

# News Release



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## **EPA IG Recommends Withholding \$8.8 Million from Hawaii Department of Health *Cites Non-Compliance with Drinking Water State Revolving Fund Grant Requirements***

**WASHINGTON** – The U.S. Environmental Protection Agency’s (EPA’s) Office of Inspector General (OIG) today released an early warning report recommending that the EPA Region 9 Administrator withhold a grant award due to the inability of the Hawaii Department of Health (DOH) to implement adequate corrective actions.

In June 2015, the OIG received an anonymous hotline complaint alleging that the DOH had “pooled” a Drinking Water State Revolving Fund (DWSRF) award and Hawaii Department of Transportation funds. The complainant also said that the DOH had 10 open grants with \$30 million in unspent funds. During the OIG’s review of the complaint, it became aware that an additional \$8.787 million was available to the DOH for its fiscal year 2015 DWSRF grant award.

As of June 2014, the DOH had total unspent DWSRF funds of \$100 million (\$33 million in EPA funds and \$67 million in state funds). In October 2014, EPA Region 9 issued a Notice of Non-Compliance to the DOH because it had not managed the DWSRF funds in a sound, efficient and prudent manner. The DOH was found not to have sufficient personnel and effective tools and processes, and not to have committed and spent all funds in the DWSRF in an efficient, expeditious and timely manner, which violates the Code of Federal Regulations, as well as grant terms and conditions. The Notice of Non-Compliance contained 30 items that the DOH was required to address.

On January 30, 2015, the DOH submitted a corrective action plan to address the EPA’s concerns. The purpose of the plan was to set targets to reduce the \$100 million of unspent funds and implement process improvements. Items included final intended use plan submittal, loan commitments, loan disbursements and a cumulative spending rate for set aside activities under the DWSRF program.

“In the course of a broader audit, the team became aware that the EPA is in the process of making a decision about the current year grant award to Hawaii,” said Lela Wong of the OIG’s Office of Audit. “We noticed that Hawaii had not met targets on some key items in the Notice of Non-Compliance corrective action plan. We believe that withholding the grant award, under these circumstances, is necessary to exercise fiduciary responsibility.”

The OIG’s work on the hotline complaint continues and results will be reported separately.

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For more information, read the [early warning report](#) and listen to a [podcast](#) about it.

The OIG is an independent office within the EPA that performs audits, program evaluations and investigations of the EPA and the U.S. Chemical Safety and Hazard Investigation Board (CSB), and their contractors, and prevents and detects fraud, waste and abuse. By helping the EPA and the CSB operate more economically, effectively and efficiently, the OIG contributes to solving problems that ultimately result in making America a cleaner and healthier place. For more information, visit <http://www.epa.gov/oig> and follow the OIG on Twitter at @EPAoig (<https://twitter.com/EPAoig>).

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