




UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

OCT 31 2016

THE INSPECTOR GENERAL

**MEMORANDUM**

**SUBJECT:** Acceptance of Corrective Actions for Office of Inspector General Report No. 13-4-0296, *Labor-Charging Practices at the New Mexico Environment Department*, June 17, 2013

**FROM:** Arthur A. Elkins Jr. 

**TO:** Sam Coleman, Deputy Regional Administrator  
EPA Region 6

Thank you for your October 13, 2016, management response for the subject report. The report included the following recommendations to Region 6:

- 1) Disallow and recover unsupported labor costs of \$298,159 from the Air Quality Bureau (AQB) and \$2,974,318 from the Drinking Water Bureau (DWB), unless the New Mexico Environment Department (NMED) can provide support that complies with 2 CFR Part 225, Appendix B, Section 8.h.
- 2) Ensure that NMED does not claim unsupported costs of \$486,305 for the period October 1, 2011, to April 13, 2012, for grant F00620311, unless NMED can provide support that complies with 2 CFR Part 225, Appendix B, Section 8.h.
- 3) Identify and recover any unsupported costs from AQB- and DWB-administered grants, which are not covered in our cost-impact determination.
- 4) Ensure that labor-charging practices at any of the remaining nine NMED bureaus that have EPA grants comply with federal requirements.
- 5) Disallow and recover unsupported Surface Water Quality Bureau labor costs of \$2,733,798 claimed under grant number C999610112, unless NMED can provide support that complies with federal requirements.

Recommendation 4 was resolved on December 9, 2013. The region's October 13, 2016, response provided proposed management decisions for the remaining recommendations. Based on our review of the region's analysis and selected supporting documentation, the recommendations are adequately addressed.

In accordance with EPA Manual 2750, we concur with Region 6's proposed management decisions and the issuance of the final management decisions to NMED. We will close the recommendations in the Office of Inspector General's tracking system as of the date of this memorandum. Please provide us with a copy of the final management decisions for our records.

If you or your staff have any questions regarding this memorandum, please contact Kevin Christensen, Assistant Inspector General for Audit, at (202) 566-1007 or [christensen.kevin@epa.gov](mailto:christensen.kevin@epa.gov); or John Trefry, Director, Forensic Audits, at (202) 566-2474 or [trefry.john@epa.gov](mailto:trefry.john@epa.gov).

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