



At a Glance

Why We Did This Review

The U.S. Environmental Protection Agency, Office of Inspector General, conducted this examination to determine whether the costs claimed under grant AB-83363501 awarded to the Lead Remediation Association of America are reasonable, allowable and allocable in accordance with the applicable laws, regulations and grant terms and conditions. The OIG also sought to determine whether the objectives of the grant were met.

This report addresses the following EPA Goal and Cross-Cutting Strategy:

- *Ensuring the safety of chemicals and preventing pollution.*

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/2013/20130806-13-P-0341.pdf

Examination of Costs Claimed Under Grant AB-83363501 Awarded to Lead Remediation Association of America

What We Found

We found that LRAA's financial management system did not meet the standards established under the Code of Federal Regulations at 40 CFR § 30.21. LRAA's accounting system data was not updated timely. LRAA also made cash draws and submitted its final federal financial report using the grant budget amounts rather than actual costs incurred. In addition, LRAA did not maintain source documentation to support the costs incurred or claimed.

Title 40 CFR § 30.21(b) requires the recipient's financial management systems to provide accurate, current and complete disclosure of the financial results and to include records that adequately identify the source and application of funds for federally sponsored activities. Title 2 CFR Part 230, Appendix A, Paragraphs A.2(a) and (g), also require costs to be allocable and adequately documented to be considered allowable under an award. LRAA did not meet these requirements.

We also found that LRAA did not meet the grant objectives as outlined in the approved work plan. The work plan requires LRAA to produce and distribute lead safety work practice DVDs, provide lead safety training and workshops, distribute brochures, and carry out other duties to promote lead safety practices in low-income communities. As of the date of our report, 2 years after the grant period end date of June 30, 2011, LRAA has not produced the required DVDs, provided evidence of brochure distribution, or completed the required training and workshops.

As a result of the issues noted above, we questioned the \$249,870 claimed and recommended recovery of the \$249,882 drawn under the grant.

Recommendations

We recommend that the director of the Office of Grants and Debarment question \$249,870 claimed and recover \$249,882 drawn under the grant. We also recommend that the director verify that LRAA has a financial management system that meets the federal standards established under 40 CFR § 30.21 prior to any future awards.

LRAA generally agreed that it did not have the documentation to meet the federal requirements. However, LRAA disagreed with our recommendation to question the \$249,870 claimed under the grant. LRAA stated that it is entitled to the claimed costs because it has done work under the grant and its general ledger showed incurred costs. Costs recorded in the general ledger without the supporting source documentation do not meet CFR requirements; therefore, we will continue to question the costs.