



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

We conducted this examination to determine whether the (a) reported outlays for five U.S. Environmental Protection Agency (EPA) assistance agreements were reasonable, allocable, and allowable in accordance with the terms and conditions of the agreements and applicable regulations; and (b) The Environmental Careers Organization (Recipient) achieved the intended results of the grant.

Background

EPA awarded five assistance agreements to the Recipient to provide internships to students in the environmental field.

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

To view the full report, click on the following link:
www.epa.gov/oig/reports/2007/20070625-2007-4-00065.pdf

The Environmental Careers Organization Reported Outlays for Five EPA Cooperative Agreements

What We Found

The Recipient did not comply with the financial and program management standards promulgated in Title 40 Code of Federal Regulations (CFR), Subchapter B and OMB Circular A-122. We questioned \$6,027,814 of claimed costs because the Recipient (1) could not support the indirect general and administrative, and “mission and placement” outlays; (2) did not maintain support for distributing salaries and wages claimed as indirect general and administration, and “mission and placement”; (3) could not support relocation outlays; and (4) drew EPA funds in excess of those needed to meet immediate needs. The Recipient did not have written accounting procedures for identifying direct and indirect costs, and the basis for allocating such costs to projects. The Recipient also did not complete the required single audit for fiscal year 2005 or comply with financial reporting requirements.

The purpose of the grants was to provide undergraduate and graduate students with exposure to environmental programs through training and experiences in conducting research projects at EPA facilities. As of September 30, 2006, the Recipient recruited 1,423 interns.

What We Recommend

We recommend that the Director for the Grants and Interagency Agreements Management Division address the questioned costs by (1) recovering payments of \$4,750,342 unless the recipient can modify its accounting system to meet the requirements of Title 40 CFR 30.21 to 31.28; (2) recover payments of \$1,277,472 incurred for ineligible costs; (3) rescind the final indirect cost rate approved for the fiscal year ended December 31, 2004; and (4) require the Recipient to establish policies and procedures for relocating interns that comply with OMB Circular A-122. To address the reporting issues, the Recipient should be required to complete and submit its single audit for the fiscal year ended December 31, 2005, and prepare and submit overdue SF 272 Federal Cash Transactions Reports. Due to the significance of these findings, we also recommend that EPA stop work on all active agreements and not award any new agreements until the Recipient meets minimum financial management requirements and repays all disallowed costs.

The Recipient responded to the draft report on June 5, 2007, but did not provide additional information that would change the findings and recommendations.