

Executive Office of Environmental Affairs

Background

The Executive Office of Environmental Affairs (Office) is responsible for protecting, conserving and enhancing the Commonwealth's coastal and inland environmental resources. The Office coordinates land preservation, coastal protection, waste management, drinking water and clean air programs. The Office ensures compliance with the Massachusetts Environmental Policy Act, the Massachusetts Coastal Zone Management Act, the Land Conservation Services Program, and federal mandates such as the Clean Air Act, the Clean Water Act and the Safe Drinking Water Act.

For fiscal year 1998, the Office administered approximately \$ 239 million. Of this amount, federal funds amounted to \$6 million.

The federal funding to this office is detailed in the accompanying Schedule of Expenditures of Federal Awards. The Office's major program was:

CFDA # Federal Program Description

11.419 Coastal Zone Management Administration

Findings on Compliance with Rules and Regulations

Finding Number 22: Salaries Allocated to Federally-Funded Programs are not Supported By Proper Documentation

The Executive Office of Environmental Affairs (Office) did not maintain adequate documentation for salaries charged to the Coastal Zone Management Administration Award (award). The Office does not have a process in place to determine that salaries charged to the award reflect employee's actual hours spent on this award. The Office has not developed a formal cost allocation process to document the activities performed by employees covered under the various state and federal programs. Additionally, those employees dedicated solely to the award have not provided the required semi-annual certifications required by OMB Circular A-87.

OMB Circular A-87, Attachment B (h) requires that charges to a federal program be based on payrolls documented in accordance with the generally accepted practice of the governmental unit and approved by a responsible official. Where employees are expected to work solely on one federal program, charges to that program will be supported by at least semi-annual certifications that the employee worked solely

on that program for the period covered by the certification. The certifications will be signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple programs, a distribution of their salaries must be supported by personnel activity reports or equivalent documentation. Generally, these activity reports must reflect an after-the-fact distribution of the actual activity of each employee and account for the employee's total activity.

All Office employees who work on the award do so 100% of the time with the exception of the payroll clerk. The Office's payroll clerk provides benefits to multiple programs. The Office could not support the current allocation of the payroll clerk's salary to the 1998 award. The distribution of the clerk's salary was overstated based on an analysis of personnel devoted to the award and Commonwealth of Massachusetts funded programs. As a result, \$37,584 of allocated salaries, fringe benefits and related costs are questioned. (*Department of Commerce – Coastal Zone Management Administration 11.419; U. S. Department of Commerce Report Period 7/1/95-6/30/97 Finding 2*)

Recommendation:

The Office should develop and implement documentation for the semi-annual certification of employees who work solely under the federally-funded program and a salary allocation plan for employees providing services to more than one program. Once completed, these should be reviewed by the Office officials to ensure that the documentation is logical, applicable and complete.

Department corrective action plan:

All federally-funded positions referenced in the above captioned audit are exclusively dedicated to the Coastal Zone Management (CZM) grant-funded tasks and activities. Accordingly, the CZM Deputy Director will compile a list of all staff members who were paid by the grant from January 1 to June 30, 1998. Said Deputy Director, as the immediate supervisor to the staff, will certify that all staff so listed performed only those such tasks that are presented in the grant. Said list shall be forwarded to the Assistant Secretary for Administration and Finance by October 9, 1998, and a copy shall be filed with grant administration records. The CZM Deputy Director will compile and submit such certified staff lists for all subsequent six (6) month periods.

Finding Number 23: Federally-Funded Publications Do No Contain the Required Disclaimer

The Executive Office of Environmental Affairs (Office) did not comply with the special conditions included in the 1998 Coastal Zone Management Administration Award (award). The Office did not accurately review federally-funded publications with regard to the special award conditions relating to the disclaimer. The disclaimer did not contain reference to the federal grant award number.

The 1998 award administered by the National Oceanic and Atmospheric Administration (NOAA)

contained a special award condition requiring:

"(1) two copies of all publications or reports printed with grant or cooperative agreement funds and intended for public distribution will be furnished to the Government. The financial assistance award number will be acknowledged as the basis for funding the publication, (2) such publications or reports shall bear the NOAA logo on the cover or first page and the following: 'A publication (or report) of the Massachusetts Coastal Zone Management Office pursuant to National Oceanic and Atmospheric Administration Award No. NA77OZ0189,' and (3) if the Recipient or its employee(s) use NOAA financial assistance to publish a paper based in whole or in part on the work funded by this grant/cooperative agreement, the author shall assure that the paper bears the following notation: 'This paper is funded ('in part' if appropriate) by a grant/cooperative agreement from the National Oceanic and Atmospheric Administration. The views expressed herein are those of the author(s) and do not necessarily reflect the views of the NOAA or any of its sub-agencies."

While the publications distributed to the public did contain some of the required disclaimer, the disclaimer did not provide reference to the grant award number. Consequently, the Office is not in compliance with the award's special award conditions. (*Department of Commerce – Coastal Zone Management Administration 11.419*)

Recommendation:

The Office should communicate all special conditions of the award to all managers whose responsibilities are affected by the conditions. Communications should be written and distributed annually upon renewal of the award. These procedures should include administrative controls to ensure that the Office is in compliance with all special conditions of the award.

Department corrective action plan:

A checklist for the distribution of all federally-funded publications will be developed by the CZM Deputy Director. The checklist will include the exact wording of the required federal disclaimer and the appropriate grant award number. The checklist will be signed by the public outreach officer and the CZM Director or Deputy Director prior to the release of any and all documents which require the federal disclaimer statement.

Finding Number 24: Federal Reports Not Filed or Filed for the Incorrect Period

The Executive Office of Environmental Affairs (Office) did not comply with the special conditions included in the 1998 Coastal Zone Management Administration Award (award). Personnel responsible for filing the award are also responsible for reporting the required financial information to the granting federal agency, the National Oceanic and Atmospheric Administration (NOAA). The Office did not file

the required financial reports to the NOAA for the proper periods.

The award required under the special award conditions that:

"(1) Financial Status Reports (Federal Form SF-269) shall be submitted on a semi-annual basis for the periods (or any portion thereof) October 1st through March 31st, (due April 30th) and April 1st through September 30th (due October 30th). No matter what the start date of the award is, the Department is required to submit financial reports as of March 31st and September 30th, and (2) the Federal Cash Transaction Reports (Federal Form SF-272) shall be submitted for each award anytime funds are advanced by Treasury check or drawn down electronically through the Financial Assistance Disbursement System. The SF-272 is due (a) 30 days after March 31 and September 30 for awards under \$1 million, or (b) 30 days after the end of each month for awards over \$1 million."

The first Financial Status Report (SF-269) filed for the 1998 award covered a period ended December 31, 1997 instead of a period ended September 30, 1997; the next report filed covered the period ended June 30, 1997 instead of the six months ended March 31, 1998. Office officials explained that the March and September report due dates represent a change by the federal agency and that the Office filed the reports to comply with the old dates. They stated that the next report will be filed on September 30, 1998. Further, the Federal Cash Transaction Reports (SF-272) have not been filed by the Office for the current award.

Non-compliance with the Award's requirements could result in the revocation of the unobligated portion of the federal award under item 4 of the Special Award Conditions Letter and 31 C.F.R. 205 (Treasury Circular 1075 '1977'). (*Department of Commerce – Coastal Zone Management Administration 11.419; U.S. Department of Commerce Report Period 7/1/95-6/30/97 Finding 1*)

Recommendation:

The Office should develop and implement written reporting procedures surrounding federal awards. Once complete, these administrative controls should be communicated to all Office personnel affected after review by the appropriate Office officials to ensure that the procedures are logical, applicable and complete.

Department corrective action plan:

A federal Financial Status Report (SF 269) will be submitted to NOAA by the CZM Finance Director by October 15, 1998. Said report will cover the period of July 1 to September 30, 1998. Although the grant conditions require bi-annual submissions in March and October, the last financial report submitted covered the period January 1, 1998 to June 30, 1998. The submission of the above three (3) month report will enable the bi-annual submission of all subsequent reports to be on the proper reporting cycle: each March and October.

All Federal Cash Transactions Reports (SF 272) for fiscal year 1998 have been submitted to the NOAA Grants Management Office. The CZM fiscal staff is currently preparing SF 272s for fiscal year 1999 grant expenditures. Said reports will be submitted by October 9, 1998. The CZM Finance Director will ensure that all further SF 272s will be submitted on a monthly basis to NOAA.

Findings Not Repeated From Prior Years

1. The Executive Office of Environmental Affairs did not provide costs to support \$13,861 of data center charges to the Boating Safety Financial Assistance Program for 1995. This finding is not repeated and not warranted of further action, in accordance with Section .315(b)(4) of OMB Circular A-133. (*Fiscal Year 1997 Single Audit Finding 80*)

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