



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

OFFICE OF
INSPECTOR GENERAL

July 16, 2013

MEMORANDUM

SUBJECT: Review of the Pace of State Expenditures in the Drinking Water State Revolving Fund Program
Project No. OA-FY13-0214

A handwritten signature in black ink that reads "Richard J. Eyermann".

FROM: Richard J. Eyermann, Acting Assistant Inspector General
Office of Audit

TO: *See Below*

The U.S. Environmental Protection Agency Office of Inspector General plans to begin the fieldwork phase of our audit on the pace of state expenditures in the Drinking Water State Revolving Fund program. This project is included in our fiscal year 2013 annual plan. We have conducted preliminary research in the EPA's Office of Water (headquarters) and Region 9, and the states of California and Hawaii. The full scope of our audit will also include:

- Region 1 and Connecticut.
- Region 6 and New Mexico.
- Region 7 and Missouri.

The OIG's objectives are to determine whether: (1) EPA and state actions taken to address large balances of DWSRF unliquidated obligations reduced such obligations, and (2) state projects to be funded by capitalization grants realistically reflect the projects that may be funded. The OIG plans to conduct fieldwork at EPA Regions 1, 6, 7 and 9, and the states of Connecticut, New Mexico, Missouri, California and Hawaii.

The purpose of this memorandum is to notify you of our objectives and scope for the audit. We will contact you to arrange a mutually agreeable time to discuss our objectives and the purpose of the fieldwork phase of our project. 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.

We are requesting that you provide the following information to Mary Anne Strasser (strasser.maryanne@epa.gov) prior to the initial meeting:

- Copies of DWSRF capitalization grants for the states of Missouri, Connecticut and New Mexico for federal fiscal years 2010 through 2013.
- Lists of executed loan agreements for the states of Missouri, Connecticut and New Mexico federal fiscal years 2010 through 2013.
- Cumulative values of executed loan agreements for the states of Missouri, Connecticut and New Mexico for federal fiscal years 2010 through 2013.
- Intended Use Plans for the states of Missouri, Connecticut and New Mexico for federal fiscal years 2010 through 2013.

The OIG product line director for this project will be Janet Kasper at (312) 886-3059 or kasper.janet@epa.gov, and the project manager will be Mary Anne Strasser at (303) 312-6972 or strasser.maryanne@epa.gov. Please do not hesitate to contact me at (202) 566-0565 if you or your staff have any questions.

Addressees:

Nancy K. Stoner, Acting Assistant Administrator, Office of Water
 Curt Spalding, Regional Administrator, Region 1
 Ron Curry, Regional Administrator, Region 6
 Karl Brooks, Regional Administrator, Region 7
 Jared Blumenfeld, Regional Administrator, Region 9

cc: Michael Shapiro, Principal Deputy Assistant Administrator, Office of Water
 Peter C. Grevatt, Director, Office of Ground Water and Drinking Water, Office of Water
 Chuck Job, Chief, Infrastructure Branch, Office of Water
 Ira Leighton, Deputy Regional Administrator, Region 1
 Sam Coleman, Deputy Regional Administrator, Region 6
 Mark Hague, Deputy Acting Regional Administrator, Region 7
 Alexis Strauss, Deputy Regional Administrator, Region 9
 Marilyn Ramos, Audit Follow-Up Coordinator, Office of Water
 Valerie Marshall, Audit Follow-Up Coordinator, Region 1
 Susan Jenkins, Audit Follow-up Coordinator, Region 6
 Josephine Hah, Audit Follow-Up Coordinator, Region 6
 Kathy Finazzo, Audit Follow-Up Coordinator, Region 7
 Magdalen Mak, Audit Follow-Up Coordinator, Region 9
 Arthur A. Elkins Jr., Inspector General
 Charles Sheehan, Deputy Inspector General
 Aracely Nunez-Mattocks, Chief of Staff, OIG
 Alan Larsen, Counsel to the Inspector General
 Patrick Sullivan, Assistant Inspector General for Investigations
 Carolyn Copper, Assistant Inspector General for Program Evaluation
 Patricia Hill, Assistant Inspector General for Mission Systems
 Kevin Christensen, Acting Deputy Assistant Inspector General for Audit
 Janet Kasper, Director, Contracts and Assistance Agreement Audits, OIG