

GRANTS MANAGEMENT

EPA Could Improve Certain Monitoring Practices

Why GAO Did This Study

Grants comprised about half of EPA's budget in 2015, or about \$4 billion. Through several grant programs, EPA headquarters and 10 regional offices award these grants to a variety of recipients, including state and local governments. EPA provides guidance through directives that seek to ensure the appropriate use of funds and achievement of environmental results or public health protection, among other purposes.

GAO was asked to review how EPA monitors environmental and other grant results. This report examines (1) how EPA awards grants, (2) the federal and EPA requirements for monitoring grant and program results, and (3) how EPA monitors its grants to ensure that environmental and other program results are achieved. GAO analyzed relevant federal laws, regulations, and EPA guidance; reviewed processes for ensuring that environmental results are achieved for the three EPA program offices that award the majority of EPA grant dollars; and interviewed EPA officials and officials from eight state environmental agencies—selected based on the amount of environmental funding they receive from EPA.

What GAO Recommends

GAO is making six recommendations, including that EPA (1) reduce duplicative reporting by identifying grant programs where existing data reporting can meet EPA's performance reporting requirements and (2) incorporate data quality controls for performance reports into its planned web-based portal. In response, EPA agreed with GAO's findings, conclusions, and recommendations.

View [GAO-16-530](#). For more information, contact J. Alfredo Gómez at (202) 512-3841 or gomezj@gao.gov.

What GAO Found

The Environmental Protection Agency (EPA) generally awards three different categories of grants: formula, categorical, and discretionary. According to EPA data, in fiscal year 2015, EPA awarded the majority of its grant funds—\$2.25 billion of \$3.95 billion (57 percent)—as formula grants, primarily to states to support water infrastructure based on funding formulas prescribed by law. EPA awarded \$1.09 billion (about 28 percent) of its grant funds as categorical grants. These grants were generally awarded noncompetitively, mostly to states and Indian tribes to operate environmental programs. EPA determines the amount of funding each grantee receives based on agency formula or program factors. EPA awarded \$0.513 billion (about 13 percent) in discretionary grants for specific activities, such as research. EPA also awarded \$0.09 billion (2 percent) in grant funds to special appropriations act projects for specific drinking water and wastewater infrastructure projects in specific communities.

Multiple federal and agency requirements and guidelines apply to monitoring grant and grant program results. For example, under EPA regulations, grantees must submit performance reports to EPA at least annually. EPA policies and guidance, such as its environmental results directive, call for EPA program officials to review performance reports to determine if the grantee achieved the planned results and for program offices to report on significant grant results through other processes, such as submissions to EPA databases. EPA incorporates requirements related to grantee reporting frequency, content, and reporting processes into grant terms and conditions.

EPA monitors performance reports and program-specific data from grantees to ensure that grants achieve environmental and other program results. However, GAO found that certain practices may hinder EPA's ability to efficiently monitor some results and increase administrative burden. For example, EPA collects some information from grantees twice—once in a performance report and once in a database—because EPA uses the information for different purposes. GAO's prior work and EPA analyses have shown that duplication of efforts can increase administrative costs and reduce the funds available for other priorities. By identifying grant programs where existing data reporting can meet EPA's performance reporting requirements, the agency can help reduce duplicative reporting for grantees. Also, GAO's review of grantee performance reports found issues that may hinder EPA's ability to efficiently identify factors affecting grantee results. For example, because grantees submit performance reports in a written format, there are no built-in quality controls to ensure these reports' consistency with EPA's environmental results directive. Rather, EPA officials must perform a manual review. A 2014 analysis of EPA's grants management processes found that EPA relied heavily on manual processes and could incorporate improvements into its new grants management database system. EPA officials said they plan to develop a web-based portal for grantees to submit documents, such as performance reports. By incorporating built-in data quality controls, such as required fields, for performance reports into its planned web-based portal, EPA could improve these reports' consistency with the environmental results directive and reduce the administrative burden of performing manual reviews.