



At a Glance

Why We Did This Examination

The U.S. Environmental Protection Agency (EPA) requested assistance from the Office of Inspector General (OIG) due to concerns relating to project and funding management exercised by a cooperative agreement recipient, as well as the recipient's cash draw practices.

Background

EPA competitively awarded Cooperative Agreement X7-83325501 on October 26, 2006, to Kathleen S. Hill (recipient), an individual, to support the creation and administration of a national tribal water program council. The council is intended to raise awareness of water-related issues pertaining to the health of tribal communities and the quality of tribal aquatic resources and watersheds. EPA's contribution to the project was 100 percent of approved costs up to \$800,000.

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/2012/20120123-12-4-0224.pdf

Examination of Costs Claimed Under Cooperative Agreement X7-83325501 Awarded to Kathleen S. Hill, Chiloquin, Oregon

What We Found

Kathleen S. Hill did not have a financial management system that met federal standards. We identified the following material weaknesses concerning the recipient's internal controls and compliance with federal requirements:

- The recipient did not have adequate controls to ensure that costs claimed were in accordance with Code of Federal Regulations (CFR) requirements under 2 CFR Part 230.
- The recipient's cash draws did not comply with 40 CFR Part 30 requirements or the terms and conditions of the cooperative agreement.

As a result, we questioned \$80,721 of the \$726,587 claimed under the cooperative agreement. Questioned costs included ineligible fringe benefit, travel and per diem, supplies, and contractual costs.

What We Recommend

We recommend that the Director, Office of Grants and Debarment, disallow and recover \$80,721 in questioned costs. We also recommend that the director verify that the recipient has an adequate financial management system in place prior to any future award. Further, we recommend that the director verify that the recipient's final financial status report is properly supported by accounting system records.

EPA did not comment on the recommendations, but generally agreed with the findings, with the exception of fringe benefits. The recipient generally disagreed with the findings and recommendations, and said they were based on inaccurate and incomplete data. However, the recipient's comments and supporting documentation did not change our findings and recommendations.