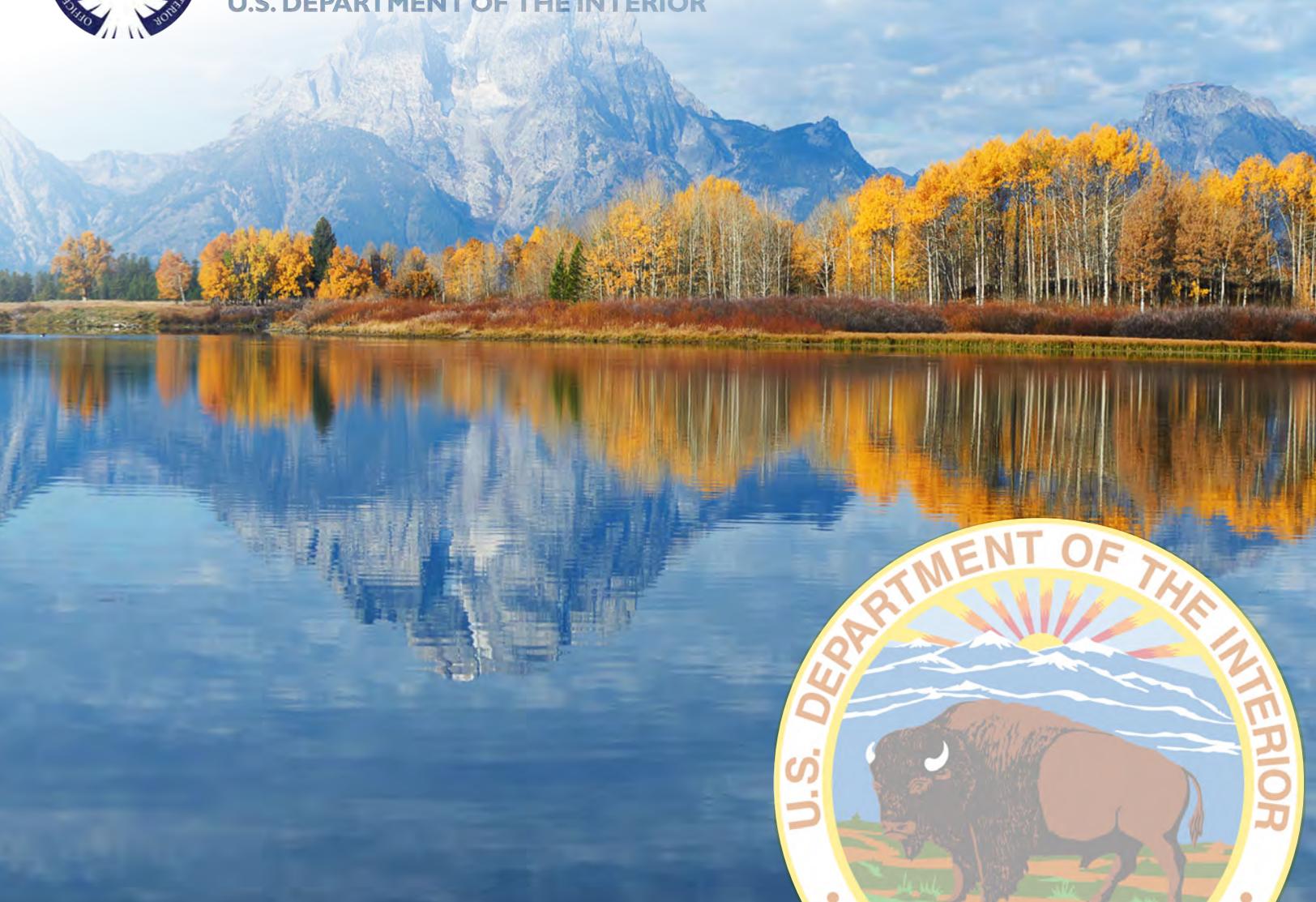




OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR



Closeout Memorandum



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U.S. DEPARTMENT OF THE INTERIOR

MAR 20 2026

Memorandum

To: Michael Studiner
Structures Operations & Maintenance Program Manager, Asset Management Office,
Dam Safety & Infrastructure, Bureau of Reclamation

From: Nicki Miller *Nicki Miller*
Assistant Inspector General for Audits, Inspections, and Evaluations

Subject: Closeout Memorandum – *Audit of the Bureau of Reclamation's Canal Improvement Projects*
Report No. 2025-INF-038

In August 2025, we initiated a review of the Bureau of Reclamation's (BOR's) Inflation Reduction Act (IRA)-funded canal improvement projects. The objectives of our review were to determine whether BOR and the project recipients expended funds in accordance with Federal regulations and if funding met intended goals.

The IRA provided \$25 million for the design, study, and implementation of projects (including pilot and demonstration projects) to cover water conveyances with solar panels to generate renewable energy and increase water efficiency and assist in the implementation of clean energy goals.¹ At the time of our engagement, three cooperative agreements and one grant had been awarded to four entities, totaling obligations of \$24.7 million. One of the recipients, Gila River Indian Community, completed its \$5.56 million project in January 2025. The other three projects, however, are not proceeding.

In September 2025, BOR informed us that the recipient receiving the largest award, the San Luis and Delta Mendota Water Authority, canceled its \$15 million cooperative agreement. The project, which began in January 2025, was paused by the recipient in February 2025 due to uncertainty regarding the future of IRA-funded grant projects. It was subsequently canceled by the recipient in July 2025 before any construction occurred. BOR officials told us that they were uncertain whether the funds allocated for this project would be re-allocated to other canal improvement projects. Further, in November 2025, BOR informed us that the Weber Basin project, which was in its feasibility phase, was paused to undergo review by the Assistant Secretary for Water and Science to determine whether the project aligns with current priorities. In January 2026, a U.S. Department of the Interior official notified us that all remaining IRA-funded canal improvement projects have been cancelled as a result of the Department of Interior's review.

As noted, the Gila River Indian Community project was completed; however, our audit plan was predicated on a larger number of projects and a larger amount of resources being expended. Because none of the remaining projects are proceeding, we are closing this audit. We appreciate the cooperation and assistance provided by BOR staff during our review. If you have any questions regarding this memorandum, please contact me at aie_reports@doioig.gov.

¹ Pub. L. 117-169, Part 3, Section 50232 (Canal Improvement Projects).



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