



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

The Office of Inspector General (OIG) received a hotline complaint regarding U.S. Environmental Protection Agency (EPA) Assistance Agreement Numbers I004802070 and BG96483308, awarded to the Eastern Band of Cherokee Indians (EBCI), Cherokee, North Carolina.

Background

EPA Region 4 awarded EBCI Assistance Agreement Number I004802070 for \$259,964 (federal share) on June 20, 2007. The Region subsequently issued two amendments that increased the available funds by \$93,920 (total federal share of \$353,884). EPA awarded Assistance Agreement Number BG96483308 for \$152,000 (federal share) on September 24, 2007. The Region subsequently issued an amendment that increased the available funds by \$124,967 (total federal share of \$276,967).

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

To view the full report, click on the following link:
www.epa.gov/oig/reports/2010/20091005-10-4-0001.pdf

Internal Control Weaknesses under EPA Grant Nos. I004802070 and BG96483308, Awarded to the Eastern Band of Cherokee Indians, Cherokee, North Carolina

What We Found

EBCI does not have a conflict of interest and its SF 272s are correct and prepared in compliance with federal requirements, EPA policies, and grant terms and conditions. However, during the course of our examination, we identified significant deficiencies in internal control concerning equipment purchases and segregation of duties that we believe require immediate attention. Regarding our concern with equipment purchases, we found that:

- Some purchase authorizations were dated the same day equipment was delivered.
- EBCI did not always obtain three quotes.
- The Asset Compliance Officer did not always authorize purchases.

Regarding our concern on segregation of duties, we found that one employee within the Office of Environment and Natural Resources – the Water Quality Section Supervisor – is authorized to write grant proposals; solicit funding to carry out the program goals; prepare budgets; oversee the expenditure of funds; and purchase, maintain, repair, and inventory all equipment.

What We Recommend

We recommend that the Regional Administrator, EPA Region 4, require EBCI to comply with its internal control policies and procedures with respect to equipment purchases, require all future purchases under these grants to be properly approved, and require that EBCI establish internal controls to ensure the proper segregation of duties for grant award and administration.