



At a Glance

Why We Did This Review

We conducted this audit to determine whether the U.S. Environmental Protection Agency (EPA) has adequate controls over various financial aspects of the Great Lakes Legacy Act of 2002 (GLLA) funding and payments, and to determine whether project agreements contain goals that tie to the Agency's strategic plan, hold parties accountable, and ensure that nonfederal sponsors meet their obligations.

Background

Under GLLA, the Great Lakes National Program Office (GLNPO) performs sediment remediation using partnerships with nonfederal sponsors to accomplish the work. The nonfederal sponsor is required to provide a minimum of 35 percent of the effort in cash or in-kind contributions to the project.

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/2012/20120409-12-P-0407.pdf

Great Lakes National Program Should Improve Internal Controls to Ensure Effective Legacy Act Operations

What We Found

GLLA program funding has increased five-fold over the last 7 years; however, the program has not established needed internal controls to ensure effective operations. For example, while GLLA project agreements contain environmental goals that tie to EPA's strategic plan:

- GLNPO is not timely forwarding project agreements to the EPA Finance Center.
- EPA is not tracking and recording actual in-kind contributions.
- GLLA project agreements do not always include exact due dates and amounts for payments from nonfederal sponsors.
- GLNPO has not been performing final accounting timely and does not keep adequate documentation of the reviews.
- GLNPO does not verify a nonfederal sponsor's financial capability or whether the nonfederal sponsor maintains an adequate accounting system prior to entering into a cost-sharing agreement.

Because of limited staffing at the beginning of the program, GLNPO's initial strategy was to focus on hiring essential technical staff (engineers and scientists) and leveraging the resources of other offices to help administer the program. The program has grown in terms of resources and staffing, but the focus on programmatic over financial activities negatively affected GLNPO's development of internal controls and led to many of the findings in this report. Without adequate internal controls, funds owed from nonfederal sponsors may not be collected timely, costs invoiced on GLLA projects may not be reasonable and allowable, and nonfederal sponsors with whom GLNPO enters into project agreements may not be able to meet their commitments.

What We Recommend

We recommend that EPA develop and implement policies and procedures for GLNPO that address the establishment of accounts receivable, recording of in-kind contributions, completion of final accounting, and reviews of the financial capability of nonfederal sponsors. EPA took action to address most of the recommendations and provided an action plan to address the remaining recommendation.