3322
c.2

AUDIT GUIDE FOR EPA GRANTS

001B76100

(OTHER THAN CONSTRUCTION GRANTS)

ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

FEBRUARY 1976

TABLE OF CONTENTS

Chapter		*Page*
1	INTRODUCTION	1.1
1.1	Purpose of Audit Guide	1.1
1.2	Program Background	1.1
1.3	Authority for Audit	1.1
1.4	Audit Standards	1.2
1.5	Audit Objectives	1.2
1.6	Matters Requiring Immediate Attention	1.2
1.7	Quality Control	
2	PRELIMINARY PROCEDURES	2.1
2.1	Preliminary Planning	2.1
2.2	Preparing for the Audit	2.1
2.3	Entrance Conference	2.2
2.4	Initial Field Audit Procedures	2.2
3	AUDIT OF COSTS	3.1
3.1	Basic Guidelines	3.1
3.2	Approach to Costs	3.1
3.3	Payroll Fringe Benefits	3.4
3.4	Subagreements	3.6
3.5	Equipment, Supplies, and Material	3.7
3.6	Travel	3.8
3.7	Other Direct Costs	3.8
3.8	Indirect Costs	3.9
4	AUDIT OF OTHER MATTERS	4.1
4.1	Program Accomplishment	4.1
4.2	Cash	4.1
4.3	Unpaid Obligations and Encumbrances	4.2
4.4	Grant Related Income	4.2
4.5	Property Management	4.3
4.6	Financial and Progress Reports	4.4
4.7	Programs Requiring Special Compliance Coverage	4.4
4.8	Matching Share	4.5
4.9	Computation of Federal Share	4.6
5	EXIT CONFERENCE	5.1
6	AUDIT REPORT	6.1
6.1	Introduction	6.1
6.2	Content and Format of Auditor's Report	6.1
6.3	Presenting the Findings	6.1
6.4	Auditor's Report on Subagreement Costs	6.1

APPENDIX

A EPA FINANCIAL ASSISTANCE PROGRAMS A.1
B EPA AREA AUDIT OFFICES AND COGNIZANT GEOGRAPHIC AREAS B.1
C SURVEY OF GRANTEE'S MANAGEMENT SYSTEMS C.1
D REFERENCES D.1

This document is not a replacement to the Acts, the regulations, the guidelines, or the official EPA policy statements. It is a supplement to these documents, providing basic audit guidance and showing example audit reports. Any clarifications and the specific conditions of each audit should be discussed with the appropriate EPA audit Manager.

CHAPTER 1: INTRODUCTION

1.1 PURPOSE OF AUDIT GUIDE

This guide is intended to assist the Environmental Protection Agency (EPA) auditors, independent public accounts, and auditors of public agencies to understand the special requirements for audit coverage of EPA grants, other than construction grants. The audit steps in this guide are intended to provide general insight into the nature and scope of the audit contemplated. This guide is not intended to be a complete manual of procedures, nor is it intended to supplant the auditor's judgement of the work required to meet the audit objectives outlined in this audit guide. The audit procedures contained in this guide may not cover all circumstances or conditions encountered in auditing a particular grant, and similarly not all of the audit procedures will apply to each grant audited. Auditors must use their professional judgement to tailor the procedures to meet conditions at the audit site so that the audit objectives set forth in the guide may be achieved.

1.2 PROGRAM BACKGROUND

EPA was established under Presidential Reorganization Plan No. 3 of 1970. By this Plan, the environmental functions and responsibilities of five different Federal agencies were transferred to EPA. The responsibilities transferred included research, standard-setting, monitoring and enforcement related to all six environmental hazards: air and water pollution, solid waste disposal, radiation, pesticides and noise.

In each of these areas, EPA finances a variety of financial assistance programs. Through grants, EPA provides assistance for:

- *Research Projects.* EPA sponsors research into all types of environmental problems and their correction.
- *Demonstration Projects.* EPA sponsors demonstrations of new and improved methods of handling environmental problems.
- *Program Assistance.* EPA provides a portion of the costs of governmental agencies' operations of environmental programs. Such assistance is available under the EPA's air, water and pesticides programs.
- *Planning Projects.* EPA grants provided a portion of the costs of preparing a water pollution control plan at the basin or regional level. In addition EPA provides financial assistance for solid waste planning.
- *Training Projects.* Through grants, EPA provides a portion of the costs of training personnel for environmental careers.

More complete information on each of the financial assistance programs for which EPA makes grants is contained in Appendix A of this guide.

1.3 AUTHORITY FOR AUDIT

Each of the Public Laws authorizing EPA to make grants provides that EPA shall have the authority to audit and examine the books and records of the parties receiving such financial assistance. Paragraph 30.820 of EPA's Final Grant Regulations (May 8, 1975) provides that each grant will be subjected to final audit.

The EPA Office of Audit is responsible for all audits of EPA grant programs. The Area Audit Manager (see Appendix B) may elect to have an individual audit conducted by his staff, another Federal agency, state or local auditors, or an independent public account. When the Area Audit Manager elects to have the audit performed by an independent public accountant, he will notify the grantee as to which firm will perform the audit. It will be the selected firm's responsibility to contact the grantee to arrange the start of the audit.

1.4 AUDIT STANDARDS

Audits of EPA grants will be made in accordance with the *Standards for Audit of Governmental Organizations, Programs, Activities, and Functions* promulgated by the Comptroller General in 1972. The auditor will not be required to express an opinion as to the efficiency and economy of operations or with respect to program evaluations, He may, however, be requested by the Area Audit Manager to perform certain audit tests related to these aspects and to report the results of his examination.

In performing audits of EPA grants, the auditor is expected to adhere to generally accepted auditing standards. In addition, he should utilize those portions of the American Institute of Certified Public Accountants' (AICPA) industry audit guides considered applicable. Of particular importance is the guide *Audits of State and local Governmental Units.*

1.5 AUDIT OBJECTIVES

The objectives of the audits of grants are:

- to determine whether the management controls exercised by the grantee through its management system, accounting system, procurement system, and property control system are adequate to provide assurance that costs claimed are reasonable, allowable and allocable to the sponsored project under the grant terms and conditions, Federal Management Circulars (FMC's) and applicable EPA regulations; and
- to review operations and report any noncompliance with applicable grant conditions or EPA rules and regulations and, based upon the review, to provide recommendations for improvement.
- to determine whether the costs claimed under the EPA grant are reasonable, allowable, and allocable to the sponsored project.

1.6 MATTERS REQUIRING IMMEDIATE ATTENTION

During the course of the audit, the auditor may encounter suspected fruad, irregularity, or collusion and insufficient evidence or inadequate systems.

1. *Suspected Fraud, Irregularity, or Collusion*

The purpose of audits performed in accordance with this guide is not to detect fraud, although performance of the audits may minimize fraud loss, discourage irregularities, and identify conditions of gross mismanagement. If, during the examination, instances of possible fraud, gross mismanagement, or other irregularities are identified, the auditor will:

- document the situation
- immediately notify the Area Audit Manager of the situation encountered; and
- proceed only in accordance with instructions provided.

2. **Insufficient Evidence or Inadequate Systems**

Auditors are expected to use professional judgment in arriving at conclusions concerning the sufficiency of available supporting evidence. If additional guidance is needed as to the acceptability of certain evidence, the auditor should contact the Area Audit Manager or his designated representative. When insufficient evidence or inadequate systems preclude the reaching of conclusions concerning the reasonableness, allocability, and allowability of costs within a reasonable period of time, the auditor must,

as a minimum:

- document tests and observations to support the auditor's conclusions regarding insufficient evidence or inadequate systems.
- inform the Area Audit Manager by telephone and confirm by letter; and
- cease work until instructions are received.

1.7 QUALITY CONTROL

EPA retains the right to review audit work papers to evaluate the overall quality of the audit. In this regard, EPA may require copies of the audit work papers to be forwarded, along with the completed audit report, to the responsible Area Audit Manager or his designated representative. The audit work papers will be returned to the auditor upon completion of the EPA evaluation. Based on EPA's evaluation, the auditor may have to return to the job site to perform additional work required. In this regard, the auditor should retain the work papers applicable to the audit of any EPA grant or contract for three years after completion of the assignment and submission of the required audit report.

CHAPTER 2: PRELIMINARY PROCEDURES

2.1 PRELIMINARY PLANNING

Once a request for audit is received from EPA grants officials, the Area Audit Manager will obtain and review the grant project file to:

- determine whether a field audit will be performed; and
- make a preliminary determination as to the general scope of audit.

Based on this review, the Audit Manager will assemble an audit planning package for use in determining the scope, schedule and resources needed for the audit. Normally this package will contain the following information:

- Grant number
- Grantee name, address and telephone number
- Total project cost
- Federal share
- Narrative discussion of scope of audit contemplated.

In reviewing the project, the Audit Manager will determine if there are any areas requiring special audit attention. The Manager will thus identify areas for which he requires detailed audit coverage as well as areas requiring little or no coverage. In addition, The Manager may want to expand the audit to cover certain aspects of efficiency, economy, or program effectiveness. Whenever the scope is thus expanded, the Manager will provide the additional audit guidance necessary for appropriate coverage of the expanded areas.

2.2 PREPARING FOR THE AUDIT

In accepting any grant from EPA, the grantee agrees to comply with those conditions or requirements inherent in the award or provided in grant or contract regulations. To audit these grants, the auditor must become thoroughly familiar with those conditions and requirements related to the individual grant. Once the auditor has been selected and the preliminary audit planning has been completed, the Area Audit Manager will provide the auditor with EPA's project files, as well as copies of the latest EPA audit reports concerning the grantee. The auditor should:

- review in detail key grant material. Generally this will include:
- an executed copy of the grant agreement (and any amendments) for each grant included in the scope of the audit; and
- the approved budget for each grant.
- identify, obtain and review those EPA regulations and Federal Management Circulars applicable to the grants being audited; (see Appendix A for reference to EPA regulations)
- identify any special grant conditions requiring audit attention;
- review correspondence contained in the project file for indications of potential problem areas;
- determine whether the project file contains indications of satisfactory grantee

performance. This may be expressed in terms of correspondence accepting the grantee's product or in the form of periodic program evaluation reports; and

- review prior audit reports to identify potential or known problem areas to be examined during the audit.

2.3 ENTRANCE CONFERENCE

After establishment of a mutually agreed upon date for starting the audit, an entrance conference should be held with the grantee. During this conference, the grantee should be advised of the purpose and scope of the audit. The results of the entrance conference should be documented in the audit work papers, and this documentation should include a list of entrance conference attendees.

2.4 INITIAL FIELD AUDIT PROCEDURES

In starting the audit, the auditor should:

- obtain background information on the grantee organization. This may be in the form of charters, bylaws, incorporation documents, or public relations documents which identify the nature of the organization's operations and key employees. In addition, the auditor should obtain copies of the organization's financial reports as well as access to any audit reports issued by the organization's internal or external auditors.
- identify any additional EPA or other Federal grants or contracts being performed by the grantee. In this regard, the auditor will obtain the grant/contract number, the amount of the agreement, the status of the grant/contract, and the Federal agency involved. The auditor should promptly communicate this to the Area Audit Manager so that a decision may be made as to whether the scope of the audit will be expanded to cover these agreements.
- familiarize himself with the grantee's accounting, personnel, procurement, and property management systems as they relate to grant expenditures. In this regard, the auditor should initially obtain information regarding any established policies and procedures governing these activities. He should then perform a limited survey to identify significant weaknesses in the systems as they apply to the EPA grant, utilizing, as a minimum, the survey questionnaire contained in Appendix C of this audit guide. The survey should include sufficient testing of the records to validate the information obtained in the survey.
- reconcile the reported expenditures as identified in the financial status report or final voucher with those amounts shown on the grantee's official accounting records.
- obtain a breakdown of reported costs by program function and/or cost element. The auditor should compare the breakdown with the amounts contained in the grant budget (see *Final Grant Regulations* 30.610).

CHAPTER 3: AUDIT OF COSTS

3.1 BASIC GUIDELINES

Each grant contains reference to those cost principles to be used in evaluating the acceptability of costs. Generally, EPA grants will be subject to one of the following:

- FMC 74-4, Cost Principles for grants and contracts with state and local governments;
- FPR 1-15.2, Cost Principles for grants and contracts with commercial institutions; or
- OSAC-5, DHEW, Guide for grants with nonprofit institutions.

In addition to containing references to the allowability of individual types of costs, these principles contain excellent background information and guidance as to the proper treatment of costs, and the auditor should become thoroughly familiar with the information contained in them.

3.2 APPROACH TO COSTS

In conducting an audit of EPA grants, the auditor will be attempting to reach a conclusion as to the acceptability of *costs claimed* on reimbursement vouchers submitted to EPA on the Reports of Expenditures/Financial Status Reports. When the grantee has actually incurred costs in excess of the amounts claimed, the auditor may not increase the amount of the grantee's claim. He should, however, disclose by means of footnotes the extent of unclaimed costs, that might otherwise be considered allowable.

Under the terms of the grant, EPA's participation in a project is for a limited period. In reviewing project costs, the auditor is evaluating each cost to determine whether it is acceptable as a charge to the EPA project. Costs that are not acceptable will be questioned.

Costs questioned normally fall under one or more of the following categories:

1. *Unallowable costs.* Costs which are specifically unallowable under the terms of the grant or other cost principles cited in the grant or applicable EPA regulations.

2. *Unreasonable costs.* In determining the reasonableness of a given cost, consideration shall be given to:

- Whether the cost is of a type generally recognized as ordinary and necessary for the conduct of the grantee's (contractor's) business or the performance of the contract;
- The restraints or requirements imposed by such factors as generally accepted sound business practices, arm's length bargaining, Federal and State laws and regulations, and grant/contract terms and specifications;
- The action that a prudent businessman would take in the circumstances, considering his responsibilities to the owners of the business, his employees, his customers, the Government, and the public at large; and,
- Significant deviations from the established practices of the grantee/contractor which may unjustifiably increase the grant/contract costs.

The auditor in conducting his examination should be cognizant of costs incurred which indicate to him that they may be excessively high or even unwarranted. In making the determination as to any costs which might be questioned as being unreasonable the auditor would rely on his own judgment. In making these determinations the auditor is not expected to make judgments on technical matters outside of his area of expertise.

3. *Unallocable costs.* In reviewing the allocability of costs, the auditor will be guided by the following criteria:

- A cost is allocable to a particular grant/contract to the extent of benefits received.
- Any cost allocable to a particular project or function may not be shifted to a Federal grant/contract to overcome fund deficiencies, avoid restrictions imposed by law or grant/contract agreements or for other reasons.
- Where an allocation of joint cost will ultimately result in charges to a grant/contract, an indirect cost rate proposal will have to be prepared to justify the equitability of the charge.

4. *Undocumented costs.* Costs for which detailed documentation is not available to show that the costs claimed were in fact incurred under the EPA grant/contract.

5. *Unapproved costs.* Costs for which grant/contract provisions or applicable cost principles require awarding agency approval, but for which the auditor finds no evidence of such approval.

Figure 3-1 contains examples of questioned costs. The designation of a cost as questionable by the auditor does not necessarily mean that the cost will be disallowed. The final determination as to the acceptability of costs will be made by the appropriate EPA grants administration official.

Figure 3-1

EXAMPLES OF UNALLOWABLE COSTS

- Interest on bonds or other financing
- Fines and penalties resulting from violation of Federal, State, and local laws
- Personal injury compensation or damages as a direct result of construction of the project

EXAMPLES OF UNREASONABLE COSTS

- Purchase of a six month's supply of materials during the last month of the grant except under EPA program grants where Federal assistance is obtained on a continuing basis
- Purchase of expensive equipment needed only for a short period when a lease would have been more economical
- Costs for which appropriate evidence is not available that the grantee employed those controls necessary to assure that the price was reasonable

EXAMPLES OF IMPROPERLY ALLOCATED COSTS

- Costs already matched to another Federal program
- Inequitable allocation of indirect costs to the grant
- Costs allocated in total to the grant, which also benefited other grant programs

EXAMPLES OF IMPROPER DOCUMENTATION OF COSTS

- Lack of time and attendance records, invoices, etc.
- Lack of written contracts with consultants and/or subcontractors
- Non-Federal contributions recorded but not documented

EXAMPLES OF COSTS NOT PROPERLY APPROVED BY EPA

- Hire of consultants and/or subcontractors
- Purchase of capital equipment

In reviewing costs, the auditor will be examining total project costs. Costs recorded as the grantee's share and those recorded as EPA's share will be subjected to the same audit procedures and tests for allowability. Costs considered questionable will be treated as a reduction in total costs claimed in determining costs accepted. The percentage of project costs in which EPA is participating, per the grant agreement, will then be applied to total cost accepted. This will show the Federal share earned.

3.3 PAYROLL/FRINGE BENEFITS

1. Objective

The objectives of the audit of payroll and fringe benefits costs are to determine whether:

- employee pay rates and benefits are commensurate with the type of work being performed; and
- total labor and benefit costs charged to the EPA grant/contract are allocable and reasonable.

2. References

- FMC 74-4; Attachment B; B.10
- OASC-5; Appendix I; G.6, G.25
- FPR 1-15.205-6

3. General Audit Procedures

Amounts charged to the EPA grant will be tested to determine that appropriate salary rates were utilized for personnel working under the EPA grant, time charged was properly supported, and fringe benefits claimed represent actual costs to the grantee.

4. Potential Areas Requiring Additional Audit

a. Compensation paid to key officials

In evaluating the reasonableness of compensation paid to owners of closely held corporations, partners, sole proprietors or members of their immediate families, or persons who are contractually committed to acquire a substantial financial interest in the grantee's enterprise, the auditor should determine that such compensation is reasonable for the actual personal services rendered and not a distribution of profits. Compensation is reasonable to the extent that the total amount of compensation paid under the company's established policy conforms generally to compensation paid by other firms of the same size, in the same industry, or in the same geographic area, for similar services. In the administration of this principle, it is recognized that not every compensation case need be subjected in detail to the above tests. Such tests need be applied only to those cases in which a general review reveals amounts or types of compensation which appear unreasonable or otherwise out of line.

The auditor should determine that incentive compensation for management employees, cash bonuses, suggestion awards, and incentive compensation based on production, cost reduction, or efficient performance are paid or accrued pursuant to an agreement entered into in good faith between the grantee and the employees before the services were rendered or pursuant to an established plan followed by the grantee.

For bonuses and incentive compensation paid in stock, the auditor should determine that valuation placed on the stock transferred shall be the fair market value at the time of transfer, determined upon the most objective basis available.

b. Deferred compensation

The auditor should determine that any deferred compensation:

- is for services rendered during the grant period (except past service pension and retirement costs);
- is paid pursuant to an agreement entered into in good faith between the grantee and employees before the services are rendered or pursuant to an established plan followed by the grantee so consistently as to imply, in effect, an agreement to make such payment; and
- is made under a plan subject to approval by the Internal Revenue Service and falls within the criteria and standards of the Internal Revenue Code and the regulations of the Internal Revenue Service.

In determining the cost of deferred compensation allowable under a grant, the auditor should ascertain whether appropriate adjustments have been made for credits or gains, including those arising out of both normal and abnormal employee turnover, or any other contingencies that can result in a forfeiture by employees of such deferred compensation.

The auditor should ascertain whether adjustments to deferred compensation for normal employee turnover have been based on the grantee's experience and unforeseeable prospects. If the grantee can demonstrate that his contributions take into account normal forfeitures, such an adjustment will be unnecessary.

c. Overtime

When the grantee has claimed costs related to overtime, the auditor should:

(1) Determine whether the employee is, under company policy, entitled to receive overtime, did work the overtime hours, and did receive payment. Wherever the individual did work, but did not receive pay, appropriate adjustment should be made to the employee's hourly or daily billing rates.

(2) Review the grantee's rationale for requiring overtime under the EPA project. Where employees are working on more than one project, there could be some question as to which project generated the overtime.

(3) Determine whether necessary justifications for overtime were prepared and submitted for approval, where required under applicable grant terms and conditions or cost principles.

d. Fringe Benefits

When a grantee has computed a fringe benefit rate, the auditor should identify the basis used in computing the rate and determine that those elements making up the fringe benefit pool have not been included as a part of direct labor charges.

To prevent the grantee from over recovering fringe benefit costs, special consideration should be given to the annual or sick leave portion of fringe benefits. In this regard, the auditor should determine whether annual and sick leave costs are claimed based on the accrual or actual leave basis. Where leave costs are claimed on an accrual basis, the auditor should examine the grantee's leave policies and leave administration in detail to determine:

(1) whether there are established annual or sick leave ceilings which could cause employees to lose accrued annual or sick leave

(2) whether employees are actually paid for accrued annual or sick leave upon termination or retirement.

In instances where ceilings prevent employees from utilizing accrued leave or employees do not get reimbursed for annual or sick leave upon termination or retirement, grantees should not be permitted to claim leave cost on an accrual basis. They may never incur the costs. Instead, leave costs should be based on actual leave taken, not leave entitlement.

3.4 SUBAGREEMENTS

1. Objective

The objective of the audit of subagreement costs is to determine whether appropriate controls were exercised to assure that the services were necessary, obtained at a reasonable price, and that the procurement provided for free and open competition.

2. References

- FMC 74-7; Attachment O
- FMC 74-4; Attachment B; C-7
- OASC-5; Appendix I; G.31
- FPR 1-15-205-31

3. General Audit Procedures

The auditor should selectively review the rationale and documentation in support of subagreements to determine that:

- the grantee evaluated his own resources to assure that the services or product could not have been provided in house;
- the services or product was used under the EPA grant;
- the method of procurement was sufficiently competitive (see FMC 74-7);
- procurement techniques utilized by the grantee (competitive procurement or analysis of the composition of costs) were sufficient to obtain a reasonable price;
- the grantee gave consideration to the type of subagreement most appropriate for the services or product obtained. (Fixed price contracts are appropriate when the scope and nature of work can be clearly defined. Where the scope or nature of work is more indefinite, the cost type contract is more appropriate. The cost plus-a-percentage-of-cost and percentage-of-cost type contracts may not be used under EPA grants);
- the nature, scope, time period, and costs were specific in the subagreement;
- the grantee was satisfied with the work performed;
- appropriate EPA approvals were obtained for all subagreements in excess of $10,000.

4. Potential Areas Requiring Additional Audit

The existence of subagreements means that a portion of the project cost records are not available at the grantee's site. The auditor should, therefore, compile a list of the subagreements. This list should identify the parties performing under the subagreement, provide their address and telephone numbers, give a description of the nature of services or products provided, and indicate the type and amount of each subagreement.

a. Fixed price subagreements

Fixed price subagreements normally will not be audited. If these agreements were obtained in such a way as to extablish the reasonableness of price and that the services were needed, the related costs will be considered acceptable.

b. Cost-type subagreements

Cost-type subagreements may require audit. The auditor should determine whether the grantee has audited the subagreements or requested that an audit be performed by the cognizant Federal Audit Agency. Where such action has not been taken, the auditor should furnish the Area Audit Manager with a list of the subagreements. The Manager will decide whether an audit is needed and, if one is needed, who will perform the audit.

The auditor selected to perform the audit should advise the party performing work under the subagreement that the review is being performed for both the grantee and EPA. Thus, any information gathered during the course of the audit will be made available to the grantee as well as to EPA.

If another agency will perform the audit, the Area Audit Manager will initiate the request for audit and provide a copy of the request to the auditor performing the review of the grant. The auditor does not have to wait for the results of an audit requested from another Federal agency; he should prepare the audit report and set aside the requested portions. The audit report should explain that the subagreement is being audited by another audit agency and that the results will be transmitted as soon as received.

If the Area Audit Manager has determined that no other Federal audit agency is cognizant and that the subagreement should be audited, the auditor should make arrangements to audit the accounting records of the subagreement to determine that the costs billed are allowable. The audit steps in this guide applicable to the particular types of costs claimed should be followed, and the auditor should apply these cost criteria which apply to the type of organization receiving the subagreement.

If no audit of the subagreement is considered necessary, the Area Audit Manager will so advise the auditor reviewing the grant. In such cases, the costs claimed under the subcontracts will be considered allowable if the costs were claimed in accordance with subagreement provisions.

3.5 EQUIPMENT, SUPPLIES, AND MATERIAL

1. Objective

The objectives of the audit of equipment, supplies, and material costs are to determine whether:

- such items were needed and used on the sponsored projects; and
- such items were obtained on a competitive basis.

2. References

- FMC 74-4; Attachment B; B.18, C.3
- OASC-5; Appendix I; G-7, G-22, G-45
- FPR 1-15.205.22, 1-15.205-32, 1-15.205-40, 1-15.205-45, 1-15.205-50

3. General Audit Procedures

For selected items the auditor should determine that:

- procurement was made in accordance with normal procedures and that appropriate supporting documentation was maintained;
- items purchased were not already available and were actually utilized under the EPA grant
- these items were acquired through appropriate use of competitive purchasing techniques
- appropriate approvals were obtained for the purchase of capital items; and
- costs related to these capital items properly represent direct rather than indirect charges.

3.6 TRAVEL

1. Objective

The objective of the audit is to determine that the cost of travel is allowable and allocable to the EPA grant.

2. References

- FMC 74-4; Attachment B; B.28
- OASC-5, Appendix I; G.46
- FPR 1-15.205-46

3. General Audit Procedures

The auditor should test travel charges to determine that:

- travel costs were incurred in accordance with the grantee's normal travel policies and amounts do not appear grossly unreasonable as compared to Federal travel policies;
- travel charges are adequately supported by travel vouchers and other documentation;
- travel claimed was applicable to the EPA grant; and
- first-class transportation was not utilized without necessary justification.

3.7 OTHER DIRECT COSTS

1. Objective

The objective of the audit of other direct costs is to determine whether the related costs are allowable and applicable to the EPA grant.

2. References

- FMC 74-4
- OASC-5
- FPR 1-15.205

3. General Audit Procedures

In general, the auditor must determine that:

- the types of expenditures involved were contemplated in the original budget and the expenditures were adequately documented.
- in instances where the grantee has established separate pools for such costs as computer services, reproduction, communications, etc., the methods used to calculate

and distribute such costs are equitable.

- amounts claimed are properly supported as other direct costs and that similar costs are not recovered through indirect costing methods.
- the grantee credits to the Government the applicable portion of any income, rebate, allowance, and other credit relating to any allowable costs received by or accruing to the grantee.
- when applicable, necessary approvals have been obtained from EPA. For example, FMC 74-4 requires the specific approval for inclusion of costs related to the acquisition of data processing equipment.
- such costs are allowable under applicable cost principles.

3.8 INDIRECT COSTS

The indirect costs of a project are those costs not readily identifiable with the project itself but nevertheless incurred by an organization for the joint benefit of the project and other activities carried on by the organization. To recover its indirect costs, an organization must submit an indirect cost proposal showing its methods of determining the portion of indirect costs each project should bear. Once this proposal is reviewed and found to be equitable, the indirect cost rate is approved.

The auditor will be responsible for assuring that the amount of indirect costs claimed on any grant administered by EPA is acceptable.

(1) Grants Awarded by EPA

(a) Grants to Profit-Making Institutions

The grants to profit-making institutions will utilize the indirect cost rate established in the grant as a ceiling rate. This rate must be based on the indirect cost proposal, for the fiscal year preceding the grant award, as audited and negotiated by a Federal agency. The grantee will be expected to prepare indirect cost proposals annually.

- In instances where no such proposals were prepared, any indirect cost claims should be questioned.
- In instances where the indirect cost proposals have been prepared, the auditor will be expected to audit the proposals to establish the acceptability of rates proposed. This audit should be conducted in accordance with the EPA "Audit Guide for Reviewing Indirect Cost Allocation Plans and Rate Proposals." The rates considered allowable by the auditor should be compared with the ceiling rate. Where the audited rate is higher, the ceiling rate should be used in determining the indirect cost applicable to the grant. Where the ceiling rate is higher, the audited rate should be used. Any reduction in indirect costs resulting from this procedure should be treated as costs questioned.

(b) Grants to Other Types of Institutions

It is EPA's policy that indirect costs on all grants to other types of institutions are fixed in the grant. The indirect cost rate should have been computed based on fiscal data applicable to the fiscal year preceding the date of grant award. The rate should have been reviewed, audited, and negotiated by EPA or another Federal agency. In instances where:

- the rate was not based on current proposal, the auditor should question all indirect costs.

- the rate was based on a current proposal but, no review or negotiation of indirect costs has taken place; the auditor should audit the proposal of the applicable period in accordance with EPA's "Audit Guide for Reviewing Indirect Cost Allocation Plans and Rate Proposals" and adjust the grantee's claim to the audited rate.

(2) Grants Awarded by Other Agencies

EPA is administering a few grants awarded by predecessor agencies. Under these grants, indirect costs should be handled on an actual basis. Indirect cost rates should be adjusted up or down to the rates actually experienced. When the auditor encounters such a situation, he shall be guided by the following ground rules.

(a) The auditor may find that EPA or another Federal agency has already audited and negotiated the organization's indirect cost rate. The auditor may use this rate in making a final determination of allowable indirect costs. The auditor should be careful, however, not to increase costs above the amount of the grant award.

(b) In instances where the grantee has claimed indirect costs but has not prepared an indirect cost proposal to justify his rate, any indirect costs claimed should be questioned.

(c) In instances where the indirect cost proposals have been prepared and submitted, but not audited; the auditor will be expected to audit the proposals to establish the acceptability of the rates proposed. This audit should be conducted in accordance with the EPA "Audit Guide for Reviewing Indirect Cost Allocation Plans and Rate Proposals." The rates considered allowable by the auditor should be used in determining allowable indirect costs under grants awarded by EPA's predecessor agencies.

CHAPTER 4: AUDIT OF OTHER MATTERS

During the course of the audit, the auditor will be examining the acceptability of the grantee's controls as they relate to requirements contained in regulations, Federal Management Circulars, and/or the terms of the individual grants. A failure to adhere to grant requirements may result in questioning a portion or all of the grant costs.

In preparing this audit guide, we have examined in detail certain areas that should be reviewed during all grant audits. These are discussed in the following paragraphs.

4.1 PROGRAM ACCOMPLISHMENT

In addition to the basic determinations of allowability, allocability, and reasonableness, an integral part of the audit of EPA grants entails a determination of program accomplishment. Simply stated, the auditor should address himself to the question "Did the government receive what it has paid for?" Essentially this determination is made by reviewing compliance with the terms and conditions of the government agreement. Normally grants set forth certain milestones or objectives to be met during the course of a project. In some instances, the grantee will be expected to submit a report or other product of his work. The auditor should perform certain basic reviews to determine whether the grantee accomplished the desired project. In this regard, the auditor will generally be reviewing records maintained by the grantee, reports prepared for grantee management or EPA, and correspondence between the grantee and EPA. Specific steps necessary to determine program accomplishment will be provided by the Area Audit Manager on a project-by-project basis.

4.2 CASH

Payments to EPA grantees are made in three ways: advance payment, after-the-fact reimbursement, and National Institute of Health (NIH) letter-of-credit or (NIH) advance payment. Depending on the method used, steps necessary to audit cash will vary.

1. Advance Payment

This method is currently used on all EPA grants, other than construction grants (see Final Grant Regulations, 40 CFR 30.615). In auditing cash when advance payment has been made, the auditor should:

- relate the advances to the grantee's expenditures to determine if cash was advanced prematurely;
- determine if EPA received credit for any interest earned by the grantee on funds advanced by EPA (unless the grantee is a state governmental organization, any interest must be returned to EPA); and
- after reviewing the acceptability of costs claimed, compute the amount due to the grantee.

2. After-the-Fact Reimbursement

This method is used for payment on older research and development grants, and demonstration grants. In auditing cash when after-the-fact reimbursement has been made, the auditor should:

- determine that vouchers were submitted based on the costs recorded on the grantee's accounting records;
- determine the payments received under these vouchers; and

- after reviewing the acceptability of costs claimed, compute the amount due the government or the grantee.

3. NIH Letter-of-Credit or Advanced Payment

Older EPA air or solid waste grants were financed in this manner. However, EPA stopped using this method of financing in July 1973. Since the NIH letter-of-credit or advance payment methods do not permit the identification of cash payments to individual grants, the auditor should make no attempt to try to determine the amount of cash paid under the grant.

4. EPA Letter-of-Credit

This Section Reserved.

4.3 UNPAID OBLIGATIONS AND ENCUMBRANCES

In the audit of the grantee's unpaid obligations and/or encumbrances, a determination must be made as to whether the obligation or encumbrance was valid on the last day of the grant performance period. For the obligation or encumbrance to be considered to have been valid on the last day of the grant performance period, the grantee must have incurred a legal liability (for which payment was not made) to pay for goods or services utilized during the grant period. In regard to costs claimed in this category, the auditor should:

- ascertain that the amounts claimed as unpaid obligations represented orders placed, contracts and grants awarded, services received or other similar transactions as of the end of the grant period.
- determine that the goods or services procured were received during the grant period and in time to benefit the grant.
- ascertain that the grantee's accounting procedures provide for appropriate adjustments to reported project costs to reflect any difference resulting between unpaid obligations and actual costs incurred when paid.
- determine that unpaid obligations are liquidated on a timely basis. When obligations are not promptly liquidated, the auditor should comment on this condition in the audit report. Unpaid obligations outstanding in excess of one year should be questioned if no valid reason exists as to why payment has not been made.

4.4 GRANT RELATED INCOME

Grant related income represents earnings by the grantee realized from grant supported activities. Such earnings exclude interest income earned by states and any agency or instrumentality of a state on grant-in-aid funds. All other grantees, however, are required to return interest earned on advances of grant-in-aid funds to the Federal Government. Examples of income for which a grantee would be held accountable are income from service fees, proceeds from the sale or disposition of real and personal property, usage or rental fees, sale of commodities, royalties on patents and copyrights, and any other type of income generated from charges which are directly related to a principal project objective. Revenue generated, however, under the governing powers of a State or local government which may have been generated without grant support is not considered grant related income. Such revenue shall include fines or penalties levied under judicial or penal power and used as a means to enforce laws; license or permit fees for the purpose of regulation; special assessments to abate nuisances and public irritations; inspection fees; and taxes. See 40 CFR 30.620.

In auditing EPA grants, the auditor should:

- review the terms and conditions of the grant to determine if there are any special conditions relating to the use and/or disposition of grant related income;
- determine whether the grantee accounts for such program income in a manner that readily identifies it to the program;
- determine whether royalties received from copyrights and patents produced under the grant during the grant period have been either added to the funds committed to the program or deducted from total allowable project costs for determining the net costs on which the Federal share of costs will be based;
- determine for royalties received in excess of $200 annually after completion of the grant, that the grantee has returned to EPA its share of royalties computed on the same ratio basis as the Federal share of the total project cost;
- determine that all other program income earned during the grant period has either been added to funds committed to the project by the grantor and grantee and used to further eligible program objectives or deducted from the total project cost for the purpose of determining the net costs on which the Federal share of costs will be based; and
- determine if the grant agreement specifically earmarks for a grant project certain revenues (such as taxes, special assessments, levies, fines), that the grantee has recorded the receipt and expenditure of these revenues as a part of grant project transactions.

4.5 PROPERTY MANAGEMENT

The scope of audit of property management will vary significantly based on the type of audit performed. When the audit is a final audit and EPA has no continuing work with the grantee, the auditor should limit himself to determining that property was reported as required and that appropriate disposition action was taken. However, review of the adequacy of grantee property management systems should be emphasized when auditing grants, such as those for air and water pollution control programs, which have been and will be funded year after year.

The most important facets of grantee property management are set forth in EPA's Final Grant Regulations, 40 CFR 30.810. In evaluating a grantee's property management system, the auditor should:

a. determine whether the grantee maintains property records to account for equipment purchased for use in EPA grant programs.

b. review the property records maintained and consider whether they contain necessary information, such as:

- the manufacturer's serial number or other identification number, the acquisition date, the cost, the source of acquisition, percentage of EPA equity, ultimate disposition data (including sales price and the method used to determine fair market value), and the location, use, and condition of the property.
- a description of the property.

c. ascertain whether the grantee takes a physical inventory of grant equipment and reconciles the results with property records at least once every two years to verify the existence, current utilization and continued need for the property.

d. determine whether:

- differences between the property-record balances and physical balances are investigated and fully documented;
- property records are adjusted as a result of the inventory;
- the grantee takes action to dispose of an item of equipment if it is no longer needed; and
- periodic inspections and routine maintenance are performed on equipment.

e. select, from the property records, a sample of equipment items purchased for EPA grants and physically inventory the equipment to see whether the system is adequate in terms of c above.

f. determine whether the grantee has established procedures for disposing of equipment that is no longer necessary. If he has, are the procedures adequate to ensure that EPA's equity is protected when property is sold or used as a trade-in? If the grantee has disposed of grant equipment, the auditor should ascertain whether written approval was obtained from EPA prior to the disposition and whether the net proceeds of the sale or fair market value at the time of sale, whichever was greater, were paid to EPA in proportion to EPA's participation in the grant project.

4.6 FINANCIAL AND PROGRESS REPORTS

In accordance with *Final Grant Regulations* 40 CFR 30.635, grantees are required to prepare and submit to EPA an acceptable final report and such progress, financial, and other reports relating to the conduct and results of the approved project as may be specified in the grant agreement. As might be expected, the content and frequency of these reports vary from grant to grant. Reporting requirements for grantees to report financial information to Federal agencies have been standardized by FMC 74-7, Attachment H. For some older grants, the financial reports will be different for each type.

During the final audit of grants, the auditor will be most concerned with the financial expenditure report which the grantee is required to submit within 90 days of the end of the budget period. This report is the grantee's official claim for expenditures incurred during the grant budget period. The costs claimed on this document are what the auditor must verify during the audit. A final audit cannot be completed until a grantee has submitted a final financial expenditure report for the grant budget period.

For progress and other reports, the auditor should review the grant agreement or regulations to determine the reporting requirement for the grant being audited. An evaluation will also have to be made to determine whether (1) the grantee submitted the required reports and (2) EPA was satisfied with the reports. The auditor should in the course of his audit be alert for indications that information contained in these reports was incorrect or invalid.

4.7 PROGRAMS REQUIRING SPECIAL COMPLIANCE COVERAGE

1. Air Program Grants

In auditing air program grants (see EPA Regulations, 40 CFR 35.530), the auditor should determine that the sum of non-Federal recurrent expenditures made by the grantee in the budget period for which the grant was awarded is equal to or greater than the sum of the grantee's recurrent expenditures during the fiscal year immediately preceding the beginning of the current budget period. Recurrent expenditures are those expenditures not considered nonrecurrent as defined by 40 CFR 35.501-8.

In some instances, prior to Fiscal Year 1973, EPA designated a certain amount of the total non-Federal program budget as nonmatchable. This amount is stipulated on the grant award document. In determining total allowable costs eligible for EPA participation, the nonmatchable non-Federal costs should be excluded.

The auditor should determine that the matchable non-Federal recurrent costs of the program are not less in any year than the total non-Federal recurrent expenditures were for the applicant's air pollution control program in the applicant's fiscal year immediately preceding the beginning of the support period. (The support period is identified in the grant award.)

2. Water Program Grants

In auditing water program grants (see *EPA Interim Regulations* 40 CFR 35.559-6), the auditor should determine that recurrent non-Federal funds expended by the grantee during the fiscal year in carrying out its water pollution control program as accepted by audit, are not less than the recurrent non-Federal expenditures made during Fiscal Year 1971 or the first year of Federal support, if such Federal support was initiated subsequent to the fiscal year ending June 30, 1971. EPA Office of Audit will provide the Fiscal Year 1971 expenditures that should be used as the base. When the grantee did not distinguish between expenditures under the incentive grant and basic grant, the auditor should determine whether the Fiscal Year 1971 base has been met by performing the following calculation:

Total allowable expenditures per audit	$
Less: EPA base grant	_____
EPA incentive grant	_____
Non-Federal expenditures	$_____
Non-Federal Expenditures in Base year	$_____

EPA awards incentive grants to fund key programs identified by the EPA annual guidance. Generally, the state or interstate agency commits to produce certain outputs in those key areas for which incentive funds have been provided. The auditor should determine, by review of EPA program evaluations, that programmed outputs have been completed or substantially completed. In addition, the auditor should determine if EPA made any adjustments to incentive grants as a result of the grantee's failure to substantially produce those outputs programmed.

4.8 MATCHING SHARE

Generally, program funding will be provided by both EPA and its grantees. EPA *Final Grant Regulations*, 40 CFR 30.720 require mandatory cost sharing for all projects for which EPA grants are awarded. Except as required by statute, contributions made by the grantee can be no less than 5 percent of the allowable actual project costs. Contributions (non-Federal matching share) from the grantee may consist of direct, in-kind contributions (see FMC 74-7, Attachment F), and allowable indirect costs. For grants awarded by EPA, the cost sharing to be provided by grantees will vary depending on the type of grant program.

In performing the audit of project costs as described in Chapter 3: *Audit of Costs*, the auditor will be reviewing both the grantee's and EPA's portion of the project. In reviewing the grantee's portion, the auditor should ascertain the source of the non-Federal matching share. Unless specifically authorized by law, expenditures incurred with Federal funds may not be considered a part of the non-Federal matching share.

In addition, the auditor should be alert for instances where the non-Federal matching share for the program under audit has been included as a matching share on any other Federally assisted program.

When volunteer services have been claimed as in-kind contributions, the auditor should determine whether:

- volunteer services were provided to accomplish a normal part of the project;
- documentation has been maintained to support the number of hours charged to the grant and the type of service provided;
- rates charged are consistent with the regular rates paid for similar work in other activities;
- rates charged for services required for Federally assisted activities and not found in the other activities of the grantee are consistent with those paid for similar work in the labor market in which the grantee competes for the kind of services involved; and
- rates charged for services furnished by an employer other than the grantee are valued at the employee's regular rate of pay (exclusive of fringe benefits and overhead cost) provided that the services are in the same skill for which the employee is normally paid.

In addition, the auditor should determine whether the prices assessed to contributed materials are not more than the cost of the materials to the donor or current market prices, whichever is less, at the time they are charged to the project.

The auditor should determine that the value of donated equipment or buildings was based on the donor's cost less depreciation or the current market price of similar property, whichever is less.

When land or use of space has been claimed as an in-kind contribution, the auditor should determine whether the value charged has been established by an independent appraiser (i.e., private realty firm or General Services Administration representatives) and certified by the responsible official of the grantee.

Finally, the auditor should determine whether the other charges claimed as in-kind contributions were incurred specifically for and in direct benefit to the grant program and were adequately supported and permissible under the law.

4.9 COMPUTATION OF FEDERAL SHARE

The Federal share for any given grant can be defined as the percentage of total grant expenditures in which EPA participates. This participation is usually in the form of Federal funds awarded to a grantee, however, it could include some other form of contribution to a grant program, such as personnel, equipment, or services, paid for by EPA and provided to the grantee. The maximum percentage of Federal participation in a particular type of grant usually can be found in the Federal legislation under which the grant was authorized. The maximum Federal share allowed by law, however, is not necessarily the percentage which a grantee is authorized to receive. Accordingly, the auditor will have to determine what the Federal share is for the particular grant being audited. In the case of grants where the Federal share is set forth in the grant agreement (award), the determination will be relatively easy. The auditor will only have to determine that the Federal share stipulated is the same as or less than the maximum share allowed by law. However, the auditor will encounter a number of grants where the Federal share is not stipulated. In such instances, the auditor will have to calculate the Federal share.[1] To make this calculation, the auditor should first obtain a copy of the most recent grant award document for the grant being audited. Using the information on the award document, the auditor should perform the following Federal share computation:

CHAPTER 5: EXIT CONFERENCE

Through the course of the audit, the auditors are expected to discuss deficiencies disclosed during audit, their effect, and possible corrective actions with responsible officials of the audited parties. The primary purpose of these discussions is to ensure that the audited parties had an opportunity to provide additional data with respect to the problem areas identified during audit.

5.1 For audits with no findings or audits without significant findings the auditor should notify the Area Audit Manager and then hold an exit conference with the audited party (at the site or by telephone). When the audited party is a subcontractor, a separate or joint exit conference may be held with the grantee and the subcontractor. If the audited parties desire to provide written comments with respect to matters raised in the audit, they should be furnished a copy of the draft report and afforded the opportunity to provide written comments.

5.2 For audits with significant findings the auditor should initially discuss the findings with the Area Audit Manager by telephone. The auditor should then hold a preliminary exit conference with the audited party to discuss the factual information disclosed during the audit. It should be emphasized that the audit results and findings are tentative at that point, and that they will be included in a draft report forwarded to the audited party for written comment.

The auditor should prepare his draft audit report, highlighting the costs considered unallowable and other deficiencies disclosed during the audit. The Area Audit Manager should be promptly furnished a preliminary copy of the draft report. If after reviewing the draft report, the Area Audit Manager agrees that the deficiencies are significant, he will meet with the responsible EPA program officials to brief them of the situation. In addition he shall require that the grantee and other audited parties (such as those performing under subagreements) be furnished a copy of the draft audit findings and conclusions to enable review and written comment prior to the exit conference.

After receipt of written comments from the audited parties, the auditor will conduct an exit conference with each of the responsible parties involved. Thus, exit conferences must be held with the grantee and other parties having subagreements whose operations and/or costs were audited.

5.3 The auditor's workpapers shall contain the name of the auditor who conducted the exit conference, the names and positions of grantee representatives, details of the matters discussed, and a summary of the reactions of the audited parties.

A synopsis of the audited parties reactions to the conclusions and findings will be included in the section of the audit report entitled, "Comments on Compliance, Performance, and Internal Controls." When written comments are obtained, they may be included as an attachment to the report. The auditor may also include any rebuttal considered appropriate in light of the audited parties comments.

CHAPTER 6: THE AUDIT REPORT

6.1 INTRODUCTION

Audits of EPA grants may result in findings and recommendations concerning costs questioned or deficiencies in the administration of the grant. For effective administration of the grant program, it is imperative that audit reports contain all findings, observations, conclusions, and recommendations resulting from the audit.

6.2 CONTENT AND FORMAT OF AUDITORS' REPORT

The audit report will be prepared in accordance with the following instructions and in the formats shown in the Example Accountant's Reports and Exhibits and Schedules contained at the end of this chapter.

1. Scope Paragraph

a. The scope paragraph will identify the grant audited and the period audited.

b. The scope paragraph will also include a statement that the examination was made in accordance with the EPA "Audit Guide for EPA Grants (Other Than Construction Grants)" and the GAO "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions." If conditions were encountered which preclude the inclusion of such a statement, an appropriate statement will be prepared explaining the nature of conditions which required a deviation.

2. Opinion

The report will contain an opinion as to the costs claimed under the EPA grant. Based on the review of the reasonableness, allowability, and allocability of costs claimed in conjunction with grant terms and conditions and applicable Federal regulations, the auditor will classify costs as "accepted" or "questioned" in a separate schedule in the report.

3. Comments on Compliance, Performance, and Internal Controls

The report will include a separate section relating to the compliance, performance and internal control reviews made during the examination. The report should include a discussion of any deficiencies identified during the course of the audit. In addition, the report must contain comments as to the adequacy of the accounting system and procurement system.

6.3 PRESENTING THE FINDINGS

Audit findings, whether they relate to costs questioned or grant administration procedures, will be presented in sufficient written detail to ensure that report recipients may readily:

- understand the finding;
- understand the basis for the finding;
- grasp the significance of findings not directly related to the costs questioned; and
- include management improvement recommendations as applicable.

6.4 AUDITOR'S REPORT ON SUBAGREEMENT COSTS

Findings and recommendations concerning costs questioned or deficiencies disclosed in the audit of subagreement costs will be reported on in a separate Schedule.

EXAMPLE AUDITOR'S REPORTS

EXAMPLE AUDITOR'S REPORT

Area Audit Manager
Office of Audit
Environmental Protection Agency
Any City, U.S.A.

(Scope)

We have examined the statement of costs claimed (Exhibit A) by the City of Anywhere, U.S.A. under EPA Grant No. XXXX for the period (month, day, year) to (month, day, year). Our examination was made in accordance with the "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" the "Audit Guide for EPA Grants (Other Than Construction Grants)" issued in February 1976 by EPA, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As part of our examination, the allowability of costs claimed under the Grant was determined in accordance with the provisions of the Grant and applicable Federal regulations. Schedule A-I sets forth the costs which we questioned in this regard and includes an explanation of the reason such costs were questioned.

. . . . . .

(opinion)

In our opinion subject to the effects, if any, on Exhibit A of the ultimate resolution by the Environmental Protection Agency of the questionable expenditures referred to in the preceding paragraph, Exhibit A presents fairly the financial information contained therein in accordance with the financial provisions of the Grant and generally accepted accounting principles.

. . . . . .

(Transition Paragraph)

In addition, in connection with our examination of the statement of costs claimed, we have reviewed the Grantee's system of internal control and compliance with provisions of the Grant and applicable Federal regulations. Our report thereon appears as Exhibit B.

This report is intended for use in connection with the grant to which it refers and should not be used for any other purpose.

_____
DATE

_____
SIGNATURE

EXHIBIT A

City of Anywhere, U.S.A.
Statement of Costs Claimed Under EPA Grant No. XXXX
For the Period (month, day, year) Through (month, day, year)

	Costs Claimed
Personnel	$1,225,373
Indirect Costs	122,537
Equipment	368,848
Subcontracts	94,473
TOTAL COSTS	$1,811,231
FEDERAL SHARE: 44 Percent	$ 796,941

EPA Grant No. XXXX was awarded to the City of Anywhere, U.S.A. on (month, day, year). The grant provided for ". . . . . .". Work under the grant began on (month, day, year) and was completed (month, day, year). See Schedule A-I through A-3 for costs accepted and questioned during the audit.

City of Anywhere, U.S.A.
EPA Grant No. XXXX
Statement of Costs Claimed, Accepted and Questioned
For the Period (month, day, year) Through (month, day, year)

Description	*Costs Claimed*	*Audit Recommendation Costs Accepted*	*Costs Questioned*	*Reference Notes*
Personnel	$1,225,373	$1,225,373	$ -0-	
Indirect Costs	122,537	-0-	122,537	1
Equipment	368,848	291,196	77,652	2
Subcontracts	94,473	86,770	7,703	3
Total Costs	$1,811,231	$1,603,339	$207,892	
Federal Share - 44 Percent	$ 796,941	$ 705,469	$ 91,472	
Federal Funds Provided		$ 814,000		
Amount due to Government or Grantee		$ 108,531		

Reference Notes

1. The 10 percent indirect cost rate included in the grant was based on an indirect cost rate proposal prepared, audited and negotiated with the Department of Health, Education and Welfare for FY 1969. Since that date, the City had not prepared any indirect cost proposals. The *DHEW Guide for Local Government Institutions* required local grantees to prepare indirect cost proposals annually. Such proposals should be retained for future audit. Since the City had prepared no such proposals, it has not complied with Federal requirements and accordingly is not entitled to indirect costs.

Grantee officials indicated that they were unaware of the requirement to prepare indirect cost proposals annually.

2. For an explanation of the amounts questioned, see comments included in property management section of the comments on Compliance, Performance, and Internal Controls. Exhibit B.

3. Amounts accepted and questioned were based on an audit of the subcontractor's records. See Schedule A-2.

XYZ Corporation
Subcontract XXXX Under EPA Grant No. XXXX
Statement of Costs Claimed, Accepted, and Questioned
For the Period (month, day, year) Through (month, day, year)

Description	*Costs Claimed*	*Audit Recommendation* *Costs Accepted*	*Costs Questioned*	*Reference Notes*
Personnel	$48,712	$45,797	$2,915	Schedule A-3
Fringe Benefits	13,152	10,067	3,085	1
Indirect Costs	20,859	19,620	1,239	2
Travel	5,000	4,536	464	3
Total Costs	$87,723	$80,020	$7,703	
Fee	6,750	6,750	-0-	
Total Costs Plus Fixed Fee	$94,473	$86,770	$7,703	
Funds Provided		$94,473		
Amount Due Grantee		$ 7,703		

Reference Notes

1. The Corporation claimed fringe benefits at a rate of 27 percent of direct payroll costs. This rate covered vacation, sick leave, holidays, and the company's portion of payroll taxes. In analyzing this rate, we noted that the company included the 13 days of sick leave accrued each year. Since Corporation employees are not paid for sick leave unless it is taken, the accrual does not represent an actual cost. Accordingly, we adjusted the fringe benefit rate by removing the accrual and adding in the actual sick leave taken. This reduced the Corporation's fringe benefit rate to 22 percent. We then calculated allowable fringe benefits as follows:

Claimed: 27 percent of $48,712	$13,152
Accepted: 22 percent of $45,761*	10,067
Questioned	$ 3,085

* Amount of accepted personnel costs.

Corporation officials agreed with the adjustment to the fringe benefit rates.

2. Indirect costs were claimed at the fixed rate of 42 percent of direct labor included in the subcontract. Amounts questioned were computed as follows:

Claimed: 42 percent of $48,712	$20,459
Accepted: 42 percent of $45,761*	19,220
Questioned	$1,239

* Accepted personnel costs

3. The Corporation's administrative procedures provide a per diem rate of $25 for overnight travel. In several instances, travelers were reimbursed for actual subsistence expense which exceeded the per diem allowance. The subsistence costs in excess of the per diem are unallowable in that the costs were not incurred in accordance with the Corporation's normal practices. The total of $464 of unallowable travel costs were charged to the EPA subcontract.

Details of the unallowable claims are shown as follows:

Employee	Date of Trip	No. of Days	Subsistence	Maximum Using Per Diem	Unallowable Travel Cost
A	May 1-5, 1973	4¾	$166.82	$118.75	$ 48.07
B	May 24-30, 1973	6	382.54	150.00	232.54
C	Mar 20-25, 1974	5½	291.66	137.50	154.16
D	Mar 14-16, 1974	2¼	85.70	56.25	29.45
Total			$926.72	$462.50	$464.22

Corporation officials told us that the maximum per diem was not applied because trips were made to high cost areas.

XYZ Corporation
Subcontract XXXX Under EPA Grant No. XXXX
Analysis of Payroll Costs

Individual	Payroll Costs Claimed	Payroll Costs Accepted	Payroll Costs Questioned	Reference Notes
A	$14,897	$13,428	$1,469	1
B	14,911	14,430	481	2
C	11,043	10,225	818	3
D	3,199	3,052	147	4
E	3,257	3,257	-0-	
F	1,405	1,405	-0-	
Total	$48,712	$45,797	$2,915	

Reference Notes

1. Mr. A was employed full time at a salary of $10,500 per annum. Mr. A is a professional employee who receives no overtime. His salary was charged to the subcontract at $5.05 an hour, $10,500 ÷ 2080 hours. Our analysis of Mr. A's salary claims for FY 1973 and FY 1974 are as follows:

FY 1973		
Claimed: 2,350 Hours @ $5.05/Hr.,	$11,867	
Accepted: Total Salary Paid Mr. A	10,500	
FY 1973 Questioned		$1,367
FY 1974		
Claimed: 600 Hours @ $5.05/Hr.,	$3,030	
Accepted: During 1974 Mr. A worked 2,150 hours, by dividing 2,150 hours into Mr. A's salary, $10,500, we computed an actual salary of $4.88/hr - 600 Hours @ $4.88/Hr.,	2,928	
FY 1974 Questioned		$ 102
Total Questioned		$1,469

2. In FY 1973, Mr. B's time records showed only 1,450 hours spent on the subcontract. We have questioned the 100 hours claimed in excess of that amount using the hourly salary rate claimed by the subcontractor.

100 Hours @ $4.81/Hr., $ 481

3. In FY 1974, Mr. C's time records showed only 1,300 hours spent on the subcontract. We have questioned the 200 hours claimed in excess of that amount using the hourly salary rate claimed by the subcontractor.

200 Hours @ $4.09/Hr., $ 818

4. Mr. D was employed full time at a salary of $9,500 per annum. Mr. D is a professional employee who receives no overtime. His salary was charged to the subcontract at $4.57 an hour, $9,500 ÷ 2080 hours. Our analysis of Mr. D's salary claims are as follows:

FY 1973		
Claimed: 700 hours @ $4.57/Hr.,	$3,199	
Accepted: During 1973 Mr. D worked 2180 hours, by dividing 2180 hours into Mr. D's salary, $9,500, we computed an actual salary of $4.36/hr. - 700 hours @ $4.36/Hr.,	3,052	
Questioned		$ 147

Corporation officials indicated that Mr. A and Mr. D had put in extra time and that they did intend to pay them for this time. They agreed however that the claims for Mr. B and Mr. C had inadvertently been overstated.

(While the Corporation may have intended to pay Mr. A and Mr. D for their overtime, no action had been taken to do so. There were no accruals of other liabilities established to indicate that payment would be made.)

CITY OF ANYWHERE, U.S.A.
EPA GRANT NO. XXXXX

COMMENTS ON COMPLIANCE, PERFORMANCE, AND INTERNAL CONTROLS

As part of our examination, we reviewed and tested the grantee's system of internal accounting controls to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards the purpose of such evaluation is to establish a basis for reliance thereon in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial reports. The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the costs of a system of internal accounting controls should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting controls. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting controls to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

The *Audit Guide for EPA Grants (Other Than Construction Grants)* issued February 1976 by the Environmental Protection Agency requires a review and evaluation of the adequacy of the accounting system and internal controls to safeguard assets, check the accuracy and reliability of the accounting data, promote operating efficiency, and encourage compliance with prescribed management policies and such additional fiscal, accounting, and administrative requirements as EPA may establish. We understand that procedures in conformity with the criteria referred to in the aforementioned Audit Guide are considered by EPA to be adequate for its purposes in accordance with the Audit Guide and that procedures that are not in conformity therewith indicate some inadequacy for such purposes. Based on this understanding and on our study, we believe that the City's procedures were inadequate for the purposes of EPA because of the conditions described below, which we believe are material weaknesses in relation to the grant to which this report refers. In addition to such weaknesses, other conditions which we believe are not in conformity with the criteria referred to above are described on the following pages.

GRANTEE'S PERFORMANCE

In June 19XX, EPA terminated this grant. The close-out report prepared by program officials stated:

> "Because of the poor performance record and because continuation of this program did not support the immediate objectives of the FY 19XX program, we determined that we could not justify continuation of this program. It was decided to inform the grantee that the project would be terminated and that a final report should be submitted documenting all data and progress to date.
>
> "This office requested that the grantee submit a final technical report including the Phase I interim report updated to include a description of all field work conducted and data collected. The Phase I report, as submitted, covers project planning and preliminary laboratory analysis in preparation for the field studies. Record-keeping and reporting on the field activities is totally inadequate. It appears that with the exception of the Phase I report the grantee dumped out his files, correspondences and all, and bound them with a cover titled final report. Unfortunately, adequate technical records of the field work are not believed to exist and personnel connected with the project left the grantee's organization before or within several weeks after the 'Final Report' was submitted. It is recommended that the 'Final Report' not be published."

Since the EPA grant was awarded to accomplish specific objectives, the acceptability of the work performed becomes critical in the determination of whether or not the grantee has earned his grant. In this instance, the program official's close-out report raised considerable doubt as to the acceptability of work performed. The report did not, however, indicate whether the grantee's "Final Report" was acceptable or sufficient competent work was performed by the grantee to earn the total EPA grant.

Recommendation: We recommend that EPA obtain a determination as to the acceptability of the grantee's work under this grant from responsible program officials prior to closing out the grant. If EPA decides that the work was not acceptable, they should establish the value of work actually performed.

GRANTEE'S ACCOUNTING SYSTEM

Several improvements to the accounting system are necessary in order for it to be considered adequate. Specifically, these are the maintenance of time and attendance records, and initiation of a procedure to provide an appropriate review and authorizing signature on all "memo invoices" forwarded to the accounting division for payment.

There were no formal procedures for maintenance of time and attendance records at the time of our audit. Even though the personnel working at the Agency are employed solely for grant work, a record of time and attendance is necessary for annual and sick leave purposes and as a matter of good business practice.

The personnel working under the grant were hired as independent consultants. As such, a "memo invoice" was prepared for each employee every pay period by the administrative assistant. These "memo invoices" were then forwarded to the accounting division where individual pay checks were prepared and the expenditures recorded on the accounting records. At the time of our audit, there was no procedure in effect for a review of these invoices, or an authorizing signature by the Administrator of the Agency. As a result, the administrative assistant was preparing the documentation for payment of all pay checks, including her own, as well as other miscellaneous payments, and the accounting division made payment without further verification. In order to ensure proper internal control and

protect all employees involved, "memo invoices" should be reviewed by the Administrator and an authorizing signature affixed, prior to payment.

Recommendation: We recommend that the grantee be required to implement procedures to assure that time and attendance records are maintained to strengthen internal controls over processing of "memo invoices."

Grantee's Comments: Grantee officials indicated a willingness to make the suggested changes.

GRANTEE'S PROCUREMENT SYSTEM

The City did not go through a competitive selection process in hiring their subcontractor. Instead, they simply hired the XYZ Corporation with whom they had done previous business. In addition, no reviews were made to determine whether the $100,000 cost proposed by the Corporation under their cost plus fixed fee contract was reasonable. Thus, the procurement was not made in accordance with FMC 74-7.

Recommendation: We recommend that the grantee be informed of the necessity of adhering to the procurement requirements contained in FMC 74-7. In this regard, they should be made aware that in the future the failure to adhere to such requirements may result in the total costs of subcontracts being disallowed.

Grantee's Comments: Grantee officials indicated that they would request a copy of FMC 74-7 and assure the adequacy of their procurement methods.

GRANTEE'S PROPERTY MANAGEMENT

At the termination of the grant, the grantee did not properly account for $368,848 of equipment purchased with project funds.

On September 21, 19XX, EPA's Grants Administration Division sent a letter to the grantee concerning the actions needed with respect to the termination of the project. The letter stated:

> "In accordance with Agency Interim Grants Regulations, you are required to submit to this office . . . a listing of all items of equipment acquired with grants funds with an acquisition cost of $300 or more and having a useful life of more than one year. This listing should include a complete description of the equipment, original date of purchase, original cost, an estimate of the current value and condition as well as your recommendation as to the disposition of each item of equipment. A negative report would aid in closing out your project if there are no applicable equipment items."

On November 12, 19XX, responsible representatives of the grantee responded that:

> "To the best of my knowledge, there is nothing on inventory that would meet the requirements of your letter of September 21."

In reviewing the City's accounting records, we found, however, that this response was incorrect. As shown on Exhibit B, the City had actually acquired 14 such pieces of equipment with $368,848 of project funds. At the time of our review they had already disposed of 11 pieces of the equipment. In this regard we noted that one piece of equipment had been scrapped; three pieces of equipment had been sold for $3,275; and seven pieces of equipment valued at $62,376 have been traded in on new equipment.

By relating EPA's portion of the project costs to the total project costs, we determined that EPA provided 44 percent of the project costs. Thus, EPA's interest in the property, as computed in accordance with Paragraph 3c of FMC Circular 74-7 would be 44 percent of the equipment's current fair market value of $77,652.

Recommendation: We recommend that EPA take appropriate action to recover the Federal share of the fair market value of the equipment purchased with project funds.

Grantees Comments: We discussed this matter with representatives of the grantee who indicated that they had misinterpreted GAD's letter and actually believed that the listing of equipment was to be furnished to the auditor at the time of audit. In addition, they pointed out that the equipment still on hand, as well as the equipment acquired under the trade-in, was being used at other municipal landfills.

SUBCONTRACTOR'S PERFORMANCE

The Corporation completed its work and submitted its final report to the City of Anywhere, U.S.A. on May 15, XXXX. According to correspondence, City officials accepted this report and thanked the Corporation for its excellent work.

SUBCONTRACTOR'S ACCOUNTING SYSTEM

Several improvements in the Corporation's accounting system are needed in order for it to be considered fully adequate.

The Corporation must establish procedures to adjust the payroll billing rates to reflect the actual cost of work performed. When professional employees are not paid for overtime hours, the salary charges should be computed by dividing the employees salary by the hours actually worked.

Improved reconciliation procedures are needed to assure that salary charges are based upon labor distribution records which tie with the Corporation's payroll. This will help prevent unsupported or inappropriate salary charges.

In computing its fringe benefits rate, the Corporation should include only the costs of sick leave actually expended. This will help prevent the over-recovery of fringe benefits costs.

Recommendation: We recommend that the contractor implement procedures to assure that:

(1) Salary charges are based on actual salary costs divided by actual hours worked;

(2) salary costs are properly supported by appropriate time records; and

(3) fringe benefits rates be computed exclusive of accrued sick leave.

Subcontractor's Comments: Subcontractor officials gave no indication as to whether or not they would take the required corrective actions.

Grantee's Comments: The grantee concurred with the audit finding and recommendation.

SUBCONTRACTOR'S PROCUREMENT SYSTEM

Since no items were purchased under this subcontract, no review was made of the Corporation's procurement system.

SUBCONTRACTOR'S PROPERTY MANAGEMENT

Since no equipment has been purchased under Federal grants or contracts, no review was made of the Corporation's property management system.

EXAMPLE AUDITOR'S REPORT

Area Audit Manager
Office of Audit
Environmental Protection Agency
Any City, U.S.A.

(Scope)

We have examined the statement of costs claimed (Exhibit A) by the City of Anywhere, U.S.A. under EPA Air Program Grant No. XXXX for the period (month, day, year) to (month, day, year). Our examination was made in accordance with the "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" and "Audit Guide for EPA Grants (Other Than Construction Grants)" issued February 1976 by EPA, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As part of our examination, the allowability of costs claimed under the Grant was determined in accordance with the provisions of the Grant and applicable Federal regulations. Schedule A-1 sets forth the costs which we questioned in this regard and includes an explanation of the reason such costs were questioned.

.....

(Opinion)

In our opinion subject to the effects, if any, on Exhibit A of the ultimate resolution by the Environmental Protection Agency of the questionable expenditures referred to in the preceding paragraph, Exhibit A presents fairly the financial information contained therein in accordance with the financial provisions of the Grant and generally accepted accounting principles.

.....

(Transition Paragraph)

In addition, in connection with our examination of the statement of costs claimed, we have reviewed the Grantee's system of internal controls and compliance with provisions of the Grant and applicable Federal regulations. Our report thereon appears as Exhibit B.

This report is intended for use in connection with the Grant to which it refers and should not be used for any other purpose.

_____
DATE

_____
SIGNATURE

EXHIBIT A

City of Anywhere, U.S.A.
EPA Grant No. XXXX
Statement of Costs Claimed
For the Period (month, day, year) Through (month, day, year)

	Costs Claimed
Personnel	$ 937,562
Equipment	46,462
Supplies	31,813
Travel	14,099
Consultation & Services	48,984
Alterations & Rennovations	4,241
Tuition	1,262
Other	56,261
TOTAL COSTS	$1,140,684
FEDERAL SHARE:	$ 657,814

EPA Air Program Grant No. XXXX was awarded to the City of Anywhere U.S.A. on (month, day, year). The grant provided for ". . . . . .". This project grant covers the period from (month, day, year) through (month, day, year). See Schedule A-1 for costs accepted and questioned during the audit.

City of Anywhere, U.S.A.
EPA Grant No. XXXX
Statement of Costs Claimed, Accepted, and Questioned
For the Period (month, day, year) Through (month, day, year)

Description	Costs Claimed	Auditor's Recommendations Costs Accepted	Costs Questioned	Reference Notes
Personnel	$ 937,562	$ 937,562	$	
Equipment	46,462	46,462		
Supplies	31,813	31,813		
Travel	14,099	14,099		
Consultation & Services	48,984	48,984		
Alteration & Renovations	4,241	4,241		
Tuition	1,262	1,262		
Other	56,261	43,895	12,366	1
Total	$1,140,684	$1,128,318	$12,366	
Federal Share	$ 657,814	$ 595,978	$ 6,532	2
Federal Funds Provided		$ 660,000		
Amount Due Government		$ 64,022		

Reference Notes

1. The costs questioned under the "Other" category consist of $12,166 in refunds of fees and $200 paid to a real estate firm.

In our opinion, the fees refunded should be considered as a reduction of income from fees received and not as project maintenance expense.

The amount paid to the real estate firm is considered a real estate acquisition cost which is an unallowable charge under FMC 74-4. Grantee officials agreed with costs questioned.

2. The Federal share reported by the grantee of $657,814 represented 57.67 percent of total costs reported. The grant agreement, however, limited the Federal share to 52.82 percent of total approved costs, resulting in the Federal share questioned as shown.

Grantee officials disagreed with our calculation of Federal share. They pointed out that the law permitted a grant of up to 60 percent of total eligible costs. We explained that the grant was offered and accepted with the percentage limitations. Also, that the Office of Audit has no authority to change the conditions of the grant. Such authority may only be exercised by those officials responsible for the award and administration of the grant.

City of Anywhere, U.S.A.
EPA Grant No. XXXX

COMMENTS ON COMPLIANCE, PERFORMANCE, AND INTERNAL CONTROLS

As part of our examination, we reviewed and tested the grantee's system of internal accounting controls to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards the purpose of such evaluation is to establish a basis for reliance thereon in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on financial reports.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the costs of a system of internal accounting controls should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgements by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting controls. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgement, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgements required in the preparation of financial statements. Further, projection of any evaluation of internal accounting controls to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

The *Audit Guide for EPA Grants (Other Than Construction Grants)* issued February 1976 by the Environmental Protection Agency requires a review and evaluation of the adequacy of the accounting system and internal controls to safeguard assets, check the accuracy and reliability of the accounting data, promote operating efficiency, and encourage compliance with prescribed management policies and such additional fiscal, accounting, and administrative requirements as EPA may establish. We understand that procedures in conformity with the criteria referred to in the aforementioned Audit Guide are considered by EPA to be adequate for its purposes in accordance with the Audit Guide and that procedures that are not in conformity therewith indicate some inadequacy for such purposes. Based on this understanding and on our study, we believe that the County's procedures were adequate for the purposes of EPA except for the conditions described below, which we believe are material weaknesses in relation to the grant to which this report refers. In addition to such weaknesses, other conditions which we believe are not in conformity with the criteria referred to above are described on the following pages.

PERFORMANCE

According to Region I's evaluation of the Grantee's air program, the City has one of the best air pollution control programs in the Region. No significant weaknesses were discussed in the Region's evaluation report.

ACCOUNTING SYSTEM

Based upon our review, we have determined that the Grantee's accounting system is adequate to account for costs incurred under the EPA grant.

PROCUREMENT SYSTEM

The procurements made under the grant were handled in accordance with the City's normal procurement practices and such practices were found to be in conformance with FMC 74-7.

PROPERTY MANAGEMENT

In reviewing property management, we found that the Grantee's procedures were in accordance with EPA regulations. Our tests indicated that these procedures were being followed.

APPENDIX A
EPA FINANCIAL ASSISTANCE PROGRAMS

ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF AIR AND WASTE MANAGEMENT

66.001 AIR POLLUTION CONTROL PROGRAM GRANTS

FEDERAL AGENCY: OFFICE OF AIR AND WASTE MANAGEMENT, ENVIRONMENTAL PROTECTION AGENCY

AUTHORIZATION: Sections 105 and 106, Clean Air Act of 1963; Public Law 88-206 as amended by Public Law 91-604; 42 U.S.C. 1857c.

OBJECTIVES: To assist State, municipal, intermunicipal, and interstate agencies in planning, developing, establishing, improving, and maintaining adequate programs for prevention and control of air pollution or implementation of national primary and secondary air quality standards.

TYPES OF ASSISTANCE: Project Grants.

USES AND USE RESTRICTIONS: Grant funds may be used for costs specifically incurred in the conduct of a project in accordance with the purposes enumerated in the approved application. These include personnel costs, supplies, equipment, training of personnel, travel, and other necessary expenditures during the approved project period. Funds may not be used for construction of facilities, nor for expenses incurred other than during each approved award period.

ELIGIBILITY REQUIREMENTS:

Applicant Eligibility: Any municipal, intermunicipal, State, or interstate agency with legal responsibility for air pollution control is eligible for grant support provided such organization furnishes funds for the current year in excess of its expenditures for the previous year for its air pollution program.

Beneficiary Eligibility: Same as applicant eligibility.

Credentials/Documentation: The application must supply evidence of legal authority for air pollution control; evidence of the availability of non-Federal matching funds; and a workable program officially adopted for the agency. A State Plan, coordinated with the Governor's office, is required under Part III of OMB Circular No. A-95 (revised).

APPLICATION AND AWARD PROCESS:

Preapplication Coordination: Prior to approval of any grants, the official State air pollution control agency must coordinate local efforts. The standard application forms as furnished by the EPA and required by FMC 74-7 must be used for this program.

Application Procedure: Requests for application forms and completed applications should be submitted to the appropriate EPA Regional Grants Administration Branch. Application must meet the requirements of the grant regulations and will be reviewed to determine merit and relevancy of the proposed project.

Award Procedure: Notification of grant award must be made to the State Central Information Reception Agency and Department of Treasury on SF 240.

Deadlines: None.

Range of Approval/Disapproval Time: 90 to 120 days.

Appeals: None.

Renewals: None.

ASSISTANCE CONSIDERATIONS:

Formula and Matching Requirements: For State, interstate and intermunicipal programs with an approved applicable State Implementation Plan may receive up to 75 percent Federal, others 66 2/3 percent Federal. The amount of Federal share of grant costs should be determined by reference to the entitlement criteria set forth in Section

105 of the Act. Not more than 10 percent of the funds available shall be granted for air pollution control programs in any one State.

Length and Time Phasing of Assistance: The term of grant shall be determined at time of grant award.

POST ASSISTANCE REQUIREMENTS:

Reports: As specified in grant award (usually quarterly interim and final progress and expenditure reports).

Audits: Subject to inspection and audit by EPA and Comptroller General.

Records: Financial records, including all documents to support entries on accounting records and to substantiate charges to each grant, must be kept available to personnel authorized to examine EPA grant accounts. All records must be maintained for 3 years after the end of each budget period, and if questions still remain, such as those raised as a result of audit, related records should be retained until the matter is completely resolved.

FINANCIAL INFORMATION:

Account Identification: 20-00-0108-0-1-404.

Obligations: (Grants) FY 73 $46,800,000; FY 74 est $48,500,000; and FY 75 est $48,500,000.

Range and Average of Financial Assistance: $5,000 to $2,515,000; $201,700.

PROGRAM ACCOMPLISHMENTS: During fiscal year 1973, 232 grants, totaling $46,800,000 were awarded to State, local, and regional air pollution control agencies to develop, establish, improve and maintain air pollution control programs.

REGULATIONS, GUIDELINES, AND LITERATURE: Air Pollution Control Program Grants, EPA Federal Register, Vol. 39, No. 41, 40 CFR 35; General Grant Regulations and Procedures, EPA, Federal Regulations, Vol. 36, No. 228, 40 CFR 30.

INFORMATION CONTACTS:

Regional or Local Office: Contact appropriate EPA Regional Administrator.

Headquarters Office: For program information: Control Programs Development Division, Air Quality Planning and Standards, Air and Waste Management, Environmental Protection Agency, Research Triangle Park, NC 27711.

RELATED PROGRAMS: 66.002, Air Pollution Fellowships; 66.003, Air Pollution Manpower Training Grants; 66.501, Air Pollution Control Research Grants; 66.005, Air Pollution Survey and Demonstration Grants; 11.404, Weather Forecasts and Warnings.

66.002 AIR POLLUTION FELLOWSHIPS

FEDERAL AGENCY: OFFICE OF AIR AND WASTE MANAGEMENT, ENVIRONMENTAL PROTECTION AGENCY

AUTHORIZATION: Section 103 of the Clean Air Act, 42 U.S.C. 1857b. Public Law 88-206, as amended by Public Law 91-604.

OBJECTIVES: To encourage and promote the specialized training of individuals as practitioners in pollution abatement and control. Agency fellowships for full-time study are awarded to present or prospective employees of a regional, State or local environmental pollution control or regulatory agency to provide training for and upgrading of personnel in the areas of pollution abatement and control. Agency fellowships for part-time study are awarded only to personnel presently employed in an Agency. Special fellowships are awarded to individuals for study in specialty areas which are supportive of pollution abatement and control efforts.

TYPES OF ASSISTANCE: Project Grants.

USES AND USE RESTRICTIONS: Recipients of assistance under this part shall be entitled to tuition and fees, an allowance for books and supplies up to a maximum of $250, and the normal student holidays observed by an academic institution. In addition, full-time fellows who are employees of regional, State or local environmental pollution control or regulatory agencies may receive a stipend in an amount not to exceed $6,500 from EPA. Part-time fellows may receive a small stipend when justified by needs related to the purpose of the fellowship.

ELIGIBILITY REQUIREMENTS:

Applicant Eligibility: All applicants for fellowships under this part must be (a) citizens of the United States, its territories, or possessions, or lawfully admitted to the United States for permanent residence, and (b) accepted by an accredited educational institution for full- or part-time enrollment for academic credit in an educational program which, for agency fellowships, directly relates to pollution abatement and control, and for special fellowships, directly relates to, or is supportive of, pollution abatement and control. Applicants for agency fellowships must be present or prospective employees of a regional, State, or local environmental pollution control or regulatory agency. Present employees must be recommended for a fellowship by their employing agency. Priority in award of fellowships to prospective agency employees will be given to those applicants who provide evidence of having explored by direct agency contact, opportunities for employment. Such evidence may include written appraisal of their employment potential and statement of probability of employment with the agency upon completion of the training.

Beneficiary Eligibility: Same as applicant eligibility.

Credentials/Documentation: Applicant must submit evidence of past academic achievements (official transcripts of grades and degrees awarded), scores from graduate record exams, and pertinent experience, as well as evidence of having made necessary prior acceptance arrangements at the institution of his choice and with a sponsor who will guide his studies.

APPLICATION AND AWARD PROCESS:

Preapplication Coordination: None.

Application Procedure: Requests for application forms and completed applications should be submitted to the Washington, DC, Grants Administration Division headquarters office.

Award Procedure: Each application shall be subjected to administrative evaluation to determine adequacy of the application in relation to grant regulations and to technical and program evaluation to determine merit and relevancy of the project.

Deadlines: Applications should be submitted six months in advance of the academic period in which the study would begin. Agency fellows may commence study at any semester or quarter of the academic year. Fellowships study must be initiated within six months of award or will be terminated. Special fellows may commence study only at the fall semester or quarter.

Range of Approval/Disapproval Time: 90 to 120 days prior to the desired commencement date.

Appeals: None.

Renewals: None.

ASSISTANCE CONSIDERATIONS:

Formula and Matching Requirements: None.

Length and Time Phasing of Assistance: The term of grant shall be determined at time of award.

POST ASSISTANCE REQUIREMENTS:

Reports: Such reports as specified in grant agreement.

Audits: Fellowships are subject to inspection and audit by representatives of EPA and the Comptroller General.

Records: None.

FINANCIAL INFORMATION:

Account Identification: 20-00-0108-0-1-404.

Obligations: (Grants) FY 73 $370,000; FY 74 est $400,000; and FY 75 est $400,000.

Range and Average of Financial Assistance: $1,000 to $10,000; $6,250.

PROGRAM ACCOMPLISHMENTS: In fiscal year 1973, 59 fellowships were funded and 17 individuals completed graduate studies. During fiscal year 1974, EPA expects to fund 40 full-time and 20 part-time agency fellows and 10 new and 5 continuations in specialty areas.

REGULATIONS, GUIDELINES, AND LITERATURE: All information included in application kit. Training Grants and Fellowships (Final Regulations), Environmental Protection Agency No. 778 (40 USC 45, 46); General Grant Regulations and Procedures, EPA Federal Register, Vol. 36, No. 2286 (40 CFR 30). Vol. 38, Federal Register.

INFORMATION CONTACTS:

Regional or Local Office: Individuals are encouraged to communicate with the appropriate EPA Regional Administrator.

Headquarters Office: For information concerning grant applications and procedures contact Environmental Protection Agency, Grants Administration Division, Washington, DC 20460. For program information contact Control Programs Development Division, Office of Air Quality Planning and Standards, Office of Air and Waste Management, Environmental Protection Agency, Research Triangle Park, NC 27711. Telephone: (919) 549-8411, Ext. 2492.

RELATED PROGRAMS: 66.001, Air Pollution Control Program Grants; 66.003, Air Pollution Manpower Training Grants; 66.501, Air Pollution Control Research Grants; 66.005, Air Pollution Survey and Demonstration Grants.

66.003 AIR POLLUTION MANPOWER TRAINING GRANTS

FEDERAL AGENCY: OFFICE OF AIR AND WASTE MANAGEMENT, ENVIRONMENTAL PROTECTION AGENCY

AUTHORIZATION: Section 103 of the Clean Air Act; Public Law 88-206, as amended by Public Law 91-604; 42 U.S.C. 1857b.

OBJECTIVES: To develop career-oriented personnel qualified to work in pollution abatement and control. Grants are awarded to assist in planning, implementing, and improving environmental training programs; increase the number of adequately trained pollution control and abatement personnel; upgrade the level of training among State and local environmental control personnel; bring new people into the environmental control field.

TYPES OF ASSISTANCE: Project Grants.

USES AND USE RESTRICTIONS: In addition to the EPA general grant conditions 40 CFR 45, each training grant is subject to the following conditions: (a) The grantee shall not require the performance of personal services by individuals receiving training as a condition for assistance. (b) Recipients of assistance under training grants shall be entitled to the normal student holidays observed by an academic institution or the holiday and vacation schedule applicable to all trainees at a nonacademic institution. (c) Recipients of assistance under training grants must be citizens of the U.S., its territories, or possessions or lawfully admitted to the U.S. for

permanent residence. (d) Generally training grants will provide for student only through scholarships. Stipends are permitted when, in the judgement of the grantee, they are needed to attract qualified students provided that not more than $20,000 may be used for such stipends within a budget period and further provided that no stipend may be less than $1,000 or more than $3,000. For additional statement of conditions, see Vol. 38, Federal Register, June 20, 1973.

ELIGIBILITY REQUIREMENTS:

Applicant Eligibility: Section 103(b)(3): Air Pollution control agencies, public and non-profit private agencies, institutions, organizations, and individuals. Section 103(b)(5): Personnel of air pollution control agencies and other qualified persons. No grant may be made under this Act to any profit-making organization.

Beneficiary Eligibility: Same as applicant eligibility.

Credentials/Documentation: None.

APPLICATION AND AWARD PROCESS:

Preapplication Coordination: The standard application forms are furnished by EPA. Standards of FMC 74-7 only apply to State and local governments.

Application Procedure: Requests for application forms and completed applications should be submitted to the Washington, DC Grants Administration Division headquarters office listed below.

Award Procedure: Each application shall be subjected to administrative evaluation to determine the adequacy of the application in relation to grant regulations and to technical and program evaluation to determine the merit and relevancy of the project.

Deadlines: None.

Range of Approval/Disapproval Time: 90 to 120 days.

Appeals: None.

Renewals: None.

ASSISTANCE CONSIDERATIONS:

Formula and Matching Requirements: A minimum of 5 percent cost sharing is required.

Length and Time Phasing of Assistance: The term of grant shall be determined at time of award.

POST ASSISTANCE REQUIREMENTS:

Reports: As specified in grant award (usually quarterly interims and final progress and expenditure reports).

Audits: Grants are subject to inspection and audit by representatives of EPA and the Comptroller General.

Records: Financial records, including all documents to support entries on accounting records and to substantiate charges to each grant, must be kept available to personnel authorized to examine EPA grant accounts. All records must be maintained for 3 years after the end of each budget period, and if questions still remain, such as those raised as a result of audit, related records should be retained until the matter is completely resolved.

FINANCIAL INFORMATION:

Account Identification: 20-00-0108-0-1-404.

Obligations: (Grants) FY 73 $1,750,000; FY 74 est $1,600,000; and FY 75 est $1,300,000.

Range and Average of Financial Assistance: $10,000 to $164,000; $45,000.

PROGRAM ACCOMPLISHMENTS: In fiscal year 1973, the program graduated 110 technicians and specialists and 240 trainees with graduate degrees. For fiscal year 1974, 180 trainees will be funded for graduate degrees, and 18 institutions will receive support.

REGULATIONS, GUIDELINES, AND LITERATURE: All information included in application kit. Training Grants and Fellowships (Final Regulations), Environmental Protection Agency, Federal Register, Vol. 38, No. 118 (40 U.S.C. 45, 46); General Grant Regulations and Procedures, EPA, Federal Register, Vol. 36, No. 228 (40 CFR 30).

INFORMATION CONTACTS:

Regional or Local Office: Individuals are encouraged to communicate with the appropriate EPA Regional Administrator.

Headquarters Office: For information concerning grant applications and procedures contact Environmental Protection Agency, Grants Administration Division, Washington, DC 20460. For program information contact Control Programs Development Division, Office of Air Quality Planning and Standards, Office of Air and Waste Management, Environmental Protection Agency, Research Triangle Park, NC 27711. Telephone (919) 549-8411, Ext. 2492.

RELATED PROGRAMS: 66.001, Air Pollution Control Program Grants; 66.002, Air Pollution Fellowships; 66.501, Air Pollution Control Research Grants; 66.005, Air Pollution Survey and Demonstration Grants.

66.005 AIR POLLUTION SURVEY AND DEMONSTRATION GRANTS

FEDERAL AGENCY: OFFICE OF AIR AND WASTE MANAGEMENT, ENVIRONMENTAL PROTECTION AGENCY

AUTHORIZATION: Sections 103 and 104 of the Clean Air Act; Public Law 88-206, as amended by Public Law 91-604; 42 U.S.C. 1857b and 1857b-1.

OBJECTIVES: To assist applicants in: (1) demonstrating innovative control strategies and program operations necessary to achieve National Ambient Air Quality Standards and (2) demonstrating new or improved methods for air pollution control.

TYPES OF ASSISTANCE: Project Grants.

USES AND USE RESTRICTIONS: Funds may be used for expenses necessary to carry out the approved projects including, but not restricted to, personnel costs, supplies, equipment, travel, and contractual services. Funds may not be used for expenses incurred outside the approved project.

ELIGIBILITY REQUIREMENTS:

Applicant Eligibility: Air pollution control agencies, appropriate nonprofit organizations and institutions.

Beneficiary Eligibility: Same as applicant eligibility.

Credentials/Documentation: Not applicable.

APPLICATION AND AWARD PROCESS:

Preapplication Coordination: By letter including information on objectives and methods of project investigators and budget information. Submit to the appropriate EPA Regional Office and to the Control Programs Development Division in Research Triangle Park, NC. Standards of FMC 74-7 only apply to State and local governments. Applications should be reviewed under Procedures in Part I of OMB Circular No. A-95 (revised), for projects dealing with demonstrations.

Application Procedure: Requests for application forms and completed applications should be submitted to the Grants Administration Division, Environmental Protection Agency, Washington, DC 20460.

Award Procedure: Each application shall be subjected to administrative evaluation to determine the adequacy of the application in relation to grant regulations and to

technical and program evaluation to determine the merit and relevancy of the project. Notification of grant award to a State or local government must be made by EPA to the designated State Central Information Reception Agency and Department of the Treasury on SF 240.

Deadlines: None.

Range of Approval/Disapproval Time: 30 to 90 days.

Appeals: There are no appeals procedures as such. If application is rejected, the reasons for refusal are stated, and applicant may make necessary changes and reapply.

Renewals: None.

ASSISTANCE CONSIDERATIONS:

Formula and Matching Requirements: Negotiable. Maximum Federal share is 95 percent.

Length and Time Phasing of Assistance: Length of project is negotiable—usually 1 to 3 years. Grants are made in budget period basis (usually 12 months). Funds must be encumbered within the approved budget period. Grant may be paid by letter of credit or monthly cash demand.

POST ASSISTANCE REQUIREMENTS:

Reports: Progress reports are required. Final progress report due 90 days after completion of the project. Annual expenditure report due 90 days after end of each budget period.

Audits: Expenditures are subject to audit by EPA and Comptroller General.

Records: Financial records, including all documents to support entries on accounting records and to substantiate charges to each grant, must be kept available to personnel authorized to examine EPA grant accounts. All records must be maintained for 3 years after the end of each budget period, and if questions still remain, such as those raised as a result of audit, related records should be retained until the matter is completely resolved.

FINANCIAL INFORMATION:

Account Identification: 20-00-0107-0-1-404.

Obligations: (Grants) FY 73 $214,000; FY 74 est $324,000; and FY 75 est $500,000.

Range and Average of Financial Assistance: Three grants funded in fiscal year of 1974 ($24,000, $50,000, and $250,000).

PROGRAM ACCOMPLISHMENTS: In fiscal year 1974, the program awarded 3 grants totaling $324,000 to demonstrate new or improved methods for abatement and control of air pollution.

REGULATIONS, GUIDELINES, AND LITERATURE: Research and Demonstration Grants, Interim Regulations, EPA, Federal Register, Vol. 38, No. 93 (40 CFR 40); General Grant Regulations and Procedures, EPA, Federal Register, Vol. 36, No. 228 (40 CFR 30).

INFORMATION CONTACTS:

Regional or Local Office: Individuals are encouraged to communicate with the appropriate Regional Administrator.

Headquarters Office: For information concerning grant applications and procedures, contact Environmental Protection Agency, Grants Administration Division, Washington, DC 20460. For program information, contact Control Programs Development Division, Office of Air Quality Planning and Standards, Office of Air and Waste Management, Environmental Protection Agency, Research Triangle Park, NC 27711. Telephone: (919) 549-8411, Ext. 2492.

RELATED PROGRAMS: 66.002, Air Pollution Fellowships; 66.003, Air Pollution Manpower Training Grants; 66.501, Air Pollution Control Research Grants.

66.026 SOLID WASTE TRAINING GRANTS

FEDERAL AGENCY: OFFICE OF AIR AND WASTE MANAGEMENT, ENVIRONMENTAL PROTECTION AGENCY

AUTHORIZATION: Solid Waste Disposal Act, Sections 204 and 210, as amended; 42 U.S.C. 3253 and 3254d.

OBJECTIVES: To develop, expand, or carry out programs for training persons for occupations involving management, supervision, design, operation, or maintenance of Solid Waste Disposal and Resource Recovery Equipment Facilities.

TYPES OF ASSISTANCE: Project Grants.

USES AND USE RESTRICTIONS: Full support is provided for training projects. Allowable costs are determined by EPA, Office of Solid Waste Management Programs. Grants cannot be awarded to profitmaking organizations. Due to limited appropriations and EPA'S annual plans, Training grants are awarded only to State agencies. (Normally such solicitations are announced in the "Commerce Business Daily.")

ELIGIBILITY REQUIREMENTS:

Applicant Eligibility: Any public or private nonprofit institution or agency. Individuals to be trained apply directly to grantee.

Beneficiary Eligibility: Same as applicant eligibility.

Credentials/Documentation: Cost will be determined in accordance with General Services Administration FMC 74-4 for entities that are State and local government.

APPLICATION AND AWARD PROCESS:

Preapplication Coordination: The standard application forms are furnished by EPA. Standards of Services Administration FMC 74-7 only apply to State and local governments, however, applications from State and local governments will be accepted on either General Services Administration FMC 74-7 forms or EPA Form 5700-12.

Application Procedure: Requests for application forms and completed applications should be submitted to EPA Grants Administration Division, Washington, DC 20460.

Award Procedure: Each application shall be subjected to administrative evaluation to determine adequacy of application in relation to grant regulations and to technical and program evaluation to determine the merit and relevancy of project.

Deadlines: None.

Range of Approval/Disapproval Time: None.

Appeals: None.

Renewals: None.

ASSISTANCE CONSIDERATIONS:

Formula and Matching Requirements: A minimum of five percent of cost sharing is required.

Length and Time Phasing of Assistance: Term of grant shall be determined at time of award.

POST ASSISTANCE REQUIREMENTS:

Reports: As specified in grant award (usually quarterly interims and final progress and expenditure reports).

Audits: Grants are subject to inspection and audit by representatives of the Comptroller General of the United States and EPA.

Records: Financial records, including all documents to support entries on the accounting records and to substantiate charges to each grant must be kept available to personnel authorized to examine EPA grant accounts in an institution. All records must be maintained for three years after the end of each budget period, and if

questions still remain, such as those raised as a result of audit, related records should be retained until the matter is completely resolved.

FINANCIAL INFORMATION:

Account Identification: 20-00-0108-0-1-304.

Obligations: (Grants) FY 74 $100,000; FY 75 $325,000; and FY 76 est $150,000.

Range and Average of Financial Assistance: $25,000 to $100,000; $35,000.

PROGRAM ACCOMPLISHMENTS: These grants are providing technically trained personnel for solid waste management and resource recovery systems. Grants have primarily been awarded to States and public interest groups over the past several years.

REGULATIONS, GUIDELINES, AND LITERATURE: Interim Regulations, Grant Programs, Environmental Protection Agency, Federal Register, Vol. 36, No. 299, P. 22716. "Federal Assistance Programs of the Environmental Protection Agency," no charge. Federal Register, Vol. 38, No. 118 (40 CFR 45,46), EPA, Training Grants and Fellowships.

INFORMATION CONTACTS:

Regional or Local Office: Individuals are encouraged to communicate with the appropriate EPA Regional Administrator.

Headquarters Office: For information concerning grant applications and procedures contact Environmental Protection Agency, Grants Administration Division, Washington, DC 20460. For program information contact Program Analysis State Office of Solid Waste Management Programs, EPA, Washington, DC 20460.

RELATED PROGRAMS: 66.027. Solid Waste Demonstration and Planning Grants; 66.504, Solid Waste Research Grants.

66.027 SOLID WASTE DEMONSTRATION AND PLANNING GRANTS

FEDERAL AGENCY: OFFICE OF AIR AND WASTE MANAGEMENT, ENVIRONMENTAL PROTECTION AGENCY

AUTHORIZATION: Solid Waste Disposal Act, Sections 204 and 207, as amended; 42 U.S.C. 3251 et seq.

OBJECTIVES: To assist State, interstate, municipal, and intermunicipal agencies and organizations in development of plans and programs leading to the solution of solid waste management problems.

TYPES OF ASSISTANCE:

USES AND USE RESTRICTIONS: For making surveys of solid waste disposal practices and problems within the jurisdictional areas of eligible agencies; developing and revising solid waste disposal plans as part of regional environmental protection systems for such areas. Providing for recycling or recovery of materials from wastes whenever possible and including planning for the reuse of solid waste disposal areas and studies of the effect and relationship of solid waste disposal practices on areas adjacent to waste disposal sites, or planning programs for the removal and processing of abandoned motor vehicle hulks. Federal support up to 66 2/3 percent of the cost of planning programs including only one municipality, and not to exceed 75 percent of the cost in any other case. Full restrictions are contained in procedures for applicants, available upon request. Due to limited appropriations and EPA's annual plans, planning grants are awarded only to State agencies. Demonstration grants are awarded only to State agencies and grantees solicited for special projects designed to meet those annual plans (Normally such solicitations are announced in the "Commerce Business Daily").

ELIGIBILITY REQUIREMENTS:

Applicant eligibility: Nonprofit institutions such as universities and colleges, hospitals, laboratories. State and local government departments, other public or private nonprofit institutions, and individuals who have demonstrated unusually high scientific ability.

Beneficiary Eligibility: Same as applicant eligibility.

Credentials/Documentation: A State Solid Waste Management Plan coordinated with the Governor's office, is required under Part III of OMB Circular No. A-95 (revised) for Section 207 Grants. Cost will be determined in accordance with General Services Administration FMC 74-4.

APPLICATION AND AWARD PROCESS:

Preapplication Coordination: Preproposals should be submitted to the appropriate EPA Regional Office. Instructions for preproposals are available from the Regional Office. Applications should be reviewed under procedures in Part I of OMB Circular No. A-95 (revised). Environmental assessment required with application. The standard application forms are furnished by EPA. The standard application forms as furnished by the Federal agency and required by General Services Administration FMC 74-7 only apply to State and local governments, however, applications from State and local governments will be accepted on either General Services Administration FMC 74-7 forms or EPA Form 5700-12.

Application Procedure: Application should be submitted to the appropriate EPA Regional Office. The Solid Waste Management Representative of the appropriate EPA Regional Office (listed in the appendix) is available to assist in preparation of the application.

Award Procedure: Each application shall be subjected to administrative evaluation to determine adequacy of application in relation to grant regulations and to technical and program evaluation to determine the merit and relevancy of project. Notification of grant award must be made to the designated State Central Information Reception Agency and the Department of the Treasury on SF 240.

Deadlines: None.

Range of Approval/Disapproval Time: 90 days.

Appeals: None.

Renewals: None.

ASSISTANCE CONSIDERATIONS:

Formula and Matching Requirements: Up to two-thirds of project costs for one municipality, and up to three-fourths of the cost in any other case.

Length and Time Phasing of Assistance: Grants are normally funded on a 12-month basis (yearly). Total project period varies according to program requirements.

POST ASSISTANCE REQUIREMENTS:

Reports: As specified in grant award (usually quarterly interims and final progress and expenditure report)

Audits: Grants are subject to inspection and audit by representatives of the Comptroller General of the United States and EPA.

Records: Financial records, including all documents to support entries on the accounting records and to substantiate charges to each grant, must be kept available to personnel authorized to examine EPA grant account in an institution.

FINANCIAL INFORMATION:

Account Identification: 20-000-0108-0-1-304.

Obligations: (Grants) FY 74 $3,600,000; FY 75 $3,000,000; and FY 76 est $4,000,000.

Range and Average of Financial Assistance: $5,000 to $230,000; $36,200.

PROGRAMS ACCOMPLISHMENTS: Planning and demonstration grants have been

awarded to 50 State agencies. District of Columbia, Puerto Rico, Guam, and American Samoa. Solid Waste Management Plans, staffs, and active programs now exist in these agencies for solution of solid waste problems. Several demonstration grants have been awarded to local communities to evaluate waste disposal control technology and to speed the process of implementing resources recovery systems.

REGULATIONS, GUIDELINES, AND LITERATURE: Interim regulations. Grant Programs. Environmental Protection Agency. Federal Register. Vol. 36, No. 229, P. 22716. Federal Assistance Programs of the Environmental Protection Agency, no charge. Interim Regulations. Research, and Demonstration Grants. EPA, Federal Register, Vol. 38, No. 83. P12781. State and local assistance. 40 CFR Part 35.

INFORMATION CONTACTS:

Regional or Local Office: Individuals are encouraged to communicate with the appropriate EPA Regional Administrator.

Headquarters Office: For information concerning grant applications and procedures contact GAD. EPA. Washington, DC 20460 For program information contact Program Analysis Staff, Office of Solid Waste Management Programs, EPA. Washington, DC 20460.

RELATED PROGRAMS: 66.026. Solid Waste Training Grants; 66.504. Solid Waste Research Grants.

OFFICE OF WATER AND HAZARDOUS MATERIALS

66.419 WATER POLLUTION CONTROL-STATE AND INTERSTATE PROGRAMS GRANTS

(Section 106 Grants)

FEDERAL AGENCY: OFFICE OF WATER AND HAZARDOUS MATERIALS, ENVIRONMENTAL PROTECTION AGENCY

AUTHORIZATION: Section 106 of the Federal Water Pollution Control Act, as amended; Public Law 92-500; 33 U.S.C. 1256.

OBJECTIVES: To assist State and interstate agencies in establishing and maintaining adequate measures for prevention and control of water pollution.

TYPES OF ASSISTANCE: Formula Grants.

USES AND USE RESTRICTIONS: Broad support for the prevention and abatement of water pollution including permitting, pollution control studies, planning, surveillance and enforcement; advice and assistance to local agencies; training; and public information. Funds cannot be used for construction, operation, or maintenance of waste treatment plants, nor can they be used for costs financed by other Federal grants or by funds used for matching other Federal grants.

ELIGIBILITY REQUIREMENTS:

Applicant Eligibility: State and interstate water pollution control agencies as defined in the Federal Water Pollution Control Act. Agencies making application for funds must submit annually their pollution-control program to the appropriate Regional Administrator, EPA for approval. Requirements of the program are based on Section 106 of the Act, and 40 CFR Part 35.

Beneficiary Eligibility: Same as applicant eligibility.

Credentials/Documentation. A State Plan is required under Part III of OMB Circular No. A-95 (revised).

APPLICATION AND AWARD PROCESS:

Preapplication Coordination: Informal meetings are held between regional office and State applicant agency concerning program preparation.

Application Procedure: Submit State Program Grant Application Form or Interstate Agency Program Grant Application Form to EPA, Grants Administration Branch (regional office).

Award Procedure: Program plan is reviewed, and if approvable, signed by the Regional Administrator. Notification of grant award must be made by EPA to the designated State Central Information Reception Agency and Department of the Treasury on SF 240.

Deadlines: June 15 deadline for grant application.

Range of Approval/Disapproval Time: 30 days.
Appeals: None.
Renewals: None.

ASSISTANCE CONSIDERATIONS:

Formula and Matching Requirements: Appropriated funds are prorated among the States and interstate water pollution control agencies on the basis of the extent of the water pollution problem in the respective States but an amount not less than its FY 73 grants.

Length and Time Phasing of Assistance: 1 year; payments are approved quarterly and disbursed monthly.

POST ASSISTANCE REQUIREMENTS:

Reports: Annual expenditure reports; Semi-Annual program report; revised budget following reallocation of funds.

Audits: Periodic audit conducted for each year of Federal assistance.

Records: Financial records, including all documents to support entries on accounting records and to substantiate charges to each grant, must be kept available to personnel authorized to examine EPA grant accounts. All records must be maintained for 3 years after the end of each budget period, and if questions still remain, such as those raised as a result of audit, related records should be retained until the matter is completely resolved.

FINANCIAL INFORMATION:

Account Identification: 20-00-0108-0-1-404.

Obligations: (Grants) FY 73 $22,600,000; FY 74 est $40,000,000; and FY 75 est $40,000,000.

Range and Average of Financial Assistance: $65,000 to $2,368,770; $150,000.

PROGRAM ACCOMPLISHMENTS: The program started in 1957 with an annual authorization of $2,000,000. The annual figure has grown to an estimated $40,000,000 and the State and interstate agency expenditures have increased more than seven times during that period. Many of these agencies have substantially strengthened their programs. There were 60 grants awarded in fiscal year 1974.

REGULATIONS, GUIDELINES, AND LITERATURE: General Grant Regulations and Procedures, Environmental Protection Agency; Federal Register, Vol. 36, No. 229, 40 CFR 30, Digest of fiscal year 1972 State Program Plans; Handbook of Procedures, State and Interstate Program Grants; Federal Assistance Programs of the Environmental Protection Agency (no charge); Environmental Protection Agency, State and Local Assistance Program, Interim Regulations, Federal Register, Vol. 38, No. 125 (40 CFR 35).

INFORMATION CONTACTS:

Regional or Local Office: EPA Regional Administrator.

Headquarters Office: Chief, State Program Branch, Water Planning Division, Environmental Protection Agency, Office of Water and Hazardous Materials, Washington, DC 20460. Telephone: (202) 755-2114.

RELATED PROGRAMS: 66.424, Water Quality Management Technical Planning Assistance; 15.950, Additional Water Resources Research.

66.420 WATER POLLUTION CONTROL-STATE AND LOCAL MANPOWER DEVELOPMENT

FEDERAL AGENCY: OFFICE OF WATER AND HAZARDOUS MATERIALS, ENVIRONMENTAL PROTECTION AGENCY

AUTHORIZATION: Section 104(g)(1), Federal Water Pollution Control Act as amended; Public Law 92-500; 33 U.S.C. 1254 (g)(1).

OBJECTIVES: To design and carry out innovative and imaginative training programs which complement existing manpower development and training programs; to provide advanced teacher training to those involved in conducting operator training programs, and to train operators in advanced waste treatment technology.

TYPES OF ASSISTANCE: Project Grants.

USES AND USE RESTRICTIONS: Funds are basically used for the design and implementation of innovative training courses and teaching techniques in water pollution control and abatement. Funds may not be used for construction.

ELIGIBILITY REQUIREMENTS:

Applicant Eligibility: State, local, or district water pollution control agencies, or private nonprofit institutions.

Beneficiary Eligibility: Same as applicant eligibility.

Credentials/Documentation: None.

APPLICATION AND AWARD PROCESS:

Preapplication Coordination: Applicants for this program should apply on application form required by Federal Management Circular 74-7 furnished by EPA. Standards of Federal Management Circular 74-7 only apply to State and local governments.

Application Procedure: Training applications submitted under Section 104(g)(1) of the Federal Water Pollution Control Act will be submitted as follows. (a) State Operator Training, appropriate EPA Regional Office, and (b) National Impact and Special Project, U.S. Environmental Protection Agency, Grants Administration Division, Washington, DC 20460.

Award Procedure: Each application shall be subjected to administrative evaluation to determine adequacy in relation to grant regulations and to technical and program evaluation to determine merit and relevancy of the project. Notification of grant award to a State or local government must be made by EPA to the designated State Central Information Reception Agency and Department of the Treasury on SF 240. (State operator training only.)

Deadlines: None.

Range of Approval/Disapproval Time: 90 to 120 days.

Appeals: None.

Renewals: None.

ASSISTANCE CONSIDERATIONS:

Formula and Matching Requirements: A minimum of 5 percent cost sharing is required.

Length and Time Phasing of Assistance: Term of grant shall be determined at time of award.

POST ASSISTANCE REQUIREMENTS:

Reports: As specified in grant award (usually quarterly interims and final progress and expenditure reports).

Audits: Grants are subject to inspection and audit by representatives of the Comptroller General and EPA.

Records: Financial records, including all documents to support entries on accounting records and to substantiate charges to each grant, must be kept available to personnel authorized to examine EPA grant accounts. All records must be maintained for 3 years after the end of each budget period, and if questions still remain, such as those raised as a result of audit, related records should be retained until the matter is completely resolved.

FINANCIAL INFORMATION:

Account Identification: 20-00-0108-0-1-404.

Obligations: (Grant) FY 73 $1,041,692; FY 74 est $1,483,000; and FY 75 est $1,505,000.
Range and Average of Financial Assistance: $3,000 to $130,000; $35,000.

PROGRAM ACCOMPLISHMENTS: 2,000 operators were trained in fiscal year 1974. To date 50 States have received training grant funds.

REGULATIONS, GUIDELINES, AND LITERATURE: General Grant Regulations and Procedures, Environmental Protection Agency; Federal Register, Vol. 36, No. 229, (40 CFR 30); OMB A-87; FMC 74-4; OMB A-27; OMB Circular No. A-27; "Grant Assistance Programs of the Environmental Protection Agency" (no charge). Training Grants and Fellowships, Final Regulations, EPA, Federal Register, Vol 38, No. 118, (40 CFR 45, 46).

INFORMATION CONTACTS:

Regional or Local Office: Individuals are encouraged to communicate with appropriate EPA Regional Administrator.

Headquarters Office: For program information contact EPA, OWPO, Chief, Water Quality Control Training Branch, Municipal Permits and Operations Division, Washington, DC 20460. Telephone: (703) 557-2242.

RELATED PROGRAMS: 66.417, Water Pollution Control-Direct Training; 66.421, Water Pollution Control-Training Grants; 66.423, Water Quality Control Information System-Orientation and Training Seminars.

66.421 WATER POLLUTION CONTROL TRAINING GRANTS

FEDERAL AGENCY: OFFICE OF WATER AND HAZARDOUS MATERIALS, ENVIRONMENTAL PROTECTION AGENCY

AUTHORIZATION: Sections 104(g)(3), 109, 110, and 111 of the Water Pollution Control Act as amended; Public Law 92-500; 33 U.S.C. 1254, 1259, 1260, 1261.

OBJECTIVES: To improve training and education for professional, scientific, and technical personnel in the causes, control, and prevention of water pollution.

TYPES OF ASSISTANCE: Project Grants.

USES AND USE RESTRICTIONS: In addition to the EPA general grant conditions (Appendix A to Subchapter B of 40 CFR), each training grant shall be subject to the following conditions: (a) The grantee shall not require the performance of personal services by individuals receiving training as a condition for assistance. (b) Recipients of assistance under training grants shall be entitled to the normal student holidays observed by an academic institution, or the holiday and vacation schedule applicable to all trainees at a nonacademic institution. (c) Recipients of assistance under training grants must be citizens of the United States, its territories, or possessions, or lawfully admitted to the United States for permanent residence. (d) Generally training grants will provide for student support only through scholarships. Stipends are permitted when, in the judgment of the grantee, they are needed to attract qualified students provided that no more than $20,000 may be used for such stipends within a budget period and further provided that no stipend may be less than $1,000 or more than $3,000. (e) Training grants awarded under Section III of the Federal Water Pollution Control Act will be subject to the following condition: Grantees must obtain the following agreement in writing from persons awarded scholarships under Section III for undergraduate study of the operation and maintenance of treatment works: I agree to enter and remain in an occupation involving the design, operation, or maintenance of waste treatment works for a period of 2 years after the satisfactory completion of my studies under this program. I understand that if I fail to perform this obligation I may be required to repay the amount of my scholarship. The grantee

agrees to take such action as may reasonably be required to enforce the foregoing agreement. Any sums received by the grantee shall be credited or paid to the United States in accordance with 40 CFR 30.603.

ELIGIBILITY REQUIREMENTS:

Applicant Eligibility: Public and private agencies, municipalities, educational institutions, and individuals.

Beneficiary Eligibility: Same as applicant eligibility.

Credentials/Documentation: None.

APPLICATION AND AWARD PROCESS:

Preapplication Coordination: The standard application forms required by FMC 74-7 are furnished by EPA. Standards of FMC 74-7 only apply to State and local governments.

Application Procedure: Requests for application forms and completed applications should be submitted to the Grants Administration Division headquarters office.

Award Procedure: Each application shall be subjected to administrative evaluation to determine adequacy in relation to grant regulations and to technical and program evaluation to determine merit and relevancy of the project. Applicant must agree to administer the grant in accordance with EPA Grant Policies and procedures in effect at time of award.

Deadlines: None.

Range of Approval/Disapproval Time: 90 to 120 days.

Appeals: None.

ASSISTANCE CONSIDERATIONS:

Formula and Matching Requirements: A minimum of 5 percent cost-sharing is required.

Length and Time Phasing of Assistance: Term of grant shall be determined at time of award.

POST ASSISTANCE REQUIREMENTS:

Reports: As specified in grant award (usually quarterly interims and final progress and expenditure reports).

Audits: Grants are subject to inspection and audit by EPA and the Comptroller General.

Records: Financial records, including all documents to support entries on accounting records and to substantiate charges to each grant, must be kept available to personnel authorized to examine EPA grant accounts. All records must be maintained for 3 years after the end of each budget period, and if questions still remain, such as those raised as a result of audit, related records should be retained until the matter is completely resolved.

FINANCIAL INFORMATION:

Account Identification: 20-00-0108-0-1-404.

Obligations: (Grants) FY 73 $5,973,252; FY 74 est $3,440,000; and FY 75 est $2,770,000.

Range and Average of Financial Assistance: $1,000 to $110,000; $43,576.

PROGRAM ACCOMPLISHMENTS: The Office of Water Program Operations and predecessor organizations, during the last 10 fiscal years, have supported 4,843 graduate students, 228 are in the pipeline, that is, still being supported by WQO training grants on June 30, 1974. Of the others, 3,518 have received graduate degrees in water quality control, 176 are going on for further education, and 40 are employed but did not receive graduate degrees. The program has supported almost 50,000 months of graduate student education (nearly 7,200 student years), with an average of 13 months per student and about 14 months per degree. There were 215 grants awarded in fiscal year 1973. A total of 87 grants are to be awarded in fiscal year 1974; and up to 33 may be awarded in fiscal year 1975.

REGULATIONS, GUIDELINES, AND LITERATURE: General Grant Regulations and Procedures, Environmental Protection Agency; Federal Register, Vol. 36, No. 229 (40 CFR 30); Federal Assistance Programs of the Environmental Protection Agency (no charge). Federal Register, Vol. 38, No. 118, (40 CFR 45, 46). Environmental Protection Agency, Training Grants and Fellowships.

INFORMATION CONTACTS:

Regional or Local Office: Individuals are encouraged to communicate with appropriate EPA Regional Administrator.

Headquarters Office: For information concerning grant applications and procedures contact Environmental Protection Agency, Grants Administration Division, Washington, DC 20460. For program information contact Chief, Academic Training Section, Water Quality Control Training Branch, Municipal Permits and Operations Division, Office of Water and Hazardous Materials, Environmental Protection Agency, Washington, DC 20460. Telephone: (703) 557-2242.

RELATED PROGRAMS: 66.417, Water Pollution Control-Direct Training; 66.420, Water Pollution Control-State and Local Manpower Development; 66.423, Water Quality Control-Information System Orientation and Training Seminars; 15.951, Water Resources Research-Assistance to States for Institutes; 15.952, Water Resources Research Matching Grants to State Institutes.

66.426 WATER POLLUTION CONTROL-AREA WASTE TREATMENT MANAGEMENT PLANNING GRANTS

FEDERAL AGENCY: OFFICE OF WATER AND HAZARDOUS MATERIALS, ENVIRONMENTAL PROTECTION AGENCY

AUTHORIZATION: Federal Water Pollution Control Act Amendments of 1972, Section 208, Public Law 92-500; 33 U.S.C. 1288.

OBJECTIVES: To encourage and facilitate the development and implementation of areawide waste treatment management plans in designated areas.

TYPES OF ASSISTANCE: Project Grants.

USES AND USE RESTRICTIONS: Funds are provided to designated planning agencies for a period of up to 24 months to develop an initial areawide waste treatment management plan for the area.

ELIGIBILITY REQUIREMENTS:

Applicant Eligibility: An applicant agency must be designated by the Governor or appropriate local officials in conformance with 40 CFR 126.11 or 126.16 and approved by the Administrator of EPA as the official areawide waste treatment management planning agency for the area and must agree to develop a plan and a continuing planning process meeting the requirements of 40 CFR 35, Subpart F for the entire designated area.

Beneficiary Eligibility: Same as applicant eligibility.

Credentials/Documentation: In the case of an area designated by the Governor(s), the grant application must include a statement of certification or refusal or certification by the chief official(s) of the reviewing agency(ies) wherein the area is located.

APPLICATION AND AWARD PROCESS:

Preapplication Coordination: Preapplication coordination with appropriate Regional Office recommended. Must comply with all requirements of Part 1, OMB Circular No. A-95. In the case of an area designated by the Governor(s), the application and supporting data must be submitted by the State reviewing agency(ies) designated by the Governor(s) prior to submission to EPA. Additionally in interstate cases, the

application must be submitted to the Governor of the State wherein the greatest portion of the planning area resides. The standard application forms required by FMC 74-7 are furnished by EPA.

Application Procedure: The grant application must be submitted in duplicate to the appropriate Regional Administrator of EPA on such forms as the Administrator may prescribe.

Award Procedure: Grant application is reviewed by appropriate EPA Regional Office and if approvable, the grant is awarded by the Regional Administrator. Notification of grant award must be made to the State Central Information Reception Agency and Department of the Treasury on SF 240.

Deadlines: Grant applications must be received within one year after the planning area and agency have been designated.

Range of Approval/Disapproval Time: 45 days.

Appeals: Within one year after date of designation.

Renewals: Not applicable.

ASSISTANCE CONSIDERATIONS:

Formula and Matching Requirements: The Federal rate of assistance is 100 percent of eligible costs for all grant awards made through fiscal year 1975.

Length and Time Phasing of Assistance: 24 months.

POST ASSISTANCE REQUIREMENTS:

Reports: Semi-annual progress report must be submitted by grantee.

Audits: Grants are subject to inspection and audit by representatives of the Comptroller General of the U.S. and EPA.

Records: Grantee financial management systems must comply with provision of FMC 74-7.

FINANCIAL INFORMATION:

Account Identification: 20-00-0108-0-1-404.

Obligations: (Grants) FY 73 $0; FY 74 est $100,000,000; and FY 75 est $150,000,000.

Range and Average of Financial Assistance: $300,000 to $3,000,000; $1,250,000.

PROGRAM ACCOMPLISHMENTS: Not applicable - new program.

REGULATIONS, GUIDELINES, AND LITERATURE: 40 CFR 126; 40 CFR 35, Subpart F; 40 CFR 30.

INFORMATION CONTACTS:

Regional or Local Office: EPA Regional Administrator.

Headquarters Office: Director, Water Planning Division, EPA, Washington, DC 20460.

RELATED PROGRAMS: 66.419, Water Pollution Control - State and Interstate Program Grants; 66.418, Water Pollution Control - Grants for Construction of Treatment Works.

OFFICE OF RESEARCH AND DEVELOPMENT

66.500 ENVIRONMENTAL PROTECTION-CONSOLIDATED RESEARCH GRANTS

FEDERAL AGENCY: OFFICE OF RESEARCH AND DEVELOPMENT, ENVIRONMENTAL PROTECTION AGENCY

AUTHORIZATION: Sections 103 and 104 of the Clean Air Act as amended; Public Law 88-206; 42 U.S.C. 1857b and 1857b-1. Sections 104, 105, 107, 108, 113 of the Federal Water Pollution Control Act as amended; Public Law 92-500;

U.S.C. 1254, 1257, 1258, 1263; Public Health Service Act as amended, Public Law 78-410; 42 U.S.C. 242b. Public Health Service Act as amended; 42 U.S.C. 241 and 246. Section 204 and 205 of the Solid Waste Disposal Act as amended; Public Law 89-272; 42 U.S.C. 3253.

OBJECTIVES: To support research to explore and develop strategies and mechanisms for those in the economic, social, governmental and environmental systems to use in environmental management.

TYPES OF ASSISTANCE: Project Grants.

USES AND USE RESTRICTIONS: Available for allowable direct cost expenditures incident to research performance plus allocable portions of allowable indirect costs of the institutions, in accordance with the established policies of EPA.

ELIGIBILITY REQUIREMENTS:

Applicant Eligibility: Nonprofit institutions such as universities and colleges, hospitals, laboratories, State and local government departments, other public or private non-profit institutions and individuals who have demonstrated unusually high scientific ability.

Beneficiary Eligibility: Same as applicant eligibility.

Credentials/Documentation: None.

APPLICATION AND AWARD PROCESS:

Preapplication Coordination: Discussion with program office advisable. Environmental impact assessment required with application. Standards of FMC 74-7 only apply to State and local governments.

Application Procedure: Request for application forms and completed applications should be submitted to the Environmental Protection Agency, Grants Administration Division, Washington, DC 20460.

Award Procedure: Each application shall be subjected to administrative evaluation to determine the adequacy of the application in relation to grant regulations and to program evaluation; technical and extramural review determines the merit and relevance of the project.

Deadlines: None.

Range of Approval/Disapproval Time: Approximately 90 days.

Appeals: No appeals procedure; however, revised proposals may be resubmitted in light of "Award Procedure."

Renewals: None. Standard grant application should be prepared and submitted. It will be reviewed in same manner as a new application and will compete for available funds.

ASSISTANCE CONSIDERATIONS:

Formula and Matching Requirements: A minimum of 5 percent cost sharing is required except for programs where matching funds are required by statute.

Length and Time Phasing of Assistance: Grants normally funded on a 12-month basis (yearly). Total project period varies according to program requirements.

POST ASSISTANCE REQUIREMENTS:

Reports: As specified in grant agreement (usually quarterly and final progress and expenditure reports).

Audits: Grants are subject to inspections and audit by representatives of the Comptroller General of the United States and EPA.

Records: Financial records, including all documents to support entries on accounting records and to substantiate changes to each grant, must be kept available to personnel authorized to examine EPA grant accounts. All records must be maintained for 3 years after the end of each budget period and if questions still remain, such as those raised as a result of audit, related records should be retained until the matter is completely resolved.

FINANCIAL INFORMATION:

Account Identification: 20-00-0107-0-1-404.

Obligations: (Grants) FY 73 $1,171,000; FY 74 est $1,455,000; and FY 75 est $1,449,000.

Range and Average of Financial Assistance: $5,000 to $94,160; $40,969.

PROGRAM ACCOMPLISHMENTS: In fiscal year 1973, 27 research projects were funded. Studies are being conducted which provide an understanding of the total effects of environmental policy.

REGULATIONS, GUIDELINES, AND LITERATURE: Interim Regulations, Grant Programs, Environmental Protection Agency; Federal Register, Vol. 36, No. 229, p. 22716; Interim Regulations. Research and Demonstration Grants; Environmental Protection Agency; Federal Register, Vol. 38, No. 93, p. 12784; Federal Assistance Programs of the Environmental Protection Agency, no charge.

INFORMATION CONTACTS:

Regional or Local Office: Individuals are encouraged to communicate with the appropriate EPA Regional Administrator listed in the appendix.

Headquarters Office: For information on grant applications and procedures contact Environmental Protection Agency, Grants Administration Division, Washington, DC 20460. For program information contact Chief, Project Processing Staff, Office of Research and Development, Environmental Protection Agency, Washington, DC 20460. Telephone: (202) 426-2275.

RELATED PROGRAMS: 66.501, Air Pollution Control Research Grants; 66.502, Pesticides Research Grants; 66.503, Radiation Research Grants; 66.504, Solid Waste Research Grants; 66.505, Water Pollution Control-Research, Development, and Demonstration.

66.501 AIR POLLUTION CONTROL RESEARCH GRANTS

FEDERAL AGENCY: OFFICE OF RESEARCH AND DEVELOPMENT, ENVIRONMENTAL PROTECTION AGENCY

AUTHORIZATION: Sections 103 and 104 of the Clean Air Act, as amended; Public Law 88-206; 42 U.S.C. 1857b and 1857b-1.

OBJECTIVES: To support and promote research and development projects relating to the causes, effects, extent, prevention and control of air pollution.

TYPES OF ASSISTANCE: Project Grants.

USES AND USE RESTRICTIONS: Available for allowable direct cost expenditures incident to research performance plus allocable portions of allowable indirect costs of the institutions, in accordance with the established policies of EPA.

ELIGIBILITY REQUIREMENTS:

Applicant Eligibility: Nonprofit institutions such as universities and colleges, hospitals, laboratories, State and local health departments, and other public or private nonprofit institutions. Grants may also be awarded to individuals who have demonstrated unusually high scientific ability.

Beneficiary Eligibility: Same as applicant eligibility.

Credentials/Documentation: None.

APPLICATION AND AWARD PROCESS:

Preapplication Coordination: Discussion with program office advisable. Environmental assessment required with application. Standards of FMC 74-7 apply only to State and local governments.

Application Procedure: Requests for application forms and completed applications should be submitted to the Environmental Protection Agency, Grants Administration Division, Washington, DC 20460.

Award Procedure: Each application shall be subjected to administrative evaluation to determine the adequacy of the application in relation to grant regulations and to program evaluation; technical and extramural review determines the merit and relevance of the project.

Deadlines: None.

Range of Approval/Disapproval Time: Approximately 90 days.

Appeals: No appeals procedure; however, revised proposals may be resubmitted in light of "Award Procedure."

Renewals: None. Standard grant application should be prepared and submitted. It will be reviewed in same manner as a new application and will compete for available funds.

ASSISTANCE CONSIDERATIONS:

Formula and Matching Requirements: A minimum of 5 percent cost sharing is required except for programs where matching funds are required by statute.

Length and Time Phasing of Assistance: Grants normally funded on a 12-month basis (yearly). Total project period varies according to program requirements.

POST ASSISTANCE REQUIREMENTS:

Reports: As specified in grant award (usually quarterly interims and final progress and expenditure reports).

Audits: Grants are subject to inspection and audit by representatives of the Comptroller General of the United States and EPA.

Records: Financial records, including all documents to support entries on accounting records and to substantiate charges to each grant, must be kept available to personnel authorized to examine EPA grant accounts. All records must be maintained for 3 years after the end of each budget period, and if questions still remain, such as those raised as a result of audit, related records should be retained until the matter is completely resolved.

FINANCIAL INFORMATION:

Account Identification: 20-00-0107-0-1-404.

Obligations: (Grants) FY 73 $5,537,000; FY 74 $3,726,000; and FY 75 est $4,950,000.

Range and Average of Financial Assistance: $3,300 to $182,383; $44,478.

PROGRAM ACCOMPLISHMENTS: In fiscal year 1972, 96 grants were funded.

REGULATIONS, GUIDELINES, AND LITERATURE: Interim Regulations; Grant Programs; Environmental Protection Agency; Federal Register, Vol. 36, No. 229, p. 22716; Interim Regulations. Research and Demonstration Grants; Environmental Protection Agency; Federal Register; Vol. 38, No. 93, p. 12784; "Federal Assistance Programs of the Environmental Protection Agency," no charge.

INFORMATION CONTACTS:

Regional or Local Office: Individuals are encouraged to communicate with the appropriate EPA Regional Administrator.

Headquarters Office: For information concerning grant applications and procedures contact Environmental Protection Agency, Grants Administration Division, Washington, DC 20460. For program information contact Chief, Project Processing Staff, Office of Research and Development, Environmental Protection Agency, Washington, DC 20460. Telephone: (202) 426-2275.

RELATED PROGRAMS: 66.001, Air Pollution Control Program Grants; 66.002, Air Pollution Fellowships; 66.003, Air Pollution Manpower Training Grants; 66.005, Air Pollution Survey and Demonstration Grants.

66.502 PESTICIDES RESEARCH GRANTS

FEDERAL AGENCY: OFFICE OF RESEARCH AND DEVELOPMENT, ENVIRONMENTAL PROTECTION AGENCY

AUTHORIZATION: Section 20 of the Federal Insecticide, Fungicide and Rodenticide Act, as amended; Public Law 92-516; 7 U.S.C. 136r.

OBJECTIVES: To support and promote the coordination of research projects relating to human and ecological effects from pesticides, pesticide degradation products, and alternatives to pesticides.

TYPES OF ASSISTANCE: Project Grants.

USES AND USE RESTRICTIONS: Available for the allowable direct cost expenditures incident to research performance plus allocable portions of allowable indirect costs of the institutions, in accordance with the established policies of EPA.

ELIGIBILITY REQUIREMENTS:

Applicant Eligibility: Universities or others as may be necessary.

Beneficiary Eligibility: Same as applicant eligibility.

Credentials/Documentation: None.

APPLICATION AND AWARD PROCESS:

Preapplication Coordination: Discussion with program office advisable. Environmental assessment required with application. Standards of FMC 74-7 apply only to State and local government.

Application Procedure: Requests for application forms and completed applications should be submitted to Environmental Protection Agency, Grants Administration Division, Washington, DC 20460.

Award Procedure: Each application shall be subjected to administrative evaluation to determine the adequacy of the application in relation to grant regulations, and to program evaluation; technical and extramural review determines the merit and relevance of the project.

Deadlines: None.

Range of Approval/Disapproval Time: Approximately 90 days.

Appeals: No appeals procedure; however, revised proposals may be resubmitted in light of "Award Procedure."

Renewals: None. Standard grant application should be prepared and submitted. It will be reviewed in same manner as a new application and will compete for available funds.

ASSISTANCE CONSIDERATIONS:

Formula and Matching Requirements: A minimum of 5 percent cost sharing is required except for programs where matching funds are required by statute.

Length and Time Phasing of Assistance: Grants normally funded on a 12-month basis (yearly). Total project period varies according to program requirements.

POST ASSISTANCE REQUIREMENTS:

Reports: As specified in grant award (usually quarterly interims and final progress and expenditure reports).

Audits: Grants are subject to inspections and audit by representatives of the Comptroller General of the United States and EPA.

Records: Financial records, including all documents to support entries on accounting records and to substantiate changes to each grant, must be kept available to personnel authorized to examine EPA grant accounts. All records must be maintained for 3 years after the end of each budget period, and if questions still remain, such as those raised as a result of audit, related records should be retained until the matter is completely resolved.

FINANCIAL INFORMATION:

Account Identification: 20-00-0107-0-1-404.

Obligations: (Grants) FY 73 $904,000; FY 74 est $1,140,000; and FY 75 est $1,202,000.

Range and Average of Financial Assistance: $13,850 to $300,000; $48,924.

PROGRAM ACCOMPLISHMENTS: In fiscal year 1973, 18 grant applications were awarded.

REGULATIONS, GUIDELINES, AND LITERATURE: Interim Regulations, Grant Programs, Environmental Protection Agency; Federal Register, Vol. 36, No. 229, p. 22716; Interim Regulations, Research and Demonstration Grant, Environmental Protection Agency; Federal Register, Vol. 38, No. 93, p. 12784; "Federal Assistance Programs of the Environmental Protection Agency," no charge.

INFORMATION CONTACTS:

Regional or Local Office: Individuals are encouraged to communicate with the appropriate EPA Regional Administrator.

Headquarters Office: For information concerning grant applications and procedures contact Environmental Protection Agency, Grants Administration Division, Washington, DC 20460. For program information contact Chief, Project Processing Staff, Office of Research and Development, Environmental Protection Agency, Washington, DC 20460. Telephone: (202) 426-2275.

RELATED PROGRAMS: 10.053, Dairy Indemnity Payments; 15.604, Fishery Research-Information; 15.607, Pesticide Appraisal and Monitoring; 15.610, Wildlife Research Information.

66.503 RADIATION RESEARCH GRANTS

FEDERAL AGENCY: OFFICE OF RESEARCH AND DEVELOPMENT, ENVIRONMENTAL PROTECTION AGENCY

AUTHORIZATION: Public Health Service Act, as amended; Public law 78-410; 42 U.S.C. 241 and 246.

OBJECTIVES: To support and promote research relating to the exploration of environmental radiation hazards and reduction of the resultant risk to health.

TYPES OF ASSISTANCE: Project Grants.

USES AND USE RESTRICTIONS: Available for the allowable direct cost expenditures incident to research performance plus allocable portions of allowable indirect costs of the institutions, in accordance with the established policies of EPA.

ELIGIBILITY REQUIREMENTS:

Applicant Eligibility: Universities, hospitals, laboratories, other public or private institutions, or individuals.

Beneficiary Eligibility: Same as applicant eligibility.

Credentials/Documentation: None.

APPLICATION AND AWARD PROCESS:

Preapplication Coordination: Discussion with program office advisable. Environmental assessment required with application. Standards of FMC 74-7 apply only to State and local governments.

Application Procedure: Requests for application forms and completed applications should be submitted to the Environmental Protection Agency, Grants Administration Division, Washington, DC 20460.

Award Procedure: Each application shall be subjected to administrative evaluation to determine the adequacy of the application in relation to grant regulations, and to program evaluations; technical and extramural review determines the merit and relevance of the project.

Deadlines: None.

Range of Approval/Disapproval Time: Approximately 90 days.

Appeals: No appeals procedure; however, revised proposals may be resubmitted in light of "Award Procedure."

Renewals: None. Standard grant application should be prepared and submitted. It will be reviewed in the same manner as a new application and will compete for available funds.

ASSISTANCE CONSIDERATIONS:

Formula and Matching Requirements: A minimum of 5 percent cost sharing is required except for programs where matching funds are required by statute.

Length and Time Phasing of Assistance: Grants normally funded on a 12-month basis (yearly). Total project period varies according to program requirements.

POST ASSISTANCE REQUIREMENTS:

Reports: As specified in grant award (usually quarterly interims and final progress and expenditure reports).

Audits: Grants are subject to inspection and audit by representatives of the Comptroller General of the United States and EPA.

Records: Financial records, including all documents to support entries on accounting records and to substantiate charges to each grant, must be kept available to personnel authorized to examine EPA grant accounts. All records must be maintained for 3 years after the end of each budget period, and if questions still remain, such as those raised as a result of audit, related records should be retained until the matter is completely resolved.

FINANCIAL INFORMATION:

Account Identification: 20-00-0107-0-1-404.

Obligations: (Grants) FY 73 $284,000; FY 74 est $158,000; and FY 75 est $149,000.

Range and Average of Financial Assistance: $15,170 to $52,800; $38,809.

PROGRAM ACCOMPLISHMENTS: In fiscal year 1973, seven grants were funded for research work.

Regulations, guidelines, and literature: Interim Regulations, Grant Programs, Environmental Protection Agency; Federal Register, Vol. 36, No. 229, p. 22716; *Interim Regulations, Research and Demonstration Grants, Environmental Protection* Agency; Federal Register, Vol. 38, No. 93, p. 12784; "Federal Assistance Programs of the Environmental Protection Agency," no charge.

INFORMATION CONTACTS:

Regional or Local Office: Individuals are encouraged to communicate with the

appropriate EPA Regional Administrator.

Headquarters Office: For information concerning grant applications and procedures contact Environmental Protection Agency, Grants Administration Division, Washington, DC 20460. For program information contact Chief, Project Processing Staff, Office of Research and Development, Environmental Protection Agency, Washington, DC 20460. Telephone: (202) 426-2275.

RELATED PROGRAMS: None.

66.504 SOLID WASTE RESEARCH GRANTS

FEDERAL AGENCY: OFFICE OF RESEARCH AND DEVELOPMENT, ENVIRONMENTAL PROTECTION AGENCY

AUTHORIZATION: Solid Waste Disposal Act, Section 204 & 205, and as amended; Public Law 89-272; 42 U.S.C. 3253.

OBJECTIVES: To support and promote the coordination of research and development in the area of collection, storage, utilization, salvage or final disposal of solid waste.

TYPES OF ASSISTANCE: Project Grants.

USES AND USE RESTRICTIONS: Available for the allowable direct cost expenditures incident to research performance plus allocable portions of allowable indirect costs of the institutions, in accordance with established EPA policies.

ELIGIBILITY REQUIREMENTS:

Applicant Eligibility: Public or private agencies and institutions and individuals.

Beneficiary Eligibility: Same as applicant eligibility.

Credentials/Documentation: None.

APPLICATION AND AWARD PROCESS:

Preapplication Coordination: Discussion with program office advisable. Environmental Assessment required with application. Standards of FMC 74-7 apply only to State and local governments.

Application Procedure: Requests for application forms and completed applications should be submitted to EPA Grants Administration Division, Washington, DC 20460.

Award Procedure: Each application shall be subjected to administrative evaluation to determine adequacy of application in relation to grant regulations, and to program evaluation; technical and extramural review determines the merit and relevance of the project.

Deadlines: None.

Range of Approval/Disapproval Time: Approximately 90 days.

Appeals: No appeals procedure; however, revised proposals may be resubmitted in light of "Award Procedure."

Renewals: None. Standard grant application should be prepared and submitted. It will be reviewed in same manner as a new application and will compete for available funds.

ASSISTANCE CONSIDERATIONS:

Formula and Matching Requirements: A minimum of 5 percent cost sharing is required.

Length and Time Phasing of Assistance: Term of grant shall be determined at time of award.

POST ASSISTANCE REQUIREMENTS:

Reports: As specified in grant award (usually quarterly interims and final progress expenditure reports).

Audits: Grants are subject to inspection and audit by representatives of the Comptroller General of the United States and EPA.

Records: Financial records, including all documents to support entries on accounting records and to substantiate charges to each grant, must be kept available to personnel authorized to examine EPA grant accounts. All records must be maintained for 3 years after the end of each budget period, and if questions still remain, such as those raised as a result of audit, related records should be retained until the matter is completely resolved.

FINANCIAL INFORMATION:

Account Identification: 20-00-0107-0-1-404.

Obligations: (Grants) FY 73 $464,000; FY 74 est $295,000; and FY 75 est $418,000.

Range and Average of Financial Assistance: $13,667 to $158,295; $58,696.

PROGRAM ACCOMPLISHMENTS: Studies are being conducted to determine means of recovering materials and energy from waste materials and methods for the reduction, neutralization, recovery and disposal of solid waste. In fiscal year 1973, 8 research grants were awarded.

Regulations, Guidelines and Literature: Interim Regulations, Grant Programs, Environmental Protection Agency; Federal Register, Vol. 36, No. 229, p. 22716; Interim Regulations, Research and Demonstration Grants, Environmental Protection Agency, Federal Register, Vol. 38, No. 93, p. 12784; Federal Assistance Programs of the Environmental Protection Agency, no charge.

INFORMATION CONTACTS:

Regional or Local Office: Individuals are encouraged to communicate with the appropriate EPA Regional Administrator.

Headquarters Office: For information concerning grant applications and procedures contact Environmental Protection Agency, Grants Administration Division, Washington, DC 20460. For program information contact Chief, Project Processing Staff, Office of Research and Development, Environmental Protection Agency, Washington, DC 20460. Telephone: (202) 426-2275.

RELATED PROGRAMS: None.

66.505 WATER POLLUTION CONTROL—RESEARCH, DEVELOPMENT, AND DEMONSTRATION

FEDERAL AGENCY: OFFICE OF RESEARCH AND DEVELOPMENT, ENVIRONMENTAL PROTECTION AGENCY

AUTHORIZATION: Sections 104, 105, 107, 108, 113 of the Federal Water Pollution Control Act as amended; Public Law 92-500; 33 U.S.C. 1254, 1255, 1257, 1258, 1263.

OBJECTIVES: To support and promote the coordination and acceleration of research, development, and demonstration projects relating to the causes, effects, extent, prevention, reduction and elimination of water pollution.

TYPES OF ASSISTANCE: Project Grants.

USES AND USE RESTRICTIONS: Available for allowable direct cost expenditures incident to research performance plus allocable portions of allowable indirect costs of the institution, in accordance with established EPA policies.

ELIGIBILITY REQUIREMENTS:

Applicant Eligibility: Nonprofit institutions such as universities and colleges, hospitals, laboratories, State and local government departments, other public or private nonprofit institutions. Grants may also be awarded to individuals and persons who have demonstrated unusually high scientific ability.

Beneficiary Eligibility: Same as applicant eligibility.

Credentials/Documentation: None.

APPLICATION AND AWARD PROCESS:

Preapplication Coordination: Discussion with program office advisable; environmental assessment required with application. Applications should be reviewed under procedures in Part I of OMB Circular No. A-95 (revised). Standards of FMC 74-7 apply only to State and local governments.

Application Procedure: Requests for application forms and completed applications should be submitted to the Environmental Protection Agency, Grants Administration Division, Washington, DC 20460.

Award Procedure: Each application shall be subjected to administrative evaluation to determine the adequacy of the application in relation to grant regulations and to program evaluation; technical and extramural review determines the merit and relevance of the project.

Deadlines: None.

Range of Approval/Disapproval Time: Approximately 90 days.

Appeals: No appeals procedure; however, revised proposals may be resubmitted in light of "Award Procedure." Standard grant application should be prepared and submitted. It will be reviewed in same manner as a new application and will compete for available funds.

Renewals: None.

ASSISTANCE CONSIDERATIONS:

Formula and Matching Requirements: A minimum of 5 percent cost sharing is required, except for programs where matching funds are required by statute.

Length and Time Phasing of Assistance: Grants normally funded on a 12-month basis (yearly). Total project period varies according to program requirements.

POST ASSISTANCE REQUIREMENTS:

Reports: As specified in grant award (usually quarterly interims and final progress and expenditure reports).

Audits: Grants are subject to inspection and audit by EPA and the Comptroller General.

Records: Financial records, including all documents to support entries on accounting records and to substantiate charges to each grant, must be kept available to personnel authorized to examine EPA grant accounts. All records must be maintained for 3 years after the end of each budget period, and if questions still remain, such as those raised as a result of audit, related records should be retained until the matter is completely resolved.

FINANCIAL INFORMATION:

Account Identification: 20-00-0107-0-1-404.

Obligations: (Grants) FY 73 $16,773,429; FY 74 est $15,053,000; and FY 75 est $13,000,000.

Range and Average of Financial Assistance: Research Grants: $2,750 to $502,354; $47,536; Demonstration Grants: $5,000 to $487,788; $127,169.

PROGRAM ACCOMPLISHMENTS: Significant projects include research and demonstration of methods for the control and treatment of wastewaters discharged from the urban environment. Efforts are also directed toward new or improved treatment of wastes from agricultural activities, oil and hazardous material spills, industrial manufacturing, and mining operations. Projects also include research to increase the understanding of the aquatic ecosystem and eutrophication process. In fiscal year 1973, 231 grants were awarded.

REGULATIONS, GUIDELINES, AND LITERATURE: Interim Regulations, Grant Programs, Environmental Protection Agency; Federal Register, Vol. 36, No. 229, p. 22716; Interim Regulations, Research and Demonstration Grants, Environmental Protection Agency; Federal Register, Vol. 38, No. 93, P.12784, "Federal Assistance

Programs of the Environmental Protection Agency," (no charge).

INFORMATION CONTACTS:

Regional or Local Office: Individuals are encouraged to communicate with appropriate EPA Regional Administrator.

Headquarters Office: For information concerning grant applications and procedures contract Environmental Protection Agency, Grants Administration Division, Washington, DC 20460. For program information contact, Chief, Project Processing Staff, Office of Research and Development, Environmental Protection Agency, Washington, DC 20460. Telephone: (202) 426-2275.

RELATED PROGRAMS: 15.950, Additional Water Resources Research; 66.418, Construction Grants for Wastewater Treatment Works.

66.506 WATER SUPPLY RESEARCH GRANTS

FEDERAL AGENCY: OFFICE OF RESEARCH AND DEVELOPMENT, ENVIRONMENTAL PROTECTION AGENCY

AUTHORIZATION: Section 301 of the Public Health Service Act; 42 U.S.C. 241.

OBJECTIVES: To support research aimed at establishing health criteria for organic, inorganic and microbiological contaminants of drinking water and to establish safe recreational water quality standards.

TYPES OF ASSISTANCE: Project Grants.

USES AND USE RESTRICTIONS: Available for the allowable direct cost expenditures incident to research performance plus allocable portions of allowable indirect costs of the institutions, in accordance with the established policies of EPA.

ELIGIBILITY REQUIREMENTS:

Applicant Eligibility: Universities, hospitals, laboratories, and other public or private institutions, or individuals.

Beneficiary Eligibility: Same as applicant eligibility.

Credentials/Documentation: None.

APPLICATION AND AWARD PROCESS:

Preapplication Coordination: Discussion with program office advisable. Environmental assessment required with application. Standards FMC 74-7 apply only to State and local governments.

Application Procedure: Requests for application forms and completed applications should be submitted to the Environmental Protection Agency, Grants Administration Division, Washington, DC 20460.

Award Procedure: Each application shall be subjected to administrative evaluation to determine the adequacy of the application in relation to grant regulations and to program evaluation, technical and extramural review to determine the merit and relevance of the project.

Deadlines: None.

Range of Approval/Disapproval Time: Approximately 90 days.

Appeals: No appeals procedure as such. However, revised proposals may be resubmitted according to instructions above.

Renewals: None. Standard grant application should be prepared and submitted. It will be reviewed in same manner as a new application and will compete for available funds.

ASSISTANCE CONSIDERATIONS:

Formula and Matching Requirements: A minimum of 5 percent cost sharing is required except for programs where matching funds are required by statute.

Length and Time Phasing of Assistance: Grants normally funded on a 12-month basis (yearly). Total project period varies according to program requirements.

POST ASSISTANCE REQUIREMENTS:

Reports: As specified in grant award (usually quarterly interims and final progress and expenditure reports).

Audits: Grants are subject to inspection and audit by representatives of the Comptroller General of the United States and EPA.

Records: Financial records, including all documents to support entries on accounting records and to substantiate charges to each grant, must be kept available to personnel authorized to examine EPA grant accounts. All such records must be maintained for 3 years after the end of each budget period, and if questions still remain, such as those raised as a result of audit, related records should be retained until the matter is completely resolved.

FINANCIAL INFORMATION:

Account Identification: 20-00-0107-0-1-404.

Obligations: FY 73 $87,571; FY 74 est $128,000; and FY 75 est $182,000.

Range and Average of Financial Assistance: $8,843 to $54,579; $29,190.

PROGRAM ACCOMPLISHMENTS: Projects have been started for the effective and economical control of drinking water contaminants during storage, treatment, and distribution. Studies also include the biological effects resulting from the presence of infectious agents and toxic contaminants. In fiscal year 1973, 3 research grants were awarded.

REGULATIONS, GUIDELINES, AND LITERATURE: Interim Regulations, Grant Programs, Environmental Protection Agency; Federal Register, Vol. 36, No. 229, p. 22716; Interim Regulations, Research and Demonstration Grants, Environmental Protection Agency; Federal Register, Vol. 38, No. 93, p. 12784; "Federal Assistance Program of the Environmental Protection Agency," no charge.

INFORMATION CONTACTS:

Regional or Local Office: Individuals are encouraged to communicate with the appropriate EPA Regional Administrator.

Headquarters Office: For information concerning grant applications and procedures contact Environmental Protection Agency, Grants Administration Division, Washington, DC 20460. For program information contact, Chief, Project Processing Staff, Office of Research and Development, Environmental Protection Agency, Washington, DC 20460. Telephone: (202) 426-2275.

RELATED PROGRAMS: 15.950, Additional Water Resources Research, 66.505, Water Pollution Control-Research, Development, and Demonstration.

OFFICE OF PLANNING AND MANAGEMENT

66.600 ENVIRONMENTAL PROTECTION-CONSOLIDATED PROGRAM GRANTS

FEDERAL AGENCY: OFFICE OF PLANNING AND MANAGEMENT, ENVIRONMENTAL PROTECTION AGENCY

AUTHORIZATION: Including but not limited to: Section 105 of the Clean Air Act, 42 U.S.C. 1857c. Section 106 of the Federal Water Pollution Control Act Amendments of 1972, 33 U.S.C. 1151. Section 207 or 208 of the Solid Waste Disposal Act, 42 U.S.C. 3251 et seq.

Objectives: To enable States to coordinate and manage environmental approaches to their pollution problems. Consolidated grants are alternate grant delivery mechanisms. These mechanisms provide for consolidating into one grant instrument those grants awarded separately to States for management of environmental protection activities including but not limited to air pollution control, water pollution control, and solid waste management.

TYPES OF ASSISTANCE: Project Grants.

USES AND USE RESTRICTIONS: Grant funds may be used for costs specifically incurred in the conduct of a project in accordance with the purposes enumerated in the approved application.

ELIGIBILITY REQUIREMENTS:

Applicant Eligibility: Any State with a single agency eligible to receive and administer funds made available through the applicable statutory authorizations. Such an agency is eligible even though it may not be currently receiving funds under one of the grant authorities.

Beneficiary Eligibility: Same as applicant eligibility.

Credentials/Documentation: States and EPA Regional Offices together have flexibility in developing the format of the application so long as funding sources are indicated, and the State presents an interdisciplinary approach to its pollution problems. States are encouraged to describe all their environmental protection activities. The application should include quantified State objectives. If possible, the State should include critical path/strategy charts of its pollution control decision-making efforts. The applicant's program should complement the applicable EPA Regional Office program plans and priorities. Information contained in the application should not duplicate information already provided or to be provided by the State to satisfy other EPA requirements such as air implementation plan documentation. A State Plan is required under Part III of OMB Circular No. A-95 (revised).

APPLICATION AND AWARD PROCESS:

Preapplication Coordination: Preapplication communications should be directed to the appropriate EPA Regional Administrator. Environmental assessment required with application. Applicants for State and local entities should use standard

application forms as required by FMC 74-7 and furnished by EPA.

Application Procedure: The application should be submitted to the appropriate EPA Regional Office.

Award Procedure: Notification of grant award must be made by EPA to the designated State Central Information Reception Agency and Department of Treasury on SF 240.

Deadlines: Grant must be approved by EPA prior to beginning of State's fiscal year.

Range of Approval/Disapproval Time: Minimum review time is 7 days.

Appeals: None.

Renewals: None.

ASSISTANCE CONSIDERATIONS:

Formula and Matching Requirements: See applicable program descriptions.

Length and Time Phasing of Assistance: The terms of the grant agreement shall be determined by the State and EPA at time of award.

POST ASSISTANCE REQUIREMENTS:

Reports: Only final expenditure reports are required. State-regional office grantee program performance evaluation meetings may be scheduled 60 days after initiation of the grant and approximately every 90 days thereafter. After each meeting, the regional office will prepare an evaluation report and submit a copy to the State. A semi-annual evaluation is required. Both State and EPA performance should be evaluated at the meetings. The final quarterly report should be an annual report. The State will not be required to submit written progress reports during the course of the grant cycle. The State must be provided with the evaluation format early enough to be prepared for the scheduled evaluation conferences.

Audits: Subject to inspection and audit by EPA and the U.S. Comptroller General.

Records: See EPA Grant Programs, Interim Regulations, Subchapter B, Appendix A.

FINANCIAL INFORMATION:

Account Identification: 20-00-0108-0-1-404.

Obligations: See applicable program descriptions.

Range and Average of Financial Assistance: See applicable program descriptions.

PROGRAM ACCOMPLISHMENTS: Nine grants totaling $12,300,000 were awarded to States for support of their fiscal year 1974 activities.

REGULATIONS, GUIDELINES, AND LITERATURE: EPA Grant Programs, Interim Regulations, 40 CFR Part 30; EPA, General Grant Regulations and Procedures, State and Local Assistance, 40 CFR Part 35.

INFORMATION CONTACTS:

Regional or Local Office: Contact appropriate EPA Regional Administrator.

Headquarters Office: Director, Grants Administration Division, Environmental Protection Agency, Washington, DC 20460.

RELATED PROGRAMS: 66.001, Air Pollution Control Program Grants; 66.419, Water Pollution Control-State and Interstate Program Grants.

APPENDIX B
EPA AREA AUDIT OFFICES AND COGNIZANT GEOGRAPHIC AREAS

EPA AREA AUDIT OFFICES AND COGNIZANT GEOGRAPHIC AREAS

Geographic Area	Address of Cognizant EPA Area Audit Office
Pennsylvania, Delaware, Maryland, Virginia, West Virginia, and Washington, D.C.	Mr. Juan Soto, Jr. Area Audit Manager Environmental Protection Agency Mid-Atlantic Area Audit Group 401 M Street, S.W., Rm. 3708 Washington, D.C. 20460 (202) 755-0953
Maine, Connecticut, New York, Massachusetts, Rhode Island, Vermont, New Hampshire, New Jersey, Puerto Rico, and Virgin Islands	Mr. Joseph J. DeRosa Area Audit Manager Eastern Area Audit Group 90 Church St. - Suite 802 New York, New York 10007 (212) 264-5730
Ohio, Michigan, Wisconsin, Minnesota, Indiana, Illinois, Iowa, Nebraska, Missouri, and Kansas	Mr. Roger Smith Area Audit Manager Northern Area Audit Group 1 North Wacker Drive Chicago, Illinois 60606 (312) 353-7910
Colorado, Utah, Nevada, Hawaii, Washington, Oregon, California, Idaho, Montana, Wyoming, Arizona, North Dakota, Alaska, and South Dakota	Mr. Truman R. Beeler Area Audit Manager Environmental Protection Agency Western Area Audit Group 100 California Street San Francisco, California 94111 (415) 556-1954
Alabama, North Carolina, South Carolina, Florida, Georgia, Mississippi, Texas, Arkansas, Tennessee, Kentucky, Oklahoma, New Mexico, and Louisiana	Mr. Leslie M. Buie Area Audit Manager Southern Area Audit Group Suite 921 1720 Peachtree Road, N.W. Atlanta, Georgia 30309 (404) 526-3623

APPENDIX C

SURVEY OF GRANTEE'S MANAGEMENT SYSTEMS

Survey of Grantee's Management Systems

System	Yes	No	N/A	W/P Ref.
Accounting				
1. Has the grantee established project accounting records to record the costs applicable to EPA grants or contracts?				
2. Are all costs of a project recorded on these records?				
3. Are the costs in these records used as the basis for the grantee's financial status reports or vouchers?				
4. Are the costs recorded on these records reflected on and reconciled with control accounts contained in the grantee's general ledger?				
5. Are project accounts broken into subaccounts by program element or cost objective?				
6. Are approvals requested for significant deviations from amounts contained in the grant proposals?				
7. Is appropriate documentation maintained to support the costs of:				
a. personnel?				
b. consultants?				
c. fringe benefits?				
d. purchases of material, supplies, and equipment?				
e. travel?				
f. other costs?				
8. Before being recorded, are the costs contained in the project accounting records subjected to review as to their reasonableness, allowability, and allocability to the EPA grants?				
9. Are controls established to assure that the grantee does not claim costs incurred prior to or subsequent to the established grant period?				
10. Are the controls or procedures exercised in administering federal expenditures the same as those utilized in the expenditure of the grantee's funds? (When the grantee's requirements are more stringent than EPA requirements, it is expected that the grantee will treat federal funds as he would treat his own.)				

System	Yes	No	N/A	W/P Ref.
11. Are the grantee's accounting records subjected to an independent audit at least every two years?				
Cash				
12. Are appropriate controls in effect to assure that vouchers or requests for advances are based on actual expenditures recorded on the grantee's project accounting records?				
Personnel				
13. Are procedures established to assure that employees working under federal grants are paid at rates comparable to the rates paid other employees?				
14. Do the personnel and/or payroll records provide support for time and attendance, leave, and earnings for all employees?				
15. Are time distribution records maintained to show the amount of time spent on federal grants as well as the time spent on other activities?				
16. Are controls in effect to assure that personnel costs are distributed in accordance with the time reflected on time distribution records, i.e., reconciliation of labor distribution and payroll records?				
17. Have controls been established to assure that overtime is appropriate for the project approved in accordance with grantee policies, and acceptable under the terms of the grant and applicable Federal Regulations?				
18. When personnel are working on projects other than that sponsored by the federal grant, is the cost of overtime: a. charged to the federal project on which the overtime was spent? b. allocated over the individual's total work during that period? c. treated as an indirect cost? d. other?				

System	Yes	No	N/A	W/P Ref.
Personnel (continued)				
19. Have procedures been established governing the charges of personnel time related to partners or principles in closely held corporations?				
20. Are formal procedures established with respect to bonuses, retirement plans, and/or profit sharing?				
Procurement				
21. Are procedures established to assure that professional services, equipment, material and/or supplies requested are really needed?				
22. Are existing supplies or inventories reviewed to assure that items requested are not already available?				
23. Are formal procurement procedures established to assure that equipment, material, and supplies are obtained on a competitive basis?				
24. Are solicitations obtained from several sources so that the grantee has assurance of obtaining the most qualified party to perform needed professional services?				
25. Are quotations obtained and reviewed to assure that the price proposed is reasonable to the grantee and EPA?				
26. Are procedures established to assure that the type of contract utilized is appropriate for the procurement being undertaken?				
27. Are controls in effect to assure that the grantee does not utilize types of contracts unacceptable to the Federal Government?				
28. Are internal controls utilized to assure that contracts contain all required clauses: a. access to records? b. ownership of data? c. termination? d. applicable cost principles? e. defective pricing (in fixed price contracts)?				

System	Yes	No	N/A	W/P Ref.
Procurement (continued)				
29 Are procedures in effect to assure that the grantee requests and obtains all required approvals:				
a. subcontracts?				
b. equipment purchases?				
c. other capital expenditures?				
Travel				
30. Does the grantee have adequate established policies governing reimbursement for travel?				
31. Do these policies:				
a. require the submission of travel vouchers showing the time and purpose of travel?				
b. clearly indicate the nature of expenses being claimed?				
c. require the submission of supporting documentation?				
Obligations				
32. Are procedures established to assure that obligations reported are supported by appropriate purchase orders, contracts, etc?				
Obligations (continued)				
33. Do these procedures require that obligations are periodically reviewed with regard to their validity?				
34. Do the procedures require the timely liquidation of the obligations and the updating of information contained on financial status reports?				
Indirect Costs				
35. Has the grantee established procedures indicating which costs are considered direct costs as opposed to indirect costs?				
36. Is the grantee claiming indirect costs under federal grants and contracts?				
37. Has the grantee been submitting the required indirect cost proposals to the federal agencies or retaining them for review during audit?				

System	Yes	No	N/A	W/P Ref.
38. Have these proposals been audited and negotiated?				
Property Management				
39. Has the grantee established an equipment inventory system for controlling property obtained under federal grants?				
40. Does this inventory system show: a. a description of the item? b. a related property tag number? c. the federal equity in the equipment? d. the location of the equipment? e. the condition of the equipment?				
41. Are periodic inventories made to validate inventory information?				
42. Are procedures established governing the use and disposition of property acquired with federal funds?				
43. Do these procedures assure that EPA is notified of any change in the use of the property?				
44. Do the procedures assure that EPA receives its appropriate share of any proceeds from disposition of the property?				
Grant-Related Income				
45. Have procedures been established to assure that any income generated under the grant is identified and that EPA will receive appropriate benefit from such income?				

APPENDIX D
REFERENCES

REFERENCES

1. GAO "Standards for the Audit of Governmental Organizations, Programs, Activities, and Functions"
2. FMC 74-4 Cost Principles Applicable to Grants and Contracts with State and Local Governments
3. FPR Section 15.2 Cost Principles Applicable to Grants and Contracts with Commercial Organizations
4. FMC 74-7 Uniform Administrative Requirements for Grants-in-Aid to State and Local Governments
5. 40 CFR 30 Interim General Grant Regulations issued November 1971
6. 40 CFR 30 Final General Grant Regulations issued May 1975
7. 40 CFR 35 Interim Regulations State and Interstate Grant Programs
8. 40 CFR 40 Interim Regulations Research and Demonstration Grants
9. 40 CFR 45, 46 Interim Regulations EPA Training Grants and Fellowships
10. 40 CFR 126 Interim Regulations EPA Water Planning Grants
11. OASC-8, DHEW "A Guide for Local Governmental Agencies"
12. OASC-6, DHEW "A Guide for State Agencies"
13. OASC-5, DHEW "A Guide for Non-Profit Institutions"

UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF AUDIT
PM-209
WASHINGTON, D.C. 20460

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, $300

POSTAGE AND FEES PAYED
U.S. ENVIRONMENTAL
PROTECTION AGENCY
EPA-335

FOURTH CLASS BULK RATE

U.S.MAIL