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OVERVIEW OF AUDIT MANAGEMENT ACTIVITIES

The Environmental Protection Agency submits this Fall 1998 semiannual audit activity report in accordance with the requirements of the Inspector General Act Amendments of 1988. The report highlights significant audit management accomplishments and initiatives undertaken at EPA. It also provides an overview of audit activity in the previous six-month period -- April 1, 1998 through September 30, 1998. Complementing this report is *EPA's Office of Inspector General Semiannual Report to the Congress: April 1, 1998 through September 30, 1998.* The Inspector General's report highlights audit activity and describes its efforts to promote EPA's program efficiency and effectiveness.

AUDIT MANAGEMENT ACCOUNTABILITY

The Chief Financial Officer, as the Agency's Audit Follow-up Official, oversees EPA's follow-up on audit findings and recommendations, including resolution and implementation of corrective actions with coordinating support from the Office of Planning, Analysis and Accountability (OPAA).

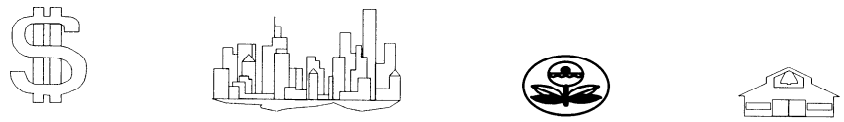
The OPAA anticipates issuing the Agency's new EPA Manual 2750 - *EPA's Audit Management Process* by the end of the calendar year. This new policy, which documents the audit process from the initial audit discussion to the final corrective action, includes references to the Federal regulations, Inspector General publications, and other management issuances which guide EPA's audit process.

OPAA's upcoming challenge will be to ensure that the EPA's *Management Audit Tracking System (MATS)* will be fully compatible with the Office of Inspector General's new *Inspector General Operating System (IGOR)*. The OIG's new system, which is Year 2000 compliant, is being released this fiscal year. MATS, which is currently Year 2000 compliant, will be adjusted to maintain current quality control in order to interface with IGOR.

OVERVIEW OF AUDIT ACTIVITY

During this reporting period, EPA management monitored active resolution and follow-up action on 470 audits. As illustrated below, these 470 fall into four major categories.

EPA MONITORS A LARGE NUMBER OF AUDITS



Grants (194) ***Contracts (130)*** ***Internals (99)*** ***Single (47)***

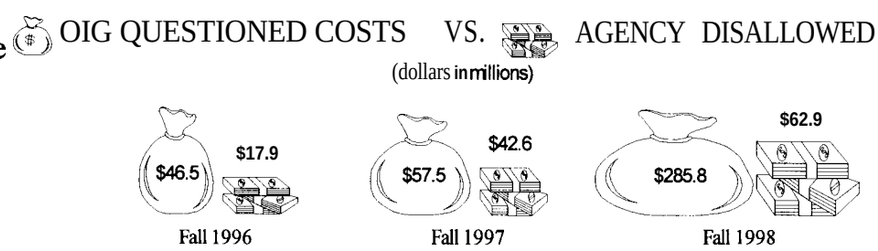
Grant audits make up 41% of the 470 active audits EPA monitored, with 99% of those being final audits of construction grants. Contract audits make up 28% of the active audits monitored this period; 5 % of those contract audits are reviews of preaward contract proposals.

. Final Action Taken on Audit Reports

In the reporting period, EPA had a total of 343 management decisions pending final action. This is a decrease of 23 from the pending final actions noted in the Spring 1998 report. Since EPA began Congressional semiannual reporting on its audit activity, the number of audit reports pending final action during each semiannual period has averaged 496. The number has ranged from a high of 791 (Spring 1990) to the current low of 343.

During the six-month period -- April 1, 1998 through September 30, 1998 -- EPA completed final action on 119 audits. This is an increase of 4 from the previous reporting period. Of these, 85 were financial assistance audits with $62,935,055 in disallowed costs recovered, written off or reinstated on appeal; seven were audits of preaward contract proposals resulting in $5,190,230 of unobligated funds reported as put to better use; and 27 were performance audits with internal EPA corrective actions completed, one of which had $15,400,000 in recommended better use funds. Tables 1 and 2 of this report present detailed information on this audit activity.

External Financial Audits - For external financial audits, final action occurs when the Agency: 1) recovers from the grantee costs disallowed in the Agency's management decision on the audit; 2) reinstates these costs as allowable through an appeal of the grantee; or 3) writes off the amount as an uncollectible claim. For the 85 external financial audit reports in which EPA took final action this period, the Office of the Inspector General had questioned $285,789,699. After careful review, the OIG and the Agency together agreed to disallow $62,935,055 of these questioned costs.



There are several reasons why the costs questioned in an audit may exceed the costs EPA eventually disallows. First, in many cases, the audited grantees or contractors provide additional cost documentation to the Agency after the audit is completed. This documentation was not available to the auditors and often supports the allowability of the claimed costs. Second, EPA officials may allow additional claimed costs based on further clarification of the grantee's activities as they relate to the grant regulations.

In either case, prior to issuing the determination to the grantee, EPA requires Agency officials to reach agreement with the OIG on the amount of costs that management proposes to disallow. The grantee has the opportunity under Federal regulations to formally appeal this EPA determination. On the basis of the information provided in the appeal, the Agency may reinstate to the grantee all or portions of the costs disallowed in the determination.

The Agency seeks to recover the final amount through an offset against future payments to the grantee or contractor, a "cash" collection, the receipt of property, or through other means the Agency determines are appropriate. If efforts to recover these funds from the recipient are not successful, the Agency may deem the funds uncollectible and write-off the amount.

As stated above, from April 1, 1998 through September 30, 1998, the Agency took final action on 85 external financial audits. Of the $62,935,055 that EPA disallowed in these audits, the Agency recovered $49,964,967, reinstated $9,213,224 on appeal, and wrote off $3,756,864 as uncollectible.

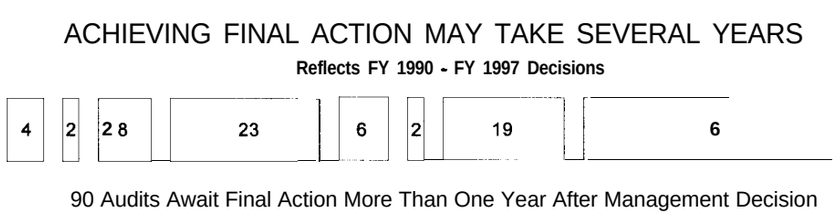
Audits of Preaward Contract Proposals - Audits of preaward contract proposals evaluate whether the prospective costs and pricing data submitted in contract proposals were appropriate, accurate and complete. Final action occurs when the Agency awards the contract or cancels the solicitation. The Agency completed final action on seven audits of preaward contract proposals in this reporting period. Of these, two audits resulted in $5,190,230 in the value of recommendations that were actually completed.

Internal Performance Audits - Internal performance audits are audits of internal Agency programs, organizations, functions or activities. For these audits, final action occurs when the Agency completes implementation of the corrective actions to remedy weaknesses identified in the audit. Many of these audits involve complex issues and require extensive, long-term effort by the responsible office. In some cases, EPA's corrective action plans are based on the need for states or other entities to implement their own corrective actions which are beyond EPA's direct control.

The Agency completed final action on 27 internal performance audits in this reporting period, one of which had $15,400,000 recommended as better use funds.

. Audit Reports Without Final Action

As of September 30, 1998, 224 audit reports were without final action (excluding those audits with manage ment decisio under trative by the grantee) These reports represent $22 1,370,93 1 in disallowed costs awaiting recovery.



Of these 224 audit reports, EPA officials had not completed final corrective action on 90 audits within one year after the management decision. This is an increase of 14 from the 76 reported in the Spring of 1998. Of the 76 reported in the Spring of 1998, EPA completed final action on 21 audits and 35 new audits met the reporting criteria for this period.

Of the 90 audits now awaiting final action after one year, the Agency expects to close 24 by March 3 1, 1999. EPA will close an additional 32 upon receipt of a monetary reimbursement from the grantee or contractor. As shown below, 14 audits from FY 1990 to FY 1992 are still awaiting final action -- 12 are external financial audits awaiting repayment from the grantee as final action, one is a contract audit anticipated to be completed by January 1999, and one is an internal performance audit awaiting action by the Environmental Monitoring Management Council.

The following chart illustrates the types of audits reported this period with corrective actions exceeding one year. The majority are audits of grants issued by the Agency. They amount to 40% of the total. Table 4 of this report lists the explanations for each of these 90 long-term corrective actions.

External Financial Audits - Generally, the reason that final action on external audits remains open one year after issuance of the management decision is that the Agency is awaiting monetary reimbursement from the grantee. Once the EPA collects the Federal share of costs owed the government, EPA closes followup action on the audit. Of the 41 external financial audits reported in the previous semiannual report as having no final action after one year, EPA closed ten. Accounts receivable collection or other activities continue on the remainder.

Internal Performance Audits - Overall, the reason that follow-up on internal performance audits remains open one year after issuance of the management decision is because of the need for long-term corrective actions. As stated above, EPA officials may base their corrective action plans on the need for regulatory changes, statutory reauthorization or for states and other entities to implement their own corrective actions.

TYPES OF AUDITS WITH NO FINAL ACTION AFTER ONE YEAR

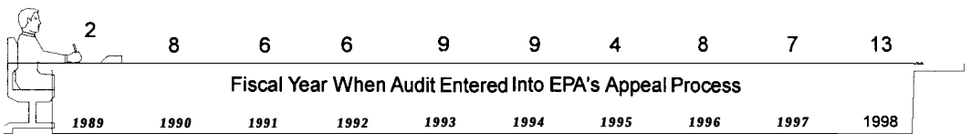
In this report, final corrective action on 32 internal performance audits remains incomplete after one year. Of the 35 reported in the previous semiannual report, final action on 11 is now complete. Of the 32 noted in this report as awaiting final action after one year, the Agency expects eight to close by March 31, 1999.

▸ Appeals of Management Decisions

EPA regulations allow grantees to appeal management decisions on financial assistance audits that seek monetary reimbursement from the recipient. These appeals require EPA to suspend taking action to collect the account receivable until the Agency issues a decision on the appeal.

As of September 30, 1998, there were 72 management decisions in appeal status. This is a decrease of 21 from the previous period. Of the 13 Detroit audits awaiting appeal in the previous period, EPA has released 11 decisions as of September 30, 1998. Of the 72 currently in appeal, the majority, or 93 % , are from audits of construction grants. Two of these management decisions have been in appeal since late FY 1989. One is in the review process and one is part of a larger group of appeals which is expected to be resolved by March 3 1, 1999.

EPA RECIPIENTS AWAIT FORMAL AGENCY DECISION ON 72 APPEALS



82% of Audits in Appeal Are Taking Longer Than One Year to Resolve

TABLE 1: FINAL ACTION ON AUDIT REPORTS WITH DISALLOWED COSTS

		Number of Audits	Disallowed costs
A.	Balance reported at the end of previous period.	190	$220,407,988
B.	Adjustments to the balance of the previous report.'	0	+1.138.137
C.	Audit reports with management decisions on which the final action had not been taken at the beginning of the period.	190	221,546,125
D.	Audit reports on which management decisions were made during the period.	68[2]	62,759,861
	(i) Management decisions with disallowed costs.	25	62,759,861
	(ii) Management decisions with no disallowed costs.	9	0
E.	Total audit reports pending final action during the period.	258	284,305,986
F.	Audit reports on which final action was taken during the period.	85	62,935,055
	(i) Recoveries		
	a) Offsets		36,074,684
	b) Collections		13,885,578
	c) Value of Property		0
	d) Other		4,705
	(ii) Write-Offs		3,756,864
	(iii) Reinstated Through Grantee Appeals		9,213,224
G.	Audit reports needing final action at the end of the period (subtract F from E).	173	$221,370,931

[1] Differences in number of reports and amounts of disallowed costs between this report and our previous semiannual report result from adjustments made to our audit tracking system.

[2] This includes 34 management decisions on audits for which no costs were questioned and no costs were disallowed.

TABLE 2: FINAL ACTION ON AUDIT REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

		Number of Audits	Dollar Value
A.	Balance reported at the end of previous period.	61	**$0**
B.	Adjustments to the balance of the previous report.[1]	0	+ 15.400.000
C.	Audit reports with management decisions on which the final action had not been taken at the beginning of the period.	61	15,400,000
D.	Audit reports on which management decisions were made during the period.	24[2]	5,190,230
	(i) Management decisions with funds to be put to better use	2	5,190,230
	(ii) Management decisions with no funds to be put to better use	0	0
E.	Total audit reports pending final action during the period.	85	20,590,230
F.	Audit reports on which final action was taken during the period.	34	20,590,230
	(i) Value of recommendations that were actually completed		5,190,230
	(ii) Value of recommendations that management decided should not or could not be completed		15,400,000
G.	Audit reports needing final action at the end of the period (subtract F from E).	51	$0

[1] **Differences in number of reports and amounts of funds put to better use between this report and our previous semiannual report result from adjustments made to our audit tracking system.**

[2] **This includes 22 management decisions on audits for which no funds were recommended for better use.**

TABLE 3: AUDIT REPORTS WITH MANAGEMENT DECISIONS UNDER ADMINISTRATIVE APPEAL*

	Number of Audits	Associated costs
A. Balance reported at the end of the previous period.	93	$177,270,938
B. Adjustments to the balance of the previous report.'	-8	+1,452,365
C. Audit reports with management decisions under appeal by the grantee at the beginning of the period.	85	178,723,303
D. Decisions on appeals during the period.	19	29,270,920
(i) Disallowed costs reaffirmed in the decision that were collected or offset during the period.		13,002,107
(ii) Disallowed costs reaffirmed in the decision that are awaiting to be recovered.		4,357,509
(iii) Disallowed costs reinstated to the grantee.		11,911,304
E. Audit reports with management decisions being appealed by the grantee new to this period.	6	16,088,777
F. Audit reports awaiting decision on appeal.	72	$165,541,160

[1] **Differences in number of reports and amounts of disallowed costs between this report and our previous semiannual report result from adjustments made to our audit tracking system.**

. **EPA has no audit reports under judicial appeal or where a legislative solution is being sought.**

TABLE 4: AUDIT REPORTS WITH A MANAGEMENT DECISION BUT NO FINAL ACTION AFTER ONE YEAR

INTERNAL AND MANAGEMENT AUDITS

Internal and management audits are independent reviews of Agency programs and operations to determine whether results and objectives are achieved effectively, resources are managed efficiently, and applicable laws and regulations are complied with properly. Final action for this type of audit occurs when all corrective actions have been implemented. Final action may take longer than one year when corrective actions are complex and lengthy. (Audit Report Number and Management Decision Date are reflected for each audit).

Office of the Administrator:

SPECIAL IRM REVIEW CONGRESSIONAL REPORT

1994-4400038 Management Decision Date: 09/30/1994

Twenty-two of the 35 commitments have been completed and thirteen are still in process. Many of the milestones involved are very complex projects. Although final action has taken several years to complete, it is expected to occur after October 1, 1999.

ENVIRONMENTAL EDUCATION

1996-6100301 Management Decision Date: 12/24/1996

The Office of Communications, Education, and Media Relations has completed 11 of the 20 corrective actions. The remaining commitments are ongoing. Final action can not be determined at this time.

REGION 7's POSITION MANAGEMENT

1996-6400015 Management Decision Date: 09/24/1996

The process to manage the number of grade 14s and 15s is an "interim" one. The Office of Administration and Resources Management is currently undertaking a much more comprehensive study of grade structures at EPA. Final action can not be determined at this time.

REGIONAL LABORATORIES

1997-7100277 Management Decision Date: 07/29/1997

Several of the corrective actions are part of ongoing processes. The Office of Regional Operations has completed one corrective action and the remaining five corrective actions are ongoing. Final action is expected by FY 2000.

Office of Administration and Resources Management:

PCIE TASK 1

1992-2100641 Management Decision Date: 01/27/1993

The Office of Information Resources Management is assessing the impact of the Clinger Cohen Act and the Government Performance and Results Act and their far reaching impact on information resource management regulations on current Information Resource Management policies and guidance documents. After this assessment, all policies and guidance including the System Life Cycle Guidance (SLCG) will be revised and

updated as needed to reflect new legislation requirements. Expected completion for SLC policy and guidance is September 1999.

PCIE APPLIED MAINTENANCE - EPA
1995-5100240 Management Decision Date: 08/22/1996
The Office of Information Resources Management is assessing the impact of the Clinger Cohen Act and the Government Performance and Results Act and their far reaching impact on information resources management on our current Information Resources Management policies and guidance including the Systems Life Cycle Guidance; which will be updated as needed to reflect new legislative requirements. Expected completion for SLC policy and guidance is September 1999.

GAD CONTROL OVER ASSISTANCE AGREEMENTS
1995-5100513 Management Decision Date: 08/14/1996
The Office of Grants and Debarment has completed several corrective actions and continues to work on close outs and post award monitoring findings. Final action is expected by December 1998.

HANDICAP ACCESS
1996-6100150 Management Decision Date: 06/25/1996
As of April 20, 1998, the Office of Administration has consistently implemented the Office of Inspector General's recommendations and continues to do so. While most of the recommendations have been completed, the office can not give an expected final action date for the outstanding corrective actions. The office anticipates establishing a final action date by December 3 1, 1998.

BAY CITY SUPERCOMPUTER
1996-6100306 Management Decision Date: 04/02/1997
The Office of Administration Resources Management has completed five of the seven corrective actions. The Office of Inspector General seeks additional information on the two remaining recommendations. Final action can not be determined at this time.

Office of the Chief Financial Officer:
SUPERFUND FY 1991 TRUST FUND
1992-2100660 Management Decision Date: 03/25/1993
The final corrective action, a system enhancement allowing regional finance offices the capacity to run their own receivables aging reports by collection due date, is scheduled for completion by July 1999.

FY 1994 FINANCIAL STATEMENT
1995-5100192 Management Decision Date: 06/15/1995
The Office of Inspector General recommended that obligation differences between MARS and IFMS be reconciled. A MARS enhancement to correct data matching problems will be implemented in the summer of 1999. The final corrective action is scheduled for completion by July 1999.

FY 1995 FINANCIAL STATEMENT AUDIT
1996-6100200 Management Decision Date: 01/08/1997
The Office of Inspector General revised the issue of system documentation in their FY 1997 Financial Statement audit because it is not cost-effective. The Financial Management Division is actively working on the final corrective action by seeking a response from the Office of General Counsel on multiple appropriations and working with Office of Inspector General on a strategy for data dictionary and documentation. Final action date can not be determined at this time.

NATIONAL BUDGET
1996-6100300 Management Decision Date: 09/04/1997
The Office of Inspector General accepted the Agency's corrective action plan with exception of the recommendations related to reserves. The Office of Inspector General will meet with the Office of General Counsel to resolve this issue. A final action date can not be determined at this time, although the four remaining open actions are expected to be resolved with the implementation of FY 1999 operating plan.

Office of Enforcement and Compliance Assurance:
GOOD LABORATORY PRACTICES
1992-2400032 Management Decision Date: 06/25/1992
The Environmental Laboratory Advisory Board (ELAB) agreed to send the Environmental Monitoring Management Council (EMMC) the report of the ELAB subcommittee on Good Laboratory Practices (GLP). This report as directed earlier was formally transmitted to the EMMC by letter dated June 16, 1998. As of September 15, 1998 the EMMC has not formally acted on the referral. Final action can not be determined at this time.

PCB FOLLOW-UP
1992-2400065 Management Decision Date: 01/11/1993
During the development of the FY 1999 budget and the FY 1999 Office of Compliance work plan, funds were not earmarked to revise the PCB inspection manual to include information on the new PCB regulations. The Office of Compliance will include information on the new PCB regulations during the development of new compliance monitoring or compliance assistance sector-based tools, multi-media sector compliance guide, inspection manuals and training courses. Final action can not be determined at this time.

PESTICIDES IMPORTS - FOLLOW-UP
1993-3100097 Management Decision Date: 05/17/1993
EPA and Customs entered into a formal MOU to expand cooperative activities in enforcing U. S. Environmental Laws at U. S. borders. An increase in joint EPA/Customs investigations continues. EPA has received requests from other nations to use the MOU as a model for their own customs services. Final action can not be determined at this time.

SUPERFUND CAPPING REPORT

1993-3100152 Management Decision Date: 06/28/1993

The switch over from CERCLIS-2 TO CERCLIS-3 (Superfund's National Information Management System) was completed in September 1997. Official end-of-year reports were run on CERCLIS-3 in the Fall of 1997. The Office of Enforcement and Compliance Assurance is preparing a memo to the Office of Inspector General outlining the achievement of all milestones and is discussing them with the Office of Inspector General. Final action can not be determined at this time.

RCRA ENFORCEMENT

1997-7100146 Management Decision Date: 9/08/1997

The RCRA Economic Benefits Non-compliance (EBN) Manual to each state environmental agency has been provided. Work continues with the contractor to integrate the computerized EBN Manual into the Benefit (BEN) model. Final action can not be determined at this time.

Office of Prevention, Pesticides and Toxic Substances:

PESTICIDES INERTS

1991-1100378 Management Decision Date: 04/09/1993

EPA expects to complete all remaining actions by September 30, 1999 except one: Issuance of DCIs for (500) inerts of unknown toxicity delayed to December 3 1, 2001, due to limited resources and need to coordinate with schedule for implementing tolerance reassessment provisions of the new Food Quality Protection Act (FQPA).

PESTICIDES BANNED FOLLOW-UP

1993-3400030 Management Decision Date: 03/26/1993

Proposal of the final rule has been delayed due to the complexity of the rule, the large number of public comments and the competing priorities for resources within the Pesticide Program. Promulgation of Phase II final rule is anticipated in late 1999. The Office of Enforcement and Compliance Assurance has the lead on Phase I of final rule. Final action can not be determined at this time.

PESTICIDES THEME REPORT

1994-4100205 Management Decision Date: 03/11/1994

This extensive audit consolidated many previous audits and covered several major aspects of the pesticide program. Although several corrective actions have been completed, others dealing with management and internal procedures are underway. Full implementation is being carried out as the Office of Pesticide Programs reorganization is put into place. Actions incorporate reinvention plans of the Food Quality Protection Act (FQPA). Final action can not be determined at this time.

Office of Research and Development:

REVIEW OF GED-NHEERL

1996-6400045 Management Decision Date: 09/24/1996

Eighteen of the 21 corrective actions have been implemented. The remaining corrective actions are scheduled for completion by December 3 1, 1998.

ORD EXTRAMURAL MANAGEMENT SPECIALIST POSITION

1997-7100141 Management Decision Date: 08/21/1997

The final corrective action, to update the Office of Research and Development policy on extramural resources management, is scheduled for completion by November 30, 1998.

Office of Solid Waste and Emergency Response:

RESPONSE CLAIMS FOLLOW-UP

1994-4400091 Management Decision Date: 1 l/21/1994

The Office of Emergency and Remedial Response (OERR) has committed to amending mixed funding procedures as part of administrative reforms. Based on this revision, any documents identified in the milestones would be obsolete upon issuance. OERR is in the process of publishing a draft regulation in the Federal Register, and when the amendments become final, OERR will reissue both guidance and Model Consent Decree language, expected by December 3 1, 1998.

MANIFESTING REQUIREMENT

1995-5100512 Management Decision Date: 09/26/1996

Many of the corrective actions are part of ongoing processes. The Office of Solid Waste will continue to pursue completion of them during FY 1999. Final action can not be determined at this time.

AUDIT OF RCRA HAZARDOUS WASTES

1997-7100114 Management Decision Date: 04/01/1997

The Office of Solid Waste (OSW) has completed several items to enhance accessibility to hazardous waste data and reduce reporting burden. OSW is undertaking the multi-year WIN/Informed project to analyze RCRA hazardous waste data needs and to design streamlined, updated, high quality future OS W information systems. Many of the Office of Inspector General recommendations will be addressed during this ongoing project. Final action can not be determined at this time.

LAB DATA QUALITY AT FEDERAL FACILITY SUPERFUND SITES

1997-7100132 Management Decision Date: 06/20/1997

Many recommendations depend upon the Inter-governmental Lab Data Quality Task Force which includes DOE, DOD, and EPA headquarters and regional offices. EPA will continue to work on fulfilling all recommendations. Final action can not be determined at this time.

EPA'S ACQUISITION OF ANALYTICAL SUPPORT
1995-5100483 Management Decision Date: 04/01/1996
A memo to the Regions has been forwarded to the Assistant Administrator for approval. This will meet the recommendation that "OERR and OAM meet minimum analytical services needs with replacement ESAT contracts until better needs determinations can be developed." Anticipate the memo to be issued by the end of the calendar year.

Office of Water:
GULF OF MEXICO PROGRAM
1995-5100530 Management Decision Date: 04/25/1996
Final action depends on completing Agency guidance on funding of conferences. A draft guidance was reviewed by Agency Senior Resource Officials, edited, and reviewed again. Additional comments are now being incorporated and the work group expects to complete the guidance by December 1999.

ANIMAL WASTE DISPOSAL
1997-7100142 Management Decision Date: 08/11/1997
Final action depends upon publication of an Animal Feeding Operations strategy and promulgation of appropriate regulations. EPA has decided to issue the strategy jointly with USDA, instead of unilaterally, delaying its completion until 1999. The regulations, if pursued, are due to be promulgated by 200 1.

Region 5:
A/R BILLING AND COLLECTION
1997-7100139 Management Decision Date: 03/26/1997
The Region is in the process of taking corrective action on the report's recommendations. Final action is expected to be accomplished by November 30, 1998.

Region 6:
AIR ENFORCEMENT PROGRAM
1996-6100309 Management Decision Date: 12/24/1996
The October 1997 milestones have been extended into FY 1999. Four of the six milestones have been completed. Estimated final action by December 1998.

Reviews ofpreaward contract proposals evaluate whether the prospective cost orpricing data submitted were current, accurate and complete. Final action for these audits occur when the contract is awarded or the solicitation is canceled. Incurred cost audits and final cost audits review the allowability of costs claimed under the contract and determine compliance with terms and conditions of the award; final action occurs when repayments to EPA are received or corrective actions are implemented. Indirect cost audits evaluate whether a contractor's prospective or incurred indirect cost rate properly allocates allowable costs. Final action on these audits occurs when repayments to EPA are received or corrective actions are implemented. (Audit Report Number, Management Decision Date and disallowed costs, where appropriate, are reflected for each audit).

Office of Acquisition Management:

OH MATERIALS (PROVISIONAL EQUIPMENT RATES)
1990-0300036 Management Decision Date: 09/23/1996
A contract modification was signed for the contract provisional equipment rates to fixed rates on 12 1 of 148 equipment items. Negotiations are still ongoing on the remaining 27 equipment items. The Contracting Officer's final decision is projected to be made by November 30, 1998. Due to an anticipated appeal, the final action is expected after March 3 1, 1999.

GUARDIAN ENVIRONMENT
1991-1300101 Management Decision Date: 09/28/1992
Many issues raised in the audit report must await final settlement of all delivery orders under contract numbers 68-W8-0030 AND 68-W9-0027. Settlement of the delivery orders is in process. Twelve delivery orders have been negotiated, four remaining are in process. Final action is anticipated by January 15, 1999.

OH MATERIALS (PROVISIONAL EQUIPMENT RATES)
1992-2300024 Management Decision Date: 09/23/1996
A contract modification was signed for the contract provisional equipment rates to fixed rates on 12 1 of 148 equipment items. Negotiations are still ongoing on the remaining 27 equipment items. The Contracting Officer's final decision is projected to be made by November 30, 1998. Due to an anticipated appeal, the final action is expected after March 3 1, 1999.

CH2M REVIEW OF INCURRED COSTS FYs 1987 - 1989
1994-4100398 Management Decision Date: 04/03/1997 Disallowed: $2,702
EPA has requested that the contractor submit payment for the final sustained questioned costs. The contractor has had a large turnover of personnel which has created difficulties. EPA expects payment by March 31, 1999.

OH MATERIALS (PROVISIONAL EQUIPMENT RATES)
1994-4400002 Management Decision Date: 09/23/1996
A contract modification was signed for the contract provisional equipment rates to fixed rates on 12 1 of 148 equipment items. Negotiations are still ongoing on the remaining 27 equipment items. The Contracting Officer's final decision is projected to be made by November 30, 1998. Due to an anticipated appeal, the final action is expected after March 3 1, 1999.

HALLIBURTON - CONTRACT COMPLIANCE REVIEW
1995-5100162 Management Decision Date: 05/02/1997
Negotiations with the contractor are complete. The Contracting Officer expects final action by December 31, 1998.

CH2M REVIEW OF INCURRED COSTS FYs 1985 - 1986
1995-5100232 Management Decision Date: 0310411996 Disallowed: $64,556
Negotiations were completed April 3, 1997. A request was made to the contractor for payment of the final sustained costs. The contractor has had a large turnover of personnel which has created difficulties. The projected date for final action is March 3 1, 1999.

CH2M REVIEW OF INCURRED COSTS FYs 1985-1986
1995-5100533 Management Decision Date: 0310411996 Disallowed: $2,434
Negotiations were completed on April 3, 1997. A request was made that the contractor pay the final sustained questioned costs. The contractor has had a large turnover in personnel which has created difficulties. EPA expects payment by March 3 1, 1999.

OH MATERIALS (PROVISIONAL EQUIPMENT RATES) FY 1987
1995-5400015 Management Decision Date: 09/23/1997 Disallowed: $38,101
The contractor is currently reviewing their records to determine the status of the payment of the final sustained questioned costs. However, the contractor was recently purchased by another company. EPA expects payment by March 3 1, 1999.

OH MATERIALS (PROVISION EQUIPMENT RATES) FY 1988
1995-5400020 Management Decision Date: 09/23/1997 Disallowed:$144,347
The contractor is currently reviewing their records to determine the status of the payment of the final sustained questioned costs. However, the contractor was recently purchased by another company. EPA expects payment by March 3 1, 1999.

OH MATERIALS (PROVISIONAL EQUIPMENT RATES) FY 1989
1995-5400025 Management Decision Date: 09/23/1997 Disallowed: $403,619
The contractor is currently reviewing their records to determine the status of the payment of the final sustained questioned costs. However, the contractor was recently purchased by another company. Payment is expected by March 3 1, 1999.

OH MATERIALS (PROVISIONAL EQUIPMENT RATES) FY 1990
1995-5400027 Management Decision Date: 09/23/1997 Disallowed: $225,006
The company is currently reviewing their records to determine the status of the payment of the final sustained questioned costs. However, the contractor was recently purchased by another company. Payment is expected by March 3 1, 1999.

OH MATERIALS (PROVISIONAL EQUIPMENT RATES) FY 1991
1995-5400031 Management Decision Date: 0912311997 Disallowed:$409,473
The company is currently reviewing their records to determine the status of the payment of the final sustained questioned costs. However, the contractor was recently purchased by another company. Payment is expected by March 3 1, 1999.

LABAT-ANDERSON INC.
1996-6100205 Management Decision Date: 05/19/1997 Disallowed:$ 81,080
The Contracting Officer and cognizant audit office are currently in the process of reviewing a revised final voucher provided by the contractor. The expected final action date is December 3 1, 1998.

WESTINGHOUSE HAZTECH
1993-3100012 Management Decision Date: 03/21/1994
Negotiations with the contractor have not been completed because the results of the audit of the corporate costs have not been incorporated by the Office of Inspector General. EPA awaits the issuance of a supplemental audit report. Final action can not be determined at this time.

ICF KAISER ENGINEERING, INC
1995-5400091 Management Decision Date: 03/12/1996
The contractor's self insurance plan was received on June 30, 1997. The plan will be audited by the Defense Contract Management Command (DCMC), Insurance Pension Team, by December 31, 1998. Final action will take place after receiving the audit from the DCMC.

ICF KAISER - COST ACCOUNTING STANDARDS
1995-5400093 Management Decision Date: 03/08/1996
Determination of CAS 403 noncompliance for FYs 199 1 and 1992 was issued on December 15, 1995. The contractor owes EPA cost impact proposals. The issuance of the cost impact proposals will be in accordance with the contractor's action plan and milestones established for "Project Fresh Start." Final action will occur when incurred cost audits are resolved. These audits are not anticipated until FY 2000. Final action can not be determined at this time.

ICF KAISER - COST ACCOUNTING STANDARDS
1995-5400094 Management Decision Date: 03/08/1996
Determination of CAS 403 noncompliance for FYs 1993 and 1994 was issued on December 15, 1995. The contractor owes EPA cost impact proposals. The issuance of the cost impact proposals will be in accordance with the contractor's action plan and milestones established for "Project Fresh Start." Final action will occur when incurred cost audits are resolved. These audits are not anticipated until FY 2000. Final action can not be determined at this time.

ICF KAISER - COST ACCOUNTING STANDARDS
1996-6400018 Management Decision Date: 04/24/1997
Notification of noncompliance was issued to the contractor. The corrective action plan is in place. Final action will occur when the incurred cost audits are completed and issues negotiated. The incurred cost audits are not anticipated until FY 2000. Final action can not be determined at this time.

REVIEW OF INCURRED COSTS - FY 1994 (URS)
1997-7100089 Management Decision Date: 03/24/1997
The Department of Defense (DOD) is cognizant for negotiating the indirect cost rates and system deficiencies. EPA can not negotiate the subject audit until a supplemental report which incorporates the results of the audit of corporate costs is provided. EPA will issue a rate agreement once DOD negotiates the rates after the supplemental report is received. Final action can not be determined at this time.

Office of Research and Development:
LAS VEGAS LABORATORY PROCUREMENT PRACTICES
1997-7400022 Management Decision Date: 07/31/1997
The final corrective action, to update the Office of Research and Development policy on extramural resources management, is scheduled for completion by November 30, 1998.

AUDITS OF CONSTRUCTION GRANTS, SUPERFUND GRANTS, AND OTHER PROGRAM GRANTS

Grant audits are independent reviews of the records and performance of individual assistance recipients. These audits generally involve findings which require a repayment of Federal funds received for final action. Final action for these grant audits can take longer than a year as the grantee may appeal, refuse to repay, or be placed on a repayment plan that spans several years. (Audit Report Number, Management Decision Date and disallowed costs, where appropriate, are reflected for each audit).

Office of Acquisition Management:
EMC (UTICA) - REVIEW OF INCURRED COSTS
1984-4000836 Management Decision Date: 02/05/1990 Disallowed: $110,106
The U.S. Attorney's Office of Michigan has negotiated a repayment schedule with the contractor. The Agency has no direct involvement in this process. EPA is to receive quarterly payments of $7,500. As of September 30, 1998, the balance owed to EPA is $105,047.96, which includes interest payable.

Region 2:
EQB-FOLLOW-UP REVIEW
1992-2300054 **Management Decision Date: 03/29/1993**
The Region continues to provide technical assistance and to monitor the Puerto Rico Environmental Quality Board's (EQB) corrective actions. Awaiting issuance of Single Audit to provide a basis for closure of this audit. Anticipate closure by January 1999.

Region 3 :

WSSC AND FAIRFAX CITY

1991-1100157 Management Decision Date: 09/26/1991 Disallowed: $1,197,731

An account receivable in the amount of $135,759 was established in the Region as of September 30, 1998. An estimated date for final resolution of the receivable can not be determined by the Region at this time.

ELMHURST TOWNSHIP

1991-1200022 Management Decision Date: 12/13/1991 Disallowed: $97,531

The grantee has settled a debt (initially, $5,982) through quarterly installment payments. Final payment was received on October 14, 1998.

RED JACKET

1992-2300051 Management Decision Date: 02/08/1993 Disallowed: $241,555

An account receivable in the amount of $105,982 was forwarded to the EPA Claims Office (HQ) September 4, 1996. The receivable remains in Claims as of this date. The estimated date for final action can not be determined at this time.

WEST CONSHOHOCKEN

1995-5200016 Management Decision Date: 11/01/1995 Disallowed: $541,760

An open account receivable in the amount of $224,509 was recorded in the Region as of September 30, 1998. The date for final action can not be determined at this time.

Region 4:

CARYVILLE

1992-2200019 Management Decision Date: 11/10/1992 Disallowed: $321,556

Claims and Property Section has failed in all attempts to get this written off as an uncollectible. The Office of Inspector General has not agreed and still maintains that Caryville could pay off in small amounts. Final action can not be determined at this time.

ATLANTA

1997-7300023 Management Decision Date: 07/24/1997 Disallowed: $955,042

A Final Determination Letter has been issued after Atlanta repeatedly failed to produce the records and respond within the 30 day time frame. Atlanta is seeking a deviation from the 30 day time limit to respond to the Grants Administration Division. Final action can not be determined at this time.

Region 5:

DETROIT WATER AND SEWAGE DEPARTMENT

1986-6100389 Management Decision Date: 05/13/1993 Disallowed : $44,289

This, and many Detroit audits have been grouped in an appeal package awaiting a decision which would

cover all the Detroit audits. The Regional Administrator recently issued the Subpart L decision on September 30, 1998. It is anticipated that the grantee will appeal the decision and elevate the audits to the Assistant Administrator for Water. Final action can not be determined at this time.

DETROIT WATER AND SEWAGE DEPARTMENT
1986-6100390 Management Decision Date: 05/13/1993 Disallowed: $42,932
This, and many Detroit audits have been grouped in an appeal package awaiting a decision which would cover all the Detroit audits. The Regional Administrator recently issued the Subpart L decision on September 30, 1998. It is anticipated that the grantee will appeal the decision and elevate the audits to the Assistant Administrator for Water. Final action can not be determined at this time.

DETROIT WATER AND SEWAGE DEPARTMENT
1986-6100391 Management Decision Date: 05/13/1993 Disallowed: $24,428
This, and many Detroit audits have been grouped in an appeal package awaiting a decision which would cover all the Detroit audits. The Regional Administrator recently issued the Subpart L decision on September 30, 1998. It is anticipated that the grantee will appeal the decision and elevate the audits to the Assistant Administrator for Water. Final action can not be determined at this time.

DETROIT WATER AND SEWAGE DEPARTMENT
1986-6100574 Management Decision Date: 05/13/1993 Disallowed: $348,300
This, and many Detroit audits have been grouped in an appeal package awaiting a decision which would cover all the Detroit audits. The Regional Administrator recently issued the Subpart L decision on September 30, 1998. It is anticipated that the grantee will appeal the decision and elevate the audits to the Assistant Administrator for Water. Final action can not be determined at this time.

DETROIT WATER AND SEWAGE DEPARTMENT
1986-6100575 Management Decision Date: 05/13/1993 Disallowed: $234,519
This, and many Detroit audits have been grouped in an appeal package awaiting a decision which would cover all the Detroit audits. The Regional Administrator recently issued the Subpart L decision on September 30, 1998. It is anticipated that the grantee will appeal the decision and elevate the audits to the Assistant Administrator for Water. Final action can not be determined at this time.

DETROIT WATER AND SEWAGE DEPARTMENT
1987-7000034 Management Decision Date: 05/13/1993 Disallowed: $30,371
This, and many Detroit audits have been grouped in an appeal package awaiting a decision which would cover all the Detroit audits. The Regional Administrator recently issued the Subpart L decision on September 30, 1998. It is anticipated that the grantee will appeal the decision and elevate the audits to the Assistant Administrator for Water. Final action can not be determined at this time.

DETROIT WATER AND SEWAGE DEPARTMENT
1987-7000044 Management Decision Date: 0511311993 Disallowed: $142,086
This, and many Detroit audits have been grouped in an appeal package awaiting a decision which would cover all the Detroit audits. The Regional Administrator recently issued the Subpart L decision on September 30, 1998. It is anticipated that the grantee will appeal the decision and elevate the audits to the Assistant Administrator for Water. Final action can not be determined at this time.

DETROIT WATER AND SEWAGE DEPARTMENT
1987-7000045 Management Decision Date: 05/13/1993 Disallowed: $143,817
This, and many Detroit audits have been grouped in an appeal package awaiting a decision which would cover all the Detroit audits. The Regional Administrator recently issued the Subpart L decision on September 30, 1998. It is anticipated that the grantee will appeal the decision and elevate the audits to the Assistant Administrator for Water. Final action can not be determined at this time.

DETROIT WATER AND SEWAGE DEPARTMENT
1987-7000049 Management Decision Date: 0511311993 Disallowed: $100,443
This, and many Detroit audits have been grouped in an appeal package awaiting a decision which would cover all the Detroit audits. The Regional Administrator recently issued the Subpart L decision on September 30, 1998. It is anticipated that the grantee will appeal the decision and elevate the audits to the Assistant Administrator for Water. Final action can not be determined at this time.

DETROIT WATER AND SEWAGE DEPARTMENT
1987-7000050 Management Decision Date: 0511311993 Disallowed: $262,100
This, and many Detroit audits have been grouped in an appeal package awaiting a decision which would cover all the Detroit audits. The Regional Administrator recently issued the Subpart L decision on September 30, 1998. It is anticipated that the grantee will appeal the decision and elevate the audits to the Assistant Administrator for Water. Final action can not be determined at this time.

OWSSO
1989-9300072 Management Decision Date: 06/11/1990 Disallowed: $90,987
The Region is still pursuing refund from the grantee. This debt was referred to the HQ Claims Officer. As of September 30, 1998, the debt is still under review by the Office of General Counsel.

CARBONDALE
1989-9300100 Management Decision Date: 09/25/1990 Disallowed: $141,613
The Region is still pursuing refund from the grantee. This debt was referred to the HQ Claims Officer. As of October 16, 1998, the debt is still under review by HQ Finance.

LUCE COUNTY
1990-0300021 Management Decision Date: 05/17/1990 Disallowed: $56,250
The Region is still pursuing refund from grantee. This debt was referred to the HQ Claims Officer. As of September 30, 1998, the debt is still under review by the Office of General Counsel.

ST JOHN
1991-1300020 Management Decision Date: 04/30/1991 Disallowed: $147,370
The Region has been unable to collect the account receivable and referred to HQ Claims Officer. The grantee has claimed an inability to pay. As of September 30, 1998, the Office of Regional Counsel is reviewing the grantee's claim.

STRONGSVILLE
1991-1300084 Management Decision Date: 02/05/1992 Disallowed: $212,234
No debtor response to final demand letter sent by the Region on April 17, 1998. Region will send to HQ Claims Officer by November 30, 1998.

GALION
1991-1300115 Management Decision Date: 09/25/1992 Disallowed:$118,103
An open account receivable in the amount of $49,066 was recorded in the Region as of November 22, 1996. The Region has been unable to collect this debt which has been referred to the HQ Finance Office on December 4, 1997. Final action can not be determined at this time.

CASS COUNTY
1991-1400042 Management Decision Date: 03/31/1992 Disallowed: $150,226
The Assistant Administrator denied the appeal on November 5, 1996. Billing was sent to the grantee on January 8, 1997. This debt was referred to the HQ Claims Officer on June 4, 1997. This debt is under review by the Office of General Counsel. Final action can not be determined at this time.

INDIANAPOLIS
1991-1400047 Management Decision Date: 07/06/1992 Disallowed: $4,795,245
Since eight grants totaling $190 million were reviewed under one report, the grantee had forwarded eight volumes of documentation. The Final Determination Letter (FDL) was issued on July 6, 1992. The Regional Administrator apeal decision was issued on December 6, 1995. The Assistant Administrator remanded back to the Region; revised Regional Administrator decision issued September 30, 1998. Final action can not be determined at this time.

WASHTENAW COUNTY DEPARTMENT OF PUBLIC WORKS
1992-2400023 Management Decision Date: 09/30/1992 Disallowed: $449,642
The Region confirmed in November, 1998, that EPA received a refund from the grantee covering the principle and interest owed. This repayment constitutes final action,

GARY SANITARY DISTRICT
1992-2400077 Management Decision Date: 01/28/1993 Disallowed: $366,172
Over $7 million of costs were questioned because the filters are inoperable. Consequently, Gary is in violation of its NPDES permit. Gary is known to be in litigation mode. Final Determination Letter was issued on January 28, 1993; all actions required by consent degree have not yet been completed. The Regional Administrator's decision was appealed to the Assistant Administrator on October 24, 1995. The Assistant Administrator sustained the Regional Administrator's decision on April 9, 1998. Collection is pending.

FLINT
1993-3400038 Management Decision Date: 12/10/1993 Disallowed: $988,141
The Regional Administrator decision was issued on March 3 1, 1997. An open account receivable in the amount of $42,434 plus interest was set up as of March 3 1, 1997. The Region has been unable to collect this debt. The debt is being referred to the HQ Finance Office. Final action can not be determined at this time.

ALLOUEZ TOWNSHIP
1994-4100539 Management Decision Date: 02/29/1996 Disallowed: $327,839
The Regional Administrator decision issued on May 5, 1997. An open account receivable for $30,496 plus interest was established. The Region has been unable to collect due to the grantees inability to pay. The Office of the Regional Counsel is reviewing the grantee's claim. Final action can not be determined at this time.

Region 9:
SUTTER CREEK, CITY OF
1992-2200040 Management Decision Date: 11/08/1993 Disallowed: $124,728
On June 16, 1997, the Office of General Counsel entered into a settlement agreement with the grantee. Repayment of the $117,322 of debt is scheduled to be completed by June 1, 1999. Final action will be determined at that time.

RUSSIAN RIVER
1992-2300082 Management Decision Date: 01/22/1996 Disallowed: $4,167,156
The grantee is on a three year repayment plan. The first payment was collected on June 24, 1997. The target completion of the debt collection is June 30, 1999.

LAKEPORT SANITARY DISTRICT
1993-3400016 Management Decision Date: 09/19/1994
Lakeport has completed all corrective actions. The one year affirmative performance certification is expected soon. The revised Final Determination Letter is targeted for December 30, 1998.

STATE SUPERFUND CREDITS DEPARTMENT OF TOXIC SUBSTANCES
1996-6300039 Management Decision Date: 07/15/1997
EPA's Super-fund accounting group issued correspondence to the grantee on October 27, 1998, confirming that EPA will be closing out the audit on November 30, 1998, with no comment from the Department of Toxic Substance Control.

LOS ANGELES
1997-7200004 Management Decision Date: 07/03/1997 Disallowed: $5,935,952
As of July 3 1, 1998, this audit remains open until a number of change orders with associated costs can be processed and reconciled with the ineligible amounts identified in the Final Determination Letter (FDL). The FDL target date is December 3 1, 1998.

Region 10:
LOON LAKE SEWER DISTRICT
1992-2100664 Management Decision Date: 08/17/1993 Disallowed: $128,729
The Appeal was settled February 18, 1998. Loon Lake must repay the principal amount of $109,391. The Office of Inspector General has completed a review of ability to pay issue and determined that repayment of the principal plus interest appears to be a financial hardship on the District. EPA is currently negotiating a settlement with Loon Lake. Final action can not be determined at this time.

SINGLE AUDITS

Single audits are external audits which examine the financial operations of a State or local government to ensure a grantee complies with generally accepted accounting and financial procedures. Single audits are issued on a yearly or bi-yearly basis on all federally funded grantees. Generally, the findings are non-monetary compliance actions that must be corrected. The non-monetary corrective actions may take longer than one year to implement if the findings are complex or if the grantee does not have the resources to take corrective action. (Audit Report Number, Management Decision Date and disallowed costs, where appropriate, are reflected for each audit).

Region 2:
ENVIRONMENTAL QUALITY BOARD
1992-2500704 Management Decision Date: 03/29/1993
The Puerto Rico Environmental Quality Board (EQB) has improved its financial management/grant accounting procedures per the CPA firm currently performing EQB annual audits. Awaiting issuance of new Single Audit, expect closure by January 1999.

TOTAL AUDIT REPORTS WITH A MANAGEMENT DECISION BUT NO FINAL ACTION AFTER ONE YEAR: 90