



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

We conducted this examination to determine whether the total costs incurred for three U.S. Environmental Protection Agency (EPA) assistance agreements were fairly presented, in all material respects, and the incurred costs were allowable in accordance with the terms and conditions of the agreements and applicable regulations.

Background

EPA awarded three assistance agreements to the America's Clean Water Foundation (Foundation) to perform environmental risk assessments at agricultural facilities and to assist States, tribes, and territories in complying with the Clean Water Act.

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/2007/20070220-2007-4-00045.pdf

America's Clean Water Foundation Incurred Costs for EPA Assistance Agreements X82835301, X783142301, and X82672301

What We Found

The Foundation did not comply with the financial and program management standards and the procurement standards promulgated in Title 40 Code of Federal Regulations (CFR), Part 30. Specifically, the Foundation (1) could not provide support for any of its general journal entries; (2) included duplicate transactions in its accounting system; (3) recorded labor charged to EPA grants incorrectly; (4) could not support the recorded indirect costs; (5) claimed unallowable preaward costs; (6) recorded EPA cash draws inaccurately; (7) did not submit required indirect cost proposals to EPA; (8) did not complete the required single audits for fiscal years ended June 30, 2003, June 30, 2004, and June 30, 2005; and (9) did not submit a *Federal Cash Transactions Report* when required.

The Foundation's procurement practices and procedures did not comply with the grant regulations. The Foundation awarded sole source contracts without performing the cost/price analysis required by Title 40 CFR 30.45. It also awarded a contract to a member of its Board of Directors, contrary to the conflict of interest provisions at Title 40 CFR 30.42, and reimbursed a contractor for billings above contractual ceilings. Because the Foundation did not adequately document its costs and did not comply with the EPA regulations, we questioned the Federal share claimed of \$25,372,590.

What We Recommend

We recommend that the Director for the Grants Administration Division: (1) disallow the Federal share claimed of \$25,372,590, and recover payments made of \$25,173,266, unless the Foundation reconstructs its accountings records to meet the financial management standards required by Title 40 CFR 30.21 through 30.28; (2) rescind provisional indirect rates for fiscal years ended June 30, 2005, and June 30, 2006; (3) require the Foundation to obtain single audits for fiscal years ended June 30, 2003, June 30, 2004, and June 30, 2005; (4) require the Foundation to prepare and submit overdue Standard Form 272 *Federal Cash Transactions Reports*; (5) disallow contract costs procured, claimed, and administered in violation of the requirements in Title 40 CFR Part 30; (6) disallow contract costs that were not authorized under the contract terms; (7) stop work on all active grants; and (8) not award any new grants until the Foundation meets minimum financial management requirements and repays all disallowed costs.