



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

We reviewed open recommendations from prior Office of Inspector General (OIG) audit reports that focused on assistance agreement and contract recipients that could impact the U.S. Environmental Protection Agency's (EPA's) American Recovery and Reinvestment Act (Recovery Act) activities. Recent Office of Management and Budget guidance requires the expediting of actions on open recommendations to preclude continuing weaknesses or deficiencies that can impact Recovery Act funding.

Background

Open recommendations are those for which EPA or the recipient of an EPA assistance agreement or contract has not completed corrective actions. As of June 30, 2009, 67 reports had open recommendations that could impact EPA's Recovery Act activities.

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

To view the full report, click on the following link:
www.epa.gov/oig/reports/2009/20090714-09-X-0196.pdf

Assistance Agreement and Contract Recipients with Open Audit Recommendations May Affect Recovery Act Activities

What We Found

As of June 30, 2009, EPA used Recovery Act funding to award one assistance agreement and one contract to recipients with open recommendations. Providing funding to recipients with known weaknesses and open recommendations increases the risks of fraud, waste, abuse, and mismanagement of Recovery Act funds.

We reviewed open audit reports for four audit areas for which the findings and recommendations primarily addressed questioned costs and internal control weaknesses:

- Financial audits of assistance agreement recipients (9 reports)
- Forensic audits of assistance agreement and contract recipients (4 reports)
- Single audits (27 reports)
- Defense Contract Audit Agency audits (27 reports)

In addition to the two recipients already receiving Recovery Act funding, at least a portion of the remainder may also receive such funds through assistance agreements and contracts. EPA should consider known concerns, including open recommendations, when making future awards.

What We Recommend

We recommend that EPA verify whether assistance agreement and contract recipients have corrected weaknesses identified in OIG reports prior to awarding new funds, and expedite corrective action for open recommendations pertaining to Recovery Act funding recipients.