



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

OFFICE OF
INSPECTOR GENERAL

October 25, 2017

MEMORANDUM

SUBJECT: Project Notification:
Audit of EPA's Fiscal Year 2017 Compliance With Improper Payments Elimination
and Recovery Act of 2010
Project No. OA-FY18-0048

FROM: Michael Petscavage, Director *Michael Petscavage*
Contract and Assistance Agreement Audits
Office of Audit

TO: David Bloom, Acting Chief Financial Officer

The Office of Inspector General (OIG) for the U.S. Environmental Protection Agency (EPA) plans to begin an audit of the EPA's reporting of improper payments during fiscal year 2017. This project is required by the Improper Payments Elimination and Recovery Act of 2010.

The objectives of our audit are to determine whether the EPA is in compliance with the Improper Payments Elimination and Recovery Act of 2010, and to evaluate the accuracy and completeness of agency reporting. The OIG plans to conduct work remotely and does not plan any site visits. Applicable generally accepted government auditing standards will be used in conducting our audit.

We would like to meet with you during the week of November 13, 2017, to discuss the objectives of our audit. We will contact the audit liaison to arrange a specific time and date for the meeting. During the meeting, we will answer any questions you have about the audit process, and we will discuss our methodology. The OIG has 180 days from the issuance of the Agency Financial Report (AFR) to issue a report on compliance.

To assist in the success and timely completion of this project, please provide the following information to Teren Crawford at Crawford.Teren@epa.gov prior to the initial meeting:

1. A listing of staff responsible for reporting or consolidating the fiscal year 2017 improper payment information.
2. An advance draft copy of the fiscal year 2017 AFR section on improper payments.
3. A description of all risk assessments performed in fiscal year 2016 and the changes to risk methodology or results since the last AFR.
4. Spreadsheets used to consolidate improper payment totals, and supporting schedules and/or system generated reports for risk susceptible programs (e.g., Compass Business Objects Reporting, Small Purchase Information Tracking System, Contract Payment System,

Commercial Payments Improper Payment Quality Assurance Checklist, Compass Data Warehouse monthly metrics reports, DataMart, Office of the Chief Financial Officer's fiscal year 2017 audit tracking spreadsheet with "TBD" amounts, etc.)

5. Standard operating procedures for improper payment reporting.
6. Grantee Compliance and Recipient Activity and Compass Data Warehouse improper payments reconciliation.
7. The EPA's sampling plan approved by the Office of Management and Budget, if there is a new sampling methodology or a significant change to an existing Office of Management and Budget-approved methodology.

We respectfully note that the OIG is authorized by the Inspector General Act of 1978 to have timely access to personnel and all materials necessary to complete its objectives. We will request your resolution if an agency employee or contractor refuses to provide requested records to the OIG, or otherwise fails to cooperate with the OIG. We may report unresolved access matters to the Administrator and include the incident in the Semiannual Report to Congress.

I will supervise this audit and the Project Manager will be Teren Crawford. Should you or your staff have any questions, please contact me at (202) 566-0897 or Petscavage.Michael@epa.gov, or Teren Crawford at (202) 566-2724 or Crawford.Teren@epa.gov.

cc: Ryan Jackson, Chief of Staff
Henry Darwin, Chief of Staff for Operations
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Howard Osborne, Associate Chief Financial Officer, Office of the Chief Financial Officer
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