



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

OFFICE OF
INSPECTOR GENERAL

May 4, 2012

Cathy Atencio
Acting Chief Financial Officer
New Mexico Environment Department
P.O. Box 5469
Santa Fe, New Mexico

Dear Ms. Atencio:

The U.S. Environmental Protection Agency (EPA), Office of the Inspector General, is initiating an audit of New Mexico Environment Department's (NMED's) timekeeping practices and procedures for EPA grants. Our audit will include four bureaus within NMED—Drinking Water, Air Quality, Surface Water Quality, and Ground Water Quality. The objective of our audit is to determine whether the labor charging practices and procedures used by these four bureaus comply with federal requirements.

We would like to meet with you or your representative(s) on May 15, 2012, for an entrance conference. We plan to conduct field work at your office through May 25, 2012. We will review labor charging practices and procedures, and documents supporting labor and fringe benefit costs charged to EPA grants. In order for us to complete our work as expeditiously as possible, we ask your cooperation in making staff and records available to assist us. Please provide the following to us when we arrive:

- Timekeeping and payroll policies and procedures;
- Accounting policies and procedures, and a chart of accounts;
- Any audit reports issued in the last 3 years on internal controls, accounting policies and procedures, and costs claimed under federal grants, as well as the auditors' contact information;
- A listing of current EPA grants, and grants that were closed (final financial status report submitted) after May 14, 2010; and
- A listing of the employees who worked on the grants identified in the bullet above.

If you any question, please contact me at (415) 947-4537 or at adachi.robert@epamail.epa.gov;
or Lela Wong, Project Manager, at (415) 947-4531 or wong.lela@epamail.epa.gov.

Sincerely,



Robert K. Adachi
Director of Forensic Audits

cc: Arthur A. Elkins, Jr., Inspector General
Charles Sheehan, Deputy Inspector General
Melissa Heist, Assistant Inspector General for Audit
Eileen McMahon, Assistant Inspector General for Congressional and Public Affairs
Howard Corcoran, Director, Office of Grants and Debarment
Joseph Lucia, Audit Coordinator, Office of Grants and Debarment
Donna R. Miller, Grants Management Officer, EPA Region 6
Susan Jenkins, Accountant/Audit Liaison, EPA Region 6