



U.S. Environmental Protection Agency Office of Inspector General

13-R-0206
March 28, 2013

At a Glance

Why We Did This Review

The U.S. Environmental Protection Agency awarded American Recovery and Reinvestment Act Cooperative Agreement 2S-96099601 to the Idaho Department of Environmental Quality. The Office of Inspector General wanted to determine whether IDEQ's procurements and use of force account under the cooperative agreement complied with Code of Federal Regulations requirements under 40 CFR Part 35 Subpart O, and whether the objectives of the cooperative agreement were met. To do so, the OIG contracted with Ollie Green & Company, an Independent Public Accounting firm, to audit the agreement.

This report addressed the following EPA Goals and Cross-Cutting Strategies:

- *Cleaning up communities and advancing sustainable development.*

For further information, contact our Office of Congressional and Public Affairs at (202) 566-2391.

The full report is at:
www.epa.gov/oig/reports/2013/20130328-13-R-0206.pdf

Audit of American Recovery and Reinvestment Act-Funded Cooperative Agreement 2S-96099601 Awarded to the Idaho Department of Environmental Quality

What the IPA Auditors Found

Ollie Green & Company, the IPA firm hired by the OIG to conduct the audit, found that IDEQ complied with Idaho's state procurement policies and procedures, as required by 40 CFR §35.6550(a), which referenced 40 CFR §31.36(a). The IPA contractor also found substantial compliance with 40 CFR Part 35 Subpart O. However, the IPA contractor found that IDEQ did not require its contractors to include Certification of Independent Price Determination language in its bid proposals as required by 40 CFR §35.6550(b)(3). The IPA contractor also found that IDEQ did not require its contractors to have accident and catastrophic loss insurance coverage as required by 40 CFR §35.6590(b). Finally, the IPA contractor found that IDEQ did not require its contractors to retain its records for 10 years after submitting its final federal financial status report as required by 40 CFR §35.6705.

The IPA contractor is responsible for the content of the audit report. The OIG performed the procedures necessary to obtain reasonable assurance about the IPA's independence, objectivity, qualifications, technical approach and audit results.

Recommendations and Corrective Actions

The IPA contractor's report recommends that the Region 10 regional administrator require IDEQ to review and gain an understanding of the requirements of 40 CFR §35.6550(b)(3) and ensure that all current and future bid proposals contain CIPD language. The report also recommends that the regional administrator require IDEQ to ensure that all contracts issued under this cooperative agreement include a 10-year record retention period as required by 40 CFR §35.6705. The report also recommends that the regional administrator require IDEQ to ensure that current and future contractors are covered by accident and catastrophic loss insurance as required by 40 CFR §35.6590(b). In addition, the report recommends that the regional administrator require IDEQ to update its policies and procedures to ensure that they address CIPD, 10-year record retention, and accident and catastrophic loss insurance requirements.

IDEQ agreed with three of the four findings but did not directly address the recommendations in its draft report response. IDEQ has updated its procurement manual to address the CIPD and record retention requirements. Region 10 had no objections to the findings and agrees that IDEQ needs to address the recommendations.