



At a Glance

Catalyst for Improving the Environment

Why We Did This Examination

We conducted this examination to determine whether (1) the reported outlays fairly present, in all material respects, the allowable costs incurred under EPA cooperative agreements CX82546101, CX82675101 and XA83033101; and (2) the recipient was managing its EPA cooperative agreements in accordance with applicable requirements.

Background

EPA awarded three cooperative agreements to the recipient totaling \$3,260,467. Grant CX82546101 was awarded for storm water education, and grants CX82675101 and XA83033101 were market transformation grants awarded to encourage developing and purchasing energy-efficient products. The project period for the storm water education grant was from December 15, 1996, to October 31, 2001. The project periods for the market transformation grants ran consecutively from September 1, 1998, to December 31, 2005.

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

To view the full report, click on the following link:

www.epa.gov/oig/reports/2005/20050921-2005-4-00120.pdf

Natural Resources Defense Council Reported Outlays Under EPA Cooperative Agreements CX82546101, CX82675101, and XA83033101

What We Found

In our opinion, because of the effects of the questioned outlays discussed below, the reported Federal outlays on the *Financial Status Reports/Federal Cash Transaction Reports* do not present fairly, in all material respects, the allowable outlays incurred in accordance with the terms and conditions of the grants and applicable EPA regulations. We questioned \$1,419,548 of reported outlays because the recipient did not maintain the necessary documentation to fully support the reported costs, as required by Federal regulations. Specifically, the recipient did not (1) obtain required Federal approval for indirect and fringe benefit costs, and (2) perform required cost or price reviews to support the reasonableness for contract costs.

What We Recommend

We recommend that EPA (1) obtain sufficient documentation to support the outlays of \$1,419,548 in accordance with EPA regulations or disallow the costs from Federal grant participation, and (2) negotiate fringe benefit and indirect cost rates in accordance with Office of Management and Budget Circular A-122.

The recipient disagrees with the questioned outlays, but plans to submit for negotiation the required fringe benefit and indirect cost rate proposals.