



At a Glance

Why We Did This Review

The U.S. Environmental Protection Agency (EPA) Office of Inspector General (OIG) reviewed the funds drawn by the National Association of State Departments of Agriculture Research Foundation (NASDARF) under EPA Cooperative Agreement No. 83456201. The award provided \$3.6 million to:

- Evaluate and improve existing pesticide safety training programs and materials.
- Identify areas in the program where additional pesticide safety education is needed.

The purpose of our examination was to determine whether costs incurred were allowable in accordance with federal requirements and the agreement and whether NASDARF conducted procurements in accordance with federal regulations and the agreement.

This report addresses the following EPA themes:

- *Embracing EPA as a high performing organization.*
- *Taking action on toxics and chemical safety.*

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

The full report is at:
www.epa.gov/oig/reports/2014/20140310-14-P-0131.pdf

National Association of State Departments of Agriculture Research Foundation Needs to Comply With Certain Federal Requirements and EPA Award Conditions to Ensure the Success of Pesticide Safety Education Programs

What We Found

NASDARF's financial management system did not meet certain federal requirements and conditions of the EPA award. Specifically, NASDARF incorrectly calculated and applied indirect cost rates, reported outlays for indirect costs in excess of recorded expenses, and drew funds that exceeded its cash needs. As a result, we questioned \$275,650.

We questioned \$571,626 of potentially unallowable costs.

NASDARF did not document its procurement selection process or provide documentation to support any cost or price analysis performed on its project management subcontract as required by the Code of Federal Regulations (CFR) in 40 CFR Part 30. NASDARF did not determine the reasonableness of costs for two subgrants as required by conditions of the award. In addition, NASDARF's written procurement policy lacked procedures to ensure compliance with 40 CFR Part 30. As a result, we questioned \$295,976.

The OIG also identified an unresolved issue pertaining to potentially unallowable costs of \$118,324 drawn under a prior EPA award. The costs, recorded as a refundable advance, represent funds received as of year-end but not yet earned.

Recommendations and Responses

We recommend that the EPA disallow and recover \$571,626 pertaining to the financial management and procurement issues. We also recommend that the EPA require NASDARF to recalculate its indirect cost rates to be consistent with 2 CFR Part 230 and establish controls to ensure that its financial management and procurement systems comply with federal requirements and conditions of the award. Further, we recommend that certain special conditions be included for all active and future EPA awards until NASDARF meets all applicable federal financial and procurement requirements. For the \$118,324 of potentially unallowable costs, the EPA should review and recover costs determined to be unallowable. NASDARF generally did not agree with the OIG findings and recommendations. The EPA agreed with the OIG recommendations and stated it would work with NASDARF to resolve the issues.

Noteworthy Achievements

In response to OIG finding outlines, NASDARF modified its subcontract for project management services and its written procurement procedures to include OIG-recommended requirements pertaining to 40 CFR Part 30.