



At a Glance

Why We Did This Review

The U.S. Environmental Protection Agency (EPA) awarded American Recovery and Reinvestment Act cooperative agreement (CA) 2S-97842001 to the Colorado Department of Public Health and Environment (CDPHE). The Office of Inspector General (OIG) contracted with Ollie Green & Company, an independent public accounting (IPA) firm, to audit the agreement. The objectives of the audit were to determine whether CDPHE's procurements and use of force account under the CA complied with the applicable federal requirements and whether the objectives of the CA were met.

This report addresses the following EPA themes:

- *Making a visible difference in communities across the country.*
- *Protecting water: A precious, limited resource.*
- *Launching a new era of state, tribal and local partnerships.*

For further information, contact our public affairs office at (202) 566-2391.

The full report is at:
www.epa.gov/oig/reports/2014/20131119-14-R-0032.pdf

The State of Colorado Did Not Fully Assure That Funds Intended to Treat Mining Wastes and Remove Contaminants from Water Were Effectively Spent

What the IPA Auditor Found

The IPA found that CDPHE generally complied with Colorado's state procurement policies and procedures as required by Code of Federal Regulations (CFR) under 40 CFR §35.6550(a). The IPA also found that CDPHE substantially complied with 40 CFR Part 35, Subpart O. The IPA determined that CDPHE did not always comply with the cost or price analysis requirements and did not include language in bid proposals designating the date, time and place of bid openings, as required by State of Colorado Procurement Rule R-24-103-202a-08(b). In addition, the IPA found CDPHE did not always ensure that 40 CFR Part 35, Subpart O, required language was included in bid proposals and contracts.

CDPHE did not fully comply with the CFR, resulting in \$2,593,495 of questioned costs claimed under the CA.

The IPA is responsible for the content of the audit report. The OIG performed the procedures necessary to obtain reasonable assurance about the IPA's independence, objectivity, qualifications, technical approach and audit results. Having done so, the OIG accepts the IPA's conclusions and recommendations.

Recommendations and Planned Corrective Actions

The IPA's report recommended that the Region 8 Regional Administrator recover the questioned costs of \$2,593,495, unless CDPHE provides documentation to demonstrate that the prices for the contracts and subcontracts in question are fair and reasonable. The IPA's report also recommended the region require CDPHE to implement written procedures and controls, to ensure compliance for all future request for proposals and contracts under 40 CFR, Subpart O, CAs, by requiring:

- A cost or price analysis is conducted in accordance with Subpart O requirements.
- The date, time and place of all bid openings are designated in accordance with state of Colorado procurement rules.
- Subpart O contract language is included.

In addition, the IPA's report recommended that the region require CDPHE to modify the construction manager contractor contract and the architectural and engineering contracts awarded under the CA to include the 10-year records retention requirement under 40 CFR §35.6705(b) and the contract language requirement under 40 CFR §35.6550.

CDPHE agreed with the finding regarding omission of required contract language, but has not proposed any corrective action. Region 8 did not provide a response to the draft report.