
**Environmental Protection Agency
Office of Grants and Debarment
Limited Scope Financial Management System Review
of
Niagara County Soil and Water Conservation District
Lockport, New York**

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Background

Leon Snead & Company, P.C. completed a limited scope review of Niagara County Soil and Water Conservation District's (the District) financial management system. The review was made at the request of the U.S. Environmental Protection Agency (EPA), Office of Grants and Debarment, to assist the office in its oversight of EPA grant funds.

The District is a non-profit organization serving as a local source of information, technical assistance, education and leadership necessary for the conservation and wise use of Niagara County's natural resources. One EPA grant was active during our period of review:

Grant No. GL-972925-05 was awarded on December 16, 2004. The project period was January 1, 2005 to December 31, 2006. The total project cost was estimated at \$105,263, of which the Federal share was \$100,000. The project title for this agreement is the "Eighteen Mile Creek Remedial Action Plan Coordination Project". The grant's purpose is to track and coordinate watershed projects such as sediment sampling, bio-accumulation sampling and watershed sediment transfer modeling in the watershed; remedial investigations of creek sediments in Lockport; remedial investigations of the Flintkote site; and watershed nutrient and soil loss investigation and development of a watershed management plan. The project will also identify initiatives and locations requiring further investigation.

Objective, Scope & Methodology

The review objectives were to assess the effectiveness of the grantee's internal controls and determine if the grantee's financial management system meets the requirements outlined in the Code of Federal Regulations (CFR), Office of Management and Budget (OMB) cost principles, and the terms and conditions of the EPA assistance agreements. The review included an evaluation of the grantee's financial reports submitted to the EPA and testing of selected transactions for the year ended May 31, 2005.

We interviewed grantee personnel to obtain an understanding of the operating procedures and internal controls surrounding funds receipt, funds disbursement and financial reporting. We reviewed required financial reports to determine whether they were completed accurately and timely. We also reviewed the most recent financial statement audit report to identify any significant issues affecting EPA funding that required further review. We selected a sample of disbursement transactions for the EPA grant, traced them to source documents, and tested them for proper authorization and allowability. Our review was conducted during the period of June 27, 2005 to June 28, 2005, at Lockport, NY.

The criteria we used were 40 CFR Part 30, "Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations"; OMB Circular A-122, "Cost Principles for Non-Profit Organizations"; and the terms and conditions of the EPA assistance agreement.

Overall, the grantee has an adequate financial management system and related procedures to effectively administer the EPA assistance agreement reviewed. However, we identified one area that needs to be improved to more fully comply with Federal and specific agreement requirements. The area noted and our recommended corrective action is discussed in the following Results of Review section.

RESULTS OF REVIEW

A. MBE/WBE Reporting Requirements

The District did not prepare and submit a quarterly report on the utilization of minority and women businesses within the required timeframe. Consequently, the District was not fully complying with the terms and conditions of the EPA assistance agreement.

The EPA assistance agreement required the District to comply with EPA's Program for Utilization of Small, Minority, and Woman's Business Enterprises. As part of this program, the assistance agreement required the grantee to: (1) ensure, to the fullest extent possible, that the applicable "fair share" objectives of federal funds for prime contracts or subcontracts for supplies, construction, equipment or services are made available to organizations owned or controlled by socially and economically disadvantaged individuals, women and historically black colleges and universities; and (2) prepare and submit Form 5700-52A, "MBE/WBE Utilization Under Federal Grants, Cooperative Agreements and Interagency Agreements" to EPA Region 2. A report must be provided to the Region within 30 days after the end of each Federal fiscal quarter.

Recommendation

The District should initiate appropriate actions to ensure MBE/WBE Utilization reports are prepared and submitted within the required timeframe.