



# At a Glance

## Why We Did This Review

On January 29, 2013, the President signed the Disaster Relief Appropriations Act, which provided \$50.5 billion in aid for Hurricane Sandy disaster victims and their communities. DRAA required federal agencies supporting Sandy recovery to implement internal controls to prevent fraud, waste and abuse of funds. The U.S. Environmental Protection Agency received nearly \$608 million, the bulk of which was designated for the Clean Water and Drinking Water State Revolving Funds. We sought to determine whether the EPA has controls in place for the award and management of Sandy relief funds based on lessons from past reports on the American Recovery and Reinvestment Act of 2009.

## This report addresses the following EPA Goals or Cross-Cutting Strategies:

- *Protecting America's waters.*
- *Cleaning up communities and advancing sustainable development.*

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

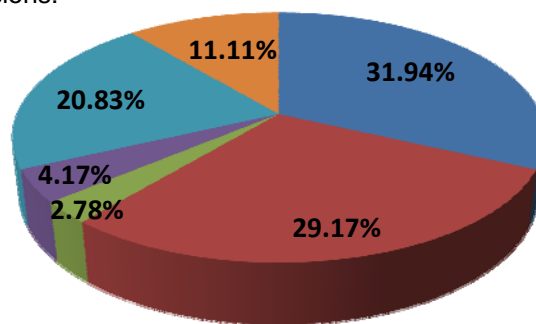
The full report is at:  
[www.epa.gov/oig/reports/2013/20130822-13-P-0351.pdf](http://www.epa.gov/oig/reports/2013/20130822-13-P-0351.pdf)

## Internal Control Lessons Learned for Hurricane Sandy Disaster Relief Appropriations Act Funds

### What We Found

The Office of Management and Budget provided guidance to federal agencies supporting Sandy recovery on their submittal of internal control plans by March 31, 2013. We reviewed 72 prior reports on ARRA and found that the following percent of reports addressed key OMB provisions specifically, addressed multiple provisions, or addressed no provisions:

- Conducting Additional Levels of Review
- Increasing Monitoring and Oversight of Grant Recipients
- Expediting Review and Resolution of Audit Findings
- Adopting Improper Payments Management Protocol
- Multiple Categories
- No Categories



Source: OIG analysis.

EPA has controls in place to manage Sandy relief funds as described in the agency's internal control plan (dated March 28, 2013), such as conducting transaction testing on cash draws; performing semiannual administrative review of audits; and accelerating resolution of open audits. We identified additional controls for the agency to consider based on our prior report review:

1. Strengthen oversight of sub-recipients and develop a checklist that states can use to help ensure compliance with DRAA.
2. Work with states to incorporate inspections as part of routine oversight.
3. Utilize information in recipient monitoring databases to regularly provide management reports on project progress and status of corrective actions.
4. Include specific actions to identify states/projects at risk of not meeting deadlines and establish procedures to assist states with delayed projects.
5. Update detection and reporting procedures to identify improper grant payments.

This report makes no recommendations. We encourage the agency to consider lessons we identified as the EPA moves forward with Sandy recovery activities.

### Noteworthy Achievements

The EPA showed foresight to seek a waiver from OMB on expending funds within 24 months given the long-term nature of SRF construction projects. The EPA also has plans in place to undertake many actions to address our suggestions.