



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

OFFICE OF
INSPECTOR GENERAL

November 5, 2018

MEMORANDUM

SUBJECT: Project Notification:
Audit of EPA's Fiscal Year 2018 Compliance with
Improper Payments Elimination and Recovery Act of 2010
Project No. OA&E-FY19-0037

FROM: Michael Petscavage, Director *Michael Petscavage*
Contract and Assistance Agreement Directorate
Office of Audit and Evaluation

TO: Holly Greaves, Chief Financial Officer

The Office of Inspector General (OIG) for the U.S. Environmental Protection Agency (EPA) plans to begin an audit of the EPA's reporting of improper payments during fiscal year 2018. This project is required by the Improper Payments Elimination and Recovery Act of 2010.

The objectives of our audit are to determine whether the EPA is in compliance with the Improper Payments Elimination and Recovery Act of 2010, and to evaluate the accuracy and completeness of agency reporting. The OIG plans to conduct work remotely and does not plan any site visits. Applicable generally accepted government auditing standards will be used in conducting our audit.

We would like to meet with you during the week of November 13, 2018, to discuss the objectives of our audit. We will contact your audit liaison to arrange a specific time and date for the meeting. During the meeting, we will answer any questions you have about the audit process, and we will discuss our methodology. The OIG has 180 days from the issuance of the Agency Financial Report to issue a report on compliance.

To assist in the success and timely completion of this project, please provide the following information to Kevin Chaffin at Chaffin.Kevin@epa.gov by November 9, 2018:

1. A listing of staff responsible for reporting or consolidating the fiscal year 2018 improper payment information (this information should also identify Office of the Chief Financial Officer reviewers who completed grants transaction testing).
2. An advance draft copy of the fiscal year 2018 Agency Financial Report section on improper payments.
3. A description of all risk assessments performed in fiscal year 2018 and the changes to risk methodology or results since the last Agency Financial Report.

4. Spreadsheets used to consolidate improper payment totals, and supporting schedules and/or system-generated reports for risk susceptible programs (e.g., Compass Business Objects Reporting, Small Purchase Information Tracking System, Contract Payment System, Commercial Payments Improper Payment Quality Assurance Checklist, Compass Data Warehouse monthly metrics reports, DataMart, Office of the Chief Financial Officer's fiscal year 2018 audit tracking spreadsheet with "TBD" amounts, etc.)
5. Spreadsheets and/or reports created by the Office of the Chief Financial Officer grant reviewers that support the scope, transaction testing and conclusions formulated from the review.
6. Standard operating procedures for improper payment reporting and for grants transaction testing.
7. Grantee Compliance and Recipient Activity and Compass Data Warehouse improper payments reconciliation.
8. The EPA's sampling plan approved by the Office of Management and Budget if there is a new sampling methodology or a significant change to an existing Office of Management and Budget approved methodology.
9. A listing of grant specialist training/certification, completed by Office of the Chief Financial Officer reviewers.
10. A summary of all communications to Office of Grants and Debarment regarding questioned costs and any requests for concurrence and/or guidance.

We respectfully note that the OIG is authorized by the Inspector General Act of 1978, as amended, to have timely access to personnel and all materials necessary to complete its objectives. We will request that you resolve the situation if an agency employee or contractor refuses to provide requested records to the OIG or otherwise fails to cooperate with the OIG. We may report unresolved access matters to the Administrator and include the incident in the *Semiannual Report to Congress*.

I will supervise this audit and the Project Manager will be Kevin Chaffin. Should you or your staff have any questions, please contact me at (202) 566-0897 or Petscavage.Michael@epa.gov, or Kevin Chaffin at (202) 566-2646 or Chaffin.Kevin@epa.gov.

cc: Henry Darwin, Acting Deputy Administrator
Ryan Jackson, Chief of Staff
Michael Molina, Special Advisor, Office of the Administrator
Helena Wooden-Aguilar, Acting Deputy Chief of Staff
David Bloom, Deputy Chief Financial Officer
Howard Osborne, Associate Chief Financial Officer
Jeanne Conklin, Controller, Office of the Chief Financial Officer
Meshell Jones-Peeler, Deputy Controller, Office of the Chief Financial Officer
Bob Trent, Agency Follow-Up Coordinator
Nancy Grantham, Principal Deputy Associate Administrator for Public Affairs
Benita Deane, Audit Follow-Up Coordinator, Office of the Chief Financial Officer
Brian Webb, Audit Follow-Up Coordinator, Office of Controller, Office of the Chief Financial Officer
Lauren Lemley, Audit Follow-Up Coordinator, Office of Administration and Resources Management
Celia Vaughn, Audit Follow-Up Coordinator, Office of Acquisition Management, Office of Administration and Resources Management
Kysha Holliday, Audit Follow-Up Coordinator, Office of Grants and Debarment, Office of Administration and Resources Management

Regional Audit Follow-Up Coordinators, Regions 1–10

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