



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

NOV 28 2011

OFFICE OF  
CHIEF FINANCIAL OFFICER

**MEMORANDUM**

**SUBJECT:** Response to Office of Inspector General Evaluation Report: "EPA's Gulf Coast Oil Spill Response Shows Need for Improved Documentation and Funding Practices," Report No. 11-P-0527, dated August 25, 2011

**FROM:** Barbara J. Bennett  
Chief Financial Officer 

**TO:** Arthur A. Elkins, Jr.  
Inspector General

Thank you for providing us the Office of Inspector General Evaluation Report: "EPA's Gulf Coast Oil Spill Response Shows Need for Improved Documentation and Funding Practices." The Office of the Chief Financial Officer appreciates the OIG's consideration of the agency's comments to the draft report and the opportunity to respond to the final recommendations.

We have reviewed the final report and maintain our non-concurrence to recommendation 1. We believe that in terms of financial accounting the unique organization code linking expenses to the individual Pollution Removal Funding Authorizations provides a clear audit trail for all costs related to each of the PRFAs. The agency continues to meet with the U.S. Coast Guard to obtain clarification of documentation required from the EPA for future PRFAs. Upon confirmation of required documentation, the EPA will determine whether regions and headquarters need to prepare and provide additional activity-related documentation.

We concur with recommendations 2, 3 and 4. The proposed completion dates for corrective actions 2 and 3.2 have been changed to March 31, 2012 due to the current status of negotiations with the U.S. Coast Guard. The attached corrective action plan contains the proposed changes.

If you have any questions concerning this response, please contact Stefan Silzer, Director, Office of Financial Management at (202) 564-5389 or Kyana Bundy-Evans of OFM at (202) 564-0988.

Attachment

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### OCFO's Response to OIG Final Report – Corrective Action Plan

*“Office of Inspector General Evaluation of EPA's Gulf Coast Oil Spill Response Shows Need for Improved Documentation and Funding Practices”*

Report No. 11-P-0527, dated August 25, 2011

Rec. No.	OIG Recommendation	Action Official(s)	Proposed Corrective Action	Proposed Completion Date
1.	Implement controls to ensure that EPA consistently generates response activity documentation that provides a clear audit trail linking response work performed to response work billed.	Office of the Chief Financial Officer (OCFO)/Office of Financial Services (OFS)	1.1 The necessary controls needed to ensure that the EPA consistently generates response activity documentation are currently in place. The account code provided for each Pollution Removal Funding Authorization (PRFA) or site identified through the interagency agreement provides a clear audit trail to track the costs to each response activity.	N/A
2.	Implement controls to ensure that bills and supporting cost documentation packages submitted to the Coast Guard are clear and complete, and comply with cost documentation requirements.	OCFO/OFS	2.1 The EPA and USCG are in negotiations to establish a protocol for future sites that will include a new cost documentation procedure that ensures the EPA provides the USCG with the necessary documentation to support the EPA billings.	March 31, 2012
3.	Work with Coast Guard counterparts to develop and ensure the timely implementation of an appropriate means of sharing EPA	Office of the Administrator (OA)	3.1 The EPA and the USCG reached an agreement on the CBI issue for DWH.	March 9, 2011 Completed

Rec. No.	OIG Recommendation	Action Official(s)	Proposed Corrective Action	Proposed Completion Date
	contractors' response cost documentation designated as Confidential Business Information (CBI).		3.2 The EPA and USCG are in negotiations to implement a non-disclosure agreement that will cover all work performed on future sites.	March 31, 2012
4.	Seek new or additional emergency response funding authority for oil spills.	OCFO/Office of Budget	4.1 In its FY 2012 President's Budget (2012 appropriation), the EPA proposed to Congress new statutory authority for emergency transfers from any of EPA's appropriations into the Oil Spill Response Account when the cash flow of funds out of the account is higher than expected. This authority will reduce the risk of future anti-deficiency violations by the Agency.	February 14, 2011 Completed