



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

The U.S. Environmental Protection Agency (EPA) Office of Inspector General conducted a review of earmarked grants known as Special Appropriation Act Projects issued to State, local, and tribal governments. The City of Elizabeth, New Jersey (grantee) was selected for review.

Background

The grantee received EPA Special Appropriation Act Project grant number XP98241301, which provided Federal assistance of \$1,451,800. The grantee was responsible for matching, at a minimum, 45 percent of the eligible project costs. The grantee fulfilled its matching requirement with loans from the New Jersey Department of Environmental Protection. The loans were funded through the Clean Water State Revolving Fund.

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/2008/20080123-08-2-0062.pdf

City of Elizabeth, New Jersey - Excess Clean Water State Revolving Funds Claimed

What We Found

The grantee claimed and was reimbursed under its Clean Water State Revolving Fund loan \$335,232 in excess of actual costs incurred, contrary to the requirements of Title 40, Code of Federal Regulations, Section 35.3155 (d)(2). The grantee initially paid for all project construction costs using its internal service funds, and was reimbursed with draws from either the State loans or from the EPA grant. The grantee did not associate all reimbursements with contract invoice payments. The over reimbursement was associated with a State of New Jersey loan that was 50-percent funded from the Clean Water State Revolving Fund. These funds could have been made available for use by other potential loan recipients.

What We Recommend

We recommend that the Regional Administrator, EPA Region 2, coordinate with the State to ensure that the grantee immediately repays \$335,232 drawn in excess of actual costs incurred.