



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) conducted a review of earmarked grants known as Special Appropriation Act Projects issued to State and tribal Governments. The Borough of Carteret, New Jersey, was selected for review.

Background

In 2001, the Borough of Carteret received an EPA Special Appropriation Act Project grant, XP98247001. The purpose of the grant was to provide Federal assistance of \$1,451,800 for constructing sanitary and stormwater sewer system improvements. The Borough of Carteret was required to provide local matching funds equal to 45 percent of the EPA-awarded funds

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/2008/20080220-08-2-0084.pdf

Borough of Carteret, New Jersey - Unallowable Costs Claimed Under EPA Grant XP98247001

What We Found

The Borough of Carteret, New Jersey (grantee), did not meet the Title 40 Code of Federal Regulations Part 31 requirements for financial management systems. Based on directions from EPA, the grantee claimed \$1,360,429 in costs for reimbursement for work that was not within the scope of the original project. The grantee also claimed up to \$214,962 in unallowable pre-award costs. The final Financial Status Report did not accurately reflect the project's cumulative total outlays. The grantee also incurred additional project costs that EPA has not reviewed for eligibility and could have been claimed.

What We Recommend

We recommend that the Regional Administrator, EPA Region 2:

1. Sustain the questioned costs of \$1,575,391, consisting of:
 - a. \$1,360,429 in out-of-scope project costs.
 - b. \$214,962 in unallowable pre-award costs.

The Region can consider amending the grant period or the scope of work during the resolution of questioned costs.

2. Request that the grantee provide a revised final Financial Status Report that reflects the actual amount of cumulative total outlays.
3. Review unclaimed costs of \$1,286,668 for potential eligibility.