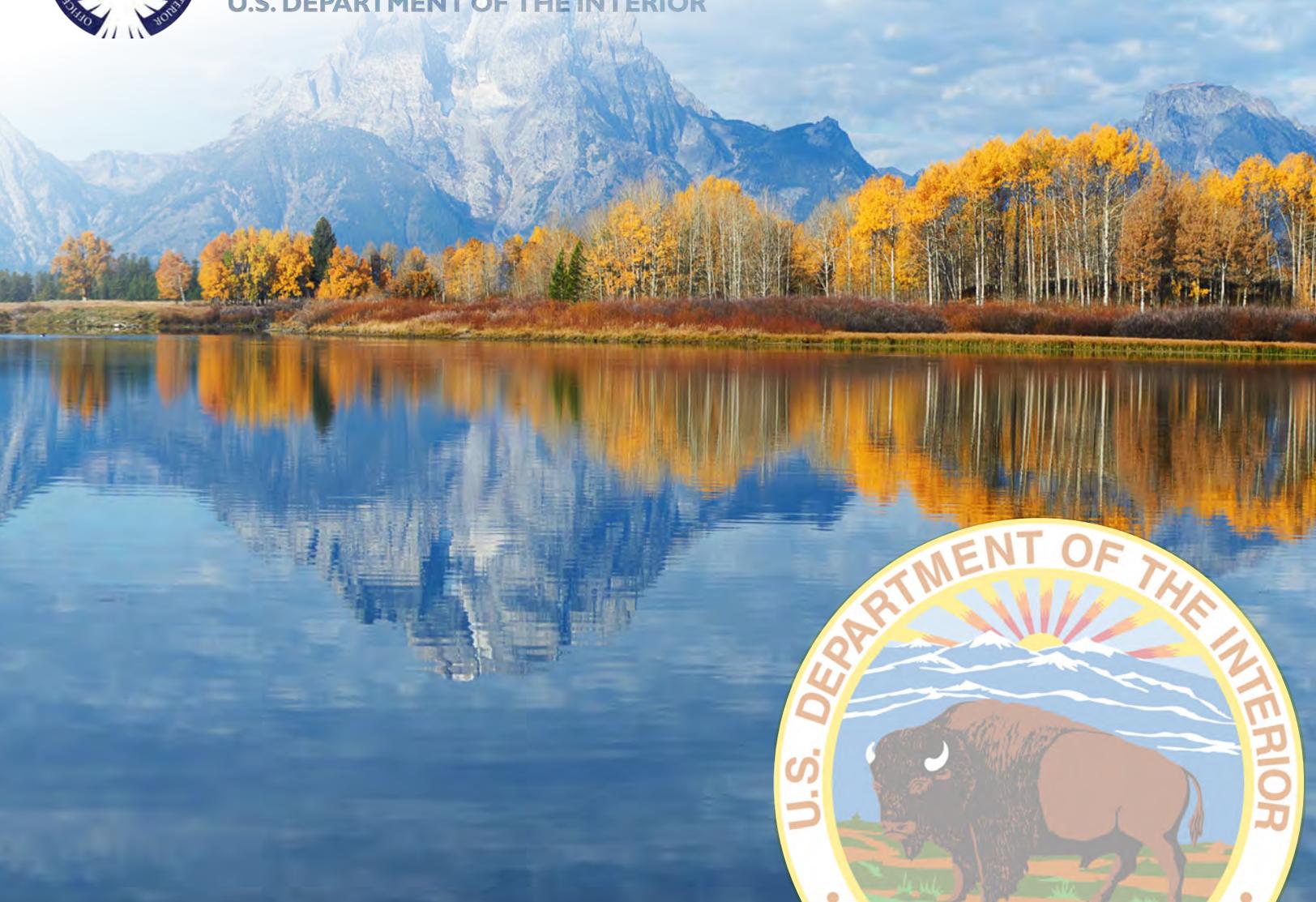




OFFICE OF  
**INSPECTOR GENERAL**  
U.S. DEPARTMENT OF THE INTERIOR



# Audit Closeout Memorandum





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

MAY 30 2025

Memorandum

To: Andrea L. Brandon  
Deputy Assistant Secretary, Budget, Finance, Grants and Acquisition

From: Kathleen Sedney *Kathleen Sedney*  
Assistant Inspector General for Audits, Inspections, and Evaluations

Subject: Closeout Memorandum – *Weaknesses in U.S. Department of the Interior’s Oversight of the National Fish and Wildlife Foundation’s Hurricane Sandy Coastal Resilience Competitive Grants Program*  
Report No. 2023-CGD-028

In July 2023, we notified your office that we had initiated an audit of Cooperative Agreement D13AC00001 between the U.S. Department of the Interior (DOI) and the National Fish and Wildlife Foundation (NFWF) for the Hurricane Sandy Coastal Resilience Competitive Grants Program (HSCR). Our objectives, which focused on ensuring adequate oversight by both DOI and NFWF, were to determine whether (1) DOI was providing adequate oversight over NFWF to appropriately manage the cooperative agreement, (2) NFWF was adequately monitoring subrecipient awards issued under the cooperative agreement, and (3) the subawards complied with the terms of the cooperative agreement.

Created in 1984, NFWF has awarded over 12,000 grants throughout all 50 states and expended hundreds of millions of Federal dollars to administer natural resource conservation grant programs. NFWF awards these funds to many Federal and State agencies and various for-profit and nonprofit organizations. Since 2022, DOI has awarded more than \$714 million to NFWF under the Infrastructure Investment and Jobs Act (IIJA), making it the third largest recipient of IIJA funding from DOI. NFWF was also awarded \$72.5 million under the Inflation Reduction Act (IRA).

We are shifting our focus to NFWF’s oversight and use of IIJA and IRA funds. We made this decision because of the magnitude of IIJA and IRA funding currently at issue as well as internal resource considerations that warrant a shift to higher-risk areas. We are, however, providing this memorandum to notify you of concerns regarding DOI’s oversight of NFWF as it related to the HSCR.

## Background

The Disaster Relief Appropriations Act of 2013 provided \$360 million to DOI to increase the resiliency and capacity of coastal habitats and infrastructure to withstand storms, such as Hurricane Sandy.<sup>1</sup> In August 2013, DOI awarded NFWF a cooperative agreement<sup>2</sup> to administer this funding by issuing grants under the HSCR. The HSCR supported projects that aimed to strengthen natural ecosystems to help reduce community

<sup>1</sup> Disaster Relief Appropriations Act of 2013, Pub. L. No. 113-2, Title X, Chapter 7. DOI received \$829.2 million from the Disaster Relief Appropriations Act of 2013. This included \$68.2 million for the U.S. Fish and Wildlife Service, \$348 million for National Park Service construction, \$50 million for National Park Service historic preservation, \$360 million for departmental operations, and \$3 million for oil spill research by the Bureau of Safety and Environmental Enforcement.

<sup>2</sup> A cooperative agreement is a financial assistance instrument used by the Federal Government to carry out a public purpose authorized by a law. Unlike a grant, it involves substantial involvement from the awarding Federal agency. However, Federal financial assistance regulations apply to cooperative agreements in the same way that they apply to grants.

vulnerability related to coastal storms, rising sea levels, flooding, erosion, and associated threats. NFWF, through a subaward, distributed the Federal funding to State and local governments, Tribes, nonprofits, and universities.

Through the cooperative agreement, valued at \$121 million<sup>3</sup> and spanning a period of performance from August 2013 to November 2024, NFWF awarded 78 competitive grants. States that were eligible to receive funding included Connecticut, Delaware, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Virginia, and West Virginia, as well as the District of Columbia. Examples of the work performed in the competitive grants include increasing salt marsh acreage and resiliency, restoring sections of the Bronx River shoreline, creating more resilient shorelines in the Delaware Bay, and developing infrastructure plans for various localities.

## **Subawards Were Not Awarded in Accordance With the Cooperative Agreement**

The cooperative agreement required grants to be approved by a DOI oversight body. In 2013, DOI established the Hurricane Sandy Executive Council (HSEC)—encompassing DOI senior leaders<sup>4</sup> charged with overseeing the HSCR strategy and spending plan—to review and approve HSCR subawards. In 2014, the HSEC approved 54 competitive grants totaling about \$95.4 million. However, we could not find evidence that the HSEC approved any of the 24 grants, totaling more than \$11 million, that were awarded after March 2016.

Awarding grants without HSEC approval violated the terms of the cooperative agreement and created the risk that the best projects were not selected. It also made HSCR more susceptible to fraud, waste, and abuse.

## **DOI Did Not Consistently Oversee Program Prior to Payment**

The cooperative agreement stated that an Agreement Officer Representative (AOR)<sup>5</sup> was required to be appointed, in writing, to monitor project performance, review invoices, monitor incurred costs, approve project changes, and ensure deliverable requirements were met. We found that, although DOI initially appointed an AOR, it did not designate a replacement when needed, and necessary monitoring and oversight did not occur.

More specifically, we found that the Agreement's Officer—located in the Interior Business Center (IBC) and responsible for administering the agreement and making payments to NFWF on behalf of DOI—did not appoint a new AOR when the original AOR, located in the DOI's Business and Administrative Services Division (BASD), left in June 2016. While a replacement AOR was not formally appointed, the Agreement's Officer updated the agreement several times between June 2016 and August 2021 to include a technical officer within BASD to administer and participate in the technical aspects of the agreement, including receiving monthly reports and requests for reimbursement from NFWF.<sup>6</sup> From June 2016 through August 2021, the technical officers<sup>7</sup> received invoices from NFWF and told IBC that work had been completed. We did not obtain any documentation to support that the technical officers performed any oversight function on this agreement other than informing IBC that invoices could be paid.

We also found that after August 2021, the Agreement's Officer did not ensure services were received before paying invoices. We learned that in August 2021, BASD discontinued its involvement in the agreement, leaving the agreement without an AOR or technical officer for more than three years before the agreement closed and remaining funds were obligated. According to the Agreement's Officer responsible for this agreement since

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<sup>3</sup> The remainder of the \$360 million was provided directly to other bureaus and Tribes for what were described as "immediate mitigation projects."

<sup>4</sup> In 2013, when the HSEC was formed, it was composed of DOI's Assistant Secretaries, the National Park Service and U.S. Fish and Wildlife Service Directors, and DOI's Science Advisor.

<sup>5</sup> DOI now refers to AORs as Financial Assistance Officer Representatives.

<sup>6</sup> In January 2023, IBC implemented a policy outlining the minimum training requirements and the appointment process for AORs. [POL-2023-005, Financial Assistance Officer Representative \(FAOR\) Training Requirements and Appointment Process](#).

<sup>7</sup> Due to attrition, from 2013-2021, there were multiple technical officers sequentially associated with this agreement. Only one was designated at any given time.

March 2021, IBC was only responsible for processing payments on DOI's behalf and as long as the funds available were equal or greater to the funds requested, the invoice was paid. In response to our concerns, the IBC Director acknowledged that, due to a May 2019 DOI reorganization, the program ownership and oversight had "declined in the later period of performance" but stated that IBC was only one out of multiple DOI parties responsible for overseeing and administering the program. While we agree, IBC was ultimately responsible for approving or disapproving payments under the agreement.

## **Conclusion**

The lack of oversight by DOI throughout the course of this cooperative agreement, coupled with the extensive funding NFWF has received under IJJA and IRA, may leave DOI at increased risk of fraud, waste, and abuse. As such, we advise DOI to review its oversight procedures to ensure sufficient monitoring of financial assistance recipients, such as NFWF, remains at the forefront when awarding and administering financial assistance agreements. Additionally, we have initiated an audit of NFWF practices and subrecipient oversight.

If you have any questions about this memorandum, please contact me at [aie\\_reports@doioig.gov](mailto:aie_reports@doioig.gov).



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## **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.

### **WHO IS PROTECTED?**

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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