



At a Glance

Catalyst for Improving the Environment

Why We Did This Examination

The U.S. Environmental Protection Agency's (EPA's) Office of Inspector General reviewed outlays reported under Interagency Agreement (IA) DW 75-95754001 by the Alaska Native Tribal Health Consortium (ANTHC). The purpose of the audit was to determine whether ANTHC complied with federal requirements applicable to EPA funding provided by the IA.

Background

EPA awarded the IA to the Indian Health Service (IHS). The IA became effective in July 2005 and provides sanitation facilities for native communities in Alaska. IHS is providing the facilities funded by the IA through sub-agreements with ANTHC. The IA as amended provides \$22,226,077 in federal assistance from EPA.

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/2010/20100930-10-4-0241.pdf

Costs Claimed by the Alaska Native Tribal Health Consortium Under Interagency Agreement DW 75-95754001

What We Found

ANTHC did not meet financial management requirements specified by Title 2, Code of Federal Regulations, Part 225. In particular, ANTHC:

- Claimed indirect costs without approved rates or a certified proposal,
- Claimed labor costs that were not allocable,
- Claimed equipment costs that were not allocable,
- Claimed freight and material costs that were not allocable, and
- Claimed subcontract costs that were not allocable or allowable.

Because of these issues, EPA needs to recover \$1,007,690 of costs questioned under the IA. These issues also necessitate that EPA evaluate and other federal agencies and the State of Alaska consider evaluating costs claimed by ANTHC under other funding agreements.

What We Recommend

We recommend that EPA Region 10's Regional Administrator: (1) disallow \$1,493,893 in questioned costs, (2) recover \$1,007,690 in questioned costs, (3) require IHS to direct ANTHC to establish controls to ensure costs claimed under the IA meet federal financial criteria, (4) designate ANTHC as a "high-risk" recipient and require special conditions that establish additional oversight and monitoring, and (5) evaluate costs claimed by ANTHC under other open funding agreements to ensure costs meet federal criteria.

Region 10, IHS, and ANTHC disagreed with the findings and recommendations. However, ANTHC provided a proposed management improvement plan with its comments on the draft report to address some of the issues identified during our examination. The recommendations are undecided pending resolution.