



ARRA REPORT BY THE
INSPECTOR GENERAL AND STATE BOARD OF ACCOUNTS

2010-04-0105

June 29, 2010

ARRA REVIEW OF THE BROWNFIELDS ASSESSMENT AND CLEANUP
COOPERATIVE AGREEMENTS

*Indiana Inspector General Staff Attorney Amanda Schaeffer and State Examiner
Bruce Hartman of the Indiana State Board of Accounts report as follows:*

This report addresses an evaluation of the funding for the Brownfields
Assessment and Cleanup Cooperative Agreements (Brownfields)¹.

I

On February 17, 2009, the United States Government enacted the
American Recovery and Reinvestment Act² (ARRA). The ARRA intends to

¹ Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) of 1980, as amended, 42 U.S.C 9601(39)&9604k; The Small Business Liability Relief and Brownfields Revitalization Act of 2002, Public Law 107-118. The objectives of the Brownfield assessment, revolving loan fund and cleanup cooperative agreements (project grants) are to provide funding: (1) to inventory, characterize, assess, and conduct planning and community involvement related to Brownfield sites; (2) to capitalize a revolving loan fund and provide subgrants to carry out cleanup activities at Brownfield sites; and (3) to carry out cleanup activities at Brownfield sites that are owned by the grant recipient.

provide a stimulus to the United States economy by providing \$787 billion in program funding and tax credits.³

The purpose of this report is to reflect an initial evaluation of ARRA compliance by the Brownfields program.

II

The Indiana Finance Authority (IFA) has been provided \$2,500,000 in ARRA funds to finance cleanup and remediation activities to promote development and future reuse of property that does not pose a threat to human health and the environment. The project period is from October 1, 2009, to September 30, 2014.

² 40 USC 1606.

³ 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 Office of the Inspector General's (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).

III

A

Findings

From our initial review, we find that the program controls outlined in the Brownfields program spending plan or other related documentation are adequate to meet the respective federal ARRA and OMB guidelines and requirements.

It should also be noted that IFA will be reimbursing the Indiana Department of Environmental Management (IDEM) for its services rendered for this program without a signed Memorandum of Understanding (MOU) in accordance with Indiana Financial Circular #2009-2. At a later date, additional procedures may be performed as deemed necessary to verify compliance requirements.

B

Recommendation

We recommend implementation of the reimbursement addressed above. At a later date we will perform additional procedures as deemed necessary to verify compliance requirements. The work papers prepared during this review will be retained as approved by the Oversight Commission on Public Records.

Dated this 29th day of June, 2010.

APPROVED BY:



David O. Thomas, Inspector General