



ARRA REPORT BY THE  
INSPECTOR GENERAL AND STATE BOARD OF ACCOUNTS

2009-10-0229

November 23, 2009

ARRA REVIEW OF DNR MARINE AND COASTAL HABITAT  
RESTORATION

*Indiana Inspector Staff Attorney Kristi Shute and State Examiner Bruce Hartman  
of the Indiana State Board of Accounts report as follows:*

This report addresses an evaluation of Marine and Coastal Habitat Restoration through the National Oceanic and Atmospheric Administration awarded to the Department of Natural Resources (“DNR”).<sup>1</sup>

The purpose of Marine and Coastal Habitat Restoration is coral reef conservation, restoring habitats and helping endangered species such as salmon and sea turtles. Projects will also contribute to the improvement of coastal resiliency in response to sea level rise and natural hazards.

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On February 17, 2009, the United States Government enacted the American Recovery and Reinvestment Act (“ARRA”). The ARRA intends to provide a stimulus to the United States economy by providing \$787 billion in

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<sup>1</sup> The Indiana Department of Natural Resources is established at IC 14-9-1-1.

program funding and tax credits.<sup>2</sup>

The purpose of this report is to reflect an initial evaluation of ARRA compliance by DNR as it relates to Marine and Coastal Habitat Restoration.

## II

In 2009, DNR was awarded \$1,401,602 in ARRA funds for use through June 30, 2010, for the Dunes Creek Daylighting project to improve coastal and marine habitats by fully reconnecting the Dunes Creek Watershed with Lake Michigan.

## III

### Findings

From our initial review, we conclude that the program controls outlined in the Dunes Creek Daylighting spending plan approved by the OMB or other related documentation are adequate to meet the respective federal ARRA and

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<sup>2</sup> Indiana is expected to receive \$4.3 billion in ARRA funds and perhaps more in competitive grant funds. It is the experience of the Office of the Inspector General (“OIG”) and the State Board of Accounts (“SBOA”) that the expenditure of government funds may invite fraud and waste. The OIG’s enabling statute states that the OIG “is responsible for addressing fraud, waste, abuse and wrongdoing in agencies.” IC 4-2-7-2(b). The OIG is also mandated to “recommend policies and carry out other activities designed to deter, detect and eradicate fraud, waste, abuse, mismanagement and misconduct in state government.” IC 4-2-7-3(2). These duties include the authority to “initiate, supervise and coordinate” investigations, IC 4-2-7-3(1), to perform audits, IC 4-2-7-2(a), and to “prepare interpretive and educational materials and programs.” IC 4-2-7-3(16). Immediately upon the OIG’s creation in 2005, the SBOA provided assistance to the OIG. Many of the two agencies’ missions are similar. In addition to the above OIG duties, the SBOA is charged to develop and publish “accounting and uniform compliance guidelines manuals” (“Manuals”) to provide guidance to public entities, IC 5-11-1-24(a), to perform audits, IC 5-11-1-9, and to make written findings regarding violations of its Manuals or “any law”. IC 5-11-5-1(a). Both the SBOA and OIG also review compliance with the Circulars issued by the State Budget Agency issued under the authority of IC 4-12-1-13(h). Following the above authorities and precedent, both the OIG and SBOA have and continue to confer, research and seek education regarding ARRA. Substantial guidance has been provided by the Indiana Office of Management and Budget (“OMB”).

State OMB guidelines and requirements.

Accordingly, we make no recommendations at this time but at a later date may perform additional procedures as deemed necessary to verify compliance requirements.

Dated this 23rd day of November, 2009.

APPROVED:

A handwritten signature in black ink, appearing to read "David O. Thomas".

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David O. Thomas, Inspector General