



At a Glance

Why We Did This Review

The U.S. Environmental Protection Agency awarded Chelsea Collaborative Inc. cooperative agreements 2A-96107201 and 2A-96104501 in 2009, under the American Recovery and Reinvestment Act of 2009, in the amounts of \$1,563,480 and \$357,946, respectively. The EPA Office of Inspector General conducted this review to determine whether CCI complied with federal requirements and the terms and conditions for Diesel Emissions Reduction Act grants awarded under the Recovery Act.

This report addresses the following EPA Goal or Cross-Cutting Strategy:

- *Taking action on climate change and improving air quality.*

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-0353.pdf

Examination of Costs Claimed Under EPA Cooperative Agreements 2A-96104501 and 2A-96107201 Awarded Under the Recovery Act to Chelsea Collaborative Inc., Chelsea, Massachusetts

What We Found

CCI's financial management system supports that funds drawn under the two cooperative agreements are reasonable, allocable and allowable in accordance with federal requirements and the terms and conditions for the Diesel Emissions Reduction Act. However, the system does not meet certain federal requirements under the Code of Federal Regulations in 40 CFR 30.21, as it was unable to provide timely financial information and reporting. As a result, there was limited assurance that the recipient claimed all eligible costs or the financial management system and Federal Financial Reports reflect the actual costs.

CCI generally complied with the applicable Recovery Act requirements. We reviewed CCI's compliance with select Recovery Act requirements and determined that:

- The Buy American requirements under Section 1605 of the Recovery Act were not applicable.
- The Wage Rate requirements under Section 1606 of the Recovery Act were met.

CCI's methodology for calculating its estimate of the number of jobs created or retained with Recovery Act funding did not meet Office of Management and Budget reporting guidance for Section 1512 of the Recovery Act.

Recommendations and Planned Corrective Actions

We recommend that the regional administrator, Region 1, require CCI to establish controls to ensure its financial management system complies with the requirement of 40 CFR 30.21 to provide accurate, current and complete disclosure, and attend future grant recipient training. We recommend that Region 1 ensure CCI's calculations for number of jobs created or retained meets OMB guidance on Recovery Act reporting, and that CCI correct and submit the number of jobs created or jobs retained documentation. Lastly, we recommend that Region 1 report the findings in the Grantee Compliance Finding Database.

Region 1 agreed to all the recommendations and provided corrective actions and completion dates. The recommendations remain open with corrective actions ongoing. No further response to the report is required.

Noteworthy Achievements

CCI exceeded the expected outcome by repowering 98 diesel transportation refrigeration units with electric units rather than the 79 originally proposed.