



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

The U.S. Environmental Protection Agency (EPA) Office of Inspector General (OIG) conducts reviews of earmarked grants known as Special Appropriation Act Projects issued to State and tribal governments. The West Rankin Utility Authority, Flowood, Mississippi, was selected for review.

Background

EPA Region 4 awarded Grant No. XP97424901 (grant) on August 24, 2001, to the West Rankin Utility Authority (grantee). The grant provided federal assistance of \$1,932,200 for sewer system evaluation, a water supply feasibility study, photogrammetric mapping, Geographic Information System development, topographic mapping, and sliplining of gravity sewer interceptors. EPA funded 55 percent of the eligible project costs and the grantee funded 45 percent.

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

To view the full report, click on the following link:
www.epa.gov/oig/reports/2010/20091013-10-4-0003.pdf

Costs Claimed Under EPA Grant XP97424901 Awarded to West Rankin Utility Authority, Flowood, Mississippi

What We Found

The grantee did not meet the procurement and financial management requirements of Title 40 Code of Federal Regulations (CFR) Part 31. As a result, we questioned \$1,745,457 in unsupported architectural and engineering (A&E) costs claimed. The grantee will need to repay \$663,321 of grant funds. The grantee also did not comply with the requirements for monitoring operations of grant activities. Due to these noncompliances and internal control weaknesses, the grantee may not have the capability to manage future grant awards.

What We Recommend

We recommend that the EPA Region 4 Regional Administrator:

1. Require the grantee to provide the documentation demonstrating that it performed a cost analysis for the A&E contract at the time of negotiation. If the grantee is unable to do so, EPA should recover the federal share of questioned A&E costs of \$663,321.
2. Require the grantee to develop written policies and procedures on procurement in accordance with 40 CFR 31.36(b), and financial management procedures, including internal control and record keeping, in accordance with 40 CFR 31.20(b).
3. Require the grantee to develop written procedures for monitoring operations of grant activities and comply with 40 CFR 31.40(a).
4. Review policies and procedures developed by the grantee to ensure they meet applicable federal requirements. If the grantee does not fully implement these recommendations, Region 4 should make a high-risk determination, in accordance with 40 CFR 31.12, before making additional awards to the grantee.

The grantee agreed to establish written policies and procedures for procurement, financial management, and monitoring grant activities. The grantee did not concur with the questioned A&E costs, lack of a financial management system, grant monitoring noncompliance, and the designation as a "high risk" grantee. The grantee also disagreed with the audit finding on its record keeping.