



# **OFFICE OF INSPECTOR GENERAL**

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## **REPORT OF AUDIT**

### **REGION 1'S OVERVIEW OF SMALL GRANTEES**

**September 30, 1996**

**E1FMF6-01-0020-6100314**



Inspector General Division  
Conducting the Audit:

Eastern Audit Division  
Boston, Massachusetts

Region Covered:

Region 1

Offices Involved:

Office of the Regional  
Administrator

Office of Ecosystem  
Protection

Office of Administration  
& Resource Management

EPAX  
9701  
0003



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SEP 30 1996

MEMORANDUM

SUBJECT: Audit Report of Region 1's Overview of Small Grantees  
Assignment No. E1FMF6-01-0020-6100314

FROM: Paul D. McKechnie *Paul D. McKechnie*  
Divisional Inspector General  
Eastern Audit Division

TO: John DeVillars  
Regional Administrator  
EPA - New England

Attached is our report entitled "Region 1's Overview of Small Grantees". Our overall objective was to determine if Region 1's monitoring and oversight assured that small grantees carried out their work plan objectives within their approved budget. The report contains important findings and recommendations regarding the subject area.

Action Required

In accordance with EPA Order 2750, you, as the action official are required to provide this office a written response to the audit report within 90 days of the final audit report date. For corrective actions planned but not completed by your response date, reference to specific milestone dates will assist this office in deciding whether to close this report. We have no objections to the further release of this report to the public.

Should you have any questions about this report please contact me or Wilfredo Vazquez-Pol, Principal Team Leader at 565-3160.

Attachment

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## **EXECUTIVE SUMMARY**

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### **PURPOSE**

Small grantees represent a significant proportion of Region 1's grant workload. Additionally many small grantees are new to or have limited experience in executing grant agreements. This inexperience can create more work for Regional program and grant staff. However, the Region's limited resources often are directed at grantees with larger awards. In general, our review was to determine if small grantees were receiving the attention they needed to successfully carry-out their projects so that the public benefits from these programs.

The objectives of our audit were to determine if Region 1's monitoring and oversight assured that small grantees carried out their work plan objectives within the Grantee's approved budget. Additionally, we paid specific attention to whether the Environmental Education Small Grants (EESG) and Environmental Justice Small Grants (EJSG) programs accomplished their respective programs' intended purposes.

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### **BACKGROUND**

For our review, we defined a small grant as an award of \$100,000 or less. As of September 30, 1995, Region 1 had 283 grants meeting this definition. These grants represented 48 percent of the number of grants awarded but only 1 percent of total grant funding.

#### **Environmental Justice**

In 1994, President Clinton issued Executive Order 12898 establishing environmental justice as a national priority. The EJSG program was established to provide financial assistance and stimulate a public purpose by supporting projects to any affected community group (e.g., community-based/grassroots organizations, churches, schools, colleges, other non-profits, Tribal governments, etc.).

#### **Environmental Education**

The Environmental Education Grants Program provided financial support for projects which design, demonstrate, or disseminate environmental education practices, methods, or techniques.

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## **RESULTS IN BRIEF**

Monitoring grantee performance needs to be considered as high a priority as awarding grant funds. Monitoring is not only a way to identify poor grantee performance, but it is also a way to identify positive grantee contributions so that others can use or learn from successful programs.

Regional Management needs to assure that monitoring systems are in place and that adequate resources are allocated to this activity. In particular, new programs and/or grantees need more overview and assistance by the Region to assure successful project completion. We found that grantees for the newer programs such as Environmental Justice (EJ) or the Urban Environmental Initiative (UEI) were not always successful in carrying out their grant objectives. As a result, the public was short-changed of environmental benefits. Additional EPA oversight could keep grantees on track to assure effective use of grant funds. Also, grantees with successful programs desired more EPA recognition because the grantees believed others could use their programs. Widespread application of programs is one of the criteria for selection of Environmental Education (EE) and EJ grants.

The Region also needs to review its grant procedures to assure that small grantees are not overly burdened with excessive paperwork which is not applicable to them.

The following sections highlight our findings. Details can be found in Chapters 2 through 5.

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## **PRINCIPAL FINDINGS**

Our Principal findings are summarized below. Chapter 2 describes the problems we found with the Environmental Justice program. Chapter 3 describes the problems we found with the Roxbury Community College grants. Chapter 4 discusses the issue of needing to close-out grants more timely. Chapter 5 addresses the issue of adequate resources for the Environmental Justice and Environmental Education programs.



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## **REGION 1 NEEDS TO REVIEW DIRECTION OF EJSG PROGRAM**

Four of the five EJ small grantees we visited did not provide the environmental assistance to local communities as intended. The success of the EJSG program suffered from inadequate monitoring due in part to the insufficient resource allocation. Additionally, the grant application and agreement process was designed for grantees of larger awards. Small grant recipients found the paper work requirements burdensome and in some areas not applicable to the grants they received. Further, based upon the results of our review, Region 1's monitoring was not sufficient to assure that the grantees followed their work plans and budgets. Also, the Region did not utilize the grantee's final reports to evaluate overall strengths and weaknesses of the program. Because of her many responsibilities, the EJ Coordinator (EJC) said she limited her monitoring to 20% of the grants, as recommended by Headquarters OEJ. The Assistant Regional Administrator stated that EJ was a very important program to which the Region was committed. This recently developed program is at a point where Region 1 needs to identify the most effective types of grantees and activities which will best serve the targeted communities. Region 1 should discuss with Headquarters OEJ how to streamline the grant process to make it more accessible to community groups with limited grant experience.

### **A. Need to Pro-actively Monitor EJSG Program**

Insufficient monitoring of the EJ small grants program resulted in the following program weaknesses

#### **1. Grantee Performance**

- (a) Grantees were not following their workplans.
- (b) Grantees financial records were inadequate.
- (c) Grantees were unfamiliar with federal grant regulations.

#### **2. Regional Performance**

- (a) Grants were not closed out timely resulting in unliquidated balances.
- (b) Final reports were not used to identify successful/unsuccessful projects.

Adequate resources were not allocated to this program activity nor was the EJC trained as a Project Officer. The grantees had limited if any contact with the EJC and unilaterally changed the work plans. As a result, some of the affected communities did not benefit from such planned activities to create strategies to address hazardous waste sites or polluted air.

**B. Selection  
Procedures for  
EJSG Needs to be  
Re-Evaluated and  
Strengthened**

Region 1 should re-examine the EJ small grants application process to assure that: 1) funding is directed towards community-based/grassroots organizations; 2) duplication of effort is avoided; and 3) project activities are consistent with the amount budgeted. One-half of the 1994 EJ small grants were awarded to non-profit environmental entities rather than the affected community-based/grassroots agencies. Our review showed that non-profit, environmental groups could not fully complete their work plan tasks because they were unfamiliar with the communities they were serving. These grantees planned to prepare reports on toxic sites within the greater Boston area using data from the EPA and the State of Massachusetts. Three of five grantees visited advised that their applications promised more than the grantee could accomplish with the funds received.

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**NEED TO DEVELOP  
SPECIFIC STRATEGIES  
TO ASSURE THAT  
RCC MEETS GRANT  
GOALS**

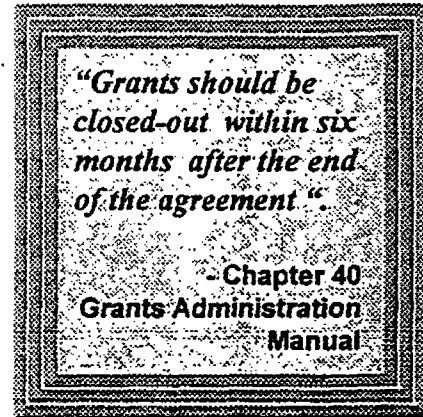
Roxbury Community College (RCC) was making limited progress toward its grant goal of providing lead abatement and other related training which could lead to jobs in the community. This was due in part to Regional staff approving a work plan which did not include tasks specific enough to assure successful grant completion. Additionally, Region 1 had not assured that RCC understood its financial responsibilities. Regional staff acknowledged that they were under time constraints to award the grants. Therefore, the work plans and other grant documents were sufficient just to award the grants. Additionally, the Region desired to allow maximum flexibility for this new project. RCC staff stated that they concentrated their first year's efforts on establishing the Center rather than training. As a result, so few students had signed up that classes could not be held.



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**NEED TO CLOSE-OUT  
GRANTS MORE  
TIMELY**

Region 1 had not closed out 79 grants with an outstanding balance of \$3,637,766. These grants were between 6 months to as many as 33 months past their project completion date, and continued to remain open. The Grants Administration Unit Manager provided several reasons for grants not being close-out timely and advised that close-out procedures were being reviewed for streamlining possibilities. By not deobligating the funds, the Agency is unnecessarily tying-up funds that otherwise could be utilized.



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**REGIONAL  
MANAGEMENT DID  
NOT ALLOCATE  
ADEQUATE  
RESOURCES TO  
MONITORING  
OF EE AND EJ  
GRANTS**

When Project Officers for the EJ and Environmental Education (EE) grants programs were on extended leave, their grant monitoring responsibilities were not adequately covered. As a result, the Project Officers could not keep up with their monitoring duties and did not follow-up on indicators of potential problems. Additionally, the EEC placed too much reliance upon the conclusions of an assistant who was not an EPA employee.

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**RECOMMENDATIONS**

During our review, the issues regarding EJ, RCC, and timely close-out of grants were discussed with Regional officials. The Region has indicated a general acceptance of our recommendations and has begun to implement some of the following recommendations.

Region 1 should review the progress of its EJSG program by evaluating the EJ/PO's workload and monitoring system. Specifically, we recommended that the EJ/PO responsibilities be shared with other program staff; amend the EJC's position description to reflect PO responsibilities; provide grant training to EJ small grantees; review EJSG final reports on a timely basis to recognize and promote successful results; work with Headquarters OEJ to streamline the application process; ensure the grant work plan is consistent with grant budget; require grantees to submit grant amendments to reflect significant changes in grant work plans, budgets, organizational structure, etc.; and verify the non-profit status of applicants.

For Roxbury Community College, we recommended review and revision of work plans; request progress reports, define how project success will be determined; and take appropriate action to assure that RCC understands and carries out its financial responsibilities.

In general, we recommended that grants administration and project officers work closer together and follow guidance for timely close-out of grants.

We also recommend that Regional Management develop a plan to assure that critical functions of personnel who are on extended leave be covered.

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**REGION 1  
COMMENTS**

In general, Region 1 agreed with our recommendations but in some instances did not agree with the basis for the audit recommendations. Their response has been summarized at the end of each finding as appropriate. The Region's complete response is included as Appendix B. An exit conference was held on September 30, 1996.

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# CHAPTER 1

## INTRODUCTION

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### PURPOSE

The mission of EPA is to assume Federal responsibility for assisting in the protection and enhancement of the environment. One of the major activities that EPA carries out in pursuit of this mission is to award grants and cooperative agreements to States and local governments, Indian tribes, non-profit organizations, and educational institutions. These awards can be used to run State programs with Federal mandates and for research projects.

Based on our survey results of Region I's administration of small grants, we focused our review on the Environmental Justice (EJ) Grant Program as well as other selected small grants. Additionally, we reviewed Environmental Education Grants as part of a national review of the Environmental Education Grant Program.

The objectives of our audit were to determine if EPA Region I's monitoring and oversight assured that small grantees carried out work plan objectives within the EPA approved budget.

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### BACKGROUND

The EPA Region I had 588 current non-construction grants totaling \$1,036,768,615 that were opened as of September 30, 1995. The 588 grants included 1) 283 grants with a dollar value equal to or less than \$100,000, 2) 186 grants with a dollar value between \$100,000 and \$500,000, 3) 38 grants with a dollar between \$500,000 and \$1,000,000 and 4) 81 grants with a dollar value greater than \$1,000,000.

*The 283 grants of \$100,000 or less represent 48% of the total number of grants awarded but only 1% of total grant funding.*

## Environmental Justice

In 1994, President Clinton issued Executive Order 12898 establishing environmental justice as a national priority. The Order, entitled "Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations," focused federal attention on the environment and human health conditions of minority population's and low-income populations with the goal of achieving environmental protection for all communities.

EPA's Office of Environmental Justice (OEJ) served as the point of contact for environmental justice outreach and educational activities, provided technical and financial assistance, and disseminated environmental justice information. In addition, to integrating environmental justice goals into EPA's various programs, OEJ established a small grants program to aid affected community-based/grassroots organizations, other non-profit organizations and Tribal governments. Headquarters funded EJ \$500,000 in fiscal year 1994 and \$3,000,000 in fiscal year 1995. The regions could add discretionary funds to EJ, if available.

### REGION 1 ENVIRONMENTAL JUSTICE GRANTS

| <u>YEAR</u> | <u>NO. GRANTS</u> | <u>AMOUNT</u> |
|-------------|-------------------|---------------|
| 1994        | 8                 | \$50,000      |
| 1995        | 21                | \$319,236     |

## Environmental Education

The Environmental Education Grants Program provides financial support for projects which design, demonstrate, or disseminate environmental education practices, methods, or techniques. This program is authorized under

Section 6 of the National Education Act of 1990. EPA headquarters awards approximately \$1 million in grant funds per year and each of EPA's ten regional offices award approximately \$150,000 to \$180,000 per year.

### REGION 1 ENVIRONMENTAL EDUCATION GRANTS

| <u>YEAR</u> | <u>NO. GRANTS</u> | <u>AMOUNT</u> |
|-------------|-------------------|---------------|
| 1994        | 24                | \$162,318     |
| 1995        | 27                | \$196,609     |

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## SCOPE AND METHODOLOGY

We performed our audit in accordance with Government Auditing Standards issued by the Comptroller General. Survey work was conducted between October 1995 and March 1996. Our audit field work was conducted March 27, 1996 and June 28, 1996. Our audit covered the period September 1, 1991 to October 1, 1995.

We reviewed Region I's administration and oversight of small grants which we defined as those valued at \$100,000 or less. We reviewed grants in the following program areas:

| GRANT PROGRAMS REVIEWED |            |
|-------------------------|------------|
| PROGRAM                 | NO. GRANTS |
| Pesticides              | 1          |
| Environmental Justice   | 9          |
| Environmental Education | 11         |
| Lead                    | 2          |
| Drinking Water          | 1          |
| Solid Waste             | 1          |
| TOTAL                   | 25         |

As a result of our survey work, we focused our review on EJ small grants. Our review of Environmental Education grants was conducted in conjunction with a nationwide review of this program by OIG H.Q.'s Special Review Unit.

### Internal Controls

Management is responsible for establishing effective management controls. Management controls include the plan of organization, methods and procedures adopted by management to ensure that its goals are met. These controls include the systems for measuring, reporting and monitoring program performance. In order to assess management controls over the small grants administration we evaluated the adequacy of record keeping by the project officers and grant management specialists. Specifically, we reviewed files for evidence of grantee applications, grant specialist's review of applications, executed grant

agreement, evidence of application rating, submission of final reports, Financial Status Reports and grant fund requests submissions, and general correspondence.

- ◆ Evaluated the status of grant funds by comparing grant fund balances as recorded on EPA's GICS and MARS databases to the grant file documents.
- ◆ Evaluated how EPA determines whether the grantee successfully completed the grant's intended goals and complied with grant agreement and workplan.
- ◆ Through on-site visits with selected grantees we evaluated the effectiveness of EPA's grant administration, grantees' familiarity with grant requirements, grantees accomplishments and adequacy of grantees accounting of grant and matching funds.
- ◆ Reviewed the amount and adequacy of guidance for small grants provided by EPA Headquarters Office of Environmental Justice.
- ◆ Evaluated grant specialist and project officer compliance with suggested guidance for grant administration as provided in the Grants Administration Manual.
- ◆ Evaluated whether Regional Management adequately staffed and allocated resources for the grant management and project officer areas of small grant administration.

We found that controls over the adequacy of record keeping and grant fund status were adequate. However, controls over monitoring grant accomplishments, compliance with grant administration guidance and management's allocation of resources were weak. Examples of these weaknesses are provided in the audit report's findings. We have provided recommendations to strengthen and improve management controls over small grant administration. In planning our audit, we reviewed Region 1's 1995 Assurance Letter to the Administrator issued October 26, 1995. The report did not note any weaknesses in grants' management.



To accomplish our audit objectives we:

- ◆ Selected a judgmental sample of small grants having values of \$100,000 or less from a listing of grants showing activity in Fiscal Years 1993, 1994, and 1995.
- ◆ Focused our review on grants awarded under the Environmental Justice and Environmental Education Programs.
- ◆ Reviewed the applicable laws, regulations, directives and other guidance relating to the grants reviewed.
- ◆ Reviewed grants management files and project officer files which included:
  - Grant applications, budgets and work plans
  - Grant agreements
  - Final reports and financial status reports
- ◆ Interviewed responsible EPA Region I, Headquarters and grantee officials.

To evaluate the effectiveness of the awarded grants, we compared grantees' work plans to the final reports. Additionally, we selected 20 grantees to review grant accomplishments and evaluate the adequacy of controls over grant funds. Site-visits were conducted with eight grantees and telephone calls were made to two grantees. Financial audits of the grantees' operations were not conducted.

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**PRIOR AUDIT  
COVERAGE**

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There have been no prior audits of Region I's small grants  
by the EPA Office of Inspector General.

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## **CHAPTER 2**

# **REGION 1 NEEDS TO REVIEW DIRECTION OF ENVIRONMENTAL JUSTICE SMALL GRANTS PROGRAM**

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### **INTRODUCTION**

The Environmental Justice Small Grants (EJSG) is a new program which requires greater Regional attention than previously provided to grantees to assure that these grants assist minority and low-income communities with environmental issues. Four of the five grantees we visited had not successfully completed their work plans. The remaining grantee had significantly amended the scope of the work without seeking or obtaining Regional approval. Most of the grantees indicated that their past contact with Region 1 was limited but would welcome more involvement by the Region. Enough time has passed for the Region to evaluate what is and is not working for the EJSG program. The following sections A and B provide findings of significant weaknesses which the Region should address in its overall review of the EJSG program.

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### **A. NEED TO PRO-ACTIVELY MONITOR EJ SMALL GRANTS**

Inadequate monitoring of the EJSG's program resulted in the following program weaknesses

#### **1. Grantee Performance**

- (a) Grantees were not following their workplans.
- (b) Grantees financial records were inadequate.
- (c) Grantees were unfamiliar with federal grant regulations.

#### **2. Regional Performance**

- (a) Grants were not closed out timely resulting in unliquidated balances.
- (b) Final reports were not used to identify successful/unsuccessful projects.

Adequate staff resources were not allocated to this program. In addition to coordinating program activities, the EJ coordinator (EJC) was solely responsible for the administration of 29 EJ small grants and 6 pollution prevention grants for the New England region. These grants were valued in excess of \$750,000. Even though the EJC was the designated project officer (PO), this responsibility was not included in the EJC's position description nor had the EJC received formal PO training.

The EPA Grants Administration Manual provides guidance on monitoring grant activity and closeout. In addition, Headquarters Office of Environmental Justice issued transmittal #96-2, which suggested that EJC's monitor at least 20% of small grants.

The EJC believed she was following Headquarters guidance of monitoring 20% of the small grants. However, based upon our review the amount of monitoring conducted was not sufficient to identify problems experienced by the grantees. We found grantees who were not following their work plans, and in some cases the FY' 94 work plans had still not been completed as of FY' 96. Most grantees stated that they had very little contact with EPA and would have liked more. In addition, information which could be valuable in determining how best to implement EJ in the region or selecting future projects was not maximized. In our opinion, grantee performance would have been more successful had Region 1 provided technical assistance.

#### **1. Grantee Performance**

Grantee performance indicated that the current level of monitoring by the EJC was not adequate to assure grantee compliance with all aspects of the grant agreement. In order to determine how effective the grantees performed, we judgementally selected five grantees. We evaluated their performance by reviewing the grant applications, work plans, budgets, and final reports. We also visited each of the selected grantees and discussed grant accomplishments, controls over grant funds and EPA's administration of the grants. Sections (a), (b), and (c) highlight weaknesses found in grantee administration.



**(a) Grantees Did Not  
Follow Work Plans  
and EPA Was Not  
Advised of Changes**

Grantees are required to adhere to their work plans. The grantees had not advised EPA of all changes made to the work plans and were unaware that they should do so. EPA is responsible for ensuring that public funds are adequately protected and used for their intended purposes. Effective monitoring of these grants would have identified these grantee changes in work plan scope. The following are examples of how the scope of work plans were changed:

**Grantees must submit a  
formal amendment before  
changing objectives or the  
scope of the project.  
40 CFR §30.700**

Roger Williams Park Zoo

Planned - The significant goals of the work plan were to conduct water quality testing and analysis, and to develop a program to increase children's awareness of their environmental needs and to clean up 18 parks.

Actual - These activities were reduced and replaced with landscape architecture, animal handling, theater development, and video development. Also, in-place of visiting water treatment plants, the students visited the Bronx Zoo, New England Aquarium and had an overnight camp at the zoo. The grantee allowed the teen participants to develop and implement the program.

Citizens Agenda  
Development Fund

Planned - Publish a report listing the toxic waste sites in the major urban areas of the state. Hold a press event detailing toxic problems in Boston.

Actual - Compiled an internal report which consisted of photocopies of EPA and Massachusetts Department of Environmental Protection (DEP) data-bases of toxic sites and hazardous waste users in the cities of Boston, Springfield and Worcester. No press release was held.

Planned - Outreach and education to 100 community groups in urban communities of color about toxic waste problems and assist them in

campaigns to encourage responsible parties to clean-up their dump-sites in a timely and effective manner. Speak to 20-30 groups about grantees program and help 5-10 groups develop local campaigns.

Actual - Outreached to 100 groups. Did presentations to 10 groups. Worked with 3 groups by starting to develop organizing strategies. No toxic site clean-up strategies were completed.

Roxbury Neighborhood Council (RNC)

Planned - The project envisioned would bring into one volume abstracts of all environmental research concerning air quality. The report would be duplicated and distributed to local libraries, community health centers, community service centers, selected city and state agencies, and a number of neighborhood organizations.

Actual - The grantee did not execute a contract specifying the scope of work needed to develop the desired guide. As a result, the grantee was not satisfied with the guide. This guide was provided to EPA's EJC on August 15, 1995. This report contained generic information on federal, state and local laws covering air pollution, an overview of air pollutants, abstracts of articles on air pollution and a glossary of terms. A great deal of the information contained in the guide was found in pamphlets available at the EPA Office's reception area. The grantee was not satisfied with this report and had an unpaid undergraduate student revise the guide. On July 3, 1996, the group submitted a revised report dated June 1996. The project period was amended twice with the last project period ending date February 1996.

Committee for Boston  
Public Housing

Planned - The grant generally called for outreach to the 23,000 people living in public housing, identifying through surveys the most important environmental issues to tenants across the developments, and conducting city-wide workshop.

Actual - As a result of this outreach a core group of 36 tenants expressed an interest in getting information and working to address hazards in their communities. The survey consisted of door-knocking and passing out flyers to 1300 households at six developments. Instead of a citywide workshop addressing specific concerns having wide implications, the committee selected two developments for concentrated site-based campaigns based on interest shown by tenants.

The committee also conducted needs assessments, a health fair and started a youth environmental summer camp. These activities were not part of the grant's work plan.

**(b) Grantees Financial  
Controls Over Grant  
Funds Are Not Adequate**

Through discussions with grantees and limited reviews of available financial documents, we found that most of the grantees in our sample did not have adequate financial records. We attribute these financial control weaknesses to the grantee not understanding financial grant requirements. Based on our discussions with grantees and limited reviews of available financial documents, we found that some grantees did not meet the above requirements.

*Grantees should maintain an accurate current and complete accounting of all financial transactions. Records together with supporting documents should show the source and application of all project funds.*  
**40 CFR § 30.510**

Citizens Agenda - The grantee did not raise all of its required matching funds. The grantee's application stated that in conjunction with grant funds of \$5,000 an additional

\$7,800 would be raised to bring the total project cost to \$12,800. The grantee advised that between \$3,000 - \$4,000 was raised, not the \$7,800 required. However, the grantee's Final Status Report (FSR) showed total project costs of \$12,800. The grantee Project Manager advised that he completed the FSR based on the original budgeted figures rather than actual. The Project Manager offered to submit a revised FSR based on actual figures. We also found that the grantee was charging the grant for a consultant fee which was for grant application preparation. We advised the grantee that this cost was not eligible.

Roxbury Neighborhood Council, Inc. - The project manager advised that the treasurer of the Coalition Against the Asphalt Plant (CAAP) rather than the RNC treasurer maintained a checkbook from which all payments were made to the researcher. The grant also provided that the grantee was to provide \$ 1,596 for in-kind services, however, these services were not documented.

Roger Williams Park Zoo - The grantee received additional funding from various sources for the project. However, actual time charged to the grant could not be documented. Instead, the grantee charged EPA for salary based on the budget. The grantee also charged EPA for food for the overnight camp, an activity not included in the original work plan.

The Committee for Boston Public Housing - The accountant was unavailable during our visit; therefore, the grantee was unable to give any details on costs.

**© Grantees Were  
Unfamiliar with Federal  
Grant Regulations**

Three of the grantees (Roxbury Neighborhood Council, Mass Toxics Campaign, and Roger Williams Park Zoo) were not aware of federal regulations governing their grants, specifically, 40 CFR § 30 and 31. Some of these grantees had not received federal funds in the past. They advised the only instructions they had received were a listing of grant instructions, which were the same for grants valued up to \$100,000. One of the grantees was surprised at the amount of paperwork required for these small grants of less than \$10,000. Two grantees were receptive to the idea of new grant recipients attending some type of training at the time of

grant approval. This training would cover grantees' responsibilities and what constitutes adequate record keeping. This type of training in conjunction with proactive monitoring will provide new grantees with the skills and feedback necessary to ensure that public funds are adequately protected and used for their intended purposes.

## **2. Regional Administration**

In addition to increasing its oversight of grantee activities, the Region needs to assure that completed grants are closed out on a timely basis and the project results are evaluated for use by EPA. Sections (a) and (b) provide details.

### **(a) Region 1 Needs to Close Out 1994 Grants and Eliminate Unliquidated Balances**

The 1994 EJ grants had not been closed out in a timely manner and grantees were awaiting their final payments. The EJC advised that workload and unfamiliarity with the close-out procedures were the reasons why the grants had not been closed-out. In addition, the Grants Specialist (GS) is responsible for initiating grant closeout reminder letters 90 days before the end of the project period to the POs and the grantees. The GS stated that she did not have the time to send out reminder letters.

**EPA should close out projects promptly. Delay unnecessarily ties up obligated but unexpended funds. Also, closeout becomes more difficult as time passes because persons responsible for various aspects of a project resign, retire, or transfer; memories of events are less clear; the interests of the Project Officer and Project Manager shift to other matters; and documents are lost or destroyed.**

**- Chapter 40  
Grants Administration Manual**

The status of the 1994 grants as of March 20, 1996 was as follows:

| GRANTEE                                 | BALANCE | FINAL REPORT RECEIVED | PROJECT/BUDGET END DATE |
|---|---------|-----------------------|-------------------------|
| Citizen's Agenda<br>EQ991535010         | \$1,000 | 01/10/96              | 07/31/95                |
| Boston Public Housing<br>EQ991536010    | 1,500   | 08/95                 | 05/30/95                |
| Dudley Street Initiative<br>EQ991534010 | 1,100   | 10/31/94              | 07/31/95                |
| Mass Toxics Campaign<br>EQ991532010     | 1,600   | no rec'd              | 06/01/95                |
| Tellus Institute<br>EQ991537010         | -0-     | 09/14/95              | 08/30/95                |
| Wobanaki, Inc.<br>EQ991538010           | 1,500   | 03/11/96              | 09/01/95                |
| Roxbury Neighborhood<br>EQ991533010     | 1,200   | 08/15/95 (1)          | 02/28/96                |
| Environmentors (2)<br>EQ991531010       | 5,000   | N/A                   | 01/15/95                |

(1) The grantee's project manager advised us that the report submitted to Region 1 on 8/15/95 was not the final report. The 8/15/95 report was submitted to Headquarters as the final report. A revised report dated June 1996, was submitted to the Region on July 3, 1996.

(2) The EJ Coordinator advised that the grantee, Environmentors never executed their grant because they could not raise thier matching funds. The EJ Coordinator was not aware of this until the grantee was contacted to submit the final report. By not reprogramming these funds, EPA deprived the next highest rated grantee of scarce and limited funds. Additionally, it represented a poor financial management practice by Region 1 by not ensuring these obligated funds were utilized.

**(b) Timely Review of Final Reports Will Enhance the EJ Program**

A review of EJ final reports provides the EJC with valuable information on minority and low-income environmental concerns. However, the EJC advised that due to workload requirements and other priorities, she had not been able to review all the final reports. To-date, 5 of the 7 FY' 94 final reports were received. Of the 5 final reports received, the EJC only reviewed 2. The EJC planned to review the remaining final reports when the grants are closed out.

The final report was the only report that EJ small grantees were required to submit. As a pilot effort to reduce reporting burdens, EJ small grantees were exempt from submitting interim reports. Therefore, the final report was a critical document for evaluating the program's accomplishments both regionally and nationally. The review of the final report should be timely in order for EPA to identify successful grantees and get these projects recognition at the national level. Likewise, grantees whose performance was inadequate or projects which were not successful should be identified and not recommended for future funding.

The Region as well as EJ HQ can learn how to better serve minority and low-income communities based upon the final reports. EPA HQ staff advised us that they conduct only an administrative review, not a substantive review of the final report. EJSG is a delegated program to the regions. Therefore, it is important for the region to recognize successful projects with widespread applications which they can share with the Agency and promote nationally.

As an example, the Committee for Boston Public Housing through its 1994 EJ grant established a potential connection between the environment and health problems affecting tenants in public housing. This grantee determined that for one housing development, 60% of the families had at least one member with asthma. The grantee was working with some of the major Boston Hospitals to scientifically document the possible link. This type of information should be brought to HQs attention. The EPA Administrator is responsible for coordinating EJ efforts among the various government agencies. The Departments of Health and Human Services along with Housing and Urban

**EPA needs to recognize grant results.**



Development may have resources available to assist the grantee in such a study. Additionally, recognizing a successful grantee will be a boost for EPA's EJ program both nationally and regionally. Without timely review at the regional level this type of information may not be recognized and promoted.

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## CONCLUSION

The EJSG program represents great potential in eliminating environmental injustices to low-income and minority populations. Region 1 has demonstrated its commitment to this principle by not only administering the national EJSG program, but also by establishing a regional program called the Urban Environmental Initiative (UEI). We believe our recommendations will assist you in developing and implementing the EJSG program in Region 1.

Region 1 needs to reassess how the EJSG program is administered. The EJC is new to the position, has not been fully trained as a PO and has not been provided any resources. Additionally, the EJC could benefit by utilizing technical assistance in reviewing grantee performance as is done with the Ecosystems grants. Assistance can be obtained from the EJ council, UEI, or any other program section. For example, the EJSG and UEI programs could work together by having the four UEI city coordinators act as POs for grantees located in their jurisdiction. Also, by using other program staff, EJ concepts will be integrated across all media.

Region 1 needs to pro-actively monitor its EJSG program. This monitoring is needed to ensure that grantees adhere to their work plans and use grant funds for their intended purposes. Evaluation of project accomplishments will assist the region and Headquarters in achieving the program's goals of addressing the concerns of minority and low-income communities. Headquarters defines adequate monitoring as consisting of conducting site visits, teleconferences or some other type of meetings with grantees. The time to reassess and enhance monitoring of EJSG is now. The EJC's workload has increased from seven EJ grants in FY' 94 to twenty-one EJ grants plus six pollution prevention grants in FY' 95. In addition, FY' 96 grants will soon be awarded, resulting in additional grants to be monitored.

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**RECOMMENDATIONS**

We recommend that you:

1. Share the EJ project officer responsibilities with other program staff.
2. Amend the EJC's position description to reflect PO responsibilities.
3. Consider presenting a training class to new grantees which will assure that grantees are aware of federal requirements in the following areas:
  - work plan execution,
  - financial accounting and reporting, and
  - performance reporting.
4. Assure the EJ PO advises grantees to seek EPA concurrence on work plan changes.
5. Require closer coordination between the PO and the GS to assure that grants are closed out timely and grant funds are liquidated. As required, the GS should initiate grant closeout reminder letters to the PO and grantee 90 days before the end of the project period.
6. Assure that final reports are reviewed timely to recognize and promote successful results.

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**REGIONAL  
RESPONSE AND  
OIG EVALUATION**

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Region 1 agreed to share the EJ project officer responsibilities; rewrite the EJC's position description to include project officer responsibilities; provide training to grantees on project management responsibilities; and require closer coordination between the PO and GS to assure that grants are closed-out timely. However, the Region believed it was already showcasing EJ success stories starting with the very first grant cycle in FY' 94.

While the Region generally agreed with our recommendations, they did disagree with the basis for some

of the recommendations. These comments follow according to the report's applicable sections.

**Regional Response**  
**A. (1) Grantee**  
**Performance**

The Region stated that two of the FY' 94 grantees submitted their final reports which provided information contrary to the finding in our report. "Both grantees have conducted activities that are consistent with their proposed activities."

**OIG Response**  
**A. (1) Grantee**  
**Performance**

At the time of our audit, the EJC provided us reports which she identified as "final" reports for the referenced grantees. We reviewed the two grantees' final reports, which the EJC advised were received after the audit period. The Committee for Boston Public Housing submitted a one page letter. This letter provided no additional information than what was provided in the report given to us to review. The second final report, submitted by the Roxbury Neighborhood Council, revealed that the previously submitted report had been edited but generally presented the same information and data.

**Regional Response**

Regarding the OIG's conclusion that grantees were not following their work plans, the Region commented that:

The goal of the EJSG program is to put the power back into the hands of the community, which was actually the case with the grantees referenced in the Report. One has to recognize that oftentimes what an applicant has proposed in their application for funding is not always what a community wants - and this is the lesson to be learned.

The Region continued by identifying Citizen's Agenda and Roger Williams Zoo as examples of how grantees changed their work plans in response to the community. In the case of Citizen's Agenda, the Region explained that the grantee was unable to gain the participation of neighborhood groups because "the grantee did not receive their support." Further, "In grantee's final report, they blamed their failure to get community support, ..., on the fact that grantee was unfamiliar to the community and did not win community's trust.

In the case of Roger Williams Zoo, the Region believed the changes to the work plan by the teens were in keeping with the spirit of the project. The Region also believed we "mischaracterized" the objectives of the work plan. "For example, in grantee's proposal no reference was made to clean up eighteen (18) parks as part of their project. Grantee's proposal clearly states the following 'inspire the children to take ownership of the parks by organizing a trash clean-up in the park **following** the [YEP] program'. In other words, the clean-up of 18 parks was not a deliverable of this project."

#### **OIG Response**

We reported these instances of non-compliance with the approved work plan because work plan revisions were not uncommon for this program and the EJC was not aware of these revisions. Significant work plan revisions should be discussed with the Region not only because the regulations require it, but also so the Region can assure the grant programs are meeting their objectives and benefitting the public. We are concerned that the Region identified Citizen's Agenda as an example of a community revising a project. As the Region itself stated, this grantee did not receive the support of the community it was trying to serve. In our opinion, not obtaining community support for a project that is targeted towards helping a community is a serious problem. Accordingly, in Section B of our finding, we discussed the problem non-community based groups had in carrying-out their projects.

We disagree that the work plan for Roger Williams Zoo did not include a reference to clean-up 18 parks. One of the work plan objectives was to, "Deliver the teen-led program to children gathering for free lunches at 18 urban parks." The work plan described the teen-led program as follows: "The youths will present the program to urban children who come to city parks to participate in the federal lunch program. After the program the younger children will be empowered to take care of their neighborhood by cleaning up the park." The grantee advised us that this was done but at a reduced level as we indicated in our finding.

**Regional Response**  
**A. (2) Regional**  
**Performance**

In response to our conclusion that final reports were not used to identify successful/unsuccessful projects, the Region stated:

Typically, a successful project can only be determined upon completion of the project. At the time of your review (Oct' 95 - March' 96) only three of the nine (9) FY' 94 Grant Recipients had completed their projects and consequently submitted their final reports.

The Region also stated that it had showcased the work of one grantee with an environmental tour. Also, successful EJ projects were presented during Environmental Justice Council meetings.

**OIG Response**  
**A. (2) Regional**  
**Performance**

As stated in our Scope and Methodology section, our survey work was conducted from October 1995 to March 1996 and our audit field work was conducted from March 27, 1996 to June 28, 1996. An entrance conference was held with the Region to explain the difference between the survey and audit phase. During a follow-up conversation regarding the Region's response, the EJC agreed that only 7 final reports, not 9 were due for FY' 94. The EJC also indicated that the figure of 3 in the response may have been in error. During the audit the EJC provided us with 6 reports which she identified as "final" reports.

As already noted in our finding, at the time of our audit, the EJC had reviewed only two of the reports due to workload requirements and other priorities. We were concerned that workload constraints would prevent further review of other final reports. Also, we believe that Region 1 should also be sharing information learned from this program on a nationwide basis.

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**B. SELECTION  
PROCEDURES FOR EJ  
GRANTS NEEDS TO  
BE RE-EVALUATED  
AND STRENGTHENED**

The Environmental Justice Small Grants (EJSG) application and selection process needs to be re-examined to encourage greater participation by community-based/grassroots organizations as well as to assure that the grants meet the program's intended purpose. One-half of the 1994 EJ small grants were awarded to environmental entities rather than to affected community-based/grassroots agencies. While environmental entities may be more experienced in preparing grant applications, our review did not show that they were more successful in carrying out their projects. In some cases, unfamiliarity with the communities they were serving was the reason why they did not complete their original work plan. The EJSG program was established to award funds for designing, demonstrating or disseminating practices, methods, or techniques which address environmental justice concerns. EPA did not intend to award grants simply for the dissemination of EJ information. Yet, that is what some of the 1994 grantees did. Region 1 stated that, "The analysis that goes into the evaluation of the EJSG applications is continually being perfected." While the Region was taking steps to improve the application and selection process they did caution that, "... this is not a science and we will continue to do our best in applying sound judgment in this regard."

*50% of grants awarded to  
environmental groups vs  
affected community groups.*

The Federal register dated December 3, 1993 provided the following criteria for eligible activities:

The purpose of the grants program is to provide financial assistance and stimulate a public purpose by supporting projects to any affected community group (for example, community-based/grassroots organization, school, education agency, college or university, and non-profit organization) and tribe who engage or plan to carry out projects to address environmental justice issues. Projects that focus on the design, methods, and techniques to evaluate and solve environmental justice issues of concern to affected communities will be given priority. Funds

can be used to develop a new activity or to substantially improve the quality of existing ones.

EPA is interested in funding environmental justice activities that go beyond providing information to community groups or citizens. Dissemination of environmental justice information, by itself, is not an environmental justice project, although such information may be an essential element. Environmental justice information provides facts or opinions about environmental justice issues or problems, but does not necessarily enhance critical thinking, problem solving, or effective decision-making skills.

Our review found some of the grantees from the 1994 EJ small grants program did not meet the intended program's purpose; were similar in scope, promised more than they could deliver, and may not meet grantee eligibility requirements. Examples of these grants were as follows:

#### **Grants Did Not Meet Program's Purpose**

The Roxbury Neighborhood Council, Massachusetts Toxic Campaign Fund, and Citizens Agenda Development Fund each planned to issue reports which would educate urban neighborhoods of color on toxic waste problems and identify the areas of pollution in the Greater Boston area. These grantees planned to issue their reports to the media and/or make them available to the public. The grantees' goals were dissemination of information. None of these grantees provided designs, demonstrations, methods or techniques to evaluate and solve environmental justice issues of concern to affected communities. For various reasons, none of these grantees have been successful in issuing the planned report.

Region 1 awarded fifty percent of the grant funds to environmental action groups as opposed to community based/grassroots organizations in the affected areas. Being known by the affected community was an important part of the group's ability to carry out their project. A community-based group such as the Dudley Street Initiative accomplished their work plan according to their final report. The Committee for Boston

**The purpose of the grant program was to provide financial assistance to any affected group**

1994 EJ Guidance



Public Tenants identified a potential link between the public housing environment and tenant health.

Some groups were not located in the affected neighborhoods and had not established contacts with affected neighborhood leaders. For example, the Project Manager for the Citizens Agenda Development Fund advised that one reason why their grant's goals were not achieved was due to the group not being known by the affected community. Citizens Agenda Development Fund was located in downtown Boston and had worked primarily with suburban and rural communities. Additionally, the grantee's unfamiliarity with the neighborhood impacted his ability to utilize the database information. The Project Manager did not know if the streets, identified as having pollution problems, were located in the affected neighborhoods. Similarly, the Massachusetts Toxics Campaign's Project Manager advised that one reason for reducing the scope of his project was his unfamiliarity with Boston's impacted neighborhoods. The Environmentors, a Washington D.C. based environmental group, never executed their grant award because they could not raise the matching funds. These environmental action groups could provide valuable services to affected community-based groups. However, funding the affected, local groups and allowing them to seek the services offered by these action groups would result in more effective use of grant funds. Based on these results, it is our opinion that funding the affected community-based groups would result in more tangible benefits to the affected citizens.

*Environmental groups unfamiliar with affected communities.*

Region 1 indicated it will seek Headquarters OEJ support to make appropriate changes in the application process to assure that community groups are fairly represented.

#### **Duplication Of Efforts By Funded Grantees**

The Massachusetts Toxics Campaign Fund, Citizens Agenda Development Fund and Tellus each planned to prepare a report on toxic sites within the greater Boston area. Each of these grantees planned to extract data from the EPA and Massachusetts Department of Environmental

Protection (DEP) databases such as the Toxics Release Inventory (TRI) and the Geographic Information Service (GIS). These grantees planned to educate communities on the disproportionate share of toxic waste sites in communities of color in the area. The Tellus project used the information to identify common pollution sources and provided prevention techniques. The Citizens Agenda Development Fund extracted copies of these databases but found that they were arranged by street name and since the grantee was not familiar with the areas or neighborhoods, the data was not of much use. The Massachusetts Toxic Campaign's project was to be completed on June 1, 1995. The project manager advised that about this time, he put aside the project work in order to complete work on his dissertation. He resumed working on the grant in April 1996, ten months after the date the project was to be completed.

**Applications Promised  
More Than Delivered**

Three of the five grantees we visited, Citizens Agenda Development Fund; Massachusetts Toxics Campaign Fund; and the Committee for Boston Public Tenants advised that their grant applications promised more than the grantee could accomplish with the funds received. Although the grantees reduced the scope of work, only one notified EPA of the grant changes. None of the grants were formally amended to show the reduction in scope of services. The grantees were funded based on their planned goals and accomplishments. EPA needs to improve its analysis of applications at the time of selection by comparing intended accomplishments to available funding. Applications promising goals which cannot be accomplished with available funds should be rejected. This will allow well-intentioned applicants who might plan a less grand, but more realistic project an equal chance to receive funding.

The EJ Small Grants Program was intended to provide funding to minority and low-income communities. Some community groups may not be experienced in grant application preparation. As a result, EPA needs to re-evaluate its selection procedures for this program. Otherwise, established environmental groups, experienced in grant application writing will have an advantage over the affected, local community-based organizations. EPA funding of diverse community-based organizations will also

aid in preventing duplication of efforts by grantees, as occurred when funding went to environmental action groups. Additionally, funding the affected community-based groups will result in projects that focus on solving environmental justice issues of concern to the community rather than providing them with information/data that may already be known to the group or is accessible from the EPA or Massachusetts DEP.

Region 1 stated it "will take every step to ensure that the grantees adhere to the grant condition that requires them to submit for approval, written request identifying any changes to grant scope or budget." Additionally, Region 1 plans to institute as part of the grant conditions, three mandatory meetings of the grantees. The first meeting will occur at the time the awards are made and will focus on the responsibilities of both the Region and the grantees during the project period. The second meeting will occur during the middle of the budget period to determine grantee progress. The third and final meeting was described as a "show-case" meeting which "will allow grantees to share their wonderful stories and learn from each other in the process."

**Review of Eligibility  
Requirements for Grant  
Funds Needs to be  
Improved**

Another issue of concern raised during our audit dealt with the requirements over who was eligible to apply for EJ funding.

We did not find any direct violations with regard to this requirement,

however, two grantees provided examples of a weakness in identifying eligible grantees. One grant was awarded to Roxbury Neighborhood Council, a non-profit community-based group. However, the project direction and funding was controlled by a coalition group of which the grantee was a member. The coalition group represented a larger, diverse geographic area and was not incorporated or non-profit, making it ineligible for grant funds.

Any affected community group, tribal government and non-profit organization may apply for funding. Only non-profit organizations, community groups, institutions, and tribal governments, not individuals, are eligible to apply for funding.

Federal Register  
December 3, 1993

Another grant was awarded to Massachusetts Toxics Campaign, a non-profit organization which, soon after receiving funding, lost its source of operating funds from its national organization. The national organization was dissolved. The local organization continued to exist but was comprised of all volunteers. The project manager for this grant is completing the project by himself and has control over the grant funds. This situation comes close to funding an individual.

Region 1's Environmental Justice Coordinator advised that when applications are evaluated the reviewer takes the grantee's statement on the application that it is a non-profit at face value. Due to the new type of grantees being targeted for EJ funding, EPA needs to strengthen its controls in this area in order to ensure that only eligible grantees are provided funding under the EJ Program.

Region 1 will research how others confirm non-profit status and implement any appropriate changes.

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## CONCLUSION

The EJSG program is at a point where the Region should evaluate what types of grantees and projects work best to meet community needs. Grantee and project selection are pivotal in assuring that community needs are met. Community knowledge and organizational skills are important in carrying out grant work plans. Region 1 should work with Headquarters OEJ and other regions to develop the best procedures for grant application/selection.

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## RECOMMENDATIONS

We recommend that you:

1. Streamline the EJ application process to encourage the selection of more affected, community-based grassroots organizations.
2. Ensure that application evaluators analyze stated goals to available funds in order to ensure grant projects are feasible.
3. Require grantees to submit formal grant amendments to reflect any changes to grant's scope or budget.

4. Verify the non-profit status of applicants.
5. Require grantees to advise the Region of any significant funding/organization changes.

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**REGIONAL  
RESPONSE**

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The Region stated: "We feel that non-profit organizations can provide useful service to the targeted communities that is consistent with the EJSG Program protocol. However, we do support community-based grassroot organizations in taking the initiatives to address their own environmental justice issues and will continue to improve the EJSG solicitation process to achieve this end"

**OIG RESPONSE**

While it is possible that non-profits can provide useful services, the examples we reported showed that non-profits without community support can have a difficult time doing so. In the future, the Region may want to assure that non-community based groups have community support.

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## CHAPTER 3

# NEED TO DEVELOP SPECIFIC STRATEGIES TO ASSURE THAT ROXBURY COMMUNITY COLLEGE MEETS GRANT GOALS

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Roxbury Community College (RCC) was making limited progress toward its grant goal of providing lead abatement and other related training which would lead to jobs in the community. This was due in part to Regional staff approving a work plan which did not include tasks specific enough to assure successful grant completion. Additionally, Region 1 had not assured that RCC understood its financial responsibilities as a grantee. Regional staff acknowledged that they were under time constraints to award the grants.

Work plan tasks not specific enough to assure successful grant completion.

Therefore, the work plans and other grant documents were sufficient just to award the grants. Additionally, the Region desired to allow maximum flexibility for this new project. RCC staff stated that they concentrated their first year efforts on establishing the center rather than training. As a result, so few students had signed up for classes that classes could not be held.

RCC was awarded \$46,000 on September 27, 1994 to establish an environmental education center for lead abatement training and other training related to toxic substances for the period October 1, 1994 to September 30, 1995. Another grant for \$73,128 was awarded on September 28, 1995 for Phase II of the establishment of an environmental education training center for lead

### STATUTORY AUTHORITY FOR GRANTS

Funds are granted to assist States and territories in developing and carrying out authorized programs for accrediting training programs for persons engaged in lead-based paint activities and certifying contractors engaged in lead-based paint activities.

Toxic Substance Control Act (TSCA)  
Section 404(g)



abatement for the period October 1, 1995 to September 30, 1996.

RCC is part of Massachusetts' public higher education system and is accredited by the New England Association of Schools and Colleges, Inc.

According to the Fiscal Year 1995 work plan, the communities surrounded by RCC have been identified by EPA as having high rates of lead poisoned children. In order to address this issue, EPA formed a consortium with surrounding agencies including Federal, State, and City with the following goals:

- ◆ Develop a trained work force of minority-owned contractors trained in safe lead paint removal to be hired under state and city contracts to work in inner city neighborhoods where the risk of childhood lead poisoning is high.
- ◆ Establish a lead abatement training center in the minority community.
- ◆ Provide lead abatement job opportunities for minority lead abatement worker.
- ◆ Provide business development assistance to minority lead abatement contractors.

**a. Work Plan  
Accomplishments**

The grants to RCC were to assist in carrying out the above goals of the lead abatement project.

While the grant goals were fairly specific, the work plan tasks were vague on how these goals would be met.

**Fiscal Year 1995 Grant Goals**

1. Work with the EPA to accomplish the objectives of the Environmental Justice Lead Abatement Training & Employment Opportunity Pilot Project.
2. Establish an advisory committee in which the scope of the environmental educational center can be defined and work guided.
3. Provide specific lead abatement training to low income and minorities.
4. Determine whether the needs of the community are best served by the Educational Center being a direct provider of the training, a contractor, broker, or all of the above.
5. Seek funding which will increase the size and scope of the Environmental Educational Center for Training.

For example, Task 1 only provided that "Coordinator works with Pilot Project participants to refine and carry out objectives"; Task 2 provided, "Coordinator becomes familiar with the human and physical plant resources of Roxbury Community College in order to increase the success of the Education Center"; Task 7 provided, "Coordinator defines the scope of future work through the Environmental Educational Center at Roxbury Community College". The remaining tasks are similarly vague. EPA's "Managing Your Financial Assistance Agreement - Project Officer Responsibilities" handbook states that work plans should describe the method to accomplish the objectives.

The Manager of Pesticides, Toxics and Radiation Unit stated:

As for the FY' 95 grant, the lack of specificity can be attributed to the need to provide maximum flexibility in meeting the project goals. As a pilot project, there were various potential methods for achieving the stated objectives. The EPA project officer and the RCC project manager met on numerous occasions while establishing the Advisory Board. Once established, the Board provided input on how to meet the goals. The EPA project officer did not develop any amendments to reflect these adjustments as the project developed, which would have been advisable.

We believe the undefined tasks on how RCC was to accomplish its goals contributed to the project's limited success especially in the area of providing training. Additionally, Region 1 staff had not adequately advised RCC that grant activities typically occur during the project period designated on the signed Grant Agreement. The only lead abatement training given, occurred prior to the grant period. Region 1's Manager of Pesticides, Toxics and Radiation Unit stated that:

This training was intended for the grant period, however, it was necessary to complete the training in a specific time period. The EPA project officer believed that RCC could receive credit and be reimbursed for the courses when the grant was signed. RCC acted in good faith and provided the

training prior to the commencement of the grant period. It was inappropriate for the project officer to advise this course of action and not request the appropriate deviation to insure grants administration procedures were followed.

While there may have been some confusion on project periods initially, we believe this response does not adequately explain the lack of success of this project. Lead abatement classes as well as classes in Environmental Law and Indoor Air Quality were offered by RCC during both the Fiscal Years 1995 and 1996 project periods identified in the grant agreements.

RCC's Program Manager said establishing the center was the priority for the first year's operation. We believe start-up activities did not significantly hamper the project's progress in providing training. RCC's Project Coordinator had already been hired prior to the start of the project period and a facility already existed. Lead abatement training had been offered prior to the project period as defined in the grant agreement and then offered again with other environmental courses during the grant project period.

As of April 1996, so few students had enrolled in any of the environmental courses offered that RCC was unable to hold classes. Additionally, RCC advised us that of the 15 students who completed the lead abatement course held prior to the project period as stated in the grant agreement, only 3 students were able to get jobs. In our opinion, adequate planning on how to attract students had not been done. We believe cost and practicality of course offerings were not well considered. The State Department of Employment and Training subsidized \$800 of this course's tuition for the students who took the training held prior to the project period. No one enrolled in this course when it was offered during the grant project period at the unsubsidized tuition of \$955. The experience of past students in obtaining work may also have had a bearing on the lack of follow-up enrollment. We also noted that non-credit courses for a fee were offered. In our opinion, such courses are probably not an attraction since these courses would not lead to a degree

Environmental courses canceled  
due to lack of enrollment.

or a job. Also, students cannot get financial aid for non-credit courses. RCC's Project Coordinator stated that she has taken steps to make the course offerings more attractive to students. For example, internships possibly leading to employment will be offered. Also, course tuition was being reduced. For example, the Lead Abatement course was being offered for \$475 for the 1996 summer semester. However, this reduction in tuition is not a reduction in the student's cost to be certified. The original course offered at \$955 included a required physical examination and certification. Now the student must obtain the physical and certification on their own.

Again, we believe Region 1 and RCC need to better plan how training will be provided so that the grant project's goals are met. Region 1 and RCC may also wish to work with other State or federal agencies as well as private businesses to address such impediments as cost of courses or employment opportunities.

Region 1 and RCC were working to address these issues. On April 16, 1996 Region 1 revised the project scope to include tasks such as executing a marketing approach targeted toward minority candidates; investigating payment options for courses; developing information regarding prospective employment opportunities for graduates; and developing and administering follow-up evaluation with graduates. Additionally, measures of success to assure that classes are delivered, attended, and evaluated were also added.

RCC was also responsible, "to determine whether the needs of the community are best served by the Education Center being a direct provider of the training, a contractor broker, or all of the above". While Region 1 did not require the grantee to provide a formal report, we believe it should be documented how the community needs were assessed and the resulting conclusions. RCC staff commented that the prior lead abatement training was provided by a contractor. RCC was interested in obtaining state certification to conduct lead abatement training on its own but needed to purchase equipment which could be expensive. Since lead abatement training was a grant goal, this is an issue Region 1 staff may wish to discuss further with RCC.

The Manager of Pesticides, Toxics and Radiation Unit stated that RCC engaged in a number of outreach activities in the community to determine how best RCC could serve as an Environmental Education Center but had not documented these activities. The current grant has since been amended to require monthly progress reports documenting activities, issues, lessons learned as well as financial expenditures. In addition, there will be a requirement for bi-monthly communication with the EPA project officer.

Performance goals will be documented and opportunities for mid-course corrections will be identified and documented in a timely fashion.

Another goal was to seek funding which would increase the size and scope of the Environmental Center for Training. The RCC Program Manager stated that EPA was the only source approached to obtain additional funding; he commented that RCC had received two other EPA grants. The Manager of Pesticides, Toxics and Radiation Unit was under the impression that RCC would canvas other institutions for additional funding. Again, we believe if a specific task had been included on how RCC would seek additional funding, this misunderstanding could have been avoided.

The Region has since amended the current grant to require RCC to develop an overall implementation budget and funding strategy.

Some of the activities sponsored by the Center during Fiscal Year 1995 were an Environmental Career session for area high school students; a public dialogue on Revitalization and Brownfields; and a Massachusetts Residential Environmental Fair. These activities were not included in the work plan.

RCC established an Advisory Board as required by the work plan. Meetings were held monthly except for the summertime.

**b. Financial Responsibilities** RCC was unfamiliar with federal grant accounting practices. Additionally, its own internal controls were not adequate to support personnel cost allocations or control its budget. As a result, RCC did not submit a timely Financial Status Report (FSR). The EPA Project Officer said he had provided an information package explaining grantee responsibilities and discussed contents with the RCC staff. The RCC staff said they had not received the package. Without adequate internal controls there is no assurance grant funds will be used for their intended purpose.

The Fiscal Year 1995 grant agreement required: "The recipient agrees to submit a final FSR no later than 90 days after the end of the project period." The project period ended September 30, 1995 making a final FSR due by January 1, 1996. During a meeting on January 22, 1996, the grantee's Financial Consultant stated that an FSR had not been submitted because he did not know how to complete the form. He was not aware that he could refer to 40 CFR § 31, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments or OMB Circular A-110, "Uniform Requirements for Grants and Other Organizations" for guidance in accounting for grant funds. The grant award documents which the grantee signed did show the appropriate governing CFR reference. The EPA Project Officer said he had explained the FSR requirements with the grantee's Financial Consultant and mailed three packages on grants management to the grantee.

Also, during our January 22, 1996 meeting, the RCC's Financial Consultant said that RCC's Project Coordinator's time was not charged on an actual basis to the grant. The Project Coordinator and the Financial Consultant estimated time worked on grant activities. RCC's Financial Consultant said he recognized this as an internal control weakness and was taking corrective action.

A December 2, 1995 joint report issued by the Commonwealth of Massachusetts offices of the Auditor and Comptroller reported that RCC needed improvements in internal control practices and its budget process. Budget overruns were not uncommon; 13 of RCC's 30 departments over expended their budgets. RCC was preparing an Internal Control Manual to address the weaknesses reported.

Based upon the State's review and the grantee's statements regarding their unfamiliarity with grant and accounting regulations, we believe EPA needs to direct more attention to RCC to assure that past and any future grant funds are properly accounted for.

In response to our concern, the Region revised the work plan to require a training session on grantee fiscal responsibilities, monthly financial reports, and a clear process for tracking hours on an actual basis for the project.

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In summary, the Manager of Pesticides, Toxics and Radiation Unit stated:

EPA and RCC have reevaluated the objectives of this project and have agreed on changes in the scope of work, the priorities for continued development of the center and specific tasks and milestones. These will all be properly documented.

The Manager continued:

We believe all of your concerns (and ours) are being addressed in the FY '96 grant. This project is an important step for the development of a sustainable educational infrastructure for the surrounding community. RCC's success will serve to strengthen environmental stewardship in the community and increase the pool of environmental professionals from multi-cultural backgrounds.

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## CONCLUSION

Based upon the results of our review, Region 1 staff needed to be more involved overseeing the progress of this project as well as assuring that RCC understood its responsibilities as a federal grantee. Since our review, the Regional staff has amended the FY '96 grant to include many of our recommendations. However, the Regional staff also should not lose sight of the fact that these grants were awarded as part of an effort to reduce the risk of lead poisoning in children by developing job opportunities for the community in lead paint removal. These grants were funded under TSCA with



the objectives of "accrediting training programs for persons engaged in lead-based paint activities and certifying contractors engaged in lead-based paint activities." Simply setting up an education center, offering a variety of courses, or hosting various outreach activities, etc. is drifting away from the original intent of this project to provide lead abatement training which would provide the community with economic opportunities and health protection.

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## RECOMMENDATIONS

Region 1 has accepted our recommendations as follows:

1. Review current work plans and revise accordingly to assure that goals and timetables are reasonable and that the methods to accomplish the goals are well defined.
2. Include as part of the grant special conditions the submission of progress reports. Such reports should tie into the work plan goals such as number and description of classes provided, students attended, student success in obtaining employment.
3. Include as part of the work plan a way to determine the success of the project.
4. Meet with RCC staff to determine why past EPA efforts to inform the grantee of its financial responsibilities were not successful.
5. Require RCC to maintain payroll records on an actual basis.

We also recommend that you:

6. Assure that the project staff obtains and follows the Internal Control Manual RCC was working on as reported by the State Auditor and Comptroller.

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## REGIONAL RESPONSE AND OIG EVALUATION

The Region did not provide written comments in response to this finding in our draft report.

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## CHAPTER 4

### NEED TO CLOSE-OUT GRANTS MORE TIMELY

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Region 1 has not closed-out 79 grants with an outstanding balance of \$3,637,766. These grants are between six months to as many as thirty-three months past the project ending date, and continue to remain open. The Grants Administration Unit's Manager provided several reasons for grants not being closed-out timely and advised that close-out procedures were being reviewed for streamlining possibilities. By not deobligating the funds, the agency is unnecessarily tying-up unexpended funds that otherwise could be utilized.

*Grant close-out should be completed within six months after the end of the agreement.*  
- Chapter 40  
*Grants Administration Manual*

While conducting our audit of small grantees, we found several grants having project periods that ended on September 30, 1995 or earlier, with balances remaining in the accounts.

In order to determine the extent of this problem, we expanded

| ENDING DATES      | NO. OF GRANTS | AGING OF GRANTS |
|-------------------|---------------|-----------------|
| 01/01/95-09/30/95 | 62            | 6 months +      |
| 01/01/94-12/31/94 | 15            | 18 months +     |
| 01/01/93-12/31/93 | 2             | 30 months +     |

our review to include all grants. We utilized a Grants Information & Control System's (GICS) printout dated March 18, 1996. This report provided the grant number, project and budget ending dates, project officers' names and the grant specialists' initials. We compared this report to a Management and Accounting Reporting System's (MARS) report dated March 20, 1996 showing total obligations, amounts paid and balances available. We listed all grants

and the amounts remaining in the balances for those grants having a project period ending September 30, 1995 or earlier.

Our analysis of grants with project periods ending September 30, 1995 or earlier found 79 grants with corresponding balances totaling \$3,637,766.

The specific grant numbers with project/budget ending dates and balances are provided on Appendix A.

An update to the Grants Administration Manual dated August 27, 1992 provided the following suggested guidance for grants administration specialist on close-out of grants. The grant specialists prepares a "completion alert" for the EPA Project Officer 90 days before the end of the project period. This memo requests information on whether the project/budget period needs to be extended or if the assistance award can be closed-out. A letter should be mailed to the recipient 30 days after project completion. When the project completion date is 90 days old, the grants administration specialist will review these projects to determine whether another follow-up letter is needed. At 120 days after the project completion date, the grants specialist should check with the project officer and issue the grantee a follow-up letter setting a specific date for the grantee to respond. Close-out should be completed within six months after the end of the agreement.

The Grants Administration Manager advised that the Close-Out Procedures were being reviewed for streamlining possibilities, especially for small grants with balances under \$5000. Grants Administration has been working with the Region I Finance Office since December 1995 to develop "Fast Track Close-out procedures for old and small grants to identify and deobligate unliquidated obligations on inactive grants. Additionally, the Grants Administration Manager advised there is a Grants' Close-out Team working to close-out these type of grants.

Further, the Grants Administration Manager provided several reasons as to why these grants were not closed-out in a timely manner. Some reasons provided were:

- ◆ Of the 79 grants listed, 55 were for State Continuing Programs. Close-out of these programs is a low

priority for a number of reasons. It is the policy of this Region to reissue these funds to the states for additional activities. Most states request and receive an extension for submittal of their Financial Status Reports (FSRs), so accurate balances of unexpended funds can be identified for carryover purposes. Another reason that can delay timely close-out is the lack of an approved final indirect cost rate.

- ◆ Work effort in fiscal year 1996 was significantly impacted by the Continuing Resolution which resulted in many rounds of funding intervals, furloughs and the dedication of resources for the Project Officer training required by headquarters.
- ◆ A higher priority for processing awards over closing out grants.
- ◆ The Policy and Procedures Specialist was on detail to another office division.

The Grants Administration Manager agreed with a number of our observations regarding the need to close-out grants more timely. His own review identified additional grants from prior years that need to be closed-out. Further, he advised that the following actions have been or will be taken to close-out grants more timely:

- ◆ Reallocate workload to ensure equitable distribution
- ◆ Streamline guidance as much as possible to facilitate the close-out process.
- ◆ Provide training to Project Officers on Close-out.
- ◆ Prioritize the close-out of completed grants but highest priority will remain with the processing of awards.
- ◆ Use additional resources from outside the Grants Management Unit to expedite close-outs. Close-out of grants was an area identified by the Office of Administration and Resource Management staff as needing additional support.

- ◆ Revise the close-out policy to expedite the close-out process.
- ◆ Identify and deobligate funds on the noted grants.
- ◆ Close-out all completed grants.

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## CONCLUSION

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The Grant Administration Unit's Manager provided some positive actions to address the Region's need to close-out and deobligate closed-out grants. Region I Management needs to explore all options to assure that adequate procedures/ policies are established and followed that will result in the timely close-out of small grants.

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## RECOMMENDATIONS

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We recommend that you:

1. Ensure that grants administration specialists follow guidance for timely close-out of grants.
  2. Ensure that the listed grants are given priority for immediate close-out.
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## REGIONAL RESPONSE

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The Region agreed in general with the recommendations to correct deficiencies in the grants administration process and had already taken corrective action in some cases.

## OIG RESPONSE

We concur.

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## **CHAPTER 5**

### **REGIONAL MANAGEMENT DID NOT ALLOCATE ADEQUATE RESOURCES TO MONITORING OF ENVIRONMENTAL EDUCATION AND ENVIRONMENTAL JUSTICE GRANTS**

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Regional Management allowed Environmental Education and Environmental Justice grant program activities to remain unstaffed when Project Officers were on extended leave. As a result, no monitoring was conducted or the monitoring which was conducted was insufficient to assure that grantees complied with the terms of their grant agreements. Prudent management practices would not allow important positions to remain vacant for extended periods of time without coverage of their most important functions.

In contrast to the EJSG program, the EESG program had an established monitoring system in place. However, this system could not compensate for a lack of EPA staff to overview grant activity. The EJSG program needed to develop an active monitoring practices. However, the lack of EPA personnel available to conduct any type of monitoring when the EJC was on extended leave just further exacerbated this problem.

The Environmental Education Coordinator (EEC) worked on a part-time basis. She had a job-share partner but this individual was not involved in grants management and recently resigned. A paid individual from the American Association of Retired Persons (AARP) assisted the EEC with grant monitoring. He was not an EPA employee and worked 13 hours a week for the Region. He assisted the EEC by processing environmental education grants, responding to requests for information from the public, writing reports related to grantees' progress, communicating between Region 1 and Headquarters Environmental Education Division.

The EEC estimated that she was on various periods of extended leave amounting to 8 months within a 14 month period (this estimation included 5 weeks of a government wide shutdown). She also said she had three supervisors during this time. When the EEC was on leave for 6 weeks recently, her job-share partner was also on leave. The person who filled-in for the EEC's job-share partner was unfamiliar with the EEC's grant responsibilities. This person was given the priority to work on the "Earth Artist" project.

As a result of the lack of coverage of the EEC's grant activities, the EEC sometimes missed indicators of grant performance requiring follow-up action because she relied too much on the AARP's conclusions. In one case, a grantee presented only 2 rather than the 10 workshops agreed to in the work plan and still received the entire grant amount. According to the EEC, the grantee should have been required to explain how the entire funds were expended and a determination made whether or not to withhold funds. This was not done; she said that this one got by.

All the monitoring reports we reviewed were conducted by the AARP; we did not see any reports by the EEC. Our conversation with the EEC on her acceptance of one report indicated that the EEC should increase her review of the AARP's work. The EEC agreed with our assessment of a final report which did not adequately explain how the grantee carried out its work plan. The EEC described the style of the report as "cutesy" and the contents as "lame". However, the AARP had reviewed the report and determined it to be "OK". Relying upon the AARP's assessment, the EEC authorized the final payment. In another case, the AARP conducted a mid-year review by phone and noted that the grantee would be late in completing the project by one month. No follow-up actions were recommended. We conducted a similar phone review one week later and found that the grantee was experiencing financial difficulties and that the new project manager was unfamiliar with grant progress. In our opinion, such information would indicate a need for some type of follow-up action by the Region.



The EJC stated that she was on maternity leave from September 1994 to December 1994. During that time, no one filled-in for her other than an intern who worked on processing the grant proposals. As already reported in Chapter Two, a more active monitoring system needs to be developed for the EJSG program. However, any monitoring system developed will not be useful if there is no one to implement it. The EJC will again be on maternity leave in the near future. Regional management needs to plan now to assure that improvements it is currently making to monitor EJ small grantees will not be lost.



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## CONCLUSION

The function of grant monitoring is very important because it assures that EPA funds are providing expected benefits to designated recipients. We believe it is a function which should receive as high a priority as awarding grant funds. Regional management needs to develop a plan to assure such a critical function continues to be carried-out when staff is on extended leave. Regional management should also assure that this function is properly carried out and supervised by EPA staff.

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## RECOMMENDATIONS

We recommend that you:

1. Develop a plan to assure that critical functions of personnel who are on extended leaves of absence are covered.

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## REGIONAL RESPONSE

The Assistant Regional Administrator stated:

Both the Senior Policy Advisor who has supervisory responsibilities for the EEC and I, who have responsibility for the EJC, agree with your conclusion that grant monitoring should receive as high a priority as awarding grant funds.

The Region stated that both the EEC and EJC received Project Officer training in May of 1996 and understand their responsibilities. The Region plans to add 30 hours/week of administrative assistance to the EJC and an additional half-time position to support the EEC. Additionally, most of the FY' 95 PO responsibilities for the EJ grants have been assigned to other appropriate Project Officers. This will be done for FY' 96 grants as well. Grantees will also be trained to assure that they understand their responsibilities as well.

**OIG RESPONSE**

We concur with the Region's action.

| SCHEDULE OF OUTSTANDING GRANTS AND BALANCES |       |                   |                         |
|---|-------|-------------------|-------------------------|
| GRANT NO.                                   | STATE | BALANCE AVAILABLE | PROJECT/BUDGET END DATE |
| A00125395                                   | CT    | \$1,004,712.00    | 30 September 1995       |
| D00145095                                   | CT    | \$250,204.00      | 30 March 1995           |
| E00148795                                   | CT    | \$11,646.00       | 30 September 1995       |
| F00147095                                   | CT    | \$216,152.00      | 30 September 1995       |
| I00109095                                   | CT    | \$86,732.00       | 30 September 1995       |
| J100194401                                  | CT    | \$1,515.00        | 30 September 1993       |
| L00160095                                   | CT    | \$54,597.00       | 30 September 1995       |
| NE99136201                                  | CT    | \$1,718.00        | 31 December 1994        |
| NI00179301                                  | CT    | \$65,000.00       | 31 August 1994          |
| VC00173506                                  | CT    | \$50,382.00       | 30 September 1995       |
| EQ99153101                                  | DC    | \$5,000.00        | 15 January 1995         |
| X100196701                                  | KY    | \$23,631.00       | 31 March 1995           |
| A00125595                                   | MA    | \$265,820.00      | 30 September 1995       |
| CP00184501                                  | MA    | \$50,000.00       | 30 September 1995       |
| CP00190001                                  | MA    | \$6,983.00        | 31 October 1994         |
| D00145295                                   | MA    | \$73,907.00       | 30 September 1995       |
| D00145695                                   | MA    | \$37,885.00       | 30 September 1995       |
| EQ99153201                                  | MA    | \$8,000.00        | 1 June 1995             |
| EQ99153401                                  | MA    | \$1,100.00        | 31 July 1995            |
| EQ99153501                                  | MA    | \$1,000.00        | 31 July 1995            |
| EQ99153601                                  | MA    | \$1,500.00        | 30 May 1995             |
| F00147295                                   | MA    | \$2,159.00        | 30 September 1995       |
| G00148295                                   | MA    | \$3,110.00        | 30 September 1995       |
| I00199195                                   | MA    | \$28,000.00       | 30 September 1995       |
| L00160295                                   | MA    | \$2,432.00        | 30 September 1995       |
| NE99139301                                  | MA    | \$5,017.00        | 30 June 1995            |
| PB99154001                                  | MA    | \$9,200.00        | 30 September 1995       |
| VC00172905                                  | MA    | \$15,051.00       | 30 September 1995       |
| X001340010                                  | MA    | \$8,333.00        | 31 May 1995             |
| X00177801                                   | MA    | \$824.00          | 30 September 1994       |

## APPENDIX A

|             |    |              |                   |
|-------------|----|--------------|-------------------|
| CD00176501  | ME | \$5,000.00   | 30 September 1995 |
| CD00197801  | ME | \$68,252.00  | 30 June 1995      |
| D00145195   | ME | \$1,425.00   | 30 September 1995 |
| E001461950  | ME | \$11,714.00  | 30 September 1995 |
| G00148195   | ME | \$12,707.00  | 30 September 1995 |
| I00123095   | ME | \$240,806.00 | 30 September 1995 |
| I001449950  | ME | \$11,008.00  | 30 September 1995 |
| K00195401   | ME | \$1,489.00   | 31 January 1995   |
| L00160195   | ME | \$65,041.00  | 30 September 1995 |
| NE99147201  | ME | \$1,794.00   | 30 May 1995       |
| NW00152801  | ME | \$12,718.00  | 31 August 1995    |
| V00173105   | ME | \$10,585.00  | 30 June 1995      |
| T001998010  | MN | \$769.00     | 3 July 1995       |
| A00125695   | NH | \$34,276.00  | 30 September 1995 |
| D00145395   | NH | \$9,383.00   | 30 September 1995 |
| E001463950  | NH | \$15,405.00  | 30 September 1995 |
| F00147395   | NH | \$194,492.00 | 30 September 1995 |
| G00148395   | NH | \$16,102.00  | 30 September 1995 |
| J100195501  | NH | \$1,211.00   | 31 December 1993  |
| K100162304  | NH | \$2,687.00   | 30 June 1994      |
| NE99136701  | NH | \$20.00      | 30 June 1995      |
| NE99138301  | NH | \$176.00     | 31 December 1994  |
| NE991493010 | NH | \$30.00      | 31 December 1994  |
| A00125795   | RI | \$77,132.00  | 30 September 1995 |
| D00145495   | RI | \$45,563.00  | 30 September 1995 |
| E00140894   | RI | \$3,788.00   | 30 September 1994 |
| E00147794   | RI | \$4,605.00   | 30 September 1994 |
| E00147795   | RI | \$6,716.00   | 30 September 1995 |
| F00147495   | RI | \$259,990.00 | 30 September 1995 |
| G00148494   | RI | \$6,000.00   | 30 September 1994 |
| G00148495   | RI | \$26,546.00  | 30 September 1995 |
| I00144095   | RI | \$76,401.00  | 30 September 1995 |
| I001697940  | RI | \$4,000.00   | 30 June 1995      |
| K00196101   | RI | \$734.00     | 31 December 1994  |

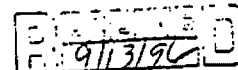
## APPENDIX A

|              |    |                       |                   |
|--------------|----|-----------------------|-------------------|
| L00160495    | RI | \$2,928.00            | 30 September 1995 |
| NE99137601   | RI | \$126.00              | 30 June 1994      |
| NE99137701   | RI | \$5,000.00            | 30 June 1994      |
| NE99147601   | RI | \$1,000.00            | 15 May 1995       |
| CL00169001   | VT | \$1,872.00            | 31 March 1995     |
| D00145595    | VT | \$33,570.00           | 30 September 1995 |
| EQ99153801   | VT | \$1,500.00            | 1 September 1995  |
| E00140994    | VT | \$4,404.00            | 30 September 1994 |
| E00140995    | VT | \$599.00              | 30 September 1995 |
| E00148694    | VT | \$17,637.00           | 30 September 1994 |
| E00148695    | VT | \$8,776.00            | 30 September 1995 |
| F00147595    | VT | \$5,796.00            | 30 September 1995 |
| G00148595    | VT | \$12,065.00           | 30 September 1995 |
| I00150095    | VT | \$22,317.00           | 30 September 1995 |
| NP99139801   | VT | \$1.00                | 1 September 1995  |
| <b>TOTAL</b> |    | <b>\$3,637,766.00</b> |                   |

## REGIONAL COMMENTS

U.S. ENVIRONMENTAL PROTECTION AGENCY  
REGION I  
J.F.K. FEDERAL BUILDING, BOSTON, MA 02203-2211

## MEMORANDUM



DATE: September 12, 1996

SUBJ: Draft Audit Report of Region I's Overview of Small Grantees  
(Program Report No. E1FME6-01-0020)

FROM: Patricia L. Meaney, Assistant Regional Administrator

TO: Paul D. McKechnie, Divisional Inspector General  
Eastern Audit Division

I am writing in response to the draft audit report entitled, Region I's Overview of Small Grantees, dated August 1, 1996. I regard the findings and conclusions of the draft audit as a matter of seriousness, and one requiring immediate remedial action, as well as long term reform. The balance of this memorandum outlines the actions taken or underway to comply with your recommendations. It also discusses the instances in which we do not agree with the premises that appear to be the basis of the audit recommendations.

## Chapter 2

We agree with the recommendations outlined in this chapter and the Executive Summary Regarding the Environmental Justice Small Grants (EJSG) and in some cases have already engaged in their implementation:

A - Need to Proactively Monitor Environmental Justice Small Grants

(1) Share the EJ project officer responsibilities - The Project Officer responsibilities for the FY'95 EJ grants are being shared by the four UEI City coordinators and other trained P.O.s with compatible interests. Once awarded, the FY'96 EJSG and EJP2 Project Officer responsibilities will be similarly shared.

(2) PO responsibilities need to be included in EJC's PD - The EJC's position description was rewritten to include Project Officer responsibilities.

(3),(4) Grantee project management responsibilities - Grantees' grant management responsibilities will be covered in a series of three (3) mandatory meetings, the first of which is scheduled to take place in October, 1996. Topics to be covered include book-keeping issues such as grantees' scope of work being consistent with allocated budget and amending work-plans to reflect changes in the scope of work, budget, organizational structure and/or staffing.

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(5) Agreed.

(6) Promote successful EJ Projects - One of the biggest benefits of the Environmental Justice Small Grants (EJSG) program is show-casing the success stories of our grant recipients. It is a benefit not only to the recipients but to EPA-New England as well, for a lot of the programmatic issues associated with environmental justice resulted from the great things that are currently happening in communities that received EJSG funding. For instance, the Urban Environmental Initiative (UEI) program in the region resulted from the success story of one of our recipients. We feel that EPA-New England has been engaged in showcasing EJ success stories starting with our very first grant cycle in FY'94.

#### B - Selection Procedures

(1) Streamline the application process - In an effort to continually improve the EJSG program, it is customary for HQ to seek feedback from the regions on ways to make the application process more user-friendly. During the FY'97 cycle, the recommendations made in your IG Report will be taken into consideration and HQ will work with all the regions in this regard. Additionally, some regions are already engaged in conducting their own grant-writing workshops. HQ is viewing this effort as a regional initiative being fueled with regional resources. However, they will act as a clearing house to facilitate the flow of information among the regions. We will monitor the success of this effort to see if it is one we could adopt in this region.

(2) We agree.

(3) We agree. It will be part of our mandatory training and monitoring.

(4) Verify non-profit status of grantees - This current FY'96 funding cycle, and for future funding cycles, non-profit status of applicants are being verified with their submittal of a copy of the letter from the IRS providing information such as the Employer Identification Number (EIN) as well as tax status.

(5). We agree. It will be included in our mandatory training for grantees and our own monitoring program.

#### Policy Disagreements

(I) Refer to Executive Summary Heading "Region I needs to review the direction of the EJSG Program." Page (iii)

A. "Need to actively Monitor EJSG Program."

-3-

## 1. Grantee Performance

(a) "Grantees were not following their work plans." Page 9 of the Report compared four (4) Grantees' planned activities with their actual activities.

Response: Two of the FY'94 grantees referenced in A(I) above (Committee for Boston Public Housing and Roxbury Neighborhood Council) have submitted their final reports which provided information contrary to the findings in IG Report. Both grantees have conducted activities that are consistent with their proposed activities. A copy of the final report for "Committee for Boston Public Housing" and other supporting documents, as well as a copy of the final report for Roxbury Neighborhood Council can be furnished upon request.

## 2. Regional Performance

(b) "Final Reports were not used to identify successful/unsuccessful projects."

Response: Typically, a successful project can only be determined upon completion of the project. At the time of your review (Oct'95-March'96) only three of the nine (9) FY'94 Grant Recipients had completed their projects and consequently submitted their final reports. Wobanaki Inc, located in Swanton, VT submitted their final report March 11, 1996; Tellus Institute located in Boston, MA submitted their final report September 14, 1995 and Dudley Street Neighborhood Initiative (DSNI) located in Roxbury, MA submitted their final report October 31, 1994.

We did showcase one of these three grantees. On April 21, 1994, an environmental tour was conducted of the DSNI neighborhood (the target audience of the EJ project). This tour/event provided the impetus for future EPA partnering with DSNI. We have also sponsored another environmental tour with an FY'95 grant recipient in October, 1995. We have also used other vehicles such as the Environmental Justice Council meetings to showcase other successful EJ projects and will continue to engage in other activities to accomplish this task.

Refer to Executive Summary Heading "Region I needs to review direction of EJSG Program." Page (iii)

## A. "Need to pro-actively monitor EJSG Program."

### 1. Grantee Performance

(a) "Grantees were not following their work plans." Page 9 of the Report compared four (4) Grantees' planned activities with their actual activities.



-4-

Response: We agree with your recommendation that grantees seek EPA concurrence on work plan changes. We plan to emphasize at our training meeting that list requirements be followed, however, in defense of past practices. The goal of the EJSG program is to put the power back into the hands of the community, which was actually the case with the grantees referenced in the Report. One has to recognize that oftentimes what an applicant has proposed in their application for funding is not always what a community wants - and this is the lesson to be learned.

In these examples, grantees approached the target audience with one proposal but the target audience had their own agenda and priorities. Take for example, "Citizen's Agenda." In their proposal, this grantee planned to publish a report listing the toxic waste sites in major urban areas in the state and envisioned the participation of neighborhood groups in this effort. However, the grantee did not receive their support. In grantee's final report, they blamed their failure to get community support (did not speak to 20-30 groups as planned) on the fact that grantee was unfamiliar to the community and did not win community's trust. As a result, grantee made presentations to only ten groups. Grantee developed city-by-city packets of data to inform local groups about the hazards that related to air quality, vacant lots and auto shops in their neighborhoods.

In the case of "Roger Williams Zoo, the grantee's project was entitled "Youth and the Environment" (YEP). Grantee's primary objectives were to (1) "Provide interns [teens] with a wide range of environmental experiences through time spent with the zoo staff and through visits to other institutions"; (2) "Support the interns in creating an interactive, exciting education program on environmental health by collaborating with Keep Providence Beautiful, a grassroots organization that deals with quality of life issues in Providence, Rhode Island." The grantee, in keeping with the spirit of this project, YEP, felt comfortable in empowering the youth to tailor the project activities to fit their needs and expectations. Hence, when the youth opted to make certain substitutions (refer to IG report on Page 9), Grantee accommodated teens' feeling assured that the objectives of the project were still being met.

Worthy of mention at this time is the fact that Roger Williams Zoo project objectives as stated above, were not identified in the Report. In fact, the objectives that were cited in IG Report and some of the conclusions derived thereof were mischaracterized. For example, in grantee's proposal no reference was made to clean up eighteen (18) parks as part of their project. Grantee's proposal clearly states the following "inspire the children to take ownership of the parks by organizing a trash clean-up in the park following the [YEP] program". In other words, the clean-up of 18 parks was not a deliverable of this project.

-5-

In sum, despite the fact that the above two grantees failed to inform us in a timely manner that certain changes were being made to their work plan, the actual deliverables of their project were still consistent with the objectives of the EJSG program.

B. "Selection Procedures for EJSG needs to be Re-Evaluated and Strengthened."

"... One half of the 1994 EJ Small grants were awarded to non-profit environmental entities rather than the affected community-based/grassroots agencies."

Response: We feel that non-profit organizations can provide useful service to the targeted communities that is consistent with the EJSG Program protocol. However, we do support community-based/grassroot organizations in taking the initiatives to address their own environmental justice issues and will continue to improve the EJSG solicitation process to achieve this end.

Chapter 4

We agree in general with the recommendations to correct deficiencies in the grants administration process that were raised in Chapter 4 of the report.

During the time that the draft report was being developed, and since receiving a copy, we have concentrated on reducing the large number of grants that needed to be closed out. We concur with your recommendation to give priority to the immediate close-out of the grants listed in Appendix A. As of August 18, 1996, we have deobligated funds for 35 of these grants. The Grants Management Unit has been instructed by Project Officers not to deobligate funds from 24 continuing grants on your list. Based on this decision not to close out continuing grants, funds for 80% of the available grants on your list have been deobligated.

We agree with your recommendation to ensure that grants administration specialists follow guidance for timely closeout of grants. The Grants Management Office, in partnership with the Region I Finance Office, has developed and is using a fast track procedure to streamline administrative closeout for grants of 5,000 or less. This process will make it easier for the specialists to process small grant closeouts and at the same time give them the needed resources to deal with the more complex larger grants.

In addition to these new procedures, Project Officer training was completed in May 1996. This training included sections on closeout procedures. We believe that this training will result in better grants that are more conducive to timely closeout in the future.

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## Chapter 5

Both the Senior Policy Advisor who has supervisory responsibilities for the EEC and I, who have responsibility for the EJC, agree with your conclusion that grant monitoring should receive as high a priority as awarding grant funds.

Both the EEC and EJC received Project Officer training in May, 1996, and understand these monitoring responsibilities. They have been consulted about the kind of supervision/assistance that they need and requested additional clerical/administrative support. Thus, instead of assigning a Supervisory Project Officer over the EJ and EE POs, we are adding 30 hours/week of administrative assistance to the EJC and additional half time position to support the EEC.

When the EJC is on maternity leave beginning in December, another EPA permanent employee will be detailed to assume the critical functions of the position.

As discussed before, most of the FY'95 PO responsibilities for EJ grants have been assigned to other appropriate Project Officers in the organization. The same will be done for the FY'96 grants thus reducing the workload on the EJC. The first training session required for the FY'96 grant recipients will be held in October, further insuring that the grantees understand their responsibilities.

## Chapter 6

We feel that the recommendations in Chapter 6 of this report are not necessary, since the Region's review process was consistent with Agency-wide policy.

We use standard screening and evaluation forms created by the Environmental Education Division at EPA Headquarters, which is taken strictly from the solicitation notice published in the Federal Register each year. In previous years, our review process consisted of at least three reviews per application (two internal EPA staff reviews and one external environmental educator review), all of which were combined by the Environmental Education Coordinator (EEC) into a single, weighted score. Despite the use of numerical ranking sheets, scores were often inconsistent from one evaluator to the next. For example, two evaluators may have ranked the project high and one low. This created problems in determining which projects were most outstanding.

In order to avoid such discrepancies, the Regional Administrator urged the EEC to develop a more streamlined approach to reviewing the large numbers of education grant applications. It was agreed that a few pairs of reviewers (EPA employees with environmental

## APPENDIX B

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education experience) would come to consensus on each application. This provided for much more consistency among the review of all applications. The use of external reviewers at this point in the process is precluded due to Federal Advisory Committee Act requirements that prohibit non-federal employees from making recommendations as to which grants to fund.

Therefore, external review was incorporated into the process after the initial consensus-method review was conducted. The EEC found at least one external environmental educator in each New England state to review project descriptions, budget information, and internal evaluation sheets for each pre-application that ranked above the median (which included about 2/3 or all proposals). External evaluators' comments were generally consistent with those of internal employees, and the EEC considered their comments in her recommendations to the Regional Administrator for which grants to fund.

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