



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

FEB - 1 2013

THE INSPECTOR GENERAL

MEMORANDUM

SUBJECT: OIG Evaluation of Agency Response to OIG Report Final Report No. 12-P-0835, *EPA Could Recover More Indirect Costs Under Reimbursable Interagency Agreements*, September 19, 2012

TO: Barbara J. Bennett
Chief Financial Officer

Thank you for your response dated December 14, 2012, to the subject Office of Inspector General report. This memorandum addresses the extent to which the corrective action plan answers the report recommendations and the status of those recommendations. Your final response is consistent with the Office of Chief Financial Officer's (OCFO's) response to the draft report and we appreciate your office's efforts to respond to our recommendations. In the response to the draft report, your office agreed with four of the five recommendations presented in the audit report and has completed corrective actions for each.

The OCFO disagreed with recommendation number 2 which stated that the U.S. Environmental Protection Agency (EPA) should amend reimbursable interagency agreements awarded prior to the policy effective dates to include the ability to recover indirect costs, indicating that to do so would be impractical. We agree that it is impractical to amend all agreements awarded prior to the policy effective dates. We agree with the proposed alternative to revise the rules and policies for future actions and educate EPA on the new policies while implementation is in progress. Therefore, we consider this recommendation resolved and closed.

OCFO agreed to recommendation number 4 which stated that EPA should correct certain prior indirect cost rate billing errors. This recommendation was unresolved at the time of the draft report, due to non-receipt of a corrective action date. However, your office subsequently provided sufficient information that indicated the agreements in question were in the close-out process, and no future billings would occur. Therefore, we consider this recommendation resolved and closed.

We are closing all recommendations from this report in our tracking system. If you or your staff have any questions regarding this memorandum, please contact Melissa Heist, Assistant Inspector General for Audit, at (202) 566-0899; or Paul Curtis, Director, Financial Statement Audits, at (202) 566-2523.



Arthur A. Elkins, Jr.

cc: MaryAnne Froehlich
Joshua Baylson
Stefan Silzer
Jeanne Conklin
Raffael Stein
Melvin Visnick
Howard Corcoran
Francis Roth
Armina Nolan
Melissa Heist
Paul Curtis
Janet Kasper
Meshell Jones-Peeler
Dale Miller
John O'Connor
Istanbul Yusuf
Sandy Dickens
Janice Kern
Barbara Freggens
Sandy Womack-Butler