



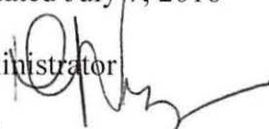
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

SEP - 6 2016

OFFICE OF
ADMINISTRATION
AND RESOURCES
MANAGEMENT

MEMORANDUM

SUBJECT: Response to Office of Inspector General Report No. 16-P-0222
"EPA Regional Offices Need to More Consistently Conduct Required Annual Reviews of
Clean Water State Revolving Funds," dated July 7, 2016

FROM: Donna J. Vizian, Acting Assistant Administrator 

TO: Arthur A. Elkins, Jr., Inspector General
Office of Inspector General

Thank you for the opportunity to respond to the issues and recommendations in the subject audit report addressed to the Office of Administration and Resources Management.

The OARM appreciates the Office of Inspector General identifying opportunities for improving the Clean Water State Revolving Fund Program administrative baseline monitoring process. The agency has decided to replace the State Revolving Fund administrative baseline monitoring process with an alternative set of internal controls that will strengthen its ability to ensure state compliance with administrative requirements. While SRF baseline administrative monitoring reviews will no longer be required, the OARM will apply the OIG's ideas for enhanced baseline tracking to non-SRF reviews.

Attached is the agency's response to the report recommendations. If you have any questions regarding this response, please contact Howard Corcoran, director, Office of Grants and Debarment, at (202) 564-1903.

Attachment

cc: John Showman
Marian Cooper
Howard Corcoran
Michael Osinski
Brandon McDowell
Jennifer Hublar
Nic Grzegozewski
Michael Petscavage

AGENCY’S RESPONSE TO THE REPORT RECOMMENDATIONS

Agreement

No.	Recommendation	High-Level Intended Corrective Action(s)	Estimated Completion Date
10	Improve the capability to monitor the timing of reviews by providing project officers with data regarding the timeliness of administrative baseline reviews.	1.1 OARM will add a reporting capability to the Quik Reports tool to track the timeliness of non-state revolving funds grants specialist administrative baseline reviews.	03/31/16

Disagreement

No.	Recommendation	Agency Explanation/Response	Proposed Alternative
9	Develop and implement a plan to ensure administrative baseline monitoring reviews are completed as required by scheduling reviews around peaks in workloads.	<p>OARM agrees with the underlying intent of this recommendation, namely to ensure that Clean Water State Revolving Fund awards receive effective EPA oversight. However, the plan recommended by the OIG is no longer necessary given the recent decision made by the senior-level Grants Management Council.</p> <p>Specifically, the Office of Grants and Debarment, in coordination with the Office of Water, conducted a review of the administrative baseline monitoring and OW review processes and found these processes overlap in all areas except for three: indirect cost rates, disadvantaged business reporting and some single audits. Based on the results of that review, the OGD presented an options paper to the GMC recommending that the agency eliminate the formal administrative baseline monitoring review process for CWSRF awards and add the three remaining areas to OW’s annual review process. At the August 3rd</p>	<p>Under the GMC-approved approach, in advance of their programmatic review, project officers will obtain information from grants specialists regarding indirect costs, disadvantaged business enterprise and single audits. POs will then incorporate this information in their review preparation. To initiate the new process, the PO will send an email request for the information to the grants specialist, copying the grants management officer. There will be no more than a one-week turnaround time for a response from the grant specialist. In the absence</p>

No.	Recommendation	Agency Explanation/Response	Proposed Alternative
		<p>GMC meeting, the GMC adopted this recommendation and decided to apply it to the Drinking Water SRF Program as well.</p>	<p>of the grants specialist, the GMO will ensure a prompt response. The OGD will also develop a tracking mechanism for this in Quik Reports.</p> <p>The new process will go into effect October 1, 2017. The agency believes these reforms will strengthen EPA's oversight of SRF programs by eliminating duplication of effort and enhancing the comprehensiveness of annual SRF reviews.</p>