



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

The U.S. Environmental Protection Agency (EPA) Office of Inspector General (OIG) conducted a review of earmarked grants known as Special Appropriation Act Projects issued to State and tribal governments. The Village of Laurelville, Ohio, was selected for review.

Background

In 2002, the Village of Laurelville received an EPA Special Appropriation Act Project grant, XP97579701. The purpose of the grant was to provide Federal assistance of \$376,000 to renovate the Laurelville wastewater treatment facility. The grantee was required to provide local matching funds equal to 45.75 percent of the EPA-awarded funds.

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/2008/20071205-08-2-0039.pdf

Village of Laurelville, Ohio – Unallowable Costs Claimed Under EPA Grant XP97579701

What We Found

The Village of Laurelville (grantee) did not maintain an acceptable financial management system in accordance with Federal regulations to support drawdown requests submitted to EPA for \$278,448 in grant funds. In support of its drawdowns, the grantee provided spreadsheets that its consultant prepared, along with numerous invoices to support those spreadsheets. However, the invoices provided either did not reconcile to the drawdown spreadsheets, or included costs that were not allowable under cost principles, Agency guidance, and the grant agreement. As a result, we were unable to determine total project costs or the allocation of expenditures between the Federal grant and matching funds. Therefore, we are questioning the entire \$278,448 that the grantee has drawn down.

The grantee claimed costs of \$207,476 that were not allowable under Federal regulations and grant conditions. These costs were associated with pre-award expenses, repayment of a loan and interest, a garage extension, office and maintenance equipment, and consultant fees. We are also questioning costs the grantee claimed of \$5,018 for an ultraviolet disinfection system that was not installed as of August 2007.

What We Recommend

We recommend that the Regional Administrator, EPA Region 5:

1. Require the Village of Laurelville to (a) repay the \$207,476 in questioned Federal funds drawn; (b) install the ultraviolet disinfection system or repay the \$5,018 of Federal costs claimed for the system; and (c) develop an adequate accounting system to support the remaining \$65,954 of Federal funds drawn. If this cannot be accomplished, the Region should recover the funds.
2. Provide documentation to support matching costs. If the grantee cannot provide sufficient documentation, costs claimed will need to be revised.
3. Classify the Village of Laurelville as a high risk grantee in accordance with Title 40, Code of Federal Regulations, section 31.12, and apply special conditions on all future awards.