

Audit Follow-up: Missing Federal Financial Reports for IIJA-Funded Awards in the EPA's Grant Files System

January 21, 2026 | Report No. 26-N-0011

Federal Financial Report
(Follow form instructions)

OMB Number: 4040-0014
Expiration Date: 06/30/2025

Federal Financial Report
(Follow form instructions)

OMB Expiration

1. Federal Grant or Other Identifying Number Assigned by Agency (To report multiple grants, use FFR Attachment)

2. Federal Grant or Other Identifying Number Assigned by Agency (To report multiple grants, use FFR Attachment)

3. Name and complete address including Zip code

4. County: Province: ZIP / Postal Code:

5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)

6. Reporting Period End Date

7. Basis of Accounting
☐ Cash
☐ Accrual

8. Project/Grant Period
From: To:

9. Reporting Period End Date

10. Single or multiple grant reporting
(To report multiple grants, also use FFR attachment):

11. Payments

12. (line a minus b)

13. For single grant reporting

14. Expenditures and

15. All f-



Abbreviations

EPA	U.S. Environmental Protection Agency
FFR	Federal Financial Report
IIJA	Infrastructure Investment and Jobs Act
NEP	National Estuary Program
OIG	Office of Inspector General

Key Definitions

Estuary	A coastal waterbody where freshwater tributaries (rivers and streams) meet the waters of the sea.
Federal Financial Report	Used by recipients to submit on a grant's financial progress, including grant fund expenditures and a certification of accuracy from an authorized official.

Cover Image

Blank Federal Financial Report forms. (EPA OIG image)

Are you aware of fraud, waste, or abuse in an EPA program?

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OFFICE OF INSPECTOR GENERAL
U.S. ENVIRONMENTAL PROTECTION AGENCY

January 21, 2026

MEMORANDUM

SUBJECT: Audit Follow-up: Missing Federal Financial Reports for IJIA-Funded Awards in the EPA's Grant Files System, Report No. 26-N-0011

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

TO: Jessica Kramer, Assistant Administrator
Office of Water

This is our report describing an issue that the U.S. Environmental Protection Agency Office of Inspector General identified during our audit of the U.S. Infrastructure Investment and Jobs Act-funded IRL Council for the Indian River Lagoon National Estuary Program grant program. The project number for the audit is OA-FY25-0027, and we expect to issue a full report during 2026. Final determinations on matters in that report will be made by EPA managers in accordance with established audit resolution procedures.

Your office provided technical comments to a statement of findings, which we took under consideration. Those comments indicated that your office has taken some actions to make improvements to the EPA's grants management. You are not required to respond to this report because it contains no formal recommendations. However, if you decide that it is appropriate for your office to take or plan to take additional action to address the issue that we identified, we would appreciate notification of that action.

If you decide to submit a response, it will be posted on the OIG's website, along with our memorandum commenting on your 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 response should not contain data that you do not want to be released to the public; if your response contains such data, you 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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Background, Scope, and Methodology

The U.S. Environmental Protection Agency Office of Inspector General conducted an audit of the Infrastructure Investment and Jobs Act-funded IRL Council for the Indian River Lagoon National Estuary Program grant program. In that audit, we found that the IRL Council did not complete or submit any of the required Federal Financial Reports, or FFRs, for the first two years of its award and stated the reason was that the EPA did not request annual FFRs. This raised concerns that the EPA was not requiring any National Estuary Program, or NEP, award recipients to submit FFRs annually as mandated by 2 C.F.R. § 200.328. FFRs are important because they provide information on a grant's financial progress, including details on grant expenditures.

The EPA operates the NEP, which is authorized by Section 320 of the Clean Water Act. There are 28 estuaries of national significance located along the Atlantic, Gulf, and Pacific coasts and in Puerto Rico. The EPA manages and oversees the NEP through annual funding, national guidance, and technical assistance to local estuary programs. The IIJA, enacted on November 15, 2021, provides \$132 million in total funding for the 28 NEPs spanning fiscal years 2022 through 2026.

We conducted our work for this report from May through October 2025. While we did not follow generally accepted government auditing standards, we did follow the OIG's quality-control procedures for ensuring that the information in this report is accurate and supported.

To follow up on the concerns we identified in our audit, we obtained a list of IIJA-funded NEP assistance agreements related to all 28 NEPs. We searched the EPA's Grant Files SharePoint system for FFRs submitted from October 2022 to June 2025 related to IIJA-funded NEP awards. We also requested missing FFRs from the EPA. For all 28 NEPs, we selected one IIJA-funded assistance agreement awarded in fiscal year 2022 or fiscal year 2023 and analyzed available FFRs for submission and timeliness in reporting.

Finding

Of the awards reviewed for each of the 28 NEPs, we found annual FFRs related to 21 awards (75 percent) but were unable to find FFRs for the remaining seven awards (25 percent). We reviewed the 21 FFRs that we found and determined that eight (38 percent) were submitted late, meaning over 90 days after the end of the reporting period.

Criteria



Pursuant to 2 C.F.R. § 200.328 and the EPA General Terms and Conditions, EPA award recipients must submit the FFRs at least annually and no more frequently than quarterly. The EPA's standard reporting frequency is annual unless an EPA region has included an additional term and condition specifying greater reporting frequency within an award document. For annual reports, EPA recipients must submit the FFR no later than 90 calendar days after the end of each specified reporting period.

Cause



The federal financial reporting requirement as stated in the EPA General Terms and Conditions is not consistently implemented across EPA regions.

Effect

As of June 2025, the IIJA-funded NEP assistance agreements had a total value of \$88,962,466. If the EPA does not consistently collect FFRs from award recipients in a timely manner, it may not be able to adequately monitor awards to ensure proper use of federal funds, which may lead to an increased risk of misuse of these funds. The EPA's inconsistent implementation of federal financial reporting requirements may compromise the integrity of the information EPA reports on the impact of IIJA funding.

We are notifying you of this issue so that the Agency may take whatever steps it deems appropriate. These steps may include implementing policies and procedures to ensure that recipients submit FFRs for all EPA programs and providing grants management personnel with training about the submission of timely and accurate FFRs and award monitoring.



Whistleblower Protection

U.S. Environmental Protection Agency

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