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INSPECTOR GENERAL
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Audit

Audit of the National Park Service Inflation Reduction Act-Funded Restoration and Resilience Financial Assistance Agreements

Report No. 2024-ER-036

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Memorandum

To: Kristen Eastlick
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Acting Director, National Park Service

From: Nicki Miller
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Subject: Final Audit Report – *Audit of the National Park Service Inflation Reduction Act-Funded Restoration and Resilience Financial Assistance Agreements*
Report No. 2024-ER-036

This memorandum transmits our audit report addressing whether the U.S. Department of the Interior's National Park Service (NPS) appropriately administered financial assistance awards funded through the Inflation Reduction Act for restoration and resilience projects in accordance with applicable regulations.

We will track open recommendations for resolution and implementation. We will notify Congress of 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.

Results in Brief

Audit

Audit of the National Park Service Inflation Reduction Act-Funded Restoration and Resilience Financial Assistance Agreements

Objective

To determine whether the U.S. Department of the Interior's (DOI's) National Park Service (NPS) appropriately administered financial assistance awards funded through the Inflation Reduction Act (IRA) for restoration and resilience projects in accordance with applicable regulations.

Recommendations

We make nine recommendations that, if implemented, will help the Office of Grants Management and NPS improve their administration of financial assistance awards. All recommendations are resolved.

Risk Area

Contract & Financial Assistance Oversight

Findings

We found that NPS did not always administer financial assistance awards for IRA-funded restoration and resilience projects in accordance with applicable regulations. Specifically, NPS pre-award risk assessments were not comprehensive, justified, or documented in a timely manner. Also, NPS did not ensure financial and performance reports were thoroughly reviewed in a timely manner. Additionally, statements of substantial involvement were not prepared, so there was no plan to ensure required NPS engagement and input into the performance and status of the relevant agreements. Finally, it is unclear when single-source justifications for Master Cooperative Agreements and task agreements are required and opportunities exist to clarify relevant guidance and forms. These issues occurred because NPS did not establish and maintain clear policies and procedures.

Impact

From fiscal years 2022 through 2024, NPS administered 12,483 financial assistance awards with approximately $3.6 billion in Federal obligations from all funding sources. During our review, 234 financial assistance awards were IRA-funded, representing $99 million in obligations. Although our audit focused on NPS IRA-funded restoration and resilience financial assistance awards, our findings may be applicable to other NPS financial assistance awards since the same processes and personnel are used. Thorough and timely risk assessments enable DOI to identify and mitigate risks of fraud, waste, abuse, mismanagement, and noncompliance and safeguard the significant dollar values being awarded through these programs before awarding funds. Likewise, thorough and timely review of recipients' financial and performance reports is critical for ensuring these taxpayer-funded projects remain on track to accomplish the programs' public policy goals and to enable NPS and recipients to make adjustments, if needed, during each award's period of performance. Developing and implementing adequate policies and procedures will help NPS and DOI ensure they are carrying out these functions.

On January 20, 2025, IRA funding and projects were paused while DOI reviewed associated programs, in accordance with Section 7 of Executive Order No. 14154, *Unleashing American Energy.* Subsequently, on February 19, 2025, NPS published guidance stating that all future financial assistance awards over $50,000 would require DOI approval. On April 17, 2025, the Secretary of the Interior published Secretarial Order 3429, which directed actions to consolidate administrative functions, including management of financial assistance, from individual bureaus to the DOI's Office of the Secretary. This consolidation is ongoing, but the findings in this report may help inform risks and challenges DOI should keep in mind and address as it consolidates some of the functions previously carried out by NPS.

Contents

Introduction

Objective

The objective of our audit was to determine whether the U.S. Department of the Interior's (DOI's) National Park Service (NPS) appropriately administered financial assistance awards funded through the Inflation Reduction Act (IRA) for restoration and resilience projects in accordance with applicable regulations.

See Appendix 1 for our audit scope and methodology, Appendix 2 for a list of the financial assistance awards selected for the audit, and Appendix 3 for a summary of deficiencies identified in the selected financial assistance awards.

Background

NPS' mission is to preserve the natural and cultural resources and values of the National Park System for the enjoyment, education, and inspiration of this and future generations. NPS pursues opportunities to improve ecosystem management within parks and across administrative boundaries through developing agreements with Federal, Tribal, State, and local governments and organizations. Additionally, NPS provides technical and financial assistance to entities outside of the National Park System to conserve resources and enhance recreation opportunities throughout the country.

The IRA, Pub. L. No. 117-69, was signed into law on August 16, 2022. Sections 50221 and 50222 of the IRA state that NPS and the Bureau of Land Management were eligible for $500 million ($250 million per IRA section) to carry out projects for the conservation, protection, and resiliency of lands and resources and "conservation, ecosystem, and habitat restoration projects" for fiscal years (FYs) 2022 through 2031.[1] In both sections of the law, Congress appropriated the funding to the Secretary of the Interior and did not designate a specific amount to either NPS or the Bureau of Land Management.

Implementation of IRA Funding

On September 9, 2022, DOI's Office of the Secretary (OS) issued a memorandum providing initial guidance to the bureaus on using IRA funding, including directions on developing spending plans. In its IRA spending plan, dated November 10, 2022, NPS proposed $190 million to address conservation, protection, resilience, and ecosystem and habitat restoration projects in NPS lands and resources. NPS included information for each priority, including responsible program officials, program descriptions and objectives, implementation strategy, performance guidelines, and timelines. Additionally, NPS specified the intent to leverage its existing programs and develop "project proposals under the high-level need described and in alignment with [its] strategic goals, critical resilience and restoration initiatives, and relevant keystone efforts."

In February 2023, OS allocated $190 million in IRA funds to NPS, and NPS subsequently issued a memorandum to its regional and associate directors requesting project proposals. NPS chose 73 projects,[2] as outlined in the spending plan (41 resilience and 32 restoration).[3] In May 2024, OS allocated an additional $15.1 million in IRA funds to NPS ($5.6 million for Section 50221 and $9.5 million for Section 50222), which

[1] Inflation Reduction Act, August 16, 2022, Subtitle B - Natural Resources, Part 2 – Public Lands, Section 50221 – National Parks and Public Lands Conservation and Resilience and Section 50222 – National Parks and Public Lands Conservation and Ecosystem Restoration.

[2] Each project was funded through one or more financial assistance awards issued by NPS before the responsibility for financial assistance was consolidated into the OS.

[3] Based on projects approved in NPS memoranda from April and November 2023.

NPS used to fund an additional 12 projects (four resilience and eight restoration).[4] Through FY 2024, NPS obligated $99 million[5] through 234 financial assistance awards, covering 11 projects. We sampled records related to 24 of these financial assistance awards (or 10 percent) totaling about $58 million, which constitutes approximately 59 percent of total obligations. Of the 24 financial assistance awards reviewed in our sample, 4 were single source and 20 were task agreements (TAs) awarded under a funding vehicle called Master Cooperative Agreements (MCAs).

A majority of NPS' IRA obligations we reviewed were awarded using an MCA. An MCA is an agreement between NPS and a financial assistance award recipient for the recipient to carry out broad public purpose objectives when more than one project is anticipated. It describes all types of work that could be done under the agreement and establishes the overarching terms and conditions and general level of substantial involvement.[6] Specific projects are then funded by individual TAs issued under an MCA. TAs authorize performance, establish timelines, identify key personnel, obligate funds, and incorporate the MCA by reference. For example, two IRA-funded NPS programs that leverage MCAs are "Youth and Young Adult Programs"[7] and "Cooperative Ecological Studies Unit (CESU)[8] programs." MCAs undergo a competitive selection process and are set up to align with the needs of most parks. Once an MCA is established, financial assistance awarding officers (FAAOs) may award TAs, with fewer justifications than what is required in the standard financial assistance awarding process, for high-volume or other projects that necessitate such an approach.

In addition to TAs under MCAs, NPS uses single sourcing to noncompetitively award financial assistance agreements. To issue financial assistance awards through single sourcing, the award must be (1) an unsolicited proposal representing something novel or innovative, (2) necessary to continue or complete a current activity, (3) authorized by legislation, (4) from an applicant that is uniquely qualified to perform the activity, or (5) in response to an unusual or compelling urgency.[9]

Consolidation of Financial Assistance Administration Operations

On April 17, 2025, the Secretary of the Interior issued Secretarial Order 3429 to consolidate the bureaus' administrative functions, including financial management and Federal financial assistance, within OS.

Prior to the secretarial order, officials from multiple offices were involved in administering NPS' Federal financial assistance, and no single person or office was responsible for ensuring that all activities throughout the award lifecycle were completed in a timely manner. Specifically, NPS' Financial Assistance Community of Practice was responsible for administering financial assistance agreements. Its responsibilities included reviewing and accepting Federal financial reports, coordinating with program staff to ensure the review and acceptance of performance progress reports, and processing financial assistance agreement de-obligations and closeouts. Additionally, the Financial Assistance Community of Practice coordinated with an agreement technical representative to ensure performance progress reports were reviewed and accepted within 30 days of receipt. The agreement technical representatives addressed recipient inquiries on technical aspects of the financial assistance agreements. Program managers worked in conjunction with agreement technical representatives to ensure that projects aligned with the funding's purpose.

[4] One project is identified both as a resilience project ($2.15 million) and a restoration project ($850,000). Another project is identified as a restoration project for implementation, management, and oversight ($525,000).

[5] NPS' total IRA funding allocation from OS was $209.7 million.

[6] Substantial involvement is defined as significant NPS participation prior to and during the period of performance of a financial assistance agreement.

[7] Through collaboration with the 21st Century Conservation Service Corps, youth programs promote natural and cultural resources through involvement of youth and young adults. (Youth & Young Adult Programs (U.S. National Park Service))

[8] The CESU Network is a national collaborative consortium of Government, nonprofit, academic, and other partners working to support natural and cultural resource stewardship through scientific research, technical assistance, and capacity building. (CESUs (U.S. National Park Service))

[9] NPS Federal Assistance Policies & Procedures 1443-2015-06.1, Section 5.b(1), (a)-(e).

Once the consolidation is complete,[10] some of these financial assistance and financial management responsibilities will be handled by DOI's Office of Grants Management (PGM), although the details regarding this are not yet available. In response to our draft report, PGM stated that it will be responsible for implementing the recommendations we make below. As PGM takes on these responsibilities, it is important for PGM to address the risks and historical challenges highlighted in this report that NPS has faced in managing its financial assistance awards. The ongoing consolidation process presents opportunities to implement improvements to the financial assistance awarding process and better protect Federal funds. We encourage DOI to take the issues we identified into account as it makes organizational and structural changes going forward.

[10] As of June 15, 2026, the consolidation process is ongoing.

Results of Audit

We found NPS did not always appropriately administer financial assistance awards funded through the IRA for restoration and resilience projects in accordance with applicable regulations. We found that NPS did not perform comprehensive or timely pre-award risk assessments of recipients, nor did it review financial and performance reports thoroughly or in a timely manner. Likewise, NPS did not prepare statements of substantial involvement. Additionally, it is unclear when NPS requires single-source justifications MCAs and TAs. These issues occurred because NPS did not establish and maintain clear policies and procedures.

Although our audit focused on NPS IRA-funded restoration and resilience financial assistance awards, our findings may be applicable to other NPS financial assistance awards since the same processes are used. From FYs 2022 through 2024, NPS administered 12,483 financial assistance awards with approximately $3.6 billion in Federal obligations from all funding sources. During our review, 234 financial assistance agreements were IRA-funded, representing $99 million in obligations. Given these substantial obligations, NPS should implement strong internal controls to ensure that it is efficiently and effectively awarding, administering, and monitoring financial assistance agreements.

NPS Did Not Perform Comprehensive or Timely Risk-Assessments

We found that NPS did not always take the steps needed to identify and mitigate recipient risks. Specifically, NPS pre-award risk assessments were not comprehensive, justified, or documented in a timely manner.

NPS Prepared Incomplete and Inadequate Pre-Award Risk Assessments

NPS Did Not Prepare Complete or Adequate Checklists

According to Federal regulations, Federal agencies must establish and maintain policies and procedures for conducting risk assessments to evaluate the risks posed by applicants before issuing Federal financial assistance awards.[11] Federal regulations state that, in evaluating risks posed by the applicant, the Federal agency should consider items such as (1) financial stability, (2) management systems and standards, (3) history of performance, (4) audit reports and findings, and (5) ability to effectively implement requirements.[12]

We found that none of the risk assessments from the 24 sampled financial assistance agreements in our review documented or included all relevant information.

At the time of our review, FAAOs prepared the risk assessment according to the steps laid out in the *DOI Financial Assistance Risk Assessment Checklist*. PGM provides this checklist to bureaus to evaluate various risk factors before issuing financial assistance awards to a recipient. These factors include determining if (1) the Single Audit noted significant deficiencies or material weaknesses in the recipient's compliance with federal assistance programs, (2) SAM.gov records disclosed any active exclusions that would make the recipient ineligible to participate in Federal programs, (3) the recipient's performance highlights any concerns with its ability to meet program objectives, and (4) the recipient submits performance and financial reports on time. However, the checklist does not allow the FAAOs to sufficiently assess or analyze each of the identified risk areas or requirements before an overall determination is made. This is because the checklist does not contain sections to elaborate on individual ratings or allow the FAAOs to expand on additional factors that

[11] 2 C.F.R. § 200.206(b)(1).

[12] 2 C.F.R. § 200.206(b)(2)(i)-(v).

might be relevant to NPS financial assistance awards. Additionally, the checklist forces the preparer to rely on the bottom-line rating, which is an average of the numerical scores for each risk area and negates the potential impact of any single high-risk area. For example, an applicant may present a high risk due to poor performance, but present low risks for the other factors, resulting in an overall average rating of low risk. Because the average rating is below medium, no risk mitigation of the various higher risk areas would be required. The checklist also does not prompt the preparer to document relevant Single Audit findings and the reason the preparer did or did not require adjustment to award considerations.[13]

For example, according to the NPS-prepared checklists, the audits corresponding with agreements P24AC02194 and P24AC02373, with obligations totaling $2.2 million, were considered low risk and provided no details about potential concerns. However, based on our review of these Single Audits, we identified significant deficiencies that may have affected the recipients' ability to complete the objectives of their respective financial assistance awards. Specifically, one of the audits found that the recipient did not know how to properly prepare financial statements and lacked sufficient segregation of duties over accounting functions. The other audit found that the recipient did not perform the required reporting on Federal financial awards. Given the risk factors we identified when reviewing the Single Audits, we concluded that NPS did not adequately assess the risk posed by the recipients.

NPS Did Not Always Check the Exclusion List

Federal regulations require agencies to verify that a potential recipient is not debarred, suspended, or otherwise excluded from receiving Federal awards.[14] According to DOI policy, bureaus should use the *DOI Financial Assistance Risk Assessment Checklist* to perform their risk assessment,[15] which verifies that a Federal award recipient is not on an exclusion list. NPS policy further states that FAAOs shall check SAM.gov immediately prior to releasing any new awards, TAs, or modifications for additional funding or extensions of the period of performance to ensure that there are no active exclusions for the organization or key or signing officials.[16]

Notwithstanding this guidance, we found that NPS did not consistently document its verification that the recipient and principal investigators[17] were not excluded from receiving Federal awards. Out of the 24 financial assistance awards reviewed, we identified four agreements (approximately 17 percent), totaling $5.3 million in obligations, for which NPS did not properly verify whether the recipient was eligible to receive Federal awards. Specifically, NPS did not verify eligibility of:

- The organization for P22AC01409 and P23AC01499;
- The principal investigator's eligibility to participate in P24AC02194; and
- The organization or its principal investigator for P23AC01548.

We reviewed the System for Award Management documents for these recipients and principal investigators and determined that all the parties involved with these four financial assistance awards were not excluded from receiving Federal assistance. Nevertheless, if our results revealed any eligibility concerns, it would have placed over $5 million in Federal financial assistance at greater risk of fraud or misuse.

NPS did not check the exclusion list, in part, due to indifference and misunderstanding of existing NPS policy. According to several NPS officials, these verifications are done to "check the box" and may not always be

[13] On October 7, 2025, we announced a review related to financial assistance risk assessments, Project No. 2026-ISP-001, which is focused on identifying additional areas for improving DOI's risk assessments and the *DOI Financial Assistance Risk Assessment Checklist*.

[14] 2 C.F.R. § 200.206(d).

[15] DOI-PGM-POL-0016(6), *Pre-Award Risk Assessment and Post-Award Monitoring*, July 1, 2024.

[16] Financial Assistance Policies and Procedures (FAP&P) 1443-2016-01, *Pre-Award Risk Assessment*, January 21, 2016.

[17] Principal investigators are responsible for the design, conduct, or reporting of projects funded with Federal financial assistance.

afforded the attention they require. Additionally, an NPS official expressed a lack of awareness of the bureau's requirement to re-verify that entities are not excluded at the time they awarded one of the TAs in our sample. Although we verified that the financial assistance award recipients in our sample were not excluded from receiving Federal assistance, a lack of uniform and thorough exclusion list checks at the outset of an agreement puts Federal funds at risk of being awarded to parties who should be excluded from receiving funds.

NPS Did Not Include Risk Mitigation Terms and Conditions in Awards to Higher-Risk Recipients

DOI policy requires bureaus to consider risk assessment results when developing award conditions and to incorporate specific conditions at the time of award based on the risk. For medium-risk recipients, this may include increasing the frequency of reporting and adding specific conditions to the award.[18]

We found that NPS did not establish terms or conditions for financial assistance award recipients with a higher than low-risk level. For example, recipients under P22AC02126, P23AC01164, P23AC01532, P23AC01548, P24AC00034, and P24AC02484, totaling $15.9 million in obligations, were assessed as medium risk. However, the corresponding agreements did not identify any safeguards to mitigate this heightened risk, as required by DOI policy.

The deficiencies we identified in agreement terms and conditions stem from a lack of clear guidance. NPS' *Financial Assistance Handbook* served as one of the bureau's primary sources of guidance for financial assistance administration; however, this resource has not been revised since March 2015, and it cites outdated Code of Federal Regulations requirements. An NPS official acknowledged the lack of clarity caused by the outdated *Financial Assistance Handbook* but asserted that no additional risk mitigating terms are needed because the core guidance is consistent with Federal requirements to provide assurance and safeguards to the bureau. An inherent risk in maintaining handbooks and other guidance documents that are outdated or incorrect is that staff will not follow current regulations or law. Consequently, NPS officials may misapply applicable requirements or fail to take appropriate considerations at all.

This lack of guidance may lead NPS officials to exclude important mitigating terms and conditions, which could increase the risk of fraud and misuse of Federal funds. Additionally, the lack of clear and updated guidance increases the risk that projects will not achieve results in line with NPS goals because financial assistance awards might be issued to unqualified recipients.

NPS Did Not Always Conduct Timely Pre-Award Risk Assessments

According to Federal regulations, Federal agencies must establish and maintain policies and procedures for conducting risk assessments to evaluate the risks posed by applicants before issuing Federal financial assistance awards.[19] DOI policy states that bureaus must conduct at least one recipient risk assessment before awarding the first agreement, as well as a new risk assessment each fiscal year a new award is received.[20]

NPS policy allows TAs awarded off MCAs to use the MCA's established risk assessment,[21] regardless of when the MCA was signed. In other words, NPS policy does not require risk assessments when NPS is awarding TAs, even if the MCA's risk assessment was completed in a prior fiscal year. This conflicts with DOI policy which states that, at a minimum, risk assessments should be performed annually. For example, in P23AC00506, the TA was issued on April 13, 2023, but the risk assessment from the related MCA was completed on February 2, 2022, more than a year prior. In another example, in P24AC00435, the TA was

[18] DOI-PGM-POL-0016(9b), *Pre-Award Risk Assessment and Post-Award Monitoring*, July 1, 2024.

[19] 2 C.F.R. § 200.206(b)(1).

[20] DOI Office of Grants Management Policy (PGM-POL) 0016, *Pre-Award Risk Assessment and Post-Award Monitoring*, Version 1.

[21] FAP&P 1443-2016-01, Section 5.C., *Pre-Award Risk Assessment*, January 21, 2016.

awarded on April 9, 2024, but the risk assessment was not completed until June 14, 2024, over two months later. Furthermore, the existing NPS policy states that "a separate pre-award risk assessment is optional for TAs as long as it was accomplished as part of the master cooperative agreement." It is not clear if NPS' policy associated with MCAs can override DOI's requirement for annual risk assessments.[22] It is important to ensure Federal funds are protected because organizations and risk factors change over time.

These issues occurred because DOI and NPS have incomplete, inadequate, and sometimes conflicting guidance for evaluating and addressing individual risk factors that are identified by the FAAO using the *DOI Financial Assistance Risk Assessment Checklist*. Additionally, neither DOI nor NPS have policies to clarify if TAs should be held to the same requirements as other award actions. As a result, NPS cannot ensure that its risk assessments comply with Federal regulations and DOI policy and that new and emerging risks are appropriately addressed through relevant terms and conditions in each TA. Moreover, these lapses may result in an increased risk that an ineligible or inappropriate entity will be awarded Federal assistance. We note similar concerns with DOI's risk assessment checklist[23] in a management advisory[24] issued on February 13, 2025.

Recommendations

We recommend that PGM, in coordination with NPS:

1. Develop policies and procedures that require pre-award risk assessment documentation, including rationale and other considerations for all applicable risk factors.

2. Develop a mechanism to ensure and document that the recipient organization and principal investigator are verified as not excluded from receiving Federal funds prior to issuing Federal awards.

3. For all future award actions, require terms or conditions, as relevant to the identified risk conditions, to be included in the award agreement for recipients whose risk rating is medium or high.

4. Revise policies and procedures to clarify the requirement for personnel to (1) prepare timely risk assessments prior to an award of an initial agreement; (2) incorporate risk mitigation steps in drafting the award agreement; and (3) prepare a new risk assessment for each recipient for every fiscal year in which a new award is received, even if that award is a task agreement under a Master Cooperative Agreement.

5. Train appropriate personnel on the newly developed and revised policies and procedures regarding (1) pre-award risk assessment documentation; (2) eligibility determinations for the recipient organization and principal investigator; and (3) timely, annual risk assessments as identified in Recommendations 1, 2, and 4.

[22] As stipulated in DOI-PGM-POL-0016.

[23] DOI-AAAP-0068, *Financial Assistance Recipient Risk Assessment and Award Monitoring*, August 17, 2016. In this policy, DOI includes a checklist of six questions related to findings in the entity's external audit report (also referred to as a "single audit") of its financial statements and compliance with Federal award requirements, financial capability, past performance, and reporting compliance.

[24] DOI OIG, *Risks Identified for U.S. Department of the Interior Grants Awarded to the Illinois Department of Natural Resources* (Report No. 2024-CGD-030), February 13, 2025.

NPS Did Not Review Reports Thoroughly or in a Timely Manner

We found that NPS did not always follow DOI policy and bureau guidance for thorough and timely review of financial and performance reports.

Federal regulations state that performance reports should compare the accomplishments of the project to the objectives of the Federal award and explain why goals or objectives were not met, if applicable, [25] and financial reporting of Federal awards should use a standardized form[26] that includes data on expenditure and obligation amounts.[27] Additionally, DOI policy requires the awarding bureau to review financial reports for completeness and accuracy and compare information in the report against the award proposal to (1) assess if the financial activity to date appears consistent with the approved project schedule, (2) follow up with the recipient on any questions or concerns resulting from the review, and (3) document the date the report was accepted and the name of the employee who accepted the report.[28] NPS guidance states that the review of financial and performance reports should be completed within 30 days of receipt and that this review should be recorded in the centralized agreement file server, along with all agreement documents.[29]

We sampled 36 financial and 34 performance reports and found that as of March 31, 2025, 19 of the financial reports (53 percent) had not been reviewed.[30] We also found that NPS did not review 12 of the remaining 36 financial reports (33 percent) and 17 of the 34 performance reports (50 percent) in a timely manner.[31] On average, NPS took 137 days to review financial reports and 96 days to review performance reports. The longest completed review period was 595 days. We identified weaknesses in the quality of the reviews. For example:

- The recipients from P22AC01409 and P23AC01499, totaling $2.9 million in obligations, provided duplicative performance reports for subsequent periods. The performance narratives for P22AC01409 in FYs 2022 and 2023 and for P23AC01499 in FYs 2023 and 2024 were the same, respectively. Both reports were marked as accepted with no questions or comments.

- The accepted reports for P23AC01164 from FYs 2023 and 2024, totaling $2.1 million in obligations, were only two sentences long and provided no meaningful information or updates on the project. Additionally, the accepted FY 2024 report was for the wrong financial assistance awards. We found no evidence that any follow-up actions were taken to gather additional information or progress on this project.

- The FY 2023 performance report for P22AC01409, totaling $1.9 million in obligations, and FY 2024 performance and financial reports for P23AC01499, totaling over $1 million in obligations, were submitted shortly into the reporting period and nearly a year before their respective due dates of December 29, 2023, and December 29, 2024. As such, they could not have been reflective of meaningful activity during the majority of the period of performance. However, NPS accepted all three of these reports without question or acknowledgement of the early submission.

At the time of our review, no FAAO was responsible for administering a financial assistance award through the full performance period, so there is a correspondingly greater need to have complete and detailed records in

[25] 2 C.F.R. § 200.329(c)(2).

[26] Standard Form 425.

[27] 2 C.F.R. § 200.328(a).

[28] DOI Acquisition, Assistance, and Asset Policy No. 58 (DOI-AAAP-0058-01), *Financial Assistance Federal Financial Reporting*, April 7, 2016.

[29] NPS, *FACOP Shared Services Standard Operating Procedure*, April 10, 2024.

[30] Some of those reports were submitted as far back as January 23, 2024.

[31] We considered any report not reviewed within the 30 days as stipulated in the *Shared Services Standard Operating Procedures* as not timely.

the bureau's file server to document progress or concerns with the funded activities. An NPS official confirmed that, despite creating a centralized file server, the records are not complete. Having complete records in a centralized, accessible location will provide subsequent FAAOs more insight on the important matters surrounding their assigned workloads and help ensure all details surrounding the administration of the award are fully and completely documented. Further, there are no documented policies or guidance available for FAAOs that establish requirements to ensure reviews are conducted in compliance with applicable Federal regulations under 2 C.F.R. § 200.329. Additionally, with DOI's consolidation of financial assistance operations, NPS should document the functions it will retain and identify which functions DOI will take over to help promote a smooth, efficient transition.

Recommendations

We recommend that PGM, in coordination with NPS:

6. Develop policies, procedures, or guidance to ensure that performance and financial reports are reviewed within 30 days of receipt and tracked and documented in a centralized location with other agreement records, as required.

7. Develop policies, procedures, or guidance that clearly define the individual roles and responsibilities of each person that is involved in the administration of Federal financial assistance and, in particular, report reviews.

NPS Did Not Prepare Statements of Substantial Involvement

The Standards for Internal Control in the Federal Government[32] (the "Green Book") states that the development of policies and procedures helps management achieve objectives and respond to risks. The terms of a financial assistance award state that NPS will have "substantial involvement" prior to and during the performance of a financial assistance award. NPS guidance[33] requires a substantial involvement statement in the *Justification for Use of Financial Assistance* form that is relevant to the specific project statement of work for TAs under MCAs.

Substantial involvement is a mandatory component of a TA awarded under an MCA and requires NPS to significantly participate prior to and during performance of the agreement. The activities NPS may undertake as part of its substantial involvement can vary—NPS guidance includes examples such as involvement in program management decisions; joint participation in fieldwork activities; or collaboration in seminars, workshops, and other training. Such involvement helps ensure the program is meeting NPS' needs, that NPS is aware of progress and challenges encountered during the period of performance, that NPS can provide input on how to address those challenges, and that recipients are aware of NPS priorities and perspectives as they carry out the work. NPS guidance explicitly states that activities such as site visits, obtaining and reviewing performance and financial reports, or audits would not be considered substantial involvement. According to NPS guidance,[34] to ensure expectations are clearly established, the agreement technical representative or program manager must document a "substantial involvement statement" that is relevant to the specific project statement of work and highlight how the bureau will oversee the funded initiative. Given the variety of different projects being supported under each MCA and the different types of activities that NPS might engage in to meet its substantial involvement in each project, documentation of the specific substantial involvement

[32] U.S. Government Accountability Office, *Standards for Internal Control in the Federal Government*, GAO-14-704G, September 2014.

[33] NPS, *Substantial Involvement Guidance*, March 31, 2014.

[34] Ibid.

activities expected under each TA helps provide clarity to all parties regarding NPS' involvement in each project.

The substantial involvement statement is reviewed and approved by the FAAO before being included in the *Justification for Use of Financial Assistance*. However, we found that none of the *Justification for Use of Financial Assistance* forms included the required statement of substantial involvement and there was not a place to include the statement of substantial involvement on the form. The FAAOs needed to prepare a supplemental attachment that included the statement. Our review of a sample of NPS' financial assistance records found that this was not universally completed.

While many FAAOs stated that they recognized the importance of substantial involvement, there is no section of the *Justification for Use of Financial Assistance* form in which they must document the unique approach or considerations for the programs they oversee. Without such a requirement, there are risks that the parties will not have a clear understanding of NPS' role and responsibilities, that NPS involvement is inadequate, and that the project will not meet NPS' needs and goals.

Recommendation

We recommend that PGM, in coordination with NPS:

8. Develop a mechanism to ensure a statement of substantial involvement is prepared and included with the *Justification for Use of Financial Assistance* forms for each task agreement.

NPS Policy on Single-Source Justifications for MCAs Is Unclear

As described previously, NPS uses MCAs when there is a broad public purpose and more than one project is anticipated. NPS issues TAs under MCAs when awarding funds for specific projects. According to NPS policy, *Financial Assistance Competition Requirements and Single Source Selection Documentation*, a written justification is required when non-competitively single sourcing an award action and that written justification must be included in the *Justification for Use of Financial Assistance*[35] form. The policy states that for an assistance award to be made without competition, the award must be (1) an unsolicited proposal representing something novel or innovative, (2) necessary to continue or complete a current activity, (3) authorized by legislation, (4) from an applicant that is uniquely qualified to perform the activity, or (5) in response to an unusual or compelling urgency. Additionally, *NPS Policy for Awarding CESU Financial Assistance Agreements* further emphasizes that agreements awarded under the CESU program must comply with pre-award requirements, including specific requirements related to single sourcing.[36] Conversely, NPS guidance for youth programs states that single-source justifications are not required when issuing a TA under an MCA.[37]

We found, however, that the requirement to provide single-source justifications when using MCAs is not clearly defined when awarding financial assistance awards under an MCA because NPS guidance is contradictory, vague, or missing.

NPS policy requires a single-source justification when a financial assistance agreement is not competed. But guidance for MCAs states that using this business practice will streamline the awarding process without providing explicit authority or expectation for what is required when awarding TAs under an MCA. According to

[35] NPS FAP&P 1443-2015-06.1, *Financial Assistance Competition Requirements and Single Source Selection Documentation*, May 12, 2021.

[36] NPS FAP&P 1443-2017-02, *NPS Policy for Awarding CESU Financial Assistance Agreements*, March 9, 2017.

[37] NPS, *Youth and Veteran Service Organization Agreements Overview and FA Guidance*, NPS SharePoint, May 6, 2021.

the FAAOs we interviewed, the MCA guidance allows them to forego single-source requirements when issuing a TA under an MCA. NPS officials confirmed that there is no clear policy for the streamlined approach but stated that the forthcoming revision of NPS Director's Order No. 20 includes clarifying language. We reviewed a draft of the revised NPS Director's Order No. 20 but did not identify any clarifying verbiage.

In contradiction of NPS policy, the *Justification for Use of Financial Assistance* form includes a statement advising the preparer that a single-source justification should not be completed if using an MCA. Additionally, NPS officials asserted that the collective authority of Federal Assistance Policies and Procedures (FAP&P) 1443-2017-02, Public Lands Corps Act, and 2 C.F.R. § 200.320 provide adequate exemptions for TAs under MCAs awarded to CESU and youth programs. NPS further stated that the CESU program is competitive and includes a vetting process for network membership, which alleviates the need for repeated single-source justifications for each subsequent TA.

Furthermore, the stated exemption for CESU agreements contradicts FAP&P 1443-2017-02, which explicitly states that NPS no longer considers existing CESU cooperative and joint venture agreements to be MCAs. FAP&P 1443-2017-02 also states that entering into an agreement under the CESU program requires preparing the same documents that would be required of a single-source award. NPS' standard operating procedure on awarding financial assistance to a CESU recipient also states that, even with an MCA, TAs need to follow the process used for financial assistance. These statements imply that any existing exemptions or unique considerations that may have existed for awarding financial assistance to a CESU recipient are no longer valid. However, NPS guidance for awarding TAs under MCAs for youth programs explicitly states that there is no requirement to prepare single-source justifications; only the *Justification for Use of Financial Assistance* form must be completed. Despite both CESU and youth programs using MCAs for awarding financial assistance, youth programs are presented as less restrictive, without clear or specific authority.

Because of the vagueness of NPS policies, we were unable to determine whether it was appropriate for 17 of the 24 financial assistance agreements, totaling $36.6 million in obligations, to forgo single-source justifications. Having clear guidance of when single-source justifications are required ensures consistent processes are followed for all similar agreements and could prevent grants from going to unqualified or lesser-qualified recipients. The 17 financial assistance agreements were all awarded under an MCA. According to an NPS official, it is NPS' understanding that the bureau is generally exempt from preparing supplemental justifications when awarding under an MCA. These contradicting interpretations and approaches also increase NPS' risk of failing to adhere to mandatory documentation requirements, which are intended to help the bureau withstand scrutiny and protect public interest as well as help projects align with management priorities, objectives, and statutory requirements. NPS acknowledged that there has been inconsistent application of the existing policy and that additional clarification and training are needed.

Recommendation

We recommend that PGM, in coordination with NPS:

9. Develop and implement policy to clarify the requirements for awarding financial assistance under a Master Cooperative Agreement and corresponding task agreements—specifically when written justification is required for single-sourced awards—and provide training on the policy.

Conclusion and Recommendations

Conclusion

We found that NPS did not always administer financial assistance awards for the IRA-funded restoration and resilience projects in accordance with applicable regulations. NPS did not conduct comprehensive or timely pre-award risk assessments or thorough or timely reviews of financial and performance reports. Additionally, statements of substantial involvement were not prepared, so there was no plan or assurance that NPS will remain engaged and provide necessary input into the performance and status of the relevant agreements. Furthermore, we found that NPS policy does not clearly define the requirements for single-source justifications when awarding TAs under MCAs. The bureau acknowledges that there has been inconsistent application of MCA policy and additional clarification and training are needed. As of January 2025, NPS-approved IRA projects resulted in $99 million in obligations. From FYs 2022 through 2024, NPS administered over 12,000 financial assistance awards actions, totaling about $3.6 billion in obligations from IRA and non-IRA sources that are administered using the same policies and procedures. Because of the significant amount of funding and the risks presented by the findings in this report, NPS should improve the administration of financial assistance awards.

We make nine recommendations that, if implemented, will help NPS comply with Federal, DOI, and bureau requirements. While our review pertained to IRA-funded projects, our findings highlight issues that may be applicable to the administration of almost all financial assistance awards.

Recommendations Summary

We provided a draft of this report to PGM and NPS for review. NPS did not provide a response. In its response, PGM stated that it will serve as the responsible party to oversee the implementation of all recommendations. PGM concurred with seven recommendations and partially concurred with two recommendations. We consider Recommendations 1 through 9 resolved. Below we summarize PGM's response to our recommendations, as well as our comments on its responses. See Appendix 4 for the full text of PGM's response.

We recommend that PGM, in coordination with NPS:

1. Develop policies and procedures that require pre-award risk assessment documentation, including rationale and other considerations for all applicable risk factors.

   PGM Response: PGM concurred with the recommendation and stated it will develop a new standardized pre-award risk assessment tool that evaluates both entity and project risk. The tool will be incorporated into the DOI-wide risk assessment policy requiring all awarding grants officers to use the new pre-award risk assessment tool to ensure consistency in its implementation.

   PGM provided a February 15, 2027, target implementation date.

   Status: Resolved. We will track implementation under Recommendation No. 2024-ER-036-01.[38]

   OIG Comment: This recommendation will be implemented when PGM provides documentation demonstrating it has implemented the new pre-award risk assessment tool, as described, and updated the DOI-wide risk assessment policy.

[38] The numbering convention we use to track recommendations is the report number followed by sequential recommendation digits.

2. Develop a mechanism to ensure and document that the recipient organization and principal investigator are verified as not excluded from receiving Federal funds prior to issuing Federal awards.

   PGM Response: PGM concurred with the recommendation and stated that it will develop a new standardized pre-award risk assessment tool that evaluates both entity and project risk. The tool will include a requirement to verify the recipient organization and principal investigator are not on the excluded parties list. The tool will be incorporated into the DOI-wide risk assessment policy requiring all awarding grants officers to use the new pre-award risk assessment tool to ensure consistency in its implementation.

   PGM provided a February 15, 2027, target implementation date.

   Status: Resolved. We will track implementation under Recommendation No. 2024-ER-036-02.

   OIG Comment: This recommendation will be implemented when PGM provides documentation demonstrating it has implemented the new pre-award risk assessment tool, as described, and updated the DOI-wide risk assessment policy.

3. For all future award actions, require terms and conditions, as relevant to the identified risk conditions, to be included in the award agreement for recipients whose risk rating is medium or high.

   PGM Response: PGM concurred with the recommendation and stated that it will develop a new standardized pre-award risk assessment tool that evaluates both entity and project risk. The tool will provide guidance to awarding grants officers on recommended terms and conditions to mitigate medium and high-risk recipients. The tool will be incorporated into the DOI-wide risk assessment policy requiring all awarding grants officers to use the new pre-award risk assessment tool to ensure consistency in its implementation.

   PGM provided a February 15, 2027, target implementation date.

   Status: Resolved. We will track implementation under Recommendation No. 2024-ER-036-03.

   OIG Comment: This recommendation will be implemented when PGM provides documentation demonstrating it has implemented the new pre-award risk assessment tool, as described, and updated the DOI-wide risk assessment policy.

4. Revise policies and procedures to clarify the requirement for personnel to (1) prepare timely risk assessments prior to an award of an initial agreement; (2) incorporate risk mitigation steps in drafting the award agreement; and (3) prepare a new risk assessment for each recipient for every fiscal year in which a new award is received, even if that award is a task agreement under a Master Cooperative Agreement.

   PGM Response: PGM concurred with the recommendation and stated that it will revise the DOI-wide pre-award risk assessment policy to include requirements for timely risk assessments, risk mitigation guidance for award terms, and require annual risk assessments for all agreement types.

   PGM provided a February 15, 2027, target implementation date.

   Status: Resolved. We will track implementation under Recommendation No. 2024-ER-036-04.

   OIG Comment: This recommendation will be implemented when PGM provides documentation demonstrating it has updated the pre-award risk assessment policy, as described.

5. Train appropriate personnel on the newly developed and revised policies and procedures regarding (1) pre-award risk assessment documentation; (2) eligibility determinations for the recipient

organization and principal investigator; and (3) timely, annual risk assessments as identified in Recommendations 1, 2, and 4.

PGM Response: PGM concurred with the recommendation and stated that it will deliver mandatory training for DOI-wide financial assistance staff involved in the pre-award risk review process. In FY 2028, financial assistance risk assessment training will become a core class for all DOI-wide awarding officials to maintain their awarding certification.

PGM provided a February 15, 2027, target implementation date.

Status: Resolved. We will track implementation under Recommendation No. 2024-ER-036-05.

OIG Comment: This recommendation will be implemented when PGM provides documentation demonstrating it has provided training, as described, and updated requirements for maintaining awarding certification.

6. Develop policies, procedures, or guidance to ensure that performance and financial reports are reviewed within 30 days of receipt and tracked and documented in a centralized location with other agreement records, as required.

   PGM Response: PGM partially concurred with the recommendation, stating that it will revise the DOI-wide Financial Assistance Federal Financial Reporting policy to require review of quarterly reports within 30 days and annual/final reports within 60 days of receipt. PGM further stated that the recommendation to track and document these reports in a centralized location contradicts the requirement in DOI policy for it to submit, review, and store reports in Grant Solutions, the mandatory electronic grants management system.

   PGM provided a March 30, 2027, target implementation date.

   Status: Resolved. We will track implementation under Recommendation No. 2024-ER-036-06.

   OIG Comment: This recommendation will be implemented when PGM provides documentation demonstrating it has updated the reporting policy and evidence demonstrating that reports are tracked and documented in Grant Solutions, as described. While PGM stated that it is DOI policy to submit, review, and store performance and financial reports in Grant Solutions, at the time of our audit, NPS policy required using a file server but did not specify Grant Solutions. PGM should ensure records from NPS' file server are migrated into Grant Solutions.

7. Develop policies, procedures, or guidance that clearly define the individual roles and responsibilities of each person that is involved in the administration of Federal financial assistance and, in particular, report reviews.

   PGM Response: PGM concurred with the recommendation and stated that it will develop a DOI-wide standard operating procedure for financial assistance monitoring and reporting applicable to all DOI awarding grants officers and responsible bureau officials, in compliance with 2 C.F.R. §200.329.

   PGM provided a September 30, 2027, target implementation date.

   Status: Resolved. We will track implementation under Recommendation No. 2024-ER-036-07.

   OIG Comment: This recommendation will be implemented when PGM provides documentation demonstrating it has developed the standard operating procedure, as described. We note that PGM's target implementation date for this recommendation is more than one year from this report's issuance date. Accordingly, PGM should provide a revised target implementation date or establish mitigating measures until the recommendation is fully implemented.

8. Develop a mechanism to ensure a statement of substantial involvement is prepared and included with the *Justification for Use of Financial Assistance* forms for each task agreement.

   PGM Response: PGM partially concurred with the recommendation, stating that the J*ustification for Use of Financial Assistance* form was specific to NPS and is no longer applicable in the consolidated PGM structure. PGM further stated that the statement of substantial involvement is provided in the draft award specific terms and conditions for the project. PGM stated that DOI general terms and conditions will be maintained by PGM and includes a condition for substantial involvement. For unified bureaus, PGM will develop award-specific terms and conditions and ensure a statement of substantial involvement is prepared and reviewed for all cooperative agreements prior to award issuance. Bureaus and offices not consolidated to PGM will continue to add bureau-specific terms and conditions, including substantial involvement, in accordance with 2 C.F.R. § 200.208.

   PGM provided a September 30, 2027, target implementation date.

   Status: Resolved. We will track implementation under Recommendation No. 2024-ER-036-08.

   OIG Comment: This recommendation will be implemented when PGM provides policy or other guidance documentation demonstrating it has implemented substantial involvement requirements for financial assistance operations both for bureaus unified under PGM and for unconsolidated bureaus. We note that PGM's target implementation date for this recommendation is more than one year from this report's issuance date. Accordingly, PGM should provide a revised target implementation date or establish mitigating measures until the recommendation is fully implemented.

9. Develop and implement policy to clarify the requirements for awarding financial assistance under a Master Cooperative Agreement and corresponding task agreements—specifically, when written justification is required for single-sourced awards—and provide training on the policy.

   PGM Response: PGM concurred with the recommendation, stating that it will evaluate the unified bureaus' policies and guidance on issuing MCAs and TAs competitively or noncompetitively, then develop a consistent policy and training for awarding grants officers and responsible bureau officials.

   PGM provided a September 30, 2027, target implementation date.

   Status: Resolved. We will track implementation under Recommendation No. 2024-ER-036-09.

   OIG Comment: This recommendation will be implemented when PGM provides documentation demonstrating it has developed and implemented a consistent policy for the unified bureaus' use of MCAs and provided training on the policy. We advise PGM to coordinate with the unconsolidated bureaus to ensure uniformity in their planned implementation of MCAs, if applicable. We note that PGM's target implementation date for this recommendation is more than one year from this report's issuance date. Accordingly, PGM should provide a revised target implementation date or establish mitigating measures until the recommendation is fully implemented.

Appendix 1: Scope and Methodology

Scope

We audited NPS to determine whether it is appropriately administering the IRA-funded restoration and resilience projects using financial assistance awards in accordance with applicable regulations.

The scope included financial assistance awards to fund restoration and resilience projects conducted pursuant to the IRA, Section 50221 (National Parks and Public Lands Conservation and Resilience) and Section 50222 (National Parks and Public Lands Conservation and Ecosystem Restoration). We focused on restoration and resilience financial assistance awards with the most obligations by dollar amount, which pose the highest financial risk. We conducted this audit relatively early in the period of performance for these awards to assess NPS' awarding and monitoring efforts to date and identify areas of improvement for future financial assistance awards and before NPS expends its obligated funds.

Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We assessed whether internal control was significant to the audit objectives. We determined that the following related principles were significant to the audit objectives:

- Management should design control activities to achieve objectives and respond to risks.
- Management should implement control activities through policies.
- Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.
- Management should remediate identified internal control deficiencies on a timely basis.

We tested the design, implementation, and operating effectiveness of internal controls over activities related to our audit objectives. Our tests and procedures included:

- Gathering and reviewing background information on how NPS awards and monitors financial assistance.
- Interviewing officials, including NPS management and staff with financial assistance awarding and monitoring responsibilities.
- Obtaining and reviewing applicable laws and regulations.
- Obtaining and reviewing DOI and NPS policies and other guidance related to awarding financial assistance.

- Analyzing selected financial assistance awards with supporting award file documentation to determine compliance with Federal regulations.
- Conducting site visits.[39]

We identified deficiencies in internal control resulting in our four findings, which we discussed in the Results section of our report and made recommendations to address.

We relied on computer-generated data retrieved from DOI's financial system to identify the IRA-funded financial assistance awards issued through September 30, 2024, and reconciled obligations and expenditures to Federal financial reports for the selected awards to ensure the accuracy of the reporting. We determined that the data we used as a basis for our findings and conclusion were sufficiently reliable for the purposes of this audit.

Based on the results of our initial assessments, we assigned a level of risk and selected a judgmental sample of transactions for testing. We used auditor judgment and considered risk levels relative to other audit work performed to determine the degree of testing performed in each area. Our sample selections were not generated using statistical sampling, and therefore we did not project the results of our tests to the total population of transactions. Specifically, out of 234 financial assistance awards with obligations totaling approximately $99 million (as of September 30, 2024), we reviewed 12 awards with the largest total obligation from Sections 50221 and 50222 of the IRA, totaling 24 (or 10 percent) awards totaling about $58 million, which constitutes approximately 59 percent of total obligations.

[39] We visited NPS' Natural Resource Stewardship and Science offices in Lakewood, Colorado, and Fort Collins, Colorado.

Appendix 2: NPS IRA Financial Assistance Agreements Reviewed

We sampled and reviewed 24 NPS IRA-funded financial assistance agreements—totaling $58,049,614— from FYs 2022 through 2024. The tables below provide the financial assistance agreement number, amount obligated, and title for each agreement in our sample.

IRA Section 50221 Financial Assistance Agreements Reviewed

Financial Assistance Agreement No.	Total Obligations ($)	Title
P22AC01409	1,863,293	Climate Change Vulnerability Assessment – Security of Park Water Supplies
P23AC00506	6,401,951	Scientists in Parks Internship Program 2023
P23AC01499	1,034,036	CRPS Climate Change and Compliance Pathways
P23AC01532	1,177,786	Comprehensive Flood/Risk GIS and NCR Historic Buildings and Landscapes
P23AC01647	635,000	Restoring the Forested Heart of Two Cities Along the Mississippi National River and Recreation Area
P24AC00005	1,228,750	Cultural Landscapes Climate Change Vulnerability Assessments at Mid-Atlantic Battlefield Park Units
P24AC00435	5,327,808	Scientists in Parks Program 2024
P24AC00649	901,741	CESU: Development and Application of Climate and Remote Sensing Tools and Applications for Climate, Water, and Ecological Vulnerability Assessments for National Park Service Lands and Resources
P24AC01156	1,148,376	Inventory and Monitoring of Pacific Island Historic and Cultural Resources Impacted by Climate Change
P24AC02143	1,695,956	Information Management and Analysis for NPS Inventory & Monitoring Data (Bill Sprouse)
P24AC02484	1,021,415	BIL-IRA Promote Climate Resilience in Priority Forests Using Integrated Forest Management in Rock Creek Park
P24AC02520	700,000	Marsh Restoration in Assateague Island National Seashore

Source: DOI OIG, using data derived from financial assistance agreements NPS provided.

IRA Section 50222 Financial Assistance Agreements Reviewed

Financial Assistance Agreement No.	Total Obligations ($)	Title
P22AC02126	10,167,653	Development and Testing an Incompatible Insect Technique to Facilitate Landscape-Scale Suppression Efforts of Non-Native Culex Mosquitoes in Critical Forest Bird Habitats in East Maui
P23AC00399	2,669,620	Traditional Trades Advancement Program
P23AC01164	2,099,370	Stream Restoration, Revegetation, and Invasive Species Monitoring as a Partnership
P23AC01548	924,267	Conduct Historic Preservation Field School Training and Stabilize Skidoo Mill at Death Valley National Park
P23AC01615	5,350,000	Achieve Multi-Regional Restoration of Eastern Grasslands in NER, NCR, and SER Parks
P23AC02377	5,066,000	Restoring Iconic Redwoods and Watersheds
P24AC00034	524,996	Bison Reintroduction Feasibility Assessment
P24AC00682	4,112,886	National Park Service Resilient Landscapes: Northeast Cultural Sites
P24AC00798	756,000	Mojave National Preserve Abandoned Mine Lands FY24 Remediations
P24AC01463	1,014,712	Northern Great Plans National Park Habitat Restoration Partnership
P24AC02194	1,428,000	Restoration and Preservation of Quincy Mining Company 1918 Hoist House
P24AC02373	800,000	IRA Achieve Multi-Regional Restoration of Eastern Grasslands in NER Parks

Source: DOI OIG, using data derived from financial assistance agreements NPS provided.

Appendix 3: NPS IRA Financial Assistance Agreement Review Deficiencies Found

We reviewed 24 NPS IRA-funded financial assistance agreements from FYs 2022 through 2024. The table below shows the deficiencies we identified for each financial assistance agreement reviewed. Total obligations are as of September 30, 2024.

IRA Financial Assistance Agreements by Deficiency

No.	IRA Section	Agreement #	MCA/ CESU	A*	B†	C‡	D§	E**	F††	G‡‡	Total Obligations ($)
1	50221	P22AC01409	MCA/CESU	X	X	X	X	X	X	X	1,863,293
2	50221	P23AC00506	MCA	X	X	X		X	X		6,401,951
3	50221	P23AC01499	MCA	X	X	X	X	X	X	X	1,034,036
4	50221	P23AC01532	MCA/CESU	X	X	X	X		X	X	1,177,786
5	50221	P23AC01647	N/A					X	X	X	635,000
6	50221	P24AC00005	MCA/CESU	X		X		X	X		1,228,750
7	50221	P24AC00435	MCA	X	X	X		X	X		5,327,808
8	50221	P24AC00649	MCA/CESU	X	X	X		X		X	901,741
9	50221	P24AC01156	MCA/CESU	X		X		X	X	X	1,148,376
10	50221	P24AC02143	MCA/CESU	X				X	X	X	1,695,956
11	50221	P24AC02484	MCA		X			X	X		1,021,415
12	50221	P24AC02520	MCA/CESU	X			X	X	X	X	700,000
Subtotal				**10**	**7**	**8**	**4**	**11**	**11**	**8**	**$23,136,111**

No.	IRA Section	Agreement #	MCA/ CESU	A*	B†	C‡	D§	E**	F††	G‡‡	Total Obligations ($)
13	50222	P22AC02126	N/A		X	X		X	X	X	10,167,653
14	50222	P23AC00399	MCA	X			X	X	X		2,669,620
15	50222	P23AC01164	N/A		X	X	X	X		X	2,099,370
16	50222	P23AC01548	MCA/CESU	X	X		X	X	X	X	924,267
17	50222	P23AC01615	MCA/CESU	X	X	X	X	X	X	X	5,350,000
18	50222	P23AC02377	N/A		X	X		X	X	X	5,066,000
19	50222	P24AC00034	MCA/CESU	X	X			X	X	X	524,996
20	50222	P24AC00682	MCA/CESU	X				X		X	4,112,886
21	50222	P24AC00798	MCA	X	X	X	X			X	756,000
22	50222	P24AC01463	MCA		X			X		X	1,014,712
23	50222	P24AC02194	MCA		X				X	X	1,428,000
24	50222	P24AC02373	MCA/CESU	X	X	X		X	X	X	800,000
Subtotal				**7**	**10**	**6**	**5**	**10**	**8**	**11**	**$34,913,503**
Total (50221 + 50222)				**17**	**17**	**14**	**9**	**21**	**19**	**19**	**$58,049,614**

* Inadequate single-source justification.

† Insufficient risk assessment.

‡ Inadequate verification of recipient internal controls.

§ Inadequate reviews of performance progress reports.

** Federal financial report review(s) exceeded 30 days.

†† Performance progress report review(s) exceeded 30 days.

‡‡ Site visits were not conducted or could not be confirmed.

Source: DOI OIG analysis, using data derived from NPS documentation and GrantSolutions.

Appendix 4: Response to Draft Report

The PGM’s response to our draft report follows on page 23.

United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

Memorandum

To: Nicki Miller
Office of Inspector General Audit, Inspection, and Evaluation

Through Eva Vrana
Deputy Assistant Secretary – Policy and Environmental Management

EVA VRANA Digitally signed by EVA VRANA Date: 2026.07.27 10:20:37 -04'00'

From: Kristen Eastlick
Director, Office of Grants Management

KRISTEN EASTLICK Digitally signed by KRISTEN EASTLICK Date: 2026.07.22 10:08:50 -04'00'

Subject: *Draft Audit, Audit of the National Park Service Inflation Reduction Act-Funded Restoration and Resilience Financial Assistance Agreements (Report No. 2024-ER-036)*

Thank you for the opportunity to respond to the aforementioned Office of Inspector General Draft Inspection Report No. 2024-ER-036. The Draft Inspection identified a total of nine (9) recommendations for the Department of Interior that applied to the National Park Service (NPS). The Department of the Interior's (DOI) Office of Grants Management (PGM) has reviewed the Report, concurs with the recommendations, and is taking proactive steps to strengthen DOI's pre-award risk assessment processes, report monitoring, statements of substantial involvement for cooperative agreements and single source justifications for master cooperative agreements across the Department. We also acknowledge that with the unification of financial assistance functions and responsibilities to the Office of Grants Management and prior OIG reports identifying similar weaknesses across various financial assistance programs, PGM is committed to ensuring these processes across DOI are accurate, comprehensive, and consistently applied. These planned actions will strengthen financial assistance internal controls, support responsible stewardship of Federal resources, and reduce the potential risk of waste, fraud, or misuse of Federal funds. The DOI's responses are outlined below:

Recommendation 1:
Develop policies and procedures that require pre-award risk assessment documentation, including rationale and other considerations for all applicable risk factors.

PGM's Response: Concur.
PGM will develop a new standardized pre-award risk assessment tool that evaluates both entity-level risk and project-specific risk. This tool will be implemented and memorialized as part of the Department-wide risk assessment policy requiring all DOI awarding Grants Officers to use the new pre-award risk assessment tool to ensure consistency in its implementation. In addition,

should any adjustments or deviations be deemed necessary, review and pre-approval will be required by PGM, for DOI Offices and Bureaus that have not been unified under PGM.

Responsible Official: Kristen Eastlick, Director, PGM

Target Implementation Date: February 15, 2027

Recommendation 2:
Develop a mechanism to ensure and document that the recipient organization and principal investigator are verified as not excluded from receiving Federal funds prior to issuing Federal awards.

PGM's Response: Concur.
PGM will develop a new standardized pre-award risk assessment tool that evaluates both entity-level risk and project-specific risk. This tool will be inclusive of a requirement to verify the recipient organization and recipient principial investigator are not on the excluded parties list. The tool will be implemented and memorialized as part of the Department-wide risk assessment policy requiring all DOI awarding Grants Officers to use the new pre-award risk assessment tool to ensure consistency in its implementation. In addition, should any adjustments or deviations be needed to be made, review and pre-approval will be required by PGM, for DOI Offices and Bureaus that have not centralized under PGM.

Responsible Official: Kristen Eastlick, Director, PGM

Target Implementation Date: February 15, 2027

Recommendation 3:
For all future award actions, require terms or conditions, as relevant to the identified risk conditions, to be included in the award agreement for recipients whose risk rating is medium or high.

PGM's Response: Concur.
PGM will develop a new standardized pre-award risk assessment tool that evaluates both entity-level risk and project-specific risk. This tool will provide guidance to DOI awarding Grants Officers on recommended terms and conditions to mitigate medium and high-risk recipients. The tool will be implemented and memorialized as part of the Department-wide risk assessment policy requiring all DOI awarding Grants Officers to use the new pre-award risk assessment tool to ensure consistency in its implementation. In addition, should any adjustments or deviations be determined to be necessary, review and pre-approval will be required by PGM, for DOI Offices and Bureaus that have not centralized under PGM.

Responsible Official: Kristen Eastlick, Director, PGM

Target Implementation Date: February 15, 2027

Recommendation 4:
Revise policies and procedures to clarify the requirement for personnel to (1) prepare timely risk assessments prior to an award of an initial agreement; (2) incorporate risk mitigation steps in drafting the award agreement; and (3) prepare a new risk assessment for each recipient for every fiscal year in which a new award is received, even if that award is a task agreement under a

Master Cooperative Agreement.

PGM's Response: Concur.
PGM will revise the Department-wide pre-award risk assessment policy and develop for implementation new award risk assessment tool to supplement requiring all DOI awarding Grants Officers and responsible Bureau officials to use the new pre-award risk assessment tool. The policy will include the requirement for timely risk assessments, risk mitigation guidance for award terms and require annual risk assessments for all agreement types.

Responsible Official: Kristen Eastlick, Director, PGM

Target Implementation Date: February 15, 2027

Recommendation 5:
Train appropriate personnel on the newly developed and revised policies and procedures regarding (1) pre-award risk assessment documentation; (2) eligibility determinations for the recipient organization and principal investigator; and (3) timely, annual risk assessments as identified in Recommendations 1, 2, and 4.

PGM's Response: **Concur.**
PGM will deliver mandatory training for DOI-wide financial assistance staff, including awarding officials, grants management specialists, and other personnel involved in the pre-award risk review process. In addition, effective fiscal year 2028, financial assistance risk assessment training will become a core class for all DOI-wide awarding officials to maintain their awarding certification.

Responsible Official: Kristen Eastlick, Director, PGM

Target Implementation Date: February 15, 2027

Recommendation 6:
Develop policies, procedures, or guidance to ensure that performance and financial reports are reviewed within 30 days of receipt and tracked and documented in a centralized location with other agreement records, as required.

PGM's Response: **Partially Concur.**
PGM will revise the Department-wide Financial Assistance Federal Financial Reporting policy, specifically the section on monitoring reports to require all DOI awarding Grants Officers and responsible Bureau officials to review quarterly reports within 30 days and annual/final reports within 60 days of receipt. It is DOI policy that reports are submitted, reviewed and stored in the mandatory electronic grants management system, Grant Solutions. Therefore, tracking and documenting reports in a centralized location with other agreement records contradicts the requirement to use Grant Solutions. DOI will continue to track and store reports in the mandatory system of Grant Solutions.

Responsible Official: Kristen Eastlick, Director, PGM
Target Implementation Date: March 30, 2027

Recommendation 7:
Develop policies, procedures, or guidance that clearly define the individual roles and

responsibilities of each person that is involved in the administration of Federal financial assistance and, in particular, report reviews.

PGM's Response: Concur.
PGM will develop a Department-wide Standard Operations Procedure for financial assistance monitoring and reporting applicable to all DOI awarding Grants Officers and responsible Bureau officials. The standardized procedures will ensure compliance with the requirements of *§200.329 Monitoring and reporting program performance* for all DOI awarding Grants Officers and responsible Bureau officials. PGM is currently implementing its new consolidated structure for the administration of financial assistance. Each DOI Bureau had distinct policies and procedures for financial assistance administration. PGM must maintain continuity of operations while simultaneously developing DOI-wide consistency measures. Therefore, development of financial assistance roles and responsibilities will be iterative throughout the year as PGM leadership implements the strategic plan for a unified workforce.

Responsible Official: Kristen Eastlick, Director, PGM

Target Implementation Date: September 30, 2027

Recommendation 8:
Develop a mechanism to ensure a statement of substantial involvement is prepared and included or attached with the Justification for Use of Financial Assistance forms for each task agreement.

PGM's Response: Partially Concur.
The statement of substantial involvement is not required to be attached to the Justification for Use of Financial Assistance form. The purpose of this form is to provide specific information regarding the type of legal instrument selected. This information is provided to the Financial Assistance Awarding Officer (FAAO) to review the proper use of financial assistance and competitive process. The statement of substantial involvement is provided in the draft award specific terms and conditions for the project. The form and the draft award specific terms and conditions for the project are included in the financial assistance package submission to NPS staff. The FAAO reviews all of this information together to ensure compliance and cohesion with the proposed substantial involvement.

The Justification for Use of Financial Assistance form was specific to NPS. This form is no longer applicable in the consolidated PGM structure.

The DOI General Terms and Conditions are the responsibility of PGM. These terms dictate that the sub-agency (Bureaus) will add specific terms and conditions, based on *§200.208 Specific Conditions*. One such specific condition would be substantial involvement. Under the new consolidated PGM structure, the DOI General Terms and Conditions will be maintained. Bureaus and Offices *not* consolidated to PGM will continue to add their Bureau specific terms and conditions, in accordance with *§200.208 Specific Conditions*. For unified Bureaus, PGM will develop award specific terms and conditions for financial assistance operations and ensure a statement of substantial involvement is prepared and reviewed by DOI awarding Grants Officers for all cooperative agreements prior to award issuance.

Responsible Official: Kristen Eastlick, Director, PGM

Target Implementation Date: September 30, 2027

<u>Recommendation 9</u>:
Develop and implement policy to clarify the requirements for awarding financial assistance under a Master Cooperative Agreement and corresponding task agreements—specifically when written justification is required for single-sourced awards—and provide training on the policy.

PGM's Response: Concur. The policies and processes governing the use of Master Cooperative Agreements (MCAs) and associated task agreements are valid, lawful, and based on statutory and regulatory authority. Specifically, FAP&P 443-2017-02, the Public Land Corps Act, and 2 CFR § 200.320 provide a strong framework for using MCAs, especially under CESU and Youth program. The CESU program is inherently competitive and includes a rigorous vetting process for network membership. This satisfies the underlying intent of competition and mitigates the need for repeated single-source justifications for each subsequent task agreement. The guidance advising that single-source justification is unnecessary under MCAs reflects the principle of streamlining when prior competition or statutory authority exists. While FAP&P 1443-2017-02 references documentation similar to a single-source justification, NPS maintains that CESU membership review processes already serve that purpose effectively. We acknowledge that current language in certain forms and guidance could be clearer to prevent misinterpretation, however, the core policies are consistent with Federal requirements. No evidence suggests that the absence of additional justifications has resulted in inflated costs or misuse of funds. Internal review, monitoring, and financial controls remain in place to ensure proper stewardship of Federal funds.

Although NPS does have written policies and guidance regarding the selection of MCAs through competitive NOFOs and issuing TAs under them via utilizing the Justification for Use of Financial Assistance form, PGM concurs that this process can be improved. After an evaluation of the unified Bureaus policies and guidance on issuing MCAs and TAs competitively or noncompetitively, PGM will develop a consistent policy and training for DOI awarding Grants Officers and responsible Bureau officials.

Responsible Official: Kristen Eastlick, Director, PGM

Target Implementation Date: September 30, 2027

cc: Eva Vrana, Deputy Assistant Secretary – Policy and Environmental Management
Kristen Eastlick, Acting Director – Office of Grants Management
Katherine Spomer, Deputy Director – Office of Grants Management

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U.S. DEPARTMENT OF THE INTERIOR

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