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# Environmental Protection Agency Clean Diesel School Bus Grants Audit

Audit Period: July 2013 through June 2014

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## Results Summary:

Objective	Conclusion*
Application Review and Awarding Process	Well-Controlled
Grant Administration and Monitoring Process	Well-Controlled
Grant Closeout and Reporting Process	Well-Controlled

\* Please refer to Appendix A for classification of audit objective conclusions.



## Executive Summary

### Background

The Ohio Environmental Protection Agency (OEPA) Clean Diesel School Bus Retrofit Grant program offers grants up to \$300,000 to retrofit diesel school buses to reduce student and driver exposure to the harmful pollutants in diesel exhaust and to conserve fuel. Public school districts and county developmental disability programs in Ohio are eligible to apply. Priority is given to applicants that already have anti-idling policies in place for their buses and applicants located in 28 priority counties that do not currently meet national air quality standards for fine particulates.

Grants are funded from civil penalties collected by OEPA from environmental violations and federal grants. Since the program began, grants have been awarded to 166 school districts and developmental disability programs, with more than \$8.1 million awarded to retrofit 2,557 school buses with emission controls and 948 buses with idle reduction equipment. Collectively, these grants have removed more than 100 tons of pollutants from the Ohio skies.

During the audit, OIA identified opportunities for OEPA to strengthen internal controls and improve business operations. This audit conforms to the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank OEPA staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.

### Scope and Objectives

OIA staff was engaged to perform an assurance audit related to the controls over the agency's Clean Diesel School Bus Retrofit Grant program. This work was completed from October through December 2014. The scope of this audit included key processes related to OEPA's Clean Diesel School Bus Retrofit Grant program for the period July 1, 2013 through June 30, 2014. The following summarizes the objectives of the review:

- Evaluate the design and effectiveness of controls over the application review/awarding process.
- Evaluate the design and effectiveness of controls over the grant administration and monitoring process.
- Evaluate the design and effectiveness of controls over the grant closeout and reporting process.



## **Detailed Observations and Recommendations**

The Observations and Recommendations include only those risks which were deemed high or moderate. There were no high or moderate observations identified as a result of this audit. Low risk observations were discussed with individual agency management and are not part of this report. However, the low risk observations were considered as part of the audit objective conclusions.



## Appendix A – Classification of Conclusions and Observations

### Classification of Audit Objective Conclusions

Conclusion	Description of Factors
<b>Well-Controlled</b>	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
<b>Well-Controlled with Improvement Needed</b>	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
<b>Improvement Needed</b>	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
<b>Major Improvement Needed</b>	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.

### Classification of Audit Observations

Rating	Description of Factors	Reporting Level
<b>Low</b>	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
<b>Moderate</b>	Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention.	Agency Management and State Audit Committee
<b>High</b>	Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.	Agency Management and State Audit Committee