



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

OFFICE OF
INSPECTOR GENERAL

February 23, 2011

MEMORANDUM

SUBJECT: Agency Response to the Final Audit Report on EPA's Fiscal 2010 and 2009 Consolidated Financial Statements. Audit Report No. 11-1-0015

FROM: Melissa M. Heist *Melissa M. Heist*
Assistant Inspector General for Audit (24211)

TO: Barbara J. Bennett
Chief Financial Officer (2710A)

I am responding to your memorandum of February 10, 2011, which addressed the Agency's corrective actions on the findings and recommendations from the final Fiscal 2010 and 2009 Financial Statements Audit Report.

We appreciate your efforts to address the recommendations in the subject report. We find your proposed corrective actions adequate to address most of our recommendations. We are closing recommendations 1, 2, 3, 4, 6, 7, 8, 10, 11, 12, and 13 from this report in our IGEMS tracking system as *AO Provided Complete Response*.

You indicated that you do not agree with our Recommendation 5. Several discussions between the OIG and OCFO regarding this recommendation have not resulted in any resolution. While we remain in disagreement, we do not believe the issue merits use of the audit impasse resolution process. We are therefore closing the recommendation in our IGEMS tracking system as *Impasse with AO -- Not Worth Referring*. We will review the status of this receivable during our Fiscal 2011 audit.

With respect to Recommendation 9, we appreciate the corrective actions planned to correct the factors causing the deficiency. However, the corrective action plan does not address the resolution of the personal property items not located in fiscal 2010. We are therefore reporting your response on this recommendation as *Incomplete Response* in IGEMS. We request that you provide us with additional information to fully address the recommendation.

During our Fiscal 2011 Consolidated Financial Statements Audit, we will follow up to determine your progress in implementing the planned corrective actions on all recommendations, and the effectiveness of actions taken in correcting the deficiencies we found.

If you have any questions, please contact me at heist.melissa@epa.gov or 202-566-0899; or have your staff contact Paul Curtis, Director of Financial Statement Audits, at curtis.paul@epa.gov or 202-566-2523.

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