



# At a Glance

## Why We Did This Review

The Office of Inspector General (OIG) conducted this audit to determine whether the EPA's Brownfields Revolving Loan Fund (RLF) recipients are using program income to capitalize a revolving loan fund, and to loan and grant money for brownfield remediation after the cooperative agreements are closed.

RLF cooperative agreements provide funding for a recipient to capitalize a RLF, and to provide grants to carry out cleanup activities at brownfield sites. These activities often generate program income through various sources, which may continue after the closeout of cooperative agreements.

The EPA envisioned that money from repayment of loans would provide a community with capital to address additional brownfield remediation and cleanup.

## This report addresses the following:

- *Cleaning up and revitalizing land.*
- *Operating effectively and efficiently.*

Send all inquiries to our public affairs office at (202) 566-2391 or visit [www.epa.gov/oig](http://www.epa.gov/oig).

Listing of [OIG reports](#).

## ***Improved Management of the Brownfields Revolving Loan Fund Program Is Required to Maximize Cleanups***

### What We Found

Approximately \$10.9 million available to clean up brownfields is not being used as intended. Contaminated brownfield properties are not being cleaned up and redeveloped for 10 of the 20 closed Brownfields RLF cooperative agreements reviewed. The recipients of the cooperative agreements have not re-loaned or spent program income collected after the closeout agreement was signed.

**For 10 of the 20 closed Brownfields RLF cooperative agreements reviewed, approximately \$10.9 million available to clean up brownfields is not being used as intended.**

The U.S. Environmental Protection Agency's (EPA's) 2008 Revolving Loan Fund Grant Program Administrative Manual states the following: "EPA regions should encourage the recipient to maximize the amount of money loaned out for cleanup purposes at all times. RLF funds should not remain idle."

We found confusion among EPA regions and RLF recipients, and dissimilarities in terms and conditions, leading to inconsistencies in program application. Program income was not maximized by depositing funds into an interest-bearing account, and sources of program income were excluded from the terms and conditions of cooperative agreements and closeout agreements. Another source of confusion was knowing when post-closeout program income was used, and when a closeout agreement can be terminated. These issues resulted in inconsistencies that could potentially affect the long-term sustainability of the Brownfields RLF Program.

We also found that the EPA's Office of Brownfields and Land Revitalization's data management system did not meet federal standards. In addition, some regional project officers could not review annual reports for RLF recipients. We questioned over \$2.7 million from three recipients.

### Recommendations and Planned Agency Corrective Actions

We recommend that the Assistant Administrator for Land and Emergency Management make improvements to the Brownfields RLF Program income usage requirements, and remove confusion and dissimilarities among EPA regions and RLF recipients. We also recommend that EPA Regions 1 and 10 question Brownfields RLF funds. The EPA agreed with 22 of the 23 recommendations. We consider the agency's planned corrective actions to be acceptable for 22 recommendations. One recommendation remains unresolved pending the EPA providing clarification on the corrective actions taken.