



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

In response to a Grants Administration referral, we conducted this examination to determine whether (1) the reported outlays of \$9,871,025 fairly present the allowable costs incurred under the U.S. Environmental Protection Agency (EPA) cooperative agreements audited; and (2) the recipient managed its EPA cooperative agreements in accordance with applicable requirements.

Background

EPA awarded seven cooperative agreements to the International City/County Management Association (recipient) totaling \$9,916,441 for the following purposes: radon and indoor air pollution reduction and education; establishing the local government environmental assistance network; base closure and land reuse research; maintenance of the smartgrowth network; support of entities affected by hazardous waste sites, including brownfields conferences and research; and water security training.

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

To view the full report, click on the following link:
www.epa.gov/oig/reports/2007/20061128-2007-4-00026.pdf

International City/County Management Association Reported Outlays Under Seven Selected Cooperative Agreements

What We Found

In our opinion, the reported Federal outlays by the International City/County Management Association (recipient) on the *Financial Status Reports* do not present fairly, in all material respects, the allowable outlays incurred in accordance with the terms and conditions of the grants and applicable EPA regulations. We questioned \$1,007,858 of the \$9,871,025 in reported outlays because the recipient claimed unallowable outlays for contractual services, subgrant costs, indirect labor and facilities costs, and in-kind costs. Specifically, the recipient:

- Did not compete contracts, justify sole-source procurement, or perform cost analysis of contracts;
- Did not oversee or maintain documentation for subgrants;
- Did not maintain adequate documentation for in-kind costs used as recipient match; and
- Claimed indirect costs that were prohibited by law.

What We Recommend

We recommend that EPA: (1) disallow the questioned outlays of \$78,298 that were prohibited by law; (2) obtain sufficient documentation to support the remaining questioned outlays of \$929,560 in accordance with EPA regulations or disallow the costs from Federal grant participation; and (3) direct the recipient to establish procedures to address issues relating to procurement of contracts, management of subrecipients, and documentation of in-kind costs.