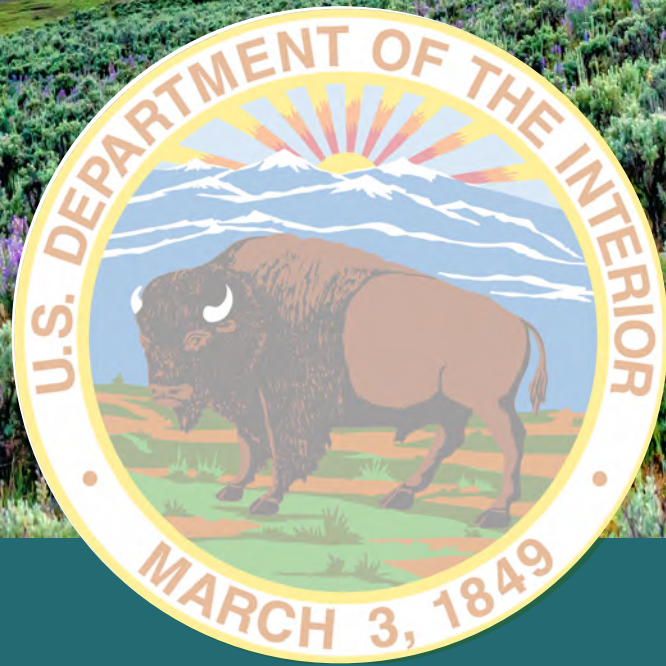




OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR



# Evaluation

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OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR

SEP 11 2024

Memorandum

To: Sharon Buccino  
Principal Deputy Director, Office of Surface Mining Reclamation and Enforcement

From: Mark Lee Greenblatt   
Inspector General

Subject: Final Evaluation Report – *The Office of Surface Mining Reclamation and Enforcement Should Improve Efforts for Expending Infrastructure Investment and Jobs Act Funds*  
Report No. 2023-INF-014

This memorandum transmits our evaluation report on the Office of Surface Mining Reclamation and Enforcement's preparedness to expend Infrastructure Investment and Jobs Act funds.

We will track open recommendations for resolution and implementation. We will notify Congress about our findings, and we will report semiannually, as required by law, on actions you have taken to implement the recommendations and on recommendations that have not been implemented. We will also post a public version of this report on our website.

If you have any questions about this report, please call me or Nicki Miller, Acting Assistant Inspector General for Audits, Inspections, and Evaluations, at 202-208-5745.

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# Results in Brief

## Objective

The Infrastructure Investment and Jobs Act (IIJA) provided the Office of Surface Mining Reclamation and Enforcement (OSMRE) with \$11.2 billion in new funding for the existing Abandoned Mine Reclamation Fund.<sup>1</sup> OSMRE will distribute the new funding through its Abandoned Mine Land (AML) Reclamation Program. Specifically, it will distribute approximately \$725 million in grants to eligible States and Tribes<sup>2</sup> on an annual basis over a 15-year period, which began in fiscal year (FY) 2022. We evaluated OSMRE's preparedness to expend IIJA funds through its AML Reclamation Program. To do so, we assessed to what extent OSMRE (1) considered relevant risk factors during the risk assessment of IIJA AML Reclamation Program grant recipients;<sup>3</sup> (2) provided guidance to its grant staff to help ensure they understand their roles and responsibilities and strategically aligned its organizational structure with IIJA funding distribution; (3) implemented steps to ensure timely review of grant applications, modifications, and authorizations to proceed (ATPs);<sup>4</sup> and (4) provided guidance to the States and Tribes to promote appropriate completion of the grant application and subsequent monitoring.

## Findings

We found OSMRE was not adequately prepared to expend IIJA funds and that it continues to expend funds without effective processes in place. Specifically, OSMRE did not conduct comprehensive risk assessments of grant applicants before making awards. OSMRE did not properly identify and analyze risk associated with single audit<sup>5</sup> findings of grant recipients and did not consider other relevant risks. In addition, OSMRE did not strategically align its organizational structure to continue to properly award and oversee grants. A significant portion of the IIJA funding is awarded through one OSMRE regional office—the Appalachian Region—which has not been allocated a proportional number of grants management specialists.

Further, OSMRE did not have a mechanism to track and monitor whether required grant processing timelines were met. For example, OSMRE did not track and monitor key dates, such as when a complete grant application was received. Finally, OSMRE did not provide sufficient guidance to State and Tribal grant applicants for the initial application or for monitoring of subrecipients and/or contractors. In particular, more guidance is needed for IIJA AML reclamation project prioritization related to current or former coal industry workers, subrecipient and contractor monitoring, and congressional reporting requirements.

## Impact

The consequences of AMLs can be seen across the country, as millions of Americans live less than one mile from an abandoned coal mine.<sup>6</sup> AMLs can pose risks to public health, property, and the environment. In accordance with SMCRA, OSMRE provides grants to States and Tribes (i.e., grant recipients) to reclaim AMLs

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<sup>1</sup> Pub. L. No. 117-58 § 40701.

<sup>2</sup> Pub. L. No. 117-58 § 40701(b)(2), "Eligible Grant Recipients." Grants may be made to States and Tribes that have a State or Tribal program approved under the Surface Mining Control and Reclamation Act of 1977 (SMCRA) § 405, codified at 30 U.S.C. § 1235; are certified under SMCRA § 411(a), codified at 30 U.S.C. § 1240a(a); and the two States of Tennessee and Missouri, which are specifically called out in SMCRA § 402(g)(8)(B), codified at 30 U.S.C. § 1232(g)(8)(B).

<sup>3</sup> IIJA AML applications will be submitted annually. For FY 2022 and 2023 funding, there were 23 applications submitted to OSMRE for review and post-award oversight. The Navajo Nation application for FY 2022 was outside the scope of our evaluation, and thus was not addressed in this report.

<sup>4</sup> OSMRE defines an ATP as the official "point of Federal action" for AML construction activities. It constitutes OSMRE's approval for recipients to spend AML grant funds to reclaim or address a specific project.

<sup>5</sup> A non-Federal entity that expends \$750,000 or more in Federal awards during the entity's fiscal year must have a single audit conducted annually in accordance with 2 C.F.R. § 200.501(a). A single audit includes an audit of both the entity's financial statements and compliance with Federal award requirements.

<sup>6</sup> OSMRE, *Reclaiming Abandoned Mine Lands*, <https://www.osmre.gov/programs/reclaiming-abandoned-mine-lands>.

and oversees implementation of their AML programs. States and Tribes then award grant funding received from OSMRE to subrecipients or contractors to complete AML reclamation activities—whose work the States and Tribes are expected to oversee. Accordingly, OSMRE must assess risk associated with grant recipients that may affect their ability to appropriately use these Federal funds. This assessment must occur at the time of every grant award as well as at the time of any modifications.

To help ensure that funds are expended appropriately, OSMRE must properly assess applicant risk and apply specific conditions as necessary to reduce the risk of fraud, waste, and abuse of IIJA funds. In addition, proper alignment of the organization itself supports OSMRE's ability to expend IIJA funds for their intended purposes, prevent award delays, reduce inefficiencies, and allow for adequate monitoring of IIJA grants. Further, without a mechanism to track and monitor the key processing dates, OSMRE cannot ensure it will meet organizational goals, make relevant decisions on projects, or understand how to prevent unreasonable processing delays. Finally, providing adequate guidance to grant applicants helps ensure both their success in meeting requirements and, in turn, OSMRE's ability to achieve its IIJA objectives.

## **Recommendations**

We make eight recommendations that, if implemented, will help OSMRE properly analyze risk of grant applicants, better align resources, track grant processing times, and provide sufficient guidance to grant recipients.

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# Introduction

## Objective

Our objective was to evaluate the Office of Surface Mining Reclamation and Enforcement's (OSMRE's) preparedness to expend Infrastructure Investment and Jobs Act (IIJA)<sup>7</sup> funds through its Abandoned Mine Land (AML) Reclamation Program. Specifically, we assessed to what extent OSMRE (1) considered relevant risk factors during the risk assessment of IIJA AML Reclamation Program grant recipients; (2) provided guidance to its grant staff to help ensure they understand their roles and responsibilities and strategically aligned its organizational structure with IIJA funding distribution; (3) implemented steps to ensure timely review of grant applications, modifications, and authorizations to proceed (ATPs); and (4) provided guidance to the States and Tribes to promote appropriate completion of the grant application and subsequent monitoring.

See Appendix 1 for our evaluation scope and methodology.

## Background

Coal has been mined in the United States for centuries. Coal mines where no mining operations have occurred in the past five years or more and no reclamation bond or other financial assurance has been posted, are considered abandoned. Today, millions of Americans live less than one mile from an abandoned coal mine. According to the U.S. Environmental Protection Agency, AMLs can present serious threats to human health and the environment. Communities built above or near coal mines are at risk for property damage due to subsidence<sup>8</sup> that may occur in the mines below them. AMLs also pose health risks due to sediment contamination and water and air pollution and pose risks to threatened and endangered species that live near AMLs. According to OSMRE, however, while AMLs can be dangerous and unwelcoming, through reclamation, this land can be used for a new purpose (e.g., open space for recreation, wildlife habitat, agriculture, or residential and commercial development).

## Office of Surface Mining Reclamation and Enforcement

The Surface Mining Control and Reclamation Act of 1977 (SMCRA) established Federal regulatory oversight of coal operators or the environmental effects of coal mining.<sup>9</sup> More specifically, SMCRA established OSMRE, a bureau within the U.S. Department of the Interior (DOI), to administer programs for controlling the impacts of surface coal mining operations.

In accordance with SMCRA, OSMRE provides grants to States and Tribes (i.e., grant recipients) to reclaim AMLs and oversees implementation of their AML programs. States and Tribes then award grant funding received from OSMRE to subrecipients or contractors to complete AML reclamation activities. The States and Tribes are expected to oversee the work of those subrecipients and contractors. OSMRE's primary objectives are to ensure that coal mines are operated in a manner that protects people and the environment during mining, that the land is restored after mining, and that any negative effects from past mining are mitigated. OSMRE's AML Reclamation Program provides grants to each State and Tribe that has an approved reclamation program.<sup>10</sup> These grants have historically been funded only by a fee paid by present-day coal

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<sup>7</sup> Pub. L. No. 117-58 § 40701.

<sup>8</sup> Subsidence is surface caving or sinking due to AML-related underground mine voids.

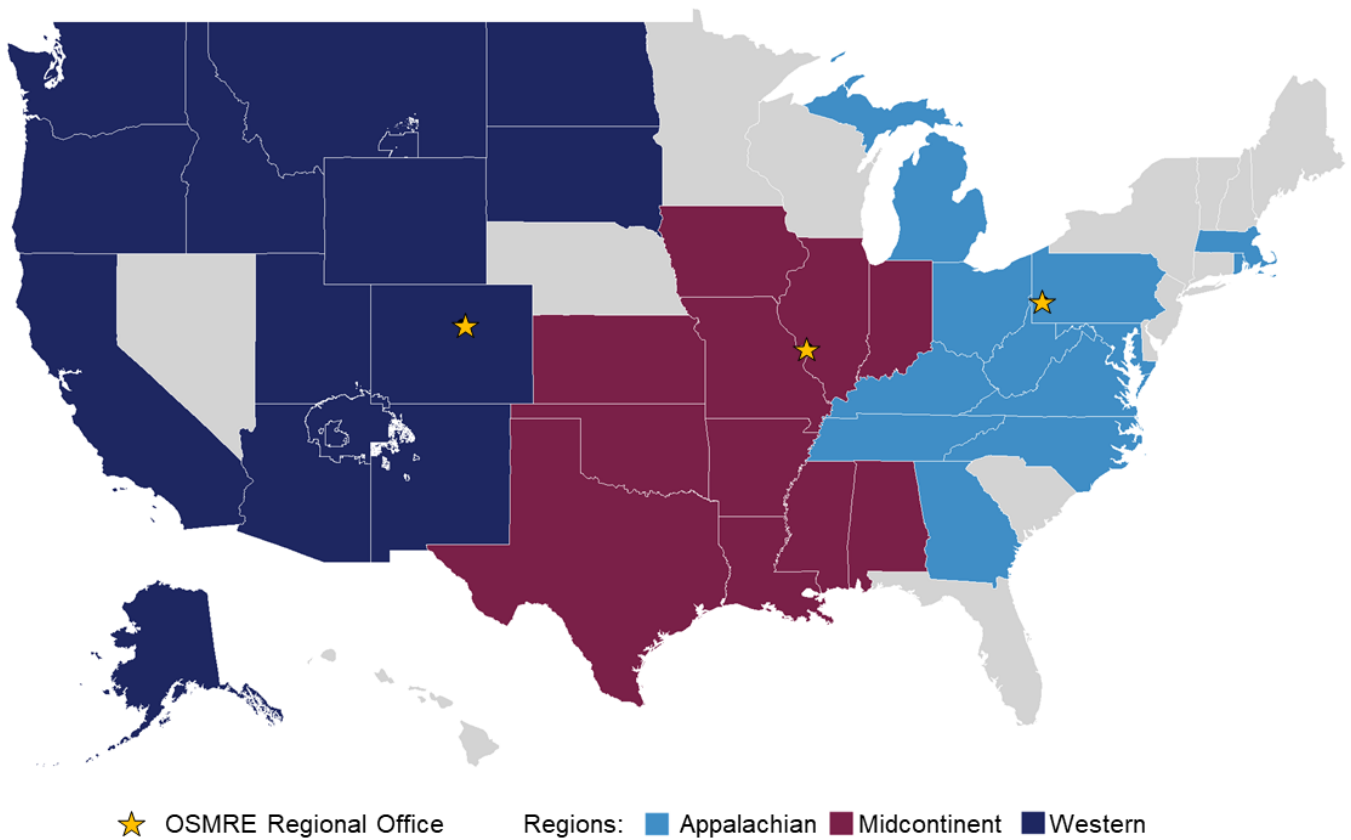
<sup>9</sup> Pub L. No. 95-87, 30 U.S.C §§ 1201-1328, as amended by Pub. L. No. 117-58 (2021).

<sup>10</sup> According to SMCRA § 405, codified at 30 U.S.C § 1235(c), "OSMRE shall not approve, fund, or continue to fund a State abandoned mine reclamation program unless that State has an approved State regulatory program pursuant to section 503 (e)." For approval, a State or Indian Tribe must submit a reclamation plan that OSMRE approves under § 405 of SMCRA and 30 C.F.R. § 884. The C.F.R. describes the contents required in the proposed reclamation plan. Each plan shall generally identify the areas to be reclaimed, the purposes for which the reclamation is proposed, the relationship of the lands to be reclaimed and the proposed reclamation to surrounding areas, the specific criteria for ranking and identifying projects to be funded, and the legal authority and programmatic capability to perform such work in conformance with the provisions of SMCRA.

mining companies on each ton of coal produced. Those funds are used to reclaim land and water resources adversely affected by coal mines abandoned before August 3, 1977; after this date, bonds are required by companies to cover the cost of reclamation. OSMRE collects and deposits these fees into the Abandoned Mine Reclamation Fund<sup>11</sup> and annually distributes grants to States and Tribes for reclamation activities based on a statutorily prescribed formula. In addition to overseeing approved programs and providing funding for reclamation programs, OSMRE provides States and Tribes with technical assistance, training, and technology development related to coal production and environmental protection.

OSMRE is headquartered in Washington, DC, with three regional offices: Western, Midcontinent, and Appalachian. Each regional office is responsible for certain States and Tribes in a geographical area (see Figure 1).

**Figure 1: Map of OSMRE Regions<sup>12</sup>**



## Supplemental AML Reclamation Funding from the IIJA

On November 15, 2021, the IIJA<sup>13</sup> provided OSMRE with \$11.2 billion in new funding for its existing Abandoned Mine Reclamation Fund. These IIJA funds shall be obligated from fiscal years (FYs) 2022 through 2036 (see Figure 2).

<sup>11</sup> SMCRA created the Abandoned Mine Reclamation Fund for purposes including reclamation and restoration of land and water resources adversely affected by past coal mining (SMCRA § 401(a), codified at 30 U.S.C. § 1231(a)). OSMRE manages the fund through its AML Reclamation Program.

<sup>12</sup> Grey in the figure represents States without an AML reclamation program under SMCRA.

<sup>13</sup> 30 U.S.C. § 1231a.

**Figure 2: IIJA Funds to Address AMLs**

<b>Purpose</b>	<b>Amount (in thousands)</b>
Grants to Eligible States and Tribes	\$10,872,745
OSMRE Operations (Up to 3%)	\$338,790
Financial and Technical Assistance*	\$25,000
<b>Total</b>	<b>\$11,236,535</b>

\* According to the IIJA, these funds were made available to the Secretary of the Interior to provide States and Tribes with the financial and technical assistance<sup>14</sup> necessary to make amendments to their AML inventories (such as updates on project estimates and new sites and features) maintained under SMCRA § 403(c).

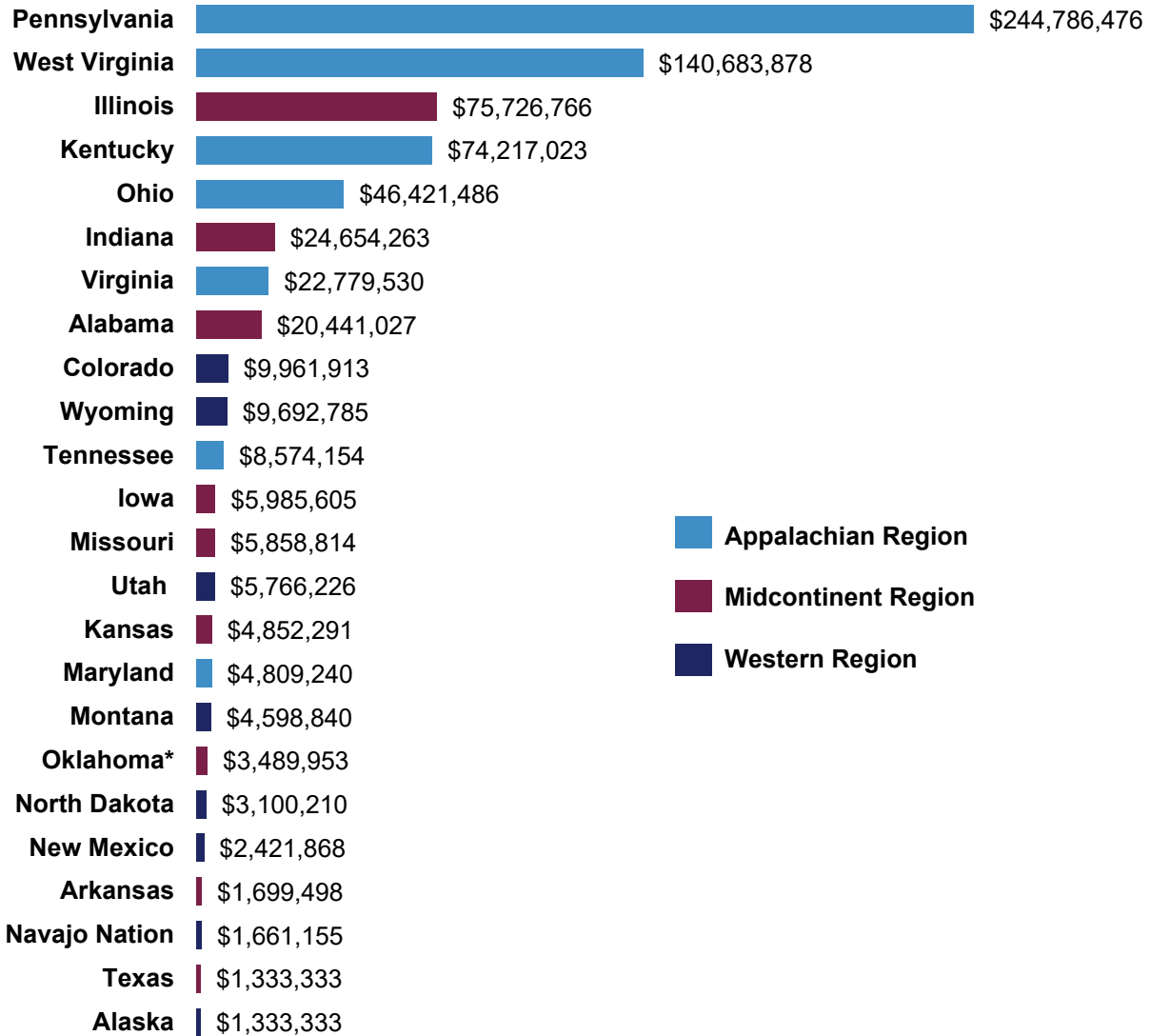
The AML Reclamation Program will distribute approximately \$725 million in IIJA funds annually via grants to eligible States and Tribes over a 15-year period beginning in FY 2022. Figure 3 provides a breakdown of the FY 2023 distribution to States. The IIJA funding constitutes a significant increase in resources for OSMRE compared to the fee-based AML grants that the eligible States and Tribes receive. For example, the IIJA increased the AML grant funding by 571 percent, from \$127 million in FY 2022 (fee-based only) to \$852 million in FY 2023.

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<sup>14</sup> 30 U.S.C. § 1231a(g).



**Figure 3: FY 2023 IIJA AML Grant Distribution by State**



\* OSMRE is reserving IIJA funds for AML reclamation on Indian lands in Oklahoma if one or more entities become eligible for IIJA AML Reclamation Program grants.

## OSMRE Grants Management and Application Review Process

### Grants Management

As of October 2023, OSMRE had 19 grants management specialists who are responsible for overseeing, reviewing, analyzing, and evaluating AML Reclamation Program grant applications and modifications: 15 grants management specialists are each assigned to regional offices and 4 are assigned to OSMRE headquarters under the Division of Financial Assistance. Grants management specialists at the regional offices act as a liaison between OSMRE and the grant applicant, while the grants management specialists at OSMRE headquarters support the regional positions.

## Grant Application Review Process

OSMRE's *Federal Assistance Manual (FAM)*<sup>15</sup> provides policies and procedures to manage OSMRE grants. This manual provides information on how OSMRE reviews, processes, and approves grant applications and modifications. When OSMRE receives grant applications via email or in GrantSolutions,<sup>16</sup> a regional grants management specialist is assigned and reviews the application package. The grants management specialist is required to:

- Follow an OSMRE-developed checklist that ensures the application loaded into GrantSolutions or received via email includes all forms required for an initial application and that financial review findings are documented (e.g., mathematical accuracy and allowability of proposed costs).
- Perform a risk assessment of the applicant in accordance with DOI Office of Acquisition and Property Management policy<sup>17</sup> by completing a financial assistance assessment checklist (see Appendix 2). Based on the answers to the questions in the checklist, an overall risk rating (low, medium, or high) is calculated. Depending on the rating, mitigating measures or other actions may need to be implemented.

After these steps are complete, the grants management specialist routes the application package for supervisor and/or peer review and then on to OSMRE's Division of Financial Assistance (at OSMRE headquarters) for a program coordinator review. The program coordinator reviews the applicant's documentation for completeness and accuracy and performs any necessary follow up with the regional office. When all reviews are complete, OSMRE's headquarters office informs the regional office, and the regional office finalizes the process by approving the award,<sup>18</sup> obligating funds, and notifying the applicant. OSMRE established a grant application processing goal of 60 days from application receipt to the notification of award approval. If OSMRE certifies a State or Tribe under SMCRA,<sup>19</sup> OSMRE will award grants as soon as practicable but no more than 30 days after receipt of a complete application.<sup>20</sup>

Grant recipients may request changes to a grant award (e.g., extend the performance period, add funds to a grant, or remove unnecessary funds) by submitting an amendment or modification for OSMRE grants management specialists to review and approve. According to the *FAM*, OSMRE will approve or deny an amendment or modification request within 30 days of receipt.

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<sup>15</sup> The OSMRE *FAM*, dated August 4, 2021, is an official OSMRE directive that provides policies and procedures to manage grants and cooperative agreements.

<sup>16</sup> GrantSolutions is an IT software system that supports Federal agencies throughout the full grant's lifecycle, from pre-award planning through application, award, and closeout.

<sup>17</sup> DOI Acquisition, Assistance, and Asset Policy No. 68 (DOI-AAAP-0068), *Financial Assistance Recipient Risk Assessment and Award Monitoring*, issued August 17, 2016. In this policy, DOI includes a checklist of six questions. Two questions are related to an entity's single audit, which is an audit of non-Federal entities, including Tribes, that expend \$750,000 or more of Federal Financial Assistance in a fiscal year. It includes an audit of both the entity's financial statements and compliance with Federal award requirements for those programs identified as "major programs" (as set forth in 2 C.F.R. §§ 200.518-519). The checklist also includes questions on financial capability, past performance, and reporting compliance. As noted in Appendix 2, OSMRE uses an expanded version of this checklist with 10 questions instead of 6.

<sup>18</sup> "The Director of OSMRE is authorized to approve each assistance award. The Director delegates this authority to the Regional Directors, who may delegate it further." *FAM*, Chapter 1-110 § 10(A).

<sup>19</sup> 30 C.F.R. § 875.13, "Certification of completion of coal sites." The Governor of a State, or the equivalent head of a Tribe, may submit to the Secretary a certification of completion of coal sites. The certification must express the finding that the State or Tribe has achieved all existing known coal-related reclamation objectives for eligible lands and waters under SMCRA § 404 or has instituted the necessary processes to reclaim any remaining coal-related problems. Currently, four States and one Tribe are certified under 30 C.F.R. § 875.13 and are receiving IJJA funds.

<sup>20</sup> 30 C.F.R. Part 885, "Grants for Certified States and Indian Tribes."

## ***Authorizations to Proceed***

After award of AML Reclamation Program grant funds, a recipient must request and receive approval from OSMRE before beginning construction on a nonemergency coal project. This process is called obtaining an authorization to proceed (ATP). The grant award constitutes an obligation of Federal funds. States must not expend any construction funds without a written ATP on the individual project. The ATP ensures that both the State and OSMRE have taken all actions necessary to comply with applicable laws, clearances, permits, or requirements. If OSMRE approves the request to expend funds on a project, it will send an ATP letter that includes the recipient's confirmation that the identified problem area and related information have been entered into OSMRE's AML Inventory System (e-AMLIS). The letter also includes documentation of environmental compliance and a statement of eligibility for the activities. According to the *FAM*,<sup>21</sup> OSMRE should process ATPs within 14 working days. In emergency circumstances, grant recipients may request an emergency ATP to abate a hazard in a shorter timeframe by submitting an investigative report with the request. If OSMRE approves the request, the State may provide the remaining required information at a later date. According to its own policies, OSMRE should process emergency ATPs within two working days.<sup>22</sup>

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<sup>21</sup> *FAM*, Chapter 4-170 § 20(C).

<sup>22</sup> *FAM* Chapter 4-120 § 80.

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# Results of Evaluation

We found OSMRE was not adequately prepared to expend IIJA funds and that it continues to expend funds without effective processes in place. Specifically, we found that OSMRE:

- Did not conduct comprehensive risk assessments when evaluating IIJA AML Reclamation Program grant applications.
- Provided grants staff guidance on their roles and responsibilities for awarding IIJA funds; however, it did not ensure that its organizational structure was strategically aligned to continue to properly award and oversee grants.
- Did not have a mechanism to track and monitor key dates for processing applications, modifications, and ATPs to ensure specified required timelines established by its own policies were met.
- Did not provide sufficient guidance to grant recipients on project prioritization, subrecipient and contractor monitoring expectations, and congressional reporting information.

## OSMRE Did Not Conduct Comprehensive Risk Assessments of Grant Applicants

Federal regulations require the awarding agency to “have in place a framework for evaluating the risks posed by applicants before they receive Federal awards” and permits the agency to use a risk-based approach and consider factors such as financial stability, history of performance, and audit reports and findings.<sup>23</sup> In addition, DOI policy<sup>24</sup> requires bureaus and offices to properly assess risk by completing a DOI Financial Assistance Risk Assessment Checklist (DOI’s checklist), an expanded version of DOI’s checklist, or an approved modified version prior to award. OSMRE grants management specialists use an expanded version of DOI’s checklist, which includes 10 questions that ultimately generate a numerical risk rating of high, medium, or low.<sup>25</sup>

The risk assessment checklist that OSMRE’s grants management specialists use requires them to identify and review an applicant’s single audit findings. A non-Federal entity that expends \$750,000 or more in Federal awards during the non-Federal entity’s fiscal year must have a single audit conducted annually.<sup>26</sup> All States are subject to a single audit, including each State receiving IIJA funding. A single audit includes an audit of both the entity’s financial statements, internal control, and compliance with Federal award requirements. A typical single audit report includes the following elements:

- **Financial statements:** An opinion (or disclaimer of opinion) on whether the financial statements of the auditee are presented fairly in all material respects in accordance with generally accepted accounting principles.
- **Internal control:** A report on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements.

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<sup>23</sup> 2 C.F.R. § 200.206(b).

<sup>24</sup> DOI-AAAP-0068 includes a checklist of six questions related to an entity’s single audit, financial capability, past performance, and reporting compliance.

<sup>25</sup> One of the six questions in the DOI Financial Assistance Risk Assessment Checklist combines risk related to the type of single audit opinion received, if the entity is a “going concern,” the existence of significant deficiencies, material weaknesses, material noncompliance, and single audit findings. OSMRE expanded the checklist by separating this question into four individual questions.

<sup>26</sup> 2 C.F.R. § 200.501(a), “Audit requirements.”

- **Compliance:** A report on compliance for each major program<sup>27</sup> and on internal control over compliance.
- **Findings and questioned costs:** A schedule of audit results that includes findings related to the financial statements and questioned costs for Federal awards.<sup>28</sup>

The single audit report is a valuable source of information for Federal grants managers to assess risk of a potential awardee because it provides independent results of that entity's management of Federal awards, internal controls, compliance with laws and regulations, financial capability, and past performance.

## OSMRE Did Not Properly Identify and Assess Risks

We found that OSMRE did not conduct comprehensive risk assessments of grant recipients before making awards. Specifically, OSMRE did not properly identify and analyze risk associated with single audit findings of grant recipients<sup>29</sup> and did not consider other relevant risks. The presence of relevant single audit findings and other indicators elevates risk, which the C.F.R. requires OSMRE to evaluate.

Of the 22 risk assessments reviewed, we identified 10 instances (45 percent) in which the grants management specialists did not properly identify single audit findings for risk consideration. The checklist specifically asks if the applicant's single audit included any findings specific to the applicants' AML reclamation program or other Federal program findings. Because of its connection to the specific risk factors that may be relevant to an AML grant, this question should prompt the reviewer to thoroughly review the single audit report to identify any findings indicating elevated risk that may need mitigation. In all 10 instances, however, the grants management specialists did not identify the relevant findings in the single audit reports to evaluate the impact on the award before determining the level of risk.

For example, we found one applicant's single audit included a specific AML reclamation program finding related to noncompliance with a subrecipient monitoring requirement, and nine applicants' single audits included findings regarding other Federal programs. These findings were not identified on the checklist. The single audits included findings such as:

- **Questioned costs related to cost allocation to Federal programs.** If costs are not correctly assigned to a program or account, the costs become unallowable because they were not incurred for the specific purpose of that award. Having effective internal controls over allocation of costs helps ensure Federal awards are charged correctly.
- **Lack of internal controls related to retaining documentation.** Without controls to keep documents, the Government does not have assurance that the funds are used in accordance with Federal statutes, regulations and the terms and conditions of the award. Internal control helps an entity run its operations efficiently and effectively, report reliable information about its operations, and comply with applicable laws and regulations.
- **Lack of verification that vendors were not suspended or debarred.** Recipients are required to check for and not do business with parties that are ineligible to receive Federal awards. This helps to prevent the Government from working with parties who are not "presently responsible" (i.e., those that have engaged in criminal or other improper conduct, or demonstrated serious poor performance of such a compelling and serious nature that it would lead one to question their honesty, ethics, or competence.)

<sup>27</sup> 2 C.F.R. § 200.1 defines "major program" as a Federal program the auditor determines to be a major program in accordance with § 200.518 or a program a Federal awarding agency or pass-through entity identifies as a major program in accordance with § 200.503(e). Auditors conducting single audits are required to use a risk-based approach to determine which Federal programs are major programs and therefore subject to the single audit.

<sup>28</sup> 2 C.F.R. § 200.515, "Audit reporting."

<sup>29</sup> All 22 States that applied for IJA AML grant funding for FY 2022 were awarded funds. The Navajo Nation application for FY 2022 was submitted after our review of risk assessments, so we did not address it in this report.

We also found that in using the checklist, OSMRE did not consider other areas of risk that could require mitigation or additional award conditions. For example, none of the 22 risk assessments we reviewed considered and documented whether the applicants' AML reclamation program was audited as a major program<sup>30</sup> in their current and prior single audits. When major programs get audited, the users of those audit reports receive valuable information on any programmatic deficiencies and questioned costs, which can then be considered when making risk-based decisions. Further, Federal grant recipients and programs that were not recently audited may present a higher risk as compared to a recipient or program that was recently audited.<sup>31</sup> Accordingly, identifying whether a major program received audit coverage is an important aspect of reviewing the single audit for findings related to the applicant's AML reclamation programs.

In addition, we found that OSMRE did not consider and document findings from our office<sup>32</sup> related to one applicant's AML reclamation program; the risk assessment was silent in documenting this risk or developing mitigating measures in response to questioned costs and internal control deficiencies identified, such as a detailed cost review of payment requests in greater frequency or verification of newly implemented controls. While this report dates back to 2016, grants management specialists should be aware of past issues of poor administration and oversight to determine whether the State implemented corrective actions to address the issues.

### Why OSMRE Did Not Properly Assess Risks

OSMRE did not properly assess risk because its checklist was not sufficient for assessing single audit findings and other risk factors. The checklist instead steers the grants management specialist to rely on the bottom-line rating instead of identifying and evaluating risk areas before an overall determination is made. Specifically, it does not prompt the specialist to document relevant single audit findings and why they did or did not require adjustment to award conditions. Further, the checklist does not instruct staff to look for and document consideration of other risk factors, such as OIG report findings and whether a major program was audited. Instead, all numerical scores are simply averaged, and, if the risk rating is overall "low," the grants management specialist is not required to take action to mitigate the specific indicators that are present.

In addition to the checklist's insufficiency for analyzing risk, grants management specialists did not properly identify and assess single audit-related risk factors because they did not have a detailed understanding of how to analyze a single audit report. We interviewed and surveyed 19 grants management specialists to ask if they had the ability to assess the single audit report and interpret the risk to OSMRE funds. Six responded that they did not. In addition, four did not know how to determine if the AML program was audited as a major program. We also learned that, rather than reviewing the reports in detail, one of the grants management specialists performed only a keyword search in the report for the AML program—a practice that could lead to missing findings not specific to the AML program.

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**Promising Practice:** The U.S. Fish and Wildlife Service has developed a more detailed risk assessment that includes documenting additional risks such as evaluating staffing, past performance experience, and project implementation issues. Adopting already established practices from other DOI bureaus and offices could help OSMRE enhance its checklist to provide a more comprehensive assessment of risk.

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A comprehensive, thoroughly documented risk assessment including individual risks along with OSMRE's response—such as whether OSMRE will accept the risk or require mitigating measures—is important to ensure proper administration of its AML Reclamation Program and reduce the risk of fraud, waste, or abuse as grant recipients execute AML reclamation activities. In May 2024, an OSMRE official told us that they are updating the checklist and procedures for conducting risk assessments, which should improve its process and documentation.

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<sup>30</sup> 2 C.F.R. § 200.518, "Major program determination."

<sup>31</sup> 2 C.F.R. § 200.519, "Criteria for Federal program risk."

<sup>32</sup> *Audit of the Abandoned Mine Land Reclamation Program, State of Indiana* (Report No. 2015-ER-025), issued September 30, 2016.

## Recommendations

We recommend that OSMRE:

1. Provide training to grants management specialists on conducting thorough risk assessments, including guidance on identifying and analyzing single audit findings.
2. Design and implement an updated risk assessment checklist that requires grants management specialists to document consideration of applicable risk factors and document any mitigating measures for each risk factor identified.

## OSMRE Did Not Strategically Align Its Organizational Structure in Response to IIJA Funding

The U.S. Government Accountability Office's (GAO's) *Standards for Internal Control in the Federal Government* (the "Green Book") sets the standards for an effective internal control system for Federal agencies. A vital principle of internal control suggests management "establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives."<sup>33</sup> As such, management should periodically evaluate the organizational structure so that it meets the entity's objectives and adapt to any new objectives for the entity, such as a new law or regulation.

We found that OSMRE provided guidance to grants staff on their roles and responsibilities when reviewing IIJA award applications. However, OSMRE did not strategically align its organizational structure to ensure proper award and oversight of grants. Specifically, OSMRE grants management specialists are allocated in a manner that is highly disproportional to the increase in funding, and OSMRE did not prioritize filling vacancies to address this imbalance.

In FY 2023, OSMRE developed an IIJA strategic recruitment plan that detailed hiring milestones for proposed positions, a recruitment budget, specific hiring authorities, incentives, talent sources, and top recruiting events. However, we noted that the plan did not include a strategy for addressing grants management specialist capacity. The plan shows the target number of hires across OSMRE only through the first quarter of FY 2024 and does not go beyond that date or address capacity by region. Despite the fact that a significant portion of the IIJA funding is awarded through one regional office, the Appalachian Region, that office has not been allocated a greater number of grants management specialists to manage its larger workload. While there are other complexities in managing AML Reclamation Program grants that can factor into resource allocation, such as Tribal Trust responsibilities and project complexity, four of the top five States receiving IIJA funding fall under the Appalachian Region. For both FY 2022 and FY 2023, the region accounted for nearly 75 percent of the annual funding—that is, \$542 million of the \$725 million to be provided each fiscal year (see Figure 4). However, as of October 2023, the region was allocated only 5 of the 15 (33 percent) total regional grants management specialist positions and 2 of those 5 grants management specialist positions were vacant.

<sup>33</sup> Green Book, "Principle 3 - Establish Structure, Responsibility, and Authority," September 2014.

**Figure 4: FY 2022 and 2023 Allocation of IIJA Funds for AML Reclamation by Office and No. of IIJA Grants Management Specialists in FY 2023 by Office**

Office	Specialists	FY 2022		FY 2023	
		Allocated	% of FY Appropriation	Allocated	% of FY Appropriation
Headquarters	4	–	–	–	–
Appalachian	5	\$542,532,317	74.9	\$542,271,787	74.8
Midcontinent	4	\$143,763,146	19.8	\$144,041,550	19.9
Western	6	\$38,554,204	5.3	\$38,536,330	5.3
<b>Totals</b>	<b>19</b>	<b>\$724,849,667</b>		<b>\$724,849,667</b>	

In addition, of the positions filled in the Appalachian Regional Office, none were experienced grants management specialists with the authority to sign awards and obligate the funding.<sup>34</sup> Instead, these responsibilities fell on the Regional Supervisor, who is also responsible for managing the grants management specialists and overseeing the regional grants branch activities.

We asked an OSMRE senior official what OSMRE’s plans were for addressing IIJA grants management staff capacity in the Appalachian Region (including using resources from other regions) and if OSMRE planned to update its IIJA strategic recruitment plan. The OSMRE official stated that the Appalachian Region had “more grant specialists than other regions” and that OSMRE did not provide an update to its plan. According to organizational charts, and as reflected in Figure 4, the Appalachian Region does not have the most grants management specialist positions. OSMRE also did not provide a justification regarding how the current structure will meet organizational objectives due to the influx of IIJA funds. Additionally, the OSMRE official stated OSMRE is in great shape because of the priority placed on IIJA hiring and that the last vacancy was announced. These responses to our concerns with the grants management staff capacity suggest that there is no plan to address the capacity issues in the Appalachian Region through hiring or reallocation of resources in the long term.

Without addressing the Appalachian Region grants staff capacity over the long term, especially with IIJA funding authorized for 15 years, OSMRE’s ability to award and monitor grants may be affected.

<b>Recommendation</b>
<p>We recommend that OSMRE:</p> <ol style="list-style-type: none"> <li>3. Develop and implement a long-term staffing plan for grants management specialists that considers existing resources, Infrastructure Investment and Jobs Act funding, and OSMRE’s priorities and goals.</li> </ol>

<sup>34</sup> DOI’s Office of Grants Management (PGM) Policy No. PGM-POL-0004, *Certification for Financial Assistance and Financial Assistance Appointment*, provides the certification requirements for financial assistance officers across DOI so that only financial assistance personnel with certification and appointment as an officer can sign financial assistance awards to obligate funds.



# OSMRE Did Not Have a Mechanism To Track Grant Processing Timelines

OSMRE's *FAM* establishes processing timelines for applications and modifications: 60 days for a grant application of a noncertified State or Tribe and 30 days for a grant modification. In addition, under Federal regulations, OSMRE will award grants for certified States and Tribes as soon as practicable but no more than 30 days after receipt of a complete application.<sup>35</sup> We found, however, that OSMRE had no mechanism to track and monitor key dates for processing IJA grant applications and subsequent modifications to ensure it met the required timelines.

As described previously, OSMRE uses GrantSolutions to manage and award grants. An OSMRE official stated that GrantSolutions did not include a comprehensive report encompassing all key dates for tracking and monitoring. OSMRE requested and received an enhancement to GrantSolutions for a newly generated report; however, as of November 2023, it did not provide OSMRE the necessary key dates, such as the application or modification due date, application or modification submission date, date rejected (if applicable), and the date the application or modification was determined complete. We confirmed, based on our own review of GrantSolutions, that the system in fact was not able to produce this information. We found that OSMRE did not develop an interim solution to compile this information. As a result, determining when a complete application was received currently requires a review of grant application notes and followup with the grants management specialist. Further, with significant funding for AML grants awarded annually, problems in fully tracking processing timelines could be exacerbated.

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**Promising Practice:** During interviews of grants management specialists, we found that one region created a spreadsheet to track priority tasks and information such as the date the applicant submitted the application, due date of the application review, date of completed reviews, grant number, State, program, fiscal year, grant action type, and notes. Adopting this spreadsheet Bureauwide may provide an interim solution that helps OSMRE track key grant processing times.

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In addition, the *FAM* establishes processing timelines for ATPs: 14 days for nonemergency authorizations and two days for emergency authorizations. We found that OSMRE did not have a mechanism to track ATP timelines for grants. OSMRE's Division of Reclamation Support<sup>36</sup> recently developed an ATP tracking spreadsheet to address this issue, but, after evaluating the spreadsheet, we found that it did not track all key dates for ATPs to ensure timely review. For example, the tracking spreadsheet did not include the date the ATP was submitted, a vital date for OSMRE to calculate processing times from start to finish to adequately monitor timeliness and compliance with policy.

Untimely review of grant applications can delay the award and expenditure of IJA funds. By not having a mechanism to track and monitor the key processing dates, OSMRE cannot ensure it will meet organizational goals, make relevant decisions on projects, or understand how to prevent unreasonable processing delays.

## Recommendation

We recommend that OSMRE:

4. Create and implement a mechanism to track and monitor all key dates for processing applications, modifications, and authorizations to proceed to ensure processing dates are met.

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<sup>35</sup> 30 C.F.R. Part 885, "Grants for Certified States and Indian Tribes."

<sup>36</sup> The Division of Reclamation Support is responsible for developing, maintaining, and coordinating national policy and uniform procedures for assistance administration.

# OSMRE Did Not Provide Sufficient Guidance to Grant Applicants

As set forth in the Green Book,<sup>37</sup> a key principle of internal control requires management to externally communicate the necessary quality information to achieve the entity's objectives. We found that OSMRE provided substantial guidance to the States and Tribes via its website<sup>38</sup> and the notice of funding opportunity.<sup>39</sup> That guidance, however, did not include information necessary for applicants to fully understand all requirements and how to implement them. We found three areas in which OSMRE can improve its guidance: (1) IIJA AML reclamation project prioritization, (2) subrecipient and/or contractor monitoring, and (3) congressional reporting.

## IIJA AML Reclamation Project Prioritization

The IIJA AML investments are intended to help support reclamation jobs that help put people to work in their communities while also addressing environmental impacts from these legacy developments. A State or Tribe must, however, have an approved reclamation plan before it can receive any grant funding. This plan documents how the State or Tribe will prioritize its AML projects among other AML activities. All inventoried IIJA AML projects in e-AMLIS will be given a priority level of one, two, or three with priority one representing those that address situations with the most danger to the public and that should be completed first. In addition, projects can be prioritized because of an emergency or on the basis that they will restore water supplies adversely affected by coal mining practices.

Further, the IIJA<sup>40</sup> allows priority of projects based on employment of current and former coal industry workers and in response to Executive Order No. 14008, *Tackling the Climate Crisis at Home and Abroad*,<sup>41</sup> which established the Justice40 Initiative to serve disadvantaged communities. Justice40 seeks to provide at least 40 percent of the benefits from certain Federal investments to disadvantaged communities, and DOI identified the AML Reclamation Program as a covered program in accordance with the Office of Management and Budget's (OMB's) implementation guidance.<sup>42</sup> OSMRE did not, however, provide clear guidance to States and Tribes on how to prioritize projects that provide employment for current and former employees of the coal industry and for how to implement the Justice40 Initiative.

## State Officials Unclear Regarding the Definition of "Current or Former Coal Industry Worker"

According to the IIJA, States and Tribes may prioritize projects in their AML reclamation plans<sup>43</sup> that provide employment for current and former employees of the coal industry. The definition of "current or former employees" of the coal industry is not included in the IIJA or in Federal regulations. OSMRE's guidance states only that, "it will work with States and Tribes on this prioritization." We found that most State officials expressed uncertainty regarding the definition of "current or former coal industry worker" in this context. For example, certain State officials told us they had questions about how long the worker had to be employed in the industry or whether the classification covers all types of workers (e.g., administrative staff). In addition, most of the State officials we surveyed stated that OSMRE had not worked with them on this prioritization.

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<sup>37</sup> Green Book, "Principle 15 - Communicate Externally," September 2014.

<sup>38</sup> The guidance is available through OSMRE's website, at <https://www.osmre.gov/bil>. Applicants are also able to contact OSMRE via email or by phone for additional guidance.

<sup>39</sup> The notice of funding opportunity is an announcement for the distribution amounts available to each eligible State and Tribe. It includes the type of funding, activity category, a description of the funding opportunity, and application due dates. Applicants can contact OSMRE via email or by phone for additional guidance needed in the notice of funding opportunity.

<sup>40</sup> Pub. L. No. 117-58, § 40701(f) states, "In addition to the priorities described in section 403(a) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1233(a)), in providing grants under this section, priority may also be given to reclamation projects described in subsection (b)(1) that provide employment for current and former employees of the coal industry."

<sup>41</sup> 86 Fed. Reg. 7619 (Feb. 1, 2021), <https://www.govinfo.gov/content/pkg/FR-2021-02-01/pdf/2021-02177.pdf>.

<sup>42</sup> OMB Memorandum M-21-28, *Interim Implementation Guidance for the Justice40 Initiative*, dated July 20, 2021.

<sup>43</sup> Under SMCRA § 405, States and Tribes submit a reclamation plan to identify and describe the AML reclamation activities.

Further, the only information OSMRE has published on “current and former coal industry worker,” is located on OSMRE’s website under frequently asked questions and includes the following: “Will former and current employees of coal-fired power plants be considered former and current employees of the coal industry for purposes of the Law implementation?” The answer on the website is simply: “Yes.” Although this response answers one particular question, it does not provide clarity for whether the wide range of potential employees qualify and does not address the questions we heard from the State officials in charge of managing reclamation activities. This lack of definition could cause delays in approvals of grant applications because of a lack of understanding by State officials of relevant requirements; this, in turn, could delay the prioritization and start of AML reclamation projects.

## **Grant Applicants Need More Information to Implement the Justice40 Initiative**

Justice40 is described as a whole-of-government effort to ensure that Federal agencies work with States and local communities to deliver at least 40 percent of the overall benefits from Federal investments in climate and clean energy to disadvantaged communities.<sup>44</sup> OMB issued interim guidance<sup>45</sup> in July 2021, requiring Federal agencies to identify programs that fall within the scope of Justice40 (known as “covered programs”); DOI identified the AML Reclamation Program as a covered program.<sup>46</sup> Under this guidance, OMB required DOI bureaus with a covered program to identify Justice40 benefits to that program, determine how the program distributes Justice40 benefits, and calculate and report on overall Justice40 benefits of investments to disadvantaged communities.

In accordance with the Executive Order and OMB’s memorandum, OSMRE encouraged, but did not require, applicants to include plans in grant applications for providing 40 percent of the overall program benefits to disadvantaged communities. We found, however, that OSMRE returned four applications that did not incorporate this information into their reclamation plans. If OSMRE intends to require this information, it should be explicit about that fact so applicants understand what must be provided.

OSMRE held two listening sessions with applicants about the IIJA guidance and available tools to help meet Justice40 requirements as established by the Executive Order and OMB’s memorandum. Most applicants stated that, even after the listening sessions, OSMRE had not provided guidance for how to calculate and report the benefits associated with implementing Justice40. In addition, OSMRE did not provide guidance on how to prioritize projects based on the Justice40 Initiative.

## **Subrecipient and Contractor Monitoring**

Federal regulations require AML Reclamation Program grant recipients to monitor the cost and work performed by a subrecipient or a contractor to ensure that the award is managed and administered in accordance with Federal regulations.<sup>47</sup> These regulations apply to a wide range of grant programs, including AML Reclamation Program grants.

Agencies should provide program-specific guidance so that award recipients have a complete understanding of monitoring expectations. Monitoring serves to identify and correct poor performance, ensure delivery of quality services, and reduce the risk of paying the contractor more than the value of the service performed. OSMRE’s IIJA guidance states that “recipients must sufficiently monitor subrecipients and contractors to ensure that laborers and mechanics are being paid the applicable prevailing wages and fringe benefits.” The guidance does not, however, address any other issues associated with the need to monitor the activities of subrecipients and contractors. For example, it does not provide information on and examples of how to monitor accountability, compliance, and achievement of performance goals. Also, additional guidance could be

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<sup>44</sup> The White House, *Justice40 – A Whole-of-Government Initiative*, <https://www.whitehouse.gov/environmentaljustice/justice40/>.

<sup>45</sup> OMB Memorandum M-21-28, *Interim Implementation Guidance for the Justice40 Initiative*, issued July 20, 2021.

<sup>46</sup> In November 2023, DOI announced a revised list to include the AML Reclamation Program and the IIJA-funded portion of the AML Reclamation Program was identified as a separate covered program.

<sup>47</sup> 2 C.F.R. §§ 200.317-346.

provided on evaluation of direct and indirect costs to ensure they are allowable and reasonable when reviewing requests for payment and any performance-related milestones, periodic inspections, and timing of feedback.

We found that the top five States receiving IIJA funds all had deficiencies in their single audits related to the subrecipient monitoring compliance requirement for the AML Reclamation Program or within other Federal programs. For example, one recipient failed to follow established program subrecipient monitoring procedures and another recipient did not maintain documentation regarding the subrecipient risk assessment. Failure to properly manage subrecipients and contractors can result in fraud or waste, and, accordingly, it is incumbent on OSMRE to provide the information to help promote appropriate oversight.

## Congressional Reporting

The IIJA states that, not later than six years after the date on which the first allocation to States and Tribes is made, the Secretary of the Interior shall submit to Congress a report that describes any progress in performing reclamation activities under SMCRA to address the adverse effects of coal mining practices and emergency restoration, reclamation, abatement, control, or prevention of adverse effects of coal mining practices.<sup>48</sup> As the agency that administers programs for controlling the impacts of surface coal mining operations, responsibility for preparing and submitting this report to Congress falls to OSMRE.

States are required to submit annual reports to OSMRE to track their progress and accomplishments in addressing outstanding reclamation needs using IIJA AML Reclamation Program grant funds.<sup>49</sup> In its 2022 and 2023 IIJA guidance to States, OSMRE told States it plans to use information from their annual SMCRA reports to prepare its report to Congress and that it intended to provide guidance on how to prepare the information required. However, these annual reports do not contain all the information that OSMRE needs to complete its report to Congress (e.g., performance measures; reporting elements; and how to track environmental, project, and socioeconomic benefits). Moreover, as of October 2023, OSMRE has not provided the States guidance about IIJA information to include their SMCRA annual reports. Without providing this guidance, it is unclear how OSMRE will obtain the information it requires for its own report to Congress.

### Recommendations

We recommend that OSMRE:

5. Develop and provide to grant applicants guidance on the definition of, and prioritization of projects for, current or former coal industry workers.
6. Develop and provide to grant applicants guidance on prioritization of projects for the Justice40 Initiative.
7. Develop and provide to grant applicants guidance on expectations of subrecipient and contractor monitoring.
8. Develop and provide to grant applicants guidance on information required for OSMRE to compile its Infrastructure Investment and Jobs Act report submission to Congress.

<sup>48</sup> Pub. L. No. 95-87, SMCRA §§ 403(a), 410(a).

<sup>49</sup> Pursuant to SMCRA § 405(j), "OSMRE shall require annual and other reports as may be necessary to be submitted by each State administering the approved State reclamation program with funds provided under this subchapter. Such reports shall include that information which OSMRE deems necessary to fulfill its responsibilities under this subchapter."

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# Conclusion and Recommendations

## Conclusion

AMLs can present serious threats to human health and the environment. As OSMRE continues to award IJJA grants to address these threats, it should improve its ability to administer the grants to ensure that those grants are accomplishing their goals and serving the purposes for which they are intended. More specifically, OSMRE should improve its administration practices with respect to grant applicant risk assessments, organizational structure, grant application processing, and grant applicant guidance. We found that OSMRE did not properly assess grant applicants' risk when evaluating applications, did not ensure its organizational structure was aligned with IJJA funding, did not have a mechanism to track and monitor key dates to ensure timelines were met, and did not provide sufficient guidance to grant applicants. We make eight recommendations to help OSMRE to improve its preparedness in expending IJJA funds.

## Recommendations Summary

We provided a draft of this report to OSMRE for review. OSMRE provided us with technical comments, which we evaluated.<sup>50</sup> Where appropriate, we made changes to the draft report based upon those comments. In its written response, OSMRE concurred with all eight of our recommendations. We consider Recommendations 1, 2, and 6 resolved; Recommendation 5 implemented; and Recommendations 3, 4, 7, and 8 unresolved primarily because the target implementation dates are more than one year from this report's issuance date. We determined that Recommendation 2 is significant and will be reported as such in our semiannual report to Congress in accordance with the Inspector General Act.<sup>51</sup> Below we summarize OSMRE's response to our recommendations, as well as our comments on its response. See Appendix 3 for the full text of OSMRE's response; Appendix 4 lists the status of each recommendation.

We recommend that OSMRE:

1. Provide training to grants management specialists on conducting thorough risk assessments, including guidance on identifying and analyzing single audit findings.

**OSMRE Response:** OSMRE concurred with this recommendation and stated it will continue to coordinate with DOI's Office of Grants Management and other bureaus regarding additional training materials for conducting risk assessments and analyzing single audits and will explore collaboration opportunities to create specific training programs for grants management specialists in these areas. OSMRE also stated that grants staff will receive formal and annual refresher training on topics such as understanding audits and developing and leveraging risk assessments for grants management.

OSMRE provided a June 2025 target implementation date.

**OIG Comment:** Based on OSMRE's response, we consider this recommendation resolved. We will consider this recommendation implemented when OSMRE provides documentation demonstrating that it has provided training to grants management specialists on conducting risk assessments and provided guidance identifying and analyzing single audit findings.

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<sup>50</sup> As is our normal practice, we did not include these technical comments in the final version of our report.

<sup>51</sup> The Inspector General Act of 1978, 5 U.S.C. § 405(b), requires inspectors general to prepare semiannual reports summarizing OIG activities during the immediately preceding 6-month periods ending March 31 and September 30. It also states that these semiannual reports should include an identification of each "significant recommendation" described in previous semiannual reports on which corrective action has not been completed.

2. Design and implement an updated risk assessment checklist that requires grants management specialists to document consideration of applicable risk factors and document any mitigating measures for each risk factor identified.

**OSMRE Response:** OSMRE concurred with this recommendation and stated, “OSMRE has updated its risk assessment checklist in accordance with DOI-PGM-POL-0016, ‘Pre-Award Risk Assessment and Post-Award Monitoring,’ published on July 2, 2024.” Additionally, OSMRE stated that personnel will mitigate each risk factor, depending on the level of risk (low, medium, or high). OSMRE’s response included actions that personnel will take based on each risk level.

OSMRE provided a March 2025 target implementation date.

**OIG Comment:** Based on OSMRE’s response, we consider this recommendation resolved. We confirmed that the checklist has been updated and published. We will consider this recommendation implemented when OSMRE provides documentation demonstrating that it has implemented its new risk assessment checklist and is mitigating each risk factor identified.

3. Develop and implement a long-term staffing plan for grants management specialists that considers existing resources, Infrastructure Investment and Jobs Act funding, and OSMRE’s priorities and goals.

**OSMRE Response:** OSMRE concurred with this recommendation and stated, “OSMRE will develop a long-term staffing plan for grants management specialists that considers existing resources, [IIJA] funding, and OSMRE’s priorities and goals.” Additionally, OSMRE stated it “has made substantial progress increasing its grant staffing capabilities . . . and will continue to evaluate and make necessary adjustments to the grants staff as required to ensure proper implementation of that grant program.”

OSMRE provided a March 2026 target implementation date.

**OIG Comment:** Based on OSMRE’s response, we consider this recommendation unresolved. OSMRE’s target implementation date is more than one year from this report’s issuance date. Accordingly, OSMRE should provide a revised target implementation date or establish mitigating measures until the recommendation is fully implemented. OSMRE’s response does indicate ongoing evaluations and adjustments; however, during this time, AML reclamation project costs can be incurred under grants that have already been awarded, and additional funding may be awarded prior to the target implementation date. We will consider this recommendation implemented when OSMRE provides its long-term staffing plan and demonstrates that the plan has been implemented.

4. Create and implement a mechanism to track and monitor all key dates for processing applications, modifications, and authorizations to proceed to ensure processing dates are met.

**OSMRE Response:** OSMRE concurred with this recommendation and stated it has taken steps to address the recommendation, including an April 2024 purchase of a tool to “enhance [its] report and inquiry ability to track and monitor all key dates of applications and modifications, ensuring required deadlines are met.” OSMRE stated that contrary to our report, it does have a mechanism to track and monitor milestones and key dates associated with ATPs and that these mechanisms reside at the field office-level and are rolled up and tracked in each regional office. However, OSMRE added that “regional directors will develop standard fields that all field offices must track for each ATP to ensure consistent monitoring and reporting across OSMRE.”

OSMRE provided a December 2026 target implementation date.

**OIG Comment:** We consider this recommendation unresolved. With regard to the tracking of ATPs, OSMRE’s response does not indicate it will use a Bureauwide mechanism for tracking and monitoring ATP key dates—only a field office mechanism with regional office tracking. If OSMRE continues to use the existing ATP tracking tool managed by the Division of Reclamation Support, with some modifications, it should consider adding the date the ATP was submitted (as mentioned in our report).

In addition, OSMRE's response provided actions it has already taken to track grant application and modification milestones, such as acquiring a tool to capture grant data. However, if OSMRE does not plan to implement the tool until December 2026, it should consider other mechanisms for tracking this information in the interim. Accordingly, OSMRE should provide a revised target implementation date or establish mitigating measures until the recommendation is fully implemented.

We will consider this recommendation implemented when OSMRE provides documentation supporting the implementation of a mechanism to track and monitor all key dates for processing applications, modifications, and authorizations to proceed.

5. Develop and provide to grant applicants guidance on the definition of, and prioritization of projects for, current or former coal industry workers.

**OSMRE Response:** OSMRE concurred with this recommendation and stated that, in consultation with State and Tribal AML programs, it has "included a formal definition of 'current and former employee of the coal industry'" in the guidance issued on June 5, 2024. OSMRE stated that it "will continue to work in partnership with the States and Tribes to identify implementation hurdles and address them as feasible."

OSMRE provided a June 5, 2024 target implementation date.

**OIG Comment:** We consider this recommendation implemented and confirmed that the guidance issued on June 5, 2024, defines "current and former employee of the coal industry."<sup>52</sup>

6. Develop and provide to grant applicants guidance on prioritization of projects for the Justice40 Initiative.

**OSMRE Response:** OSMRE concurred with this recommendation and stated it will provide more guidance in its FY 2025 annual guidance to grant applicants and will consider hosting formal workshops for States.

OSMRE provided a June 2025 target implementation date.

**OIG Comment:** Based on OSMRE's response, we consider this recommendation resolved. We will consider this recommendation implemented when OSMRE provides documentation demonstrating that it has provided guidance on prioritization of projects for the Justice40 Initiative.

7. Develop and provide to grant applicants guidance on expectations of subrecipient and contractor monitoring.

**OSMRE Response:** OSMRE concurred with this recommendation and stated, "OSMRE will develop and implement a term and condition detailing the subrecipient and contract monitoring expectations that will be included on new and amended financial assistance agreements." Additionally, OSMRE stated, "The Federal Assistance Manual (FAM)-GM-10 Directive will be revised to include a comprehensive section on expectations of subrecipient and contract monitoring."

OSMRE provided a December 2025 target implementation date.

**OIG Comment:** Based on OSMRE's response, we consider this recommendation unresolved. OSMRE's target implementation date is more than one year from this report's issuance date. Accordingly, OSMRE should provide a revised target implementation date or establish mitigating measures until the recommendation is fully implemented. With the next round of funding most likely

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<sup>52</sup> The June 5, 2024 guidance states: "OSMRE defines a current and former employee of the coal industry as: (a) Any individual who is currently employed by: 1) A surface coal mining operation, as defined by 30 U.S.C. § 1291; 2) A facility directly related to a surface coal mining operation, such as a coal preparation plant; 3) A coal end-use facility, such as a coal-fired power plant; or 4) An entity that transports coal or related materials from a surface coal mining operation, preparation plant, or end-use facility. (b) Any other individual who earned the majority of their annual income from one or more of the employers in paragraph (a). (c) This term does not include an individual who is or has been—1) A sole proprietor or owner of record in excess of 50 percent of the voting securities or other instruments of ownership of an entity listed in paragraph (a); or 2) An officer or director of such entity." <https://www.osmre.gov/sites/default/files/inline-files/FY24-BIL-AML-Guidance-06-03-24.pdf>.

awarded in the third quarter of FY 2025, it is imperative that OSMRE communicate expectations with grant recipients more timely. We will consider this recommendation implemented when OSMRE provides documentation demonstrating that it provided guidance on expectations of subrecipient and contractor monitoring.

8. Develop and provide to grant applicants guidance on information required for OSMRE to compile its Infrastructure Investment and Jobs Act report submission to Congress.

**OSMRE Response:** OSMRE concurred with this recommendation and stated, “OSMRE has established a Performance Measures Workgroup . . . comprising State and Tribal AML programs,” and through this workgroup, “will develop the guidance and collect information needed for the required congressional report.” Additionally, OSMRE stated it “intends to revise and update Directive AML-22 – *Evaluation of State/Tribe Abandoned Mine Land Programs*, which will provide instructive guidance and policies to States and Tribes detailing the requirements for providing performance metrics that are to be incorporated into Annual Evaluation Reports specific to the [IIJA] AML program. These Annual Evaluation reports provide the principal method for sharing the progress and successes of the AML program with the public.”

OSMRE provided a December 2025 target implementation date.

**OIG Comment:** Based on OSMRE’s response, we consider this recommendation unresolved. OSMRE’s target implementation date is more than one year from this report’s issuance date. Accordingly, OSMRE should provide a revised target implementation date or establish mitigating measures until the recommendation is fully implemented. OSMRE has already missed capturing this information through the Annual Evaluation Reports from prior fiscal years, so OSMRE should communicate what initial information grant recipients should be expected to collect and include in their next Annual Evaluation Report before December 2025. We will consider this recommendation implemented when OSMRE develops and provides guidance to grant recipients on information necessary to compile the required report to Congress.



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# Appendix 1: Scope and Methodology

## Scope

Our evaluation focused on the Office of Surface Mining Reclamation and Enforcement's (OSMRE's) preparedness to expend Infrastructure Investment and Jobs Act (IIJA) funds through the Abandoned Mine Land (AML) Reclamation Program. We evaluated OSMRE's prepared risk assessments for grant applicants for IIJA fiscal year (FY) 2022 funding, grant application information for awards issued through September 2023, OSMRE's organization structure as of October 2023, and OSMRE's guidance provided to grant applicants from November 2021 through October 2023.

## Methodology

We conducted our evaluation in accordance with the *Quality Standards for Inspection and Evaluation* as put forth by the Council of the Inspectors General on Integrity and Efficiency. We believe that the work performed provides a reasonable basis for our conclusion and recommendations.

To accomplish our objective, we:

- Reviewed the IIJA's authorization of appropriations (Pub. L. No. 117-58 § 40701) and gained a detailed understanding of funding amounts, period of availability, use of funds, and other specific requirements.
- Reviewed Federal regulations and the U.S. Department of the Interior (DOI) Acquisition, Assistance, and Asset Policy No. 68 (DOI-AAAP-0068), *Financial Assistance Recipient Risk Assessment and Award Monitoring*, issued August 17, 2016, to determine risk evaluation steps and procedures.
- Documented our understanding of OSMRE's *Federal Assistance Manual* and guidance submitted to grant applicants.
- Evaluated 22 risk assessments covering grant applications submitted in FY 2022 to determine whether the risk assessments were adequately completed.
- Reviewed associated grant applicants' single audits for findings related to the AML Reclamation Program and other Federal program findings.
- Conducted site visits to the OSMRE headquarters office in Washington, DC, and regional offices in Pittsburgh, Pennsylvania; Alton, Illinois; and Lakewood, Colorado.
- Interviewed OSMRE headquarters and regional grants staff. In addition, we gained an understanding of the roles and responsibilities of selected grants management specialists and performed walkthroughs of the processes they used to evaluate grant applications, modifications, and applicant risk for IIJA AML Reclamation Program grants.
- Obtained an understanding of internal controls related to our evaluation objectives and assessed the design of controls for risk assessment, management of human capital, timeliness of transactions, and information communicated externally.
- Obtained testimonial evidence via questionnaires from IIJA AML Reclamation Program grant recipients about IIJA requirements and guidance OSMRE provided.
- Documented requirements from DOI's Office of Grants Management (PGM) Policy No. PGM-POL-0004, *Certification for Financial Assistance and Financial Assistance Appointment*.
- Reviewed organizational charts, staffing plans, and budget planning documents to understand the alignment of resources.

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## Appendix 2: Risk Assessment Checklist

The Office of Surface Mining Reclamation and Enforcement (OSMRE) uses an expanded version (attached on page 24) of the Financial Assistance Risk Assessment Checklist provided in U.S. Department of the Interior (DOI) Acquisition, Assistance, and Asset Policy No. 68 (DOI AAAP-0068), *Financial Assistance Recipient Risk Assessment and Award Monitoring*, issued August 17, 2016, to assess risk before awarding a grant or cooperative agreement.

DOI's checklist includes only one question related to the single audit, grouping together the type of audit opinion received, if the entity presents a "going concern," the existence of significant deficiencies, material weaknesses, instances of material noncompliance, and other single audit findings. The checklist OSMRE uses expands this question into separate questions (see questions 1, 3, 4, and 5 on pages 25 through 27). Further, the OSMRE checklist asks a series of questions about the applicant's most recent single audit, financial capability, and past performance to arrive at an overall risk rating of either low, medium, or high similar to DOI's checklist.

After checklist completion, OSMRE considers the risk assessment results when developing grant and cooperative agreement award conditions and incorporate specific conditions at the time of award based on the risk level and the conditions that caused the risk.

**Department of the Interior**  
**Office of Acquisition and Property Management**  
**Financial Assistance Risk Assessment Checklist**

Per DOI-AAAP-0068, Financial Assistance (FA) Recipient Risk Assessment and Award Monitoring, bureaus complete the Financial Assistance Risk Assessment Checklist at least once a Fiscal Year at the recipient level and prior to the first new cooperative agreement or grant award for that recipient.

The completed form must be filed in either the official award file or a centralized subject-matter file, which may be more efficient for recipients who receive multiple awards in the Fiscal Year.

If recipient is subject to the Single Audit Act, the SF-SAC report must be printed and filed with this form.

Recipient's Financial Capability Questionnaire, when required below, must be filed with this form

Refer to AAAP-XXX for conditions to incorporate for awards on and after the date below.

Recipient Name:

UEI Number:

Recipient Type: (drop down State/Local Government or Nonprofit or Foreign or Individual or Commercial)

Completed by:  Signature:

Date this form was completed:

***If recipient is NOT required to file a Single Audit Report, Skip questions 1 to 5. Recipient must complete the Financial Capability Questionnaire then proceed to question 6.***

1. Single Audit Current? The audit package and the data collection form shall be submitted 30 days after receipt of the auditor's report(s), or 9 months after the end of the fiscal year —whichever comes first, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. See OMB Circular A-133 §\_\_\_.320 (a) and Uniform Guidance 2 CFR 200.512(a).

Low-Recipient has a current Single Audit report. 1

Medium-Late and recipient responsive to request for compliance.. 3

High-Late and recipient not responsive to request for compliance. 5

2. SF-SAC Form Financial Statements Summary 1.Type of Audit Report

Low-Unmodified Opinion. 1

Medium-Qualified Opinion 3

High-Adverse Opinion or Disclaimer of Opinion. Automatically risk high for recipient. STOP HERE. 5

3. SF-SAC Form Financial Statements Summary 2. Is a 'going concern' emphasis-of-matter paragraph included in the audit report?

Low-A "going concern" emphasis-of-matter paragraph is NOT included in the audit report. 1

High-A "going concern" emphasis-of-matter paragraph is included in the audit report. 5

4. SF-SAC Form Financial Statements Summary 3, 4, and 5: Is a significant deficiency, material weakness, or material noncompliance

disclosed?

Low-No. 1

Medium-Yes. 5

5. SF-SAC Types of Compliance Requirement Fields for any Federal program (Column e)

Low-No findings in column (e). 1

Medium-Has one of more findings in column (e) but not directly related to any of the bureau's financial assistance programs/CFDA. 3

High-Has one of more findings in column (e) that is/are directly related to any of the bureau's financial assistance programs/CFDA. 5

**SF/SAC Types of Compliance Requirements**

- A. Activities allowed or unallowed
- B. Allowable costs/cost principles
- C. Cash management
- D. Davis-Bacon Act
- E. Eligibility
- F. Equipment and real property management
- G. Matching, level of effort, earmarking
- H. Period of availability of funds
- I. Procurement
- J. Program income
- K. Real property acquisition and relocation assistance

- L. Reporting
- M. Subrecipient monitoring
- N. Special tests and provisions
- O. None

6. Responses to the Financial Capability Questionnaire

Not Applicable-Recipient is subject to the Single Audit Act	0	
Low-Recipient replied "yes" to questions 17 through 33 of the Financial Capability Questionnaire.	1	
Medium-Recipient may have responded "no" or "not sure" to questions 17 through 33 of the Financial Capability Questionnaire but program can mitigate risk by adding conditions to the award.	3	
High-Recipient may have responded "no" or "not sure" to questions 17 through 33 of the Financial Capability Questionnaire and program cannot mitigate risk by adding conditions to the award.	5	

7. FAPIIS Search (effective January 1, 2016)

Low-Recipient has no FAPIIS record.	1	
Medium-Recipient has negative performance information in FAPIIS and program has positive prior experience with recipient.	3	
High-Recipient has negative performance information in FAPIIS and program can mitigate risk by adding conditions to the award.	5	

8. Performance Track Record

Recipient has no past or current award with the bureau. 0

Low-Recipient met all objectives in previous award(s); on schedule to meet all objectives in current award(s) or Recipient met most objectives in previous award(s) and the reason(s) for delay or non-performance was(were) unavoidable. 1

Medium-Recipient may have had issues with meeting objectives in current or past award(s) but was responsive to bureau communications or request for information or action related to the issue(s). Issue(s) was(were) resolved. 3

High-Recipient failed to meet objectives in previous award(s) with no valid reason(s) for the delay. Recipient was not responsive to bureau communications or request for information. Issue(s) was(were) never resolved. 5



9. Reporting Compliance

Recipient has no past or current award with the bureau. Require recipient to complete and submit a Financial Capability Questionnaire. 0

Low-Recipient has a history of submitting timely performance and financial reports. 1

Medium-Recipient have asked for reporting extensions for performance and financial reports or have been periodically late in submitting these 3

reports.

High-Recipient has been consistently late in submitting performance and financial reports.

5

10. Type of Funding (CFDA) Program

Low-Has been in place for more than 10 years. 1

Medium-Has been in place for 3-10 years. 3

High-Has been in place for less than 3 years. 5

**Calculate the final risk rating by adding the risk scores and dividing by 5, if recipient is not required to file a Single Audit, or 9, if recipient is required to file a Single Audit and was not high risk for questions 2 or 3.**

Average=1-2.4

LOW

Average=2.5-3.4

MEDIUM

Average=3.5-5

HIGH

**If Bureau has mitigating actions/factors that could lower risk rating, describe the mitigating actions/factors here:**

**If bureau has mitigating actions/factors, enter final risk rating here after considering these actions/factors.**



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## **Appendix 3: Responses to Draft Report**

The Office of Surface Mining Reclamation and Enforcement's response to our draft report follows on page 31.



# United States Department of the Interior

OFFICE OF SURFACE MINING  
RECLAMATION AND ENFORCEMENT  
Washington, D.C. 20240



July 22, 2024

## MEMORANDUM

To: Assistant Inspector General for Audit, Inspections and Evaluations

From: Sharon Buccino  
Principal Deputy Director  
Office of Surface Mining Reclamation and Enforcement

SHARON BUCCINO  
Digitally signed by SHARON  
BUCCINO  
Date: 2024.07.22 16:43:51 -04'00'

Subject: Office of Surface Mining Reclamation and Enforcement response to the Office of Inspector General Draft Report entitled: *The Office of Surface Mining Reclamation and Enforcement Should Improve Efforts for Expending Infrastructure Investment and Job Act Funds (2023-INF-014)*

This memorandum transmits the Office of Surface Mining Reclamation and Enforcement (OSMRE) response to each of the audit recommendations and OSMRE's plans for corrective actions. OSMRE management is committed to improve its oversight and management of Infrastructure Investment and Job Act (IIJA), also known as the Bipartisan Infrastructure Law (BIL) funds through its Abandoned Mine Lands (AML) program while partnering with States and Tribes. Our responses are listed below:

**Recommendation 1:** Provide training to grants management specialists on conducting thorough risk assessments, including guidance on identifying and analyzing single audit findings.

**Response:** Concur.

OSMRE will continue to coordinate with the Department of the Interior's (DOI's) Office of Grants Management and other bureaus regarding additional training materials for conducting risk assessments and analyzing single audits. OSMRE will explore collaboration opportunities to create specific training programs that assist grants management specialists to conduct enhanced risk assessment reviews, analyze single audit findings, and develop recommend for next steps when deficiencies are identified.

At a minimum, OSMRE grants staff will receive formal and annual refresher training that will cover topics such as:

- Understanding Audits for Federal Personnel
  - Audits of Federal Grants, Cooperative Agreements, and Fixed Amount Awards
  - Audit Cognizance and Oversight
  - Audit Requirements and Resources
  - Using the Compliance Supplement

- Understanding the role of the Auditor during a Single Audit
- Developing and Leveraging Risk Assessments for Grants Management
  - Aggregating Risk Assessment Results for Programmatic Insight
  - Risk Assessments for Fraud Detection and Management
  - Risk Assessments under OMB Circular A-123, Appendix C (Improper Payments)

Responsible Party: Program Support Directorate (PSD)

Target Date: June 2025

**Recommendation 2:** Design and implement an updated risk assessment checklist that requires grants management specialists to document consideration of applicable risk factors and document any mitigating measures for each risk factor identified.

**Response:** Concur.

OSMRE has updated its risk assessment checklist in accordance with DOI-PGM-POL-0016, “Pre-Award Risk Assessment and Post-Award Monitoring,” published on July 2, 2024.

OSMRE personnel will mitigate each risk factor using the following actions, depending on the level of risk:

- Low (green) – OSMRE will require, at a minimum, the submission of annual performance and financial reports.
- Medium (yellow) – OSMRE, in addition to the mitigating actions at the low level of risk, will consider incorporating best practices such as conducting a site visit at least once every three federal fiscal years, and one or more of the specific conditions in 2 CFR 200.208, such as:
  - Requiring additional project monitoring.
  - Requiring additional, more detailed financial reports.
  - Establishing additional prior approvals.
- High (red) – OSMRE will require a Special Award Condition (SAC) specific to each recipient and identify the factor(s) that cause them to be considered high risk on the approved risk assessment checklist.
  - Requiring a minimum of one spend report from ASAP (Automated Standard Application for Payments) for a grant every fiscal quarter to ensure that funds are being expended in accordance with the applicable rules, regulations, and OSMRE policies.
  - Reviewing financial and program documentation for allocability, allowability, and necessity in accomplishing the benchmarks and goals associated with the program.
  - Reviewing financial documentation to ensure expenditures are accurately calculated and categorized with the appropriate cost subaccount.

Responsible Party: Program Support Directorate

Target Date: March 2025

**Recommendation 3:** Develop and implement a long-term staffing plan for grants management specialists that considers existing resources, Infrastructure Investment and Jobs Act funding, and OSMRE’s priorities and goals.

**Response:** Concur.

OSMRE has made substantial progress increasing its grant staffing capabilities to oversee the BIL AML program and will continue to evaluate and make necessary adjustments to the grants staff as required to ensure proper implementation of that grant program. OSMRE will develop a long-term staffing plan for grants management specialists that considers existing resources, BIL funding, and OSMRE's priorities and goals. Deliverables will include:

- Research and analysis of government operational effectiveness and processes;
- Comprehensive recommendations for workforce improvements; and
- A detailed implementation plan to execute on the recommendations received from the analysis, including governance, timeline, activities, execution budget, roles and responsibilities, and change management.

Responsible Party: HR Office and OSMRE Senior Executives

Target Date: March 2026

**Recommendation 4:** Create and implement a mechanism to track and monitor all milestones and associated key dates for processing applications, modifications, and authorizations to proceed to ensure processing dates are met.

**Response:** Concur.

OSMRE currently tracks key dates for grants as part of its normal operations. The information is currently in GrantSolutions, but as mentioned in the OIG report, the retrieval of pertinent information can be labor intensive as it must be manually examined to ascertain compliance with meeting the award deadlines. Improving the process by automating retrieval of such information would increase efficiencies.

To improve the tracking of grants milestones and key dates, in April 2024, OSMRE purchased Tableau creator licenses to capture OSMRE grants data that will enhance our report and inquiry ability to track and monitor all key dates of applications and modifications, ensuring required deadlines are met (60 days for the awarding of a completed grant application package, 30 days for processing an amendment action).

Tableau will allow OSMRE to perform the following automated functions:

- Pulling specific data points out of GrantSolutions (i.e., application submission date, award dates, and Notice of Award) to build custom dashboards and visualizations;
- Having grant-specific inquiries preloaded for simplistic data report retrievals; and
- Performing enhanced data analysis of financial assistance actions for pre-award, award, and post-award actions.

Regarding the tracking of key dates for Authorizations to Proceed (ATPs), this data does not reside in GrantSolutions. Contrary to the assertion in the OIG report that OSMRE does not have a mechanism to track and monitor ATP key dates, OSMRE does currently track and monitor the milestones and key dates necessary to ensure timely reviews and decisions. These tracking mechanisms reside at the action office level, which is the applicable Field Office, and are rolled up and tracked in each OSMRE regional office. Regional Directors will develop standard fields that all field offices must

track for each ATP to ensure consistent monitoring and reporting across OSMRE.

OSMRE commits to further examination of existing and future systems that may be used to automate the ATP process and allow automatic tracking of key dates for the process.

Responsible Party: Regions and Program Support Directorate

Target Date: December 2026

**Recommendation 5:** Develop and provide to grant applicants guidance on the definition of, and prioritization of projects for, current or former coal industry workers.

**Response:** Concur.

After consulting with state and Tribal AML programs, OSMRE included a formal definition of “current and former employee of the coal industry” in the FY24 BIL AML Guidance issued on June 5, 2024. OSMRE will continue to work in partnership with the States and Tribes to identify implementation hurdles and address them as feasible.

Responsible Party: Director’s Office & PSD

Target Date: June 5, 2024 (completed)

**Recommendation 6:** Develop and provide to grant applicants guidance on prioritization of projects for the Justice40 Initiative.

**Response:** Concur.

OSMRE will provide more guidance for this section in the FY 2025 BIL Annual Guidance. OSMRE will consider hosting formal workshops as part of the AML-22 update/revisions (see below) to States and Tribes on the prioritization of projects.

Responsible Party: Regions and PSD

Target Date: June 2025

**Recommendation 7:** Develop and provide to grant applicants guidance on expectations of subrecipient and contract monitoring.

**Response:** Concur.

OSMRE will develop and implement a term and condition detailing the subrecipient and contract monitoring expectations that will be included on new and amended financial assistance agreements (Notice of Award/NOA).

The Federal Assistance Manual (FAM)- GM-10 Directive will be revised to include a comprehensive section on expectations of subrecipient and contract monitoring.

Responsible Party: Program Support Directorate

Target Date: December 2025

**Recommendation 8:** Develop and provide to grant applicants guidance on information required for OSMRE to compile its Infrastructure Investment and Job Act report submission to Congress.

**Response:** Concur.

Within six years of granting the first BIL AML grant, OSMRE is required to submit a report to Congress containing a detailed analysis of the progress made under the BIL AML provisions in addressing outstanding coal AML reclamation problems under subsections (a) and (b) of section 403 and section 410 of SMCRA.

OSMRE has established a Performance Measures Workgroup with members of the National Association of Abandoned Mine Land Programs (NAAML) comprising State and Tribal AML programs. Through this workgroup OSMRE and the NAAML will develop the guidance and collect information needed for the required congressional report.

In addition, OSMRE intends to revise and update Directive AML-22 –*Evaluation of State/Tribe Abandoned Mine Land Programs*, which will provide instructive guidance and policies to States and Tribes detailing the requirements for providing performance metrics that are to be incorporated into Annual Evaluation Reports specific to the BIL AML program. These Annual Evaluation reports provide the principal method for sharing the progress and successes of the AML program with the public.

Responsible Party: Program Support Directorate

Target Date: December 2025

Attachment: OSMRE Consolidated Comments on OIG’s Draft Evaluation Report – “The Office of Surface Mining Reclamation and Enforcement Should Improve Efforts for Expending Infrastructure Investment and Jobs Act Funds” - Report No. 2023-INF-014.

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# Appendix 4: Status of Recommendations

Recommendation	Status	Action Required
<b>2023-INF-014-01</b> We recommend that the Office of Surface Mining Reclamation and Enforcement (OSMRE) provide training to grants management specialists on conducting thorough risk assessments, including guidance on identifying and analyzing single audit findings.	<b>Resolved</b>	We will track implementation.
<b>2023-INF-014-02</b> We recommend that OSMRE design and implement an updated risk assessment checklist that requires grants management specialists to document consideration of applicable risk factors and document any mitigating measures for each risk factor identified.		
<b>2023-INF-014-03</b> We recommend that OSMRE develop and implement a long-term staffing plan for grants management specialists that considers existing resources, Infrastructure Investment and Jobs Act funding, and OSMRE's priorities and goals.	<b>Unresolved:</b> pending additional information.	We will meet with OSMRE to further discuss resolution of these recommendations.
<b>2023-INF-014-04</b> We recommend that OSMRE create and implement a mechanism to track and monitor all key dates for processing applications, modifications, and authorizations to proceed to ensure processing dates are met.		
<b>2023-INF-014-05</b> We recommend that OSMRE develop and provide to grant applicants guidance on the definition of, and prioritization of projects for, current or former coal industry workers.	<b>Implemented</b>	No action required.
<b>2023-INF-014-06</b> We recommend that OSMRE develop and provide to grant applicants guidance on prioritization of projects for the Justice40 Initiative.	<b>Resolved</b>	We will track implementation.

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Recommendation	Status	Action Required
<p><b>2023-INF-014-07</b> We recommend that OSMRE develop and provide to grant applicants guidance on expectations of subrecipient and contractor monitoring.</p>	<p><b>Unresolved:</b> pending additional information</p>	<p>We will meet with OSMRE to further discuss resolution of these recommendations.</p>
<p><b>2023-INF-014-08</b> We recommend that OSMRE develop and provide to grant applicants guidance on information required for OSMRE to compile its Infrastructure Investment and Jobs Act report submission to Congress.</p>		





OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR

## **REPORT FRAUD, WASTE, ABUSE, AND MISMANAGEMENT**

The Office of Inspector General (OIG) provides independent oversight and promotes integrity and accountability in the programs and operations of the U.S. Department of the Interior (DOI). One way we achieve this mission is by working with the people who contact us through our hotline.

### **WHO CAN REPORT?**

Anyone with knowledge of potential fraud, waste, abuse, misconduct, or mismanagement involving DOI should contact the OIG hotline. This includes knowledge of potential misuse involving DOI grants and contracts.

### **HOW DOES IT HELP?**

Every day, DOI employees and non-employees alike contact OIG, and the information they share can lead to reviews and investigations that result in accountability and positive change for DOI, its employees, and the public.

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Anyone may request confidentiality. The Privacy Act, the Inspector General Act, and other applicable laws protect complainants. Specifically, 5 U.S.C. § 407(b) states that the Inspector General shall not disclose the identity of a DOI employee who reports an allegation or provides information without the employee's consent, unless the Inspector General determines that disclosure is unavoidable during the course of the investigation. By law, Federal employees may not take or threaten to take a personnel action because of whistleblowing or the exercise of a lawful appeal, complaint, or grievance right. Non-DOI employees who report allegations may also specifically request confidentiality.

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