
Office of Inspector General

Audit Report

PHMSA IS ESTABLISHING CONTROLS FOR TECHNICAL ASSISTANCE GRANTS BUT NEEDS TO IMPROVE ITS AWARD AND OVERSIGHT PROCESSES

Pipeline and Hazardous Materials Safety Administration

Report Number: ST2017064

Date Issued: July 19, 2017





U.S. Department of
Transportation

Office of Inspector General

Memorandum

Subject: **ACTION:** PHMSA Is Establishing Controls for
Technical Assistance Grants but Needs To
Improve Its Award and Oversight Processes
Pipeline and Hazardous Materials Safety
Administration
Report No. ST2017064

Date: July 19, 2017

From: Barry J. DeWeese
Assistant Inspector General for Surface
Transportation Audits

Reply to
Attn. of: JA-30

To: Pipeline and Hazardous Materials Safety Administrator

The Pipeline and Hazardous Materials Safety Administration's (PHMSA) Pipeline Safety Technical Assistance Grant (TAG) program provides funds to improve the safety of communities located near pipeline facilities. With these funds, communities and nonprofit organizations can acquire technical assistance, defined as engineering and other scientific analysis of pipeline issues, and promote public participation in official pipeline proceedings. However, the Pipeline Safety Improvement Act of 2002, which authorizes the program, prohibits grant recipients from using this funding for lobbying or direct support of litigation.¹ More recently, the prohibited grant recipients from using TAG funding for direct advocacy for or against a pipeline construction or expansion project.²

While the TAG program was first authorized in 2002, Congress appropriated funding for the program in fiscal years 2009 through 2015. During this period, PHMSA awarded 166 grants—totaling about \$7.7 million—to 127 grantees. TAG projects have included improvements to safe digging programs and the purchase of leak detectors to help communities identify releases of methane from pipelines. Grants are distributed based on criteria outlined in the grant solicitation and did not exceed \$50,000 to any single recipient prior to fiscal year 2015.

¹ P.L. 107-355 (December 2002).

² P.L. 112-90 (January 2012).

In June 2016, Congress passed the Protecting Our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act of 2016,³ which mandates that the Office of Inspector General evaluate the TAG program. Among the requirements are for us to assess compliance with grant agreements and evaluate the TAG awards process as well as PHMSA's ability to oversee TAG funding.⁴ Accordingly, our objective for this audit was to evaluate PHMSA's award and oversight of TAG funds.

We conducted our work between September 2016 and May 2017 in accordance with generally accepted Government auditing standards. We selected a random sample of 9 organizations (i.e., communities, nonprofits, and utilities) from the 17 that each received \$50,000 in TAG funds in fiscal year 2014. For all nine organizations in our sample, we reviewed documents, goods, and services purchased or developed with TAG funds. Additionally, we selected four of the nine organizations to visit and interview staff. These four were selected because of their geographic proximity to each other. We reviewed Federal, Department of Transportation, and PHMSA policies, including the Agency's TAG program processes. We also interviewed PHMSA officials. Exhibit A contains further details on our scope and methodology.

RESULTS IN BRIEF

PHMSA developed reasonable draft internal controls for awarding and overseeing TAG funding, but staff did not implement them consistently for the grants we reviewed. PHMSA's draft TAG Business Process Document (BPD) describes the entire life cycle of technical assistance grants—from pre-award and pre-solicitation to award to closeout. However, PHMSA lacks policies and procedures requiring staff to perform the steps in the BPD, and PHMSA staff did not consistently implement those steps, such as the review of prior Federal grants awarded to TAG applicants. In addition, language on prohibiting the use of TAG funding, and examining allegations of such usage, is not included in key documents. Specifically, PHMSA's grant agreements do not explicitly state that grantees cannot use TAG funds for direct advocacy for or against a pipeline construction or expansion project. While we identified no instances where the nine grantees we reviewed used TAG funds to conduct activities disallowed by Congress, PHMSA's policy and the BPD do not include steps for PHMSA staff to follow up on alleged misuses of program funds. PHMSA staff told us their oversight of the program is limited because they consider the grants to be low risk, due to the low dollar amount each organization received—no more than \$50,000 per recipient prior to fiscal year 2015. While we recognize the low level of current

³ P.L. 114-183 (June 2016).

⁴ We were also asked to provide a list of TAG funding recipients and how grants were used from fiscal year 2010 through fiscal year 2015. See exhibit D for this information.

funding, modest adjustments to increase the clarity of the oversight process will better enable Agency staff and grantees to consistently identify inappropriate uses of TAG funding by grant recipients, thus reducing the risk that Federal funds could be used for prohibited purposes.

We are making recommendations to PHMSA to improve its management of the TAG program, including its oversight of prohibited activities.

WE DID NOT IDENTIFY PROHIBITED USES, BUT PHMSA COULD IMPLEMENT CONTROLS MORE CONSISTENTLY AND MORE FULLY INCLUDE PROHIBITIONS IN KEY DOCUMENTS

While PHMSA is establishing reasonable internal controls for awarding and overseeing TAG funds in the BPD, that document is still in draft form, and implementation of those steps, including staff review of prior Federal grants awarded to TAG applicants, is inconsistent. Furthermore, the BPD only includes some protections against using TAG funds for prohibited purposes; it does not include steps for addressing allegations of such activity. In addition, while the grant agreement explicitly states that lobbying and direct litigation are prohibited uses, it does not do so for direct advocacy.

PHMSA Staff Do Not Consistently Follow Draft TAG Controls for Grant Management

As part of its internal control program, PHMSA drafted the BPD,⁵ which describes the entire life cycle of technical assistance grants—from pre-award and pre-solicitation to award to closeout. For example, during the award process, a Technical Evaluation Team assesses grant applications using published criteria⁶ and asks applicants to provide additional information, such as justifications of proposed costs. The team is comprised of representatives from PHMSA and State and local government agencies with pipeline safety expertise. After they evaluate applications, team members each complete a score card, rating each grantee’s application as unacceptable, acceptable, or exceptional, based on how well the grant proposal aligns with the published criteria. The team reaches a consensus

⁵ PHMSA staff told us that the Agency wrote the BPD in preparation for a Deloitte and Touche internal controls audit. As a result, they said, it is not Agency policy. Nevertheless, we used the BPD to conduct our audit because it was the best document available. PHMSA does not have final grant management policies, and staff stated that the BPD captures the process used to manage the TAG program in fiscal year 2014.

⁶ “Grant Opportunity: Pipeline Safety Information Grants to Communities – Technical Assistance Grants (TAG) Fiscal Year 2014,” April 30, 2014. In summary, the criteria state that the project should (1) be focused on areas where pipeline failure could pose a significant risk; (2) demonstrate an understanding of the underlying concern; (3) demonstrate a commitment to communication with stakeholders; (4) be designed to improve performance and safety; (5) establish clear goals, objectives, milestones, and cost estimates; (6) include a plan for evaluating and disseminating results; and (7) transfer learning or technology back to the community.

and recommends which applicants should receive a TAG award. For the fiscal year 2014 TAG program, the team recommended awarding grants to 31 applicants. Four other applications were denied because they would fund a pipeline advocacy project, had no correlation with pipeline safety, or were outside of the scope of the TAG program.

Despite the wide range of processes laid out in the BPD, there is a weakness in this internal control program. That is, PHMSA lacks TAG-specific policies and procedures. The BPD did not exist in fiscal year 2014 and remains a draft document. PHMSA has grants management guidance—the Department’s Financial Assistance Guidance Manual (FAGM)—but it is not specific to PHMSA or the TAG program. PHMSA is taking action in this area, as it is writing its own grant management manual and updating the BPD.

In addition, staff did not always implement the steps in the BPD consistently. We identified weaknesses regarding reviews of Single Audits, tracking of prior Federal funding, spot checks, and documentation.

First, the BPD states that PHMSA must conduct a pre-award risk assessment, which includes a review of Single Audit findings. PHMSA’s grant files did contain Single Audit search results for all four of the grantees we visited. However, Agency staff could not interpret the forms they obtained during their searches or use them to assess risks associated with the grant applicant. For example, one of the files in the sample contained a Single Audit Data Collection Form⁷ in which the grantee disclosed a material weakness concerning its financial statements—a disclosure that merited further review. For 2 consecutive years, this grantee had received funds from another DOT agency and had audit findings relating to its management of those funds. In another year, the grantee disclosed a significant deficiency with a major program. The FAGM directs DOT agencies to consider several factors when assessing risk in awarding grants, including an applicant’s experience with other Federal agencies. The FAGM recommends that administration staff with questions review an applicant’s complete audit before making a final decision. However, Agency staff told us that if an applicant had a Single Audit Data Collection Form, they simply printed it out and retained it in the file.

Second, PHMSA’s pre-award risk assessments to determine whether a grant applicant has previously received Federal funding were not always accurate. In one instance, a PHMSA staff member stated that an applicant had not received Federal funding, although it had received TAG funds in fiscal years 2011, 2012,

⁷ This form summarized the results of the Single Audit, which PHMSA obtains from the U.S. Census Bureau's Federal Audit Clearinghouse (www.harvester.census.gov/facweb).

and 2013. The staff member had checked USASpending.gov but did not research PHMSA data that were readily available. Consistency and accuracy in making these determinations are especially important given that this Agency staff member told us that different employees conduct this research from year to year and thus may not realize that applicants have received TAG funds multiple times in the past.

Third, PHMSA staff did not implement an oversight step described in the BPD, which provides guidance on how to monitor TAG recipients. Although PHMSA designates all TAG grantees as low risk, the BPD's grant monitoring plan contains a requirement to conduct spot checks of payments at least once a year. The BPD explains that spot checks allow the Agency to ensure that a grantee's financial management systems are sufficient to trace funds and establish that they have been used according to the terms and conditions of the award. However, PHMSA staff did not conduct spot checks in the manner described in the BPD and were initially unaware of this step when we asked about it. A staff member later told us that they interpreted "spot checks" as a requirement to review invoices submitted by grantees, and that PHMSA would not examine a grantee's financial management system unless there was an obvious problem with its TAG award.

Fourth, grant files for the four grantees we reviewed lacked several required documents. For instance, two were missing both midterm progress reports and midterm financial reports. Although funds were advanced to two grantees at the beginning of the grant, the required form requesting the advance was not present in the grant files. Additionally, PHMSA did not notice when one grantee submitted the wrong midterm financial report. While the grant files contained a required checklist to ensure proper documentation, the checklists for the four grantees were not complete and did not accurately reflect which documents were in the file.

PHMSA Does Not Include Language Regarding Prohibited Uses of TAG Funding in Key Documents

We did not identify any instances where the nine grantees we reviewed used TAG funds to conduct activities disallowed by Congress (i.e., direct advocacy, lobbying, or direct litigation). However, PHMSA did not reference direct advocacy in grant agreements, consistently review grantee products, or provide guidance to staff on how to address allegations regarding the misuse of funds.

First, TAG grant agreements do not restate the provision of the authorizing statute that explicitly states these funds may not be used to directly advocate for or

against a pipeline construction or expansion project.⁸ However, the grant agreements do explicitly state that recipients may not use TAG funds for lobbying or direct litigation. PHMSA officials could not explain this omission but acknowledged it was an oversight. When asked how grantees are informed about the prohibition regarding advocacy, PHMSA officials said they expect grant recipients to understand and comply with the prohibited uses provision in the grant agreement. Clearly and consistently communicating this prohibition to grantees helps to ensure that recipients comply with the TAG program's authorizing language that prohibits direct advocacy.

Furthermore, such communication is important because it can be difficult to determine if goods or services funded by a technical assistance grant violate this prohibition. As a PHMSA official noted, "...education and advocacy can be easily confused or comingled. Oftentimes, advocacy efforts include education components." For example, one of the nine grant recipients in our sample developed a product that could possibly be considered a prohibited use. As the grantee stated in its final TAG progress report, it used TAG funds to create a pipeline safety page on its website. That page includes a link to a report developed by a TAG-funded working group during the grant's period of performance. The report included a memorandum drafted by a town—which did not receive TAG funding—opposing the construction of a pipeline project. When asked about this, a PHMSA official could not positively state whether the referenced statements were developed with TAG funds—thus making it difficult to determine whether the activity was prohibited. While TAG recipients may not use TAG funding for prohibited activities, they may use other funds for such purposes. In their response to the draft report, other PHMSA officials stated that this activity did not constitute direct advocacy and that the working group report had been developed and posted on the website "after the period of performance." We did not examine PHMSA's assertion that the approximately 250-page report was produced in the few weeks that passed between the end of the performance period and the posting of the document. However, while we recognize that this example is not clearly a prohibited use, it does illustrate the complexity of such issues and the need for clear communication and guidance.

Second, PHMSA did not consistently review grantee materials as stipulated by the grant agreement. A safeguard against the inappropriate use of funds is that recipients must submit press releases, formal announcements, or other written materials to PHMSA for approval prior to publication. On at least one occasion, PHMSA did remind a grantee that it was important its work was not misconstrued as advocacy. However, the Agency did not respond after one of the four grant recipients we visited requested a review of materials for a presentation. When

⁸ While grant agreements do not include this language, the grant solicitation does.

asked about this incident, PHMSA staff were unable to provide evidence that they had reviewed the materials or responded to the grantee.

Third, while it mentions direct advocacy, the BPD does not provide guidance regarding how staff should handle allegations of the misuse of funds. Other PHMSA and DOT guidance, such as DOT's FAGM, also lack steps addressing this particular point. As a result, employees rely on their own judgment to address incidents such as one that occurred in 2016. On February 16, 2016, a PHMSA employee sent two TAG recipients an online article that alleged they had used TAG funds for advocacy. The recipients responded that the article's allegations were false. When asked, PHMSA was not able to provide documentation that staff took any other steps to determine the accuracy of the article.

PHMSA officials told us their oversight of the program is limited because they consider the grantees to be low risk. This is due primarily to the low dollar amount each organization received—no more than \$50,000 per recipient prior to fiscal year 2015. Another factor PHMSA uses to determine grantee risk is past experience. A PHMSA official told us that the Agency monitors TAG recipients as an exception rather than as a standard practice. By not consistently implementing internal controls or establishing precautions to identify and remedy possible prohibited conduct, PHMSA cannot be assured that TAG funds are used appropriately and in accordance with the law.

CONCLUSION

Consistent with PHMSA's mission to protect people and the environment by advancing the safe transportation of energy, the TAG program can help communities better understand and mitigate pipeline safety issues at the local level. However, this must be done in an environment where organizations use funding according to the conditions established by Federal statute. By assigning all TAG recipients as low risk, PHMSA has missed steps that could strengthen the TAG program's controls. By implementing changes in its program guidance, the Agency will be better positioned to assure stakeholders that grantees are using current TAG funds solely for appropriate purposes and that taxpayer resources are properly safeguarded.

RECOMMENDATIONS

We recommend that the Pipeline and Hazardous Materials Safety Administrator:

1. Finalize the Agency's grants management manual and include controls to document that all grant management steps have been accomplished before a

- grant is awarded or closed, as well as steps to address alleged prohibited uses of Technical Assistance Grant funds.
2. Finalize the Technical Assistance Grant program's Business Process Documentation.
 3. Revise the grant agreement template for Technical Assistance Grants to include the statutory language prohibition against using program funds for direct advocacy.

AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

We provided PHMSA with our draft report on May 31, 2017, and received its response on June 28, 2017, which is included as an appendix to this report. PHMSA concurred with all three recommendations and proposed appropriate actions and completion dates. Accordingly, we consider all recommendations resolved but open pending completion of the planned actions.

In its response to the draft report, PHMSA took exception to our example of a potential prohibited use, stating it should not be included because the report in question did not constitute direct advocacy and was developed after the grant's period of performance. We added PHMSA's comments to the report but did not remove the example, as it illustrates the complexity surrounding prohibited uses—especially direct advocacy—the need for clear communication about this matter, and the importance of updating the TAG grant agreement template.

We appreciate the courtesies and cooperation of PHMSA representatives during this audit. If you have any questions concerning this report, please call me at (202) 366-5630 or Wendy Harris, Program Director, at (202) 366-2794.

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cc: DOT Audit Liaison, M-1
PHMSA Audit Liaison, PH-3

EXHIBIT A. SCOPE AND METHODOLOGY

We conducted this performance audit between September 2016 and May 2017 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 or audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our review focused on evaluating PHMSA's award and oversight of TAG funds. We reviewed relevant Federal laws and regulations and Department of Transportation and PHMSA policies, including the Agency's TAG program processes. We interviewed officials from PHMSA, the Office of the Secretary of Transportation, the National Highway Traffic and Safety Administration, and TAG recipients. We received a demonstration from PHMSA staff of their e-invoicing system, iSupplier, to observe their standardized process for approving reports. We selected a random sample of 9 organizations (i.e., communities, nonprofits, and utilities) from the 17 TAG recipients that each received \$50,000 in TAG funds in fiscal year 2014. We chose fiscal year 2014 because it was the most recent year for which complete grant files were available for review. Additionally, we selected four out of the nine to visit and interview staff. These four were selected because of their geographic proximity to each other. For all nine organizations in our sample, we reviewed documents, goods, and services purchased or developed with TAG funds. We collected the nine TAG files from PHMSA and, for the four grantees we visited, used standardized tools to review and assess PHMSA's documentation. We assessed evidence in the files relating to PHMSA's TAG selection process and the thoroughness of PHMSA's documentation, and analyzed the grantee's deliverables. To develop the list of TAG recipients and uses (exhibit D), we used grant agreements for fiscal years 2010 through 2015, as well available reports from the nine organizations in our sample from fiscal year 2014. Subsequently, PHMSA concurred with the data in exhibit D.

EXHIBIT B. ENTITIES VISITED OR CONTACTED

PHMSA

- Office of the Chief Financial Officer, Office of Acquisition Services
- Office of Pipeline Safety, Outreach and Engagement Division

Office of the Secretary of Transportation

- Office of the Chief Financial Officer, Office of Budget and Performance, Office of Financial Management

National Highway Traffic Safety Administration

- Office of Chief Counsel

Other Entities

- Berkshire Regional Planning Commission, Pittsfield, MA
- City of Allentown, PA
- County of Chester, West Chester, PA
- Pipeline Safety Coalition, Downingtown, PA

EXHIBIT C. MAJOR CONTRIBUTORS TO THIS REPORT

<u>Name</u>	<u>Title</u>
Wendy M. Harris	Program Director
Jerrold Savage	Project Manager
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Keith Klindworth	Senior Analyst
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Brian Persse	Analyst
Jane Lusaka	Writer/Editor
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**EXHIBIT D. PHMSA TECHNICAL ASSISTANCE GRANTS:
RECIPIENTS AND USES, FISCAL YEARS 2010–2015**

Year	Recipient	City	State	Use ^a
FY10	Southeast Alabama Gas District	Andalusia	AL	Record spatial information related to corrosion protection in a geographic information system (GIS) to advance pipeline safety.
FY10	Municipal Utilities Board of Decatur	Decatur	AL	Record spatial information related to corrosion protection in a GIS to advance pipeline safety.
FY10	Gas Board of the City of Fayette	Fayette	AL	Develop a GIS for pipeline locations.
FY10	City of Chattahoochee	Chattahoochee	FL	Develop a GIS for pipeline locations. Educate the public on the new system.
FY10	City of Perry	Perry	FL	Develop a GIS for pipeline locations
FY10	Greater Lafourche Port Commission	Galliano	LA	Develop and implement a marine pipeline damage prevention and public awareness program for mariners navigating in coastal Louisiana and Gulf of Mexico.
FY10	Stutsman County Sheriff's Department	Jamestown	ND	Enhance the county's pipeline emergency response capability by improving access to pipeline location information for emergency responders.
FY10	City of Seward	Seward	NE	Conduct soil vapor sampling near wellhead protection area to detect oil leaks, document changes in soil gas, and groundwater, and inform the public of activities and results.
FY10	Kearny Fire Department	Kearny	NJ	Purchase 12 multi-gas meters, 4 calibration systems with gas, and training DVDs for use in emergency response to pipeline incidents.
FY10	Eastern Sandoval County Arroyo Flood Control Authority	Albuquerque	NM	Continue a study to determine if pipelines in and crossing a creek are exposed due to storm water effects, which increases the danger of rupture or damage. Inform the public about study results and recommend solutions.
FY10	Shawnee Township Fire Department	Lima	OH	Conduct a "Call Before You Dig" awareness campaign to prevent pipeline damage and increase the community's safety.
FY10	Safety, Agriculture, Villages & Environment, Inc. (S.A.V.E.)	Kennett Square	PA	Create a coalition for pipeline safety in Chester County that conducts outreach, education, and collaboration.
FY10	Pennsylvania State University	University Park	PA	Create means to determine how to detect leaks in natural gas pipelines using forest vegetation as a bio-indicator.
FY10	South Dakota State University	Brookings	SD	Develop a standard for the design of rural water pipelines that cross under crude oil pipelines.
FY10	City of Etowah	Etowah	TN	Record spatial information related to corrosion protection in a GIS to advance pipeline safety.

^a This list includes all TAG grant applications approved for funding by PHMSA from fiscal years 2010 to 2015. It does not include four 2010 grants that were approved for funding by the Agency but subsequently cancelled at the request of the grantees.

Year	Recipient	City	State	Use ^a
FY10	Oak Ridge Utility District	Oak Ridge	TN	Put geographic pipeline location into vehicles via laptop computers for faster emergency response.
FY10	Pipeline Safety Trust	Bellingham	WA	Develop a resource guide for citizens living near existing and proposed pipelines.
FY10	County of Skagit	Mount Vernon	WA	Develop regulations to govern land development near pipelines in an unincorporated part of the county.
FY11	County of Contra Costa Fire Dept. Protection District	Pleasant Hill	CA	Provide portable multi-gas detectors to front-line fire apparatus for improved pipeline and hazardous materials emergency response.
FY11	City of Chiefland	Chiefland	FL	Create a GIS of the natural gas distribution system within the city's municipal service area and a cost-effective way to maintain the database. Develop and implement communication plan to share this information with all affected groups, especially first responders.
FY11	City of Hartwell	Hartwell	GA	Convert existing paper-based maps of natural gas system to GIS format to improve pipeline damage prevention and emergency response.
FY11	City of Lenexa	Lenexa	KS	Create a strategic communications plan to educate property owners about responsibilities regarding pipeline easements.
FY11	Morehead Utility Plant Board	Morehead	KY	Conduct training for fire departments, elementary schools, contractors, and employees. Purchase remote methane leak detector equipment. Develop public awareness marketing materials. Purchase GIS mapping software to conduct network analysis and produce maps.
FY11	Pike County Fiscal Court	Pikeville	KY	Conduct accurate and complete identification and mapping of natural gas and natural gas liquid pipelines within Pike County, KY.
FY11	Parish of East Baton Rouge	Baton Rouge	LA	Develop and distribute educational materials for the "Red Stick Ready" awareness campaign. Procure pipeline markers for stakeholder industry use that have the "Red Stick Ready" campaign logo and the 8-1-1 number. Fund an all-hazards awareness workshop to promote being "Red Stick Ready."
FY11	Greater Lafourche Port Commission	Galliano	LA	Continue development and implementation of a marine pipeline public awareness program for mariners navigating coastal Louisiana and the Gulf of Mexico. Select and implement an Automatic Identification System (AIS) Aid to Navigation (AtoN) System for pipelines in the Port Fourchon area.
FY11	Terrebonne Parish Consolidated Government	Houma	LA	Purchase four portable gas detectors, 1 DP-IR infrared detector, and four F1200 flame ionizers.
FY11	County of Dakota	Apple Valley	MN	Improve GIS pipeline locations using global positioning system (GPS) field surveys. Perform risk analysis using other existing GIS layers representing key resources, vulnerable

Exhibit D. PHMSA Technical Assistance Grants: Recipients and Uses, Fiscal Years 2010–2015

Year	Recipient	City	State	Use ^a
				populations, and public gathering places.
FY11	City of Picayune	Picayune	MS	Purchase gas leak detectors and line locator kits and initiate a process to convert gas pipeline paper maps to digital GIS maps.
FY11	Incorporated County of Los Alamos	Los Alamos	NM	Purchase two Crowcon laser methane mini portable methane detection devices.
FY11	City of Grove	Grove	OK	Develop a pipeline GIS. Purchase a remote methane leak detector and train personnel to detect natural gas leaks.
FY11	Charlestown Township	Devault	PA	Educate local governments and the public about pipeline safety, planning, and damage prevention. Engage pipeline operators in a dialogue about pipeline safety and maintenance. Conduct outreach to communities in Chester County and surrounding areas so that citizens can become part of pipeline safety policy development.
FY11	Pipeline Safety Coalition	Downingtown	PA	Create and deliver a curriculum for educators that addresses pipeline safety and issues associated with Pennsylvania's rapidly developing energy infrastructure.
FY11	League of Women Voters of PA Citizen Education Fund	Harrisburg	PA	Design an overview of the state of pipelines in a Pennsylvania county. Provide expert, objective information about the safety of natural gas pipelines in Lycoming County. Conduct an assessment of the regulations pertaining to the transmission system. Provide recommendations that will promote public participation and informed decision making by elected officials.
FY11	S.A.V.E., Inc.	Kennett Square	PA	Promote Pipelines and Informed Planning Alliance (PIPA) recommended practices and model ordinances in multiple localities across Pennsylvania.
FY11	Greenwood Commissioners of Public Works	Greenwood	SC	Institute an information campaign to make people aware of pipeline safety and the need to call 811 before digging.
FY11	Oak Ridge Utility District	Oak Ridge	TN	Purchase three remote methane leak detectors and train operators in their use. Review leak-detection response procedures. Implement a community awareness education program on leak detection.
FY11	Marion Natural Gas Systems	South Pittsburg	TN	Create GIS mapping data of all gas meters, and upgrade current GIS software.
FY11	City of Corpus Christi	Corpus Christi	TX	Partner with the Local Emergency Planning Committee to improve public and childhood education, as well as emergency response associated with pipeline safety issues.
FY11	Salt Lake City Corporation	Salt Lake City	UT	Produce a pipeline safety report addressing the state of pipelines, pipeline construction and operations, risks associated with pipelines, and recommendations for increasing pipeline safety. Conduct a public education program, including two public seminars, a 2-day conference, and a

Exhibit D. PHMSA Technical Assistance Grants: Recipients and Uses, Fiscal Years 2010–2015

Year	Recipient	City	State	Use ^a
				series of small community meetings.
FY11	Pipeline Safety Trust	Bellingham	WA	Bring together citizen and local government representatives from around the country to develop a strategy for ensuring better representation of the public in official proceedings pertaining to pipeline safety issues.
FY12	City of Athens	Athens	AL	Provide a hands-on pipeline safety training and education workshop to participants. Add an underground pipeline locating field to an established training facility in order to demonstrate new technologies.
FY12	National Association of Counties Research Foundation	Washington	DC	Provide education and outreach about pipeline issues to county officials, planners, engineers, and emergency managers. Use conferences, workshops, training, publications, flowcharts, and fact sheets to build county officials' ability to implement land use practices around pipelines.
FY12	Coastal Regional Commission	Brunswick	GA	Within a GIS, collect available data from utilities, verify the location of all natural gas distribution and transmission lines in the nine-county Coastal Georgia region, and map distribution pipelines. Verify information through GPS.
FY12	Will County	Joliet	IL	Establish a Will County Pipeline Task Force to inventory pipelines, associated facilities, product information, and emergency information; compile this into a single reference for emergency and land use officials. Identify emergency planning information related to special populations, sensitive environmental areas, and areas vulnerable to pipeline incidents. Develop safety education materials for the public living near pipelines.
FY12	Village of Worth	Worth	IL	Create a GIS of natural gas and petroleum pipelines within the community.
FY12	County of Anderson	Garnett	KS	Purchase 10 MSA Altair 5 gas monitors, 1 remote methane leak detector, and 1 MSA Five Star Link Data Logging System for eight fire stations and a technical rescue vehicle.
FY12	Port of South Louisiana	LaPlace	LA	Develop a Marine Pipeline Safety Outreach Program for stakeholders along the Lower Mississippi River, including a website, trifold guide, posters, safety calendar, and DVDs.
FY12	City of Sulphur DBA/Sulphur Fire Department	Sulphur	LA	Purchase three handheld multi-gas detectors and one complete calibration unit for fire departments.
FY12	Land-of-Sky Regional Council	Asheville	NC	Evaluate the need to develop communication and training materials and conduct training in three-county region. Execute two emergency response tabletop exercises. Use GIS to identify high-consequence, ecological, and drinking water areas. Generate regionally specific public outreach materials. Create an easy step-by-step guide for responders to use during pipeline-related emergencies.

Exhibit D. PHMSA Technical Assistance Grants: Recipients and Uses, Fiscal Years 2010–2015

Year	Recipient	City	State	Use ^a
FY12	City of Monroe	Monroe	NC	Fund fire-suppression enhancements to the city's police and fire training facility to allow natural gas operators and emergency responders to practice fire suppression. Specific enhancements include grading, gravel, concrete work, and drainage for site development; gas piping and flow control; and equipment, e.g., personal protection equipment and a communications system.
FY12	Blenheim Hose Company, Inc.	North Blenheim	NY	Purchase four GX-2003 Five Sensor gas detectors and one base station radio to improve emergency communications in the event of a pipeline disaster.
FY12	City of Allentown	Allentown	PA	Purchase four multi-gas surveyors GVS 500s to detect leaks during emergency response. Develop a national Mayor's Council on Pipeline Safety to collaborate on defining and disseminating pipeline safety initiatives.
FY12	Pipeline Safety Coalition	Dowingtown	PA	Conduct a case study with first responders in Chester County, PA, to identify gas pipeline education needs. Provide recommendations to develop a core curriculum and reports to share with first responders and communities.
FY12	East Brandywine Township	Downingtown	PA	Research and develop a standardized notification protocol for informing Chester County officials of projected pipeline projects.
FY12	League of Women Voters of PA Citizen Education Fund (LWVPA)	Harrisburg	PA	Provide educational outreach about the role of Federal, State, and local agencies in ensuring pipeline safety to residents in the Lehigh Valley region, including public forums, presentations, displays, and fact sheets. Develop a final report and post it on the League of Women Voters of Pennsylvania website.
FY12	Danielle Dawn Smalley Foundation, Inc.	Crandall	TX	Develop and launch a school pipeline safety web-based program for school safety officials located within 1,000 feet of transmission pipelines in San Mateo County, California.
FY12	Town of Flower Mound	Flower Mound	TX	Provide hands-on training for the entire fire department on pipeline emergencies. Continue to map the locations of pipelines for the town's GIS and perform regular reviews of the emergency response plan.
FY12	Permian Basin Regional Planning Commission	Midland	TX	Build relationships with pipeline stakeholders. Participate in official proceedings and events pertaining to pipeline safety. Disseminate information on pipeline safety events to the community.
FY12	Woods Cross City	Woods Cross City	UT	Create a hazardous pipeline layer on the city's GIS base map. Distribute the map through the city's website and a brochure on pipeline safety. Hold two open houses on pipeline safety and work with community to identify areas of concern; collaborate to develop contingency plans for various scenarios. Develop a survey to determine the success of these efforts.

Exhibit D. PHMSA Technical Assistance Grants: Recipients and Uses, Fiscal Years 2010–2015

Year	Recipient	City	State	Use ^a
FY12	Montgomery County	Christiansburg	VA	Partner with Virginia Utility Protection Services to develop a new permit building software application that will receive building permit data from Montgomery County, determine site location, and then notify a utility that a building or development permit was issued within the utility's notification area or right-of-way.
FY12	Pipeline Safety Trust	Bellingham	WA	Provide citizens or local government employees assistance to participate in the Pipeline Safety Trust's national annual pipeline safety conference and participate more fully in official pipeline proceedings.
FY12	Utility Contractors Association of Washington/DBA NUCA	Tukwila	WA	Establish and implement an 8-hour education course and outreach program for excavators called the "Dig Safe Certification Program."
FY13	County of Alameda	Hayward	CA	Develop a GIS mapping system to identify natural gas pipelines running in the county's unincorporated service area.
FY13	Palatka Gas Authority	Palatka	FL	Enhance the current GIS system by collecting GPS coordinates on all natural gas meters and further training employees on best practices to fully utilize GIS.
FY13	City of Hogansville	Hogansville	GA	Develop a GIS database and mapping tool for the natural gas system of Hogansville, using existing gas system maps, valve location records, customer lists, and GPS mapping data.
FY13	County of Tazewell	Pekin	IL	Update the county's website capabilities and current GIS applications so that citizens have an interactive site that allows them to see the where, when, what and why of the upcoming pipeline project. Develop a media campaign to highlight safety and environmental sensitivities in regards to the pipeline project as well as promote the "811 Call Before You Dig" program through print and broadcast media.
FY13	City of Hazard	Hazard	KY	Replace and upgrade gas detectors for the city's gas and fire departments. Install a calibration station in each of the city's fire stations.
FY13	City of West Liberty	West Liberty	KY	Purchase remote methane leak detection equipment, and upgrade the existing GIS mapping software to improve leak detection, pipeline analysis, and emergency response effectiveness.
FY13	City of Fitchburg	Fitchburg	MA	Develop and enact a community-wide Natural Gas Safety Program that has four core objectives: enhance public safety, train first responders, supply gas detecting equipment to first responders, and identify natural gas distribution pipeline leaks.
FY13	Blue Green Alliance	Minneapolis	MN	Establish education and outreach campaign "Repairing our Cities Aging Pipelines" in the state of Minnesota. Create pipeline safety backgrounders and fact sheets. Hold labor-

Exhibit D. PHMSA Technical Assistance Grants: Recipients and Uses, Fiscal Years 2010–2015

Year	Recipient	City	State	Use ^a
				community briefings on pipeline safety and the regulatory process to produce recommendations to be considered by key decision makers; then document the recommendations in a report. Disseminate educational work products and implement a media outreach strategy.
FY13	County of Powell	Deer Lodge	MT	Develop a new pipeline permitting process that will follow the best practices in PIPA's Recommended Practice Evaluation Worksheet for Local Governments. Update existing permits for other types of development to ensure people building new structures call 811 before they dig, and that developers in the vicinity of a pipeline are in contact with pipeline operators. Inventory pipelines crossing waterways and roadways and digitize well and septic information for existing properties.
FY13	City of Allentown	Allentown	PA	Conduct the first National Meeting of Mayors on Pipeline Safety; make recommendations to advance pipeline safety; and, actively participate in rulemaking processes in order to promote pipeline safety.
FY13	West Pikeland Township	Chester Springs	PA	Develop a systematic approach for gaining access to pipeline safety information and promoting public participation in official pipeline proceedings. Introduce PIPA land use planning guidelines and model ordinances to municipalities in Northern Chester County and neighboring counties.
FY13	Pipeline Safety Coalition	Downingtown	PA	Promote adoption of the Pipeline Notification Protocol to 66 Pennsylvania counties. Produce an online training module for educators based on the Pipeline Procedure and Safety Education Program (PPSEP).
FY13	League of Women Voters of PA Citizen Education Fund	Harrisburg	PA	Expand the existing Water Resources Education Network program to address pipeline issues. Education efforts include promoting the PIPA recommendations, providing experts to address key issues, and developing resources for distribution.
FY13	Connection of Oil, Gas & Environment in the Northern Tier, Inc. (COGENT)	Mehoopany	PA	Provide National Association of State Fire Marshals (NASFM)/PHMSA Pipeline Emergencies training to trainers and first responders in the tri-county area of Pennsylvania's Northern Tier Marcellus Shale Region.
FY13	Oak Ridge Utility District	Oak Ridge	TN	Develop an interactive electronic outage management system capable of identifying ways to contain line breaks throughout the distribution system.
FY13	Sevier County Utility District	Sevierville	TN	Deploy GIS web-mapping technology to the general public and county employees. Purchase a remote methane leak detector and two remote terminal units.

Exhibit D. PHMSA Technical Assistance Grants: Recipients and Uses, Fiscal Years 2010–2015

Year	Recipient	City	State	Use ^a
FY13	Danielle Dawn Smalley Foundation, Inc.	Crandall	TX	Provide outreach and education of newly developed Pipeline Safety and Awareness for Kids program to elementary schools in Webb County.
FY13	Permian Basin Regional Planning Commission	Midland	TX	Expand public awareness of the call 811 requirements, targeting specific groups identified by the pipeline industry. Acquire bilingual information to distribute. Promote the inclusion of pipeline threats and hazards in the Regional Homeland Security Strategic Implementation Plan.
FY13	City of Port Aransas	Port Aransas	TX	Expand and update the GIS mapping system with GPS locations of leak migrations, to include: display leak history on pipeline segments, construction activities and one-call mark outs, inspections, and maintenance history.
FY13	City of Richmond	Richmond City	UT	Using GPS technology, identify city utilities within the pipeline corridor and an eight-block evacuation area. Share this information with local fire departments and collaborate to develop routes and emergency strategies. Provide educational outreach to the community through mailers and advertisements.
FY13	Pipeline Safety Trust	Bellingham	WA	Gather information on how State and local governments across the country have approached land use and planning issues associated with pipeline safety, including existing ordinances, case studies, and emergency response planning. Develop 'Local Government Guide to Pipelines' and make this information available on the website.
FY14	Alamo Improvement Association, Inc.	Alamo	CA	Promote pipeline safety for community through "811-Call Before You Dig" outreach and education awareness campaign.
FY14	City of San Bruno	San Bruno	CA	Conduct research to develop an initiative for cities to share pipeline mapping information. Generate recommendations for prescriptive response best practices and for prescriptive use of automatic shutoff valves. Make improvements to website.
FY14	Kansas Municipal Utilities, Inc.	McPherson	KS	Planning, development, and installation of a simulated natural gas infrastructure system that will be used to train natural gas system operators, affiliated stakeholders, and emergency responders.
FY14	City of Henderson	Henderson	KY	GIS mapping of all valves, regulators, mains, leak data, and existing customer locations.
FY14	City of Olive Hill	Olive Hill	KY	GIS mapping of pipelines. Purchase of remote leak detection technology. Education campaign on pipeline safety for community.
FY14	County of Johnson	Paintsville	KY	Purchase of a remote methane leak detector

Exhibit D. PHMSA Technical Assistance Grants: Recipients and Uses, Fiscal Years 2010–2015

Year	Recipient	City	State	Use ^a
FY14	Center for Rural Development	Somerset	KY	Deliver pipeline security courses to seven communities.
FY14	Greater Lafourche Port Commission	Galliano	LA	Investigate pipeline conditions and locations in bayous, canals, and wetlands. Develop education campaign on results for affected marine pipeline stakeholder groups.
FY14	City of Thibodaux	Thibodaux	LA	Purchase of remote leak detection technology.
FY14	Berkshire Regional Planning Commission	Pittsfield	MA	Educate community about pipelines, local officials' roles and responsibilities, potential environmental and safety impacts during pipeline construction and operation, model ordinances and emergency response procedures, environmental review and land use analysis, and emergency response training for emergency responders.
FY14	MISS Dig System, Inc.	Auburn Hills	MI	Conduct studies on the effectiveness of placing information about the requirement to provide prior notice before digging on billboards and other communication media.
FY14	Tip of the Mitt Watershed Council	Petoskey	MI	Develop a publication on pipeline safety for the community and a public education forum on pipeline issues and safety. Create a web page on pipelines and pipeline safety. Develop an informational video on pipeline operation and safety issues in Northern Michigan. Provide outreach and education to interested groups on pipeline issues and safety.
FY14	City of Hallock	Hallock	MN	Purchase leak detection technology.
FY14	Blue Green Alliance	Minneapolis	MN	Expand education and outreach campaign "Repairing our Cities Aging Pipelines" to the state of Indiana.
FY14	County of Tompkins	Ithaca	NY	Create a high-hazard pipeline inventory addressing pipelines that are prone to flood damage.
FY14	City of Allentown	Allentown	PA	Develop recommendations regarding leak detection definitions, regulations, and needs assessments for a national campaign on distribution lines and an educational video on pipeline safety.
FY14	East Brandywine Township	Downingtown	PA	Analyze pipeline and pumping station proposals by hydrologist/hydrogeologist. Educate public on pipeline-siting process.
FY14	Pipeline Safety Coalition (PSC)	Downingtown	PA	Study the feasibility of expanding pipeline safety education to enhance the numbers of informed communities within the Northeast and Georgia.
FY14	County of Northampton	Easton	PA	Purchase infrared leak detection technology for the city's fire department.
FY14	Chester County Association of Township Office	Exton	PA	Develop a checklist and guide to help municipalities develop pipeline communication management procedures.
FY14	Clean Air Council	Philadelphia	PA	Conduct engineering review of pipeline technology and practices to minimize leaks. Study methane emissions from aging and newer

Exhibit D. PHMSA Technical Assistance Grants: Recipients and Uses, Fiscal Years 2010–2015

Year	Recipient	City	State	Use ^a
				infrastructure to compare emission rates. Hold community meetings to discuss results and raise awareness of aging infrastructure and potential environmental impacts from pipeline projects.
FY14	County of Chester	West Chester	PA	Map pipeline infrastructure in county. Conduct outreach campaign, including a guidebook and an FAQ for the community.
FY14	Athens Utility Board	Athens	TN	Purchase laser leak detection technology, and develop related training for personnel and the public.
FY14	Oak Ridge Utility District	Oak Ridge	TN	Develop a system to notify customers about safety-related issues via email or mobile devices.
FY14	City of Chireno	Chireno	TX	Create a digital database of existing gas distribution system in community that is capable of sharing information with first responders.
FY14	Danielle Dawn Smalley Foundation, Inc.	Crandall	TX	Enhance the "Pipeline Safety and Awareness for First Responders" program through consultation with experts and purchase of software.
FY14	Permian Basin Regional Planning Commission	Midland	TX	Update pipeline safety web page to include new pipeline operators; review the emergency management plan to ensure continued inclusion of pipeline safety hazards; participate in Texas 811 meeting; promote pipeline safety awareness among the construction industry, agriculture industry, and students.
FY14	Sevier County Utility District	Sevierville	TX	Purchase a remote methane leak detector and three remote terminal units.
FY14	City of Coalville	Coalville	UT	Conduct GIS mapping of community's pipeline infrastructure and its incident history; record easements with the county; assess pipeline safety risks, including identification of evacuation routes and share with emergency response personnel; conduct "811 Call Before You Dig" awareness campaign for the community.
FY14	Pipeline Safety Trust	Bellingham	WA	Provide free technical assistance to local governments, the public, and media; create a searchable weekly FAQ blog; create briefing papers on topics of interest to the public; establish a list of independent pipeline safety experts that can be provided to local governments and citizens.
FY15	City of San Bruno	San Bruno	CA	Establish a National Pipeline Survivor Support System and Committee incorporating public utilities, city officials, public agencies, first responders and survivors. Support public awareness of safety issues, including the "811 Call Before You Dig" program.
FY15	North Central Florida Regional Hazardous Materials Response Team	Gainesville	FL	Create a methodology to share critical facility inventories; conduct tabletop exercises; and conduct public outreach to inform public about steps being taken to enhance pipeline safety.
FY15	City of Preston	Preston	ID	Create a comprehensive GIS-driven risk assessment and asset-management system, including evacuation maps and educational outreach promoting "811 Call Before You Dig."

Exhibit D. PHMSA Technical Assistance Grants: Recipients and Uses, Fiscal Years 2010–2015

Year	Recipient	City	State	Use ^a
FY15	County of Anderson	Garnett	KS	Construct a training center to give emergency responders hands-on experience in responding to pipeline releases and fire.
FY15	Greater Lafourche Port Commission	Galliano	LA	Develop a real-time dashboard for marine pipelines and maritime vessel traffic. Develop tools for reporting risk associated with pipeline segments and tools for pipelines operators to communicate with vessels. Provide outreach materials targeted for maritime training facilities and vessel owners and operators.
FY15	Metropolitan Area Planning Council	Boston	MA	Conduct and report on natural gas leak surveys in the Greater Boston Region; create a website to host the study results; and, conduct regional workshops with municipal leaders to discuss the results and next steps.
FY15	Fire Protection Research Foundation	Quincy	MA	Develop a tool to manage incidents involving pipeline and rail car spills of crude oil that addresses the competencies for incident commanders as outlined in Chapter 8 of National Fire Protection Association 472.
FY15	Blue Green Alliance	Minneapolis	MN	Expand education and outreach campaign "Repairing our Cities' Aging Pipelines" to the state of California.
FY15	Nashua Regional Planning Commission	Merrimack	NH	Promote pipeline and land-use planning best practices, support civic proceedings about new and existing pipeline facilities, engage local first responders, and promote data exchange between the public and organizations.
FY15	Nevada Regional Common Ground Alliance	Henderson	NV	Provide pipeline awareness and safety training to Nevada excavators and homeowners; provide technical skill training to locators. Conduct outreach for "811 Call Before You Dig" program at trade shows and conferences.
FY15	Broome County	Binghamton	NY	Develop an inventory of pipelines that will determine pipeline rupture risks during floods and identify pipeline owners; incorporating mitigation plans into the Broome County Multi-Jurisdictional Hazards Mitigation plan. <i>Granted a no-cost extension through FY2017; final report due 12/29/2017.</i>
FY15	County of Lorain	Elyria	OH	Develop new response procedures for the Hazardous Materials Response Team and detailed maps of the existing pipeline routes; train team on new procedures.
FY15	City of Allentown	Allentown	PA	Develop a model Urban Pipeline Initiative in which utilities and cities share pipeline mapping information; conduct a case study to identify risk management.
FY15	Pipeline Safety Coalition—PA	Downingtown	PA	Conduct a study of the practice of real estate in conjunction with gas, liquids and hazardous liquids pipeline safety in order to develop an informational resource for real estate professionals on pipeline safety and awareness.
FY15	County of Chester	West Chester	PA	Disseminate information developed by the new Pipeline Information Center through social media and stakeholder meetings. Incorporate pipeline safety awareness into planning and review

Exhibit D. PHMSA Technical Assistance Grants: Recipients and Uses, Fiscal Years 2010–2015

Year	Recipient	City	State	Use ^a
				processes of the county and local governments.
FY15	West Central Texas Council of Governments	Abilene	TX	Conduct Pipeline Safety Awareness Program throughout the East Central Texas region, including researching a pipeline mapping system, evaluating threats, placing the mapping system on a website, notifying first responders, and promoting "811 Call Before You Dig."
FY15	Danielle Dawn Smalley Foundation, Inc.	Crandall	TX	Create and deliver to 100 schools an interactive pipeline safety e-learning module for school officials, including an annual mailer, a pipeline safety web page for schools, and phone/email support throughout the grant cycle.
FY15	Permian Basin Regional Planning Commission	Midland	TX	Maintain and coordinate the region's information base on pipeline safety resources; participate in public awareness projects, including those for special target groups, like new residents moving to the region.
FY15	County of Morgan	Morgan	UT	Create a comprehensive GIS-driven risk-assessment and asset-management system, including documentation of pipeline operator contact information, evacuation maps, and educational outreach promoting the "811 Call Before You Dig" program. Provide training on GIS to county staff.
FY15	City of Fredericksburg	Fredericksburg	VA	Purchase a software package to improve communication of incident data within and across agencies when a hazardous materials release occurs.
FY15	City of Newport News	Newport News	VA	Conduct regional functional exercise to prepare emergency responders for leaks or spills into the Lee Hall Reservoir. <i>Granted a no-cost extension through FY 2017; final report due 12/29/2017.</i>
FY15	Pipeline Safety Trust, Washington	Bellingham	WA	Promote public participation in pipeline safety proceedings and provide citizens with the assistance they need to participate more fully in official pipeline proceedings such as rulemakings, workshops, standards development, and other local, regional, or national proceedings related to pipeline safety; create a "Citizen's Guide to How Pipeline Safety Rules are Made." <i>Granted a no-cost extension through FY 2017; final report due 12/29/2017.</i>

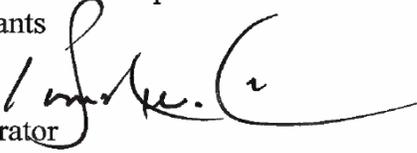
APPENDIX. AGENCY COMMENTS



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

Memorandum

Subject: INFORMATION: Management Response to the Office of Inspector General Draft Report on Technical Assistance Grants Date: June 28, 2017

From: Howard W. McMillan 
Acting Deputy Administrator

To: Barry DeWeese
Assistant Inspector General for Surface
Transportation Audits

The Pipeline and Hazardous Materials Safety Administration (PHMSA) provided more than \$7.7 million in Technical Assistant Grant (TAG) funding to 127 grantees from fiscal year (FY) 2008 through FY 2015. The Office of Inspector General (OIG) found that PHMSA had reasonable internal controls for awarding and overseeing TAG funding, which provides funding for engineering or scientific analysis of pipeline safety issues ranging from land use planning near existing pipelines to damage prevention outreach. Further, OIG noted that TAG awards were made to eligible recipients for eligible purposes.

PHMSA is committed to effective management and oversight of the TAG program. While the audit concluded PHMSA's internal controls were strong, we have already initiated actions to further improve our TAG program business processes by adding examples of prohibited uses of direct advocacy to the FY 2017 grant solicitation and are revising the grant award to better clarify the prohibition of direct advocacy. The agency is also in the process of finalizing its grants management manual, which will provide a framework of management procedures for all grants awarded by PHMSA. The manual will contain guidance regarding pre-award, award, management, monitoring and close out of all PHMSA grant awards.

PHMSA reviewed the draft report and offers the following comments in response to the OIG's findings:

- The OIG cited one instance of a potential prohibited use. Specifically, OIG noted that a grant recipient used TAG funding to develop a pipeline safety webpage on its website. As part of the Federal Energy Regulatory Commission (FERC) scoping process, the grant recipient included a link to a report submitted to FERC opposing a pipeline construction project. The grant recipient referenced, but did not develop the linked report. Further, the linked

document is dated October 15, 2015, indicating it was developed and posted on the webpage after the period of performance (September 25, 2014, through September 24, 2015) for the subject grant. To be clear, there was no finding of prohibited use in this instance. This activity does not constitute direct advocacy, and should not be included as a potential prohibited use of funding in the OIG draft report.

Based on our review of the draft report, PHMSA concurs with the three recommendations as written. PHMSA plans to implement Recommendation 1 by December 31, 2017, and Recommendations 2 and 3 by September 30, 2017.

PHMSA continues to strengthen our oversight and control process for financial assistance and we appreciate the opportunity to comment on the OIG's draft report. If you have any questions or require additional information, please contact TaNika Dyson, PHMSA Audit Liaison, at tanika.dyson@dot.gov or by phone at (202) 366-3122.