



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

The U.S. Environmental Protection Agency (EPA) Office of Inspector General (OIG) conducted a review of earmarked grants known as Special Appropriation Act Projects issued to local and tribal Governments. The City of Fallon, Nevada, was selected for review.

Background

The City of Fallon received two EPA Special Appropriation Act grants. Grant X98981901 provided Federal assistance of \$1,073,900 for the study of arsenic in drinking water and for design of a treatment plant. There was no match requirement. Grant XP97914901 provided Federal assistance of \$5,785,740 for design and construction of a drinking water treatment plant. The City of Fallon was required to provide local matching funds equal to 45 percent of the EPA-awarded funds under Grant XP97914901.

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/2007/20070926-2007-2-00040.pdf

Cost and Lobbying Disclosure Issues Under EPA Grant Numbers X98981901 and XP97914901 Awarded to the City of Fallon, Nevada

What We Found

The City of Fallon (grantee) did not meet the Title 40 Code of Federal Regulations Part 31 requirements for financial management systems. In particular, the grantee: (1) claimed pre-award costs in excess of the eligible amount, and (2) did not support matching costs claimed under EPA grants. As a result, EPA will need to recover \$350,916 under grant number XP97914901. The grantee also did not disclose any lobbying activity to EPA even though the grantee contracted with three lobbyists.

What We Recommend

We recommend that the Regional Administrator, EPA Region 9:

1. Recover \$350,916 under grant number XP97914901 consisting of:
 - a. \$311,607 in unallowable pre-award costs, and
 - b. \$39,309 in unsupported matching costs.
2. Determine whether the grantee complied with Title 31, U.S. Code, Section 1352 in the lobbying disclosures made under grant numbers X98981901 and XP97914901. For those instances where it is determined the grantee did not disclose lobbying activity, the Region should refer the matter to the Department of Justice for further action.