



EPA REGION 1 RLF WORKSHOP

APRIL 6-7, 2017



Avoiding Adverse Audit Findings



Avoiding Adverse Audit Findings

EPA's OIG has found deficiencies in the following areas of recipient financial management of EPA assistance agreements:

- Allocation of personnel and fringe benefit costs.
 - > UGG (2 CFR 200.430(i)(1)) no longer requires that recipients use signed Personnel Activity Reports but the systems recipients use must produce reliable data on personnel compensation allocable to specific assistance agreements.
 - > Budget estimates alone may not be used to allocate personnel compensation costs.



Avoiding Adverse Audit Findings

- Failure to comply with Procurement Standards.
- Expenditures that are not supported by source documentation such as invoices, contracts, and receipts for travel payments.
- Inadequate oversight of subrecipients.
- Premature drawdowns of EPA funds. Recipients must time payment requests to minimize time elapsing between payment by EPA via ACH process and disbursements by recipients as required by 2 CFR 200.305(b).



Avoiding Adverse Audit Findings

- Brownfields RLF Terms and Conditions allow disbursement to borrowers and subrecipients based on actual costs (supported by invoices) or a schedule based on progress payments.
- Failure to comply with the terms of close-out agreements including allowing program income to remain idle, not maintaining accounting records for post-award program income, failing to deposit program income into interest bearing accounts.



Avoiding Adverse Audit Findings

Hiring Consultants

- Recipients may hire consultants if they follow competitive procurement procedures described in the Uniform Grant Guidance. All contracts in excess of \$3,500 generally must be awarded competitively.
- Naming a consultant in a grant application as a “partner” does not authorize a sole source contract unless EPA’s Grants Management Office specifically approves the sole source based on a detailed justification.
- EPA limits the amount of compensation for individual consultants that may be charged to assistance agreement to the rate of pay for Level IV of the Federal Executive Schedule. Refer to 2 CFR 1500.9 and 69 Fed. Reg. 18380 (April 7, 2004) for details.



Questions?

