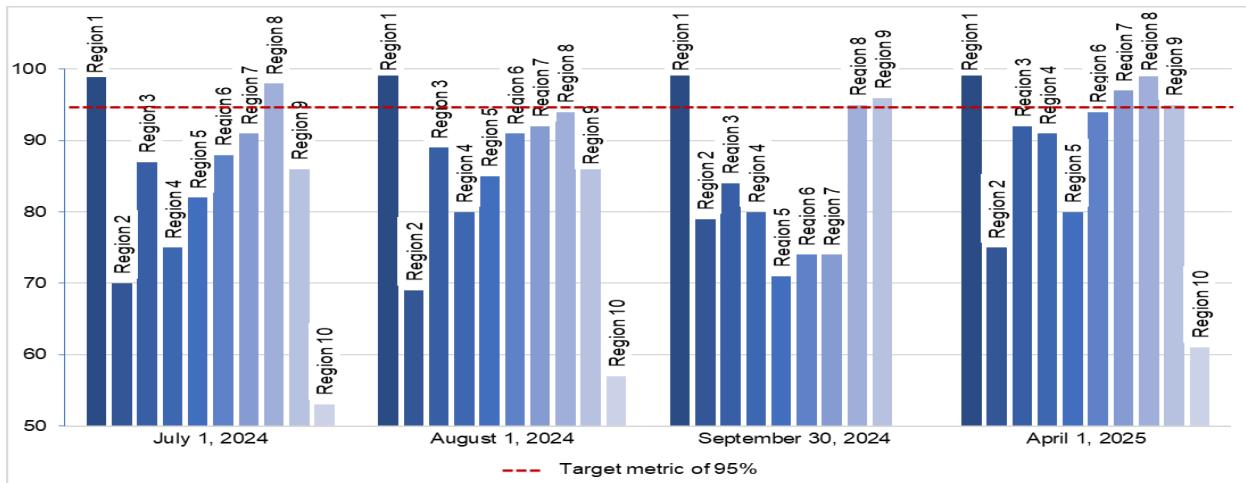
Table A-1: Percentages of administrative baseline monitoring reports completed for IIJA grants

Regional office	July 1, 2024 (%)	August 1, 2024 (%)	September 30, 2024 (%)	April 1, 2025 (%)
1	100	100	100	100
2	70	69	79	75
3	87	89	84	92
4	75	80	80	91
5	82	85	71	80
6	88	91	74	94
7	91	92	74	97
8	98	94	95	99
9	86	86	96	95
10	53	57	46	61
Average	84	85	81	89

Source: OIG review of data maintained in the EPA's GRIP. (EPA OIG table)

Note: All percentages have been rounded. The average represents the total number of administrative baseline monitoring reports completed for IIJA grants compared to the total number of IIJA grants awarded.

Figure A-1: Percentages of administrative baseline monitoring reports completed for IIJA grants, compared to the 95 percent target for compliance



Source: OIG review of data maintained in the EPA's GRIP, as shown in Table A-1. (EPA OIG image)

Note: Region 10's percentage on September 30, 2024, is not shown as it was below 50 percent on the y-axis.

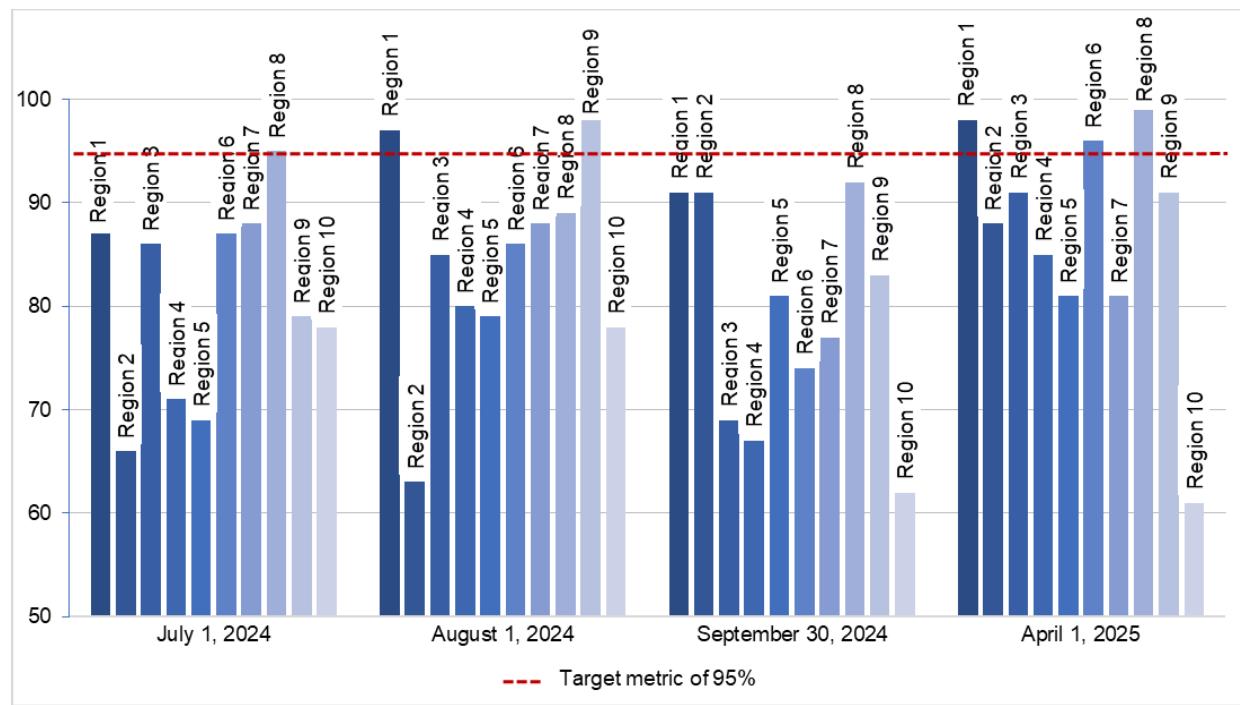
Table A-2: Percentages of programmatic baseline monitoring reports completed for IIJA grants

Regional office	July 1, 2024 (%)	August 1, 2024 (%)	September 30, 2024 (%)	April 1, 2025 (%)
1	87	97	91	98
2	66	63	91	88
3	86	85	69	91
4	71	80	67	85
5	69	79	81	81
6	87	86	74	96
7	88	88	77	81
8	95	89	92	99
9	79	98	83	91
10	78	78	62	61
Average	80	85	78	87

Source: OIG review of data maintained in the EPA's GRIP. (EPA OIG table)

Note: All percentages have been rounded. The average represents the total number of administrative baseline monitoring reports completed for IIJA grants compared to the total number of IIJA grants awarded.

Figure A-2: Percentages of programmatic baseline monitoring reports completed for IIJA grants, compared to the 95 percent target for compliance



Source: OIG review of data maintained in the EPA's GRIP, as shown in Table A-2. (EPA OIG image)

Programmatic and Administrative Baseline Compliance by Regional Office for All Grants

We analyzed the status of baseline monitoring reports for all active grants by region during 2024 and 2025. We picked four days to run data from GRIP: July 1, 2024; August 1, 2024; September 30, 2024; and April 1, 2025. Although there were slight variations in the percentages of missing reports from month to month and region to region, the overall percentages of missing reports remained fairly consistent, indicating that this is a systemic issue across the regions.

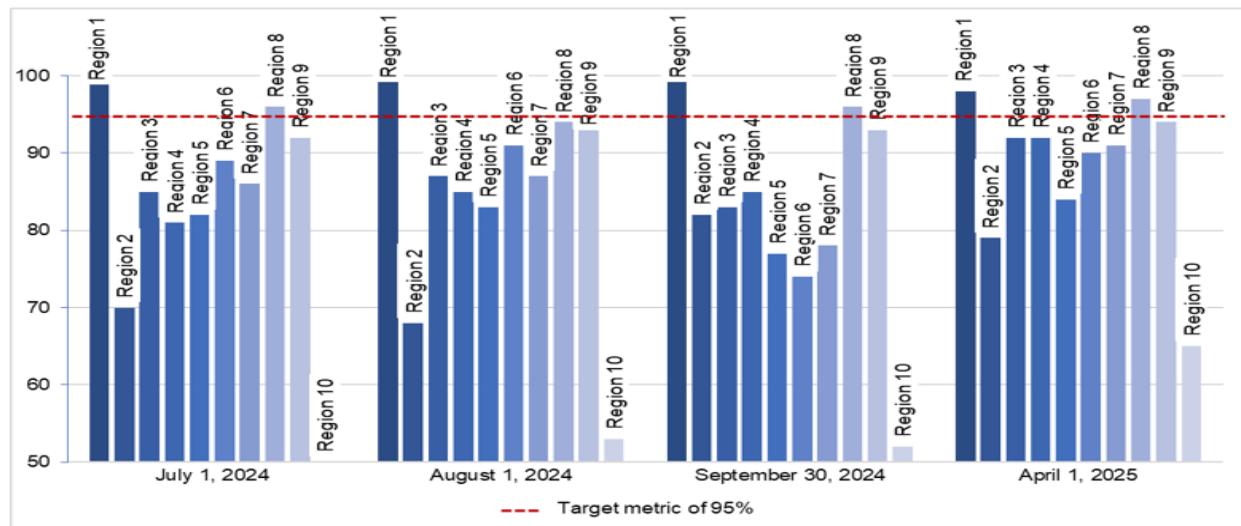
Table B-1: Percentages of administrative baseline monitoring reports completed for all grants

Regional office	July 1, 2024 (%)	August 1, 2024 (%)	September 30, 2024 (%)	April 1, 2025 (%)
1	100	100	100	98
2	70	68	82	79
3	85	87	83	92
4	81	85	85	92
5	82	83	77	84
6	89	91	74	90
7	86	87	78	91
8	96	94	96	97
9	92	93	93	94
10	50	53	52	65
Average	83	84	82	88

Source: OIG review of data maintained in the EPA's GRIP. (EPA OIG table)

Note: All percentages have been rounded. The average represents the total number of administrative baseline monitoring reports completed for all grants compared to the total number of all grants awarded.

Figure B-1: Percentages of administrative baseline monitoring reports completed for all grants, compared to the 95 percent target for compliance



Source: OIG review of data maintained in the EPA's GRIP, as shown in Table B-1. (EPA OIG image)

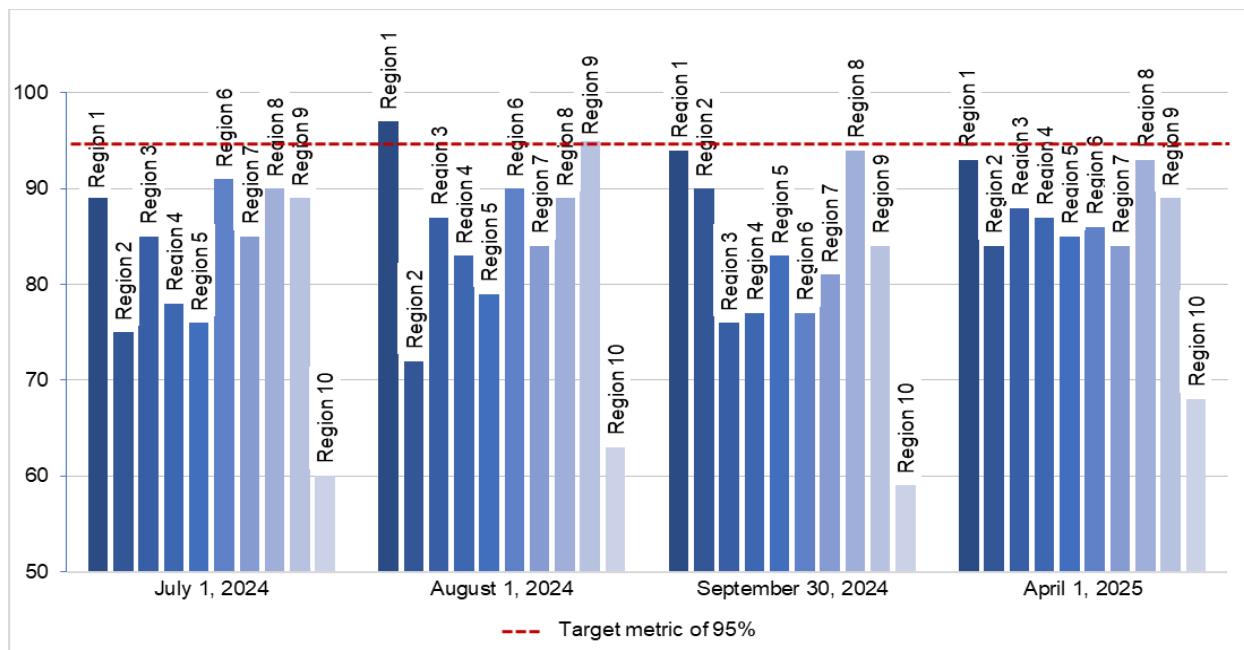
Table B-2: Percentages of programmatic baseline monitoring reports completed for all grants

Regional office	July 1, 2024 (%)	August 1, 2024 (%)	September 30, 2024 (%)	April 1, 2025 (%)
1	89	97	94	93
2	75	72	90	84
3	85	87	76	88
4	78	83	77	87
5	76	79	83	85
6	91	90	77	86
7	85	84	81	84
8	90	89	94	93
9	89	95	84	89
10	60	63	59	68
Average	81	84	81	86

Source: OIG review of data maintained in the EPA's GRIP. (EPA OIG table)

Note: All percentages have been rounded. The average represents the total number of administrative baseline monitoring reports completed for all grants compared to the total number of all grants awarded.

Figure B-2: Percentages of programmatic baseline monitoring reports completed for all grants, compared to the 95 percent target for compliance



Source: OIG review of data maintained in the EPA's GRIP, as shown in Table B-2. (EPA OIG image)

Agency Response to the Draft Report



OFFICE OF MISSION SUPPORT

WASHINGTON, D.C. 20460

MEMORANDUM

SUBJECT: Response to the Office of Inspector General Draft Report, Project No. OA-FY24-0077, *"Audit of the EPA's Post-Award Oversight of Grants Awarded Under the Infrastructure Investment and Jobs Act"* dated August 1, 2025.

FROM: Michael D. Molina, Principal Deputy Assistant Administrator **MICHAEL MOLINA**
TO: Katherine Trimble, Assistant Inspector General
Office of Audit

Digitally signed by
MICHAEL MOLINA
Date: 2025.09.02
12:38:50 -04'00'

Thank you for the opportunity to respond to the issues and recommendations in the subject draft audit report. Following is a summary of the U.S. Environmental Protection Agency's overall position, along with its position on each of the report's recommendations. We have provided high-level corrective actions and estimated completion dates.

AGENCY'S OVERALL POSITION

The agency agrees with recommendation #s 1-6 and 8 but does not agree with recommendation # 7.

AGENCY'S RESPONSE TO DRAFT AUDIT RECOMMENDATIONS

Agreements

No.	Recommendation	High-Level Corrective Action(s)	Est. Completion Date
1	Develop and implement a process for the Office of Grants and Debarment to evaluate and provide feedback on post-award monitoring plans submitted by the EPA regional offices within 45 days of receipt, as required by the EPA's <i>Policy on Compliance, Review and Monitoring</i> . Evaluating and providing timely feedback on the regional office's post- award monitoring plans will help the Office of Grants and Debarment ensure that the regions include all required elements in their plan and that they are prepared to oversee their grants for the calendar year.	EPA/OGD will develop and implement a process for the Office of Grants and Debarment to evaluate and provide feedback on post-award monitoring plans submitted by the EPA regional offices within 45 days of receipt, as required by the EPA's Policy on Compliance, Review and Monitoring. Evaluating and providing timely feedback on the regional office's post-award monitoring plans will help the Office of Grants and Debarment ensure that the regions include all required elements in their plan and that they are prepared to oversee their grants for the calendar year.	July 1, 2026

No.	Recommendation	High-Level Corrective Action(s)	Est. Completion Date
2	Develop and implement procedures for the Office of Grants and Debarment to track progress of post-award monitoring activities to ensure that regional offices are implementing their post-award monitoring plans throughout the year. Ensuring that the Office of Grants and Debarment is tracking progress of the regional office's post-award monitoring plans will help verify that required baseline monitoring activities and advanced monitoring reviews are occurring during the calendar year.	EPA/OGD will develop and implement procedures for the Office of Grants and Debarment to track progress of post-award monitoring activities to ensure that regional offices are implementing their post-award monitoring plans throughout the year. Ensuring that the Office of Grants and Debarment is tracking progress of the regional office's post-award monitoring plans will help verify that required baseline monitoring activities and advanced monitoring reviews are occurring during the calendar year.	January 1, 2027

No.	Recommendation	High-Level Corrective Action(s)	Est. Completion Date
3	Develop and implement a process to ensure that the annual guidance for the development of the post-award monitoring plans is sent to the regional offices and that the regional offices submit post-award monitoring plans to the Office of Grants and Debarment within the time frames identified in the EPA's <i>Policy on Compliance, Review and Monitoring</i> . Providing annual guidance to the regional offices and ensuring they submit their annual post-award monitoring plans timely will help the Office of Grants and Debarment verify that the regions are preparing a plan for the calendar year and that all required elements of the plan are included.	EPA/OGD has developed and implemented a process to ensure that the annual guidance for the development of the post-award monitoring plans is sent to the regional offices and that the regional offices submit post- award monitoring plans to the Office of Grants and Debarment within the time frames identified in the EPA's <i>Policy on Compliance, Review and Monitoring</i> . Providing annual guidance to the regional offices and ensuring they submit their annual post-award monitoring plans timely will help the Office of Grants and Debarment verify that the regions are preparing a plan for the calendar year and that all required elements of the plan are included. The Office of Grants and Debarment completed this recommendation for the 2025 PAMP cycle. OGD issued the 2025 PAMP guidance in November 2024 with a February deadline. All Regions and AAships submitted timely or requested a short extension.	Completed

No.	Recommendation	High-Level Corrective Action(s)	Est. Completion Date
4	Develop and implement a process to ensure that programmatic advanced monitoring selections by the regional offices are based on the EPA's <i>Policy on Compliance, Review and Monitoring</i> and the criteria outlined in the annual post-award monitoring plan guidance for advanced monitoring. Verifying that the programmatic advanced monitoring reviews are documented and based on the criteria outlined in the annual post-award monitoring plan guidance will help the Office of Grants and Debarment ensure that the grants selected address programmatic risks.	EPA/OGD will develop and implement a process to ensure that programmatic advanced monitoring selections by the regional offices are based on the EPA's <i>Policy on Compliance, Review and Monitoring</i> and the criteria outlined in the annual post-award monitoring plan guidance for advanced monitoring. Verifying that the programmatic advanced monitoring reviews are documented and based on the criteria outlined in the annual post-award monitoring plan guidance will help the Office of Grants and Debarment ensure that the grants selected address programmatic risks.	January 1, 2027
5	Develop and implement a process to monitor whether regional offices are completing all baseline monitoring reviews, as required by the EPA's <i>Policy on Compliance, Review and Monitoring</i> . Ensuring that baseline monitoring reports are completed can help the EPA more effectively identify and take corrective action over grantees who are not meeting the grant terms and conditions.	EPA/OGD will develop and implement a process to monitor whether regional offices are completing all baseline monitoring reviews, as required by the EPA's <i>Policy on Compliance, Review and Monitoring</i> . Ensuring that baseline monitoring reports are completed can help the EPA more effectively identify and take corrective action over grantees who are not meeting the grant terms and conditions.	January 1, 2026

No.	Recommendation	High-Level Corrective Action(s)	Est. Completion Date
6	Develop and implement procedures to ensure that responses to the baseline monitoring questionnaires in the Next Generation Grants System are sufficiently documented and supported to verify the administrative and programmatic progress of a grant recipient toward the scope of work, terms and conditions, and regulatory requirements for each grant award. Ensuring that the baseline monitoring questionnaires are sufficiently documented and supported will help the Office of Grants and Debarment verify that records related to grantee administrative and programmatic performance are maintained.	<u>Partially Accept</u> <u>Recommendation:</u> EPA/OGD will commit to reviewing the baseline questions for efficacy. Based on that review, OGD will provide guidance on appropriate documentation for existing questions and make recommendations on questionnaire updates. However, due to lack of funds, EPA rejects recommendation to make system changes.	January 1, 2027
8	Develop and implement a process for the regional offices to ensure that grant documentation is properly maintained and stored in the EPA Grant File. Ensuring that grant specialists and project officers properly maintain grant documentation will help the EPA ensure that historical records and key decisions related to grantee performance are documented and addressed as needed.	EPA/OGD will develop and implement a process for the regional offices to ensure that grant documentation is properly maintained and stored in the EPA Grant File. Ensuring that grant specialists and project officers properly maintain grant documentation will help the EPA ensure that historical records and key decisions related to grantee performance are documented and addressed as needed.	October 1, 2026

Disagreements

No.	Recommendation	Agency Explanation/Response	Proposed Alternative
7	Develop and implement a process for supervisory review of baseline monitoring reports, including supervisory review of whether the documentation used to complete the baseline monitoring report supports the conclusions made, and recommendations made for award amendment, advanced monitoring, or other higher-level reviews. Requiring supervisory review of baseline monitoring reports will help the Office of Grants and Debarment ensure that documentation used to support grantee performance is maintained and that recommendations for additional review receive the proper oversight by regional office or OIG personnel.	EPA/OGD does not agree with this recommendation. Supervisory review of baseline monitoring, including the underlying documentation to support the conclusions, will not help OGD ensure that documentation to support grantee performance is maintained and that recommendations for additional review receive the proper oversight. EPA processes at least 9,000 baselines annually, has lost a significant number of staff and supervisors to the DRP, and cannot implement a secondary supervisory review with less people. The result will be an untenable workload for supervisors that cannot be viably implemented.	Instead, consistent with EPA/OGD's response to Recommendation 6, OGD agrees to update the baseline questions as necessary, upon further review, and make system changes to NGGS, subject to the availability of funds, for better tracking and to support conclusions.

CONTACT INFORMATION

Thank you for the opportunity to review the report. If you have any questions regarding this response, please contact Afreeka Wilson, Audit Follow-up Coordinator, of the Office of Resources and Business Operations, (202) 564-0867 or wilson.afreeka@epa.gov.

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