



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
INSPECTOR GENERAL

February 12, 2013

MEMORANDUM

SUBJECT: Project Notification
EPA's Internal Controls over Accounts Receivables
Assignment Number OA-FY13-0104

FROM: Paul C. Curtis 
Director Financial Statement Audits (2422T)

TO: Barbara J. Bennett
Chief Financial Officer

The Office of Inspector General for EPA plans to begin preliminary research on EPA's internal controls over accounts receivables on February 20, 2013. This project is included in our annual plan. The Product Line Director will be Paul Curtis and the Lead Auditor will be Bob Evans.

The purpose of this memorandum is to confirm our mutual understandings on the objectives and scope for the audit of EPA's Internal Controls over Accounts Receivables, as well as the responsibilities of the Office of Chief Financial Officer and the OIG during the project.

The OIG's objectives are to determine whether:

1. EPA has internal controls in place to identify, record, and bill all reimbursable costs.
2. EPA is accurately computing and billing all reimbursable costs.

The OIG plans to conduct work at the OCFO's Cincinnati Finance Center and other Headquarter and/or Regional locations as necessary. The project will be conducted using applicable *Generally Accepted Government Auditing Standards*. The expected benefits of the project are improved efficiency and cost recovery in the accounts receivables area.

We also request that you please provide the following by February 20, 2013:

- Any written policies and procedures related to billing costs by type of receivable.
- An organization chart for the accounts receivables billing process by type of receivable.
- The universe of all accounts receivables billed from October 1, 2011 to December 31, 2012, including: accounts receivable transaction number, transaction date,

document type, transaction type, report category, type of receivable (e.g. fine and penalty, cost recovery, royalty, fee, federal reimbursable, non federal reimbursable, Superfund State Contract, oversight cost, etc..), organization code, dollar value, vendor, and EPA contact information.

- The universe of all costs incurred under reimbursable organization codes categorized by those opened and closed.
- The parameters used to pull the universes.

In addition, we will provide updates on a regular basis via bi-weekly meetings and/or emails, based on your preference. Please provide the names of those persons designated to receive updates.

To ensure the success and timely completion of this project, OCFO agrees to provide the following:

- The name(s) of primary contacts by type of receivable.
- Accounts receivable files we may request to review, based on our samples.
- A designated area where we can review files and perform interviews.

If you or your staff have any questions, please contact me at 202-566-3523 or curtis.paul@epa.gov; or Bob Evans at (513) 487-2369 or evans.robert@epa.gov.

We will contact you to arrange a mutually agreeable time during the week of February 18, 2013 to discuss our objectives and the purpose of the preliminary research phase of our assignment. We would also be particularly interested in any areas of concern that you may have. We will answer any questions you may have about the project process, reporting procedures, methods used to gather and analyze data, and what we should expect of each other during the course of the project.

cc: Maryann Froehlich, Deputy Chief Financial Officer
Josh Baylson, Associate Chief Financial Officer
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