



# 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 local and tribal governments. We selected the City of Bad Axe, Michigan, for review.

## Background

The City of Bad Axe received an EPA Special Appropriation Act Project grant, XP98578301. The purpose of the grant was to provide Federal assistance for engineering, planning, and constructing a 17-mile drinking water pipeline from Port Austin, Michigan, to the City of Bad Axe.

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/2008/20080227-08-2-0095.pdf](http://www.epa.gov/oig/reports/2008/20080227-08-2-0095.pdf)

## ***City of Bad Axe, Michigan – Unallowable Costs Claimed Under EPA Grant XP98578301***

### **What We Found**

The City of Bad Axe (grantee) purchased two parcels of land totaling \$51,297 without obtaining prior approval as required by Federal regulations. The grantee also paid an engineering firm \$211,143 to design a water treatment facility but did not use the design. As a result, EPA needs to recover \$262,440 under Grant XP98578301.

### **What We Recommend**

We recommend that the Regional Administrator, EPA Region 5, recover the unallowable land purchase and design costs totaling \$262,440.