



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

OFFICE OF  
INSPECTOR GENERAL

February 11, 2014

**MEMORANDUM**

**SUBJECT:** Notification of Preliminary Research: Review of Independent Government Cost Estimates and Indirect Costs for EPA's Interagency Agreements  
Project Number OA-FY14-0130

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

**TO:** Craig E. Hooks, Assistant Administrator  
Office of Administration and Resources Management (3101A)

Maryann Froehlich, Acting Chief Financial Officer  
Office of the Chief Financial Officer (2710A)

The U. S. Environmental Protection Agency (EPA) Office of Inspector General (OIG) plans to begin preliminary research of the independent government cost estimates (IGCEs) and indirect costs for the EPA's funds-in (reimbursable) interagency agreements. We included this project in our annual plan to contribute to improving agency business practices and accountability. With the Administration's current focus on reducing the federal budget deficit, we want to determine whether EPA is recovering all appropriate indirect costs.

The purpose of this memorandum is to confirm our mutual understanding on the objectives and scope for the audit of IGCEs and indirect costs for EPA's interagency agreements, as well as responsibilities of the agency and the OIG during the project. Our preliminary research objectives are to determine whether the EPA:

1. Develops IGCEs with appropriate indirect costs prior to entering into reimbursable interagency agreements.
2. Bills other agencies for its full costs (direct and indirect costs).

We plan to conduct our work at EPA headquarters in Washington, D.C.; the Cincinnati Finance Center; and the interagency agreement's Shared Service Center. We will interview appropriate personnel about EPA policies and procedures for preparing IGCEs and will examine supporting documentation for IGCEs and indirect costs on interagency agreements. Our examination of IGCEs will include selected regions based on our statistical sample selection. We will conduct this review using applicable generally accepted government auditing standards. The anticipated benefit of this project is improved reimbursable cost recovery.

Prior to the start of our review, we request that you provide any written policies and procedures related to the preparation of the IGCE for funds-in interagency agreements. We also request fiscal years 2012 and 2013 data on the:

- Universe of all reimbursable interagency agreements, including the agreement number, award date, project and budget period starting and ending dates, number of amendments, dollar value, other agency, and grant specialist and project officer contact information.
- Universe of all reimbursable interagency agreements with indirect cost rates.
- Universe of all reimbursable interagency agreements without indirect cost rates.
- Universe of all reimbursable interagency agreements by regions.
- Parameters used to pull the universe of reimbursable interagency agreements.

Please contact us if you have any questions about the requested data. Please provide the requested information to Arthur Budelier, the Project Manager, by February 27, 2014.

We will contact the appropriate personnel to arrange a mutually agreeable time during the week of February 24, 2014, to discuss the objectives and the purpose of the project. We are 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.

If you or your staff have any questions, please do not hesitate to contact me at (202) 566-2523 or [curtis.paul@epa.gov](mailto:curtis.paul@epa.gov), or Arthur Budelier at (312) 353-9529 or [budelier.arthur@epa.gov](mailto:budelier.arthur@epa.gov).

cc: David Bloom, Acting Deputy Chief Financial Officer  
Joshua Baylson, Associate Chief Financial Officer  
Raffael Stein, Director, Office of Financial Services, Office of the Chief Financial Officer (OCFO)  
Melvin Visnick, Deputy Director, Operations, Office of Financial Services, OCFO  
Stefan Silzer, Director, Office of Financial Management, OCFO  
Jeanne Conklin, Deputy Director, Office of Financial Management, OCFO  
Barbara Freggens, Audit Follow-Up Coordinator, OCFO  
Nanci E. Gelb, Principal Deputy Assistant Administrator, Office of Administration and Resources Management (OARM)  
Howard Corcoran, Director, Office of Grants and Debarment (OGD), OARM  
Stacey Dey-Foy, Acting Deputy Director, OGD, OARM  
Denise Benjamin-Simmons, Director, Grants and Interagency Agreements Management Division, OARM  
Joseph Lucia, Audit Follow-Up Coordinator (Assistance Agreements), OGD, OARM  
Jennifer Hublar, Audit Follow-Up Coordinator (Program Audits), OGD, OARM  
Brandon McDowell, Audit Follow-Up Coordinator, OARM  
Sandy Womack, Backup Audit Follow-Up Coordinator, OARM  
Audit Follow-Up Coordinators, Regions 1–10  
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  
Richard Eyermann, Acting Assistant Inspector General for Audit  
Patricia Hill, Assistant Inspector General for Mission Systems  
Carolyn Copper, Assistant Inspector General for Program Evaluation  
Patrick Sullivan, Assistant Inspector General for Investigations  
Kevin Christensen, Deputy Assistant Inspector General for Audit