



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

We conducted this examination to determine whether the Cheyenne River Sioux Tribe (Tribe): (1) complied with the applicable laws, regulations, and special conditions of the agreements; and (2) achieved the intended result of the agreements. The U.S. Environmental Protection Agency (EPA) Region 8 requested this audit due to financial management problems it identified during an onsite review.

Background

EPA awarded five agreements to the Tribe to fund a variety of environmental activities authorized under the Comprehensive Environmental Response, Compensation, and Liability Act Sections 104(d)(1) (Superfund) and 128(a) (Brownfields); the Clean Water Act; and the Appropriations Act of 1996.

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/2007/20070924-2007-4-00078.pdf

Cheyenne River Sioux Tribe Outlays Reported Under Five EPA Assistance Agreements

What We Found

The Tribe did not comply with the financial and program management standards under Title 40 Code of Federal Regulations Parts 31 and 35, and Office of Management and Budget Circular A-87. We questioned \$3,101,827 of the \$3,736,560 outlays reported because the Tribe did not:

- Follow the labor cost documentation requirements for Federal grants;
- Compete contracts, justify sole-source procurement, or perform cost analyses;
- Demonstrate that fuel costs charged were equitably allocated;
- Account for vehicle leases properly;
- Comply with Federal procurement regulations and its internal policy when purchasing equipment;
- Compute and claim indirect costs in accordance with Federal cost principles, indirect cost rate agreements, and grant conditions; and
- Maintain documentation for recipient share of costs reported.

The Tribe's internal controls were not sufficient to ensure that outlays reported complied with Federal cost principles, regulations, and grant conditions. In some instances, the Tribe also was not able to demonstrate that it has completed all work under the agreements and has achieved the intended results of the agreements.

What We Recommend

We recommend that EPA Region 8's Regional Administrator disallow and recover the Federal share of ineligible costs of \$64,765. The Region should require the Tribe to provide sufficient documentation for the remaining \$3,037,062 questioned, and disallow and recover the Federal share of any outlays the Tribe cannot support. The Region should require the Tribe to adjust its indirect costs claimed. The Region should provide training to the Tribe on Federal regulations and grant requirements, and review the Tribe's solicitations and contracts under EPA agreements until the Tribe has adequate procedures in place. The Region should confirm that all work under the agreements have been satisfactorily completed prior to agreement closeout. The Region should maintain the Tribe's "high risk" designation until all audit issues have been resolved.