

The Virgin Islands Consortium

After EPA Audit Flags Capacity Risks, DPNR Says Oversight Has Improved and Projects Are Advancing

DPNR acknowledged the EPA Inspector General's findings and said it expanded grant-management staffing, strengthened financial controls, and advanced more than \$60 million in IIJA-funded water and wastewater projects now underway across the territory.

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The V.I. Department of Planning and Natural Resources has outlined steps it says it has already taken to address concerns raised in a recent audit by the U.S. Environmental Protection Agency's Office of Inspector General, pointing to expanded staffing, clarified roles, and progress on multiple water and wastewater infrastructure projects funded through major federal investments.

In a statement issued Saturday, DPNR acknowledged [the EPA OIG review](#), which began in January 2024 and included an on-site visit to the territory in April 2024. Commissioner Jean-Pierre Oriol said the department views the audit as a constructive assessment rather than a punitive finding. “We appreciate the OIG’s work and view the report as an important tool to help strengthen our internal capacity as we manage major federal investments in the territory’s water infrastructure,” Oriol stated.

The EPA Office of Inspector General audit examined the oversight and administration of federal clean water and drinking water construction grants made available under the Infrastructure Investment and Jobs Act, which significantly expanded funding flowing to states and territories. The OIG identified capacity and staffing limitations as key risks, particularly as agencies were tasked with managing unprecedented levels of federal investment while ensuring compliance, reporting, and financial controls.

DPNR said that at the time of the audit, its Division of Environmental Protection had only one financial staff member dedicated to managing these awards, a limitation the department acknowledged contributed to several of the concerns identified by auditors. Since then, according to the department, that capacity has been expanded. DPNR now has four financial team members supporting grant and financial management responsibilities, which it says has significantly improved its ability to track, report, and administer federal water infrastructure funds.

The department also emphasized its role within the funding structure, noting that while DPNR is the official state agency responsible for receiving federal awards, it primarily serves as a pass-through entity for the territory’s utilities. Those utilities — most notably the V.I. Water and Power Authority and the Waste Management Authority — are the implementing agencies responsible for carrying out the projects funded under the federal programs.

According to DPNR, both major utilities have already received subawards for several infrastructure projects now moving forward. These include approximately \$11 million for the Christiansted Sewer System Upgrade, \$10 million for the Krause Lagoon Interceptor Upgrade, \$3.5 million for the Blackbeard Waterline Rehabilitation, \$2.7 million for the Mahogany Estate Waterline Rehabilitation, \$3 million for the installation of automated water meter readers, and \$1.2 million for the Hospital Ground Waterline project.

In addition, DPNR reported that it has approved the required facility plan for the Mangrove Lagoon Wastewater Treatment Plant Upgrade Project, a \$29 million initiative. According to the department, the Waste Management Authority is currently working on the final engineering plans and design necessary to move the project out for bid.

The EPA OIG report, released amid a nationwide review of how IIJA water infrastructure funds are being administered, highlighted the importance of adequate staffing, financial controls, and oversight systems to ensure funds are used effectively and projects advance without delay.

DPNR said it began addressing the audit’s findings before the final report was published. “The challenges identified in the OIG report were real, and we did not wait for the final publication to begin addressing them. Since early 2024, we have significantly strengthened our staffing, tightened our financial practices, and accelerated the flow of

federal dollars to long overdue projects,” Oriol said.

He added that the department’s focus remains on outcomes rather than process alone. “Our commitment is unwavering: the people of the U.S. Virgin Islands deserve a reliable, modern water infrastructure system, and DPNR is doing the work to deliver it,” the commissioner concluded.

The department characterized the projects now underway as critical steps toward modernizing the territory’s water and wastewater systems, while maintaining that the audit process has helped reinforce accountability as federal investment levels continue to rise.