



## Testimony

Before the Subcommittee on Oversight  
and Investigations, Committee on  
Energy and Commerce, House of  
Representatives

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# OVERSIGHT OF AGENCY SPENDING

## Implementing GAO Recommendations Could Help Address Previously Identified Challenges at Commerce, DOE, and EPA

Statement of Mark Gaffigan, Managing Director,  
Natural Resources and Environment

# GAO Highlights

Highlights of [GAO-23-106726](#), a testimony before the Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, House of Representatives

## Why GAO Did This Study

GAO has overseen federal agency spending over decades, including oversight of major federal investments such as the Recovery Act. In addition, GAO oversight has previously identified challenges related to programs managed by Commerce, DOE, and EPA.

This testimony discusses: (1) considerations for oversight of federal spending provided in the three acts; (2) examples of challenges associated with Commerce, DOE, and EPA programs as identified in prior GAO work; and (3) GAO's ongoing or planned work relevant to oversight of federal funding provided to Commerce, DOE, and EPA in the three acts.

This testimony is based on prior GAO work related to federal grants management challenges; lessons learned from the Recovery Act; and reviews of Commerce, DOE, and EPA programs between 2007 and 2023. Details on GAO's methodology can be found in each of the reports cited throughout this hearing statement.

## What GAO Recommends

Sixteen GAO reports included a total of 67 recommendations that could help address previously identified challenges at Commerce, DOE, and EPA discussed in this testimony statement. The agencies have implemented 38 of these recommendations. GAO maintains that implementing the remaining recommendations will help address programmatic challenges.

View [GAO-23-106726](#) For more information, contact Mark Gaffigan at (202) 512-3841 or [Gaffiganm@gao.gov](mailto:Gaffiganm@gao.gov).

March 29, 2023

## OVERSIGHT OF AGENCY SPENDING

### Implementing GAO Recommendations Could Help Address Previously Identified Challenges at Commerce, DOE, and EPA

## What GAO Found

Congress and the administration have provided billions in funding to the Department of Commerce, the Department of Energy (DOE), and the Environmental Protection Agency (EPA) through three recently enacted laws: the Infrastructure Investment and Jobs Act, the Inflation Reduction Act of 2022, and the Creating Helpful Incentives to Produce Semiconductors for America Act of 2022.

With regard to this new funding, GAO's prior work examining federal grants management and the implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act) offers valuable lessons for overseeing agency spending and addressing long-standing challenges. For example, lessons learned include:

- **Streamlined grants management** is critical to effective use of federal funds. When grants management requirements are duplicative, unnecessarily burdensome, or conflicting, agencies must direct additional resources toward meeting them.
- **Strong internal controls** provide reasonable assurance to federal managers that grants are awarded properly, recipients are eligible, and grant funds are used as intended.
- **Adjustments and innovations in oversight** helped foster accountability for Recovery Act funding. For example, federal, state, and local officials used networks and agreements to work toward common goals.

In previous reviews of Commerce, DOE, and EPA programs, GAO has identified challenges in various aspects of some of the programs, for which Congress and the administration have provided significant funding through recent legislation. Programs examined by GAO include:

- Commerce's broadband programs,
- EPA's clean water and drinking water state revolving fund programs and EPA grants, and
- DOE's nuclear energy demonstration projects and DOE loan programs.

The challenges that GAO identified included management of fraud risk, adherence to cost controls, and ensuring that programs have the right policies and expertise in place. The agencies have implemented some GAO recommendations to help address these challenges.

GAO has ongoing or planned work more broadly examining aspects of how Commerce, DOE, and EPA spend the funds they received in the three acts. For example, GAO is currently reviewing a Commerce tribal broadband program, as well as DOE's carbon capture and storage projects and Office of Clean Energy Demonstrations activities.

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Chairman Griffith, Ranking Member Castor, and Members of the Subcommittee:

Thank you for the opportunity to be here today to discuss issues related to the oversight of federal spending appropriated in three recently enacted pieces of legislation: the Infrastructure Investment and Jobs Act (IIJA),<sup>1</sup> the Inflation Reduction Act of 2022 (IRA),<sup>2</sup> and the Creating Helpful Incentives to Produce Semiconductors for America Act of 2022 (CHIPS).<sup>3</sup> Through these three acts, Congress and the administration have provided billions in funding to federal entities—including the Department of Commerce, the Department of Energy (DOE), and the Environmental Protection Agency (EPA). This funding is for grants and programs supporting clean energy research and development; water and infrastructure investments; climate resilience; broadband investments; and semiconductor manufacturing; among other purposes.

Examples of funding for these three agencies include over \$50 billion for Commerce investments in broadband and resilience under the IIJA, and \$50 billion for Commerce to incentivize semiconductor production in the United States under CHIPS. For DOE, funding includes over \$60 billion for clean energy and other investments under the IIJA, and hundreds of billions in loan authority under the IRA and IIJA. For EPA, funding includes over \$50 billion for water infrastructure and other investments under the IIJA, and \$40 billion in funding for greenhouse gas reduction and other programs under the IRA.

My comments today will summarize observations on oversight of federal funding such as that provided to Commerce, DOE, and EPA in recent legislation, including IIJA, IRA, and CHIPS. Specifically, my remarks today will discuss (1) considerations for oversight of federal spending provided in the three acts; (2) examples of challenges associated with Commerce, DOE, and EPA programs as identified in our prior work; and (3) our ongoing or planned work relevant to oversight of federal funding provided to Commerce, DOE, and EPA in the three acts.

My testimony is based on our prior reports and testimonies related to federal grants management challenges, lessons learned from the

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<sup>1</sup>Pub. L. No. 117-58, 135 Stat. 429 (2021).

<sup>2</sup>Pub. L. No. 117-169, 136 Stat. 1818.

<sup>3</sup>Pub. L. No. 117-167, div. A, 136 Stat. 1372.

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American Recovery and Reinvestment Act of 2009 (Recovery Act), and selected prior work reviewing Commerce, DOE, and EPA programs between 2007 and 2023. A detailed discussion of the prior reports' objectives, scope, and methodologies, including our assessment of data reliability, is available in each of the reports cited throughout this statement.<sup>4</sup>

The work upon which this testimony is based was conducted 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.

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## Considerations for Spending Oversight, including Federal Grants Management Challenges and Lessons Learned from the Recovery Act

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### Federal Grants Management Challenges

Our prior work on federal grants spanning several decades has identified management challenges that offer valuable lessons for the oversight of the billions of dollars in grant funding provided to Commerce, DOE, and EPA in recent legislation. Specifically, we identified a number of commonly recurring themes that provide lessons learned on long-standing challenges. These lessons learned involve streamlining; transparency; collaboration and consultation; fragmentation, overlap, and duplication; and internal controls and oversight.<sup>5</sup>

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<sup>4</sup>See list of Related GAO Products at the end of this statement for specific prior reports.

<sup>5</sup>GAO, *Grants Management: Observations on Challenges and Opportunities for Reform*, [GAO-18-676T](#) (Washington, D.C.: July 25, 2018).

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- **Streamlined grants management is critical to effective use of federal funds.** Our prior work has shown that when grants management requirements are duplicative, unnecessarily burdensome, or conflicting, agencies must direct additional resources toward meeting them. This can make the agency’s programs and services less cost effective and increase burdens on grant recipients.
  - **Increased transparency over grant spending can inform decision-making.** To provide increased transparency to agencies, Congress, and the public, the Digital Accountability and Transparency Act of 2014 required the Office of Management and Budget, the Department of the Treasury, and other federal agencies to increase the types of information available on federal spending, including grants. We have reported on progress in standardizing and expanding reported data, but we have also found inconsistencies with the quality of the reported information.<sup>6</sup>
  - **Collaboration and consultation can lead to more effective grants management.** The process of distributing federal assistance through grants is complicated and involves many different parties—both public and private—with different organizational structures, sizes, and missions.<sup>7</sup> A lack of collaboration among and between federal agencies, state and local governments, and nongovernmental grant participants creates challenges for effective grants implementation.
  - **Identifying fragmentation, overlap, and duplication can result in greater efficiencies.** Our prior work has shown that creating numerous federal grant programs over time without coordinating the purposes and scope of those programs can lead to grants management challenges. Specifically, our work has underscored the importance of identifying fragmentation, overlap, or duplication in a number of federal programs, including grants management practices.<sup>8</sup>

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<sup>6</sup>See [GAO-18-676T](#), and for other recent work on the quality of reported information, see GAO, *Federal Spending Transparency: OIGs Identified a Variety of Issues with the Quality of Agencies’ Data Submissions*, [GAO-22-105427](#) (Washington, D.C.: July 12, 2022); and *Federal Spending Transparency: Opportunities Exist to Further Improve the Information Available on USAspending.gov*, [GAO-22-104702](#) (Washington, D.C.: Nov. 8, 2021).

<sup>7</sup>GAO, *Grants to State and Local Governments: An Overview of Federal Funding Levels and Selected Challenges*, [GAO-12-1016](#) (Washington, D.C.: Sept. 25, 2012).

<sup>8</sup>GAO, *2022 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Billions in Financial Benefits*, [GAO-22-105301](#) (Washington, D.C.: May 11, 2022); and GAO’s Action Tracker [https://www.gao.gov/duplication/action\\_tracker/all\\_areas](https://www.gao.gov/duplication/action_tracker/all_areas), an online tool for monitoring the progress federal agencies and Congress have made in addressing the actions identified in GAO’s annual duplication and cost savings reports.

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Addressing these issues may produce cost savings and result in greater efficiencies in grant programs.

- **Strong internal controls and oversight facilitate effective use of grant funds.** Our prior work has shown that when awarding and managing federal grants, internal controls and oversight are important. Strong internal controls and effective oversight provide reasonable assurance to federal managers and taxpayers that grants are awarded properly, recipients are eligible, and federal grant funds are used as intended and in accordance with applicable laws and regulations. Internal controls are comprised of the plans, methods, and procedures that agencies use to be reasonably assured that their missions, goals, and objectives can be met. In numerous reviews, we and agency inspectors general identified weaknesses in agencies' internal controls for managing and overseeing grants. We found that when such controls are weak, federal grant-making agencies face challenges achieving grant program goals and assuring the proper and effective use of federal funds to help avoid improper payments. Our work has identified weaknesses in grant oversight and accountability issues that span the government including undisbursed grant award balances, single audit submissions that are late, and significant levels of improper payments in grant programs.

In our prior work on federal grants management, we concluded that designing and implementing grants management policies that strike an appropriate balance between ensuring accountability for the proper use of federal funds without increasing the complexity and cost of grants administration for agencies and grantees is a longstanding challenge.<sup>9</sup>

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## Recovery Act Implementation Offers Lessons for Accountability

By increasing accountability and transparency requirements while simultaneously setting aggressive timelines for the distribution of funds, the Recovery Act created high expectations, as well as uncertainty and risks for federal, state, and local governments responsible for implementing the law. In 2014, we found that, when faced with these challenges, some organizations looked beyond their usual way of doing business and adjusted their typical practices to help ensure the accountability and transparency of Recovery Act funds. Our prior work on the Recovery Act identified examples of the challenges faced and useful

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<sup>9</sup>[GAO-18-676T](#).

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practices employed that offer lessons for the oversight of funding for Commerce, DOE, and EPA in the three recent acts.<sup>10</sup>

**Accelerated rollout presented oversight challenges.** The accelerated rollout of Recovery Act programs presented oversight challenges. The President's goal for quickly spending Recovery Act funds created a large spike in spending for a number of programs in the 28 agencies receiving Recovery Act funds. The act also created a number of new programs—requiring agencies to move quickly to establish them. As a result, some federal agencies and states faced oversight challenges. For example, we found that DOE encountered some initial challenges with fully developing management and accountability infrastructure because of the large amount of Recovery Act funding it received in a short period of time. An official in DOE's Office of the Inspector General told us at the time that these initial challenges were present with the new Energy Efficiency Conservation Block Grant program.<sup>11</sup> The official told us that some states and localities also did not have the infrastructure in place or the necessary training to manage the large amount of additional federal funding.

**Adjustments and innovations in oversight helped foster accountability.** Federal, state, and local officials adopted a number of practices to foster accountability, including (1) strong support by top leaders; (2) centrally situated collaborative governance structures; (3) the use of networks and agreements to share information and work toward common goals; and (4) adjustments to and innovations in the usual approaches to conducting oversight, such as the increased use of up-front risk assessments, the gathering of real-time information, earlier communication of audit findings, and the use of advanced data analytics.

We found that the oversight community adopted a faster and more flexible approach to conducting and reporting the results of their audits and reviews so that their findings could inform programs in need of corrections before all Recovery Act funds were expended. They leveraged technology by using advanced data analytics to reduce fraud and to create easily accessible internet resources that greatly improved

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<sup>10</sup>GAO, *Recovery Act: Grant Implementation Experiences Offer Lessons for Accountability and Transparency*, [GAO-14-219](#) (Washington, D.C.: Jan. 24, 2014).

<sup>11</sup>Although the Energy Efficiency Conservation Block Grant was authorized by the Energy Independence and Security Act of 2007, it was not funded (and the monies could not be spent) until the Recovery Act was enacted in 2009 and, therefore, was considered a new program.

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the public's access to, and ability to make use of, data about grants funded by the Recovery Act. These and other experiences, as well as the challenges identified in our prior work, provide potentially valuable lessons for the future.

Underlying many of these lessons is the importance of increased coordination and collaboration in sharing information and working toward common goals. This applies to agencies both vertically—transcending federal, state, and local levels of government—and horizontally—across organizational silos within the federal community. Because the Recovery Act relied on many programs being implemented quickly at the federal, state, and local levels, coordination and collaboration among these groups was essential. We found that collaboration played a key role in ensuring timely implementation of, and accountability for, Recovery Act grant programs.

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## Challenges Identified in Management of Various Commerce, DOE, and EPA Programs

We have issued 16 reports identifying challenges in various aspects of some Commerce, DOE, and EPA programs for which Congress and the administration have provided significant funding through recent legislation. These challenges included fraud risk-management, adherence to cost controls, and ensuring that programs have the right policies and expertise in place. Our 16 reports included a total of 67 recommendations to address these challenges. The agencies have implemented 38 of these recommendations.

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## Commerce Broadband Programs

The IJA and the Consolidated Appropriations Act, 2021, appropriated nearly \$50 billion for eight new broadband programs.<sup>12</sup> In May 2022, we reported that the Department of Commerce's National Telecommunications and Information Administration (NTIA) has multiple roles with regard to federal broadband programs, including administering programs, leading interagency coordination, and developing other resources.<sup>13</sup> NTIA's recently created Office of Internet Connectivity and

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<sup>12</sup>Commerce's National Telecommunications and Information Administration (NTIA) was directed by the Consolidated Appropriations Act, 2021, to implement the Tribal Broadband Connectivity Program, the Broadband Infrastructure Program, and the Connecting Minority Communities Pilot Program. Pub. L. No. 116-260, div. N, tit. IX, §§ 902, 905, 134 Stat. 1182, 2121, 2136 (2020). The Infrastructure Investment and Jobs Act appropriated funds for five new NTIA broadband programs. Pub. L. No. 117-58, div. J, tit. II, 135 Stat. 429, 1353-55 (2021).

<sup>13</sup>GAO, *Broadband: National Strategy Needed to Guide Federal Efforts to Reduce Digital Divide*, [GAO-22-104611](#) (Washington, D.C.: May 31, 2022).



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Growth is implementing the new programs; managing various interagency coordination responsibilities;<sup>14</sup> and implementing other initiatives, such as the BroadbandUSA program.<sup>15</sup>

In January 2023, we found that stronger performance and fraud risk management is needed for tribal and public-private partnership broadband grants administered by NTIA.<sup>16</sup> We made 15 recommendations to NTIA to better measure program performance and to complete fraud risk management activities. NTIA agreed with the recommendations and outlined actions to address them. We will monitor implementation of these recommendations.

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## DOE Energy Demonstrations and Loan Programs

We have reported on challenges in DOE's management of carbon capture and storage and nuclear energy demonstration projects, as well as with DOE's loan programs.

Specifically:

**Carbon capture and storage demonstrations.** The IIJA appropriated almost \$7 billion for carbon capture demonstration projects, reflecting the potential of carbon capture and storage as a strategy to reduce CO<sub>2</sub> emissions. Since 2009, DOE has sought to establish the viability of carbon capture and storage technologies through various demonstration projects. In our December 2021 report, we identified significant risks to DOE's management of coal carbon capture and storage demonstration

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<sup>14</sup>This office was established by the Consolidated Appropriations Act, 2021. The office was also charged with responsibilities related to community outreach; tracking broadband infrastructure built using federal funds; reporting on the number of residents of the United States that received broadband as a result of federal broadband support programs and the Universal Service Fund Program; and streamlining and standardizing the applications process for federal broadband support programs, including, to the extent possible, creating one application. The Advancing Critical Connectivity Expands Service, Small Business Resources, Opportunities, Access, and Data Based on Assessed Need and Demand Act, or the ACCESS BROADBAND Act, was enacted as section 903 of title IX of division FF of Pub. L. No. 116-260, 134 Stat. at 3210-13 (codified at 47 U.S.C. § 1307).

<sup>15</sup>BroadbandUSA provides technical assistance workshops and other resources for state, local, and tribal governments, as well as industry and nonprofits that need to enhance broadband connectivity and promote digital inclusion.

<sup>16</sup>GAO, *Broadband Funding: Stronger Management of Performance and Fraud Risk Needed for Tribal and Public-Private Partnership Grants*, [GAO-23-105426](#) (Washington, D.C.: Jan. 24, 2023). The Consolidated Appropriations Act, 2021 established two new broadband grant programs—the Tribal Broadband Connectivity Program and the Broadband Infrastructure Program.

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projects.<sup>17</sup> For example, we found that DOE supported projects even though they were not meeting required key milestones. Specifically, we found that at the direction of senior leadership, DOE did not adhere to cost controls designed to limit its financial exposure on funding agreements for coal projects that DOE ultimately terminated. As a result, the agency spent nearly \$472 million on the definition and design of four unbuilt facilities.

In our December 2021 report, we recommended that DOE more consistently administer projects against established scopes, schedules, and budgets.<sup>18</sup> DOE neither agreed nor disagreed with this recommendation. As of December 2022, DOE stated that it was developing a project management approach and procedures to guide the oversight of demonstration projects against their planned scopes, schedules, and budgets. We will continue to monitor DOE's implementation of this recommendation.

**Nuclear energy demonstrations.** The IIJA appropriated over \$2 billion for DOE's Advanced Reactor Demonstration Program, which funds demonstrations of advanced reactors that are not currently operational in the United States. In September 2022, we reported on DOE's management of its three nuclear energy demonstration awards totaling \$4.6 billion.<sup>19</sup> Two of these awards were approved through the Advanced Reactor Demonstration Program. We found that DOE had taken some steps to manage the risks associated with its three awards, including using project management practices, such as budget controls and milestone tracking. DOE also planned to use additional project management practices, such as external independent reviews, to oversee the awards but had not institutionalized these plans.

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<sup>17</sup>GAO, *Carbon Capture and Storage: Actions Needed to Improve DOE Management of Demonstration Projects*, [GAO-22-105111](#) (Washington, D.C.: Dec. 20, 2021).

<sup>18</sup>In addition, we made one matter for congressional consideration: that Congress consider implementing a mechanism for greater oversight and accountability of DOE carbon capture and storage demonstration project funding. We also recommended that DOE improve its project selection and negotiation processes to address our finding that DOE had a process for selecting coal projects and negotiating funding agreements that increased the risks that DOE would fund projects unlikely to succeed.

<sup>19</sup>GAO, *Nuclear Energy Projects: DOE Should Institutionalize Oversight Plans for Demonstrations of New Reactor Types*, [GAO-22-105394](#) (Washington, D.C.: Sept. 8, 2022).

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We recommended that DOE document and institutionalize risk management processes for large nuclear energy demonstration projects. DOE agreed with our recommendation and outlined actions to address it. For example, DOE stated that it planned to document its processes for providing oversight of large DOE energy demonstration projects and establish a Demonstration and Deployment Advisory Board to ensure that oversight practices are consistently applied across all large DOE energy demonstration projects. We will continue to monitor DOE's implementation of this recommendation.

**Loan programs.** The IIJA and IRA included about \$350 billion in additional loan and loan guarantee authority for new and existing programs under DOE's Loan Programs Office.<sup>20</sup> In our February 2007 report, we found that DOE's actions had focused on expediting program implementation—such as soliciting preapplications for loan guarantees—rather than ensuring that the department had in place the critical policies, procedures, and mechanisms needed to better ensure the program's success.<sup>21</sup> DOE implemented all five of our recommendations to address these concerns.

In 2011, 2012, and 2014, as Congress expanded the loan programs, we made nine additional recommendations to address concerns about DOE making loans and disbursing funds without having sufficient engineering expertise; sufficient and quantifiable performance measures for assessing program progress; or a fully developed loan monitoring function, among

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<sup>20</sup>These programs offer direct loans or loan guarantees, by which DOE agrees to reimburse lenders for the guaranteed amount of loans, if the borrowers default. For example, the IRA established a new program with up to \$250 billion in loan authority, which guarantees loans to projects that retool, repower, repurpose, or replace energy infrastructure that has ceased operations. Existing programs include the Advanced Technologies Vehicle Manufacturing Program, which was designed to encourage the automotive industry to invest in new technologies for more fuel-efficient passenger vehicles and their components.

<sup>21</sup>GAO, *The Department of Energy: Key Steps Needed to Help Ensure the Success of the New Loan Guarantee Program for Innovative Technologies by Better Managing Its Financial Risk*, [GAO-07-339R](#) (Washington, D.C.: Feb. 28, 2007).

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other things.<sup>22</sup> DOE implemented eight of our nine recommendations.<sup>23</sup> From 2012 through 2021, Loan Programs Office activity slowed as the office issued few loans, and staffing levels declined. As the Loan Programs Office starts up new programs and expands existing ones with funds from the IIJA and the IRA, ongoing oversight may be needed to ensure that the office has the proper policies and procedures in place, as well as sufficient expertise and staffing levels.

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## EPA Clean Water and Drinking Water State Revolving Fund Programs and Grants Management

Through the federal Clean Water and Drinking Water State Revolving Fund (SRF) programs, EPA provides annual grants to states to capitalize state-level SRF programs used to make loans for wastewater and drinking water infrastructure projects. The IIJA provided over \$43 billion to EPA for such grants.<sup>24</sup> In our prior work, we identified a number of factors that affect the spending of SRF funds, and we identified the need for better financial indicators that show the growth of the SRF programs relative to federal and state investments to monitor the sustainability of

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<sup>22</sup>GAO, *DOE Loan Programs: DOE Should Fully Develop Its Loan Monitoring Function and Evaluate Its Effectiveness*, [GAO-14-367](#) (Washington, D.C.: May 1, 2014); *DOE Loan Guarantees: Further Actions Are Needed to Improve Tracking and Review of Applications*, [GAO-12-157](#) (Washington, D.C.: Mar. 12, 2012); *Department of Energy: Advanced Technology Vehicle Loan Program Implementation Is Under Way, but Enhanced Technical Oversight and Performance Measures Are Needed*, [GAO-11-145](#) (Washington, D.C.: Feb. 28, 2011).

<sup>23</sup>In GAO's 2011 report, we recommended that the Secretary of Energy direct the Advanced Technologies Vehicle Manufacturing Program to develop sufficient and quantifiable performance measures. DOE disagreed with this recommendation and stated that it believed the program adhered to the requirements of the statute authorizing the program, and that performance measures suggested by GAO would greatly expand the scope of the program. [GAO-11-145](#).

<sup>24</sup>In fiscal year 2022, EPA provided \$1.6 billion to the state SRFs. Overall, according to EPA, the agency awards more than \$4 billion annually through over 100 grant programs. Recipients of these awards include tribal, state, and local governments; educational institutions; nonprofits; and others. According to EPA, the agency manages about 6,000 active awards totaling approximately \$21 billion, in any given year. EPA awards and manages its grants at multiple levels across the agency, including in headquarters and in 10 regional offices.

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SRF funds.<sup>25</sup> In addition, we found opportunities for EPA to improve grants monitoring,<sup>26</sup> and we reported on workforce challenges affecting EPA grants management.<sup>27</sup> EPA has implemented a number of recommendations to better enable its oversight and monitoring of grants and SRF funds.

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## Ongoing and Planned Oversight

We have ongoing or planned work related to the programs discussed above and more broadly examining aspects of how Commerce, DOE, and EPA spend the funds they received in the three acts. For example, we are currently reviewing the NTIA tribal broadband program, DOE's carbon capture and storage and Office of Clean Energy Demonstrations activities, and have an ongoing mandate to examine Loan Program Office activities, which we will report on in 2024. More broadly, we have identified both ongoing and planned engagements, including 45

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<sup>25</sup>GAO, *State Revolving Funds: Improved Financial Indicators Could Strengthen EPA Oversight*, [GAO-15-567](#) (Washington, D.C.: Aug. 5, 2015). In 2015, we examined the financial indicators that EPA regions use in their reviews of states' SRF performance, and compared them to leading financial management practices. We found that the financial indicators that EPA regional offices used as part of their annual reviews of SRF programs' performance did not demonstrate the financial sustainability of states' programs or project their future lending capacity. We recommended that EPA update its financial indicators guidance to include better information on the overall growth of state SRF funds. EPA addressed this recommendation in 2018, directing its regional managers to use new indicators in their review of state SRF programs. With these new indicators, EPA will be better able to support oversight and management of SRF fund growth.

<sup>26</sup>For example, in 2015, we found that EPA faced challenges monitoring compliance with grant management directives agency-wide, including limited electronic records and analytical capabilities of its IT systems. See GAO, *Grants Management: EPA Has Opportunities to Improve Planning and Compliance Monitoring*, [GAO-15-618](#) (Washington, D.C.: Aug. 17, 2015). In addition, in 2016, we found that EPA could improve certain monitoring practices to ensure that grants achieve environmental and other program results. See GAO, *Grants Management: EPA Could Improve Certain Monitoring Practices*, [GAO-16-530](#) (Washington, D.C.: July 14, 2016). EPA has implemented most of our recommendations, including a new, comprehensive web-based IT system in December 2020.

<sup>27</sup>For example, in 2017, we found that staffing levels for grants management personnel had declined over time and that EPA only partially followed leading practices for strategic workforce planning related to grants management. See GAO, *Grants Management: EPA Partially Follows Leading Practices of Strategic Workforce Planning and Could Take Additional Steps*, [GAO-17-144](#) (Washington, D.C.: Jan. 9, 2017). In addition, in 2020, we identified staffing challenges for EPA personnel working on tribal grants, including heavy workloads and high turnover. See GAO, *EPA Grants to Tribes: Additional Actions Needed to Effectively Address Tribal Environmental Concerns*, [GAO-21-150](#) (Washington, D.C.: Oct. 20, 2020). As of March 2023, EPA had implemented nearly all of these recommendations, including developing a process for collecting and analyzing data on staffing for grant project officers.

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mandates for GAO reviews in the IIJA and CHIPS, and more than 30 ongoing or planned audits on IRA spending through 2025. For example, we will be providing biennial reports on incentives provided by Commerce for semiconductor facilities and equipment.<sup>28</sup> Through this work, we will follow up on our July 2022 report identifying policy considerations to reduce and mitigate shortages in the semiconductor supply chain.<sup>29</sup> We anticipate starting additional work that will increase our number of engagements related to recent legislation.

In addition, we will continue our key bodies of work, including our High-Risk and fragmentation, overlap and duplication reporting.

- **High-risk.** Our High-Risk report focuses attention on government operations that are vulnerable to fraud, waste, abuse, and mismanagement or in need of transformation.<sup>30</sup> We issue this report at the beginning of each Congress, and our fiscal year 2023 report will be released next month. Several government-wide high-risk areas have direct implications for Commerce, DOE, EPA, and their operations. These areas include (1) improving strategic human capital management, (2) improving federal management of programs that serve tribes and their members, and (3) ensuring the cybersecurity of the nation.
- **Fragmentation, overlap, and duplication.** In 2022, we issued our 12th annual report in this area, which identified 94 new actions in 21 new areas (and nine existing areas) that could reduce fragmentation, overlap, and duplication or provide other cost savings and opportunities to enhance revenue across the federal government. From 2011 to 2022, we identified 1,299 such actions. As of March 2022, the Congress and executive branch agencies had fully addressed 724 of the actions we identified and partially addressed

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<sup>28</sup>This reporting requirement was established by the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. No. 116-283, div. H, tit. XCIX, § 9902(c), 134 Stat. 3388, 4849, and was amended by CHIPS to include an evaluation of federal actions to address semiconductor shortages.

<sup>29</sup>GAO, *Semiconductor Supply Chain: Policy Considerations from Selected Experts for Reducing and Mitigating Shortages*, GAO-22-105923 (Washington, D.C.: July 26, 2022). In 2022, we highlighted five areas in which federal action was needed to reduce semiconductor supply chain risks, according to experts we interviewed. These areas included workforce development, manufacturing capacity, research and development, supply chain strengthening, and international coordination. In addition, the experts we interviewed discussed the need for identifying federal priorities and improving interagency collaboration in implementing policies to mitigate semiconductor supply chain risks.

<sup>30</sup>For additional information on our high-risk work, see <https://www.gao.gov/high-risk-list>.

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240, yielding about \$552 billion in financial benefits. We will issue our next annual report on fragmentation, overlap, and duplication this summer.

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Chairman Griffith, Ranking Member Castor, and Members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions you may have.

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## GAO Contact and Staff Acknowledgments

If you or your staff have questions about this statement, please contact me at (202) 512-3841 or [gaffiganm@gao.gov](mailto:gaffiganm@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement.

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