



# At a Glance

## Why We Did This Review

The U.S. Environmental Protection Agency (EPA) awarded American Recovery and Reinvestment Act cooperative agreement 2A-00E85701 to the Greater Lansing Area Clean Cities (GLACC). The Office of Inspector General (OIG) contracted with Ollie Green & Company, an independent accounting (IPA) firm, to audit the agreement. The objectives of the audit were to determine whether GLACC's costs claimed and procurements under the cooperative agreement complied with the applicable federal requirements and whether GLACC met the Recovery Act requirements and cooperative agreement objectives.

## This report addresses the following EPA themes:

- *Making a visible difference in communities across the country.*
- *Addressing climate change and improving air quality.*
- *Launching a new era of state, tribal and local partnerships.*

For further information, contact our public affairs office at (202) 566-2391.

The full report is at:  
[www.epa.gov/oig/reports/2014/20140109-14-R-0088.pdf](http://www.epa.gov/oig/reports/2014/20140109-14-R-0088.pdf)

## ***Audit of American Recovery and Reinvestment Act Cooperative Agreement 2A-00E85701 Awarded to the Greater Lansing Area Clean Cities***

### What the IPA Auditor Found

The IPA found that the costs claimed by GLACC were generally not allowable because two contracts with conflicts of interest were awarded under the cooperative agreement. In addition, the IPA found that the accounting system used by GLACC needs improvement to better identify costs by project.

**GLACC awarded contracts with conflicts of interest, resulting in questioned costs of \$805,759.**

The IPA found that except for the two contracts with conflicts of interest, GLACC complied with the procurement requirements of the Code of Federal Regulations (CFR) under 40 CFR Part 30 and the applicable Recovery Act requirements. The IPA also found that GLACC met all cooperative agreement objectives.

In addition, the IPA identified a concern about GLACC's lack of physical entity, which increased the government's risk that the work under the cooperative agreement may not be completed.

The IPA is responsible for the content of the audit report. The OIG performed the procedures necessary to obtain reasonable assurance about the IPA's independence, qualifications, technical approach and audit results. Having done so, the OIG accepts the IPA's conclusions and recommendations.

### Recommendations

The IPA's report recommended that the Region 5 Regional Administrator require GLACC to recover the questioned costs of \$805,759 due to conflicts of interest. The report also recommended that the Regional Administrator verify that GLACC's accounting system is adequate for providing accurate and complete disclosure of financial results of each federally sponsored program, as required by 40 CFR 30.21(b)(1), prior to any future award.

GLACC disagreed with the findings and recommendations. Region 5 disagreed with the accounting system issue, and stated that the region did not have sufficient information to comment on the conflict of interest issue.