



# Report in Brief

December 21, 2020

## Background

The U.S. Department of Commerce's Economic Development Administration (EDA) is the only federal government agency focused exclusively on economic development. Its mission is to lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy. EDA works directly with communities and regions to help them build the capacity for economic development based on local business conditions and needs. 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. Additionally, EDA provides economic development financial assistance to communities so they can encourage innovation and entrepreneurship.

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 resiliency.

## Why We Did This Review

The objective of this audit was to determine whether EDA's process for awarding disaster relief grants to applicants is adequate. Specifically, we focused on whether (1) EDA awarded grants on a competitive and merit basis and (2) the extent of EDA's compliance with the requirements outlined in the Bipartisan Budget Act of 2018 as well as its own policies and procedures for determining which applicants should receive disaster relief funds.

## ECONOMIC DEVELOPMENT ADMINISTRATION

### EDA Is Not Fully Complying with All Its Disaster Relief Award Policies

OIG-21-014-A

## WHAT WE FOUND

We found that EDA is awarding grants on a competitive and merit basis. However, EDA does not always comply with its own policies and procedures for determining which applicants should receive disaster relief funds. Specifically, we found that EDA did not

- ensure all applications documented a clear nexus and resilience principles,
- always use priority order of funding recommendations, and
- always meet its own internal review goals.

## WHAT WE RECOMMEND

1. We recommend that the Assistant Secretary of Commerce for Economic Development direct the regional directors at the Atlanta and Philadelphia regional offices to utilize a standard and measurable assessment tool to guide and document the Investment Review Committee's evaluation of each application to ensure all applications meet the requirements of the *FY 2018 EDA Disaster Supplemental Notice of Funding Opportunity (NOFO)*.
2. We recommend that the Assistant Secretary of Commerce for Economic Development direct regional directors at the Austin and Philadelphia regional offices to comply with the *FY 2018 EDA Disaster Supplemental NOFO* requirements of awarding grants based on a priority order of funding recommendations and implement controls to ensure that the established processes and procedures for preparing the priority order of funding recommendations are monitored and consistently followed.
3. We recommend that the Assistant Secretary of Commerce for Economic Development direct the regional directors at the Atlanta, Austin, and Philadelphia regional offices to (a) monitor application review time goals and (b) document and maintain written notifications and communications in grant files.