



At a Glance

Why We Performed These Agreed-Upon Procedures

The U.S. Environmental Protection Agency (EPA), Region 9, requested assistance from the Office of Inspector General due to concerns with the Summit Lake Paiute Tribe's financial practices and internal controls.

Background

The tribe receives financial assistance from EPA under three programs—the Indian Environmental General Assistance Program, Water Pollution Control State and Interstate Program Support, and Nonpoint Source Implementation.

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

The full report is at:
www.epa.gov/oig/reports/2012/20111110-12-2-0072.pdf

Agreed-Upon Procedures Applied to EPA Grants Awarded to Summit Lake Paiute Tribe, Sparks, Nevada

What We Found

Although our transaction tests showed that labor costs claimed by the Summit Lake Paiute Tribe under the EPA grants were generally supported by timesheets, the following timekeeping issues warrant attention:

- The timekeeping process for the Indian Environmental General Assistance Program grants did not comply with Code of Federal Regulations (CFR) requirements in 2 CFR Part 225.
- A third party did not consistently verify the chairman's consent to use his signature stamp for timesheet approval.
- The tribe charged indirect labor costs as direct costs, contrary to its accounting policy.
- The tribe did not have policies and procedures for leave allocation.

As a result of the above issues, we questioned labor costs of \$96,615.

We found that the tribe was addressing some of the issues raised in the 2008 and 2009 single audits. However, additional work remains to be done on issues relating to deferred revenues and updating policies and procedures.

What We Recommend

We recommend that the Regional Administrator, EPA Region 9, disallow and recover unallowable costs of \$96,615. We also recommend that the Regional Administrator require the tribe to implement certain internal controls related to timekeeping. Finally, we recommend that the Regional Administrator require the tribe to update its policies and procedures to ensure that they address all accounting issues and reflect the tribe's actual accounting practices.

The region agreed with our recommendations. The tribe disagreed with the recommendation to disallow the \$96,615 in labor costs.