

The EPA Should Improve Management of Great Lakes Restoration Initiative Grants

September 26, 2023 | Report No. 23-P-0034



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Abbreviations

AAB	Acquisition and Assistance Branch
C.F.R.	Code of Federal Regulations
EPA	U.S. Environmental Protection Agency
FY	Fiscal Year
GLNPO	Great Lakes National Program Office
GLRI	Great Lakes Restoration Initiative
OIG	Office of Inspector General
Pub. L.	Public Law
U.S.C.	United States Code

Key Definitions

Please see Appendix A for key definitions.

Cover Image

Sunset on the Great Lakes as seen from the EPA's Lake Guardian research vessel. (EPA photograph)

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At a Glance

The EPA Should Improve Management of Great Lakes Restoration Initiative Grants

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 awarded and monitored Great Lakes Restoration Initiative grants in accordance with federal laws, regulations, policies, and procedures.
- The extent to which Great Lakes Restoration Initiative grants support the Agency's program goals for the Great Lakes.

This report is limited to our objective to determine whether the EPA awarded and monitored the grants in accordance with grant requirements. We will issue a separate report to address the second objective.

The Great Lakes Restoration Initiative is a partnership between 16 federal organizations that funds the restoration of the Great Lakes ecosystem. From fiscal year 2010 through 2021, the initiative distributed \$3.2 billion in grants, with the EPA overseeing \$1.2 billion of these grants.

To support these EPA mission-related efforts:

- *Partnering with states and other stakeholders.*
- *Operating efficiently and effectively.*

To address this top EPA management challenge:

- *Managing business operations and resources.*

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[List of OIG reports.](#)

What We Found

The EPA did not award and monitor Great Lakes Restoration Initiative, or GLRI, grants in accordance with federal and Agency grants-management requirements. Budget narratives lacked the required cost information, and grant agreements did not include all applicable terms and conditions. We identified questionable project costs totaling \$611,756. EPA staff did not conduct required monitoring in a timely, accurate, or complete manner. EPA staff also did not maintain GLRI grant documentation in the official grant file as required by EPA policy, and grant records were missing. Managers implemented processes to manage grants and to mitigate operational challenges, but staff lacked regular training on these processes. Furthermore, Agency guidance did not include key procedures to monitor staff compliance with grants-management and recordkeeping requirements.

The Infrastructure Investment and Jobs Act made available \$200 million in funding per year for the GLRI for fiscal years 2022 through 2026, for a total appropriation of \$1 billion. This funding is supplemental to the \$716 million in annual appropriations that the GLRI program received for FYs 2022 and 2023; for FYs 2024 through 2026, an additional \$1.35 billion in funding has been authorized by the Great Lakes Restoration Initiative Act of 2019. Therefore, it is critical for the Great Lakes National Program Office, or GLNPO, and the Acquisition and Assistance Branch, or AAB, which is within the EPA Region 5's Mission Support Division, to improve grants-management procedures. Unless the Agency addresses the GLRI grants- and records-management deficiencies, the EPA risks future GLRI grants being noncompliant with federal and EPA requirements, which could impair public trust in GLNPO.

The EPA needs to improve its oversight of GLRI grants to reduce the risk of future grants being noncompliant with federal and EPA requirements and to provide reasonable assurance of the GLRI's progress.

Recommendations and Planned Agency Corrective Actions

We recommend that the regional administrator for EPA Region 5 design and implement standard operating procedures to improve grants management and oversight, review questioned costs and recover any unallowable funds, develop a records-management program, and require training for staff in grant and recordkeeping requirements. The Agency agreed to implement corrective actions meeting the intent of our four recommendations. For Recommendation 1, GLNPO and the AAB will create an, or update the existing, internal grant review process, among other actions. For Recommendation 2, the Agency has begun investigating our identified questioned costs and will determine whether additional action is needed. For Recommendation 3, the Agency will continue using the agencywide records-management process and take additional steps to supplement its records--management program. For Recommendation 4, GLNPO and the AAB will provide project officers and grant specialists with additional training on grants management-requirements. Therefore, we consider all recommendations to be resolved with corrective actions pending. Where appropriate, we revised this report based on the EPA's technical comments.



OFFICE OF INSPECTOR GENERAL
U.S. ENVIRONMENTAL PROTECTION AGENCY

September 26, 2023

MEMORANDUM

SUBJECT: The EPA Should Improve Management of Great Lakes Restoration Initiative Grants
Report No. 23-P-0034

FROM: Sean W. O'Donnell, Inspector General

A handwritten signature in blue ink that reads "Sean W O'Donnell".

TO: Debra Shore, Regional Administrator
Region 5

Chris Korleski, Director
Great Lakes National Program Office

Amy Sanders, Director
Mission Support Division
Region 5

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-FY21-0227](#). 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.

The Office of the Regional Administrator, which is within EPA Region 5, is responsible for the overall supervision of the Great Lakes National Program Office. GLNPO implements the Great Lakes Restoration Initiative. The Acquisition and Assistance Branch, which is within the EPA Region 5's Mission Support Division, assists GLNPO with the management and monitoring of EPA-awarded GLRI grants.

In accordance with EPA Manual 2750, your office provided acceptable planned corrective actions and estimated milestone dates for all four OIG recommendations. All recommendations are resolved, and no final response to this report is required. If you submit a response, however, it will be posted on the OIG's website, along with our memorandum commenting on your response. Your response should be provided as an Adobe PDF file that complies with the accessibility requirements of section 508 of the Rehabilitation Act of 1973, as amended. The final 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.epaoig.gov.

Table of Contents

Chapters

1	Introduction	1
	Purpose.....	1
	Background.....	1
	Responsible Offices	4
	Scope and Methodology.....	5
	Prior Reports.....	7
2	Region 5 Should Improve GLRI Grants-Management and Recordkeeping Procedures	9
	Region 5 Should Improve GLRI Grants-Management Procedures	9
	GLNPO Should Improve Records Management for GLRI Grants.....	18
	Conclusions.....	21
	Recommendations.....	22
	Agency Response and OIG Assessment.....	22
3	Status of Recommendations and Potential Monetary Benefits	25

Appendixes

A	Key Definitions	26
B	Additional Information About OIG Assessment of GLRI Grants	28
C	Agency Response to Draft Report	37
D	Distribution	47

Chapter 1

Introduction

Purpose

The U.S. Environmental Protection Agency Office of Inspector General [initiated](#) this performance audit to determine (1) whether the EPA awarded and monitored EPA Great Lakes Restoration Initiative, or GLRI, grants in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. part 200, commonly known and hereafter referred to as the Uniform Guidance, and other applicable federal laws, regulations, policies, and procedures and (2) the extent to which EPA GLRI grants support the Agency's program goals for the Great Lakes. This report is limited to our objective to determine whether the EPA awarded and monitored GLRI grants in accordance with grant requirements. We will issue a separate report to address the second objective.

Top Management Challenge Addressed

This audit addresses the following top management challenge for the Agency, as identified in the OIG's *U.S. Environmental Protection Agency Fiscal Year 2023 Top Management Challenges [report](#)*, issued October 28, 2022:

- Managing business operations and resources.

Background

The Great Lakes represent a vital economic and environmental resource to the United States and compose the largest surface freshwater ecosystem in the world. According to the Congressional Research Service, agricultural activity, coupled with urban and industrial development, has degraded the natural habitat of the Great Lakes. This development has contributed to changes in terrestrial and aquatic habitats, such as the introduction of nonnative species, the contamination of sediments, and the listing of dozens of the ecosystem's species as threatened or endangered. These challenges prompted the federal government to implement restoration activities within the Great Lakes.

Great Lakes Quick Facts

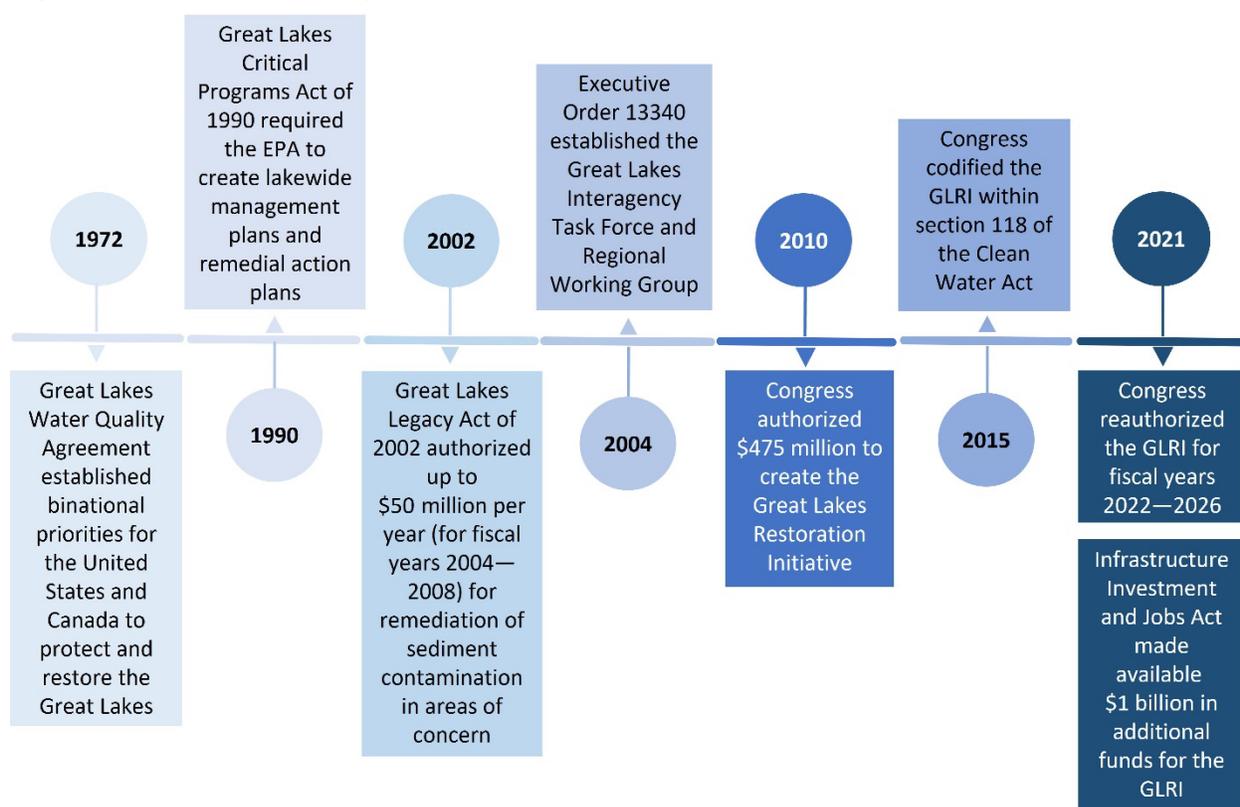
The Great Lakes:

- Include Lake Erie, Lake Huron, Lake Michigan, Lake Ontario, and Lake Superior.
- Are bordered by eight states: Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Pennsylvania, and Wisconsin.
- Account for 84 percent of North America's surface freshwater.
- Provide approximately 10 percent of the U.S. population with drinking water.
- Generated \$3.2 trillion in gross domestic product, representing nearly 16 percent of the total U.S. gross domestic product, according to National Oceanic and Atmospheric Administration data for 2017.
- Generate \$15 billion annually from water-related outdoor recreational activities according to U.S. Fish and Wildlife Service data for fiscal year 2000.

The History of the GLRI

The Agreement between Canada and the United States on Great Lakes Water Quality was signed in 1972 and subsequently amended. It is a commitment between the two countries to restore and protect the Great Lakes. Commonly referred to as the Great Lakes Water Quality Agreement, the agreement provides a framework for identifying binational priorities and implementing actions that improve water quality. Since the signing of the agreement, the U.S. federal government has worked to restore and maintain the integrity of the Great Lakes. The EPA coordinates U.S. activities under the agreement. Figure 1 shows an abbreviated history of additional U.S. federal efforts in the Great Lakes since the signing of the agreement, such as enacting legislation to create the GLRI and issuing executive orders to create the Great Lakes Interagency Task Force and the Regional Working Group.

Figure 1: Abbreviated history of federal efforts to protect and restore the Great Lakes



Source: OIG summary of legal authorities related to the GLRI. (EPA OIG image)

In addition to coordinating U.S. activities related to the GLRI, the EPA is also responsible for managing, distributing, and overseeing the use of GLRI funding. In FY 2010, Congress authorized \$475 million to create the GLRI. The GLRI is a partnership between 16 federal organizations—including the EPA, the Fish and Wildlife Service, and the National Oceanic and Atmospheric Administration. This partnership provides funds to states, tribes, and nongovernmental organizations to help advance the Great Lakes Water Quality Agreement goals to control pollution and to restore and maintain the chemical, physical, and biological integrity of the Great Lakes ecosystem.

From FY 2010 through 2021, the EPA and its federal partners collectively distributed roughly \$3.2 billion in GLRI funds to almost 600 recipients for an average of approximately \$270 million each year. The EPA directly oversaw the distribution of \$1.2 billion, or nearly 38 percent, of the GLRI funds. The GLRI provided these funds through grants and interagency agreements. The EPA awarded GLRI funds to recipients located in all eight Great Lakes states, with approximately 31 percent of EPA-funded GLRI projects located in Michigan. In addition, the Infrastructure Investment and Jobs Act, Pub. L. 117-58, made available a total of \$1 billion in funding for the GLRI in equal amounts for each fiscal year from FY 2022 through 2026. In addition, the Great Lakes Restoration Initiative Act of 2019, Pub. L. 116-294, authorized GLRI appropriations for FYs 2022 through 2026, and Congress appropriated \$348 million and \$368 million for the GLRI in annual appropriations legislation for FYs 2022 and 2023, respectively.

GLRI Return on Investment
 According to academic researchers at the University of Michigan and Central Michigan University:

\$1	=	\$3.35
In GLRI funding from 2010 through 2016		In economic activity generated in Great Lakes communities through 2036

The GLRI Grant Award Process

Generally, the EPA issues a *Request for Applications* each year to announce the availability of GLRI funds and to solicit applications from nonfederal entities for competitive grants.¹ As part of the application package, each applicant submits a work plan to the EPA to justify and to support the request for financial assistance. EPA Region 5 grant specialists and GLNPO project officers review the submitted application packages and award GLRI grants to applicants that meet the criteria established in the *Request for Applications* and other applicable laws and regulations. After the EPA approves the proposals, the applicants enter into grant agreements with the Agency to perform the proposed work. The grant agreements are required to include the terms and conditions that the applicants must follow when they accept the GLRI funds. For the GLRI grants included in the scope of our audit, the EPA used the Integrated Grants Management System to automate the collection of grant application information and the generation of grant documentation. The EPA replaced the Integrated Grants Management System in December 2020 with the Next Generation Grants System.

Definition of Grant Agreement and Work Plan

Grant Agreement: A legal instrument of financial assistance between a federal awarding agency and a nonfederal entity to carry out a public purpose authorized by a law of the United States. However, the federal awarding agency is not substantially involved in carrying out the activities.

Work Plan: A supporting document in a grant application package that describes the purpose and activities of the proposed project; specifies work components, related funding amounts, and deliverables; justifies financial and resource needs; and provides required information and the expected environmental results.

EPA grant specialists and project officers are responsible for performing critical tasks in managing grant agreements. The grant specialist serves as the EPA point of contact for the day-to-day grants-management administrative functions. The project officer serves as the primary EPA point of

¹ The scope of our audit focused on GLRI grants, although the EPA may also distribute GLRI funds through interagency agreements and contracts.

contact for the assigned grants and is responsible for the technical and programmatic oversight of each project.

Uniform Guidance and EPA Grants-Management Requirements

The EPA is required to manage grants and related funding in compliance with applicable laws and regulations and to measure recipient performance to improve program outcomes and share lessons learned and best practices. The Uniform Guidance outlines federal grants-management requirements for communicating obligations to grant recipients, measuring recipient performance, determining whether costs are allowable and allocable, and verifying preaward costs. The Uniform Guidance requires federal agencies to effectively manage grant awards to ensure funding is expended and associated programs are implemented in a manner that reduces the risk of fraud, waste, and abuse. The EPA has also issued agencywide guidance for managing grants to ensure compliance with the Uniform Guidance, including EPA Order 5700.6 A2 CHG 2, *Policy on Compliance, Review, and Monitoring*; EPA GPI-00-05, *Cost Review Guidance*; the *Assistance Agreement Almanac*; and the *GLNPO Project Officers Toolkit for Managing Grant Agreements*.

Federal Law and EPA Policy Requirements for Maintenance of Grant Records

Per 44 U.S.C. § 3101, agency heads are required to make and preserve records and to ensure that the records contain proper documentation of decisions and essential transactions. The EPA's *Records Management Policy* states that Agency records must be preserved in accordance with applicable statutory and regulatory requirements and in a manner that facilitates access to information by EPA staff; partners; stakeholders; and the public, as appropriate. The *Records Management Policy* requires program offices within the EPA, such as GLNPO, to create a records-management program to "effectively and efficiently identify, manage, search, retrieve, provide access to, and maintain records throughout their life cycle." In addition, the EPA's *Assistance Agreement Almanac* is a resource tool that provides further information to Agency personnel on grants management, including record-keeping requirements.

Responsible Offices

Three EPA offices are responsible for the issues discussed in this report, including GLNPO and the Region 5 Acquisition and Assistance Branch, or AAB, which is within the Mission Support Division, and Office of the Regional Administrator. Region 5's Office of the Regional Administrator oversees the administration and evaluation of regional environmental programs that serve states that border the Great Lakes. As the Great Lakes national program manager, the regional administrator has delegated authority to:

[T]ake all necessary actions to approve grants and/or cooperative agreements with governmental entities, nonprofit organizations, institutions and individuals for planning, research, monitoring, outreach and implementation in furtherance of the [GLRI] and the Great Lakes Water Quality Agreement.

These authorities may be redelegated to the director of GLNPO or the Region 5 Office of Water division director.

GLNPO coordinates U.S. responsibilities under the Great Lakes Water Quality Agreement to develop and implement the GLRI action plans, to establish a surveillance network to monitor water quality of the Great Lakes, to coordinate actions of the EPA aimed at improving Great Lakes water quality, and to coordinate with other federal agencies and state and local authorities to develop water quality strategies. From FY 2010 through 2021, GLNPO directly oversaw the distribution of approximately \$1.2 billion of the \$3.2 billion in funds awarded through the GLRI by the EPA and its federal partners. GLNPO also coordinates the preparation of the annual report to Congress, which describes the progress that the GLRI has made toward its goals and the funds transferred to the GLRI's federal partners.

Region 5's administrator also has the authority to take all necessary actions to award, obligate, and deobligate funds and to administer grant agreements and other forms of financial assistance when the specific financial assistance programs have been delegated to the region. This authority may be redelegated to the chief of the regional grants-management office only if the regional official does not act as both the award official and the approval official for the financial assistance agreement. The AAB assists GLNPO with the award and monitoring of EPA GLRI grants.

Scope and Methodology

We conducted this performance audit from July 2021 to May 2023 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This report is limited to our objective to determine whether the EPA awarded and monitored GLRI grants in accordance with grant requirements. We will issue a separate report to address the second objective.

We focused this audit on GLNPO's management of GLRI grants that completed work in FY 2019 and were closed out by the Agency during FYs 2019, 2020, and 2021, which allowed us to observe a complete grant cycle from award to closeout and to review the Agency's existing grants-management practices. We used the EPA's financial system, Compass Business Objects Reporting, to identify the 69 GLRI grants that completed work in FY 2019 but were awarded from December 2012 through September 2018. These 69 GLRI grants represent \$65.6 million, or approximately 5.5 percent, of \$1.2 billion for all projects funded by EPA GLRI grants from FY 2010 through 2021.

We randomly selected and assessed 25, or approximately 36 percent, of the 69 GLRI grants for compliance with federal grant requirements. The 25 GLRI grants we assessed represent about \$22.3 million, or roughly 34 percent, of the \$65.6 million in funds awarded for projects that concluded work in FY 2019. While the results of our assessments cannot be projected to all GLRI grants, we found

at least one instance of noncompliance in 25, or 100 percent, of the grants we assessed. Additionally, we conducted data verification to ensure that the information we obtained was reliable and valid. We determined that the sample provided sufficient and appropriate evidence to support our audit findings and recommendations.

We assessed the 25 GLRI grants to determine their compliance with federal grant award requirements. We reviewed documents from the official grant files, the Integrated Grants Management System, and the EPA's financial system, including the grants' work plans, budget narratives, and agreements, for sufficient and appropriate information and consistency of data across a variety of grant documents. To determine compliance with federal grant-monitoring requirements, we reviewed baseline-monitoring reports for timeliness and accuracy by comparing the information in them with that of the recipient progress reports and the work plans.

We reviewed the Great Lakes Water Quality Agreement, as well as applicable laws, such as the Great Lakes Legacy Act of 2002, which authorized funds for remediation of sediment contamination in areas of concern, and the Clean Water Act. We reviewed other relevant authorities, such as the Uniform Guidance; 44 U.S.C. chapter 31, "Records Management by Federal Agencies"; and Executive Order 13340, *Establishment of Great Lakes Interagency Task Force and Promotion of a Regional Collaboration of National Significance for the Great Lakes*. We also reviewed the annual GLRI reports to Congress for FYs 2010 through 2021, the EPA's *Strategic Plans*, the Office of Water's *Program Managers Guidance*, and the EPA's enacted appropriations for FYs 2010 through 2021.

We interviewed the project officers and grant specialists responsible for administering the GLRI grants that we assessed about the grant-award and -monitoring processes and the potential causes for the deficiencies that we identified during the audit. We also spoke to the Office of Water staff about their role within the GLRI program.

Assessment of Internal Controls

We assessed the internal controls necessary to satisfy our audit objective.² 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.

² A federal agency designs, implements, and operates internal controls to achieve its objectives and reduce risks related to operations, reporting, and compliance. The Government Accountability Office sets internal control standards for federal agencies in GAO-14-704G, *Standards for Internal Control in the Federal Government*, issued September 10, 2014.

Definition of an Internal Control System

Internal Control System: A continuous built-in component of operations, effected by people, that provides reasonable assurance, not absolute assurance, that an entity will achieve its objectives.

[GAO-14-704G](#), *Standards for Internal Control in the Federal Government*, September 2014

In assessing internal controls components, we focused on the following four principles from the Government Accountability Office's *Standards for Internal Control in the Federal Government* that were significant to our objective:

- Principle 7, which requires management to identify and analyze risks related to achieving the effectiveness and efficiency of operations, reliability of reporting, and compliance with applicable laws and regulations.
- Principles 10 and 12, which require management to design control activities and implement them through policies and procedures to achieve program objectives and respond to risks in the internal control system. Examples of control activities include:
 - Assessing the knowledge, skill, and ability needs of the program and providing the right training to achieve program objectives and goals.
 - Ensuring complete, timely, and accurate records of transactions to maintain their relevance and value to management in controlling operations and making decisions.
 - Assigning and maintaining accountability of record custody and use.
- Principle 16, which requires management to establish and operate monitoring activities to adapt the internal control to changes in program objectives, environment, laws, resources, and risks.

Prior Reports

The EPA OIG has issued reports relevant to the GLRI. The EPA OIG issued Report No. [15-P-0300](#), *EPA Should Collect Full Costs for Its Interagency Agreements and Report Full Costs for Great Lakes Legacy Act Project Agreements*, on September 30, 2015. In this report, we concluded that the Agency did not include indirect costs in agreed-upon cost estimates for interagency agreements, which led to the EPA not recovering the full costs of services and not providing all services needed by other agencies. We issued four recommendations in the report to improve inclusion of direct-labor costs and indirect costs in interagency agreements. The EPA completed corrective actions to address the report's recommendations in May 2017.

The EPA OIG issued Report No. [12-P-0407](#), *Great Lakes National Program Should Improve Internal Controls to Ensure Effective Legacy Act Operations*, on April 9, 2012. In this report, we found that GLNPO had not established needed internal controls, such as tracking and recording actual in-kind contributions and verifying the accuracy of data in agreements, to ensure effective operations. The lack of internal controls occurred because of limited resources and the program's focus on programmatic, over

financial, activities. In this report, we recommended that the EPA develop and implement policies and procedures for GLNPO that address the establishment of accounts receivable, recording of in-kind contributions, completion of final accounting, and review of nonfederal sponsors' in-kind costs. The Agency completed all corrective actions to address our recommendations in December 2012.

The EPA OIG has issued reports related to grants management. EPA OIG Report No. [22-N-0055](#), *Considerations for the EPA's Implementation of Grants Awarded Pursuant to the Infrastructure Investment and Jobs Act*, was issued on August 11, 2022. In this report, we reviewed 22 Government Accountability Office and EPA OIG reports and identified grants-management considerations for the EPA's administration and oversight of over \$55 billion in Infrastructure Investment and Jobs Act grant awards over a five-year period. We concluded that EPA OIG and Government Accountability Office findings of deficiencies in the EPA's administration and oversight of grants focused on the following three broad areas: (1) enhancing the grants oversight workforce and strengthening monitoring and reporting, (2) establishing and implementing comprehensive guidance and detailed work plans and improving communications, and (3) requiring adequate documentation to support grant payments. We issued no recommendations in this report.

EPA OIG Report No. [22-P-0018](#), *EPA Should Consistently Track Coronavirus Pandemic-Related Grant Flexibilities and Implement Plan for Electronic Grant File Storage*, was issued on February 22, 2022. In this report, we found that, while the Office of Grants and Debarment, which is within the EPA's Office of Mission Support, tracked grants that received flexibilities through its issued class waivers and regulatory exceptions, it did not track grants that received flexibilities and exceptions approved by program offices and regions. Also, the Office of Grants and Debarment did not require program offices and regions to use a centralized electronic system to access and store official grant files. In this report, we recommended that the Agency develop a standard operating procedure for tracking and documenting grant flexibilities and exceptions, implement a plan for uniform electronic recordkeeping, and direct the plan's use in program offices and regions. As of August 2023, the corrective actions for the first recommendation were still pending and the corrective actions for the second and third recommendations were complete.

EPA OIG Report No. [20-P-0335](#), *Regions 1 and 5 Need to Require Tribes to Submit More Detailed Work Plans for Grants*, was issued on September 29, 2020. In this report, we found that EPA Regions 1 and 5 did not require detailed work plans from two selected tribes, which hindered the regions' ability to support that grant costs were allocable, allowable, and reasonable. In total, we identified \$22,868 in questioned costs. In this report, we recommended that Regions 1 and 5 require tribes to submit detailed work plans. We also recommended that Regions 1 and 5 determine the allowability of unsupported costs and recover these costs, as appropriate. The Agency completed all corrective actions to address our recommendations in August 2021.

Chapter 2

Region 5 Should Improve GLRI Grants-Management and Recordkeeping Procedures

Our assessment of 25 GLRI grants that concluded work in FY 2019 identified multiple areas for improvement in Region 5's grant awarding, monitoring, and recordkeeping procedures. The GLRI grant agreements generally lacked the budget details necessary for EPA staff to conduct required cost reviews. EPA staff did not conduct baseline monitoring in a timely manner as required by federal regulations and EPA policy and guidance. Additionally, all the official grant files we reviewed had missing records. Furthermore, project officers did not maintain grant records in accordance with federal and Agency requirements. The lack of regular training and procedures for both the management and recordkeeping of GLRI grants contributed to noncompliance with federal and EPA policies and resulted in overstated project costs totaling \$611,756. Region 5's noncompliance with federal grants-management requirements increased the risk that the GLRI program would not meet its objectives to restore and protect the Great Lakes. The lack of essential records-management procedures also weakened the oversight of GLRI grants and impaired GLNPO's ability to provide reasonable assurance of program progress and transparency to Congress and the public.

Region 5 Should Improve GLRI Grants-Management Procedures

EPA Region 5 should improve grants-management procedures for the GLRI program. We assessed 25 grant agreements for compliance with the Uniform Guidance and EPA policies and guidance and found that the agreements lacked the budget details necessary for EPA staff to conduct required cost reviews and did not include all applicable policy requirements. Additionally, EPA staff did not conduct baseline monitoring in a timely manner or report complete and accurate performance information as required by federal regulations and EPA guidance and policy. GLNPO and AAB managers implemented processes, including training and mentoring, to mitigate the operational challenges in managing GLRI grants, but not all staff were regularly trained in grants-management and related requirements to address a loss of institutional knowledge. Further, GLNPO and AAB guidance and internal reviews did not address gaps in grant management or ensure consistency and compliance in grant review, monitoring, and reporting. GLNPO and the AAB need to address these deficiencies to ensure adherence to federal and Agency requirements and fulfillment of GLRI objectives and goals.

Definition of Baseline Monitoring

Baseline Monitoring: The periodic review of a grant recipient's progress toward and compliance with the award's scope of work, terms and conditions, and regulatory requirements. It is conducted in the grants-management database by project officers and grant specialists for all grant agreements within specific time frames.

Federal Regulations and EPA Guidance and Policy Require the EPA to Effectively Manage and Monitor Grant Agreements

The EPA is required to manage grants and related funding in compliance with applicable laws, regulations, and Agency policies. The Uniform Guidance outlines federal grants-management requirements for communicating obligations to grant recipients, measuring recipient performance, ensuring costs are allowable and allocable, and verifying preaward costs. For example, EPA Order 5700.6 A2 CHG 2 requires documentation of baseline monitoring conducted in the grants-management database by project officers and grant specialists for all grant agreements within specific time frames. Specifically, the order requires project officers to conduct **programmatic** baseline-monitoring to check receipt of progress reports, to determine that expenditures of funds are reasonable, to ensure approval of quality assurance materials, and to assess whether all programmatic terms and conditions of the grant are met. The order also requires grant specialists to conduct **administrative** baseline-monitoring to determine whether the grant recipient complied with administrative terms and conditions, the expenditures of funds are reasonable, the recipient has open administrative findings, and the grant needs to be amended.

There are other examples of applicable laws, regulations, and Agency policies. EPA GPI-00-05, issued by the Office of Grants and Debarment, provides uniform procedures and instructions in accordance with the Office of Management and Budget’s cost principles for evaluating proposed project costs in grant applicants’ budgets. The EPA’s *Assistance Agreement Almanac* establishes the narrative work plan as the basis for the management and evaluation of performance under the grant agreement. And the *GLNPO Project Officers Toolkit for Managing Grant Agreements* establishes the work plan as the support for the grant award and requires the project officer to request that the grant applicant revise the work plan before the grant award is completely processed. The *Toolkit* emphasizes that the documentation of work plan negotiations and communications is essential for grants management. Table 1 further describes select federal regulations and EPA policies and guidance relevant to the award and monitoring of grants.

Table 1: Overview of select federal and EPA-specific grant regulations, guidance, and policies

	Uniform Guidance (2 C.F.R. part 200)
	<p>Federal grants-management requirements, including:</p> <ul style="list-style-type: none"> • Communicating all relevant public policy requirements to grant recipients and incorporating these requirements into the terms and conditions of the award. (2 C.F.R. § 200.300) • Measuring grant recipient performance in a manner that assists agencies in improving program outcomes. (2 C.F.R. § 200.301) • Ensuring that total costs of grants include the sum of allowable direct costs and allocable indirect costs. (2 C.F.R. § 200.402) • Determining allowable costs by assessing whether proposed costs are necessary and reasonable for the performance of the grant; conform to cost principles, policies, and procedures; and are adequately documented. (2 C.F.R. § 200.403) • Determining allocable costs by determining whether the cost (1) is incurred specifically for the federal award, (2) benefits both the federal award and other work of the nonfederal entity, and (3) is necessary to the overall operation of the nonfederal entity. (2 C.F.R. § 200.405) • Verifying preaward costs, which are allowable costs incurred prior to the effective date of the award. (2 C.F.R. § 200.458)

EPA grants policy and guidance	
Budget and work plan review	<p>Per EPA Order 5700.1, <i>Policy for Distinguishing Between Assistance and Acquisition</i>, the:</p> <ul style="list-style-type: none"> • Approving official is responsible for determining whether to fund or reject a grant application for technical or programmatic reasons. • Award official ensures all technical, legal, and administrative evaluations have been made and that the proposed agreement is awardable. • Grants-management office will provide training and information dissemination regarding the appropriate use of grants, cooperative agreements, and contracts to staff and project officers to help the offices and laboratories determine the appropriate use of assistance funds and to ensure that high-quality application packages are produced. <p>Per GPI-00-02, <i>Modification to Policy Guidance for 40 CFR Part 31</i>, the:</p> <ul style="list-style-type: none"> • Approval of preaward costs should be reflected in the budget period and, if applicable, the terms and conditions of the grant agreement. <p>Per GPI-00-05, <i>Cost Review Guidance</i>, the:</p> <ul style="list-style-type: none"> • Grants-management offices within the regions and headquarters are responsible for ensuring that the budget information for grants is complete and that grant costs are “allowable and allocable” in accordance with federal cost principles. • Project officers must examine each budget cost category and determine whether the budget is reasonable from a programmatic perspective and for the grant’s objectives in the project narrative in the work plan.
Monitoring	<p>Per EPA Order 5700.6 A2 CHG 2:</p> <ul style="list-style-type: none"> • For active awards, grant specialists and project officers review the following areas: <ul style="list-style-type: none"> ○ Recipients’ compliance with terms and conditions. ○ Project progress, funding, and concerns. ○ Actions taken to resolve and remedy any factors affecting project progress. • Grant specialists and project officers must conduct baseline monitoring for all grants within the following time frames: <ul style="list-style-type: none"> ○ For a grant with a project period exceeding 18 months, baseline monitoring must be conducted within 12 months of the award date and every 12 months thereafter. ○ For a grant with a project period less than 18 months, baseline monitoring must be conducted no later than six months from the award date. • Grant specialists and project officers must document baseline monitoring in the EPA grants-management system within 45 days of the applicable milestone date.

Source: Summary of select grants regulations, guidance, and policies. (EPA OIG table)

GLNPO and AAB Staff Did Not Fully Adhere to Requirements for Grant Agreements and Periodic Monitoring

Twenty-five, or 100 percent, of the GLRI grants we assessed for compliance with grants-management requirements lacked sufficient documentation in the grant agreements to support compliance with applicable federal laws, regulations, policies, and procedures. We also found that project officers and grant specialists were late completing approximately 43 percent of programmatic and 41 percent of administrative baseline-monitoring reports, respectively. Additionally, approximately 92 percent of all baseline-monitoring reports we assessed contained inaccurate or insufficient information.

GLNPO and the AAB Awarded GLRI Grants Based on Insufficient Budget Information to Support Proposed Project Costs

Project officers and grant specialists conducted cost reviews and documented their determination that proposed grant costs were necessary and reasonable. However, 19, or 76 percent, of the 25 GLRI grants

we assessed for compliance with federal grant award guidance contained work plans and budget information that were insufficient to conduct a full cost assessment. For example, the budgeted:

- Personnel cost narratives did not always include the information necessary to support the proportion of time personnel dedicated to project activities and to gain a full understanding of the cost estimate.
- Travel cost narratives did not always include information to support the number of travelers, mileage rates, and rate of per diem allowance.
- Contract cost narratives did not always include information about the proposed procurement methods, or they presented consultant and contract amounts in lump-sum amounts instead of breaking them down into specific components.
- Supplies cost narratives did not always include information to support the type of supplies and cost per supply item.
- Cost narrative details were not always mathematically correct and did not fully support budget information in the correlating application form or grant agreement.

Indirect Cost and Work Plan Issues

We also identified problems with indirect costs and work plans at the EPA in two prior reports:

- In Report No. [15-P-0300](#), we identified indirect costs were not included in agreed-upon cost estimates for interagency agreements for Great Lakes Legacy Act projects, which led to the EPA not recovering full costs and not providing all services needed by other agencies.
- In Report No. [20-P-0335](#), we found that EPA Region 1 and Region 5 did not require detailed work plans from two selected tribes, hindering their ability to support that grant costs were allocable, allowable, and reasonable.

Definition of Indirect Costs, Modified Total Direct Costs, and Questioned Costs

Indirect Costs: Administrative costs necessary for the general operations of the grant recipient's organization incurred for the purpose of benefitting more than one objective or grant award. These costs are allocable to grants using a federally approved indirect cost rate.

Modified Total Direct Costs: All direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each grant subaward.

Questioned Costs: Costs questioned as a result of an audit finding because of a violation or possible violation of a statute, regulation, or the terms and conditions of a federal award; inadequate documentation to support costs; or an appearance that the incurred costs were unreasonable.

We further assessed the 19 grants with insufficient budget information to support costs and found that seven, or roughly 37 percent, had questioned project costs totaling \$611,756 collectively, as detailed in Appendix B, Table B-1. Two grants represented approximately 90 percent of the total overstated costs. For the GLRI grant awarded to develop a sea lamprey barrier in Michigan, we identified \$380,985 in overstated project costs and determined that this overstatement occurred because staff improperly applied the indirect cost rate to all direct costs of the project instead of the applicable modified total direct cost. For the GLRI grant awarded to control invasive species in northwest Michigan, we identified \$170,878 in questioned costs. These costs consisted of \$140,934 in personnel costs, \$27,893 in allocated indirect costs, \$2,000 of questioned refreshment costs, and \$51 of miscellaneous other item costs. The budget had multiple calculation errors and incorrect categorizations of equipment rental costs

and lacked sufficient details to perform a cost assessment for certain categories, such as those relating to travel.

GLNPO and the AAB Did Not Incorporate All Policy Requirements in GLRI Grant Agreements

We found that, in addition to not ensuring that all GLRI grant agreements had sufficient work plans and budget information, GLNPO and the AAB did not effectively communicate all relevant policy requirements to the recipients of 19, or 76 percent, of the 25 GLRI grant agreements we assessed. Specifically, GLNPO and the AAB did not include all applicable administrative and programmatic requirements in the grant agreement documentation:

- Sixteen, or 64 percent, of the 25 grant agreements we assessed did not include all the applicable terms and conditions, including those for preaward costs, quality system documentation, and voluntary cost share. For example, the EPA awarded the Bois Forte Band of Chippewa a GLRI grant on May 4, 2016. The grant stated that the budget and project period started on April 4, 2016. Therefore, GLNPO approved preaward costs for this grant award. However, the grant agreement did not include the required preaward costs terms and conditions for the recipient to charge allowable preaward costs to the grant account.
- Six, or 24 percent, of the 25 grant agreements we assessed contained incorrect information in areas such as the applicable environmental results measures, the applicable EPA terms and conditions, the recipient's name, and the total dollar amount of the awarded funds. Three, or 50 percent, of these six grants were also missing the required terms and conditions from the agreements.

GLNPO and the AAB Did Not Conduct Baseline Monitoring of GLRI Grant Agreements in a Timely, Accurate, and Complete Manner

In our assessment of baseline-monitoring reports, we found multiple deficiencies that we classified as reports completed late, reports that contained inaccurate information, or reports with insufficient information. In multiple instances, we found more than one deficiency in the baseline-monitoring report. Based on the project periods and award dates of the 25 GLRI grants we assessed, we concluded that project officers and grant specialists were required to document 58 programmatic baseline monitoring reports and 58 administrative baseline monitoring reports related to these grants.

Project officers completed 25, or 44 percent, of 57 programmatic baseline-monitoring reports late, averaging 130 days after the required due date. In one instance, a project officer did not complete a required programmatic baseline-monitoring report at all. Grant specialists completed 24, or 41 percent, of 58 administrative baseline monitoring reports late, averaging 139 days after the required due date. For example, in a grant awarded to the City of Sterling Heights, Michigan, to improve the habitat along a section of the Clinton River, the project officer and grant specialist each needed to complete four baseline-monitoring reports, as shown in Table 2. The project officer and grant specialist completed the first programmatic and administrative baseline-monitoring reports, respectively, on time, but both

completed the subsequent three monitoring reports late. The grant specialist completed the last monitoring report almost one year late. When project officers and grant specialists complete baseline-monitoring reports late, GLNPO is unable to take prompt actions to address performance and compliance issues.

Table 2: Example of a GLRI grant with programmatic and administrative baseline-monitoring report delays

Grant information				
Grant number	Recipient name	Award date	Project start date	Project end date
00E01486	City of Sterling Heights	8/18/15	7/1/15	6/1/19

Programmatic baseline monitoring (project officer)			
Anticipated date of monitoring*	Actual date of monitoring	Days difference to anticipated date	Number of days late**
2/18/16	2/18/16	0	0
2/18/17	9/26/17	220	175
2/18/18	10/25/18	249	204
2/18/19	10/24/19	248	203
Administrative baseline monitoring (grant specialist)			
Anticipated date of monitoring*	Actual date of monitoring	Days difference to anticipated date	Number of days late**
2/18/16	1/26/16	-23	0
2/18/17	10/17/17	241	196
2/18/18	10/25/18	249	204
2/18/19	3/12/20	388	343

Source: OIG analysis of dates of programmatic and administrative baseline-monitoring report dates. (EPA OIG table)

* The anticipated date of monitoring is based on the grant award date and project duration. The first baseline-monitoring reports were due either six months or 12 months after the award date. The subsequent monitoring reports were due in 12-month increments for the duration of the grant per EPA Order 5700.6 A2 CHG 2.

** The number of days late is calculated by deducting 45 days from the anticipated date of monitoring per EPA Order 5700.6 A2 CHG 2.

GLNPO staff and management indicated that sometimes delays occurred when recipients submitted project progress reports late. However, Office of Grants and Debarments managers explained that project officers must not delay completing baseline-monitoring reports when recipients do not submit progress reports on time because late progress report submissions are an area of the grant recipients' performance that must be captured in programmatic baseline-monitoring reports.

For 50, or roughly 88 percent, of the 57 programmatic baseline-monitoring reports we assessed, project officers included inaccurate information for at least one area of performance review, as detailed in Figure 2. We could not assess one report because it was not completed by the project officer. Inaccurate information that project officers included in the programmatic baseline monitoring reports was related to the evaluation of progress reports, recipient's compliance with programmatic terms and conditions, and the recipient's payment requests of grant funds. Likewise, grant specialists included inaccurate information related to at least one performance review area, such as the recipient's timely submission of federal financial reports and single audit reports and the recipient's timely payment requests for

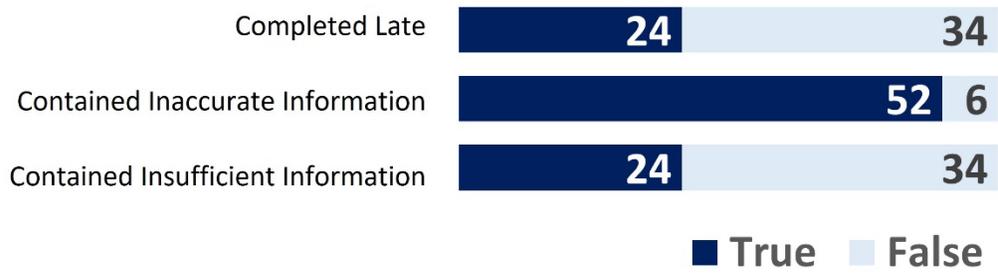
grant funds, in 52, or roughly 90 percent, of the 58 administrative baseline monitoring reports we assessed.

Figure 2: OIG assessment results of 57 programmatic baseline- and 58 administrative baseline-monitoring reports

Programmatic Baseline-Monitoring Completed by GLNPO Project Officers



Administrative Baseline-Monitoring Completed by AAB Grant Specialists



Source: OIG analysis and summary of GLRI grant documentation. (EPA OIG image)

In ten, or roughly 18 percent, of the 57 programmatic baseline-monitoring reports we assessed, project officers did not include sufficient information to explain delays in project progress, issues that hindered recipients from achieving agreed-upon environmental results, or untimely cash payment requests for funds from grant accounts. Also, in 24, or roughly 41 percent, of the 58 administrative baseline-monitoring reports we assessed, grant specialists did not include sufficient information to explain the recipients’ noncompliance with requirements to submit federal financial reports and quality assurance project plans or with timely payment requests for funds from grant accounts.

GLNPO and AAB Management Procedures Are Insufficient to Address Operational Challenges

GLNPO and the AAB encountered operational challenges that hindered their ability to award and monitor GLRI grants in accordance with grant requirements, particularly those related to cost assessment, content of federal awards, and grant monitoring. GLNPO and AAB managers and staff reported that the workload for managing grants has been a challenge that the turnover of staff and a loss of institutional knowledge has compounded. According to GLNPO and AAB staff, competing priorities have affected the time available for thorough grant application review and grant monitoring.

For example, at the end of each fiscal year, managers and staff give priority to grant award actions over monitoring activities.

To address the workload-management issue, GLNPO reorganized in 2015 and 2016, creating a team dedicated to managing GLRI grants. In 2020, GLNPO added four project officers to its GLRI grant-management team. Likewise, during 2021, the AAB hired three grant specialists. Additionally, the Office of Grants and Debarment provided regional offices with guidance on appropriate staffing levels based on the number of active grants that the offices manage. GLNPO and AAB managers have established training and mentorship resources for new staff and issued written guidance to mitigate the workload and staffing challenges. However, these measures have not ensured full compliance with grant requirements and procedures.

Experienced GLNPO and AAB Staff Are Not Properly Trained to Address Competency Gaps

Training and mentorship resources created by GLNPO and AAB managers for new staff have not ensured full compliance with grant requirements and procedures. While experienced staff train and mentor newly hired grant specialists and project officers, they have not been required to obtain periodic training to stay current with requirements. The AAB staff that we interviewed did not know how to access training provided to newly hired employees. In addition, they expressed concern over the limited training resources available to experienced grant specialists. As a result, experienced staff could share outdated information or misinterpretations of grants-management requirements or overlook discrepancies when managing or reviewing grants with newer staff. For example, AAB staff stated that differing interpretations of preaward requirements by AAB section supervisors resulted in the preaward terms and conditions not consistently being included in grant agreements. Also, project officers and grant specialists indicated that they have not taken periodic training on cost reviews. Additionally, GLNPO reported that staff turnover contributed to workload-management issues and a loss of institutional knowledge from FY 2015 through 2019. A comprehensive training strategy, including courses and learning resources, could help GLNPO and the AAB address competency gaps and ensure all staff are equipped with the skills necessary to comply with grants-management requirements.

GLNPO and AAB Management Have Not Developed Written Guidance for Key Grants-Management Functions or Conducted Periodic Internal Reviews

GLNPO and AAB management have not implemented effective management procedures, such as periodic internal reviews of key grant documentation and regular training on grant budgets, to ensure grant specialists and project officers administer and monitor grant agreements in accordance with federal regulations and Agency policies and procedures. GLNPO management has developed program guidance and resources, such as template documents and the *GLNPO Project Officers Toolkit for Managing Grant Agreements*, for project officers. GLNPO management also created a shared internal website that provides staff with easy access to these resources. However, it has not developed detailed grants-management guidance for elevated risk activities, such as completing monitoring reports.

GLNPO and AAB operational procedures do not establish internal reviews by lead project officers and grant specialists. According to lead project officers, they conduct limited reviews of grant award documentation to verify that the required documents and forms were in the application packages. Lead project officers said they do not assess the information contained in application packages unless a more comprehensive internal review of grant documents is requested by their staff. Lead grant specialists stated that they review all award documentation that is processed by their teams. Lead grant specialists' reviews focus on requirements, such as verification of budget detail, budget summary, indirect cost application, and any other information related to grant budgets to verify completeness of budget information and allowability and allocability of grant costs. Project officers and grant specialists also explained that staff turnover has led to increased workload, which has hindered project officers' and grant specialists' ability to manage grants and limited the time available for thorough reviews.

Additionally, GLNPO and AAB management have not established procedures for evaluating the content of baseline-monitoring reports. GLNPO and AAB managers and staff explained that the review of baseline-monitoring report contents depends on the immediate supervisor's expectations and grant-specific situations. GLNPO and the AAB generally track only completion dates for baseline-monitoring reports. As a result of insufficient training and managerial review, GLNPO and AAB management cannot identify and address gaps in grants management or ensure consistency and compliance in grant review, monitoring, and reporting.

Deviations from Grants-Management Requirements Increase the Risk of Grant Recipients Improperly Using GLRI Funds and the GLRI Not Achieving Program Goals

Deviations from grants-management requirements by grant specialists and project officers have hindered effective grants management. GLNPO may have paid more than what was allocable and allowable to the GLRI grants we assessed. We identified questioned costs in seven, or 28 percent, of the 25 GLRI grants we assessed. The \$611,756 in questioned costs were the result of deviations in grants-management requirements. These deviations included unsupported costs, unaddressed mathematical errors, and incorrectly applied indirect cost rates. The questioned costs represent approximately 2.7 percent of the nearly \$22.4 million in EPA-awarded GLRI grants that completed work in FY 2019 and are potentially subject to recovery. The risk of noncompliance with grants-management requirements increases when GLNPO does not include all applicable terms and conditions in grant agreements. A grant's terms and conditions communicate the requirements imposed on a recipient by law, regulations, and policies and procedures.

GLNPO cannot take prompt actions to mitigate issues related to recipients' performance and compliance with requirements when project officers and grant specialists do not conduct timely monitoring as required. By documenting complete and accurate monitoring information, project officers and grant specialists create a record of performance to aid in awarding future assistance agreements and to inform improvements in program outcomes.

However, when project officers and grant specialists do not document recipients' performance and compliance issues properly, high-risk recipients may be awarded grants without additional requirements being imposed on them or may be unfairly considered over recipients with satisfactory performance. The Infrastructure Investment and Jobs Act made available \$200 million in funding per year for the GLRI for FYs 2022 through 2026, totaling \$1 billion. The Infrastructure Investment and Jobs Act funding is supplemental to the \$716 million in annual appropriations the GLRI program received for FYs 2022 and 2023; for FY 2024 through 2026, an additional \$1.35 billion in funding has been authorized by the Great Lakes Restoration Initiative Act of 2019. The increased funding makes it critical for GLNPO and the AAB to improve grants-management procedures to ensure the proper management of GLRI grant funds and to further human health and environmental improvements in the Great Lakes.

GLNPO Should Improve Records Management for GLRI Grants

We reviewed 25 GLRI grants that concluded work in FY 2019 for compliance with records-management policies and determined that 25, or 100 percent, of the files had missing records, including work plan approvals, quality assurance project plans, interim and final financial reports, and administrative and programmatic baseline-monitoring reports. GLNPO did not maintain grant records in accordance with federal and Agency requirements. This occurred because GLNPO does not have a records-management program to facilitate record preservation, retrieval, use, storage, and disposition. Additionally, GLNPO's grant file-management guidance does not include a procedure to ensure staff compliance with Agency policy. We also found that the lack of essential records-management procedures increased the risk of ineffective and inefficient GLRI grant oversight. The lack of these procedures impairs GLNPO's ability to provide reasonable assurance of program progress and transparency to Congress and the public.

Definition of Records and Records-Management Program

Records: All recorded information, regardless of form or characteristics, made or received by a federal agency under federal law or in connection with the transaction of public business and preserved or appropriate for preservation by that agency or its legitimate successor as evidence of the organization functions, policies, decisions, procedures, operations, or other activities of the U.S. government or because of the information value of data in them.

Records-Management Program: The activities, policies, and procedures within an organization to manage recorded information.

EPA Policy Requires Systematic Maintenance of Grant Records

According to the EPA's *Records Management Policy*, the records-management program must include ten minimum requirements, including four that are most relevant to our finding: (1) create, receive, and maintain records that provide adequate and proper documentation and evidence of the EPA's activities and decisions; (2) transfer records in paper and legacy electronic systems to approved information-management systems; (3) ensure that nonelectronic records are managed appropriately in paper-based recordkeeping systems; and (4) maintain records so that they can be accessed for appropriate business reasons.

In addition to the EPA's *Records Management Policy*, the *Assistance Agreement Almanac* describes the **official grant file** as the documents maintained by grants-management offices, program offices, and the

Office of the Chief Financial Officer Finance Center. The *Almanac* describes the types of records to be maintained in the official grant file, including grant applications, funding recommendations, awards, administrative and programmatic baseline-monitoring reports, and federal financial reports.

The *GLNPO Project Officers Toolkit for Managing Grant Agreements* states that the grants-management office, which is the AAB, will provide the project officer with the official grant file during the preaward phase and that the project officer will document all project activities in the file to ensure transparency and support for any decisions made. In addition, the *Official Grant File Contents* internal guidance includes a list of records—including the work plan approval by the project officer, baseline-monitoring reports, federal financial reports, and recipient progress reports—that the project officer must maintain.

GLNPO Did Not Maintain Official Grant Files in a Manner that Facilitated the Timely Search and Retrieval of Those Records

GLNPO project officers did not manage GLRI grant files and related records in accordance with federal and Agency requirements. Project officers did not maintain and organize GLRI files in a manner that would facilitate the timely search and retrieval of grant records. Project officers inconsistently maintained records for the 25 GLRI grants we assessed for compliance with grants-management requirements. For these grants, project officers did not always (1) transfer all records that were generated or submitted through various electronic systems, which were not approved information-management systems, to the official grant file; (2) consistently integrate programmatic and administrative records into the official grant file; and (3) transfer files in their custody to a designated official upon leaving GLNPO or the Agency.³

GLNPO had difficulty retrieving the selected GLRI grant records that we requested in a timely manner or, in some cases, at all because records and files were stored in multiple locations and were not integrated into the official file, which the EPA's *Assistance Agreement Almanac* requires. We did not receive complete files supporting GLNPO's decisions for grant awards and for grant-monitoring activities for the selected grants. As shown in Table 3, records missing from the official grant files included work plan approvals, quality assurance project plans, interim and final federal financial reports, and administrative and programmatic baseline-monitoring reports. According to EPA and GLNPO policies, these records should have been included in the official grant files. For example, the EPA awarded a grant of \$539,605 for invasive species prevention and control and habitat restoration to protect native species in northwest Michigan. During our assessment, we found that seven records were missing from this grant's official file. Moreover, we could not locate these missing records in the Integrated Grants Management System.

³ GLNPO also did not use the optional Electronic Grants Record System for keeping grant records electronically in an authorized records system.

Table 3: Number of GLRI grant records missing from 25 official grant files assessed for compliance with grant requirements

GLRI grant record type	Number of records missing
Project officer approval of work plan	17
Quality assurance project plan	2
Interim federal financial report	73
Final federal financial report	22
Programmatic baseline-monitoring report	21
Administrative baseline-monitoring report	13
Total	148

Source: OIG analysis of GLRI grant records provided by GLNPO. (EPA OIG table)

While the official grant files we requested did not include several records documenting grants-management actions and activities, the files did include critical documents, such as grant applications, project work plans, budget narratives, and project progress reports, for conducting our assessment. Therefore, necessary grant records were available for us to assess whether the grant specialists and project officers complied with selected grant award and monitoring management requirements.

GLNPO Did Not Fully Implement EPA Records-Management Policy and Grant File-Management Guidance

The lack of a records-management program undermines GLRI grant records management and contributed to the difficulties that GLNPO officials encountered in retrieving the requested records. GLNPO does not have a written process to direct staff on managing records in compliance with the EPA’s *Records Management Policy* and GLNPO’s file-management guidance or to verify staff implementation and compliance.

Specifically, GLNPO does not have a records-management program that meets the minimum policy requirements to facilitate easy and timely retrieval and use of grant files, including managing, capturing, and maintaining records in a systematic manner in the approved records-management system; tracking custody of grant files; and verifying that staff systematically organize and maintain files and records in accordance with policies and procedures.

Additionally, GLNPO’s grant file-management guidance in the *GLNPO Project Officers Toolkit for Managing Grant Agreements* does not include procedures for conducting file reviews to verify that the files and records are maintained and managed in accordance with applicable policy and procedures. While there is guidance on the specific required records to include in the official grant file, it does not include a procedure to systematically ensure the integration of all programmatic and administrative documentation into the official grant file. According to GLNPO staff, workload and staffing turnover may affect their management of the official grant file. For instance, if GLNPO has a project officer who leaves the office without following appropriate records-management practices, the office may face difficulties in searching and finding records about the decisions or sequence of events related to a particular grant.

Additionally, time-sensitive activities, such as awarding grants, are high-priority functions that take precedence over filing grant records.

Poor Records-Management Procedures Could Hinder the Effectiveness and Transparency of GLNPO Operations and Impair Public Trust

Poor records-management procedures could impair public trust in GLNPO's operations. If GLNPO does not create, maintain, and manage records in a manner that promotes accountability and improves the GLRI's performance and efficiency, it cannot assure stakeholders and the public that it is keeping evidence of its program activities and decision-making. In addition, poor records-management procedures can affect the transparency of operations. GLNPO managers and staff could have spent less time searching for and retrieving grant files and related records if those files and records were organized and maintained in the manner required by EPA records-management policies and grant file guidance. When the EPA does not ensure records are maintained in an organized manner, it risks losing its ability to continue key Agency functions and activities in the event of an emergency or disaster. Poor recordkeeping practices hinder GLNPO's ability to preserve institutional knowledge and to maintain a complete record of grant activities, which could result in missed opportunities to improve program effectiveness and efficiency, to track and monitor environmental results and benefits from grants, and to address the impact of staff turnover on program operations in a timely manner.

Conclusions

We discovered deficiencies in GLNPO's and the AAB's management of the GLRI grant program and \$611,756 in questioned costs stemming from deviations of grant-management requirements. The \$1 billion in GLRI funding from the Infrastructure Investment and Jobs Act for FYs 2022 through 2026, in addition to the amounts received pursuant to annual appropriations, makes it critical for GLNPO and the AAB to improve grants-management procedures. The EPA needs to address the GLRI grants-management and records-management deficiencies to reduce the risk of future GLRI grants being noncompliant with federal and EPA requirements, which could impair public trust in the GLNPO's operations.

Federal and EPA requirements and procedures are intended to ensure accountability for federal resources while enabling federal agencies to achieve their mission-related goals. EPA investment in grants management in the form of guidance, training, and oversight can help improve operations and address challenges. Proper documentation and recordkeeping are critical to effectively manage program operations and to ensure public trust through the transparency of Agency operations. GLNPO can improve its operations and mitigate the risk of losing records, institutional knowledge, and evidence of the EPA's activities by following federal laws and Agency policy and procedures, which require maintenance of records in a systematic, comprehensive, and timely manner.

Recommendations

We recommend that the regional administrator for Region 5:

1. Develop and implement guidance for the project officers in the Great Lakes National Program Office and the grant specialists in the Acquisition and Assistance Branch, within Region 5's Mission Support Division, that consists of:
 - a. A review process to verify that the work plan and budget narrative include the required information to support that the award decision was made in full compliance of grant award requirements.
 - b. A baseline-monitoring process, with an emphasis on the milestones and the accuracy of the baseline-monitoring report.
 - c. An internal process for routinely selecting a representative group of Great Lakes Restoration Initiative grants to assess for adherence to requirements, such that grant agreements are sufficiently and properly supported by work plans and budget narratives and include all applicable terms and conditions and baseline-monitoring reports are completed accurately.
2. Review the OIG-identified questioned costs for the assessed Great Lakes Restoration Initiative grants to determine whether the costs are allowable and allocable as set forth in 2 C.F.R. part 200 and initiate recovery of any funds that the EPA paid for unallowable costs, as appropriate.
3. In consultation with the Acquisition and Assistance Branch, develop a records-management program for the Great Lakes National Program Office.
4. Require periodic training and provide learning resources on grants management to all project officers and grant specialists, with an emphasis on recordkeeping; cost reviews; timely, accurate, and comprehensive baseline-monitoring reports; and other topics determined by the results of the routine internal review process established in Recommendation 1c.

Agency Response and OIG Assessment

Region 5 GLNPO and the AAB provided its response to our draft report on June 15, 2023, and agreed to implement corrective actions meeting the intent of our four recommendations. Appendix C contains GLNPO's and the AAB's initial official response. After reviewing GLNPO's and the AAB's response, we worked with management to discuss unresolved recommendations, reach agreement on proposed corrective actions, and clarify milestones. GLNPO and the AAB stated that it has taken steps to reduce the risk of noncompliance with federal and EPA grants-management requirements and loss of records of GLRI grant activities.

In its response, GLNPO and the AAB requested that we include in our final report its response to our discussion document, which was provided prior to issuance of the draft report. We are not publishing the document as GLNPO and the AAB requested. However, we reviewed and evaluated the technical comments related to the discussion document and made appropriate revisions to the draft report. Before issuing our draft report, we provided GLNPO and the AAB with summary tables that included detailed information for each assessed grant and grant-management deviation noted in our audit. Because we updated the data in the summary tables, we plan, upon issuance of this report, to provide GLNPO and the AAB with revised tables in a separate document.

For Recommendation 1, GLNPO indicated it would (1) review and update work plan templates; (2) update the *GLNPO Project Officers Toolkit for Managing Grant Agreements* so that baseline-monitoring questions are clear and demonstrate that the project officer reviewed project progress against grant work plan milestones; (3) begin performing periodic quality checks of a sample of baseline-monitoring reports; and (4) develop and implement an internal review protocol to ensure that work plans and budget narratives include all required elements, grant awards include all necessary terms and conditions, and baseline-monitoring reports are complete and accurate. The AAB indicated that it would remind grants specialists of the obligation to follow EPA guidance and requirements on cost reviews, administrative-baseline monitoring, and post-award monitoring. The AAB also indicated that lead grants-management specialists already provide quality assurance reviews of grants-management specialists work and that it will update its current grant-management specialist peer review process. We believe that these corrective actions meet the intent of our recommendation. GLNPO and the AAB expect to complete these corrective actions by June 30, 2024. Therefore, we consider this recommendation to be resolved with corrective actions pending.

For Recommendation 2, GLNPO disputed the questioned costs in our report. However, GLNPO acknowledged that some funds may have been unallowable. According to its response to the draft report, GLNPO conducted an initial review of the questioned costs findings. GLNPO will continue to investigate the questioned costs and decide if additional action is needed by December 30, 2023. Therefore, we consider this recommendation to be resolved with corrective actions pending.

For Recommendation 3, GLNPO indicated it will continue using the agencywide records-management process and the electronic filing solution embedded in Microsoft Teams. Beginning in FY 2024, GLNPO will include a grant file checklist in all existing and future grants and cooperative agreements to ensure that all critical components and supplemental information are accounted for in a single, organized electronic file. GLNPO will also develop grant-transfer and grant-closeout procedures that will include a review of the grant file checklist and that must be signed by the section supervisor or the supervisor's designee before closing or transferring a grant to another project officer. Finally, the supervisor will perform periodic routine audits of grant files to ensure completeness. We consider the steps that GLNPO outlined in its corrective actions as part of a records-management program. We believe that these corrective actions meet the intent of our recommendation; GLNPO plans to have these steps completed by June 30, 2024. Therefore, we consider this recommendation to be resolved with corrective actions pending.

For Recommendation 4, GLNPO proposed the following corrective actions: current GLNPO project officers will complete the new required trainings developed by the EPA's Office of Grants and Debarment; GLNPO will conduct ongoing professional development events, including best practices meetings and joint trainings on the elements identified in this audit; and GLNPO will implement monthly informational sessions to ensure that project officers are proficient in grant policies, procedures, rules, and regulations. Additionally, the AAB will require grant specialists to complete refresher training on recordkeeping, cost reviews, and baseline-monitoring reports. We believe that these corrective actions meet the intent of our recommendation. GLNPO and the AAB expect to complete these corrective actions by June 30, 2024. Therefore, we consider this recommendation to be resolved with corrective actions pending.

Status of Recommendations and Potential Monetary Benefits

Rec. No.	Page No.	Recommendation	Status*	Action Official	Planned Completion Date	Potential Monetary Benefits (in \$000s)
1	22	<p>Develop and implement guidance for the project officers in the Great Lakes National Program Office and the grant specialists in the Acquisition and Assistance Branch, within Region 5's Mission Support Division, that consists of:</p> <ul style="list-style-type: none"> a. A review process to verify that the work plan and budget narrative include the required information to support that the award decision was made in full compliance with grant award requirements. b. A baseline-monitoring process, with an emphasis on the milestones and the accuracy of the baseline-monitoring report. c. An internal process for routinely selecting a representative group of Great Lakes Restoration Initiative grants to assess for adherence to requirements, such that grant agreements are sufficiently and properly supported by work plans and budget narratives and include all applicable terms and conditions and baseline-monitoring reports are completed accurately. 	R	Regional Administrator for EPA Region 5	06/30/24	—
2	22	Review the OIG-identified questioned costs for the assessed Great Lakes Restoration Initiative grants to determine whether the costs are allowable and allocable as set forth in 2 C.F.R. part 200 and initiate recovery any funds that the EPA paid for unallowable costs, as appropriate.	R	Regional Administrator for EPA Region 5	12/30/23	\$612
3	22	In consultation with the Acquisition and Assistance Branch, develop a records-management program for the Great Lakes National Program Office.	R	Regional Administrator for EPA Region 5	6/30/24	—
4	22	Require periodic training and provide learning resources on grants management to all project officers and grant specialists, with an emphasis on recordkeeping; cost reviews; timely, accurate, and comprehensive baseline-monitoring reports; and other topics determined by the results of the routine internal review process established in Recommendation 1c.	R	Regional Administrator for EPA Region 5	06/30/24	—

* C = Corrective action completed.

R = Recommendation resolved with corrective action pending.

U = Recommendation unresolved with resolution efforts in progress.

Key Definitions

Action Plan: A five-year plan developed with input from states, tribes, local governments, universities, businesses, and others to guide GLRI work done by federal agencies. Amended Clean Water Act section 118(c)(7)(G) requires the action plan to be reviewed and revised no less than once every five years.

Baseline Monitoring: The periodic review of a grant recipient's progress and compliance with the award's scope of work, terms and conditions, and regulatory requirements. Baseline monitoring is conducted in the grants-management database by project officers and grant specialists for all grant agreements within specific time frames.

Entity: With respect to GLRI grant funding, an entity can be a state, tribal, or local government or a nongovernmental organization or institution.

Official Grant File: A complete file that integrates administrative and programmatic records of a grant agreement and includes documentation that is maintained by the grants-management office, program offices, and the Finance Center.

Grant Agreement: A legal instrument of financial assistance between a federal awarding agency and a nonfederal entity to carry out a public purpose authorized by a law of the United States. A grant agreement is distinguished from a cooperative agreement in that there is no substantial involvement between the federal awarding agency and the recipient in carrying out the activity contemplated by the federal award.

Grant Specialist: The grant specialist serves as the point of contact for the EPA's day-to-day grants-management administrative functions. The grant specialist provides grant administration support, which includes reviewing applications and application budgets for administrative considerations, monitoring grants for compliance with administrative requirements, and closing out awards.

Indirect Cost: Administrative costs necessary for the general operations of the grant recipient's organization incurred for the purpose of benefitting more than one project or grant award. These costs are allocable to grants using a federally approved indirect cost rate.

Integrated Grants Management System: An electronic system that automated assistance agreement processes from the preaward phase through the postaward phase. The Integrated Grants Management System, which the EPA no longer uses, collected grant information from the applications through the grant closeout phase. Information processed in the system supported the EPA's decision to fund the grant or interagency agreement and related monitoring activities. The system generated grant documentation, such as the program funding recommendation, the grant agreement award form, the

financial commitment notice form, periodic monitoring reports, disadvantage business enterprise reports, and the postaward tracking form.

Internal Control System: According to Government Accountability Office's *Standards for Internal Control in the Federal Government*, "a continuous built-in component of operations, effected by people, that provides reasonable assurance, not absolute assurance, that an entity's objectives will be achieved."

Modified Total Direct Cost: According to 2 C.F.R. § 200.1, "all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each grant subaward (regardless of the period of performance of the subawards under the award)." This type of direct cost excludes equipment, capital expenditures, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward more than \$25,000.

Project Officer: A project officer serves as the primary EPA point of contact for the assigned grant, is certified to manage grants, and is responsible for the technical and programmatic oversight of each project from when it is created until it is completed and closed. The project officer's responsibilities include managing the work plan negotiation and approval, approving the draft award document, reviewing and approving all quality assurance documentation, and ensuring that all grant recipients meet their programmatic grant requirements.

Questioned Costs: Costs questioned as a result of an audit finding due to a violation or possible violation of a statute, a regulation, or the terms and conditions of a federal award; inadequate documentation to support costs; or an appearance that the incurred costs were unreasonable.

Record: All recorded information, regardless of form or characteristics, made or received by a federal agency under federal law or in connection with the transaction of public business and preserved or appropriate for preservation by that agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the U.S. government or because of the informational value of the data in them.

Records-Management Program: The activities, policies, and procedures within an organization to manage records.

Request for Applications: An announcement issued by EPA headquarters and regional program offices that solicits applications for competitive funding opportunities for the award of assistance agreements.

Work Plan: A supporting document in a grant application package that describes the purpose and activities of the proposed project; specifies work components, related funding amounts, and deliverables; justifies financial and resource needs; and provides required information and the expected environmental results.

Additional Information About OIG Assessment of GLRI Grants

We found that 19, or 76 percent, of the 25 GLRI grants that we assessed were supported by insufficient budget information to conduct a full-cost assessment. Additionally, seven, or roughly 37 percent, of the 19 grants supported by inadequate documentation also included mathematical errors and incorrect allocation of costs, resulting in questioned costs totaling \$611,756. Table B-1 summarizes the GLRI grant agreement budget issues we found.

Table B-1: Summary of GLRI grant agreement budget issues

No.	Grant No.	Project title (location)	Cumulative funds awarded	OIG assessment of GLRI grant budgets	Questioned costs
1	00E01486	Clinton River Corridor Habitat Restoration (Michigan)	\$4,500,000	The details in the budget narrative did not match the budget data included in the original grant agreement and the budget data submitted in the grant application (that is, the Standard Form 424A). Additionally, contractual costs were not detailed to differentiate consultant costs from contract costs to enable the required assessment on consultant cap costs. Further, the project narrative in the work plan included confusing information on the duration of the project, which is information necessary to determine whether proposed costs are allowable and allocable.	\$0
2	00E01961	Bois Forte Band of Chippewa Great Lakes Tribal Initiative (Minnesota)	\$100,000	GLNPO incorrectly applied the negotiated indirect cost rate over pass-through funds.	\$20,189
3	00E02394	Chambers Island Land Acquisition (Wisconsin)	\$208,500	The budget information included in the grant agreement did not incorporate cost-share and in-kind costs included in the budget narrative that the recipient submitted in the grant application.	\$0

No.	Grant No.	Project title (location)	Cumulative funds awarded	OIG assessment of GLRI grant budgets	Questioned costs
4	00E01939	Milwaukee River Greenway Invasive Species Control (Wisconsin)	\$505,961	GLNPO did not include accurate budget information in the original grant agreement. The budget narrative and details that the recipient submitted with the grant application contained several mathematical errors that overstated the costs by \$3,172, which included an allocation of leased equipment costs that extended over the project period. Additionally, the budget narrative did not include clear information about the proposed procurement method for contracts. Further, the budget information included in the program office's funding recommendation did not match the budget information that the recipient submitted with the grant application.	\$3,172
5	00E02415	Buffalo Reef ESV (Wisconsin, Minnesota, and Michigan)	\$34,615	The budget information and related narrative did not identify the proposed procurement method for contracts. While the estimated contract amount was under the simplified acquisition threshold, the contract amount was over the micropurchase amount. Therefore, at a minimum, an informal competitive process or a justification for sole-source acquisition applied.	\$0
6	00E01936	Invasive Species Control (Wisconsin and Illinois)	\$514,278	The budget information and related narrative that the recipient included with the grant application did not have sufficient detail to conduct a full cost assessment, such as the: <ul style="list-style-type: none"> • Estimated personnel cost details, including the base salaries, hourly labor rates, number of staff accounted for in the 	\$4,696

No.	Grant No.	Project title (location)	Cumulative funds awarded	OIG assessment of GLRI grant budgets	Questioned costs
				<p>estimate, and proportion of time to dedicate to the project.</p> <ul style="list-style-type: none"> • Estimated travel cost details, including the rate per mile, total mileage, and number of travelers accounted for in the estimate. • Estimated supplies cost details, including the type of herbicide and the quantity and cost per item. • Estimated contract cost details, including a brief description of the scope of work, the duration, and the procurement method. • Estimated refreshment cost details to verify that refreshments were to be served at planned conferences to disseminate technical information. <p>Additionally, the recipient included information indicating that staff would act as “contractors.” This information implies a violation of labor rules and should have been addressed under the cost review. Further, the indirect costs were allocated fully to the EPA instead of just the applicable EPA share of the project costs.</p>	
7	00E02087	Wolf Picnic Area Parking Lot Retrofits (Ohio)	\$149,871	The budget information and related narrative that the recipient included with the grant application lacked the details necessary to assess whether the estimated personnel costs were allowable. The narrative did not indicate the proportion of time allocated to the project to determine whether the	\$0

No.	Grant No.	Project title (location)	Cumulative funds awarded	OIG assessment of GLRI grant budgets	Questioned costs
				estimated costs were consistent with the effort required by the work plan and data about base salaries or labor rate per hour. Additionally, the budget narrative indicated that personnel costs to complete the final design and engineering for the project were included, but the work plan indicated that the design had already been completed.	
8	00E02256	Pike River Streambank Restoration at Petrifying Springs Park (Wisconsin)	\$500,000	We did not identify any grant-management requirement deviations related to the grant's budget or the support included with the grant's application.	\$0
9	00E01974	Green Infrastructure Implementation Constructed Treatment Wetland - Neshotah Beach North (Wisconsin)	\$175,000	We did not identify any grant-management requirement deviations related to the grant's budget or the support included with the grant's application.	\$0
10	00E02219	Controlling Invasive Species in Northwest Michigan (Michigan)	\$539,605	<p>The budget included several calculation errors and cost overstatements totaling \$168,878, including \$140,934 related to the personnel cost estimate and \$27,893 related to the allocation of indirect cost. GLNPO and the AAB did not review the estimated cost of \$2,000 for refreshments included in the budget and reported that the work plan and budget did not include refreshments.</p> <p>The budget information and narrative lacked sufficient details to perform a cost assessment to determine whether costs were reasonable for fringe benefits (for example, allocation rate), travel (for example, number of employees traveling to a conference and purpose of the</p>	\$170,878

No.	Grant No.	Project title (location)	Cumulative funds awarded	OIG assessment of GLRI grant budgets	Questioned costs
				attendance), and supplies (for example, quantity to purchase and price per item). In addition, the information provided incorrectly accounted for a truck rental as equipment to be purchased. The recipient cost-share amount was understated by \$2,776. The budget information included in Standard Form 424A was not fully supported by the budget narrative that the recipient submitted with the application.	
11	00E02085	FY 2016 Saint Mary's Expanded Maumee Tributary Monitoring (Indiana)	\$195,000	We did not identify any grant-management requirement deviations related to the grant's budget or the support included with the grant's application.	\$0
12	01E23010	Sea Lamprey Barrier (Michigan)	\$9,103,742	The budget information in the original grant agreement was not fully supported by the budget narrative, which did not include details about the cost and quantity of supplies, type of equipment, cost per equipment item, and expected number of contracts or subawards. The narrative also did not include a related brief description of the scope of work, duration, and procurement method expected to be used by the recipient. Further, the indirect cost rate was improperly applied to all direct costs of the project instead of the applicable modified total direct cost.	\$380,985
13	00E01931	Illinois Great Lakes Lakewide Management Plan and Area of Concern Capacity (Illinois)	\$1,690,000	The budget in the original grant agreement was not fully supported by the budget narrative and details. For example, travel expenses lacked details, such as number of staff traveling and number of trips, to enable an effective cost assessment to determine	\$0

No.	Grant No.	Project title (location)	Cumulative funds awarded	OIG assessment of GLRI grant budgets	Questioned costs
				allowable and reasonable costs. The budget also included an allowance for indirect costs. However, the budget also included a separate allowance for office supplies that was described as an overhead cost, instead of being directly attributed to a project or program.	
14	00E01444	Oak Openings Region Invasive Species Strategy (Ohio)	\$622,594	The budget information and the related narrative that the recipient submitted with the grant application contained several calculation errors that overstated the total project cost by \$4,035. Additionally, the budget narrative did not identify the proposed procurement method for contracts in the budget.	\$4,035
15	00E02217	Detroit River- Western Lake Erie Invasive Species Management (Michigan)	\$0	None. The grant was ultimately not accepted by the recipient, and the EPA did not award grant funds.	\$0
16	00E02294	Buffalo River AOC RAP Management Project 2018–2019 (New York)	\$1,002,655	The budget narrative did not include sufficient details to fully support the estimated costs for travel, supplies, and contracts or subawards. Specifically, the travel budget narrative did not identify the number of employees traveling, travel method, mileage rates, or per diem amounts. Similarly, the supplies budget narrative did not identify the cost supply item and quantity of supplies to purchase. The contract budget narrative did not identify the number of contracts or subawards expected to be provided and the duration of time for each. Additionally, the fringe benefits for one of the employees was not supported by the budget narrative.	\$0
17	00E01893	Protection/Restoration of Wisconsin's Great Lakes	\$391,900	The budget narrative did not include sufficient details to fully support contractual costs in	\$0

No.	Grant No.	Project title (location)	Cumulative funds awarded	OIG assessment of GLRI grant budgets	Questioned costs
		Coastal Wetlands (Wisconsin)		accordance with grant-management requirements. The budget narrative did not include cost details for one of the four projects under the grant, which made up \$60,000 of the contract costs, or information about expected procurement methods.	
18	00E01973	Green Infrastructure at Park Point Duluth MN (Minnesota)	\$58,000	The budget narrative did not include sufficient details for cost estimates related to personnel, fringe benefits, and supplies. The personnel cost narrative did not identify base salaries or labor rate per hour for all staff. The fringe benefits cost narrative did not include the allocation rate used in the estimate. The supplies cost narrative did not include information about the estimated cost per supply item and quantity of supplies to be purchased or considered in the estimate. These details are necessary to assess whether these costs were reasonable and necessary for the scope of work.	\$0
19	00E02258	Green Infrastructure Implementation at Marion Motley Park (Ohio)	\$437,500	The budget narrative did not provide sufficient details for contracting costs, such as the number of contracts, duration of each contract, and proposed procurement method for each contract considered in the estimated amounts.	\$0
20	00E02220	Controlling Invasive Plants Along Chicago's South Lakefront (Illinois)	\$599,905	We did not identify any grant-management requirement deviations related to the grant's budget or the support included with the grant's application.	\$0
21	00E01934	Adaptive Management of Invasive Baby's Breath (<i>Gypsophila paniculata</i>) in Coastal Dune Habitat (Michigan)	\$405,275	The budget narrative and details did not support the budget information submitted in the grant application and in the grant agreement. While the	\$0

No.	Grant No.	Project title (location)	Cumulative funds awarded	OIG assessment of GLRI grant budgets	Questioned costs
				total amount of funds in the budget information and grant agreement matched, the details and amounts for cost categories did not fully match. A subaward was classified in the wrong cost category, and the budget narrative did not state the procurement method used to award the contract. Additionally, there were minor mathematical errors.	
22	00E02079	Metroparks of the Toledo Area Land Acquisition (Ohio)	\$247,300	While the budget was adequately supported, GLNPO did not properly authorize the preaward costs reflected in the proposed budget. The project work plan and narrative identified preaward costs, but the grant agreement did not reflect the preaward budget period.	\$0
23	00E01914	Little River Band Management of Lake Sturgeon within the Manistee River (Michigan)	\$100,000	The budget information did not include a budget narrative. The summarized proposed budget did not provide sufficient details for the estimated costs for personnel, such as the base salaries or rate per hour and the proportion of time expected to dedicate to the project. Travel costs did not provide the details for the basis of the estimate, such as number of staff traveling, mode of travel, and any other travel costs included in the lump-sum amount. In addition, the proposed budget incorrectly applied indirect costs over all direct costs instead of the applicable modified total direct cost.	\$27,801
24	00E01433	Cedarburg Bog – Invasives Control in a High-Quality Wetland (Wisconsin)	\$197,119	We did not identify any grant-management requirement deviations related to the grant’s budget or related to support included with the grant’s application.	\$0

No.	Grant No.	Project title (location)	Cumulative funds awarded	OIG assessment of GLRI grant budgets	Questioned costs
25	00E01941	Minnesota Chippewa Tribe Great Lakes Habitat Protection Projects (Minnesota)	\$100,000	GLNPO did not include in the grant agreement the voluntary in-kind cost that the recipient proposed in the budget narrative, which understated the total cost of the project.	\$0
—	Total	—	\$22,378,820	—	\$611,756

Source: OIG analysis of GLRI grants. (EPA OIG table)

Agency Response to Draft Report



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
 GREAT LAKES NATIONAL PROGRAM OFFICE
 77 WEST JACKSON BOULEVARD
 CHICAGO, IL 60604-3590

MEMORANDUM

SUBJECT: Response to Office of Inspector General’s Draft Report: *The EPA Should Improve Management of Great Lakes Restoration Initiative Grants*, Project No. OA-FY21-0227, submitted to EPA Region 5 on May 16, 2023

FROM: Chris Korleski, Director
 Great Lakes National Program Office (GLNPO)

CHRISTOPHE R KORLESKI
Digitally signed by CHRISTOPHER KORLESKI
 Date: 2023.06.15 20:52:22 -05'00'

TO: Gloria Taylor-Upshaw, Director
 Business Operations Directorate
 Office of Audit, Office of Inspector General (OIG)

DATE: June 15, 2023

Thank you for the opportunity to respond to the OIG’s May 16, 2023, Draft Report: *The EPA Should Improve Management of Great Lakes Restoration Initiative Grants*, Project No. OA-FY21-0227. Please note that the references to “GLNPO” in this memo should be construed, as applicable, to refer to and/or reflect input from Region 5’s Mission Support Division's Assistance Section.

At the outset, please allow me to commend the professionalism and collegiality of the OIG team handling this matter. Notwithstanding any differences of opinion regarding this matter between OIG and GLNPO, the relationship between these two EPA Offices has consistently remained open, candid, and mutually respectful. Further, GLNPO respects and appreciates the OIG’s challenging mission and commends the manner in which the OIG team assigned to this matter carried that mission out. It is my belief that the OIG team, in return, has developed a better understanding of GLNPO’s mission and the many challenges it faces in overseeing the implementation of the Great Lakes Restoration Initiative (GLRI), a program which has made significant progress in restoring the Great Lakes since its inception in 2010.

After reviewing the Draft Report, it appears that the OIG’s position on the underlying facts driving its conclusions and recommendations is largely unchanged, notwithstanding the extensive and detailed response GLNPO made to the findings and concerns set forth in the OIG’s May 6, 2022,

Discussion Document. As noted in that initial response¹, GLNPO was surprised by many of the OIG’s initial findings set forth in the Discussion Document and carefully reviewed each grant in the audited sample before providing that response. After reviewing the recent Draft Report, GLNPO’s position, like the OIG’s, remains largely unchanged. While we agree with a number of the OIG’s factual findings, many of the OIG’s findings do not reflect significant flaws in GLNPO’s and Region 5’s grants management program or any significant deviations from regulation or policy. I also note that because of the very general manner in which the OIG has continued to identify GLNPO’s perceived grant management failings, GLNPO continues to be unaware of many of the specific underlying facts driving the OIG’s conclusions and recommendations. For example, the Draft Report contains a number of statements regarding what percentage of the reviewed grants had certain deficiencies, but in most instances does not specifically identify the grants in question or specifically identify the basis for its conclusion that the management of that particular grant was deficient, thereby making it difficult for GLNPO to respond to the factual findings.

Importantly, while GLNPO does not concur with a number of the findings and conclusions contained in the Draft Report, GLNPO does not believe that continuing to debate or focus on the areas of non-concurrence, with the exception of questioned costs, is likely to be productive to either the OIG or GLNPO. This is especially so, because GLNPO strongly believes that OIG’s recommendations will further strengthen our grant process. As is set forth below under “Response to Recommendations”, you will see that we are committing to implement Recommendations 1, 3 and 4.

Consequently, GLNPO is only providing detailed responses to OIG’s comments related to questioned costs and is doing in response to OIG Recommendation Number 2. We disagree with OIG’s conclusion that \$611,756 questioned costs may need recovery, although we acknowledge some significantly smaller amount of funds may ultimately be deemed ineligible. GLNPO agrees that this should be a focus of our post-audit work. We provide details in the table below (OIG’s Table B-1 replicated with our response included).

Questioned Costs:

It should be noted that GLNPO considers submitted project budgets to be estimates. With regard to questioned costs, OIG did find some apparent mathematical inconsistencies and pointed out instances of potentially overestimated budgets. However, in those instances where the OIG cited grants with potentially overestimated budgets, the recipients already returned the funds to EPA at grant close-out, with two exceptions, GL-01E23010 and GL-00E01939). As part of our post-audit work, GLNPO will investigate these costs with the recipients. With respect to other cost findings that are questioned, we will also follow-up; please see our detailed notes in the following table.

Grant #	OIG assessment of GLRI grant budgets	Costs Disputed by the OIG	Region 5 Response
GL – 01E23010	The budget information in the original grant agreement was not fully supported by the budget narrative, which did not include details about the cost and quantity of supplies, type of equipment, cost per equipment item, and expected number of contracts or subawards.	\$380,985	GLNPO agrees that the budget narrative did not provide sufficient details for the estimated costs for supplies, equipment, and expected contracts. However, additional details were included by GLFC elsewhere in the workplan. The narrative did include a related brief description of the scope of work for

¹ GLNPO’s initial response is attached to this response as Attachment A and GLNPO respectfully requests that that initial response be included in the OIG’s final report on this matter.

	<p>The narrative also did not include a related brief description of the scope of work, duration, and procurement method expected to be used by the recipient. Further, the indirect cost rate was improperly applied to all direct costs of the project instead of the applicable the modified total direct cost.</p>		<p>contractual work. We agree that it should have included the duration and procurement method expected to be used by the recipient for all contracts above the micro purchase threshold.</p> <p>Based on our further analysis of the calculations for indirect costs, indirect costs totaling \$245,610 should have been identified instead of \$455,187.</p> <p>We believe OIG's disputed cost of \$380,985 is based on an analysis it performed based on \$455,187. However, OIG's report does not contain enough detail for us to understand the derivation of this number. GLNPO agrees it is advisable to re-examine this grant and the OIG's analysis in-depth (and requests the OIG to provide additional detail of their analysis) to ascertain whether any costs can and should be disputed with the recipient.</p>
GL – 00E01444	<p>The budget information and related narrative the recipient submitted with the grant application contained several calculation errors that overstated the total project cost by \$4,035. Additionally, the budget narrative did not identify the proposed procurement method for contracts in the budget.</p>	\$4,035	<p>Upon review of the budget, GLNPO was unable to determine how OIG's review resulted in \$4,035 in questioned costs. GLNPO discovered calculation discrepancies totaling \$2,626. However, these differences are likely attributed to estimation or rounding and do not suggest ineligible or unreasonable costs. Regarding the contractual line items, the \$7,000 amount was below the micro purchase threshold of \$10,000. Therefore, a proposed procurement method is not required in the budget narrative.</p> <p>Upon completion of the grant, the recipient returned \$4,098.41. Therefore, there is no need to pursue repayment of any costs.</p>
GL – 00E01914	<p>The budget information did not include a budget narrative. The summarized proposed budget did not provide sufficient details for the estimated costs for personnel, such as the base salaries or rate per hour and the proportion of time expected to dedicate to the project. Travel costs did not provide the details for the basis of the estimate, such as number of staff traveling, mode of travel, and any other travel costs included in the lump sum amount. In addition, the proposed budget incorrectly applied indirect costs over all direct costs instead of the applicable modified total direct cost.</p>	\$27,801	<p>Upon review of the budget, GLNPO was unable to determine how OIG's review resulted in \$27,801 in questioned costs.</p> <p>GLNPO agrees that the budget narrative did not provide sufficient details for the estimated costs for personnel and travel as required by EPA's cost review guidance and that indirect costs were calculated incorrectly.</p> <p>The budget narrative supported a total project cost of \$382,095 instead of the \$396,500, as a result of the indirect cost amount error.</p> <p>Upon completion of the grant, the recipient returned \$29,921.78.</p> <p>Therefore, there is no need to pursue repayment of any costs.</p>

GL – 00E01961	GLNPO incorrectly applied the indirect cost rate over subawards or pass-through funds.	\$20,189	<p>In accordance with EPA cost-review guidance, GLNPO Project Officers neither apply nor review indirect costs associated with grants, as review of indirect cost falls under the purview of Grants Management Specialists. However, GLNPO has conferred with the Region 5 Mission Support Division Assistance Section and concurs that it appears indirect costs were incorrectly applied to subawards.</p> <p>However, the final report provided to OIG as part of their review states that the recipient did not draw down the \$20,980 of costs budgeted for indirect costs. These funds were included in the \$23,979.93 returned when the grant was completed.</p> <p>Therefore, there is no need to pursue repayment of any costs.</p>
GL – 00E01939	GLNPO did not include accurate budget information in the original grant agreement. The budget narrative and details that the recipient submitted with the grant application contained several mathematical errors that overstated the costs by \$3,172, which included an allocation of leased equipment costs that extended over the project period. Additionally, the budget narrative did not include clear information about the proposed procurement method for contracts. Further, the budget information included in the program office’s funding recommendation did not match the budget information the recipient submitted with the grant application.	\$3,172	<p>It is unclear how OIG determined that \$3,172 of costs were overstated. GLNPO's review identified four line-items where there are potentially arithmetic errors. However, the sum of these resulted in the budget being underestimated rather than overestimated as claimed by OIG, and all but one of the examples are likely attributable to an estimation or rounding error. For example: Travel - 492 miles X \$0.50/mile X 24 months = \$5,904. However, \$5,909 was included in the budget, causing the budget to be overestimated by \$5. However, this is likely attributable to estimation or rounding error. Supplies - Calculating the herbaceous plants line item - \$6 x 10,500 plants = \$63,000. However, \$61,500 was included in the budget, causing the budget to be underestimated by \$1,500. However, this is likely attributable to estimation or rounding error (i.e., plants were slightly less than \$6/plant or slightly fewer than 10,500 plants were needed). Other - Calculating the AmeriCorps line item - \$22.24/hr X 40 hours X 9 weeks X 10 staff = \$80,064. However, \$71,186 was included in the budget, underestimating the budget and their match contribution by \$8,878. However, this could be attributable to estimation or rounding error (e.g., not all staff worked a full 9 weeks). Equipment - The budget narrative appears to budget for a lease for 3 years, while the original grant period was only 2 years. This potentially overestimated the budget by \$2,666 if you assume the \$8,000 figure is for 3 years and assume only 2/3 of this sum is eligible. However, the final report</p>

			<p>confirms the total actual budget during the grant period was approximately \$8,500.</p> <p>GLNPO will contact the grantee to confirm the period over which they charged the grant for the vehicle lease. Regarding the procurement method of contracts - Student Conservation Association should have been characterized as a subaward rather than a contractor. SCA is a nonprofit organization with a shared mission of conservation. They are not a for-profit contractor of professional services. A procurement method does not apply to this line item. Furthermore, the prescribed burn line item was under the micro-purchase threshold and thus a procurement method is not needed for that line item.</p>
GL – 00E01936	<p>The budget information and related narrative that the recipient included with the grant application did not have sufficient details that are necessary to conduct a full cost assessment, such as the:</p> <ol style="list-style-type: none"> 1. Estimated personnel cost details [...] 2. Estimated travel costs details [...] 	\$4,696	<ol style="list-style-type: none"> 1. GLNPO agrees that personnel costs did not include base rates and number of hours or percent of FTE as required by EPA's cost review guidance. However, the role of staff is described, and the overall salary rates are commensurate with the effort described and with projects of similar size and scope. 2. GLNPO agrees that travel costs did not include the number of miles or mileage reimbursement rate as required by EPA cost review guidance. However, the amount budgeted is consistent with the description of the work and with other projects of similar size and scope. 3. The supplies budget includes a brief description of supplies; costs are categorized into major supplies categories; and an estimated cost is provided for each category as is consistent with EPA's grants cost review guidance. 4. A bullet point summary of the scope of work is provided in the budget narrative and further detail on the scope of work is found in the body of the workplan in the discussion of components 1, 2, and 3 of the project. Procurement method (open bid) is found on page 7 and 9. Duration of the contracts is inferred from the description of work and timeline in the workplan.

			<p>5. GLNPO agrees that additional detail is needed to substantiate food and refreshments costs as described in PN-2016-G05-R1, which was in effect at the time the grant was awarded. This Policy Notice was rescinded in 2018.</p> <p>It is not clear to GLNPO what labor laws the OIG is referring to or what specific law or laws the recipient would be in violation of.</p> <p>OIG's assertion that indirect costs were improperly attributed solely to federal funding is incorrect. The Region 5 Mission Support Division's Assistance Section is unaware of any rule preventing indirect charges calculated based on the total budget from being charged to the federal share. When indirect costs are calculated on the full budget, \$80,990 is the allowable indirect cost. EPA's position is that the IDC rate should be applied to both the federal share and the recipient share unless the rate agreement specifically states that the IDC rate only applies to the federal share of direct costs. When the indirect cost rate is negotiated, the calculation includes all applicable direct costs in the base, both federal and nonfederal direct costs. Therefore, all these costs were allocated a portion of the indirect costs. If we don't allow recipients to recover the IDC's allocated to their nonfederal portion of their direct costs, then we are forcing them to use the nonfederal portion of their indirect costs as cost share.</p> <p>When the indirect costs are calculated on the budget for federal funds only, \$50,987 of funds are eligible for indirect costs. The grantee only charged \$36,127 to the grant. This means the grantee budgeted for less indirect costs than they would have been eligible for even when the costs are calculated based only on the federal share of direct costs.</p> <p>Given our review, we do not believe there are any disputed costs to recover from the recipient.</p>
GL – 00E02219	The budget included several calculation errors and cost overstatements totaling \$168,878, including \$140,934 related to the personnel cost estimate and \$27,893 related to the allocation of indirect cost. GLNPO and the AAB did not review the estimated cost of GLNPO, and the AAB did not review the estimated cost of \$2,000 for	\$170,878	GLNPO acknowledges inconsistencies in the information presented in the budget table for personnel costs. For example, salary and % time do not appear to be calculated correctly for some lines, and it is not clear how the split between federal share and non-federal share was calculated. However, OIG does not specify how it determined that \$140,934 could be ineligible. Furthermore, the

	<p>refreshments included in the budget and reported that the work plan and budget did not include refreshments.</p> <p>The budget information and narrative lacked sufficient details to perform a cost assessment to determine whether costs were reasonable for fringe benefits (for example, allocation rate), travel (for example, number of employees traveling to a conference and purpose of the attendance), and supplies (for example, quantity to purchase and price per item). In addition, the information provided incorrectly accounted for a truck rental as equipment to be purchased.</p> <p>The recipient cost-share amount was understated by \$2,776. The budget information included in Standard Form 424A was not fully supported by the budget narrative that the recipient submitted with the application.</p>	<p>overall costs are generally reasonable when compared with projects of similar size and scope. There is not enough information to determine that the costs are ineligible.</p> <p>GLNPO agrees that the budget narrative could have been clearer with respect to lunch charges. However, the workplan and budget narrative did specify they would conduct at least 8 “workbees” per year (16 total) and expected at least 10 attendees at each, resulting in a cost of \$12.50 per lunch, which is a reasonable cost. However, GLNPO acknowledges that more information is needed to confirm that the “workbees” are all-day events to determine the necessity of the lunch cost. GLNPO also acknowledges that the PO erroneously indicated there were no food or refreshments charges in question B.3 of the Funding Recommendation.</p> <p>GLNPO agrees that a fringe allocation rate was not provided, that travel costs did not include enough detail for the conference costs, and that truck rental was miscategorized.</p> <p>GLNPO disagrees that \$170,878 is recoverable but with additional details from OIG, can re-analyze and ascertain if there are indeed any disputed charges that would be recoverable.</p>
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Response to Recommendations:

While GLNPO believes that it is running a solid grants program and disagrees with the significance and extent of deficiencies reflected in the Draft Report, implementing the OIG’s recommendations will allow it to run a better grants program. GLNPO emphatically agrees with the OIG’s statement that:

The EPA needs to address the grant-management and records-management deficiencies to reduce the risk of future GLRI grants being noncompliant with federal and EPA requirements which could impair public trust in the Great Lakes National Program Office’s operations. ... EPA investment in grants management in the form of guidance, training, and oversight can help improve operations and address challenges.”

Consequently, GLNPO responds to the OIG Recommendations as follows:

Recommendation 1:

OIG: Develop and implement guidance for the project officers in the Great Lakes National Program Office and the grant specialists in the Region 5 Mission Support Division Assistance Agreements Branch that consists of:

- a. A review process to verify that the work plan and budget narrative include the required information to support that the award decision was made in full compliance of grant award requirements.

GLNPO Response: Since the time that the grants that were the subject of this review were awarded, GLNPO has developed and has continually updated workplan templates to ensure all required information is included in workplans and budget narratives. GLNPO will review and update these templates to ensure they include all required budget and workplan elements, including but not limited to the following items:

- i. Period of performance, procurement method, and summary of work for contracts;
- ii. Salary rates and hours or percentage of FTE for personnel costs;
- iii. All required details for travel; and
- iv. Food and refreshments details.

GLNPO's current review process includes: 1) review of the workplan and budget by the Project Officer and additional technical staff as needed; 2) Lead Project Officer support to the Project Officers in evaluating and addressing complex topics; 3) funding package review and approval by the Section Supervisor, GLNPO GLRI Focus Area Leads, Branch Manager, and Division Director. GLNPO believes this is a thorough and robust review process and will continue to utilize it.

- b. A baseline-monitoring process, with an emphasis on the milestones and accuracy of the baseline-monitoring report.

GLNPO Response: With the inception of the EPA Lean Management System (ELMS) in 2019, GLNPO has been tracking Project Officer performance on baseline monitoring on a monthly basis. Since 2022, GLNPO Lead Project Officers and PAOS Section Supervisor have utilized the Grant Research Information Portal (GRIP) tool to provide reminders to POs for upcoming baseline monitoring due dates. Project Officers are also actively utilizing GRIP to monitor and complete baseline monitoring in a timely manner. Lastly, the PAOS Supervisor is also addressing baseline monitoring in weekly "huddle" meetings to ensure its timeliness and completeness. In the baseline monitoring report, we are now indicating that the review was done based on a conference call, progress report, or an email.

Beginning in FY24, GLNPO will update their Project Officer toolkit with additional direction and examples to ensure answers to baseline monitoring questions are clear and complete and clearly demonstrate that the Project Officer has reviewed project progress against grant workplan milestones.

Finally, in FY24, the PAOS Supervisor will begin performing periodic quality checks of a sample of baseline monitoring reports.

- c. An internal process for routinely selecting a representative group of Great Lakes Restoration Initiative grants to review for adherence to requirements, such that grant agreements are sufficiently and properly supported by work plans and budget narratives and include all applicable terms and conditions and baseline-monitoring reports are completed accurately.

GLNPO Response: In FY24 GLNPO will develop and implement an internal review protocol to ensure workplans and budget narratives include all required elements, that grant awards include all necessary terms and conditions, and that baseline monitoring reports are complete and accurate.

Recommendation 2:

OIG: Review the OIG-identified questioned costs for the assessed Great Lakes Restoration Initiative grants to determine whether the costs are allowable and allocable as set forth in 2 C.F.R. part 200 and recover any funds that the EPA paid for unallowable costs as appropriate

GLNPO Response: GLNPO has completed an initial review of the questioned cost findings as detailed in the table above. GLNPO will further investigate these costs and decide if additional action is needed by December 30, 2023.

Recommendation 3:

OIG: In consultation with the Mission Support Division Assistance Agreements Branch, develop a records-management program for the Great Lakes National Program Office.

GLNPO Response: GLNPO will continue to use the current agency-wide grant records management process and the accompanying electronic filing solution embedded in Microsoft Teams.

Beginning in FY24, GLNPO will implement a Grant File Checklist into all existing and future grants and cooperative agreements to ensure all critical components and supplemental information are accounted for in a single organized electronic file. GLNPO will develop grant transfer and grant closeout procedures that will include a review of the checklist that must be signed off on by Section Supervisor or designee (Lead Project Officer) prior to closing or transferring a grant to another Project Officer. Finally, the PAOS Supervisor will perform periodic routine audits of grant files to ensure completeness.

- **Mission Support Division Response:** This audit was conducted in 2019 during the time in which EPA (Region 5) was at the beginning stage of migrating from a paper filing grants system to an electronic filing system. This electronic filing system has resulted in the many improvements to mitigate audit concerns and improve compliance. The old paper filing system was a manual process that increased the likelihood of record deficiencies. Grant documentation is now maintained in electronic grant files. The electronic files allow all grant documents to be uploaded and significantly decreases record deficiencies.

Recommendation 4:

OIG: Require periodic training and provide learning resources on grants management to all project officers and grant specialists, with an emphasis on recordkeeping; cost reviews; timely, accurate, and comprehensive baseline-monitoring reports; and other topics as determined by the results of the routine internal review process established in Recommendation 1c.

GLNPO Response: Since at least 2010, all GLNPO Project Officers have maintained Project Officer certification by completing the required Managing Your Financial Assistance Agreement for Project

Officers training every three years as well as any other agency required training. In addition, in FY23, EPA's Office of Grants and Debarment has developed and implemented additional Next Generation Grants System Project Officer Training Webinar modules for: Grants Overview; Competition Process; Grant Application; Funding Recommendation; Commitment Notice; Awards; Amendments; Post-award; and Closeout. All current GLNPO Project Officers will complete the new required trainings by the September 30, 2023, deadline.

In addition to the required trainings, GLNPO will conduct ongoing Professional Development opportunities starting in FY24 with best practices meetings and joint trainings on elements such as those identified in this OIG audit. Furthermore, GLNPO is also implementing monthly informational sessions to ensure that Project Officers are proficient in the grant policies, rules and regulations. GLNPO will develop an initial list of topics in response to topics raised by the OIG audit and develop a schedule by December 31, 2023. GLNPO will begin implementing the information sessions in FY24.

Mission Support Division Response: EPA has created mandatory trainings for the Grants Specialists and the Project Officers that must be completed related to grant responsibilities and compliance. Project Officers and the Grant Specialists attend the Office of Grants and Debarment (OGD) Weekly Grants Office hours which are intended to provide the EPA grants community with an additional resource for grant-related questions. In addition, OGD and Region 5's Mission Support Division conduct internal trainings for compliance. For instance, in Q4 FY22, OGD offered open office hours devoted to Indirect Cost training.

To assist with compliance, administrative baseline monitoring is done by the Grants Specialist. The baselines review and monitor the recipient's administrative requirements for their specific assistance agreement. The reviews are done an annual basis and more frequently depending upon the project period. They evaluate the grant recipient's financial and administrative compliance along with the grantee's scope of work, general and grant-specific administrative terms and conditions, and regulatory requirements.

Conclusion:

In conclusion, GLNPO thanks the OIG team for taking the time to closely review GLNPO's grants management program and processes and sharing its critical perspective on the efficacy of the program. GLNPO again commends the members of the OIG team for their highly professional pursuit of this matter, and for the collaborative manner in which this audit was conducted. GLNPO will implement the Recommendations of the OIG in the manner and timeframes set forth above and looks forward to keeping the OIG apprised of its progress.

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