



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

The U.S. Environmental Protection Agency's (EPA's) Office of the Chief Financial Officer and some members of Congress expressed concerns related to unliquidated balances in the U.S.-Mexico Border Program (Border Program). Our audit objective was to answer the question: Does EPA's U.S.-Mexico Border Program have adequate controls for obligating and using water infrastructure grant funds?

Background

EPA provided \$626 million in assistance agreements (grants) for water infrastructure improvements (both drinking water and wastewater) along the U.S.-Mexico border for projects starting between Fiscal Years 1997 and 2007. EPA coordinates and works with the Border Environment Cooperation Commission and the North American Development Bank to ensure border projects are designed and constructed to achieve environmental results.

For further information, contact our Office of Congressional and Public Liaison at (202) 566-2391.

To view the full report, click on the following link:
www.epa.gov/oig/reports/2008/20080331-08-P-0121.pdf

Improvements Needed to Ensure Grant Funds for U.S.-Mexico Border Water Infrastructure Program Are Spent More Timely

What We Found

From 2005 to 2007, EPA took actions to implement timeframes for Border Program projects, reduce the scope of projects, and reduce unliquidated obligations of projects. However, EPA needs to make additional changes to the process it uses to manage the funds Congress appropriates for water infrastructure improvements along the U.S.-Mexico Border. In Fiscal Years 2005 and 2006, EPA awarded \$35.1 million to the North American Development Bank to construct Border Program projects that could not be built until they were planned and designed, which takes about 2 years. Since 1998, the Bank has accumulated an unliquidated balance of \$233 million because EPA awarded grants to construct projects before design was complete. EPA managers told us they provided grant funds in advance to ensure funds were available to build projects once planning was completed. EPA staff also said they felt pressured to obligate the money to avoid a reduction in program funding. If this process continues, between \$34 and \$57 million of the funds Congress appropriated for the program in Fiscal Years 2007 and 2008 will not be needed until Fiscal Year 2010 or beyond.

Region 6 Border Program grant work plans did not include specific projects, measures, milestones, or costs associated with projects. The work plan for EPA Region 9's Fiscal Year 2006 grant included total cost of projects, but did not include sufficient detail about how much the grant funded for the projects. EPA requires that all grant work plans contain objectives, specific tasks, a schedule or milestones, project measures, and detailed budgets. When EPA awards grants with work plans that do not fulfill all requirements, there is an overall reduction in accountability for the projects and funding.

What We Recommend

We recommend that EPA:

- Require project planning and design be completed before awarding grant funds for construction,
- Develop a plan to fund other projects with the unobligated funds, and
- Prepare work plans that contain required project information.

With one exception, EPA generally concurred with our recommendations. However, EPA expressed reservations about being able to make changes to the program without all stakeholders agreeing on how projects should be funded.