



U.S. ENVIRONMENTAL PROTECTION AGENCY

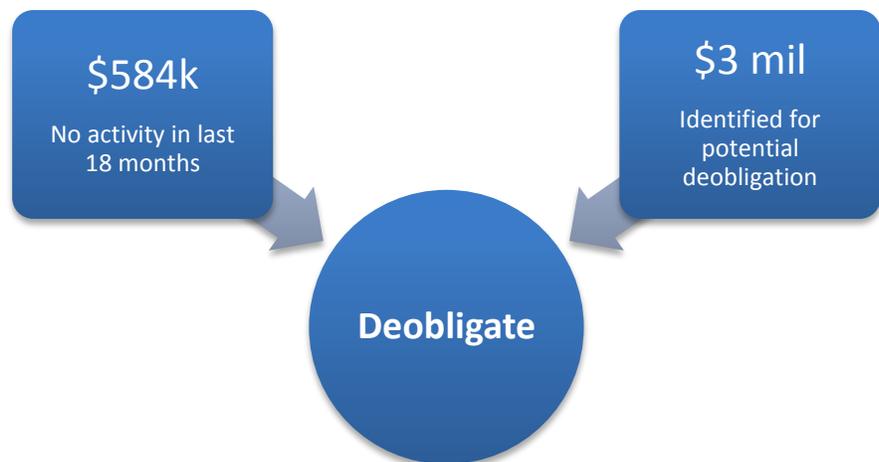
OFFICE OF INSPECTOR GENERAL

Financial Management

EPA Should Timely Deobligate Unneeded Contract, Purchase and Miscellaneous Funds

Report No. 16-P-0135

April 11, 2016



This is one of the U.S. Environmental Protection Agency Office of Inspector General's products associated with unliquidated obligations. For details on our other reports on unliquidated obligations, go to:

- *Audit of EPA's Fiscal Years 2014 and 2013 (Restated) Consolidated Financial Statements* ([15-1-0021](#), issued November 17, 2014)
- *Unliquidated Obligations Resulted in Missed Opportunities to Improve Drinking Water Infrastructure* ([14-P-0318](#), issued July 16, 2014)
- *New Procedures Aided Region 5 in Reducing Unliquidated Obligations* ([13-P-0145](#), issued February 13, 2013)

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Abbreviations

EPA	U.S. Environmental Protection Agency
OARM	Office of Administration and Resources Management
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
RMD	Resource Management Directive
RTP	Research Triangle Park
ULO	Unliquidated Obligation

Cover photo: Figure illustrating outstanding obligations that had no activity in the last 18 months and additional amount for potential deobligation. (EPA OIG graphic)

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At a Glance

Why We Did This Review

We performed this audit to determine whether the U.S. Environmental Protection Agency (EPA) has adequate controls in place to identify and deobligate unneeded contract, purchase and miscellaneous obligations (such as training, settlement agreements, transit subsidies, and noncompetitive sources – utilities); and to determine the potential dollar amount of obligations that could be deobligated.

An unliquidated obligation can be described as an obligation or liability that has not been outlaid, expended or liquidated. If the final payment request has been received and the obligation is fully satisfied, the obligating official should request a deobligation of any remaining funds in the agency's financial system.

This report addresses the following EPA goal or cross-agency strategy:

- *Embracing EPA as a high-performing organization.*

Send all inquiries to our public affairs office at (202) 566-2391 or visit www.epa.gov/oig.

Listing of [OIG reports](#).

EPA Should Timely Deobligate Unneeded Contract, Purchase and Miscellaneous Funds

What We Found

The EPA did not deobligate \$583,875 from contract, purchase and miscellaneous obligations that had no activity in the last 18 months. Further, we estimated there could be an additional \$2,962,058 that could be deobligated.

When the EPA does not deobligate unliquidated obligations timely, the funds cannot be used for other EPA environmental activities that would benefit human health and the environment.

EPA guidance requires deobligating inactive obligations without any activity for 6 months or more. Further, federal and agency guidance requires unliquidated obligations to be reviewed at least annually. However, EPA personnel did not adequately review or monitor outstanding obligations to ensure amounts remaining were valid. Consequently, the EPA was unable to reprogram unneeded funds to other environmental activities that could result in benefits for human health and the environment.

Recommendations and Planned Agency Corrective Actions

During the course of our audit, the agency deobligated \$259,065 of the \$583,875 in unliquidated obligations that we cited. We recommend that the agency deobligate the remaining \$324,810, and review any obligations that have not had activity in the last 18 months to see if any of the additional \$2,962,058 noted can be deobligated. We also recommend that the agency instruct personnel to annually use the unliquidated obligations desktop tool to timely identify and deobligate unneeded funds.

The agency concurred with and provided acceptable corrective milestone completion dates for all recommendations. The agency deobligated \$67,190 of the \$324,810 in unliquidated obligations that were identified for deobligations. The agency plans on deobligating the remaining \$257,620 in April 2016. Also, the agency implemented a new on-line unliquidated obligations database system to streamline and improve the agency's unliquidated obligations review process, and the Office of the Chief Financial Officer will provide training to Project Officers, Contracting Officers and Funds Control Officers on the unliquidated obligations desktop tool.



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

THE INSPECTOR GENERAL

April 11, 2016

MEMORANDUM

SUBJECT: EPA Should Timely Deobligate Unneeded Contract, Purchase and Miscellaneous Funds Report No. 16-P-0135

FROM: Arthur A. Elkins Jr.

A handwritten signature in black ink, appearing to read "Arthur A. Elkins Jr.", is written over the printed name.

TO: Donna Vizian, Acting Assistant Administrator
Office of Administration and Resources Management

David Bloom, Deputy Chief Financial Officer
Office of the Chief Financial Officer

This is our report on the subject audit conducted by the Office of Inspector General (OIG) of the U.S. Environmental Protection Agency (EPA). This report contains findings that describe the problems the OIG has identified and corrective actions the OIG recommends. This report represents the opinion of the OIG and does not necessarily represent the final EPA position.

The offices with primary jurisdiction over the audit issues are the Office of Acquisition Management within the Office of Administration and Resources Management, and the Office of the Controller within the Office of the Chief Financial Officer.

Action Required

In accordance with EPA Manual 2750, your offices provided planned and completed corrective actions and planned completion dates in response to OIG recommendations. Therefore, all recommendations are resolved pending implementation of the corrective actions. No final response to this report is required. The OIG may make periodic inquiries on your progress in implementing these corrective actions. Please update the EPA's Management Audit Tracking System as you complete planned corrective actions. Should you choose to provide a final response, we will post your response on the OIG's public website, along with our memorandum commenting on your response. Your response should be provided as an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that you do not want to be released to the public; if your response contains such data, you should identify the data for redaction or removal along with corresponding justification.

This report will be available at www.epa.gov/oig.

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Chapter 1

Introduction

Purpose

The objectives of this audit were to determine whether the U.S. Environmental Protection Agency (EPA) has adequate controls in place to identify and deobligate unneeded contract, purchase and miscellaneous obligations (such as training, settlement agreements, transit subsidies, and noncompetitive sources – utilities); and to determine the potential dollar amount of obligations that could be deobligated. We reviewed unliquidated obligations for which the records were stored at the Research Triangle Park (RTP) Finance Center in North Carolina.

Background

The EPA's Resource Management Directive (RMD), No. 2520-03, *Standard Operating Procedures: Deobligating Unliquidated Obligations*, originally dated June 15, 2011 (with a technical update on June 30, 2015), states an unliquidated obligation (ULO) is defined by the EPA as "an obligation or liability that has not been outlaid, expended or liquidated." EPA's RMD further states that the ULOs fall into three major categories: (1) the goods or services have not been completed or received; (2) the goods or services have not yet been received and accepted by the EPA; or (3) the final invoice, bill or drawdown has not been received and processed. If the final payment request has been received and the obligation is fully satisfied, the obligating official should request a deobligation of any remaining funds in the agency's financial system. The Funds Control Officer and/or originator should determine whether no further payments against the obligation are required.

Any deobligation of current-year funds return to the available balance of the allowance holder (headquarters and regional program directors, and staff directors). If funds are deobligated after an account has expired, the recovered balance is posted to an expired Treasury account and is only available to the agency thereafter to liquidate legal liabilities to the previously recorded obligations. ULO balances cannot be moved from one assistance agreement or contract to another without having the funds recertified. The funds must first be deobligated in the EPA's financial system and then recertified to the current fiscal year. Once recertified, the funds can then be obligated on new assistance agreements or contracts.

Federal Policy, Standards and Guidance

ULO reviews are required by law (31 U.S.C. §1554 (b)(2)(E)). The law requires that each federal agency provide a report that contains a certification that the

obligated balances in each appropriation account of the agency reflect proper existing obligations.

The U.S. Government Accountability Office's *Policy and Procedures Manual for Guidance of Federal Agencies*, Title 7, Chapter 3, paragraph 3.8B2, dated May 18, 1993, states, "each agency shall review its ULOs at least once a year, not necessarily at the fiscal year end, to reasonably assure itself that all, and only those, transactions meet the criteria of being legally valid obligations."

EPA's Acquisition Guide, Chapter 32, Subsection 32.7.3 – *Review of ULOs Under Contracts*, dated April 2004, provides procedural guidance to ensure that any excess EPA funds under contracts are deobligated in a timely manner throughout the agency.

Prior Audit Coverage

We researched prior EPA Office of Inspector General (OIG) reports related to ULOs, and identified three that were pertinent to our review of ULOs:

- ***Audit of EPA's Fiscal Years 2014 and 2013 (Restated) Consolidated Financial Statements (15-1-0021), issued November 17, 2014.***
The report disclosed that the EPA did not deobligate unneeded funds totaling \$4.4 million identified during the fiscal year 2014 annual review of ULOs. The audit report recommended that the Chief Financial Officer require headquarters program offices and regional offices to deobligate unneeded funds identified during the annual ULO reviews. In response to our audit, the EPA stated that as part of its new ULO tool implementation, the Office of the Chief Financial Officer (OCFO) will reiterate and help verify timely deobligation of funds deemed unneeded by the program/region. The EPA completed this recommendation on June 9, 2015.
- ***Unliquidated Obligations Resulted in Missed Opportunities to Improve Drinking Water Infrastructure (14-P-0318), issued July 16, 2014.***
The report found that the EPA and the five states reviewed took many actions to reduce Drinking Water State Revolving Fund ULO balances, but those actions had not reduced the fund's ULO balances to the goal of 13 percent of cumulative federal capitalized grants awarded. As a result, \$231 million of capitalization grant funds remained idle, loans were not issued, and communities were not able to implement needed drinking water improvements. The EPA completed three of the five recommendations on April 4, 2014. Actions for the remaining recommendations are planned to be completed by September 30, 2016.
- ***New Procedures Aided Region 5 in Reducing Unliquidated Obligations (13-P-0145), issued February 13, 2013.*** The report acknowledged that during fiscal year 2011, Region 5 liquidated over \$1 billion in ULOs, and

that OCFO had implemented the ULO desktop tool to improve consistency in reviewing and managing ULOs. However, the report found an additional \$402,445 that could have been deobligated during fiscal year 2011. The EPA agreed with the recommendation to identify in the ULO desktop tool obligations that have been inactive for 180 days or more by restoring the functionality of the ULO desktop tool that highlights those obligations. The EPA completed this recommendation on September 24, 2013.

Responsible Offices

The Office of the Controller within OCFO is responsible for initiating and coordinating the agency's review of ULOs, and oversees the agency's annual ULO certifications and prepares annual ULO summary reports for agency senior managers in program offices and regions. The Office of Acquisition Management within the Office of Administration and Resources Management (OARM) is responsible for using OCFO's ULO desktop tool to determine if the ULO remains available. The Office of Acquisition Management, in coordination with program office counterparts, notifies the RTP Finance Center to deobligate inactive/improperly documented obligations.

Scope and Methodology

We conducted this audit from February 2015 to January 2016 in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to establish a reasonable basis for our conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We reviewed the EPA's process for recording deobligated ULOs at the RTP Finance Center that have not had any activity in the last 18 months. To gain an understanding of the process, we:

- Reviewed applicable laws; regulations; and federal and EPA policies, standards and guidance, including the EPA's procedures for deobligating ULOs.
- Reviewed relevant prior audit reports.
- Interviewed RTP Finance Center officials responsible for recording contracts, purchases and miscellaneous obligations into EPA's financial system (Compass Financials).

- Interviewed Contract Officers, Project Officers and Funds Control Officers to discuss why the available amounts remaining in contract, purchase and miscellaneous obligations were still there.
- Reviewed the EPA's fiscal year 2014 management integrity assurance letters from the regions, program offices and finance centers for reported internal control weaknesses related to ULOs.

We tested contract, purchase and miscellaneous obligations to determine whether the EPA had adequate controls in place to identify and deobligate unneeded obligations that had a potential dollar amount of obligations that could be deobligated. We went into Compass Data Warehouse and extracted from the ULO query any ULOs that had no activity at the RTP Finance Center in the last 18 months. We used statistical sampling to select 22 ULOs, totaling \$10,510,296, from a universe of 937 contract, purchase and miscellaneous categories, totaling \$19,406,551, that had no activity in the last 18 months. Of our 22 ULO samples, 15 were contract obligations, two were purchase obligations and five were miscellaneous obligations.

We assessed the obligations information in Compass Financials, the agency's accounting system. We did not review the internal controls over Compass Financials from which we obtained financial data, but relied on the review conducted during the audit of the EPA's fiscal year 2014 financial statements.

Chapter 2

EPA Should Timely Deobligate Contract, Purchase and Miscellaneous Obligations

The EPA did not deobligate \$583,875 from contract, purchase and miscellaneous obligations that had no activity in the last 18 months. Further, based on our statistical sample, we estimated there could be an additional \$2,962,058 that could be deobligated. EPA's RMD 2520-03 requires a modification to be done to record the deobligation of inactive obligations that have had no activity for 6 months or more. Federal and agency guidance requires ULOs to be reviewed at least annually. However, EPA personnel did not adequately review or monitor outstanding obligations to ensure amounts remaining were valid. Consequently, the agency was unable to reprogram unneeded funds to other environmental activities that could result in human health and environmental benefits.

Federal and EPA Guidance Address ULOs

The U.S. Government Accountability Office's *Policy and Procedures Manual for Guidance of Federal Agencies* requires each agency to review its ULOs at least once a year. EPA has two policies involving review and deobligation of ULOs:

- RMD No. 2520-03, *Standard Operating Procedures: Deobligating Unliquidated Obligations*, requires a contract modification to record the deobligation for contract and purchase orders of inactive obligations.¹
- RMD No. 2520-03-P1, *Responsibilities for Reviewing Unliquidated Obligations*, requires all responsible parties to conduct a complete periodic review at least annually of all current and prior-year ULOs to ensure that all recorded obligations are still valid and properly documented.

The EPA Office of Acquisition Management's Acquisition Guide has a subsection where it establishes uniform procedures to deobligate excess funds for all contracts that have not had activity within the last 180 days. Subsection 32.7.3, *Review of ULOs Under Contracts*, states:

The CO [Contracting Officer], with input from the PO [Project Officer], will deobligate excess funds for all EPA active and inactive contracts, including those made with no-year appropriation, which had no payment, obligation or adjusted activities within the last 180 days.

¹ EPA's RMD No. 2520-03-Procedure defines inactive obligations as those in which there has been no activity for 6 months (180 days) or more; or, in the case of travel, 3 months (90 days) or more.

UOs That Could Be Deobligated Identified

We reviewed a statistically selected sample of 22 UOs, totaling \$10,510,296, from a universe of 937 transactional records of UOs, totaling \$19,406,551, that were recorded but had no activity in the last 18 months. We identified eight (36 percent) of the contract, purchase and miscellaneous UOs, totaling \$583,875, that could be deobligated. During the course of our review, the agency took action and deobligated three of the eight UOs, totaling \$259,065. That left five of the eight UOs, totaling \$324,810, that could be deobligated. The eight UOs that we identified for deobligation are summarized in the table below:

Table 1: Funds for deobligation

Document number	Value of UO universe	Value of UOs for potential deobligation	Comment
Contracts			
CO W0707404013		\$175,367	Contract has been completed and should be closed.
CO S9080409001		97,420	Deobligated on 3/3/15.
CO C0602300059		67,190	The period of performance has passed the allowable period of performance.
CO W0600400011		11,637	Task order from indefinite delivery/indefinite quantity contract has been completed.
CO W0600400012		56,251	Task order from indefinite delivery/indefinite quantity contract has been completed.
Contracts Total	\$4,206,446	\$407,865	
Purchases			
ME EP11H000825		159,650	Deobligated on 3/17/15.
ME EP11H000785		14,365	Remaining funds that have a 2011 budget fiscal year may have expired.
Purchases Total	\$174,015	\$174,015	
Miscellaneous Obligations			
MO T06H1WHS013		1,995	Deobligated on 3/18/15.
Miscellaneous Obligations Total	\$6,129,835	\$1,995	
Total	\$10,510,296	\$583,875	

Source: OIG analysis.

Based on our statistical sample, we estimated there could be an additional \$2,962,058 of obligations that could be deobligated because they had no activity in the past 18 months.

EPA personnel did not adequately review or monitor outstanding obligations to ensure amounts remaining were valid. Various additional factors contributed to the agency not deobligating the funds, such as failure to prepare a modification timely and provide it to the RTP Finance Center, and unattended training authorizations. Specifically:

- The Project Officers did not initiate purchase requests to close and deobligate a purchase order with a ULO balance totaling \$159,650 and a completed task order with a ULO balance totaling \$97,420. (The ULOs were subsequently deobligated in March 2015.)
- The Training Officer did not deobligate a training authorization with a ULO balance totaling \$1,995 because there was confusion regarding who was responsible for initiating the deobligation and the correct form required to deobligate the ULO. (The ULO was subsequently deobligated in March 2015.)
- The Contracting Officer did not initiate the deobligation of one completed contract with a ULO balance totaling \$175,367 prior to the Contracting Officer moving to a new position.
- The Project Officers did not initiate purchase requests to deobligate two contract ULO balances, totaling \$67,190 and \$14,365, because modifications were not processed to deobligate the ULOs.
- The Project Officers did not initiate purchase requests to deobligate two completed indefinite delivery/indefinite quantity contract task orders, with ULO balances totaling \$56,251 and \$11,637, because modifications were not processed to close the completed task orders.

By not deobligating the \$583,875 in unneeded funds, the EPA limited its ability to reprogram the funds to other activities designed to protect human health and the environment.

Recent Agency Actions Prompted by OIG Work

On June 30, 2015, RMD 2520-03-P2, *Standard Operating Procedures: Deobligating Unliquidated Obligations*, was updated with technical changes. The purpose of the policy is for the EPA to regularly review ULOs and promptly deobligate the funds. The policy also provides five major steps in reviewing ULOs and deobligating funds: (1) reviewing inactive ULOs to determine if the funds are no longer valid obligations, (2) coordinating the review of the obligation with the appropriate officials, (3) taking action in the appropriate system to initiate the deobligation, (4) notifying the allowance holder that the deobligated funds will be appearing in the agency's financial system, and (5) confirming that the deobligation was correctly processed and posted in Compass Financials.

Recommendations

We recommend that the Assistant Administrator for Administration and Resources Management work with the Chief Financial Officer to:

1. Deobligate the remaining \$324,810 in ULOs from our total of \$583,875 in ULOs identified for deobligation.
2. Review any contracts, purchases and miscellaneous obligations that have not had activity in the last 18 months to see if any of the estimated \$2,962,058 in additional ULOs can be deobligated.
3. Instruct Project Officers, Contracting Officers and Funds Control Officers to use the ULO desktop tool annually to timely identify and deobligate unneeded funds.

Agency Comments and OIG Evaluation

OCFO and OARM concurred with Recommendations 1 through 3.

For Recommendation 1, OCFO and OARM stated:

EPA will re-examine remaining funds for potential de-obligation identified under Table 1 of the subject audit report, and disposition with the appropriate actions based upon that review. Monies under contract C0S902300059 (Table 1) have been de-obligated. Contracts W0707404013 and EP11H000785 are HQ [Headquarter] contracts and will be dispositioned by April 29, 2016. Contracts W0600400011 and W0600400012 are Region 6 vehicles and must be dispositioned by Region 6. OAM [Office of Acquisition Management] will advise Region 6 of the need to disposition these items.

OCFO and OARM provided a milestone completion date of April 29, 2016. The OIG concurs with the agency's proposed actions, and, when implemented, the corrective actions will satisfy the intent of Recommendation 1. This recommendation will remain open pending completion of the proposed corrective action.

For Recommendation 2, OCFO and OARM stated:

During the OIG's audit activities, EPA implemented a new on-line ULO database system in June 2015. This new system was a product of the FY [fiscal year] 2014 OCFO-chaired Lean Government exercise to streamline and improve the agency's ULO review process. Under the Lean review process conducted in the

new system, ULOs under all EPA contracts approximated \$1.052B as of early June 2015. As of September 30, 2015, this balance was reduced to approximately \$120.9M - a decrease of approximately 89%. Accordingly, EPA considers ULO reviews to be completed until the next review cycle. OCFO initiated the annual ULO review cycle in February 2016. Reviews of current ULOs are conducted during the annual review process.

OCFO and OARM provided a completion date of September 30, 2015. The OIG concurs with the agency's corrective actions and that they have met the intent of Recommendation 2. This recommendation is closed.

For Recommendation 3, OCFO and OARM stated:

In FY [fiscal year] 2016, OCFO will provide training to POs [Project Officers], COs [Contracting Officers], and FCOs [Funds Control Officers] on the ULO desktop tool. In addition, OCFO established a ULO SharePoint site with a number of resources, including ULO review statistics by office and region to help in the ULO review process.

OCFO and OARM provided a milestone completion date of June 30, 2016. The OIG concurs with the agency's proposed actions, and, when implemented, the corrective actions will satisfy the intent of Recommendation 3. This recommendation will remain open pending completion of the proposed corrective action.

OCFO's and OARM's complete response to the draft is in Appendix A.

Status of Recommendations and Potential Monetary Benefits

RECOMMENDATIONS						POTENTIAL MONETARY BENEFITS (in \$000s)	
Rec. No.	Page No.	Subject	Status ¹	Action Official	Planned Completion Date	Claimed Amount	Agreed-To Amount
1	8	Deobligate the remaining \$324,810 in ULOs from our total of \$583,875 in ULOs identified for deobligation.	O	Assistant Administrator for Administration and Resources Management, and Chief Financial Officer	4/29/16	\$583	\$583
2	8	Review any contracts, purchases and miscellaneous obligations that have not had activity in the last 18 months to see if any of the estimated \$2,962,058 in additional ULOs can be deobligated.	C	Assistant Administrator for Administration and Resources Management, and Chief Financial Officer	9/30/15	\$2,962	\$2,962
3	8	Instruct Project Officers, Contracting Officers and Funds Control Officers to use the ULO desktop tool annually to timely identify and deobligate unneeded funds.	O	Assistant Administrator for Administration and Resources Management, and Chief Financial Officer	6/30/16		

¹ O = Recommendation is open with agreed-to corrective actions pending.
 C = Recommendation is closed with all agreed-to actions completed.
 U = Recommendation is unresolved with resolution efforts in progress.

Agency Response to Draft Report



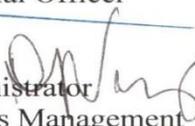
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

March 2, 2016

MEMORANDUM

SUBJECT: Response to Office of Inspector General Draft Audit Report No. OA-FY14-0386, *"EPA Should Timely Deobligate Funds Obligated by the Research Triangle Park Finance Center but Not Used,"* dated January 28, 2016

FROM:  David A. Bloom, Deputy Chief Financial Officer
Office of the Chief Financial Officer

 Donna Vizian, Acting Assistant Administrator
Office of Administration and Resources Management

TO: Paul C. Curtis, Director
Financial Statement Audits

Thank you for the opportunity to respond to the issues and recommendations in the subject draft audit report. Following is a summary of the agency's overall position, along with its position on the report recommendations. We have provided high-level intended corrective actions and estimated completion dates.

AGENCY'S OVERALL POSITION

The agency concurs with all three of the recommendations in the report. AGENCY'S RESPONSE TO DRAFT AUDIT

RECOMMENDATIONS

Agreements

No.	Recommendation	High-Level Intended Corrective Action(s)	Estimated Completion by Quarter and FY
1	Deobligate the remaining \$324,810 in ULOs from our total of \$583,875 in ULOs obligated by the RTP Finance Center and identified for deobligation.	<p>EPA will re-examine remaining funds for potential de-obligation identified under Table 1 of the subject audit report, and disposition with the appropriate actions based upon that review.</p> <p>Monies under contract COS902300059 (Table 1) have been de-obligated.</p> <p>Contracts W0707404013 and EP11H000785 are HQ contracts and will be dispositioned by April 29, 2016.</p> <p>Contracts W0600400011 and W0600400012 are Region 6 vehicles and must be dispositioned by Region 6. OAM will advise Region 6 of the need to disposition these items.</p>	April 29, 2016
2	Review any contracts, purchases and miscellaneous obligations made by the RTP Finance Center that have not had activity in the last 18 months to see if any of the estimated \$2,962,058 in additional ULOs can be deobligated.	During OIG's audit activities, EPA implemented a new on-line ULO database system in June 2015. This new system was a product of the FY 2014 OCFO-chaired Lean Government exercise to streamline and improve the agency's ULO review process. Under the Lean review	Completed, September 30, 2015

		<p>process conducted in the new system, ULOs under all EPA contracts approximated \$1.052B as of early June 2015. As of September 30, 2015, this balance was reduced to approximately \$120.9M – a decrease of approximately 89%. Accordingly, EPA considers ULO reviews to be completed until the next review cycle. OCFO initiated the annual ULO review cycle in February 2016. Reviews of current ULOs are conducted during the annual review process.</p>	
3	<p>Instruct Project Officers, Contracting Officers and Funds Control Officers to use the ULO desktop tool annually to timely identify and deobligate unneeded funds.</p>	<p>In FY 2016, OCFO will provide training to POs, COs, and FCOs on the ULO desktop tool. In addition, OCFO established a ULO SharePoint site with a number of resources, including ULO review statistics by office and region to help in the ULO review process.</p>	<p>June 30, 2016</p>

CONTACT INFORMATION

If you have any questions regarding this response, please contact Stefan Silzer, Director, Office of Financial Management on (202) 564-4905.

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