



At a Glance

Catalyst for Improving the Environment

Why We Did This Examination

The U.S. Environmental Protection Agency (EPA) Office of Inspector General is examining grants awarded to nonprofit grantees. We selected Walker Lake Working Group (grantee) for examination.

Background

EPA Region 9 awarded grant X96906001 on September 30, 2004. The grant provided federal assistance of \$842,100 for developing a conservation plan for Walker Lake that will sustain the native freshwater ecosystem. The plan will be based on scientific and social studies of the basin to show where water can be acquired or saved. The grant specifies that EPA will contribute 100 percent of the approved allowable project costs up to the awarded amount.

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

To view the full report, click on the following link:
www.epa.gov/oig/reports/2010/20100106-10-2-0054.pdf

Examination of Costs Claimed under EPA Grant X96906001 Awarded to Walker Lake Working Group, Hawthorne, Nevada

What We Found

The grantee did not meet financial management requirements specified by Title 40 Code of Federal Regulations Part 30 and Title 2 Code of Federal Regulations Part 30. In particular, the grantee claimed:

- Contract costs that were not allowable because analysis and administration requirements were not met.
- Travel and other direct costs that were not allowable because documentation requirements or cost principles were not met.

The grantee's Financial Status Report was also not supported by accounting system data.

Because of these issues, EPA should recover \$384,678 in questioned costs under the grant. These issues also indicate that the grantee may not have the capability to manage the grant and future EPA awards.

What We Recommend

We recommend that the Regional Administrator, EPA Region 9, disallow and recover \$384,678 in questioned costs under the grant if the grantee is unable to provide adequate documentation to meet the appropriate federal financial management and procurement requirements.

We also recommend that the Region 9 Regional Administrator require the grantee to improve its procurement process and internal controls, and establish procedures to ensure that future Financial Status Reports are properly supported by accounting system data. Further, the Region 9 Regional Administrator should establish special conditions for the grant and future EPA awards to the grantee that require payment to the grantee on a reimbursement basis and review and approval by the EPA project officer of reimbursement requests, including all supporting documentation for the claims prior to payment.