



ARRA REPORT BY THE
INSPECTOR GENERAL AND STATE BOARD OF ACCOUNTS

2010-04-0104

June 30, 2010

ARRA REVIEW OF THE LEAKING UNDERGROUND STORAGE TANKS
TRUST FUND CORRECTIVE ACTION PROGRAM

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 Leaking Underground Storage Tanks (LUST) Trust Fund Corrective Action Program¹.

I

On February 17, 2009, the United States Government enacted the American Recovery and Reinvestment Act² (ARRA). The ARRA intends to provide a stimulus to the United States economy by providing \$787 billion in

¹ Congress created the Leaking Underground Storage Tank (LUST) Trust Fund in 1986 by amending Subtitle I of the Resource Conservation and Recovery Act. The LUST Trust Fund has two purposes. First, it provides money for overseeing and enforcing corrective action taken by a responsible party, who is the owner or operator of the leaking UST. Second, the Trust Fund provides money for cleanups at UST sites where the owner or operator is unknown, unwilling, or unable to respond, or which require emergency action.

² 40 USC 1606.

program funding and tax credits.³

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

II

The Indiana Finance Authority (IFA) has been provided \$4,039,000 in ARRA funds to provide funding toward the cleanup of contaminated leaking underground storage tank sites. The project period is from July 1, 2009, to December 31, 2011.

III

A

Findings

From our initial review, we find that the program controls outlined in the

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).

LUST 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 above finding regarding reimbursement. 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 30th day of June, 2010.

APPROVED BY:



David O. Thomas, Inspector General