



September 26, 2023

**MEMORANDUM FOR:** Alejandra Y. Castillo  
Assistant Secretary of Commerce for Economic Development  
U.S. Economic Development Administration

**FROM:** Arthur L. Scott, Jr.  
Assistant Inspector General for Audit and Evaluation

**SUBJECT:** *EDA Generally Maintained Grant Award Files During the COVID-19 Pandemic*  
Final Report No. OIG-23-029-I

This memorandum provides the results of our evaluation of the U.S. Economic Development Administration's (EDA's) file maintenance of grants awarded with Coronavirus Aid, Relief, and Economic Security Act (CARES Act)<sup>1</sup> funds. Our evaluation objective was to determine whether EDA properly maintained grant files during the COVID-19 pandemic. See appendix A for specific details on our objective, scope, and methodology.

## Background

According to EDA's website, EDA's mission is "[t]o lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy."<sup>2</sup> "EDA's grant investments in planning, technical assistance, and infrastructure construction are designed to leverage existing regional assets to support the implementation of economic development strategies that make it easier for businesses to start and grow."<sup>3</sup> "EDA's role in disaster recovery is to facilitate the timely and effective delivery of Federal economic development assistance to support long-term community economic recovery planning and project implementation, redevelopment and resilience."<sup>4</sup>

In response to the impact of the COVID-19 pandemic on the economy, public health, governments, individuals, and businesses, the President signed the CARES Act into law on March 27, 2020. The law contains several provisions impacting the U.S. Department of Commerce (the Department) and its bureaus and appropriates to EDA approximately \$1.467

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<sup>1</sup> Pub. L. No. 116-136, 134 Stat. 281 (2020).

<sup>2</sup> U.S. Department of Commerce U.S. Economic Development Administration. *About EDA* [online]. <https://www.eda.gov/about> (accessed August 1, 2023).

<sup>3</sup> *Ibid.*

<sup>4</sup> DOC EDA. *Partner Initiatives* [online]. <https://www.eda.gov/strategic-initiatives> (accessed August 1, 2023).

billion<sup>5</sup> for awarding grants. EDA’s grants awarded using CARES Act funds will provide a wide variety of construction; infrastructure; economic development; revolving loan fund capitalization and recapitalization; and planning, technical, and innovation assistance.<sup>6</sup> Table I shows EDA’s allocation in supplemental program funds among its offices.

**Table I. EDA’s Allocation of CARES Act Funds**

<b>EDA Office</b>	<b>CARES Act Funds Allocated</b>
Headquarters	\$40,000,000
Atlanta Regional Office	\$248,000,000
Austin Regional Office	\$236,000,000
Chicago Regional Office	\$225,000,000
Denver Regional Office	\$193,000,000
Philadelphia Regional Office	\$259,000,000
Seattle Regional Office	\$266,000,000
<b>Total</b>	<b>\$1,467,000,000</b>

*Source: Addendum to the FY 2020 EDA Public Works and Economic Adjustment Assistance Program Notice of Funding Opportunity*

Once EDA obligates funding for a grant, the agency has a responsibility to keep and maintain an official project file.<sup>7</sup> The *Department of Commerce Grants and Cooperative Agreements Manual*<sup>8</sup> (*Commerce Grants Manual*) states, “there shall be a single official award file for each award – which may be paper, electronic, or a combination of the two.”

The official award file is intended to ensure that the required documentation supporting the issuance and management of each assistance award is present and complete and provides the Department with a standardized system for keeping track of activities related to the award. The *Commerce Grants Manual*<sup>9</sup> states, “The Grants Officer shall be the custodian of the official award file, responsible for maintaining a complete and accurate official award file, and shall determine where the file is maintained.” Further, the file shall be the “official record of all administrative, financial, and programmatic activities which occurred under the award. The official award file shall be used for managing the award, resolving disputes, litigation, audits, reporting to Congress, answering FOIA requests, and for all other official purposes. Grants Office and

<sup>5</sup> The CARES Act provided that EDA may transfer up to 2 percent of the appropriated \$1.5 billion, or up to \$30 million, to its “Salaries and Expenses” account for administration and oversight activities and requires EDA to transfer \$3 million to the Office of Inspector General to carry out audits and investigations.

<sup>6</sup> DOC EDA. *Coronavirus Aid, Relief, and Economic Security Act Frequently Asked Questions* [online]. <https://www.eda.gov/funding/programs/cares/faq> (accessed August 7, 2023).

<sup>7</sup> DOC EDA, January 2018. *Interim EDA Grants and Cooperative Agreements Policies and Procedures Manual*. Washington, DC: DOC EDA, section 9.17.

<sup>8</sup> DOC, October 2016. *Department of Commerce Grants and Cooperative Agreements Manual* (interim change I, January 2018). Washington, DC: DOC, p. 60. This version of the manual was in effect during the scope period of our evaluation.

<sup>9</sup> *Ibid.*

Program Office personnel shall ensure that all pertinent correspondence, notes, reports, amendments, and other relevant information are included in the official award file. Wherever the Manual requires written documentation, electronic forms of the documentation are included, so long as it is clear where the electronic information is located and that it can be retrieved as necessary.”<sup>10</sup>

## Finding

Overall, we found that EDA generally maintained grant files during the COVID-19 pandemic. We also found that EDA implemented measures to mitigate the challenges of maintaining grant files while staff worked from home during the COVID-19 pandemic.

### EDA Generally Maintained Grant Files During the COVID-19 Pandemic

We found that EDA generally maintained grant files during the COVID-19 pandemic. Although we identified instances where documentation supporting the awards for the 12 grants we reviewed was not maintained in the official grant files, EDA officials provided us the documentation after our initial request or provided explanations for why the document(s) were not in the official grant file for the 12 awards. We reviewed the *Commerce Grants Manual* for grant file requirements and found that the policy states the following about maintaining documents in the official award file: “At a minimum, and as applicable, the official award file must include or have available for easy access the following: . . . ”<sup>11</sup> Therefore, because of the flexibility of the policy, we found EDA generally complied with the policy since it was eventually able to provide the documentation we requested. Based upon the results of our review, we are not making any recommendations in this report. However, we suggest that EDA continue to exercise due diligence and conduct oversight that leads to complete and accurate grant files. Well-maintained grant files are important “for managing the award, resolving disputes, litigation, audits, reporting to Congress, answering FOIA requests, and for all other official purposes.”<sup>12</sup> Further, complete grant files also help ensure proper transfer of responsibilities among staff and continuity of operations.

We are not requesting a formal response to this evaluation, as the results were briefed to cognizant EDA officials in advance of issuance. This evaluation memorandum will be posted on our website pursuant to the Inspector General Act of 1978, as amended, 5 U.S.C. §§ 404 & 420.

We appreciate the cooperation and courtesies extended to us by your staff during our evaluation. If you have any questions or concerns about this report, please contact me at (202) 577-9547 or Kelley Boyle, Director of Acquisition and Grants, at (970) 773-5378.

cc: Dennis Alvord, Deputy Assistant Secretary for Economic Development and Chief Operating Officer, EDA

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<sup>10</sup> *Ibid.*

<sup>11</sup> *Ibid.*

<sup>12</sup> *Ibid.*

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## Appendix A. Objective, Scope, and Methodology

The objective of our evaluation was to determine whether EDA properly maintained grant files during the COVID-19 pandemic. To accomplish our objective, we performed the following actions:

- Reviewed relevant policies and guidance, including
  - CARES Act, Public Law 116-336, 134 Stat. 281 (2020)
  - *U.S. Department of Commerce CARES Act Implementation Plan*, June 2020
  - *Interim EDA Grants and Cooperative Agreements Policy and Procedures Manual*, January 2018
  - *Department of Commerce Grants and Cooperative Agreements Manual*, October 2016, Interim Change 1, January 2018
  - *Department of Commerce Financial Assistance Standard Terms and Conditions*, April 30, 2019
  - *Non-competitive awards funded under the Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136) Memorandum*, May 2020
  - *Waivers Related to EDA's FY 2020 Coronavirus Supplemental Appropriations*, May 7, 2020
  - *NOAA I 101 Information Technology Center General Support System (GSS) Privacy Impact Assessment*, April 2020
  - *View Agency Role Training Manual Grants Online Overview & System Navigation*, April 2009
- Conducted interviews with EDA officials and staff to gain an understanding of how EDA grants are administered regarding CARES Act funding, as well as challenges EDA faced during implementation and steps taken to mitigate challenges.
- Spoke to other Department officials and the National Oceanic and Atmospheric Administration Grants Online Operations Manager.
- Obtained a universe of nonrevolving loan fund grants awarded by EDA using CARES Act funds from April 1, 2020, through September 30, 2020. The universe consisted of 474 grants totaling \$195,072,083. We judgmentally selected 12 grants awarded by the regional offices, which are valued at \$25,000,000.

We gained an understanding of internal control significant within the context of our evaluation objective through interviews with relevant officials and review of relevant documentation. During our fieldwork, we did not detect any incidents of fraud, waste, or abuse.

We relied upon computer-processed data to perform our evaluation and performed procedures to verify the reliability of that data. While we could not verify the reliability of all the data we evaluated, we believe that the data is sufficiently reliable for this report.

We conducted our evaluation from October 2020 through March 2023 under the authority of the Inspector General Act of 1978, as amended (5 U.S.C. §§ 401-24), and Department Organization Order 10-13, dated October 21, 2020. We performed our fieldwork remotely.

We conducted this evaluation in accordance with *Quality Standards for Inspection and Evaluation* (January 2012) issued by the Council of the Inspectors General on Integrity and Efficiency. Those standards require that the evidence supporting the evaluation's finding and conclusion should be sufficient, competent, and relevant and should lead a reasonable person to sustain the finding and conclusion. We believe that the evidence obtained provides a reasonable basis for our finding and conclusion based on our evaluation objective.

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