

Additional Questions for the Record

The Honorable Buddy Carter

1. Ms. Murley, if a concern about conflict of interest or ethics was brought to the EPA OIG, how would your office handle that? Have you heard of this grant given to Power Forward Communities, and if not can you commit here that you will ensure these funds were properly allocated?

If the OIG received a concern regarding potential conflicts of interest, we would review EPA records and information to identify whether the Agency followed its policies and procedures for vetting both Agency employees and applicants for potential conflicts.

The OIG Office of Investigations (OI) would review the allegations and evidence to determine whether the matter warrants a criminal, civil, or administrative investigation and, if not, refer the matter to our Office of Special Review and Evaluation and/or our Office of Audit to consider potential relevant oversight work. Additionally, for matters involving potential misconduct by current or past senior EPA employees, our Administrative Investigations Directorate would work in conjunction with OI to determine whether a civil or administrative investigation is warranted.

For an investigative review of conflicts of interest involving EPA employees, we may review EPA records relating to what was disclosed by the employee and what advice was provided by the EPA (such as employee financial disclosures, recusal memorandums, advice provided by EPA ethics officials, emails and phone records of relevant personnel, etc.). We would conduct witness interviews and potentially subject interviews.

For an investigative review of conflicts of interest between grant recipients and subrecipients we may review records related to the awards and the awardees (such as the EPA's Financial Assistance Conflict of Interest Policy, the grantee's conflict of interest plan, the award file, publicly available media, secretary of state filings, the grantee's organizational chart and affiliated individuals) as well as conducting witness interviews and potentially subject interviews.

We would also look at the terms and conditions of the grants, identify whether the awardee complied with applicant disclosure requirements, and whether EPA employees followed federal and EPA requirements during the award process.

We are beginning the audit and evaluation planning process to examine how the EPA is administering and overseeing taxpayer dollars awarded through the Greenhouse Gas Reduction Fund, or GGRF, and what internal controls the Agency put in place to ensure the money would be spent responsibly. Our staff is currently drafting a cross-component proposal for a special review evaluating the GGRF program design, focusing on the National Clean Investment Fund and the Clean Communities Investment Accelerator.

Our other IRA-related work, for which we were not funded but nevertheless find critical, includes an ongoing audit of EPA contractor EnDyna Inc.'s contracts containing IRA and IIJA funding, and an audit of the GGRF's Solar for All Program to identify the status of those funds, top recipients, and potential risks and impacts of the program. We are also initiating an evaluation regarding the Community Change Grants, specifically the EPA's selection process for one grant and the larger review process.

2. How can EPA be sure that programs are spending money wisely and not giving their friends at these organizations free reign over American tax dollars? Was the grant for Power Forward Communities analyzed before it was sent out?

The OIG's oversight work aims to protect taxpayer dollars and ensure program integrity at the EPA by detecting and preventing potential fraud, wasteful spending, and other risk vulnerabilities. We are proactively reviewing GGRF awards for potential conflicts of interest to determine if organizations improperly received the grants, as well as potential vulnerabilities in the grant terms and conditions and the use of funds.

The Honorable Rick Allen

1. With the large amount of funding from the IRA and IIJA and with short statutory deadlines to send out the grant money, does the EPA OIG follow where the money is going, and do you have concerns about sending large amounts of grant money in a short amount of time?

With the passage of the IRA, the EPA was tasked with distributing \$41.5 billion to implement programs aimed at improving public and environmental health. The IRA carries more risk of fraud, waste, and abuse than the IIJA for two main reasons. First, it creates more new programs than the IIJA and new programs are inherently more prone to inefficiencies and errors than existing programs.

Second, whereas most of the EPA's IIJA appropriations are no-year funds, the IRA appropriations have tighter expiration dates. We have warned previously that the rush to meet those time limits creates concerns regarding whether the Agency employed proper internal controls to vet funding recipients and project proposals and to monitor recipients to prevent the misuse and mismanagement of funds. Accordingly, evaluating recipient vetting and monitoring will be a key focus for our IRA oversight work.

That said, the OIG faces challenges that hinder our ability to oversee the EPA's IRA funds to the same extent we have overseen its IIJA spending. Our most pressing constraint is resources. Unlike the IIJA, the IRA did not include funding for OIG oversight. We believe IRA oversight is critical, and we are redirecting core resources to conduct that work. However, with our statutorily required reporting and years of stagnant or declining budgets, our capacity for IRA projects is limited. Additionally, the structure of the GGRF, which accounts for \$27 billion of the EPA's IRA appropriation, complicates oversight. It becomes harder to track grant dollars the farther away they get from the Agency and the initial grant recipient, and the GGRF was designed using a financial agent and multiple pass-through entities.

We will continue working to navigate these challenges and to identify lessons learned in our robust oversight of IIJA and other supplemental appropriations that could be relevant for IRA programs as well.

The Honorable Russ Fulcher

1. Do you have anything to add on ways the EPA program folks can coordinate better with state DEQs and with local municipalities over compliance that is not too burdensome to local municipalities as they meet requirements, given your vantage point at the EPA OIG?

The OIG has issued many reports identifying ways for the EPA to improve its coordination with states and local municipalities. This includes more frequent or improved guidance, training, and technical support. For example, in one [report](#) we recommended that the EPA provide annual training on program requirements related to the Clean Water State Revolving Fund. In another [report](#), we issued four recommendations to develop and issue guidance related to state revolving fund programs for Build America, Buy America Act requirements.

Additionally, in a recent [report](#) on drinking water, we recommended that the EPA help a state address program deficiencies through enhanced monitoring and oversight—for example, by reviewing a state’s sanitary survey program. We also made recommendations to improve guidance and training in this report. If the EPA provides sufficient monitoring and oversight of state and local activities, issues may be addressed before they become enforcement matters.

Finally, we made recommendations related to the need for improved community involvement, transparency, and dispute resolution for Superfund sites. Examples in this area include a [report](#) on community engagement and another [report](#) on overseeing and implementing institutional controls.

The Honorable Alexandria Ocasio-Cortez

1. Can you clarify the timeline of the Greenhouse Gas Reduction Fund (GGRF) awards? When were selectees announced? When was the financial agency agreement set up? When were the funds obligated and disbursed?

It is our understanding based on the EPA’s records that:

- The awards were [announced](#) on April 4, 2024.
- In September 2024, the U.S. Department of the Treasury and Citibank, N.A. executed a Financial Agency Agreement that formally designated Citibank, N.A. as a financial agent of the United States.
- The EPA could better address when the funds were obligated and disbursed.

2. Under the financial agency agreement set up for National Clean Investment Fund (NCIF) and Clean Communities Investment Accelerator (CCIA), what kind of data is shared with EPA? Are sub-grantees subject to the same oversight as grantees? How does that compare with the Treasury’s Automated Standard Application for Payments (ASAP) system? Is there more or less oversight?

While the Agency could better address this question, we are beginning the audit and evaluation planning process to examine how the EPA is administering and overseeing taxpayer dollars awarded through the Greenhouse Gas Reduction Fund, or GGRF, and what internal controls the Agency put in place to ensure the money would be spent responsibly. Our staff is currently drafting a cross-component proposal for a special review evaluating the GGRF program design, focusing on the National Clean Investment Fund and the Clean Communities Investment Accelerator. We will take these questions into account as we develop our proposal.

3. In the GGRF grant agreements, what are the terms and conditions under which EPA may freeze or exert security control over ASAP or Account Control Agreement (ACA) accounts?

The Agency could better address this question. However, as discussed above, we are beginning the audit and evaluation planning process to examine how the EPA is administering and overseeing taxpayer dollars awarded through the GGRF, and what internal controls the Agency put in place to ensure the money would be spent responsibly. We will take this question into account as we develop our proposal.

4. EPA Administrator Lee Zeldin has stated that one grant agreement “was telling this entity that they have 21 days to distribute \$2.29 billion.” Is this a complete and accurate reflection of the terms of any of the GGRF grant agreements? If not, what additional context should Congress be aware of in the agreement(s) regarding deadlines to disburse funds?

While we believe the EPA could better clarify the Administrator’s statement, there is language in the assistance agreement for Opportunity Finance Network, which received a Clean Communities Investment Accelerator award for \$2.29 billion, that stated: “The recipient demonstrates its commitment to carry out this award by either: 1) drawing down funds within 21 days after the EPA award or amendment mailing date; or 2) not filing a notice of disagreement with the award terms and conditions within 21 days after the EPA award or amendment mailing date.”

5. In the recent letter asking for an OIG investigation into GGRF funds, EPA Deputy Administrator McIntosh wrote that a grant recipient named Young, Gifted, & Green was awarded \$20 million. Was this organization a GGRF awardee or sub-awardee?

Young, Gifted & Green was selected as a recipient for a nearly \$20 million Community Change Grant. The Community Change Grant Program is not part of the GGRF; however, it is funded through the Inflation Reduction Act.