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## Memorandum

Date: January 17, 2024

Subject: INFORMATION: Audit Announcement | PHMSA's Hazardous Materials Emergency Preparedness Fund and Grant Program Oversight | Project No. 24S3001S000  
Pipeline and Hazardous Materials Safety Administration

From: David Pouliott   
Assistant Inspector General for Surface Transportation Audits

To: Pipeline and Hazardous Materials Safety Administrator

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Over 3.3 billion tons of hazardous materials (hazmat) are transported annually across the United States. Recent hazmat transportation related incidents highlight the important roles emergency preparedness and response play in hazmat related incidents. The Pipeline and Hazardous Materials Safety Administration (PHMSA) is responsible for advancing safe hazmat transportation. The Agency administers several hazmat safety grants to State, local, and tribal governments for emergency planning and first responder training.

The Infrastructure Investment and Jobs Act (IIJA)<sup>1</sup> authorized PHMSA to provide over \$46 million in annual grants from hazmat shipper and carrier registration fees<sup>2</sup> collected under the Hazardous Materials Emergency Preparedness (HMEP) Fund. This amount represents a significant increase from prior awards. In fiscal years 2022 and 2023 respectively, the Agency awarded grants from the HMEP Fund of approximately \$29.8 million and \$28 million.<sup>3</sup>

We are initiating this audit due to the significant increase in hazmat grant funds authorized under IIJA and the significant roles these grants may play in preparing for and responding to emergency hazmat incidents. Our audit objective will be to evaluate PHMSA's collection and monitoring of hazmat registration fees, and the

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<sup>1</sup> Public Law Number (Pub. L. No.) 117-58 (2021).

<sup>2</sup> Each hazmat transporter must file a registration statement and pay an annual fee that is deposited in the HMEP Fund. Using these fees, the fund supports three types of grants—Hazardous Materials Emergency Preparedness grants, Hazardous Materials Instructor Training grants, and Supplemental Public Sector Training grants.

<sup>3</sup> The Consolidated Appropriations Act of 2022, Pub. L. No. 117-103, and the Consolidated Appropriations Act of 2023, Pub. L. No. 117-328, set maximum obligation amounts for grants supported by the HMEP Fund.

Agency's tracking and reporting of grantees' use of funds for the HMEP Grant Program.

We plan to begin the audit in the coming weeks and will contact your audit liaison to schedule an entrance meeting. We will conduct our work at PHMSA Headquarters in Washington, DC, and PHMSA Regional offices as necessary. If you have any questions, please contact me or Kerry R. Barras, Program Director.

cc: DOT Audit Liaison, M-1  
PHMSA Audit Liaison, PHO-10