



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

We conducted this audit to determine whether the U.S. Environmental Protection Agency (EPA) Office of Research and Development (ORD) fully integrated the Federal Managers' Financial Integrity Act (FMFIA) into program operations. We asked whether ORD has a systematic strategy to establish, review, and monitor internal controls, and what ORD's strategy should contain to account for risks in meeting program goals.

Background

FMFIA requires federal managers to improve the accountability and effectiveness of federal programs by establishing, assessing, correcting, and reporting on internal control. FMFIA also requires federal managers to annually evaluate their agencies' compliance with Government Accountability Office (GAO) internal control standards.

For further information, contact our Office of Congressional, Public Affairs and Management at (202) 566-2391.

To view the full report, click on the following link:
www.epa.gov/oig/reports/2009/20090915-09-P-0232.pdf

EPA's Office of Research and Development Could Better Use the Federal Managers' Financial Integrity Act to Improve Operations

What We Found

ORD's management integrity program is inconsistent with Agency FMFIA guidance. ORD approaches FMFIA as an administrative reporting activity rather than an opportunity to evaluate and report on research program performance. As a result, ORD has not:

- Conducted a comprehensive risk assessment,
- Included National Program Directors in the FMFIA process,
- Developed and implemented a strategy to establish and evaluate the effectiveness of internal controls over research programs,
- Provided FMFIA training to managers and staff, and
- Included relevant risk and program performance information in assurance letters.

EPA Order 1000.24 requires all organizations to systematically review and assess the effectiveness of internal controls consistent with GAO internal control standards. The Order gives program managers flexibility in designing review strategies. While ORD's largest lab, the National Health and Environmental Effects Research Laboratory (NHEERL), informally identifies program risks, neither ORD nor NHEERL conducts internal control risk assessments on which to base a program review strategy. Applying FMFIA as intended would help EPA achieve its mission and program results through improved accountability.

ORD's Administrative Efficiencies Project management integrity workgroup has initiated actions that we believe will address our findings, such as developing a draft multi-year review strategy. In developing its new strategy, ORD should include programmatic elements, a training plan, pertinent results from peer reviews, and best practices to ensure more effective FMFIA implementation.

What We Recommend

We recommend that ORD (1) conduct a risk assessment using GAO standards and develop a comprehensive risk-based program review strategy; (2) develop comprehensive, tiered FMFIA training for managers and staff; and (3) revise its management integrity program to include programmatic operations. ORD agreed with our recommendations and has initiated corrective actions that we believe address the intent of our recommendations.