



ARRA REPORT BY THE  
INSPECTOR GENERAL AND STATE BOARD OF ACCOUNTS

2010-04-0106

June 4, 2010

ARRA IFA WASTE WATER

*Indiana Inspector General Staff Attorney Todd Shumaker and State Examiner Bruce A. Hartman of the Indiana State Board of Accounts report as follows:*

This report addresses an evaluation of both the Clean Water State Revolving Fund program (Clean Water)<sup>1</sup> and the Drinking Water State Revolving Fund program (Drinking Water)<sup>2</sup> activities within the Indiana Finance Authority (IFA).<sup>3</sup>

Waste Water programs provide funds to promote water quality protection projects for wastewater treatment, nonpoint source pollution control, and watershed and estuary management.<sup>4</sup>

The Drinking Water program was established to make funds available to

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<sup>1</sup> 33 USC § 1342 (2006) *et seq.*

<sup>2</sup> 42 USC § 300g-1 (2006) *et seq.*

<sup>3</sup> The Indiana Finance Authority is established pursuant to IC 4-4-11-4.

<sup>4</sup> See footnote 1, *supra*.

drinking water systems to finance infrastructure improvements by emphasizing providing funds to small and disadvantaged communities and to programs that encourage pollution prevention as a tool for ensuring safe drinking water.<sup>5</sup>

On February 17, 2009, the United States Government enacted the American Recovery and Reinvestment Act<sup>6</sup> (ARRA). The ARRA intends to provide a stimulus to the United States economy by providing \$787 billion in program funding and tax credits.<sup>7</sup>

The purpose of this report is to document a preliminary ARRA compliance review of the Waste Water and Drinking Water programs by the State Board of Accounts (SBOA) and the Office of the Inspector General (OIG).

## I

IFA was initially awarded \$94,447,500 in Clean Water and \$27,212,000 in Drinking Water ARRA funding. These funds must be obligated by February 17, 2010, and liquidated by December 31, 2013, and used to finance improvements to waste water treatment and drinking water infrastructure, respectively.

## II

The OIG's enabling statute provides that the OIG "is responsible for

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<sup>5</sup> See footnote 2, *supra*.

<sup>6</sup> American Recovery and Reinvestment Act of 2009, P.L. No. 111-5, 123 Stat. 115 (2009).

<sup>7</sup> *See*: <http://www.recovery.gov>.

addressing fraud, waste, abuse and wrongdoing in agencies.” IC 4-2-7-2(b).

The SBOA has similar duties, including the authority 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).

Within these authorities, a preliminary review of the Clean Water and Drinking Water programs was made. This review included, but was not limited to, reviewing the program objectives, meeting with the program staff, reviewing agency-completed spending plans, reviewing monthly update reports submitted to the Indiana Office of Management and Budget, (OMB) and an assessment of the program’s risks.

From this preliminary review, we make the following findings and recommendations.

### III

We find from our initial review that the controls over the Clean Water and Drinking Water programs ARRA funding are adequate to meet the respective federal ARRA and State OMB guidelines and requirements.

At a later date, we may perform additional procedures as deemed necessary to verify compliance requirements.

Accordingly, we offer no recommendations at this time, but advise IFA employees to continue to apprise themselves of ARRA requirements and

developments.

Dated this 4<sup>th</sup> day of June, 2010.

APPROVED BY:

A handwritten signature in black ink, appearing to read "David O. Thomas". The signature is written in a cursive style with a horizontal line underneath it.

David O. Thomas, Inspector General