



OFFICE OF INSPECTOR GENERAL
U.S. ENVIRONMENTAL PROTECTION AGENCY

January 2, 2024

MEMORANDUM

SUBJECT: Notification:
Audit of the Sewer Overflow and Stormwater Reuse Municipal Grants Program
Project No. OA-FY24-0030

FROM: Michael D. Davis, Director *Michael D. Davis*
Environmental Investment and Infrastructure Directorate
Office of Audit

TO: Radhika Fox, Assistant Administrator
Office of Water

The U.S. Environmental Protection Agency Office of Inspector General plans to begin an audit of the Sewer Overflow and Stormwater Reuse Municipal Grants, or OSG, program. This audit is expected to be in the forthcoming OIG's oversight plan for fiscal year 2024. This audit also addresses the following fiscal year 2024 top [management challenge](#) for the Agency: overseeing, protecting, and investing in water and wastewater systems.

Our objective is to determine whether the EPA is managing its OSG program properly and timely in accordance with applicable laws, regulations, policies, and guidance. We plan to conduct work on this audit in the Office of Wastewater Management within the Office of Water, EPA regions, and states, which we will select following our initial review. Here we use "states" to refer to the 50 states, the District of Columbia, and the U.S. territories. We will use applicable generally accepted government auditing standards to conduct our audit. The anticipated benefits of this audit include improved OSG program implementation, use of federally appropriated funds, and compliance with requirements.

We will contact you to arrange a mutually agreeable time to discuss our objective. At that meeting, known as the entrance conference, we can discuss any concerns that you may have and answer any questions about the audit process, reporting procedures, methods used to gather and analyze data, and what we should expect of each other during the audit. Throughout the audit, we will provide updates on a regular basis.

To expedite our audit, please provide the following at or before the entrance conference:

1. Access to state OSG program workplans for federal funds appropriated in fiscal years 2020–2023.
2. Access to state annual OSG program progress reports.
3. Access to federal financial reports for the OSG program for fiscal years 2020–2023.
4. Agency guidance to the EPA regions on the reallocation of OSG program funds.

5. Agency guidance to the EPA regions on records management and tracking progress for the OSG program grants.
6. Training material, guidance, and standard operating procedures used by EPA headquarters or regional staff to review state OSG program grant applications.
7. Guidance used to stand up and manage the OSG program.
8. Foundational documents for the OSG program.

We respectfully note that the Inspector General Act of 1978, as amended, authorizes the OIG to have timely access to personnel and all materials necessary to complete our objectives. Similarly, EPA Manual 6500, *Functions and Activities of the Office of Inspector General* (1994), requires that each EPA employee cooperate with and fully disclose information to the OIG. Also, Administrator Michael S. Regan, in a May 16, 2023, email to EPA employees, stated that the “agency and its employees have a duty to cooperate with OIG” and observed that “full engagement and collaboration between the OIG and EPA provides our agency with the opportunity to improve program performance and efficiency.” If an Agency employee or contractor refuses to provide requested materials to the OIG or otherwise fails to cooperate with the OIG, we will request that you immediately resolve the situation. Consistent with the Inspector General Act, we may report unresolved access matters to the administrator and to Congress.

We will post this memorandum on our public website at www.epaoig.gov. Anyone with knowledge of potential fraud, waste, abuse, misconduct, or mismanagement related to this audit should contact the OIG Hotline at (888) 546-8740 or via an electronic form on the “OIG Hotline” [webpage](#).

cc: Janet McCabe, Deputy Administrator

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