



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 8**

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Denver, CO 80202-1129
Phone 800-227-8917
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August 10, 2017

Ref: 8TMS-G

Mr. Mike Cole
Chairman
City – County Board of Health for Lincoln County
512 California Avenue
Libby, Montana 59923

RE: Request for Additional Information - Superfund Cooperative Agreement V 96803401

Dear Mr. Cole:

The U.S. Environmental Protection Agency, Region 8 (EPA), is requesting additional information and support documentation for Superfund Cooperative Agreement Number V 96803401 relating to apparent excessive drawdowns by the City-County Board of Health for Lincoln County (CCBH) totaling \$476,412.07. The CCBH visited the Agency on August 31st, 2016, to share information and discuss concerns about the CCBH's compensation agreement with its attorney. At that point, the EPA Region 8 discontinued its own active review and referred the matter to the EPA Office of Inspector General (OIG) for investigation. The OIG issued an Interim report to Region 8 in May. The OIG is an independent investigative body and information gathered in its investigation is not always able to be shared with the Region. The OIG has asked EPA to report back to it regarding administrative actions the Agency is taking or proposing regarding the improper drawdowns. In order to respond to the OIG, the EPA needs additional information from CCBH. Please provide the information and documentation requested below and any additional information relevant to these amounts.

The OIG's interim report indicated that the CCBH improperly drew down \$331,911.61 in violation of Office of Management and Budget (OMB) Circular A-87 (relocated to Title 2 of the Code of Federal Regulations (CFR), Part 200). The regulation at 2 C.F.R. § 200.459(a) prohibits grant recipients from using grant funds to pay the cost of professional services when such professional costs are contingent on the grant recipient's recovery of costs from the federal government. The OIG interim report and supporting documentation indicate that CCBH entered into a fee agreement with the law firm of Doney Crowley Bloomquist Payne Uda, P.C. (Law Firm) to pay up to 20 percent of the total funds CCBH received from the EPA, and that such payment was contingent on the amount of funds CCBH received from the EPA. It appears that pursuant to the attorney fee agreement, the Law Firm received payments in the amount of \$331,911.61, or approximately 20 percent of 14 separate quarterly grant drawdowns between April, 2012, and July, 2015. Also, 2 C.F.R. §200.403 requires that costs be necessary, reasonable and adequately documented; it does not appear that the Law Firm submitted itemized or detailed statements of work to Lincoln County or CCBH outlining work performed or substantiating the

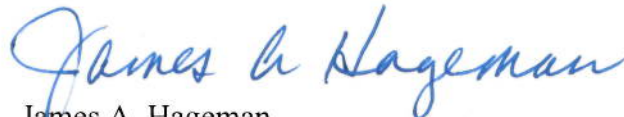
20 percent fee payment. Furthermore, it does not appear that Lincoln County or CCBH verified whether the Law Firm's 20 percent fee was consistent with the fee agreement or with work performed. The Agency requests that the CCBH for Lincoln County provide all invoices or other documentation that substantiate these attorney fee costs.

In reviewing the OIG interim report and documentation shared by the CCBH for this cooperative agreement, the EPA also has identified that from February, 2012, through June, 2016, CCBH drew down funds exceeding expenditures in an amount of \$144,500.46. The Agency understands that the recipient kept this excess draw in an interest-bearing account. This exceedance appears to be an improper payment as defined in 2 C.F.R. § 200.53. The Agency is requesting the County to provide the bank statements for this account to verify this amount and to calculate interest earned.

Please send the requested documents to Sarah Hulstein at Hulstein.Sarah@epa.gov by August 31st 2017. Upon receipt of the requested information the Agency will then be able to determine the full amount that needs to repaid.

Please let me or Sarah Hulstein, (303) 312-6014, know if you have questions regarding this matter or if you need additional information relating to the exceedance amounts presented above. I can be reached at Hageman.James@epa.gov or (303) 312-6005.

Sincerely,



James A. Hageman
Director of Grants, Audit and Procurement Office
Office of Technical and Management Services

cc: Mark Peck, Lincoln County Commissioner
Jerry Bennet, Lincoln County Commissioner
Kathi Hooper, City/County Board of Health for Lincoln County
Nick Raines, City/County Board of Health for Lincoln County

Brian Switzer, EPA
Stanley Christenson, EPA
Cinna Vallejos, EPA
Mike Cirian, EPA
Sarah Hulstein, EPA